FERC GAS TARIFF

EIGHTH REVISED VOLUME NO. 1

(Supersedes Seventh Revised Volume No. 1)

of

NATURAL GAS PIPELINE COMPANY OF AMERICA LLC

Filed with the

FEDERAL ENERGY REGULATORY COMMISSION

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TABLE OF CONTENTS

Eighth Revised Volume No. 1	**Part**
Table of Contents	1.0
Preliminary Statement	2.0
System Map	3.0
Currently Effective Rates	
Rate Schedule FTS	
Peak	4.0
Off-Peak	4.2
Rate Schedule FTS-G	
Peak	4.4
Off-Peak	4.5
Rate Schedule ITS	
Peak	4.6
Off-Peak	4.7
Rate Schedule FRSS	4.8
Rate Schedule IBS	4.9
Rate Schedule FFTS	
Peak	4.10
Off-Peak	4.12
Gathering Rates	4.14
Offshore Zone Charges	4.15
Moraine Lateral Incremental Charge	4.16
Transportation Fuel Retention Factors	4.17
Rate Schedule BESS	4.18
Rate Schedule DSS	4.19
Rate Schedule NSS	4.19
Rate Schedule PALS	4.20

Rate Schedule LPS 4.21

Currently Effective Rates (Continued)
Section 37 Lateral Line Charge
Rate Schedule F-1 4.22
Section 40 Surcharge
Annual Charges Adjustment (ACA) Charge 4.23
Section 49 Negotiated Rate
Statement of Negotiated Rate Transactions 4.24

Footnotes (Applicable to Sections. 4.0 through 4.17) 4.93

Rate Schedules 5.0

FFTS	Flexible Firm Transportation Service	5.1
FTS	Firm Transportation Service	5.2
FRSS	Firm Reverse Storage Service	5.3
FTS-G	Firm Transportation Service for Former G-1 Buyers	5.4
ITS	Interruptible Transportation Service	5.5
IBS	Interruptible Balancing Service	5.6
BESS	Best Efforts Storage Service	5.7
DSS	Delivered Firm Storage Service	5.8
NSS	Nominated Firm Storage Service	5.9
PALS	Park and Loan Service	5.10
LPS	Line Pack Service	5.11

General Terms and Conditions 6.0

1	Definitions	6.1
2.	Reserved for Future Use	6.2
3.	Reserved for Future Use	6.3
4.	Reserved for Future Use	6.4
5.	Priority of Service	6.5
6.	Receipt Points	6.6
7.	Delivery of Gas for the Account of Shipper	6.7
8.	Nomination/Reporting and Balancing	6.8
9.	Pooling and Storage Points	6.9
10.	Determination of Daily Receipts	6.10
11.	Determination of Deliveries	6.11
12.	Balancing Service and Overrun Charges	6.12
13.	Imbalances	6.13
14.	Unauthorized Delivery of Gas	6.14
15.	Statements, Billing, Payment, Penalties and Discounting Policy	6.15
16.	Evaluation of Credit	6.16

17. Interactive Website 6.17

18. Reserved for Future Use 6.18
19. Capacity Release by Firm Shippers 6.19
20. Advertisement and Marketing Fees 6.20
21. Reserved for Future Use~~Tracking of Certain Account No. 858 Costs~~ 6.21
22. Pre-Granted Abandonment and Rollovers Rights (Including Right of First Refusal and Restructuring of Agreements 6.22
23. Operational Control 6.23
24. Method of Measurement and Measurement Equipment 6.24
25. Pressure and Delivery Conditions 6.25
26. Quality 6.26
27. Force Majeure 6.27
28. Possession of Gas, Title and Responsibility 6.28
29. Notification 6.29
30. Facilities/Obligation to Carry Out Agreement/Filings 6.30
31. Indemnification 6.31
32. Successors and Assigns 6.32
33. Regulation 6.33
34. Sales by Natural's Merchant Division 6.34
35. Shipper Complaint Procedure 6.35
36. Reserved for Future Use 6.36
37. Lateral Line Charge 6.37
38. Reserved for Future Use~~ecovery of Order No. 636 Gas Supply Realignment Costs and Upstream Supplier Transition Costs~~ 6.38
39. Reserved for Future Use 6.39
40. Annual Charges Adjustment Charge 6.40
41. Research, Development and Demonstration Adjustment 6.41
42. Reserved For Future Use 6.42
43. Reports 6.43
44. Waivers 6.44
45. Reserved for Future Use 6.45
46. Gathering Affiliates 6.46
47. Reserved for Future Use 6.47
48. Compliance with 18 C.F.R., Section 284.12 6.48
49. Negotiated Rates 6.49
50. Non-Conforming Agreements 6.50
51. Acquired Capacity 6.51

Forms of Service Agreement 7.0
Rate Schedules FTS, FFTS, FTS-G and ITS 7.1
Rate Schedule IBS 7.2
Rate Schedules DSS, NSS, FRSS and BESS 7.3
Rate Schedule PALS 7.4
Rate Schedule LPS 7.5

Original Volume No. 1-A	**Part**
Table of Contents	1.0
Negotiated Rate Agreements	2.0
Non-Conforming Agreements	3.0
Negotiated Rate Agreements and Non-Conforming Agreements	4.0

Volume No. 2 - Rate Schedule			**Sheet No.**
X-20	Exchange Agreement	- Phillips Petroleum	2
X-25	Exchange Agreement	- Phillips	8
X-26	Exchange Agreement	- Michigan Wisconsin & Phillips	17
X-32	Exchange Agreement	- Phillips Petroleum	26
X-38	Transportation Agreement	- Roger C. Hanks	29
X-50	Lease of Gas Properties	- Stingray Pipeline	32

CURRENTLY EFFECTIVE BASE RATES APPLICABLE TO RATE SCHEDULE IBS

	Rates per Dth	
	Maximum	Minimum
~~Daily Access Rate~~	~~$0.1473~~	~~$0.0016~~
~~Authorized Overrun Daily Access Rate:~~	~~$0.1473~~	~~$0.0016~~
Authorized Overrun Daily Access Rate (Tier 1)	$0.1473	$0.0016
Authorized Overrun Daily Access Rate (Tier 2)	$0.2946	$0.0016
Authorized Overrun Daily Access Rate (Tier 3)	$0.4419	$0.0016

NOTE: The Unauthorized Overrun Charge is set out in Section 8 of the Rate Schedule IBS.

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~~One Allen Center, 500 Dallas Street~~, Houston, Texas 77002~~, or Telecopy Number (713) 369-9305~~. 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 anythe reservation surcharges ~~under Section 21 of the General Terms and Conditions (858 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 ~~858~~ Surcharge rate. If a Shipper is exempt from ~~858~~ 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 ~~858~~ 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 ~~858~~ Surcharge component, the discount shall be deemed to apply first to the reservation rate and then to the ~~858~~ 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, 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 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, liquefiables, 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~~One Allen Center, 500 Dallas Street~~, Houston, Texas 77002~~, or Telecopy Number (713) 369-9305~~. 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 FFTS 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~~the~~ reservation surcharges ~~under Section 21 of the General Terms and Conditions (858 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~~858~~ Surcharge rate. If a Shipper is exempt from ~~858~~ 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 ~~858~~ 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 ~~858~~ Surcharge component, the discount shall be deemed to apply first to the reservation rate and then to the ~~858~~ 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, 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 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, liquefiables, 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~~One Allen Center, 500 Dallas Street, Houston~~, Texas 77002~~, or Telecopy Number (713) 369-9305~~. 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~~); provided, however, that FRSS Agreements shall not be subject to charges under Section 21 (Account No. 858 surcharges) or Section 38 (Gas Supply Realignment Charges) of 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 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. ~~Neither Natural nor any party to Docket No. CP89-1281 may file to request a change in the rate design in the prior sentence prior to December 1, 1995 unless ordered to do so by the Commission.~~ 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~~, telefax~~, 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~~One Allen Center, 500 Dallas Street~~, 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 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. ~~To be eligible for service hereunder, the~~ 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 ~~have and maintain in effect an~~ FTS, FTS-G, or ITS (a Transportation Agreement~~) to which the IBS Agreement is linked, consistent with Section 3.2(a) of this Rate Schedule IBS~~. 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~~but may be any other primary or secondary Delivery Point available under the linked transportation Agreement; provided that the Delivery Point~~ must be consistent with the location of the end-use facility.~~ An IBS Agreement may only be linked to one transportation Agreement. A transportation Agreement may have more than one IBS Agreement linked to it, provided that the other requirements of this Rate Schedule IBS are satisfied.~~

(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 ~~nominations~~ and physical gas flows to specified end-use facilities ~~under the FTS, FTS-G or ITS Agreement to which the IBS Agreement is linked consistent with Section 3.2(a) of this Rate Schedule IBS~~.

(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~~, reduced in the case of a swing up by the volumes nominated under the linked transportation Agreement for that day (and further reduced by releases of the linked transportation Agreement where applicable)~~; 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~~One Allen Center, 500 Dallas~~, Houston, Texas 77002~~, or Telecopy Number (713)369-9325~~:

(a) RESERVED~~LINKED TRANSPORTATION AGREEMENT~~

~~Shipper shall identify in its request an FTS, FTS-G or ITS Agreement to which service hereunder will be linked. Such linkage must be consistent with the Rate Schedule IBS. The balancing service hereunder shall relate to the volumes delivered to the Delivery Point(s) on behalf of the end-use facility or facilities under the linked transportation Agreement. The effectiveness of the IBS Agreement is contingent upon Shipper having and continuing in effect the linked FTS, FTS-G or ITS Agreement, unless the parties agree on a substitute linked transportation Agreement. The linked transportation Agreement may be a released transportation Agreement but the Replacement Shipper must enter into a separate IBS Agreement; it cannot rely on the IBS Agreement of the Releasing Shipper~~.

(b) CONTRACT QUANTITY

The request must specify the MDQ under the IBS Agreement. The ~~MDQ of the IBS Agreement may be equal to or less than the MDQ of the linked transportation Agreement. If the transportation Agreement is linked to more than one IBS Agreement, then the sum of the MDQs under IBS Agreements served by that linked transportation Agreement must be equal to or less than the transportation contract MDQ. The MDQ under an IBS Agreement must also be consistent with the point MDQ under the linked transportation Agreement. Subject to the above limitations, the MDQ under the IBS Agreement shall be as specified by Shipper in its request for service; provided, however, that 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. ~~In submitting n~~Nominations under the ~~linked t~~Transportation Agreement~~, Shipper~~ must separately identify the volumes attributed to the end-use facility or facilities covered by the Shipper's IBS Agreement.

(be) 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 ~~must also be a point of delivery (either primary or secondary) available under the linked transportation Agreement, but~~ 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.

(c~~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.

(d~~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.

(e~~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.

(f~~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 ~~term provision must state that 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~~upon release (if the release is partial, the suspension will be partial corresponding to the partial nature of the release), of the FTS, FTS-G or ITS Agreement to which the IBS Agreement is linked unless the parties mutually agree to substitute a new linked transportation Agreement~~. 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~~Shipper shall pay any transportation charges associated with effectuating the receipt or delivery of gas hereunder pursuant to the FTS, FTS-G or ITS Agreement to which Shipper's IBS Agreement is linked, including any applicable Fuel Gas or Gas Lost and Unaccounted For, in accordance with the terms of that separate linked transportation Agreement. Shipper shall pay a transportation charge and related Fuel Gas and Gas Lost and Unaccounted For once, but only once, under the linked transportation Agreement associated with any IBS Balance as defined in Section 6(b) of this Rate Schedule IBS. Shipper shall not pay any charge associated with IBS Payback except to the extent transportation charges under the linked transportation Agreement are required to satisfy the prior sentence. Any ACA, RD&D, transition cost charges or other generally applicable surcharges shall also be assessed under such linked transportation Agreement and no additional such charges shall be assessed under Rate Schedule IBS~~.

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 ~~(reduced by releases of the linked transportation Agreement as set out below)~~ and Shipper's nominations to serve the specified end-use facility or facilities that day ~~under the linked transportation Agreement~~ (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~~If Shipper has released any part of a~~

~~linked firm transportation Agreement, such release(s) shall be taken into account in determining the level of service available under the IBS Agreement if the release(s) reduce the effective MDQ available to Shipper for nomination under the linked transportation Agreement to the designated Delivery Point(s) below the MDQ under the IBS Agreement. Except for authorized overrun, an Access Request for a swing up may not exceed the unnominated portion of the MDQ under the linked transportation Agreement (reduced as applicable by any releases)~~.

(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~~For a Shipper to request service hereunder, that Shipper must have in effect a linked FTS, FTS-G or ITS Agreement consistent with Section 3.2(a) of this Rate Schedule IBS. The Access Request must reference the linked transportation Agreement~~.

(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.

(34) 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 ~~related to the linked transportation Agreement~~ 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~~nominations~~ and physical gas flow under the ~~linked FTS, FTS-G or ITS~~ 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 ~~linked t~~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 ~~under the linked transportation Agreement~~ based on such timely information provided by Natural in the next daily nomination cycle up to its MDQ ~~under the linked transportation Agreement~~ 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 ~~under the linked transportation Agreement~~, 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~~, as applicable, under the linked transportation Agreement~~, 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 ~~linked t~~Transportation Agreement or at the mutually agreed points. ~~Transportation charges shall be assessed under the linked transportation Agreement only if movement of the gas to the Delivery Point(s) has not previously been subject to a transportation charge, consistent with Section 5.3 of this Rate Schedule IBS~~.

(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~~confirmed~~ 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 ~~linked FTS, FTS-G or ITS~~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. ~~Except f~~For authorized overruns as reflected in confirmation of an Access Request, ~~for which~~ 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~~One Allen Center, 500 Dallas Street~~, Houston, Texas 77002~~, or Telecopy Number (713) 369-9305~~:

(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~~One Allen Center, 500 Dallas Street~~, Houston, Texas 77002~~, or Telecopy Number (713) 369-9305~~. 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

Period	Percentage of MDQ
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)

	Maximum	Minimum
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

Time Period	Percentage of MDQ
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)~~; provided, however, that no Sourcing Charge shall apply prior to April 1, 1996 (when trading rights are implemented)~~. 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 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)~~; provided, however, that DSS Agreements shall not be subject to charges under Section 21 (Account No. 858 surcharges) or Section 38 (Gas Supply Realignment Charges) of 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 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

~~received on or after July 1, 1998~~, 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 ~~after July 1, 1998~~, 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~~One Allen Center, 500 Dallas Street~~, Houston, Texas 77002~~, or Telecopy Number (713) 369-9305~~. 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)~~; provided, however, that no Sourcing Charge shall apply prior to April 1, 1996 (when trading rights are implemented)~~. 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~~One Allen Center, 500 Dallas Street~~, Houston, Texas 77002~~, or Telecopy Number (713)369-9305~~:

(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) and 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 facsimile,~~ 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 facsimile,~~ 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 s 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~~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 potion 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.

GENERAL TERMS AND CONDITIONS

5. PRIORITY OF SERVICE

5.1 ALLOCATION OF FIRM CAPACITY

This Section 5.1 governs the posting, the allocating among services and among entities requesting firm services, and the awarding of firm transmission and storage capacity on Natural's system.

(a) If at any time Natural has transmission capacity and/or storage capacity which would support additional firm services, Natural shall make such capacity available to perform firm open access services. The allocation of such capacity among firm services shall be determined by Natural, applying objective criteria of the relative engineering suitability and economic value of the various services.

(b) In assigning priority to otherwise valid bids or requests for any particular firm service, Natural shall allocate firm capacity to valid bids or requests which generate the highest economic value for Natural. The criteria for determining the highest economic value are discussed in Section 5.1(c). In applying such criteria where a Negotiated Rate or Negotiated Rate Formula is involved, the value assigned to a request which includes a Negotiated Rate or Negotiated Rate Formula shall be limited by the Recourse Rate as provided in Section 49 of these General Terms and Conditions. The procedures to award firm capacity are described in Section 5.1(c). Certain posting requirements for firm capacity are set out in Section 5.1(e).

(c) CAPACITY AWARD PROCEDURES

This subsection sets out the procedures to be followed by Natural in awarding all firm forward haul transmission segment capacity and firm storage capacity on its system; provided, however, that these procedures do not apply to the initial allocation of such firm capacity created by the construction of new facilities (including both extensions and expansions of Natural's system). Prior to awarding capacity pursuant to these capacity award procedures, Natural shall first post all firm forward-haul transmission segment capacity and firm storage capacity currently available or becoming available or becoming available in the future on the Informational Posting portion of its Interactive Website for a period of five days ("Posted Capacity") as set forth in Section 5.1(e)(1). After such five-day period, Shipper may bid on or request and Natural may award any

capacity becoming available either via an open season procedure or the request procedure.

(1) ~~INITIAL~~ OPEN SEASON Natural may~~shall~~ conduct an ~~Initial~~ Open Season for any~~all~~ Posted Capacity. ~~As used in this Section 5, the term "Posted Capacity" shall mean all firm forward-haul transmission segment capacity and firm storage capacity currently available or becoming available in the future which Natural is obligated to post under Section 5.1(e)(1).~~

(i) ~~An Initial Open Season shall be conducted at least once each month for Posted Capacity (as defined in the prior paragraph) which was not previously included in an Initial Open Season. Posted Capacity shall be included in the next Initial Open Season after such firm capacity becomes Posted Capacity.~~

~~(ii) The first Initial Open Season to be held following implementation of this Initial Open Season procedure will cover all Posted Capacity as of that date.~~

~~(iii)~~ In any ~~Initial~~ Open Season, the minimum posting and bidding period applicable to firm capacity available for less than five (5) months is from 9 a.m. to 2 p.m. Central Clock Time on a business day. In any ~~Initial~~ Open Season, the minimum posting and bidding period for firm capacity available for five (5) months or longer is four (4) business days, with the minimum posting periods each day being from 9 a.m. to 2 p.m. Central Clock Time.

(i~~i~~v) The posting for an ~~Initial~~ Open Season will include the following items:

(A) For transmission capacity, the location by pipeline segment of the firm capacity to be covered by the ~~Initial~~ Open Season and any restriction on any segment or on any Receipt or Delivery Point.

(B) The bidding procedure to be used, including an explanation of how bids are to be submitted, a bid form, instructions for satisfying the request criteria under the applicable rate schedule, and the complete bid evaluation criteria consistent with Section 5.1(d).

(C) The timetable for posting and bidding, which timetable must be consistent with Section 5.1(c)(1)(ii~~i~~). The timetable will specify any right Natural may have to extend the ~~Initial~~ Open Season but in no event can the ~~Initial~~ Open Season be extended if a valid bid has been submitted.

(D) The type, duration and amount of firm capacity to be covered by the ~~Initial~~ Open Season, and the date on which such firm capacity will be available.

(E) Contingencies, if any, which will be accepted in open season bids.

(F) Any other bid requirements, conditions, criteria, restrictions or parameters.

(iiiv) In anthe ~~Initial~~ Open Season, ~~all~~ bids maymust be submitted in the basic rate design then in effect on Natural's system ~~and are~~ constrained by the applicable maximum and minimum rates~~. No bid with rates in the form of a Negotiated Rate or Negotiated Rate Formula will be valid in an Initial Open Season~~. Alternatively, bids may be on a Negotiated Rate or Negotiated Rate Formula basis to the extent specified in the posting. Natural may limit the form of Negotiated Rate or Negotiated Rate Formula submitted, in which case that limitation must be reflected in the posting.

(ivi) Natural may, but is not obligated to, ~~shall~~ establish a reserve price or reserve price matrix in every ~~Initial~~ Open Season, consistent with Section 5.1(d)(5).

(v) In an Open Season, Natural may make firm capacity available only for a specified term or range of terms, which limitation must be included in the posting.

(vii) Unless otherwise specified in the posting, a bidder may bid on all or any portion of the term for which the firm capacity is available and on all or any portion of the capacity available. ~~Natural may only impose minimum volume or term requirements on bids for operational reasons, such as maintaining pressure or sustaining the minimum level of prudent facility operations on any affected portion(s) of its system.~~

(viii) Natural shall have the right to terminate an ~~Initial~~ Open Season through a termination posting if there is a material error in the ~~Initial~~ Open Season posting, which error shall be explained in the termination posting. A bidder may withdraw a bid for a material error by notifying Natural by the deadline for bids that the bid contains a material error, which notification shall explain the material error.

(viiiix) All bids received during the open season period remain binding on the bidder through the end of the open season unless withdrawn by bidder. A bidder may withdraw its bid at any time during the open season, utilizing the same medium through which a bid can be submitted. A bidder which has withdrawn a bid may submit a bid with a higher value during the open season, but neither that bidder nor any of its affiliates may submit a bid with a lower value than the withdrawn bid, except if the withdrawn bid was withdrawn due to a material error, during that open season [value is to be determined applying the criteria in Section 5.1(d), consistent with the posting for

that open season]. If an open season is extended, a bidder is free to submit a new bid without restriction in the extended auction even if that bidder withdrew its bid in the original open season. If a bidder withdraws its bid in an extended open season, the same rules as in an original open season apply to that bidder. At the end of any open season, all bids either withdrawn or not accepted shall be deemed null and void.

(ix) In an ~~Initial~~ Open Season, Natural may post a prearranged transaction for bid, including a prearranged~~under the basic rate design then in effect on Natural's system (no~~ Negotiated Rate or Negotiated Rate Formula transaction) and shall include a right on the part of the prearranged Shipper ~~specify a right~~ to match ~~by the prearranged Shipper~~as specified in the posting. Natural may enter a prearranged transaction only after the capacity subject to the prearranged transaction has been posted as generally available.

(x~~i~~) If contractual rollover rights are to be available to the winning bidder, or are agreed upon with a prearranged Shipper, the terms of such contractual rollover shall be included in the open season posting and such rollover rights shall be available to all bidders similarly situated.

~~(xii) Once firm capacity has been subject to an Initial Open Season, Natural is not required to hold any further Initial Open Season for that capacity until it again becomes Posted Capacity; provided, however, that such capacity shall be subject to Shipper-Initiated Open Seasons under Section 5.1(e)(5).~~

~~(2) EARLY OPEN SEASON. This section applies to firm forward haul transmission segment capacity or firm storage capacity which is not Posted Capacity.~~

~~(i) Natural may conduct an Early Open Season or any Shipper (including the existing capacity holder) may cause Natural to initiate such an Early Open Season by following the Shipper-Initiated Open Season procedure.~~

~~(ii) An Early Open Season shall not commence until the firm capacity to be covered by that Early Open Season has been posted as required pursuant to Section 5.1(e)(8). Any Early Open Season shall be held at the same time as an Initial Open Season.~~

~~(iii) Except for the timing of the open season, an Early Open Season is subject to the same procedures, limitations, posting~~

~~requirements, and minimum posting and bidding periods as an Initial Open Season, including the posting of prearranged transactions.~~

~~(iv) To the extent that the existing Shipper holding firm capacity included in an Early Open Season has any right of first refusal, tariff rollover right, contractual rollover right or any other term extension right in Natural's Tariff or the contract (Extension Rights), the award of capacity hereunder shall be conditional in that it is subordinate to and will not impair any Extension Rights of the existing firm capacity holder.~~

~~(v) If firm capacity which would satisfy all or part of the conditional capacity award in an Early Open Season is the subject of a subsequent open season or right of first refusal process, the winning bid in the Early Open Season shall be deemed to be a bid in any such open season or right of first refusal process until the winning Early Open Season bidder has fully contracted for the firm capacity it was conditionally awarded in the Early Open Season or until three (3) years have elapsed from the date of the Early Open Season award, (unless Natural and a bidder agree in writing to a shorter period prior to commencement of the Early Open Season) whichever occurs first. Thereafter, the conditional capacity award in the Early Open Season shall have no further effect.~~

~~(vi) The Early Open Season winning bid deemed submitted as a bid in the subsequent open season or right of first refusal process (or a higher value bid submitted by the winning bidder in the Early Open Season) shall establish the reserve price in that open season or process. If that bid is otherwise a valid bid in such subsequent open season or right of first refusal process and is the highest value bid therein under the criteria applicable to that subsequent open season or right of first refusal process, Natural shall be obligated to award such firm capacity to the Early Open Season bidder, subject to any right of the existing capacity holder to match. The winning Early Open Season bidder shall have the right to match the highest bid submitted by any entity other than the existing capacity holder exercising an Extension Right.~~

~~(vii) Nothing herein will prevent the winning bidder in the Early Open Season from submitting an additional bid of higher value [as determined under Section 5.1(d)] in any open season or right of first refusal process in which it is deemed to have submitted a bid under these procedures.~~

~~(viii) Firm capacity offered but not awarded in an Early Open Season must go through an Initial Open Season at the time specified in Section 5.1(c)(1).~~

(3) REQUEST PROCEDURE ~~If Posted Capacity is not awarded in the Initial Open Season,~~ Natural may award ~~that~~Posted C~~c~~apacity through ~~either~~ the Request Procedure in this Section 5.1(c)(3) ~~or the Additional Open Season Procedure in Section 5.1(c)(4)~~.

(i) ~~Once Posted Capacity has been subject to the Initial Open Season and has not been awarded,~~ Natural may award Posted ~~such firm c~~Capacity in response to requests for firm service in writing or on DART which conform to the request requirements in the applicable rate schedule. Requests may be unsolicited or pre-negotiated, but no communication will be considered a request hereunder unless it constitutes a valid request for service consistent with the applicable rate schedule and has been submitted in writing or via Natural's Interactive Website or via email to an address specified by Natural.

(ii) Requests will be binding on the entity requesting firm capacity for two (2) business days unless the request states a shorter time period or until the request is accepted or rejected by Natural, whichever occurs first. In its request, the customer may specify that the request is binding for a stated period which is less than two (2) business days. Unless granted by Natural, all requests submitted are void effective the earlier of the time when Natural rejects the request or two (2) business days after the request is submitted. Natural cannot grant any request which has become void, but a request becoming void hereunder is without prejudice to any future request by that Shipper or any other Shipper.

(iii) The rate form under a request may be either the basic rate design then in effect on Natural's system or a Negotiated Rate or Negotiated Rate Formula rate form.

(iv) Natural is not obligated to award firm capacity based on a request at less than the applicable maximum rate, but any capacity award must be consistent with Section 5.1(d) if there are competing valid requests pending. For purposes of applying the evaluation criteria in Section 5.1(d), only pending valid requests which have not become void under (ii) are considered to be competing.

(v) Requests shall not be accepted or valid as to any firm capacity which is subject to an ~~Initial~~ Open Season, ~~an Early Open Season, an Additional Open Season or a Shipper-Initiated Open Season~~ during any period between the posting of that open season and the award of capacity (or the decision not to award capacity) under that open season.

~~(4) ADDITIONAL OPEN SEASON PROCEDURE~~

~~(i) If Posted Capacity has not been awarded in the Initial Open Season, Natural may at any time elect to hold an Additional Open Season.~~

~~(ii) The posting requirements and minimum posting and bidding periods for an Additional Open Season shall be the same as for an Initial Open Season under Section 5.1(c)(1), except that Natural will post any additional items necessary to comply with this Section 5.1(c)(4).~~

~~(iii) In the Additional Open Season, Natural may make firm capacity available only for a specified term or range of terms, which limitation must be included in the posting.~~

~~(iv) In the Additional Open Season, bids may be on a Negotiated Rate or Negotiated Rate Formula basis to the extent specified in the posting. Natural may limit the form of Negotiated Rate or Negotiated Rate Formula submitted, in which case that limitation must be reflected in the posting. Bids may always be submitted in the basic rate design then in effect on Natural's system at the applicable maximum rate.~~

~~(v) Natural may, but is not required to, establish a reserve price or reserve price matrix in an Additional Open Season, consistent with Section 5.1(d)(5).~~

~~(vi) In an Additional Open Season, Natural may post a prearranged transaction for bid, including a prearranged Negotiated Rate or Negotiated Rate Formula transaction, and shall include a right on the part of the prearranged Shipper to match as specified in the posting.~~

(5) POINT CHANGES

(i) Natural and a Shipper under any firm service may add or delete primary Delivery or Receipt Points from time to time by mutual agreement. Subject to the availability of firm capacity at the requested point, Natural shall agree to any such change in primary Delivery or Receipt Point to the extent such new point is within the transportation path of the existing primary points. At other points, Natural shall agree to a change to the extent that firm transmission and point capacity is available after taking into account existing capacity commitments under other firm Agreements for the date requested if such capacity is not subject to or affected by any other pending valid request or pending open season. A point change is not subject to or affected by any pending request or open season if the available capacity equals or exceeds the amount necessary to satisfy both the pending request and/or open season and the point change, or if capacity could not be granted to any third party but for the point change. The rate applicable to the revised point(s) shall be the applicable maximum rate, unless the existing Agreement or related discount contract provides otherwise, or unless Natural and Shipper negotiate a different rate at the time of the point change. Unless otherwise specifically agreed, if the point change results in a shortened path which would reduce the applicable rate, the reservation rate applicable to the longer path shall apply for the remaining term of the Agreement, but the commodity rate applicable to the shortened path shall apply so long as the shortened path is in effect under the Agreement; provided, however, the Fuel Gas and Gas Lost and Unaccounted For for the path utilized shall apply. Natural and Shipper may at any time agree on or modify discounts at secondary points. Notwithstanding the foregoing, a Shipper under Rate Schedule FTS-G may not change primary Delivery Points, except to a different location within Shipper's traditional market area, unless otherwise agreed by Natural.

(ii) From time to time, points are retired or eliminated for various reasons. In such a situation, Natural shall advise any affected Shipper as early as possible of the point retirement or elimination and the reason for the retirement or elimination and shall specify the alternate point(s) where adequate capacity is available in the reasonable geographic vicinity of (and within the same rate zone as) the point being eliminated. Capacity is not available if subject to any open season, pending request or open season award; provided, however, that point changes hereunder shall have priority over any open season which commences or any request for capacity which is submitted

after Natural advises Shippers of the point retirement or elimination. An affected Shipper may move to any point initially designated by Natural without any change in rate by notification to Natural. If capacity at any point is not adequate to satisfy all Shippers hereunder, allocation shall be pro rata based on the respective MDQs the various Shippers are seeking to move to that point. The process shall be reiterated at other designated points until each Shipper's MDQ affected by the point retirement or elimination is satisfied and Natural shall be obligated to designate additional points within the same rate zone which are in reasonable proximity and are operationally reasonably equivalent to the point being retired or eliminated as necessary to satisfy point changes desired by all affected Shippers. The rate at these additional points designated by Natural shall be the rate specified in the contract for services at that point or, if the contract is silent, the rate assessed to similarly situated customers for similar service involving that point. If a Shipper elects to change to a point which is not a point designated by Natural, then that Shipper must submit a point change request pursuant to Section 5.1(c)(5)(i) of these General Terms and Conditions; provided, however, that a Shipper shall not be required to submit a point change request if it desires a change to any other point within the same rate zone which is in reasonable proximity and is operationally reasonably equivalent to the point being retired or eliminated. Nothing herein shall be read to authorize, or to relieve Natural from any obligation to seek and obtain Commission authorization for, abandonment and termination of operations and/or facilities at any receipt or delivery point. Nothing herein shall be read to override or to modify in any way: (A) any obligation of Natural under the Natural Gas Act to treat similarly situated customers the same with respect to rates and discounting; (B) ~~any tariff provision relating to rates and discounting which results from Commission action on Natural's Order No. 637 compliance plan in Docket No. RP00-409; (C)~~ any other provision of Natural's Tariff governing or relating to rates and discounting; or (C~~D~~) any discount to which Shipper is contractually entitled.

(6) Reserved for Future Use~~SHIPPER-INITIATED OPEN SEASON. If a potential customer submits to Natural a binding offer to accept Posted Capacity at a rate equal to or greater than fifty percent (50%) of the applicable maximum rate for the winter months (November-March) or twenty five percent (25%) of the applicable maximum rate for the summer months (April-October), or a combination which meets the net present value over the term requested of the rate corresponding to those percentages, Natural shall be obligated to commence an~~

~~open season in the same format and under the same procedures as an Initial Open Season under Section 5.1(c)(1) within five (5) Business Days after receipt by Natural of the request. A Shipper may also cause an Early Open Season to be initiated for firm capacity which is not Posted Capacity using this same procedure. A Shipper-Initiated Early Open Season shall coincide with the next Initial Open Season which commences more than four (4) business days after the Shipper submits the offer. The reserve price matrix in the resulting open season will include an entry for the specific term in the offer by the Shipper initiating the open season. Otherwise, Natural can establish all parameters of the open season to the same extent as set out in Section 5.1(c)(1) or Section 5.1(c)(2), as applicable. Requests for a Shipper-Initiated Open Season may not include a Negotiated Rate or Negotiated Rate Formula.~~

(7) SPREADSHEETS Contemporaneous with posting of an open season, Natural shall make available (subject only to reasonable user requirements) electronic spreadsheets setting out the analyses which will be used to determine the winning bid(s), in a format which will allow the user to calculate net present value.

(8) CONDITIONS ON REQUESTS AND BIDS This subsection sets out conditions applicable to all requests and bids for firm capacity.

(i) ~~–~~Natural shall reject any request or bid for service which may detrimentally impact the operational integrity of Natural's system (if Natural rejects a bid or request on this basis, it will provide a written explanation of the operational basis for this action); which does not satisfy all the terms of an applicable posting and/or does not provide all the information required by the posting; which contains terms and conditions other than those in Natural's Tariff and/or an applicable posting; which would not constitute a valid request under the applicable rate schedule (it being understood that a bid cannot be rejected for incompleteness if all information required by the bid form and the applicable posting has been provided); or is in any way inconsistent with Natural's Tariff and/or an applicable posting.

(ii) Any Shipper wishing to bid in an open season or submit a request for capacity must satisfy the creditworthiness requirements in Section 16 of these General Terms and Conditions prior to submitting a bid or request. A Shipper cannot bid for or request services which exceed its pre-qualified level of creditworthiness. Natural

shall process - and encourages - applications from potential bidders or requesters seeking prequalification for bids or requests they may make in the future. Credit applications shall be completed in full with all information required to establish creditworthiness under the credit criteria included in Natural's rate schedule covering the applicable service. Should a potential bidder or requester fail to satisfy such credit criteria, it may still qualify by providing a prepayment, letter of credit, security interest or guarantee satisfactory to Natural as further set forth in Section 16 of these General Terms and Conditions. Based on Natural's continuing review of a Shipper's financial records, Natural shall have the right to amend a Shipper's line of credit and lower or increase the quantity and term.

(9) POSTING OF AWARD Natural will post on the Informational Postings portion of its Interactive Website the term, rate and description of any firm capacity awarded pursuant to any of the procedures in this Section 5.1(c)~~.~~ ~~-~~in accordance with applicable Commission regulations. ~~This posting shall be made no later than ten (10) days after firm capacity is awarded. This posting requirement will be superseded by the requirements for posting of firm capacity awards under Order No. 637 once those requirements become effective.~~ Where applicable, Natural will also comply with Commission filing requirements regarding capacity awards which include a Negotiated Rate and Negotiated Rate Formula, as reflected in Section 49 of these General Terms and Conditions.

(10) SECTION 22 RIGHTS; RESERVED CAPACITY The capacity allocation procedures of this Section 5.1(c) shall not apply where a Shipper is utilizing unilateral rollover rights or the Right of First Refusal procedures provided in Section 22 of these General Terms and Conditions. Instead, the procedures in said Section 22 will govern the award of capacity~~. With respect to contractual rollover rights permitted under said Section 22, such rollover rights in contracts executed prior to January 1, 1999, shall be honored without regard to the procedures in this Section 5.1(c), but requests for firm capacity pursuant to contractual rollover provisions agreed upon in contracts executed after January 1, 1999, shall be considered on the same basis as any other request~~.

(11) CAPACITY RESERVED FOR EXPANSION PROJECTS Notwithstanding any other provision of this Section 5, Natural reserves the right, but shall not be obligated, to reserve for expansion projects capacity which is or will become available. Expansion projects can encompass capacity on Natural's existing system which will or may be needed by a Shipper in conjunction with capacity which may be acquired by that Shipper in a future extension project. For purposes of this Section 5.1(c)(11), there are four types of capacity that Natural may reserve subject to the conditions detailed below. The four types of capacity are:

(i) Capacity currently posted on the Informational Postings portion of Natural's Interactive Website which is Posted Capacity;

(ii) Capacity which had previously been posted for bidding pursuant to the Right of First Refusal (Section 22.3) provisions of these General Terms and Conditions and for which no acceptable bids were received and as to which Shippers rights under Section 22.3(f) have expired ("ROFR Capacity");

(iii) Capacity which will be returned to Natural in response to a direct solicitation from Natural to existing Shippers for permanent releases of capacity to serve an expansion project ("Turnback Capacity"); and

(iv) Capacity which will be returned to Natural by an existing Shipper at the termination or expiration of that Shipper's Agreement term(s) ("Terminated Agreement Capacity").

(Hereinafter, any references to the term "capacity" in this Section 5.1(c)(11) shall mean the four types of capacity collectively unless noted otherwise).

Seven days prior to Natural reserving any capacity pursuant to this Section 5.1(c)(11) of these General Terms and Conditions, Natural must first post on the Informational Postings portion of Natural's Interactive Website the capacity which Natural proposes to reserve (Reservation Posting). After seven days, the capacity described in the Reservation Posting shall be deemed to be reserved by Natural and Natural's posting under Section 5.1(e) of these General Terms and Conditions shall be adjusted accordingly. The Reservation

Posting shall include (but not be limited to): (1) a description of the expansion project for which the capacity will be reserved; (2) the quantity of capacity to be reserved; (3) the location of the proposed reserved capacity on the pipeline system, including all mainline valves and associated quantities at those valves; and (4) the projected in-service date of the expansion project. The Reservation Posting shall also include a non-binding solicitation for Turnback Capacity to serve the expansion project; provided, however, Natural will only solicit Turnback Capacity if it is unable to acquire sufficient capacity from Posted Capacity, ROFR Capacity or Terminated Agreement Capacity (it being understood that solicitation of Turnback Capacity will only occur in instances where redundant construction could be avoided through the use of Turnback Capacity). Any non-binding solicitation for Turnback Capacity shall be posted on the Informational Postings portion of Natural's Interactive Website no later than 90 days after the close of any open season which may be conducted in connection with the expansion project. Natural shall post on the Informational Postings portion of Natural's Interactive Website the results of any non-binding solicitation for Turnback Capacity within ten (10) days after such results are known. While Natural's solicitation is non-binding, any response to a request for Turnback Capacity accepted by Natural shall be binding upon Shipper in the event Natural proceeds with the expansion project. The Reservation Posting shall remain on the Informational Postings portion of Natural's Interactive Website the entire period the capacity is being reserved and Natural shall make reasonable efforts to update the Reservation Posting up to the in-service date of the expansion project to reflect any material changes in the scope of the expansion project. The updated Reservation Posting shall also indicate whether and how much of the reserved capacity has been sold on a limited-term basis.

Natural may reserve capacity for an expansion project for a period of up to one (1) year prior to submitting the application to the Commission for approval of the proposed expansion unless Natural posts ~~or longer from the date of the Reservation Posting; provided, however, that the reservation of capacity must terminate on the date which is one (1) year from the date of the Reservation Posting in the event that~~ an open season ~~has not commenced~~ (or the public announcement by the project sponsor of its intention to construct has not been issued) ~~by the end of that~~ before the expiration of such one (1) year period. After the commencement of the open season (or the public announcement), the reservation of capacity may continue until the in-service date of the expansion project. In addition, prior to reserving Terminated Agreement Capacity, Natural must make Terminated Agreement Capacity generally available through the procedures in this Section 5.1(c), unless such capacity has been previously subjected to the ROFR procedures. When a Terminated Agreement

Capacity auction is held prior to any expansion project open season, Natural shall have the right to state in the posting minimum terms and conditions for bids that would be acceptable for consideration that are the same as the minimum terms and conditions anticipated for any open season which may be held in connection with the future expansion project. In the event that any subsequent expansion project open season imposes minimum terms and conditions that are materially different from the terms and conditions imposed in the previous Terminated Agreement Capacity auction, Natural shall hold another open season under Section 5.1(c)(1) for the Terminated Agreement Capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season. If any expansion project open season is held prior to or during the Terminated Agreement Capacity auction, Natural shall use the same minimum terms and conditions as used for the expansion project open season.

Natural will not, absent Commission approval, accept advance payments to reserve capacity under this Section 5.1(c)(11).

Any capacity reserved under this Section 5.1(c)(11) shall be made available pursuant to these General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). For such limited-term agreements, Natural reserves the right to limit any extension rights provided in the service agreement and pursuant to Section 22 commensurate with the in-service date of the expansion project. Natural will indicate in any auction posting of the capacity the limitations on extension rights that will apply to such limited-term transportation service. The projected in-service date of the expansion project shall be set out in any limited-term agreement (recognizing that the date could slip if construction is delayed). Reservation of capacity under this Section 5.1(c)(11) ~~shall not in any way modify or limit the rights under Sections 18, 19 and 22 of these General Terms and Conditions of an existing Shipper under a contract entered into prior to September 1, 1999, and~~ shall only modify other Shipper's rights to the extent specified in this Section and in Section 22.1 of these General Terms and Conditions.

(12) CAPACITY AWARDED FOR INTERIM PERIOD
This provision applies in situations where firm capacity is awarded commencing on a future date and such capacity is not already subject to firm contract(s) for the entire interim period before such future service commencement date. Nothing herein shall affect any Extension Right, as defined in Section 5.1(c)(2) hereof, in effect on the initial effective date of this provision.

(i) Natural may market such capacity for the interim period until service under the capacity award becomes effective.

(ii) If firm capacity is available for only an interim period for any reason (e.g., because the firm capacity is already contracted at a future date after such interim period or the firm capacity is only available physically or operationally for that interim period), then Natural may limit the Extension Rights of the Shipper awarded the capacity for that interim period. Natural will indicate in any open season posting for such capacity the limitation on Extension Rights which will apply to such firm capacity awarded for the interim period.

(d) EVALUATION OF COMPETING BIDS AND REQUESTS In comparing valid bids received in an open season or in comparing two or more valid and competing pending requests for service under the Request Procedure, Natural will award firm capacity based on the highest economic value, as defined in this Section 5.1(d).

(1) HIGHEST ECONOMIC VALUE The highest economic value is the highest net present value of the stream of incremental revenue produced by a valid bid or request, or combination of valid bids or requests, received by Natural for firm capacity. Incremental revenue is the additional revenue Natural would collect from a Shipper under any bid or request over and above the revenue Natural would otherwise have received after taking into account any revenue lost or affected by the bid or request (i.e., where an existing capacity holder submits a bid or request which is contingent upon turnback by that existing capacity holder of an existing capacity commitment, only the value of such a bid or request net of the revenue which would be lost to Natural due to the turnback of the existing contractual commitment will be considered).

(2) POSTING OF NET PRESENT VALUE FORMULA AND OTHER CRITERIA Natural will post the criteria to be used in the determination of highest economic value for comparing valid bids in any open season and for comparing pending requests which are valid and competing. The posting will consist of a net present value formula, together with all relevant factors and parameters, such as discount rates. These criteria shall be posted continuously on the Informational Postings portion of Natural's Interactive Website. Natural may change the criteria at any time in a manner not inconsistent

with the other provisions of the Section 5.1(d), but the revised criteria may only be applied to an open season the posting of which commenced at least three (3) business days after the change in criteria has been posted. Natural cannot change the criteria for any on-going open season. The revised criteria shall apply immediately to all requests received after the change has been posted. In addition, the posting for each individual open season will include the following elements: the date to which all bids are discounted in the calculation of net present value and the discount rate utilized; how a Shipper's willingness vel non to prorate will affect its bid; the extent to which advance payments will be considered in evaluating bids; and how surcharges and optional service charges will be taken into account.

(3) ONLY GUARANTEED REVENUE CONSIDERED In the determination of highest economic value, Natural shall consider only reservation charge revenue and any other guaranteed revenue. In the case of a bid or request for firm service involving a Negotiated Rate or Negotiated Rate Formula, the rules on calculating net present value set out in Section 49.2(b) of these General Terms and Conditions shall apply.

(4) OBLIGATION TO AWARD CAPACITY Natural shall be obligated to award firm capacity if the applicable maximum rate is submitted for the entire term of a valid bid in any open season or is requested for the entire term of a valid request under the Request Procedure, up to the firm capacity covered by the maximum rate bid(s) or request(s). The capacity award will be based on the posted criteria hereunder for evaluating bids or requests. Similarly, Natural shall be obligated to award firm capacity if the reserve price is met in a valid bid for the capacity being posted for open season, up to the firm capacity covered by the bid(s) meeting the reserve price. The capacity awards will be based on application of the posted criteria. Notwithstanding the foregoing, ~~except for conditional capacity awards in an Early Open Season,~~ Natural shall not be obligated to award firm capacity based on the following types of bids or requests: (i) any bid or request for a term of less than one year, under which service is to commence more than sixty (60) days following the close of the open season or prior to the contract term start date (ii) any bid or request for a term of one year or greater, under which service is to commence more than twelve (12) months following the close of the open season or prior to the contract term start date~~;~~ and (iii) any bid or request for a term which is not continuous from the commencement of service date to the termination of service date reflected in the bid.

(5) RESERVE PRICE MATRIX In an ~~Initial~~ Open Season, ~~an Early Open Season, or a Shipper-Initiated Open Season,~~ Natural may~~shall~~ establish a reserve price or reserve price matrix. ~~Natural may, but is not~~

~~required to, establish a reserve price or reserve price matrix in an Additional Open Season.~~

(i) A reserve price defines the minimum price(s) at which Natural will award the firm capacity covered by the open season, which price(s) must be equal to or less than the applicable maximum rate(s). Natural is not obligated to award capacity at less than the applicable maximum rate unless a lower rate is set out in the reserve price matrix. In determining whether a reserve price has been met by any bid, Natural will compare the net present value of the requested prices in the bid with the net present value of the applicable reserve price(s). If the reserve price is met, Natural will award firm capacity to valid bids consistent with the posted bid evaluation criteria and this Section 5.1(d).

(ii) Reserve prices in a reserve price matrix may vary by relevant elements, including but not limited to term, service type, Receipt Points, Delivery Points and markets. Differences in "markets", as that term is used in the prior sentence, shall refer to differences relating to any of the following: (A) geographical areas (zones, segments, points, etc.), where the value of Natural's services may vary among such geographical areas due to current or projected differences in competitive alternatives, regulation, or operational, supply or capacity factors; (B) customers, where the value of Natural's services may vary by customer due to current or projected differences in competitive alternatives available to them or demand their characteristics (including access to alternative fuels; (C) contract time periods, where the value of Natural's services may vary due to current or projected differences in competitive alternatives or market demand at or over different contract time periods (for example, winter season versus multi-year); (D) products and services, where the value of Natural's product and service offerings may vary due to current or projected differences in competitive alternatives or market demand (provided that this is not intended to tie separate service together for bidding purposes); or (E) volumes, where the value of Natural's services may vary due to current or projected differences in competitive alternatives, market demand or other factors related to contract volume levels. The reserve price matrix in an ~~Initial~~ Open Season will include multiple terms, from one month or less to multi-year, unless firm capacity is only available for a limited time due to operational or physical constraints or due to the contractual commitment of such capacity in the future.

(iii) Natural shall provide the reserve price or reserve price matrix to an independent third party before the posting of an open season. A bidder in an open season may request the reserve price or reserve price matrix, if applicable to that open season, at any time after the close of the open season and prior to the posting described in the following sentence, and Natural will provide such information to the requesting bidder within one business day after Natural receives the request. Any reserve price or reserve price matrix used in an open season will be posted on the Informational Postings portion of Natural's Interactive Website within thirty (30) days after the close of that open season.

(6) TIE-BREAKER In the event of a tie for highest economic value between two or more competing bids or requests of identical value under the criteria posted consistent with this Section 5.1(d), the procedures in this subsection shall apply. Natural will first notify the Shippers submitting the tying bids or requests that the evaluation resulted in a tie and shall provide each such Shipper an opportunity to improve its bid or request through an entirely new closed bid or request (which must have a higher value than the tying bid or request) submitted via proper communication~~facsimile~~ within 24 hours of such notification. If a tie still exists after the first step, Natural will next allocate the available capacity pro rata to each tying Shipper which has indicated its willingness to prorate. If any capacity remains to be awarded after the second step and a tie still remains, the winning bid(s) shall be determined by a pro-rata allocation of the bid(s) received~~tie will be broken by coin toss~~.

(e) POSTING OF FIRM CAPACITY

(1) Natural posts on the Informational Postings portion of its Interactive Website the firm capacity currently available on its system, as provided in Section 17.1(b)(1) of these General Terms and Conditions. Natural also posts consistent with the remainder of this Section 5.1(e), forward-haul firm transmission segment capacity and all Receipt Point, Delivery Point and storage firm capacity becoming available in the future (excluding firm capacity created by the construction of new facilities, including both expansions and extensions, until the initial allocation of such capacity has been made). Postings hereunder will be adjusted for capacity reserved under Section 5.1(c)(11) of these General Terms and Conditions. Natural is not obligated to post other types of firm capacity. The capacity which must be posted hereunder is Posted Capacity as referenced in Section 5.1(c)(1)~~, except as provided in Section 5.1(e)(8)~~.

(2) In addition to the firm capacity which must be posted under Section 5.1(e)(1), Natural will also post the availability of firm backhaul capacity prior to awarding such capacity except through the exercise of Extension Rights. Natural will post a statement that firm backhaul capacity is available and will specify the portion of Natural's system on which such capacity is available. Because the extent of backhaul capacity is contingent on the specific path, Natural is not obligated to post a specific volume or term with respect to the firm backhaul available. Natural will award firm backhaul capacity consistent with Section 5.1(c)(3).

(3) The posting as to any firm capacity in Section 5.1(e)(1) must be made no later than fifteen (15) months prior to the date on which that firm capacity will become available and shall be updated daily to reflect changes; provided, however, that Natural shall post the availability of firm capacity prior to providing any existing or potential Shipper with information on the availability of such capacity. The posting shall not include firm capacity which remains subject to tariff rollover rights, contractual rollover rights, or the right of first refusal.

(4) The posting pursuant to Section 5.1(e)(1) will contain at a minimum the following information:

(i) The date on which the firm capacity will first become available;

(ii) The amount in MDQs of firm capacity becoming available;

(iii) The type of firm service(s) which will become available; and

(iv) For transmission service, the pipeline segments and the receipt and delivery points at which firm capacity is becoming available and the related MDQs.

(5) Once posting occurs, the posting will continue until the firm capacity is awarded (if a portion of the firm capacity is awarded, the posting will be revised to reflect the remaining available firm capacity) or is no longer available.

(6) Until the availability of capacity has been posted hereunder, Natural will not award firm capacity which must be posted under Sections 5.1(e)(1) and 5.1(e)(2)~~, except on a conditional basis as to capacity which must be posted under Section 5.1(e)(1)(8) pursuant to an Early Open Season~~.

(7) Capacity which may become available subject to a unilateral tariff rollover right, a contractual rollover right or right of first refusal pursuant to Section 22 of these General Terms and Conditions may not be awarded unless and until all of the rights of the existing Shipper under said contingency have terminated or expired, except in a manner consistent with Sections 5.1(c) and 5.1(d).

~~(8) In the case of an Early Open Season, the availability of the firm capacity which is to be the subject of the Early Open Season shall be posted at least one (1) day prior to the commencement of the Early Open Season and, where applicable, the posting shall include a notation that the capacity remains subject to rollover rights and/or the Right of First Refusal.~~

5.2 SCHEDULING OF FIRM SERVICES

(a) While firm services are not ordinarily interrupted or nominations for firm service within MDQ declined due to lack of capacity, capacity constraints may exist from time to time or limitation or interruption of firm service may be necessary for certain other reasons. Natural may decline to schedule firm service for any of the following reasons and may curtail for any of the same reasons except (iii):

(i) if Shipper tenders gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;

(ii) for reasons of Force Majeure;

(iii) due to routine repair and maintenance to be reasonably determined by Natural;

(iv) pursuant to Section 5.11 of these General Terms and Conditions;

(v) to rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;

(vi) with respect to service under Rate Schedule FFTS, if the day is not an Available Day or partial Available Day under the relevant FFTS Agreement;

(vii) pursuant to the Operational Control provisions of these General Terms and Conditions;

(viii) to maintain system integrity; or

(ix) if there is a dispute over title, ownership or right to tender or to receive gas.

Without limitation to the foregoing, Natural shall have the right to reduce receipts, deliveries, injections or withdrawals of natural gas on any day below Shipper's MDQ and/or below the storage rights applicable to Shipper under the specific Rate Schedule to permit maintenance, repair, overhaul, replacement, or construction of pipelines, compressors, metering, regulating, or other production, gathering, and transmission facilities and equipment, or to maintain system integrity; provided, however, that with respect to routine repair and maintenance, Natural will implement restrictions for scheduling purposes only, not for curtailment, and will attempt to schedule such activity during a period when it will not result in limitation of firm services, or when such limitation will be minimized, after consulting with the Shippers which could be affected. If Natural curtails or limits the scheduling of firm volumes pursuant to this Section 5.2(a) for reasons not caused by a Shipper, Natural shall waive applicable tariff restrictions and requirements as to such Shipper (such as seasonal cycling requirements) to the extent that such a waiver is operationally feasible, but such a waiver shall only be granted if and to the extent Shipper could not reasonably be expected to meet such requirements in light of Natural's actions hereunder.

(b) For Shippers under all firm services, Natural shall provide notice of any curtailment or of any scheduling restriction as far in advance as feasible. Natural shall attempt to provide at least two (2) Days' prior notice, unless more timely action is necessary to respond to a Force Majeure situation, to balance the Agreement to the extent consistent with the applicable Rate Schedule, or to maintain system integrity.

(c) (1) As used in this Section 5.2(c), Firm Daily Volume shall mean the volume of gas which Natural is obligated to deliver on a firm basis for Shipper at primary Delivery Point(s) under a firm contract on a Day, based on nominations for firm service within firm contract rights at such primary points which could be confirmed plus any applicable firm no-notice rights Shippers seek to exercise on that Day within its firm contract rights under that contract. Except as otherwise provided in this Section 5.2(c) of these General Terms and Conditions, in the event Natural fails to deliver on any Day under any firm contract ~~at least 98% of~~ Shipper's Firm Daily Volume for that Day, then the applicable Reservation Charges and related reservation-based surcharges shall be eliminated for the quantity of gas not delivered by Natural within the Shipper's Firm Daily Volume under the contract.

(2) Segment Outages

Notwithstanding subsection (1) above, if,

(i) Natural, for any Day, posts on its interactive website a restriction in firm capacity affecting a segment within the path between Shipper's Primary Receipt Point(s) and Primary Delivery Point(s) that includes a minimum percentage of firm MDQ that will be available to Shipper through the restricted area; and

(ii) Shipper submits a valid nomination (that can be fully confirmed by the upstream and downstream operators) in the timely nomination cycle for such Day for at least such posted minimum percentage of Shipper's MDQ through the restricted area; and

(iii) Shipper's nomination is not reduced in subsequent nomination cycles for such Day,

Shipper's Reservation Charges and related reservation-based surcharges (Reservation Charges) shall be eliminated for the quantity of gas not scheduled by Natural between Shipper's valid nomination (including any increase in Shipper's Timely nomination scheduled in later nomination cycles) and Shipper's MDQ through the restricted area.

Provided however, for Segment Outages posted in advance or on Day 11 of a force majeure event, the calculation of Shipper's Reservation Charge credits under (iii) shall be based on the greater of: (a) the average of Shipper's daily scheduled quantities within Shipper's Primary Receipt Points(s) and Primary Delivery Point(s) through the constraint for the preceding seven days prior to the outage posting; or (b) the average of Shipper's daily scheduled quantities within

Shipper's Primary Receipt Point(s) and Primary Delivery Point(s) through the constraint during the proposed outage period one year prior, whichever is greater ("historical average usage") in accordance with the following provisions.

(a) If Shipper's historical average usage is less than the posted minimum percentage of contract MDQ, Shipper is not entitled to any credits of its Reservation Charges on any day during the outage regardless of its nominated quantities during the outage.

(b) If Shipper's historical average usage is equal to or greater than Shipper's MDQ, then on each day during the outage if Shipper nominates at least the posted minimum percentage of contract MDQ, Shipper's Reservation Charges shall be eliminated for the quantity of gas not scheduled by Natural between Shipper's valid nomination (including any increase in Shipper's Timely nomination scheduled in later nomination cycles) and Shipper's MDQ through the restricted area.

(c) If Shipper's historical average usage is greater than the posted minimum percentage of contract MDQ but less than Shipper's MDQ, then on each day during the outage if Shipper nominates at least the posted minimum percentage of contract MDQ, Shipper's Reservation Charges shall be eliminated for the quantity of gas not scheduled by Natural between Shipper's valid nomination (including any increase in Shipper's Timely nomination scheduled in later nomination cycles) and Shipper's historical average usage.

For purposes of this subsection (2), Shipper's otherwise valid nomination shall not be deemed to be reduced below the minimum percentage posted by Natural, as a result of any incidental minimal reduction in Shipper's nomination during the scheduling process.

(3) With respect to subsection (2) above, Shipper's Reservation Charges and related reservation-based surcharges shall not be eliminated to the extent that the Shipper uses secondary point service outside the affected segment. ~~Moreover, if capacity in excess of all shipper nominations is~~

~~available through the restricted area after the Timely nomination cycle for any Day, any adjustment to Shipper's Reservation Charges and related reservation-based surcharges that may have resulted from Shipper's nomination for such Day shall be reduced by the amount of any such additional capacity that remains unutilized after the Timely nomination cycle on a revised minimum percentage of firm MDQ that is available to Shipper for nomination in the Evening nomination cycle.~~

(4) Natural shall not be obligated to adjust the Reservation Charge under any contract pursuant to Section 5.2(c) when Natural's failure to deliver on any Day ~~at least 98% of~~ the Firm Daily Volume:

(i) is the result of the conduct of Shipper or the downstream operator of the facilities at the Delivery Point; or

(ii) occurs either (a) within ten (10) days following a force majeure event as contemplated by Section 27 of the General Terms and Conditions, or (b) prior to the date Natural has or should have, in the exercise of due diligence, overcome the force majeure event, whichever occurs first.

(5) PHMSA Mega Rule Testing.

Natural shall not be obligated to adjust Shipper's Reservation Charges under any contract pursuant to this Section 5.2 (c) for up to 450 days for non-routine maintenance outages from projects that are required pursuant to the Pipeline and Hazardous Materials Safety Administration (PHMSA) Pipeline Safety: Safety of Gas Transmission Pipelines: MAOP Reconfirmation, Expansion of Assessment Requirements, and Other Related Amendments Final Rule (Mega Rule) under 49 CFR Parts 191 and 192.624 and 192.710 ("Eligible Projects") in accordance with the following conditions. This provision will be in effect until July 1, 2027.

(i) Natural shall be eligible for up to ten (10) reservation-charge-credit-free outage days per Eligible Project and the days are not transferable (*i.e.*, if an outage for one Eligible Project lasts only 5 days, Natural may not use the remaining days on another project to allow for 15 reservation-charge-credit-free outage days on that other project);

(ii) Natural shall maintain and post a list of the Eligible Projects ("Eligible Project List") on its internet website as of July 1, 2022. Natural may update the Eligible Project List to reflect additional operational information or Natural locating additional records upon consent of

Natural's customers, with consensus being either in the form of support or non-opposition to any updated Eligible Project List, represented by 67% of Natural's firm transportation and storage revenues. Any such updated Eligible Project List will be posted on Natural's internet website least ninety (90) days in advance in order to qualify for the reservation charge credit exemption under this provision;

(iii) Natural's posting of an outage for an Eligible Project shall state whether the outage is for an Eligible Project and indicate which Eligible Project it is from the Eligible Project List; and

(iv) Once a notice of an Eligible Project has been posted, Natural may only move up the date of the outage by providing notice to shippers at least fifteen (15) days before the end of the month that precedes the month in which the outage occurs; otherwise, no reservation-charge-credit exemption will apply to that project.

5.3 GENERAL SCHEDULING PRIORITIES

Natural shall schedule gas properly nominated and confirmed under these General Terms and Conditions in accordance with the following priority sequence, with transportation services scheduled to the extent transportation capacity is available and storage injections and withdrawals scheduled separately to the extent injection, withdrawal and storage capacity are available:

(a) TRANSPORTATION SERVICES (including service on portions of the system where a gathering charge applies and the transportation portion of service under Rate Schedule DSS and, where separately released, under Rate Schedule FRSS):

(1) Natural shall first schedule all firm services (including service under an FFTS Agreement at Shipper's MDQ on an Available Day or at the reduced volume on a partial Available Day) within MDQ at primary points and at secondary points within a primary point path where no point constraint exists. To the extent capacity does not exist to provide for all volumes nominated by Shippers on a firm basis within MDQ at primary points and at secondary points along any path defined by primary points where no point constraint exists under all firm Rate Schedules, plus all firm no-notice rights in excess of such nominations, available capacity shall be allocated pro rata based on MDQ (including MDQ under an FFTS Agreement on an Available Day or the reduced MDQ on a partial Available Day) on any portion of Natural's system affected by a capacity constraint (capacity allocated to any Agreement shall be limited to confirmed nominations except to the extent of no-notice rights available under such Agreement). If Natural cannot schedule all such nominations or if Natural anticipates that it cannot accommodate all such nominations plus the firm no-notice rights it expects may be utilized on that Day, Natural shall limit the scheduling of such nominations and the exercise of firm no-notice rights for that Day on a pro rata basis, based on MDQ and shall post such limitations on the Informational Postings portion of its Interactive Website. Such posting shall also include the following information: the reason(s) for the service limitation; the expected duration of the service limitation; and the actions which Natural is taking to restore firm service. Notice of a service limitation will be provided through Electronic Notice Delivery consistent with NAESB Standards as adopted in Section 48 of these General Terms and Conditions and will be posted on the Informational Postings portion of Natural's Interactive Website. Where feasible, Natural will endeavor to provide and post the notice before 4:00 p.m. Central Time or otherwise will endeavor to notify Shippers by 4:00 p.m. Central Time that they should check the Informational Postings portion of Natural's Interactive Website again at a specified later time to see whether a service limitation will be in effect for the next Day. In addition to the posting, Natural must attempt to give actual notice of a service limitation to affected firm Shippers via ~~telefax or~~ telephone (provided a Shipper has given the numbers to Natural as required in Section 23.1 of these General Terms and Conditions). If feasible, such notice should be given at least four (4) hours prior to the start of the Day during which a service limitation will be effective as to a Shipper.

(2) Natural shall next schedule firm service at other secondary points. Where capacity is not sufficient to grant all such secondary point requests, the secondary point priorities set out in Section 5.5 shall govern.

(3) Third, Natural shall schedule other interruptible and authorized overrun services, applying scheduling priorities set out in Section 5.7.

(b) STORAGE SERVICES (including the storage portion of service under Rate Schedules DSS and FRSS):

(1) Natural shall first schedule all firm injections and withdrawals nominated within MDQ and applicable firm storage rights. If capacity is insufficient to satisfy all such nominations, plus firm no-notice rights in excess of nominations [including the injections or withdrawals under Rate Schedules DSS and NSS within MDQ but in excess of generally applicable firm rights where notice has been given forty-eight (48) hours in advance that capacity is available], allocation of available capacity shall be pro rata based on MDQ (capacity allocated to an NSS or FRSS Agreement shall be limited to confirmed nominations thereunder except to the extent of no-notice service under Rate Schedule NSS in conjunction with FTS-G/NB, FTS-NB and no-notice service under Rate Schedule FRSS on withdrawal). If Natural cannot schedule all such nominations or if Natural anticipates that it cannot accommodate all such nominations plus the firm no-notice rights it expects may be utilized on that Day, Natural shall limit the scheduling of such nominations and the exercise of firm no-notice rights for that Day on a pro rata basis, based on MDQ and shall post such limitations on the Informational Postings portion of its Interactive Website. Such posting shall also include the following information: the reason(s) for the service limitation; the expected duration of the service limitation; and the actions which Natural is taking to restore firm service. Notice of a service limitation will be provided through Electronic Notice Delivery consistent with NAESB Standards as adopted in Section 48 of these General Terms and Conditions and will be posted on the Informational Postings portion of Natural's Interactive Website. Where feasible, Natural will endeavor to provide and post the notice before 4:00 p.m. Central Time or otherwise will endeavor to notify Shippers by 4:00 p.m. Central Time that they should check the Informational Postings portion of Natural's Interactive Website again at a specified later time to see whether a service limitation will be in effect for the next Day. In addition to the posting, Natural must attempt to give actual notice of a service limitation to affected firm Shippers via telefax or telephone (provided a Shipper has given the numbers to Natural as required in Section 23.1 of these General Terms and Conditions). If feasible, such notice should be given at least four (4) hours prior to the start of the Day during which a service limitation will be effective as to a Shipper.

(2) Natural shall next schedule authorized overrun injections and withdrawals properly requested under DSS and NSS Agreements in excess of firm storage rights but within MDQ and MSV [including such injections and withdrawals within MDQ and MSV under Sections 5.3(c) of Rate Schedule DSS and 5.3(b) of Rate Schedule NSS or as to which a waiver has been granted under Section 5.1(c) of Rate Schedule DSS]. If Natural cannot provide all such requests, scheduling shall be pro rata based on MDQ.

(3) Natural will next schedule all other interruptible and authorized overrun injections and withdrawals (including injections and withdrawals under Rate Schedules FRSS, DSS and NSS in excess of MDQ and/or MSV), applying the scheduling priorities set out in Section 5.7.

(4) Special rules regarding the treatment of storage points for scheduling and curtailment purposes are set out in Section 5.6 of these General Terms and Conditions.

(c) Firm intraday nominations are entitled to bump scheduled interruptible volumes, as defined in Section 5.7, only during the Evening, Intraday 1 and Intraday 2 Nomination Cycles, as defined in Section 8.2. Firm intraday nominations are not entitled to bump already scheduled firm volumes.

5.4 GENERAL CURTAILMENT PRIORITIES

In interrupting or curtailing service, Natural shall curtail in accordance with the following priority sequence, with transportation services curtailed to the extent there is insufficient transportation capacity and storage injections and withdrawals curtailed separately to the extent there is insufficient injection, withdrawal or storage capacity (for the purposes of these priorities, service at Shipper's MDQ on an Available Day under any FFTS Agreement or at the reduced volume on a partial Available Day, shall have the same priority as Rate Schedule FTS):

(a) TRANSPORTATION SERVICES (including service on portions of the system where a gathering charge applies and the transportation portion of service under Rate Schedule DSS and, where separately released, under Rate Schedule FRSS):

(1) Natural shall first interrupt service to interruptible and overrun services, applying the curtailment priorities set out in Section 5.7.

(2) Second, Natural shall interrupt firm services within MDQ (including service under an FFTS Agreement at Shipper's MDQ on an Available Day or at the reduced volume on a partial Available Day) at primary points and at secondary points. Curtailment shall be pro rata based on MDQ (including MDQ under an FFTS Agreement on an Available Day or the reduced MDQ on a partial Available Day) on any portion of Natural's system affected by a capacity constraint (capacity allocated to any Agreement shall be limited to confirmed nominations except to the extent of no-notice rights under such Agreement).

(b) STORAGE SERVICES (including the storage portion of service under Rate Schedules DSS and FRSS):

(1) Natural shall first interrupt any interruptible and authorized overrun injections and withdrawals under Rate Schedules BESS and PALS, or under Rate Schedules DSS, FRSS and NSS in excess of MDQ, applying the curtailment priorities set out in Section 5.7.

(2) Natural shall next interrupt any authorized overrun injections and withdrawals under Rate Schedules DSS and NSS in excess of firm storage rights but within MDQ and MSV [firm rights include the injections and withdrawals under Rate Schedule DSS or NSS within MDQ and MSV but in excess of generally applicable firm rights where notice has been given forty-eight (48) hours in advance that capacity is available]. This priority shall include authorized overrun injections and withdrawals within MDQ and MSV under Section 5.3(c) of Rate Schedule DSS, Section 5.3(b) of Rate Schedule NSS or pursuant to a waiver under Section 5.1(c) of Rate Schedule DSS. If Natural can provide some but not all of such services, curtailment shall be pro rata based on MDQ.

(3) Natural shall last interrupt firm injections and withdrawals within MDQ and applicable firm injection and withdrawal rights [including the injections or withdrawals under Rate Schedules DSS and NSS within MDQ but in excess of generally applicable firm rights where notice has been given forty-eight (48) hours in advance that capacity is available]. If capacity is sufficient to provide some but not all of such services, curtailment

shall be pro rata based on MDQ (the capacity allocated to an NSS or FRSS Agreement is limited by confirmed nominations thereunder except to the extent of no-notice rights under Rate Schedule NSS in conjunction with Rate Schedule FTS-NB, FFTS-NB, FTS-G/NB and no-notice service under Rate Schedule FRSS on withdrawal).

Special rules regarding the treatment of storage points for scheduling and curtailment purposes are set out in Section 5.6 of these General Terms and Conditions.

5.5 SECONDARY POINTS

(a) (1) To the extent provided in this Tariff, Shippers under Rate Schedules DSS, FRSS, FTS, FFTS and FTS-G shall have the right to use secondary Receipt and Delivery Points. A Shipper which elects the SW service option under Rate Schedule FTS, FFTS or FTS-G (and subject to the restrictions in such Rate Schedules) shall have the right to all Receipt and Delivery Points on Natural's system as secondary points. Otherwise, except as may be specifically provided to the contrary in this Tariff, Shippers under Rate Schedule FTS, FFTS or FTS-G shall be entitled to all Receipt and Delivery Points as secondary points in any rate zone which is within a path created by that Shipper's primary Receipt and Delivery Points; and such secondary points shall include paper pooling and storage points in each receipt zone as provided in these General Terms and Conditions. In addition, a Shipper under Rate Schedule FTS, FFTS or FTS-G shall have the opposite leg rights set out in (2). A Shipper under Rate Schedule DSS using nominated firm transportation rights thereunder shall have as secondary Receipt and Delivery Points all points in the Iowa-Illinois Receipt Zone and the Market Delivery Zone, respectively, with an MDQ at each point equal to its aggregate MDQ. A Shipper under Rate Schedule FRSS shall have as secondary Delivery Points all points in the zone in which the primary Delivery Point(s) are located, with an MDQ at each point and at the aggregate of such points no greater than its aggregate MDQ at primary points in the zone. To the extent a Shipper elects the SW service option under Rate Schedule FTS, FFTS or FTS-G, such Shipper shall have an MDQ at any secondary point equal to the aggregate MDQ. The MDQ for a Shipper under any other type of firm Agreement at any secondary Receipt or Delivery Point shall equal the sum of aggregate MDQs for all primary Receipt Points in the same receipt zone or in any upstream receipt zone, minus the aggregate MDQs for all primary Delivery Points in any upstream receipt zone. Any secondary point service in excess of a Shipper's secondary point MDQ shall be overrun service. The priority of service at secondary points under firm Rate Schedules shall be governed by the remainder of this Section.

(2) A Shipper under an FTS, FFTS or FTS-G Agreement with a primary Delivery Point in the Market Delivery Zone would have, in addition to secondary point rights under (1) above, rights to secondary Receipt Points on an out-of-path basis equal to the aggregate MDQ of the contract path(s) between its primary Receipt Point(s) in the relevant receipt zone and its primary Delivery Point(s) in the Market Delivery Zone on the opposite leg (Amarillo or Gulf Coast Line) from that on which a primary path lies under its Agreement, as follows:

(i) Such a Shipper with a primary Receipt Point in the Amarillo Mainline Receipt Zone would have out-of-path secondary Receipt Point rights in the Gulf Coast Mainline Receipt Zone and vice versa for use in connection with deliveries to the Market Delivery Zone or to the storage point in the zone of receipt.

(ii) Such a Shipper with a Receipt Point in the Midcontinent Zone would have out-of-path secondary Receipt Point rights in the Gulf Coast Mainline and Texok Receipt Zones, while a Shipper with a primary Receipt Point in the Texok Receipt Zone would have out-of-path secondary Receipt Point rights in the Midcontinent and Amarillo Mainline Receipt Zones. These additional secondary Receipt Point rights could only be used in conjunction with deliveries into the Market Delivery Zone or to the storage point in the zone of receipt.

(iii) Such a Shipper with a primary Receipt point in the Permian Receipt Zone would have out-of-path secondary Receipt Point rights in the Gulf Coast Mainline, Texok, South Texas and Louisiana Receipt Zones. Such a Shipper with a primary Receipt Point in the Louisiana Receipt Zone or the South Texas Receipt Zone would have out-of-path secondary Receipt Point rights in the Permian, Midcontinent and Amarillo Mainline Receipt Zones. These additional secondary Receipt Point rights could be used only in conjunction with deliveries into the Market Delivery Zones or to the storage point in the zone of receipt. The Shipper actually utilizing opposite leg out-of-path secondary Receipt Point rights on any day would pay (in addition to the Reservation Charges under its Agreement) the commodity rate applicable to the actual transportation service provided and the positive reservation rate differential, if

any, to the extent the reservation charge, expressed on a 100% load factor basis, is higher for the path of actual flow than for the contract path under the Agreement. Fuel will be assessed based on the actual path utilized. These secondary Receipt Point rights would be available to the original Shipper and any replacement Shipper taking a release of the entire Agreement or a portion of the MDQ for the entire Agreement. These rights would not be available to replacement Shippers under a segmented release. Nothing herein shall affect Delivery Point rights.

(b) As set out in Sections 5.3 and 5.4, service at the secondary Receipt and Delivery Points under any DSS, FRSS, FTS, FFTS or FTS-G Agreement shall be provided to the extent capacity is available at such points after all nominations for primary point service under all of Natural's firm Agreements have been satisfied; provided, however, that unless a capacity constraint exists at the point (and such exception applies only to the extent of such point constraint), a secondary point nomination at a point within a path created by Shipper's primary points shall be treated the same as a nomination by Shipper at a primary point. Special rules applicable to storage points are set out at Section 5.6 of these General Terms and Conditions.

(c) In scheduling service at secondary points, the following rules shall apply:

(1) For a secondary point outside a path created by Shipper's primary points, service at the point and service to or from the point shall be scheduled before interruptible service but shall be scheduled after nominations for primary point service. All types of out-of-path secondary points shall be treated on the same basis, including opposite leg rights and rights under the FTS-SW and FFTS-SW service options. For nominated transportation service under Rate Schedule DSS, all Receipt Points shall be deemed out-of-path except those specifically identified in the DSS Agreement pursuant to Rate Schedule DSS as being in-the-path.

(2) Service to or from such a secondary point outside the path shall also be scheduled after secondary point service within the path to the extent both services utilize the same capacity. If a capacity constraint exists at the point, subsection (d) shall govern.

(3) If capacity is available to schedule some but not all service nominated to and from secondary points outside a primary point path, capacity shall be allocated among secondary points under all firm Agreements which are outside the path, pro rata based on MDQ unless there is a point constraint, in which case subsection (d) shall govern.

(4) Secondary point service shall not be subject to allocation [except as set out in Section 5.2(a)] if no capacity constraint exists at the point or on any segment to or from the point.

(d) If nominations by all Shippers under all DSS, FRSS, FTS, FFTS and FTS-G Agreements for secondary point service for which such Shippers are eligible exceed Natural's available capacity at any secondary point, available capacity shall be allocated to all DSS, FRSS, FTS, FFTS and FTS-G Shippers within their applicable MDQs at such secondary point(s) based on MDQ.

(e) Notwithstanding the foregoing, unless a nomination for service at a secondary point is submitted by the date nominations are due under these General Terms and Conditions for service to commence on the first day of a month, that nomination shall (subject to the remainder of this subsection) be subordinate for that month, for scheduling purposes, to timely first-of-the-month nominations for secondary point service under Rate Schedules DSS, FRSS, FTS, FFTS or FTS-G. Once service under a firm Rate Schedule has commenced during a month at the secondary point, the service will not be interrupted during that month as a result of subsequent nominations for secondary point DSS, FRSS, FTS, FFTS or FTS-G service that would have had higher priority if submitted as a timely first-of-the-month nomination except as follows: (1) properly submitted and confirmed mid-month firm service nominations at primary points will supersede any secondary point service outside the path or where there is a constraint at the point; and (2) properly submitted and confirmed mid-month nominations at secondary points within a path created by primary points will supersede secondary point service outside the path unless the capacity constraint is only at the point. Confirmed mid-month nominations within MDQ at a secondary point by a holder of firm service will interrupt service at that point under any interruptible Rate Schedule.

(f) The primary Receipt and Delivery Points define the primary path(s), including the direction of flow for the primary path(s). Shippers may nominate service at secondary points so that the direction of flow is the same as or the opposite from the primary path direction of flow. However, if the primary path direction of flow is physically a backhaul on a day, a nomination for service that would require a physical forward haul shall be treated as being outside the primary path on that day.

5.6 POOLING POINTS AND STORAGE POINTS

(a) (1) Service at pooling points shall be governed by Section 9 of these General Terms and Conditions. ~~Except where the Automatic Agency Procedures set forth in subsection (2) below apply, t~~To determine the volumes which can be accommodated at a pooling point, Natural shall evaluate the capacity available both: (i) upstream and at Receipt Points for gas tendered pursuant to the Agreement(s) under which gas is nominated for delivery to the pooling point; and (ii) downstream and at Delivery Points under the Agreement(s) pursuant to which gas is nominated to be received from the pooling point.

~~(2) A Shipper under a firm transportation agreement nominating receipt of gas at a pooling point ("Downstream Shipper") will be deemed to have designated the entity nominating the gas to be delivered to the pooling point ("Upstream Shipper") for receipt by the Downstream Shipper as the Downstream Shipper's agent. Under this "Automatic Agency" designation, the nomination by the Upstream Shipper will be given the same priority for scheduling and curtailing the service to the pooling point as though the Downstream Shipper had nominated the same Receipt Point as the Upstream Shipper in lieu of the pooling point. In the event an Upstream Shipper is utilizing more than one Receipt Point and selling gas to two or more Downstream Shippers at the pooling point, Natural will request that the Upstream Shipper identify which volumes at each Receipt Point are being sold to which Downstream Shipper when such identification is necessary for scheduling the nominated volume. If such identification is not provided, all of the gas nominated by the Upstream Shipper will be treated as having secondary out-of-path priority. Allocation of capacity at the pooling point among secondary out-of-path volumes shall be based on confirmed nominations. The Automatic Agency procedures do not apply unless the Receipt Point nominated by the Upstream Shipper is in the same zone as the pooling point being utilized or in the event that the Downstream Shipper has no rights within MDQ to utilize the Receipt Point nominated by the Upstream Shipper.~~

(3) Gas shall not be confirmed at the pooling point to the extent capacity constraints exist which affect any such receipts or deliveries, applying the priorities set out elsewhere in this Section.

(b) (1) The zoned storage point approach set out in Section 9 of these General Terms and Conditions is a paper point system predicated upon the system-wide, integrated operation of Natural's storage facilities and not on the storage capacity in any zone. Except as provided to the contrary in this Tariff [and specifically in subsections (2) and (3) below], the storage point in any receipt zone is treated as an out-of-path secondary point under any firm transportation Agreement with point rights in that zone. Given these characteristics, nominations on any day for deliveries to or receipts from an out-of-path storage point may exceed Natural's ability to accommodate such nominations that day. Natural may reject nominations at any out-of-path storage point on any day to the extent such nominations exceed Natural's capability to deliver gas to or receive gas from storage (as applicable) in relation to that zone, taking into account the operating conditions on Natural's system (including its storage fields).

(2) A storage point under a firm transportation Agreement which has a primary Delivery Point in the Market Delivery Zone will be treated as in-the-path in conjunction with withdrawals where storage rights are separately released or utilized under Rate Schedule FRSS, both injections and withdrawals under Rate Schedules NSS and BESS and for service under Rate Schedule PALS if the following criteria are met. For storage points to be treated as in-the-path for withdrawals under Rate Schedule NSS or separately utilized storage rights under Rate Schedule FRSS, the primary path under the firm transportation Agreement used for withdrawal must extend to the Market Delivery Zone through either Station 103 or 305 from a primary Receipt Point further south and such primary path may not be segmented except in zones upstream of the Midcontinent and Texok Receipt Zones (any Shipper in any release which does not hold the required primary path shall not have in-the-path storage rights). Storage points will be treated as in-the-path on injection under Rate Schedule NSS so long as the primary path under the firm transportation Agreement extends from a primary Receipt Point in a zone other than the Iowa-Illinois Receipt Zone to a primary Delivery Point in the Market Delivery Zone, and such path is not segmented in the Market Delivery Zone. In the case of receipts in the Iowa-Illinois Receipt Zone, such storage points shall be considered

as in-the-path so long as the primary path under the firm transportation Agreement extends from Station 109 to a primary Delivery Point in the Market Delivery Zone (including primary paths extending around to points on the Gulf Coast Line), provided that such primary path is not segmented in the Market Delivery Zone (any Shipper in any release which does not hold the required primary path shall not have in-the-path storage rights). Receipts on the Gulf Coast Line north of Station 311 (where no waiver has been posted) shall be considered as in-the-path Amarillo Line receipts under the conditions stated in the prior sentence. Other Gulf Coast Line receipts shall be treated as in-the-path on injection if the Shipper has a primary path from the Receipt Point to a Delivery Point in the Market Delivery Zone and such path is not segmented. A storage point under a firm transportation Agreement which has a primary Delivery Point in any of the production zones (Louisiana, South Texas, Texok, Midcontinent or Permian) will be treated as in-the-path for transportation of gas withdrawn under Rate Schedule NSS: (i) if the primary path under the transportation Agreement extends through Stations 304 or 103 from a primary Receipt Point which is north of Station 304 or 103 and such primary path is not segmented south of Station 304 or 103; or (ii) if the primary path either includes the entire portion of Natural's Mainline system between Station 304 and the intersection of the A/G Line and the Gulf Coast Mainline or includes a portion of Natural's system which lies between Station 156 and any point on the Amarillo Mainline, and the path is not segmented over that portion of the primary path or between that portion of the primary path and the Delivery Point (any Shipper in any release which does not hold the required primary path shall not have in-the-path storage rights). An Agreement with a primary Delivery Point in a production zone has in-the-path delivery rights in connection with injections under Rate Schedule NSS only to the extent Natural posts such in-the-path rights. Natural shall post on a continuous basis whether and to what extent such in-the-path rights are available and shall provide in the posting at least twenty-four (24) hours' notice before a change in that designation becomes effective. Where a Shipper must have a certain primary path to have in-the-path storage rights, actual receipts may be at any point along that primary path.

(3) The storage points in the Iowa-Illinois Receipt Zone, even though they are not physical points, shall be treated as primary Receipt Points for the purposes of scheduling and curtailing storage withdrawals and the related deliveries under delivered firm storage service pursuant to Rate Schedules DSS and FRSS unless transportation has been separately released. The storage points in the Iowa-Illinois Receipt Zone points shall also be treated as primary points in conjunction with injections pursuant to delivered firm storage service as

defined in Rate Schedules DSS and FRSS under a firm transportation Agreement with a primary Delivery Point in the Market Delivery Zone so long as the primary path under the firm transportation Agreement extends from a primary Receipt Point in any zone other than the Iowa-Illinois Receipt Zone to a primary Delivery Point in the Market Delivery Zone, and such path is unsegmented in the Market Delivery Zone (any Shipper in any release which does not hold the required primary path shall not have primary or in-the-path storage rights). In the case of receipts in the Iowa-Illinois Receipt Zone, such storage points shall be treated as primary points for injections under Rate Schedules DSS and FRSS so long as the primary path under the firm transportation Agreement extends from Station 109 to a primary Delivery Point in the Market Delivery Zone (including primary paths extending around to points on the Gulf Coast Line), provided that such primary path is not segmented in the Market Delivery Zone (any Shipper in any release which does not hold the required primary path shall not have primary or in-the-path storage rights). Receipts on the Gulf Coast Line north of Station 311 (where no waiver has been posted) shall be considered primary Amarillo Line receipts under conditions stated in the prior sentence. Other Gulf Coast Line receipts shall be treated as primary on injection if the Shipper has a primary path from the Receipt Point to a Delivery Point in the Market Delivery Zone and such primary path is not segmented in the Market Delivery Zone. Where a Shipper must have a certain primary path to have in-the-path storage rights or injection, actual receipts may be at any point along that primary path.

(4) In the event Natural cannot accept nominations for transportation to or from a storage point or must curtail on any day, Natural shall apply the following priorities when scheduling or curtailing such transportation:

(i) Nominations and no-notice service under firm storage and transportation Agreements within firm injection or withdrawal rights (including the storage rights under Rate Schedules DSS and NSS within MDQ and MSV but in excess of generally applicable firm rights where Natural has given notice that capacity is available) involving a storage point treated as primary or as secondary in-the-path as described in (2) or (3) above will be the first scheduled and the last curtailed. In the event there is sufficient capacity to provide some but not all of the nominated and no-notice service, capacity shall be allocated pro rata based on MDQ under the storage Agreements.

(ii) Nominations and no-notice service under firm transportation Rate Schedules involving a primary or in-the-path secondary storage point for injection or withdrawal under the authorized overrun storage rights within MDQ and MSV properly requested under Rate Schedules NSS, FRSS and DSS will next be scheduled and will be curtailed after category (iii) but before category (i). In the event there is sufficient capacity to provide some but not all of the nominated and interruptible no-notice service, capacity will be allocated pro rata based on MDQ under the storage Agreements.

(iii) Nominations and no-notice service under firm transportation Rate Schedules involving an out-of-path secondary storage point for injection or withdrawal under firm storage rights, including the storage rights under Rate Schedules FRSS and DSS (injection only for DSS and FRSS unless transportation has been separately released, since DSS and FRSS storage points on withdrawal are always treated as primary points) and NSS within MDQ and MSV but in excess of generally applicable firm rights where Natural has given notice that capacity is available, will be the next scheduled and will be curtailed after category (iv) but before category (ii). In the event there is sufficient capacity to provide some but not all of the nominated and no-notice service, capacity will be allocated pro rata based on MDQ under the storage Agreements.

(iv) Nominations and no-notice service under firm transportation Rate Schedules involving an out-of-path secondary storage point for injection or withdrawal under the authorized overrun storage rights within MDQ, MSV and MAC properly requested under Rate Schedules NSS, FRSS and DSS (injection only for DSS and FRSS unless transportation has been separately released, since DSS and FRSS storage points on withdrawal are always treated as primary points) will next be scheduled and will be curtailed after category (v) but before category (iii). In the event there is sufficient capacity to provide some but not all of the nominated and interruptible no-notice service, capacity will be allocated pro rata based on MDQ under the storage Agreements.

(v) Nominations under firm transportation Rate Schedules involving a primary or in-the-path secondary point for injection or withdrawal under a BESS or PALS Agreement and under authorized overrun properly nominated pursuant to Rate Schedules DSS and NSS in excess of MDQ,

MSV and/or MAC and authorized overrun properly nominated under Rate Schedule FRSS in excess of MDQ, IQ, WQ or WSWQ will be scheduled next and will be curtailed after category (iv) but before category (vi). In the event there is sufficient capacity to provide some but not all of the nominated service, capacity will be allocated based on the priority of the storage rights as set out in Section 5.7.

(vi) Nominations under firm transportation Rate Schedules involving an out-of-path secondary point for injection or withdrawal under a BESS or PALS Agreement and under authorized overrun properly nominated pursuant to Rate Schedules DSS and NSS in excess of MDQ, MSV and/or MAC and authorized overrun properly nominated under Rate Schedule FRSS in excess of MDQ, IQ, WQ or WSWQ will be scheduled next and will be curtailed after category (vii) and prior to category (v). In the event there is sufficient capacity to provide some but not all of the nominated service, capacity will be allocated based on the priority of the storage rights as set forth in Section 5.7.

(vii) Nominations for interruptible transportation service (including authorized overrun service under firm Rate Schedules) for injection or withdrawal under firm storage rights (including storage rights under Rate Schedules DSS and NSS within MDQ and MSV but in excess of generally applicable firm rights where Natural has given notice that capacity is available) will be scheduled next and curtailed after category (viii) and prior to category (vi). In the event there is sufficient capacity to provide some but not all of the nominated service, capacity will be allocated based on the priority of the transportation Agreement as set forth in Section 5.7.

(viii) Nominations for interruptible transportation service (including authorized overrun service under firm Rate Schedules) for injection or withdrawal under authorized overrun storage rights within MDQ and MSV under Rate Schedules DSS and NSS will be scheduled next and will be curtailed after category (ix) and before category (vii). In the event there is sufficient capacity to provide some but not all of the nominated service, capacity will be allocated based on the priority of the transportation Agreement as set forth in Section 5.7.

(ix) Nominations for interruptible transportation service (including authorized overrun service in excess of MDQ under firm Rate Schedules) for injection or withdrawal under BESS or PALS Agreements and under authorized overrun properly requested under Rate Schedules DSS and NSS in excess of MDQ, MSV and/or MAC and authorized overrun properly requested under Rate Schedule FRSS in excess of MDQ, IQ, WQ or WSWQ will be scheduled last and will be curtailed first. If there is sufficient capacity to provide some but not all of the nominated service, capacity will be allocated based on the priority of the transportation Agreement as set forth in Section 5.7.

Notwithstanding the foregoing, Natural shall exclude any Shipper from scheduling constraints or curtailment to the extent that deliveries/injections or receipts/withdrawals, as applicable, under the applicable transportation or storage Agreement either alleviate a constraint or do not create a constraint in relation to the storage point in light of the specific Receipt or Delivery Point for such gas and the capacity available to Shipper under its Agreement considered in relation to operating conditions that day on Natural's system.

(c) In applying the sourcing requirements under Rate Schedules DSS and NSS, supplies shall be allocated for sourcing purposes as follows:

(1) Gas delivered to storage under confirmed nominations in conjunction with an NSS, DSS or FRSS Agreement shall be deemed injected based on the location of the supply source. All supply sources received on the Amarillo Line and north of Station 311 on the Gulf Coast Line are deemed Amarillo receipts and all other receipts are deemed Gulf Coast receipts, the Amarillo and Gulf Coast Lines being otherwise defined as in Section 9.2 of these General Terms and Conditions. Notwithstanding the foregoing, Natural shall post prior to the beginning of the 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. In addition, Natural will review on a daily basis the extent (if any) to which receipts between Station 110 and Station 311 on the next day will be treated as Gulf Coast receipts. Natural will designate such receipts as Gulf Coast receipts to the extent feasible operationally. For daily changes, Natural will post

on the Informational Postings portion of its Interactive Website the volumes which can be treated as Gulf Coast receipts no later than the time nominations are due for such day. Such designations may be changed only prospectively through issuance of an Operational Flow Order or in subsequent postings. Except through an Operational Flow Order, the volumes designated as Gulf Coast receipts in the monthly posting may not be reduced by the daily posting during the month.

(2) Gas withdrawn from storage under confirmed nominations pursuant to Rate Schedule NSS shall be allocated based on the location of the storage point from which gas is withdrawn.

(3) All gas withdrawn from storage under Rate Schedule DSS (whether nominated or no-notice) shall be allocated fifty percent (50%) to Amarillo and fifty percent (50%) to Gulf Coast sources without regard to the actual location of injection or withdrawal. Natural shall effectuate such service utilizing the overall capability of its system, including its integrated storage. Notwithstanding the foregoing, the Shipper shall always have the fifty percent (50%) withdrawal rights on one leg up to its remaining inventory on that leg even if the inventory available for withdrawal on the other leg is insufficient to support the remaining fifty percent (50%) of withdrawal rights. For example, if the Shipper's inventory on the Amarillo leg were depleted, the Shipper could still withdraw a volume up to fifty percent (50%) of its withdrawal rights on the Gulf Coast leg on either a nominated or no-notice basis up to its remaining inventory on the Gulf Coast leg.

(4) Gas withdrawn from storage on a no-notice basis shall be deemed withdrawn from the storage point associated with the Delivery Point.

(5) Gas received into or withdrawn from Rate Schedule NSS on a no-notice basis pursuant to the NB option under Rate Schedules FTS, FFTS and FTS-G and gas injected into Rate Schedule DSS on a no-notice basis shall be allocated to leg for sourcing purposes in accordance with this subsection. No-notice injections under Rate Schedules DSS and NSS shall be allocated between legs as follows: No-notice injections under Rate Schedule DSS shall initially be allocated fifty percent (50%) to the Gulf Coast Line and fifty percent (50%) to the Amarillo Line and no-notice injections under Rate Schedule NSS shall initially be allocated to the Gulf Coast Line in the Gulf Coast Percentage and to the Amarillo Line in the Amarillo Percentage where the applicable Delivery

Point is in the Iowa-Illinois Receipt Zone (Gulf Coast Percentage and Amarillo Percentage are defined in Section 5.3(b)(3) of Rate Schedule NSS); provided, however, that if Natural has posted a waiver of seasonal inventory requirements by leg, the allocation shall reflect such waiver. In the event that the volume so allocated to the Gulf Coast Line for no-notice injections for a Shipper exceeds the volume of gas nominated and flowing from Gulf Coast Line sources for that Shipper on that day, the volume in excess of the nominated and flowing gas shall be reallocated for that day to the Amarillo Line. For no-notice injections under Rate Schedule NSS where the applicable Delivery Point is outside the Iowa-Illinois Receipt Zone, the injections shall be allocated to the storage point where the Delivery Point is located. No-notice withdrawals under Rate Schedule NSS shall be allocated between legs for deliveries to the Market Delivery Zone for any month based on Shipper's inventory as posted by Natural on its Interactive Website twenty-four (24) hours before first-of-the-month nominations are due, with withdrawals coming from the storage point closest to the Delivery Point on each leg, as more fully set out at Section 5.3(e) of Rate Schedules FTS and FFTS. For deliveries to other zones, the gas is deemed to come from that zone. Such allocation could result in Sourcing, Overrun or Balancing Service Charges if Shipper's or point operator's firm transportation or storage rights on either leg are exceeded. No-notice service for injections and/or withdrawals is only available to the extent of firm rights with a primary or in-the-path point as defined in Section 5.6(b)(2) above for injection or withdrawals, as applicable. No-notice rights are subject to the allocation and curtailment provisions set out in the remainder of this Section 5.

(6) (i) ~~Commencing April 1, 1996, a~~Any Shipper may trade with any other Shipper having a corresponding Agreement its injection rights under Rate Schedules DSS or NSS and/or its withdrawal rights under Rate Schedule NSS and the corresponding inventory rights. Such trades must be for equal volumes of injection rights or withdrawal rights and the related inventory rights, as set out below.

(ii) Trades must commence on the first day of a month and continue for a minimum period of one (1) calendar month. Trades of rights under Rate Schedule NSS may continue for a period exceeding one (1) year, but any trade under Rate Schedule DSS must conclude no later than the end of the injection season during which the trade is in effect.

(iii) Trades must include both daily and inventory rights and the relative volumes of such rights must be based on the definition of such rights in the applicable tariff provision. Daily rights and inventory rights must revert to the original Shipper simultaneously at the end of the trade.

(iv) Once Shippers have agreed upon a conforming trade, such Shippers shall notify Natural of the trade in writing or, if available, on Natural's Interactive Website. Such notices must specify the volumes of daily injection and/or withdrawal rights involved, the total inventory and/or withdrawal rights involved, the total inventory rights being traded, whether such rights are Amarillo or Gulf Coast, the dates on which the trade is to commence and terminate and the contracts affected. Such notice must also reflect the consent of all Shippers involved in the trade. Any Shipper seeking to participate in a trade may submit an advertisement pursuant to Section 20 of these General Terms and Conditions. For a qualifying trade to be effective for any month, conforming notification of the trade must be received by Natural at least one (1) business day prior to the date nominations are due for the first of the month. Once the trade commences, the rights of the parties to injections and/or withdrawals and to inventory under their respective Agreements shall be adjusted accordingly. With respect to any trade, each party which is participating in the trade must conform its inventory to the applicable requirements (including cycling requirements) once the trade has terminated.

5.7 INTERRUPTIBLE AND OVERRUN SERVICES

(a) This Section governs the priority for scheduling and curtailment of all interruptible and overrun services, including authorized overrun services under firm agreements, other than: (1) secondary point services within MDQ under firm Agreements and (2) the authorized overrun injections and withdrawals within MDQ and MSV pursuant to confirmed nominations under DSS and NSS Agreements. As used in this Section, the term "interruptible" includes all authorized overrun services under both firm and interruptible Agreements, other than those excluded in the prior sentence.

(b) Natural's interruptible transportation and storage services shall be provided to the extent capacity is available after scheduling services with higher priority as provided in Section 5.3. Natural may decline to schedule and/or may curtail interruptible service for any of the following reasons:

(i) if Shipper tenders gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;

(ii) for reason of Force Majeure;

(iii) due to routine repair and maintenance to be reasonably determined by Natural;

(iv) pursuant to Section 5.11 of these General Terms and Conditions;

(v) to rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;

(vi) pursuant to the Operational Control provisions of these General Terms and Conditions;

(vii) to maintain system integrity;

(viii) if there is a dispute over title, ownership or right to tender or receive gas; or

(ix) if capacity is required to provide a service with higher priority.

(c) (1) SCHEDULING OF INTERRUPTIBLE SERVICES

If capacity remains after all gas properly nominated and confirmed (to the extent nomination is required) under services described in Sections 5.3(a)(1) and (2) and Sections 5.3(b)(1) and (2) has been scheduled, Natural shall schedule the remaining interruptible services (including authorized overrun). To the extent there is insufficient capacity available to schedule all properly nominated and confirmed interruptible services (including authorized overrun), Natural shall identify which nominated services are affected by the lack of capacity and shall schedule all affected interruptible services in accordance with the following sequence:

(i) Natural shall schedule interruptible services (including authorized overrun) based on the rate to be paid, from highest to lowest daily rate, with service for which the highest daily rate being paid is scheduled first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate or Negotiated Rate Formula) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate or Negotiated Rate Formula is paying a higher unit rate.

(ii) In the event there is insufficient capacity to schedule all services for which the same rate is to be paid, Natural shall allocate the available capacity pro rata based on the confirmed nominated volume.

(2) CURTAILMENT OF INTERRUPTIBLE SERVICES

In interrupting or curtailing interruptible services (including authorized overrun) covered by this Section 5.7 due to lack of capacity, Natural shall curtail in accordance with the following priority sequence:

(i) Natural shall interrupt services (including authorized overrun) based on the rate being paid, from lowest to highest daily rate, with service for which the lowest daily rate being paid is interrupted first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate or Negotiated Rate Formula) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate or Negotiated Rate Formula is paying a higher unit rate.

(ii) If there is capacity sufficient to provide some but not all services, Natural shall interrupt such services from the lowest daily rate to the highest daily rate being paid.

(3) SCHEDULING AND CURTAILMENT OF SERVICE UNDER RATE SCHEDULES IBS AND LPS

(i) Service under Rate Schedule IBS shall be scheduled and curtailed based on Natural's line pack capability and offsetting Access Requests on the relevant portions of its system. Service shall not be provided under Rate Schedule IBS, and service pursuant to a confirmed Access Request under Rate Schedule IBS shall be interrupted, if such service would be detrimental to Natural's ability to provide firm services or to provide any priority interruptible rights as identified in Section 5.7(a) above. Natural shall also interrupt or decline to schedule service under Rate Schedule IBS before taking any actions under the Operational Control Sequence set out in Section 23.4 of these General Terms and Conditions to the extent that the service under Rate Schedule IBS would have any effect adverse to Natural's system in relation to the conditions which give rise to such operational control measures.

(ii) If providing service under any IBS Agreement would have an adverse affect on providing any other interruptible service, the IBS Agreement shall, for scheduling and balancing purposes, be assigned the priority of the transportation Agreement to which the IBS Agreement is linked, with overrun volumes being assigned priority on the same basis as overrun volumes under the linked transportation Agreement.

(iii) In the event Natural can provide some service under Rate Schedule IBS on any portion of its system predicated on the level of line pack, but the line pack capability on any day is insufficient to schedule all Access Requests under Rate Schedule IBS, first priority for scheduling and curtailment purposes shall be granted to Access Requests which are linked to a firm transportation Agreement (if allocation within this class is required, allocation shall be pro rata based on MDQ). If sufficient capability is available to serve some but not all Access Requests under IBS Agreements linked to interruptible transportation Agreements, service under Rate Schedule IBS shall be allocated based on the price paid under the linked interruptible transportation Agreement.

(iv) Service under Rate Schedule LPS shall not be scheduled if doing so would have an adverse effect on any firm service, or on any priority interruptible service associated with firm service identified in Section 5.7(a) of these General Terms and Conditions or in Sections 5.3(c)(1) and 5.5 of Rate Schedule DSS or in Sections 5.3(b)(1) and 5.5 of Rate Schedule NSS, would

increase the likelihood of Natural having to issue an Operational Flow Order or declare a Critical Time or would adversely affect storage. Service under Rate Schedule LPS shall be scheduled and curtailed based on Natural's system operational and line pack capability, and shall not adversely affect storage. Service hereunder shall be interrupted and curtailed if continuation of such service would be detrimental to Natural's ability to provide any firm service or any priority interruptible service associated with firm service as identified in Section 5.7(a) of these General Terms and Conditions or if continuation of such service would adversely affect storage. While service hereunder is not ordinarily expected to affect transportation capacity, if providing service hereunder would have an adverse affect on providing interruptible transportation services, an LPS Agreement shall for scheduling and allocation purposes be assigned the same priority as service under Rate Schedule ITS. Any required rate comparison will be based on the level of the Initial Fee, except that upon reversal or completion of the transaction, any rate comparison shall be based on the level of the Completion Fee. The same priority shall be applied for scheduling and allocation in relation to service under Rate Schedule IBS or other LPS Agreements. Once a park or loan has been scheduled on any day under Rate Schedule LPS, that park or loan shall not be interrupted or curtailed to effectuate any other interruptible service, except for priority interruptible service under a firm Agreement as identified in Section 5.7(a) of these General Terms and Conditions.

(4) Any Shipper paying a discounted rate may give Natural prior written notice at any time, and from time to time, that Shipper elects to pay a specified higher rate, capped by the applicable maximum rate, during the period the Shipper would otherwise be subject to the curtailment or scheduling restriction. Such election may be rescinded at any time by Shipper again providing Natural with prior written notice. Such prior written notices should be given no later than 8:00 a.m. Central Time of the business day prior to the date of their effectiveness.

(d) An Agreement under Rate Schedule ITS will include all Receipt and all Delivery Points available on Natural's system. Notwithstanding the foregoing, a Shipper may not utilize a point for which there is no regulatory authorization to receive or deliver gas under the Agreement.

5.8 CAPACITY CONSTRAINTS

If Natural experiences a capacity constraint on a portion of its system or at specific points, it shall (to the extent practicable), apply the scheduling and curtailment provisions hereof, for both firm and interruptible services, only to those Shippers with service affected by that portion of the system or at those points. Natural shall endeavor to restrict scheduling limitations and/or curtailment to as limited a geographical area, number of Shippers and services as reasonably feasible, given the operational capabilities of its system.

5.9 UNAUTHORIZED OVERRUN GAS

No Shipper shall have any right to tender unauthorized overrun gas. Unauthorized overruns are subject to the charges set out in Section 12 of these General Terms and Conditions.

5.10 OTHER TRANSPORTERS

Natural's application of the priorities hereunder shall be subject to the actions of other transporters delivering or receiving gas on behalf of Shippers.

5.11 DELINQUENCY IN PAYMENT

(a) Irrespective of any otherwise applicable priority, Natural may suspend service to any Shipper which is delinquent in payments under any Agreement, subject to the following conditions:

(1) Natural shall give Shipper written notice of the delinquency and of Natural's intent to suspend service if the deficiency is not cured. If the delinquency is not remedied within fifteen (15) days of such notice, Natural may suspend service. Natural shall simultaneously provide written notice to the Commission of any such suspension.

(2) If a Shipper which has been deficient in payment hereunder is again deficient in payment within six (6) months after the prior deficiency, then Natural may suspend service to such Shipper within five (5) Business Days after providing notice hereunder unless Shipper remedies the deficiency within that time period. A Shipper shall not be obligated to pay any reservation or demand charges for suspended service attributable to the period when that service is suspended.

(b) In addition to suspension, Natural may terminate service if the Shipper fails to remedy a delinquency in payment. Any such termination requires thirty (30) days' prior notice to Shipper and to the Commission. To avoid termination, the Shipper must remedy the deficiency within this notice period. Such notice may be given simultaneously with the initial notice under Section 5.11(a)(1) of these General Terms and Conditions or with the notice under Section 5.11(a)(2) of these General Terms and Conditions.

(c) In the event of a good faith billing dispute, withholding of payment for the amount in dispute by Shipper shall not be considered a delinquency in payment, consistent with Section 15 of these General Terms and Conditions, and will not result in suspension or termination of service.

(d) Natural may not take any action under this Section 5.11 which conflicts with any order of the U.S. Bankruptcy Court.

5.12 DETERIORATION OF CREDIT

(a) (1) If at any time Natural reasonably determines based on adequate information available to it that a Shipper is not creditworthy under Section 16(a) of these General Terms and Conditions or if Shipper fails to maintain assurance of future performance under Section 16(b) of these General Terms and Conditions, Natural may notify such Shipper in writing that it has five (5) Business Days to provide Natural with security consistent with Section 16(b) of these General Terms and Conditions which is adequate to cover all charges for one month's advance service. In addition, within thirty (30) days after such notification, the Shipper must fully comply with the means for adequate assurance of future performance, covering three (3) full months of advance service from the end of such 30-day notice period, as provided under Section 16(b) of these General Terms and Conditions. If the Shipper has not satisfied the requirements in either of prior two (2) sentences by the end of the specified prior notice period, Natural may immediately suspend service to Shipper. Natural may terminate service if it has complied with the procedures in Section 5.12(d) of these General Terms and Conditions.

(2) If Natural does not have sufficient information to determine whether Shipper is creditworthy, it may request additional information in writing from the Shipper consistent with Section 16(a) of these General Terms and Conditions, and Shipper must provide such information within five (5) Business Days.

(i) If Natural requests additional information to be used for credit evaluation after the initiation of service, Natural, contemporaneous with the request, shall provide its reason(s) for requesting the additional information to the Shipper and designate to whom the response should be sent; provided that Natural and the Shipper may mutually agree to waive this requirement.

(ii) Upon receipt of a request from Natural for information to be used for creditworthiness evaluation, the Shipper's authorized representative(s) shall acknowledge receipt of Natural's request; provided, however, that Natural and the Shipper may mutually agree to waive this requirement.

(iii) The Shipper's authorized representative(s) shall respond to Natural's request for credit information, as allowed by this Tariff, on or before the due date specified in the request, which due date must be consistent with the requirement of this Section 5.12(a)(2). The Shipper should provide all the credit information requested by Natural or provide the reason(s) why any of the requested information was not provided.

(iv) Upon receipt from the Shipper of all credit information provided pursuant hereunder, Natural shall notify the Shipper's authorized representative(s) that it has received such information; provided, however, that Natural and the Shipper may mutually agree to waive this requirement.

(v) Representatives and notices regarding Shipper creditworthiness shall be as provided in Section 16(a) of these General Terms and Conditions.

(vi) If Shipper fails to provide the requested information or if Natural determines that the Shipper is not creditworthy based on such information, Section 5.12(a)(1) of these General Terms and Conditions shall apply for suspension of service and Section 5.12(d) of these General Terms and Conditions shall apply for termination of service.

(b) Any suspension of service hereunder shall continue until Natural is reasonably satisfied that Shipper is creditworthy under Section 16(a) of these General Terms and Conditions or until Shipper has provided adequate assurance of future performance under Section 16(b) of these General Terms and Conditions. A Shipper shall not be obligated to pay any reservation or demand charges for suspended service attributable to the period when that service is suspended.

(c) At any time after a Shipper is determined to be noncreditworthy by Natural, the Shipper may initiate a creditworthiness re-evaluation by Natural. As part of the Shipper's re-evaluation request, the Shipper must either update or confirm in writing the prior information provided to Natural related to the Shipper's creditworthiness. Such update should include any event(s) that the Shipper believes could lead to a material change in the Shipper's creditworthiness. Such reevaluation shall be performed consistent with Section 16(a) of these General Terms and Conditions. After Natural's receipt of such a request for credit reevaluation including all required information under this Tariff for evaluation of credit, Natural shall provide a written response to Shipper within five (5) Business Days. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for Natural's decision, or an explanation supporting a future date by which a reevaluation determination will be made. In no event should such reevaluation determination exceed twenty (20) Business Days from the date of the receipt of Shipper's Request unless specified in this tariff or if the parties mutually agree to some later date. If Natural determines that Shipper is now creditworthy, any security requirement under Section 16(b) of these General Terms and Conditions shall be terminated and any prepayment amounts (including any applicable interest) released to Shipper from escrow within five (5) Business Days after such determination.

(d) In addition to suspension, Natural may terminate service if the Shipper fails to provide adequate assurance of future performance consistent with Section 16(b) of these General Terms and Conditions. Any such termination requires thirty (30) days' prior notice to Shipper and to the Commission. To avoid termination, the Shipper must satisfy Section 16(b) of these General Terms and Conditions within this notice period. Such notice may be given simultaneously with the notice provided for in Section 5.12(a)(1) of these General Terms and Conditions.

(e) In addition to any prior notice provided for above, Natural shall simultaneously notify the Commission in writing of any suspension or termination of service under this Section 5.12.

(f) Natural may not take any action under this Section 5.12 which conflicts with any order of the U.S. Bankruptcy Court.

5.13 EMERGENCY CURTAILMENT RELIEF

In the event that Natural is advised by a Shipper under a firm DSS, FTS, FFTS, or FTS-G Agreement that delivery of gas is necessary to avoid irreparable injury to life or property (including environmental emergencies) or to provide for minimum plant protection, Natural may adjust the volumes scheduled or curtailed (including diverting gas from other Shippers as necessary) to deliver the volumes required within such Shipper's MDQ to avoid or mitigate the emergency situation to the extent Natural can do so without creating an emergency situation for the Shippers with reduced volumes; provided, however, that no relief shall be available hereunder to the extent a Shipper has been relying on interruptible gas or transportation to serve the use for which relief is being requested. To qualify for such emergency relief, Shipper must certify within twenty-four (24) hours that it has utilized all other sources of gas supply, that it is providing no interruptible services and that it or its customers could not use alternate fuel. If emergency relief is sought by more than one Shipper, any volumes which Natural can provide shall be prorated, if necessary, based on the sum of MDQs under all of the firm Agreements listed above for each of the requesting Shippers. The Shipper receiving relief volumes shall pay for any volumes it receives in excess of the volumes otherwise available under Natural's scheduling and curtailment procedures a unit rate equal to the highest charge for failure to comply with an Operational Flow Order during a Critical Time as specified in Section 23. If Natural subsequently determines that Shipper was not eligible for the emergency relief received, the charge shall be twice that specified in the prior sentence. Except when emergency curtailment relief is provided during a Critical Time (in which event the disposition of the revenues shall be in accordance with Section 23), any revenues received by Natural from such Shipper in excess of the sum of otherwise applicable charges and any out-of-pocket expenses incurred by Natural as a result of providing relief shall be distributed among all Shippers which received reduced volumes due to such emergency relief in proportion to their volumetric reduction.

5.14 OPERATIONAL CONTROL

The priorities of service set out in this Section 5 shall be subject to the Operational Control provisions of Section 23 of these General Terms and Conditions, which shall override in the event of a conflict for the purpose of determining gas receipts and deliveries on any day, but not with respect to determining a Shipper's capacity entitlement or entitlement to take gas to be used in evaluating whether another Shipper has made unauthorized use of such capacity or gas.

GENERAL TERMS AND CONDITIONS

8. NOMINATION/REPORTING AND BALANCING

8.1 GENERAL

(a) Natural provides personnel available to handle nominations seven (7) days a week, twenty-four (24) hours a day. It is recognized that the success of seven-days-a-week, twenty-four-hours-a-day nominations process is dependent on the availability of affected parties' scheduling personnel on a similar basis. Party contacts need not be at their ordinary work sites but should be available by telephone or other electronic means. All nominations should include shipper defined begin dates and end dates. All nominations excluding intraday nominations should have roll-over options. Specifically, shippers should have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of shipper's contract. Whenever Shipper desires service (including service on portions of the system where a gathering charge applies), Shipper shall furnish to Natural a separate nomination for each nominated Receipt and Delivery Point under each Agreement with a beginning and end date, or beginning hour if applicable, for flow which can be for any duration within the term of the applicable Agreement; provided, however, any such nomination shall not be binding to the extent Shipper submits subsequent nomination(s) or exercises no-notice rights available under any service. All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

(b) All nominations, including intraday nominations, should be based on a daily quantity; thus, an intraday nominator need not submit an hourly nomination. All volumes shall be expressed in Dth per day and shall be stated for each Receipt and Delivery Point. For Rate Schedules DSS, FRSS, FTS-G/NB, FFTS-NB and FTS-NB, nominations for delivered firm storage service and for firm transportation service, respectively, shall not affect a Shipper's no-notice rights thereunder, but it is recognized that Natural will utilize nominations for scheduling under Section 5 and that, depending on the allocation method in effect, nominations may affect allocations at Delivery Points under Section 11 of these General Terms and Conditions. To the extent a Shipper under Rate Schedule DSS is requesting nominated firm transportation service, or a Shipper is requesting transportation

service pursuant to a separate release of transportation rights under Rate Schedule FRSS, such Shipper shall so specify in the nomination. Nominated firm transportation service under Rate Schedule DSS is only available and may only be nominated with respect to the period from October 15 through April 15. Nominated firm transportation rights separately released under Rate Schedule FRSS are limited to the Withdrawal Period and are subject to the provisions of Section 2(g) of Rate Schedule FRSS.

(c) If an upstream or downstream party requires additional information, if the volumes transported are subject to a discounted rate, or if additional information is otherwise required by Natural, then, upon notification by Natural, Shipper must include in each nomination such additional information as is specified by Natural. Nominations must be submitted to Natural through Natural's Interactive Website, or such other electronic means as are mutually agreed upon by Natural and Shipper. The sending party should adhere to nomination, confirmation, and scheduling deadlines. The receiving party may waive any submittal deadline in this Section 8.

(d) The standard quantity for nominations, confirmation and scheduling is dekatherms per Gas Day in the United States, gigajoules per Gas Day in Canada and gigacalories per Gas Day in Mexico for transactions that occurred prior to the enactment of Mexico Resolution RES/267/2006 dated September 7, 2006. (For reference, 1 dekatherm = 1,000,000 Btus; 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm and between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The standard Btu is the International Btu, which is also called the Btu(IT); the standard joule is the joule specified in the SI system of units. The International Btu is specified for use in the gas measurement standards of the American Gas Association, the American Petroleum Institute, the Gas Processors Association and the American Society for Testing Materials. For non-commercial purposes, these associations note that the exact conversion factor is 1.05505585262 Gigajoules per Dekatherm.

8.2 STANDARD NOMINATION CYCLES

Natural supports the following standard nomination cycles (all times are Central Clock Time):

(a) The Timely Nomination Cycle: 1:00 p.m. for nominations leaving control of the nomination party; 1:15 p.m. for receipt of nominations by Natural (including from Title Transfer Tracking Service Providers (TTTSPs)); 1:30 p.m. to send Quick Response; 4:30 p.m. for receipt of completed confirmations by

Natural from upstream and downstream connected parties; 5:00 p.m. for receipt of scheduled quantities by shipper and point operator (on the day prior to flow). Scheduled quantities resulting from Timely Nominations shall be effective at the start of the next Gas Day.

(b) The Evening Nomination Cycle: 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by Natural (including from TTTSPs); 6:30 p.m. to send Quick Response; 8:30 p.m. for receipt of completed confirmations by Natural from upstream and downstream connected parties; 9:00 p.m. for Natural to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (on the day prior to gas flow). Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day.

(c) The Intraday 1 Nomination Cycle: 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by Natural (including TTTSPs); 10:30 a.m. to send Quick Response; 12:30 p.m. for receipt of completed confirmations by Natural from upstream and downstream connected parties; 1:00 p.m. for Natural to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (on the current Gas Day). Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

(d) The Intraday 2 Nomination Cycle: 2:30 p.m. for nominations leaving control of the nominating party; 2:45 p.m. for receipt of nominations by Natural (including from TTTSPs); 3:00 p.m. to send Quick Response; 5:00 p.m. for receipt of completed confirmations by Natural from upstream and downstream connected parties; 5:30 p.m. for Natural to provide scheduled quantities to affected shippers and point operators, including bumped parties (notice to bump parties) (on the current Gas Day). Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(e) The Intraday 3 Nomination Cycle: 7:00 p.m. for nominations leaving control of the nominating party; 7:15 p.m. for receipt of nominations by Natural (including from TTTSPs); 7:30 p.m. to send Quick Response; 9:30 p.m. for receipt of completed confirmations by Natural from upstream and downstream connected parties; 10:00 p.m. for Natural to provide scheduled quantities to affected shippers and point operators (on the current Gas Day). Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

(f) For purposes of Section 8.2 (b), (c), (d), and (e), "provide" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(g) The rights of a Releasing Shipper to recall capacity within any nomination cycle shall be governed by Section 19.14 of these General Terms and Conditions.

(h) A Shipper which has been awarded firm capacity in a capacity release may submit a nomination using such capacity at the next available opportunity for nominations under this Section 8.2 which occurs on or after the time capacity is awarded, including an intraday nomination in either the Intraday 1, the Intraday 2 or the Intraday 3 Nomination Cycle, and which is consistent with Section 19.9(d) of these General Terms and Conditions.

8.3 TIMELY NOMINATIONS

(a) Timely nominations are nominations submitted consistent with the standard nomination cycle set out in Section 8.2(a).

(b) As provided in Section 5 of these General Terms and Conditions, if acceptance of a nomination for service under a specified priority category under this Section 8.3 would cause interruption of another Shipper's gas on Natural's system under a service in the same priority category, then such nomination will not be accepted.

(c) Nominations received after the nomination deadline will be scheduled after the nominations received before the nomination deadline.

8.4 REQUIRED NOMINATION CHANGES

If estimated daily flows under a particular Agreement differ from the confirmed nominations, or if an imbalance has occurred due to some other reason, then prospective nomination change(s) (either receipt or delivery adjustments) may be required to bring the receipt and delivery volumes into balance. When a Shipper receives notification of a required change in the nomination, the Shipper shall be responsible for informing upstream and downstream parties of the prospective change and providing Natural with a valid nomination as required in accordance with Section 8.2 hereof.

8.5 CONFIRMATION BY NATURAL

(a) Nominations made in accordance with Sections 8.2, 8.3, 8.4 and 8.6 hereof shall not become effective until Natural has confirmed both the nominated receipts and deliveries with upstream and downstream parties, subject to Section 8.5(c) and to the other provisions of this Tariff, such confirmations at Receipt Points shall be accepted by Natural unless Natural has a reasonable basis for believing that the confirmed quantity will not be delivered to Natural. Shipper shall designate the appropriate person(s) who has the authority to resolve allocation issues and, if requested by Natural, the appropriate person(s) to confirm nominations. Confirmations must be submitted to Natural through its Interactive Website, or such other electronic means as are mutually agreed upon Natural by and Shipper.

(b) Subject to Section 8.2 and to the other provisions of this Tariff, Natural shall provide Shippers and point operators via its Interactive Website or by EDI, the quantities that have been scheduled to flow for that Shipper and point operator on the next day.

(c) Default confirmation procedures are as follows:

(i) With respect to the timely nomination/ confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the scheduled quantity for the Timely Nomination Cycle of the previous Gas Day will be the new confirmed quantity.

(ii) With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the scheduled quantity for the previous nomination cycle for the subject Gas Day will be the new confirmed quantity.

(iii) With respect to the processing of requests for decreases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity will be the new confirmed quantity. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being

confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

(iv) With respect to Section 8.5 (c) (i), (ii), and (iii), if there is no response to a request for confirmation or an unsolicited confirmation response, the Transportation Service Provider will provide the Service Requester with the following information to explain why the nomination failed, as applicable:

(1) the Service Requester's Transportation Service Provider did not conduct the confirmation;

(2) the Service Requester is told by its Transportation Service Provider that the upstream confirming party did not conduct the confirmation;

(3) the Service Requester is told by its Transportation Service Provider that the upstream Service Requester did not have the gas or submit the nomination;

(4) the Service Requester is told by its Transportation Service Provider that the downstream confirming party did not conduct the confirmation;

(5) the Service Requester is told by its Transportation Service Provider that the downstream Service Requester did not have the market or submit the nomination.

This information will be imparted to the Service Requester on the Scheduled Quantity document.

8.6 INTRADAY NOMINATIONS

(a) An intraday nomination is a nomination submitted after the nomination deadline, defined at Section 8.2(a), whose effective time is no earlier than the beginning of the Gas Day and which runs through the end of that Gas Day.

(b) Natural supports the nomination cycles set forth at Section 8.2 during non-Critical Times. During Critical Times, valid intraday nominations may be submitted at any time.

(c) Natural will provide notification of bumped volumes through the Scheduled Quantity document, as posted on Natural's Interactive Website, telephone ~~or telefax~~ consistent with Section 23.6(c) of these General Terms and

Conditions of this Tariff and through Electronic Notice Delivery consistent with NAESB WGQ Standards as adopted in Section 48 of the General Terms and Conditions of this Tariff. During non-Critical Times, Natural will waive daily penalties applicable to bumped volumes on the day of the bump. Natural will also waive penalties if it fails to provide appropriate notice of the bump.

(d) For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles.

(e) Revised predetermined allocations (described in Section 10 hereof) may need to be submitted in conjunction with the Intraday Nomination in order to properly allocate the gas received at the nominated Receipt Point.

(f) Unless Natural agrees to the contrary, the revised nomination under an Intraday Nomination may be limited by Section 8.5(c). Natural and the interconnecting party will agree on the hourly flows of the Intraday Nomination.

(g) An Intraday Nomination is only effective for a single Gas Day (intraday nominations do not rollover). There is no need to re-nominate if the Intraday Nomination is intended to modify the existing nomination on that Gas Day only. The Shipper should submit a new timely or intraday nomination if the Shipper wants to replace the previously submitted standing nomination or commence service for the next Gas Day.

8.7 END-OF-GAS-DAY SCHEDULED QUANTITY DOCUMENT

At the end of each Gas Day, Transportation Service Provider will provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, Transportation Service Provider will send an end of Gas Day Scheduled Quantity (NAESB WGQ Standard 1.4.5) document and Scheduled Quantity for Operator (NAESB WGQ Standard 1.4.6 document). Receivers of either of these documents can waive the Transportation Service Provider's requirement to send such documents.

8.8 OVERRUN QUANTITIES

Shippers submitting nominations via Natural's Interactive Website or EDI for transportation, injection, withdrawal or storage of overrun volumes (volumes in excess of the applicable point, leg, zone or Agreement MDQ, MSV or

MAC) must~~y~~ submit separate nominations for such overrun volumes. Shipper should mark that nomination as being for overrun volumes.

8.9 DELEGATION

A Shipper may delegate to any third party responsibility for submitting and receiving notices or nominations or performing other administrative duties under any Agreement, and an entity which controls a point of interconnection with Natural may delegate to any third party responsibility for administering agreements regarding allocation of gas volumes at the point and/or for administering any Point Operator Agreement, subject to the following conditions:

(a) Any designation of such a representative, and any change in such designation, must be in writing and must be submitted at least two (2) business days prior to the requested effective date.

(b) The written designation shall specify any limits on the authority of the representative, including any time limit on the designation; provided, however, that Natural may reject any such limited designation if the limitations specified in the designation would result in an undue administrative burden.

(c) Natural may rely on communications from the designated representative of a Shipper or interconnecting entity for all purposes except to the extent the designation is explicitly limited as specified in the preceding Section 8.9(b). Communications by Natural to such designated representative shall be deemed notice to Shipper or interconnecting entity except to the extent the representative's authority is explicitly limited with respect to the receipt of notice under the procedure set out in said Section 8.9(b).

(d) Any third party may administer multiple Agreements as the designated representative for one or more Shippers and/or interconnecting entities. However, such representative shall separately administer and account for each such Agreement.

8.10 TRANSFER NOMINATIONS

(a) Whenever gas is purchased or sold at a Receipt Point (including a storage or pooling point) on Natural's system by an entity that is not going to nominate that gas for receipt by Natural under any Agreement, that entity must submit a transfer nomination to Natural through Natural's Interactive Website (or other mutually agreed electronic means) identifying the quantities (in Dth) and the entities from whom the

gas is being bought and the entities to whom the gas is being sold. Such transfer nominations are needed in order to be able to confirm the nominated receipts at that point and thus such transfer nominations are due by the deadlines applicable to Shipper nominations subject to Section 8.2. In addition to the transfer nomination, the purchasing entity should submit a predetermined allocation in accordance with Section 10 of these General Terms and Conditions if there is more than one buyer of the purchasing entity's gas.

(b) A third party may provide title tracking services on Natural's system as follows:

(1) The entity seeking to provide such a service (Third Party Account Administrator) shall so notify Natural in writing, in which event Natural shall establish an identification number for nominations involving the Third Party Account Administrator.

(2) Transfer nominations consistent with this Section 8.10 must be made by the Shipper tendering gas for delivery to the Third Party Account Administrator, where subsequent title to such gas is to be tracked by the Third Party Account Administrator; and

(3) The Third Party Account Administrator shall maintain records of any title transfers after delivery of gas to it and shall submit a nomination consistent with this Section 8.10 for delivery of gas to the last party in the chain of title, which party shall also submit a nomination for receipt of the gas consistent with this Section 8.10.

8.11 NOMINATION PRIORITIES

As part of the nomination and transfer nomination process, if there is more than one supply source (whether at a single or at multiple Receipt Points) nominated to be delivered to a single Delivery Point or buyer, the nomination or transfer nomination will identify how and which supply sources should be cut in the event all nominated deliveries are not or cannot be made. Similarly, the nomination or transfer nomination will identify which delivery should be cut in the event gas is not or cannot be received as nominated (i.e., ranking). Ranking should be included in the list of data elements. Transportation service providers should use service requester provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules. Nothing in these procedures is intended to affect obligations between any producer or seller of gas and any purchaser of gas under their separate agreements except to the extent consistent with such separate agreements.

8.12 OPERATIONAL BALANCING

Natural agrees that, if requested by a Shipper, it will negotiate with an entity that operates the facilities interconnecting with Natural at a Receipt Point (Balance Operator) in a good faith effort to reach an agreement to deal with imbalances at the Receipt Points specified (which would be a form of a Predetermined Allocation), subject to the following conditions:

(a) Such agreement must set out a mutually agreeable procedure for dealing, as between Natural and Balance Operator, with any difference between confirmed nominations and actual physical gas flow caused by operational conditions, so that any such discrepancy does not affect any Shipper;

(b) The Balance Operator must meet the same creditworthiness standards as Shipper;

(c) Natural and Balance Operator must not have previously entered into such agreement which was terminated because of Balance Operator's failure to perform. Nothing herein is intended to restrict Natural's right to terminate in accordance with its terms any agreement entered into hereunder, including without limitation the right to terminate for Balance Operator's failure to perform consistent with its obligations under the agreement.

8.13 CENTRAL DELIVERY POINTS

(a) Contained in Natural's Catalog of Points are points which Natural has designated as "Central Delivery Points" (CDPs). A CDP is composed of all the interconnections between Natural and an individual local distribution company (LDC) in the Market Delivery Zone that are within close geographical proximity as determined by Natural with regard to the operational constraints of its system. CDPs may also be developed for other entities or groups on a case-by-case basis, subject to any requisite approvals by affected LDCs. Shippers may nominate deliveries under both firm and interruptible Agreements to a CDP in lieu of the individual interconnections that make up the CDP. Except as described in subsection (b) hereof, all deliveries to the individual Delivery Points which make up the CDP will be aggregated together for purposes of allocating deliveries among Shippers and Agreements pursuant to Section 11 and determining whether Balancing Service or Overrun Charges and penalties are applicable. CDPs may not be utilized as the specified Delivery Point in an IBS Agreement, except as permitted under Section 7(c) of Rate Schedule IBS.

(b) A CDP may not be a primary Delivery Point, but instead the individual Delivery Point(s) to an LDC and corresponding individual MDQ(s) at such point(s) shall be specified in firm transportation Agreements and in DSS Agreements. Unless such deliveries are nominated by Shipper and confirmed by Natural, Natural has no obligation to deliver on any day under any such Agreement any volumes in excess of the individual MDQ specified in that Agreement at a given point. Whenever Natural determines that operating conditions only permit deliveries at any individual point(s) equal to Natural's obligations, Natural shall notify the affected Shippers under such Agreements. Except to the extent of any authorized overrun, interruptible or secondary point volumes reflected in confirmed nomination(s), such Shippers shall be responsible for having the LDC limit its receipts from Natural at an individual Delivery Point to: (1) the sum of the individual MDQs under any DSS Agreements and under any other firm Agreement containing the point as a primary point for which Natural has confirmed nominations to the CDP; or (2) such other amount as Natural may designate pursuant to an Operational Flow order as provided in Section 23. Any excess takes at that point by the LDC in those circumstances shall be subtracted from the aggregated volumes at the CDP, deemed overrun volumes and allocated consistent with Section 11 among firm Agreements which have the point as a primary Delivery Point.

(c) Segmenting of a primary path within the Market Delivery Zone could result in a physical forward haul which would be in the opposite direction of the primary path under the original Agreement. The use of out-of-path secondary Delivery Points in the Market Delivery Zone may in certain circumstances result in requests to schedule volumes in excess of Natural's system capacity. No segmentation or use of out-of-path secondary points will be permitted in the Market Delivery Zone to the extent such segmentation or use of out-of-path secondary points could result in a physical forward haul in the opposite direction from the primary path under the original Agreement, the scheduling or movement of gas in excess of Natural's system capacity or deliveries to CDPs in excess of the MDQ under the original Agreement. Any Shipper may, however, request that Natural allow segmentation and/or the use of out-of-path secondary points in the Market Delivery Zone on a case-by-case basis, specifying the specific circumstances involved. Natural will promptly notify Shipper in writing as to whether such segmentation or use of out-of-path secondary points can be accommodated based on the specified circumstances without potentially having the type of adverse operational impact described above on Natural, on Natural's system or on other Shippers. If that determination is made, Natural will grant waiver of this Section, limited to the specified circumstances. If Natural determines that a waiver will not be granted, it shall provide the Shipper with a written statement of the reasons for not granting the waiver. Notwithstanding the foregoing, all deliveries actually made to an LDC in the Market Delivery Zone may be aggregated at its CDPs for accounting purposes.

8.14 (a) Commencing December 1, 2003, a Shipper may segment the primary path of its firm capacity to the extent operationally feasible through the nomination process under this Section 8.14. If a Shipper segments its contract path consistent with this Section 8.14, the single previously agreed-upon demand charge for reservation of capacity shall continue to apply under that contract, as defined in the Agreement and any related discount agreement, regardless of the number of segments. In addition, any Shipper may segment the primary path of its firm capacity by releasing one or more segments of that capacity (the releasing Shipper may retain one or more segments of its primary path), to the extent operationally feasible, by following the procedures set out in Section 19 of these General Terms and Conditions. In the case of segmentation through release, the Original Shipper may segment by nomination any portion of the primary path it retains to the extent operationally feasible and the Replacement Shipper may segment by nomination any portion of the primary path it obtains in the release to the extent operationally feasible.

(b) For the purposes of this Section 8.14 and subject to the other provisions hereof, whether segmentation is through nomination or results from release of firm capacity on a segmented basis as set out in Section 8.14(a), segmentation must be of the primary path under an Agreement and shall be deemed operationally feasible unless: (i) the segmentation would result in an increase in firm contractual obligation by Natural on any segment or portion of its system (through an overlap of segments); (ii) the segmentation would result in a forward-haul in a direction opposite to the primary path of the Agreement being segmented, as further set out in (e) below [backhauls are also addressed in (e) below]; or (iii) the segmentation is inconsistent with Section 2(h) of Rate Schedule DSS, Section 2(g) of Rate Schedule FRSS, Section 2(e) of Rate Schedule FTS, Sections 4(f) and 6 of Rate Schedule FTS-G, or Section 8.13(c) of these General Terms and Conditions; provided, however, that any separately-contracted transportation capacity in conjunction with service under Rate Schedules DSS and FRSS may be segmented consistent with this Section 8.14.

(c) (1) In the event a firm capacity path is segmented under this Section 8.14, each segment shall have secondary point rights in the zone(s) traversed by the path of that segment, subject to the remainder of this Section 8.14(c) and Section 5.5 of these General Terms and Conditions (relating to secondary point rights); provided, however, that if nominations result in an overlapping path (including secondary out-of-path overlap resulting from nominations), flows in excess of the original contract MDQ in the area of overlap shall be subject to overrun charges.

(2) In the case of a segmented release, if nominations result in an overlapping path, through nomination at out-of-path secondary points, overrun charges for volumes in excess of the MDQ under the original Agreement in the area of overlap shall be applied as follows: (i) if a Shipper is nominating or flowing within the primary path under its segment, overrun shall not apply to that segment so long as such

Shipper is within its MDQ on that segment and any overrun shall be assigned to the segment on which Shipper is nominating and flowing outside its path; (ii) if a Shipper is nominating or flowing in excess of its MDQ on a segment under the segmented release, the Shipper shall be assessed overrun based on the volume in excess of its MDQ; and (iii) where the Shipper on each segment is within its MDQ, but is nominating on a secondary out-of-path basis so as to create an overlap in nominated paths, and aggregate nomination by the Releasing and Replacement Shipper in the area of overlap are in excess of the original contract MDQ, then except as provided in (i) and (ii), overrun charges will be assessed to the Releasing Shipper unless the release specifies that such overrun charges are to be assessed to the Replacement Shipper.

(3) If a Shipper segments the primary path under an Agreement which has opposite leg rights pursuant to Section 5.5(a)(2) of these General Terms and Conditions prior to segmentation, whether segmentation is by nomination or in connection with capacity release, opposite leg rights shall be available after segmentation to the downstream segment only and shall be limited to zones on the opposite leg which are downstream of the zone which corresponds to the zone of segmentation, as follows:

(i) Where the primary path is segmented in the Amarillo Mainline Receipt Zone or the Gulf Coast Mainline Receipt Zone, no opposite leg rights will exist.

(ii) Where the primary path is segmented in the Midcontinent Zone, the downstream segment would have out-of-path secondary Receipt Point rights in the Gulf Coast Mainline and where the primary path is segmented in the Texok Receipt Zone, the downstream segment would have out-of-path secondary Receipt Point rights in the Amarillo Mainline Receipt Zone. These additional secondary Receipt Point rights could only be used in conjunction with deliveries into the Market Delivery Zone or to the storage point in the zone of receipt.

(iii) Where the primary path is segmented in the Permian Receipt Zone, the downstream segment would have out-of-path secondary Receipt Point rights in the Gulf Coast Mainline and Texok Receipt Zones. Where the primary path is segmented in the Louisiana Receipt Zone or the South Texas Receipt Zone the downstream segment would have out-of-path secondary Receipt Point rights in the Midcontinent and Amarillo Mainline Receipt Zones. These additional secondary Receipt Point rights could be used only in conjunction with deliveries into the Market Delivery Zones or to the storage point in the zone of receipt.

(d) The segment in the rate zone furthest upstream in relation to direction of flow for the primary path under the Agreement being segmented shall have

the pooling and storage points for that rate zone. This restriction on access to pooling and storage points relates only to allowable nominations, not to points under the contract or the definition of any segment. Notwithstanding the first sentence of this subsection (d), Natural shall allow both the upstream and downstream segments to have access to the pooling or storage point within the zone of segmentation, provided that either (i) the pooling point is the only delivery point which may be used during the period of segmentation by the upstream segment with respect to the segmented capacity and the pooling point is the only receipt point which may be used during the period of segmentation for the downstream segment with respect to the segmented capacity; or (ii) the storage point is the only delivery point which may be used during the period of segmentation by the upstream segment with respect to the segmented capacity and the storage point is the only receipt point which may be used during the period of segmentation for the downstream segment with respect to the segmented capacity. These restrictions on the points which may actually be used in the segmentation must be part of the capacity release posting or the nomination provided to Natural, as applicable, in connection with the segmentation. This restriction on points relates solely to the points which may be used on the upstream and downstream segment during a period of segmentation as a condition of access to the pooling point by both upstream and downstream segments in the zone of segmentation and is not predicated on the specific primary point or secondary point rights under the Agreement being segmented so long as the primary path being segmented extends into the relevant zone. In the event a primary firm capacity path is segmented at a point other than a pooling or storage point, the segment which has the pooling and storage points for the rate zone will have interruptible priority for transportation to the storage point in the zone where the path was segmented, but will have out-of-path secondary point priority from the storage point in that zone. No firm rights on injection will exist unless the path of the segment separately qualifies for primary point rights.

(e) The direction of flow for path segments must be the same direction of flow as for the original path unless the Shipper establishes new primary points which represent a flow reversal, which a Shipper may do if operationally feasible and if the requisite capacity is available, applying the point change procedures in Section 5.1(c)(5) of these General Terms and Conditions. Natural shall provide a written explanation if such a request is denied because the flow reversal is not operationally feasible. A Shipper may segment a backhaul, but such segmentation shall be subject to review by Natural on a case-by-case basis as to whether a backhaul on each resulting segment is operationally feasible. The Shipper (or Replacement Shipper in the case of a release) may nominate service at Receipt and Delivery Points for the path segment that results in a reverse flow from the original path; however, a forward haul will be treated as being outside of the path if the original path is a backhaul, as provided in Section 5.5 of these General Terms and Conditions. Subject to the availability of point capacity and to ordinary nomination procedures, deliveries may be made at the same point for a forward haul on the upstream segment and a

backhaul of the downstream segment. The forward haul will have priority at the point if the point capacity is not adequate. At the point of segmentation, the upstream Shipper may nominate deliveries up to MDQ and the downstream Shipper may nominate receipts up to MDQ, subject to constraints on point capacity and ordinary scheduling procedures and priorities.

(f) (1) Subject to the remainder of this subsection 8.14(f), the Releasing and Replacement Shipper involved in a segmented release may each choose primary Receipt Points and primary Delivery Points within the applicable zones equal to their respective contract MDQs after the release; provided, however, that the resulting segments may not overlap. If the points chosen are within the path of the original Agreement and do not involve changing a primary point thereunder, the point designations shall be accepted, subject only to the availability of firm capacity at those points and agreement on the rate applicable at the new primary points. If one or more points are within the zone but outside the path of the original Agreement, then the point change provision in Section 5.1(c)(5) of these General Terms and Conditions and the provisions of subsection 8.14(f)(2) shall apply. If capacity is not available at the point or to the point, the Shipper may designate such points (not overlapping with other segments) in defining a segment, but the points shall have secondary point priority (either in-path or out-of-path, as applicable).

(2) A Shipper, a Replacement Shipper or a Subreplacement Shipper may change the primary Receipt or Delivery Points listed in the Agreement to new primary point(s) subject to the point change provisions of Section 5.1(c)(5) of these General Terms and Conditions, if the Shipper (or in the case of a release, the Original Shipper) and Natural agree to amend the Agreement to change the primary Receipt and Delivery Point accordingly; provided, however, that consent of the original Shipper shall not be required in the case of a permanent release by that original Shipper of its firm capacity. Natural shall not be obligated to reserve firm capacity to reinstate the former primary points upon expiration of the segmentation or the capacity release. Except in cases where the capacity determination is unusually complex, Natural will respond to a point change request hereunder within two (2) Business Days or less.

(3) Any primary point established under this subsection 8.14(f) which was not a primary point under the original Agreement and is not reflected in a point change which affects the original Agreement, will have the same priority as any other primary point, but shall be a primary point only until the term of the release ends or until that primary point is changed by Shipper pursuant to the provisions of this Tariff, whichever occurs first. Such an additional primary point may not be designated if a Shipper is releasing to itself. Where a Replacement Shipper selects a primary point which is outside the primary path under the Releasing Shipper's contract (and thus creates a new primary path at least partially outside the original primary path), any

recall by the Releasing Shipper will be of capacity which contains the changed primary points, not the Releasing Shipper's original primary points; provided that a Releasing Shipper specifying recall rights in a release may include a provision in the release which precludes selection of any primary point by the Replacement Shipper which is outside the original primary path absent the Releasing Shipper's consent.

(g) The overrun provision of this Tariff shall apply to each segment and the associated secondary point rights.

GENERAL TERMS AND CONDITIONS

12. BALANCING SERVICE AND OVERRUN CHARGES

12.1 GENERAL

This Section applies to transportation services provided under Rate Schedules FTS, FFTS, FTS-G, DSS and ITS, to storage services provided under Rate Schedules PALS, BESS, DSS, FRSS and NSS and to line pack service under Rate Schedules IBS and LPS. Except for the no-notice aspect of service under Rate Schedules DSS, FTS-G/NB, FFTS-NB, FRSS and FTS-NB, each Shipper has the obligation to ensure actual volumes delivered to Natural at Receipt Points and actual volumes taken from Natural at Delivery Points conform to the volumes nominated by the Shipper and confirmed by Natural each day.

12.2 BALANCING SERVICE AND OVERRUN CHARGES DURING NON-CRITICAL TIMES

(a) During periods when a Critical Time is not in effect, if actual receipts, deliveries, injections or withdrawals under an Agreement at a point on any day do not conform to a Shipper's rights under its Agreements or to the sum of its confirmed nominations and available no-notice rights, after receipts, deliveries, injections and withdrawals are allocated consistent with Section 10 or 11 of these General Terms and Conditions, as applicable, the following Overrun Charges and Balancing Service Charges shall apply (except as provided in Section 12.6):

(1) In the event that receipts, deliveries, injections or withdrawals allocated to a Shipper under said Section 10 or 11 at any point or under any Agreement exceed Shipper's available firm contractual rights (MDQ, MSV, IQ or WQ), an Overrun Charge shall apply. Specifically, the Overrun Charges set out herein shall apply to the following: volumes taken or tendered in excess of MDQ under Rate Schedule FTS, FFTS or FTS-G; volumes taken or tendered in excess of MDQ, MSV, IQ or WQ or volumes taken in excess of Shipper's maximum withdrawal rights in any fifteen (15) day period under Rate Schedule DSS; and volumes taken or tendered in excess of MDQ, MSV, IQ or WQ under Rate Schedule NSS; volumes taken or tendered in excess of MDQ, IQ, WQ or MSWQ under Rate Schedule FRSS; and volumes taken or tendered in excess of Shipper's maximum daily access volumes or maximum allowed cumulative IBS Balance under Rate Schedule IBS; and volumes taken or tendered in excess of a Shipper's rights under an LPS Agreement or in any way inconsistent with an LPS RO. In addition, if a Shipper fails to satisfy the maximum or minimum monthly withdrawal obligation in Rate Schedule DSS, an Overrun Charge hereunder shall apply to the volume by which Shipper failed to

satisfy the obligation. Overrun Charges applicable to Rate Schedules ITS, IBS and BESS shall be separately stated in those Rate Schedules; provided, however, that overrun rates for Rate Schedules ITS, IBS and BESS may be discounted on a non-discriminatory basis to any level between zero and the stated rate. Overrun volumes shall be deemed authorized overrun if tendered or taken pursuant to confirmed nominations except that any non-compliance with monthly maximum or minimum withdrawal rights or maximum withdrawal rights over any fifteen (15) day period shall be unauthorized overrun absent a specific waiver by Natural of the requirements. In the case of authorized overrun, as reflected in overrun requests properly submitted by Shipper and accepted by Natural (i.e., a confirmed nomination), the applicable maximum Overrun Charge for transportation shall be a maximum Authorized Overrun Rate determined on the same basis as the maximum rate for Rate Schedule ITS (i.e., the maximum Authorized Overrun Rate for Rate Schedule FTS and FFTS would equal the maximum rate for Rate Schedule ITS) multiplied by the number of Dth of the authorized overrun gas; provided, however, that the maximum Authorized Overrun Rate for Rate Schedule FTS-G would be the applicable maximum commodity rate for Rate Schedule FTS-G. For storage and line pack services, the Authorized Overrun Rate shall be as stated on the corresponding rate section in this Tariff. Such Authorized Overrun Rates may be discounted on a non-discriminatory basis to any level between zero and the maximum Authorized Overrun Rate. In the case of unauthorized overrun, the Shipper shall pay Natural the applicable authorized overrun rate and, in addition, an unauthorized overrun charge equal to the volume of the overrun multiplied by an Unauthorized Overrun Rate. The maximum Unauthorized Overrun Rate is $10/Dth, which rate may be discounted to any level between zero and the maximum rate so calculated. Any charges for an unauthorized overrun in excess of the authorized overrun charge shall be waived by Natural if the unauthorized overrun does not cause operational problems. Only a single Overrun Charge shall apply to any volume even though it may represent a overrun of more than one restriction under the applicable Rate Schedule (such as MDQ and MSV). Cashout shall apply to overrun in the event such an overrun would otherwise result in a storage withdrawal which would reduce Shipper's storage account(s) below zero. Notwithstanding the foregoing, no Overrun Charge shall apply to an authorized overrun pursuant to a confirmed nomination under Section 5.5(b) of Rate Schedule DSS or Section 5.5(b) of Rate Schedule NSS.

(2) If the volumes allocated to any FTS, FFTS, FTS-G, LPS or ITS Agreement fail to equal the confirmed nomination under such Agreement or if volumes allocated to any DSS, NSS, FRSS, FTS-G/NB, FFTS-NB, FTS-NB or PALS Agreement are inconsistent with confirmed nominations and/or available no-notice rights, as applicable, the following charges [in addition to any charges applicable under subsection (1)] shall apply, subject to the availability of balancing service under Rate Schedule IBS consistent with its terms, based on the degree of variance between

actual, deliveries, injections or withdrawals and Shipper's rights and/or confirmed nominations (no charge hereunder shall apply for variances at Receipt Points):

VARIANCE	CHARGE
0% to 5%	No additional charges
5% to 10%	$0.10/Dth
10% to 20%	$0.20/Dth
20% to 50%	$0.30/Dth
Above 50%	$0.50/Dth

Such charges shall also apply as specified in Section 6(d) of Rate Schedule IBS.

(3) Natural may discount or waive charges under subsection (2) on a basis which is not unduly discriminatory.

(4) Tiered Balancing Service Charges under Sections 12.2, 12.3 and 12.4 shall be applied on a graduated basis, i.e., the specified charge shall apply only to that portion of the variance which is within the corresponding tier between its lower and upper percentage boundaries (variances within a range greater than the lower boundary and equal to or less than the upper boundary) and not to any portion of the variance falling within other tiers.

(b) A Shipper subject to any Overrun Charges and/or Balancing Service Charge(s) under subsection (a) shall, in addition, pay an applicable transportation commodity charge on takes from Natural in excess of applicable rights and shall be obligated to return any volumes taken from Natural in excess of volumes delivered to Natural which are not accommodated through storage withdrawals from such Shipper's storage account(s). The volume of any imbalance remaining at the end of the month will be cashed out under Section 13 of these General Terms and Conditions.

12.3 BALANCING CHARGES WITH OPERATIONAL FLOW ORDERS

(a) On any day when an Operational Flow Order (but not a Critical Time) is in effect, if actual receipts, deliveries, injections or withdrawals allocated to a Shipper at any point or under any Agreement do not conform to the sum of such Shipper's confirmed nominations and no-notice rights applicable to such point and/or Agreement, Balancing Service Charges will be assessed on such variances that are detrimental to Natural's system, based on the conditions described in or giving rise to the Operational Flow Order, except as provided in Section 12.6. Notwithstanding the foregoing,

Balancing Service Charges shall not be assessed for variances at Receipt Points unless explicitly stated in the Operational Flow Order. The Operational Flow Order shall also state whether the charges are to be based on variances at individual points, by zone or by other aggregation. Balancing Service Charges during this period will be as follows, based on the variance between actual receipts, deliveries, injections or withdrawals and the applicable confirmed nominations and/or no-notice rights:

VARIANCE	CHARGE
0% to 3%	No additional charges
3% to 10%	Greater of $1.00/Dth or 50% of AMIP
10% to 20%	Greater of $2.00/Dth or 1 times AMIP
20% to 50%	Greater of $4.00/Dth or 2 times AMIP
Above 50%	Greater of $8.00/Dth or 4 times AMIP

(b) Shipper shall in addition pay all applicable charges specified in Sections 12.2(a)(1) and 12.2(b). Where Balancing Service Charges apply under this Section 12.3, they shall be in lieu of Balancing Service Charges under Section 12.2(a)(2), but the charges identified in the prior sentence shall still apply.

12.4 CHARGES DURING CRITICAL TIMES

(a) On any day when a Critical Time is in effect, if actual receipts, injections, withdrawals and/or actual deliveries allocated to Shipper at any point or under any Agreement for services provided by Natural under the Commission's Regulations at 18 C.F.R. Part 284 do not conform to the sum of confirmed nominated volumes and no-notice rights applicable to such point or Agreement, Balancing Service Charges will be assessed for the variances that are to the detriment of Natural's system, except as provided in Section 12.6. Balancing Service Charges in effect during a Critical Time will be as follows:

VARIANCE	CHARGE
0% to 3%	Greater of $4.00/Dth or 2 times AMIP
3% to 10%	Greater of $12.00/Dth or 6 times AMIP
10% to 20%	Greater of $40.00/Dth or 20 times AMIP
20% to 50%	Greater of $80.00/Dth or 40 times AMIP
Above 50%	Greater of $200.00/Dth or 100 times AMIP

(b) Shipper shall in addition pay all applicable charges specified in Sections 12.2(a)(1) and 12.2(b). Charges hereunder shall be in lieu

of any otherwise applicable Balancing Service Charges under Sections 12.2(a)(2) and 12.3, but the charges identified in the prior sentence shall still apply.

(c) Any imbalance created during a Critical Time that is not eliminated before the end of the month will be subject to the cashout and offsetting provisions of Section 13; provided, however, that any remaining imbalance created during a Critical Time which helped the system will be cashed out at 100% of the AMIP.

12.5 DECLARATION OF A CRITICAL TIME

(a) A Critical Time may be declared (1) when the total physical receipts to all or a portion of the system are approaching or expected to approach, a level that is in excess of the total physical deliveries plus the maximum volumes of gas Natural is able to inject into Natural's storage without jeopardizing the integrity of Natural's storage facilities; (2) when the total physical deliveries from all or a portion of the system are approaching or expected to approach, a level that is in excess of the total physical receipts and the maximum volume of gas available to be withdrawn from Natural's storage without jeopardizing the integrity of Natural's storage facilities; (3) when system pressure on one or more pipeline segments is falling and approaching a level or is expected to fall and approach a level that is at or below the minimum that Natural considers necessary for system integrity or to fulfill its firm contractual obligations; (4) when system pressure on one or more pipeline segments is rising and approaching a level or is expected to rise and approach a level that is at or above the maximum pressure at which Natural's facilities may be safely operated; or (5) at other times when Natural is unable or anticipates it may not be able to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of Natural's system. A Critical Time may not be declared on all or a portion of the system for the purpose of maintaining interruptible services on that portion of the system, but interruptible gas may flow at times or on portions of the system when such flow would not violate any operational control restrictions or provisions of this Tariff. Natural shall notify Shippers on the Informational Postings portion of its Interactive Website as to the reason(s) why a Critical Time was declared.

(b) Notice of a Critical Time will be provided through Electronic Notice Delivery consistent with NAESB~~GISB~~ Standards as adopted in Section 48 of these General Terms and Conditions and will be posted on the Informational Postings portion of Natural's Interactive Website. Natural will endeavor to provide and post the notice before 4:00 p.m. Central Time or

otherwise will endeavor to notify Shippers by 4:00 p.m. Central Time that they should check the Informational Postings portion of Natural's Interactive Website again at a specified later time to see whether a Critical Time will be in effect for the next day. In addition, Natural must attempt to give actual notice of a Critical Time via ~~telefax or~~ telephone (provided a Shipper has given the numbers to Natural as required in Section 23) at least four (4) hours prior to the start of the day before a Critical Time will be effective as to a Shipper. Such notice shall specify the anticipated duration of the Critical Time and whether the Critical Time Balancing Service Charges will apply to over-receipts and under-deliveries vis-a-vis confirmed nominations or to under-receipts and over-deliveries vis-a-vis confirmed nominations. A Critical Time will be effective at the start of a day and will continue until the end of the day and through the end of successive days until Natural notifies Shippers via Natural's Interactive Website that there is no longer a Critical Time.

12.6 EXEMPTIONS

Balancing Service Charges at a point will not be assessed at a Receipt or Delivery Point where the variance between total confirmed nominations and actual gas flows at that point is less than 1,000 Dth per day or where Natural does not have either daily metering or access to such information. This exemption is applicable during both non-Critical and Critical Times; provided, however, that this exemption shall not apply to the extent specified in Section 6(d) of Rate Schedule IBS. In addition, any Receipt or Delivery Point where the variance between the total confirmed nominations and actual flows is less than 1,000 Dth per day or where Natural does not have either daily metering or access to such information shall be exempt at all times, including during a Critical Time, from Operational Flow Orders requiring that gas flows be conformed to nominations or to some percentage of nominations. If the variance at a point (including a Central Delivery Point) exceeds 1,000 Dth per day, where Natural does have daily metering or access to such information, the Balancing Service Charges shall apply to the entire variance (in excess of any other applicable tolerance) except as set out in the following sentence. A point operator shall be exempted during both non-Critical and Critical Times from Balancing Service Charges for any variance which is less than 1,000 Dth per day (e.g., the Balancing Service Charges shall apply only to that portion of any variance which is in excess of 1,000 Dth per day); provided, however, that the 1,000 Dth per day shall be included in, and shall not be in addition to the point operator's account under Section 11.3 of these General Terms and Conditions except to the extent the 1,000 Dth per day exceeds the otherwise applicable allowance for a point operator account, in which latter case the point operator's account shall be increased to the level required to accommodate the

1,000 Dth per day, and except that the 1,000 Dth per day exemption applies during Critical Times.

12.7 BILLING

(a) In the event Natural does not have all actual information by the time the billings are to be sent, Natural may bill Balancing Service Charges applicable to non-Critical Times based on reasonable estimates. Such non-Critical Time Balancing Service Charges will be assessed or revised as a result of the receipt or revision of actual information.

(b) During a Critical Time, Natural and Shippers shall rely on Natural's operational data posted on Natural's Interactive Website to determine whether a Critical Time Balancing Service Charge is applicable; provided, however, if a Shipper is convinced that Natural's operational data is erroneous and promptly (by the end of the next business day following the posting) communicates the error to Natural, Natural and the Shipper shall work to resolve the discrepancy and determine the appropriate measure of the Shipper's compliance with applicable tolerances.

(c) For a point operator under Section 11.3 of these General Terms and Conditions, Balancing Service Charges shall be applied to point operator's account as though point operator were a Shipper, with percentage variances measured in relationship to total confirmed nominations and delivery rights under Applicable Agreements at the Delivery Point.

(d) No additional Balancing Service Charges will be assessed when a prior period adjustment applied to the current month would otherwise cause or increase the Balancing Service Charges to be billed.

12.8 All amounts collected by Natural for penalties commencing with December 1, 2003, the initial effective date of Natural's Order No. 637 Compliance Plan, shall be determined for each semi-annual period ending June 30 and December 31 and distributed, through a credit to current billings wherever feasible, within ninety (90) days after each such June 30 and December 31 which occurs after the initial effective date of Natural's Order No. 637 Compliance Plan, with the first such distribution being made within ninety (90) days after June 30, 2004. For purposes of this Section 12.8, penalties shall include: Unauthorized Overrun Charges, Balancing Service Charges, charges for failure to comply with an Operational Flow Order (including during a Critical Time), charges for cashout of imbalances, and gas forfeited to or amounts collected by Natural under Section 9.3 of Rate Schedule LPS. Such distribution shall be made as follows:

(a) These amounts shall be used first to compensate Natural for any cashout expenses and for any extraordinary out-of-pocket costs it has incurred (including any compensation Natural agreed to provide for voluntary actions and any storage injection or withdrawal costs not collected because of the waiver of the injection and withdrawal charges as described in Section 23.7) to alleviate the conditions which were created by the imbalance or the Unauthorized Overrun or other violation or which resulted in the issuance of an Operational Flow Order or the declaration of Critical Time or other operational action taken by Natural under Section 23 of these General Terms and Conditions. Costs that may be netted against penalty revenue may include only actual, verifiable and prudent incremental costs incurred to resolve the reliability concerns actually caused by the particular party or parties against which the penalty has been assessed and must relate to a circumstance which resulted in the penalty revenue to be credited under this provision. If these amounts are not adequate to reimburse Natural for cashout expenses, the unreimbursed cashout expenses shall be carried forward to future years until recouped.

(b) Any remaining amounts will be refunded pro rata to all Shippers (both firm and interruptible), except as provided below, through a credit to current billings wherever feasible, based on the ratio of a Shipper's total base reservation and commodity charges paid during the relevant 6-month period to all such charges paid during such period; provided, however, that such calculation shall exclude charges paid by any Shipper during any month in which such Shipper failed to comply with an Operational Flow Order or had an Unauthorized Overrun. Natural shall also distribute interest on the net penalty revenue distributed from the date such penalty revenue is actually received by Natural to the date of distribution, calculated in accordance with 18 C.F.R. Section 154.501. While distribution is made every six months, the net penalty revenue credit shall be calculated on a monthly basis. A Shipper which failed to comply with an Operational Flow Order or had an Unauthorized Overrun shall be excluded from distribution of net penalty revenues only for the month in which that violation occurred. Where capacity has been released, any amounts distributed hereunder with respect to the released capacity shall be distributed to the Original Shipper and the calculation and amounts distributed to the Original Shipper shall be based on the gross base commodity and reservation charges paid by that Shipper (without considering any credits from Replacement Shippers) during the relevant 6 month period; provided, however, that in the case of a permanent release, any amounts distributed hereunder with respect to the released capacity shall be distributed to the Replacement Shipper and the calculation and the amounts distributed to the Replacement Shipper shall be

based on the base commodity and reservation charges paid by that Replacement Shipper during the relevant 6 month period.

GENERAL TERMS AND CONDITIONS

13. IMBALANCES

13.1 RESPONSIBILITY FOR BALANCING

In addition to delivering and receiving volumes of gas in conformance with nominations, Shippers are responsible for conforming their takes at Delivery Points with their deliveries to Natural at Receipt Points each day. Except for the no-notice aspect of Rate Schedules DSS, FRSS, FTS-NB, FFTS-NB and FTS-G/NB, and except as otherwise provided under an IBS Agreement, Natural has no obligation to deliver for the account of a Shipper more volumes of gas than Natural has received for the account of the Shipper or to accept for the account of the Shipper more volumes of gas than are being delivered for the account of the Shipper on any day.

13.2 MONTHLY IMBALANCES, NETTING AND OFFSETTING

At the end of each calendar month, to the extent the net receipts (with the appropriate deductions for Fuel Gas and Gas Lost and Unaccounted For and after giving appropriate recognition to storage activity subject to applicable storage rights) do not equal the deliveries under an Agreement on a Dth basis, and except that any IBS Balance under an IBS Agreement is only subject to the provisions of this Section 13 to the extent provided in Section 7(b) of Rate Schedule IBS, the following netting and offsetting procedures will apply:

(a) Imbalances under a Shipper's different Agreements will be netted together to obtain the Shipper's Total Monthly Imbalance. The Total Monthly Imbalance will be shown with the monthly billings sent to Shippers.

(b) To assist Shippers in arranging offsets, Natural will post on its Interactive Website the Total Monthly Imbalance of any Shipper which has notified Natural that it has elected to have such information posted. Notification by the Shipper may be in writing or on Natural's Interactive Website and shall be effective by 8:00 a.m. on the next Business Day (Central Clock Time) if the notification is received by 11:45 a.m. on a Business Day. Imbalance information authorized for posting through such notification shall be posted no later than the ninth Business Day of the month after the imbalance occurred. Shippers shall have the ability to post and trade imbalances, and imbalance information shall remain posted, until the seventeenth Business Day of the month after the imbalance occurred.

(c) Natural shall enable the imbalance trading process by:

(1) Receiving the Request for Imbalance Trade,

(2) Receiving the Imbalance Trade Confirmation,

(3) Sending the Imbalance Trade Notification, and

(4) Reflecting the trade prior to or on the next monthly Shipper Imbalance or cashout.

(d) Imbalance trades can only be withdrawn by the initiating trader and only prior to the confirming trader's confirmation of the trade. Imbalance trades are considered final when confirmed by the confirming trader and effectuated by Natural.

(e) After receipt of an Imbalance Trade Confirmation, Natural shall send the Imbalance Trade Notification to the initiating trader and the confirming trader no later than noon (Central Clock Time) the next Business Day.

(f) Shipper imbalances remaining after the imbalance netting and trading procedures set out in subsections (a)-(e) shall be cashed out as described in Section 13.3 of these General Terms and Conditions.

13.3 CASHOUT PROCEDURES

(a) Any imbalance remaining will be cashed out on a tiered basis pursuant to the following schedule:

IMBALANCE LEVEL	OVERAGE (Natural pays Shipper)	UNDERAGE (Shipper pays Natural)
0% to 5%	100% x AMIP	100% x AMIP
Greater than 5% to 10%	90% x AMIP	110% x AMIP
Greater than 10% to 15%	80% x AMIP	120% x AMIP
Greater than 15% to 20%	70% x AMIP	130% x AMIP
Greater than 20%	60% x AMIP	140% x AMIP

Notwithstanding the foregoing, any imbalances created during a Critical Time to the benefit of the system that are remaining at the end of the month will be separately cashed out at 100% of the AMIP.

(b) Following any offsetting with other Shippers, a Shipper's remaining imbalance will be cashed out based on the percentage of that imbalance compared to the total deliveries for that Shipper during the month. For example, if the Total Deliveries were 1,000 Dth and the remaining underage imbalance after offsetting with other Shippers was 100 Dth, the total Imbalance Level would be 10%. The first 5% (50 Dth) would be cashed out at 100% of the AMIP and the remaining 50 Dth would be cashed out at 110% of the AMIP.

(c) The Average Monthly Index Price (AMIP) is the arithmetic average of the Weekly Index Prices (WIPs). The WIP for any week is the arithmetic average of the following index prices reported in Intelligence Press' "NGI's Weekly Gas Price Index" under the "AVG" column in the table entitled "NGI Cash Market Prices":

(1) S. TX Regional Avg.
(2) E. TX Regional Avg.
(3) Midcontinent Regional Avg.
(4) S. LA Regional Avg.

In calculating the AMIP, the WIPs will be based on the prices reported in the issue of "NGI's Weekly Gas Price Index" dated on or after Natural's nomination deadline for first of the month service for that month, and the subsequent issues dated prior

to Natural's nomination deadline for the following month's first of the month service.

(d) Following the ten (10) day period for offsetting imbalances, Shippers with remaining imbalances shall pay Natural or will be credited with the appropriate cashout amounts.

(e) In the event "NGI's Weekly Gas Price Index" ceases to be published entirely or fails to report the index prices listed in subsection (c) above, the following procedures shall apply in determining a month's AMIP:

(1) Should, in any given week, "NGI's Weekly Gas Price Index" fail to report one of the four index prices used in determining that week's WIP, the WIP will be determined using the average of the remaining three published index prices.

(2) Should, in any given week, "NGI's Weekly Gas Price Index" fail to report two or more of the four index prices used in determining that week's WIP, there will be no WIP for that week used in determining the month's AMIP.

(3) Should, in a given month, there be less than two WIPs available for the AMIP calculation, the following alternate AMIP procedures will apply: The AMIP will be defined as the arithmetic average of:

(i) the closing price for the NYMEX natural gas futures contract applicable to the month in which the imbalance was created (i.e., the price at which that month's contract "went off the board"); and

(ii) the individual daily closing prices for the following month ("spot month" or "near month") NYMEX natural gas contract during the month in which the imbalance was created, up to and including the day the "spot month" contract "goes off the board."

13.4 OPERATIONAL DATA VS. ACTUALS

In determining the cashout tier applicable under Section 13.3 above, Natural will utilize the operational data posted on its Interactive Website as of the end of the month or the actual flow volumes (or, if actual flow volumes are not available at the time of billing, the reasonable estimates), whichever results in a lower cashout tier.

13.5 PRIOR PERIOD ADJUSTMENTS

Any imbalances for a month that are booked after the transportation for that month has been billed as a result of receiving actual or corrected flow information will be cashed out at 100% of the AMIP in effect during the month the imbalance occurred.

~~13.6 IMBALANCES THAT OCCURRED PRIOR TO DECEMBER 1, 1993~~

~~Notwithstanding anything to the contrary in this Section 13, any imbalances under Shipper's effective or terminated FTS or ITS Agreement(s) applicable to the period prior to December 1, 1993 that have not been made up by that date, will be cashed out as follows:~~

~~(a) All overages (where Natural owes gas to Shipper) will be netted against underages (where Shipper owes gas to Natural) under all of Shipper's transportation agreements with Natural (including transportation and exchange agreements filed in Volume No. 2 of Natural's FERC Gas Tariff). In netting overages with underages, the oldest monthly imbalances will be netted first, so that any remaining imbalance after netting will be attributable to the most recent months in which the overages or underages occurred.~~

~~(b) Any remaining imbalances under the FTS and ITS Agreements will then be cashed out at one hundred percent (100%) of the AMIP applicable to the month in which the imbalance occurred.~~

~~(c) Natural shall credit Shipper's account or shall bill Shipper the appropriate amount for the remaining imbalance by March 15, 1994, except for that portion of the remaining imbalance which is in dispute. For a portion of the remaining imbalance to be considered to be in dispute, the Shipper must have submitted a written notice prior to March 15, 1994 specifying the volume in dispute along with documentation which supports the Shipper's position, such as allocation statements from the operator of the facilities at which Natural received or delivered the volume being Disputed. Within sixty (60) days Natural and Shipper will meet and/or exchange any other documentation as necessary to resolve the dispute. If the dispute has not been resolved by the end of those sixty (60) days, either party may thereafter submit written notice to the other that any remaining disputed amount shall be resolved utilizing the following arbitration procedures:~~

~~(1) Natural and Shipper shall have thirty (30) days from the date of the notice to agree on an arbitrator employed by one of the following accounting firms:~~

~~Arthur Andersen & Co.~~
~~Cooper's & Lybrand~~
~~Deloitte & Touche~~
~~Ernst & Young~~
~~KPMG Peat Marwick~~
~~Price Waterhouse & Co.~~

~~If Natural and Shipper cannot agree, a Federal district court judge from the Northern District of Illinois will be asked to select the arbitrator from one of the above listed accounting firms. The arbitrator selected shall not be employed by a firm that represents either Natural or Shipper as its independent auditor for financial reporting purposes, shall not be financially interested in the outcome of the dispute, and shall not be a current or former employee of Natural or Shipper. The arbitrator shall be qualified by education and/or experience to pass on the particular issues in dispute. Natural and Shipper shall share equally in the compensation and expenses of the arbitrator. Each party shall be responsible for its own expenses in preparing and presenting evidence before the arbitrator.~~

~~(2) Natural and Shipper shall furnish the arbitrator with the quantity that each believes represents the appropriate remaining imbalance that is still in dispute, along with all supporting documentation. The arbitrator shall meet and hear the parties with respect to matters relevant to the dispute. The jurisdiction of the arbitrator shall be limited to the selection, based on all relevant information presented, of either the remaining imbalance volume submitted by Shipper or the remaining imbalance volume submitted by Natural. The decision of the arbitrator shall be in writing and such decision shall be issued within ninety (90) days of the appointment of such arbitrator. The results of such arbitration shall be final, binding and non-appealable, and may be enforced in any court of law or by the Federal Energy Regulatory Commission.~~

~~(d) Any imbalances under a Shipper's FTS or ITS Agreements for periods prior to December 1, 1993 that have not been cashed out by March 15, 1994 because of adjustments to volumes that are booked after March 15, 1994 shall be cashed out as described above and reflected on the next billing after the adjustment is booked.~~

GENERAL TERMS AND CONDITIONS

15. STATEMENTS, BILLING, PAYMENT, PENALTIES AND DISCOUNTING POLICY

15.1 STATEMENT AND INVOICES

Natural shall, on or before the ninth (9th) Business Day of each month, render to Shipper a bill or bills for service under each applicable Rate Schedule during the preceding month. As used in this Section 15, "render" is defined as postmarked, time-stamped and delivered to the designated site. Invoices will be based on actuals (if available) or best available data. Quantities at points where OBAs exist will be invoiced based on scheduled quantities.

15.2 SHIPPER INFORMATION

If information is required from Shipper, or its designee, to actualize volumes or allocations, Shipper shall furnish the required information, or cause it to be furnished, to Natural, on or before the tenth (10th) day of each month.

15.3 IMBALANCE STATEMENT

Imbalance statements will be generated at the same time or prior to the generation of the invoice. Prior to or with the above-required invoice for billing, Natural shall render the gas imbalance statement which details in Dth the gas received and delivered each month at the Receipt and Delivery Point(s) hereunder based on the best information available.

15.4 PAYMENT

Shipper shall pay to Natural at the address indicated on the invoice or, if directed by Natural, by wire transfer to a bank designated by Natural, the amount due Natural for services provided pursuant to an Agreement during the appropriate calendar month as reflected in the billing described above, within ten (10) calendar days after the date of receipt of such billing. For purposes of this Section, the bill is deemed to be received by Shipper three (3) days after the postmark date if sent by mail. The invoice number should be identified on all payments and the Shipper should submit supporting documentation identifying what is being paid. Natural shall apply payment per such supporting documentation. If payment differs from the invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer, in which case the remittance detail is due within two (2) Business Days of the payment

due date. Should Shipper fail to pay any undisputed portion of any bill as herein provided when such amount is due, interest on the unpaid portion of the bill shall accrue at the maximum allowable interest permitted under the Commission's Regulations. For any amount to be considered "disputed," Shipper must provide appropriate documentation supporting and identifying the basis for the dispute. If Shipper fails to make payment in accordance with this Section, Natural may, in addition to any other remedy it may have under this Tariff or under commercial law: (1) suspend deliveries as provided in Section 5.11 of these General Terms and Conditions; and (2) offset such deficient payments against any payments, refunds or credits owed by Natural to Shipper.

15.5 ADJUSTMENT OF ERRORS

(a) The time limitation for disputes of allocations should be six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

(b) Prior period adjustment time limits should be six (6) months from the date of the initial transportation invoice and seven (7) months from the date of initial sales invoice with a three (3) month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

(c) In no event will any changes be made after twenty-four (24) months from the date of statements, billings or payment, based on actualized volumes, unless the parties mutually agree.

(d) Any error discovered as a result of a timely claim shall be corrected within thirty (30) days of the determination thereof.

15.6 DISCOUNTING POLICY

(a) A specific discounted rate will apply to service hereunder so long as such rate is between the applicable maximum and minimum rates specified for such service

in the Tariff and complies with the following provision, setting forth various bases for discounts, as applicable.

Natural and Shipper may agree that a specific discounted rate will apply only to certain volumes under the agreement. The parties may agree that a specified discounted rate will apply only to specified volumes (MDQ, MAQ or commodity volumes, as applicable) under the agreement; that a specified discounted rate will apply only if specified volumes are achieved or only if the volumes do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; that a specified discounted rate will apply only to specified points, zones, mainline segments, supply areas, transportation paths, markets or other defined geographical area(s); that a specified discounted rate(s) will apply in a specified relationship to the volumes actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to volumes actually transported); and/or that the discount will apply only to reserves dedicated by Shipper to Natural's system. Notwithstanding the foregoing, no discount agreement may provide that an agreed discount as to a certain volume level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Natural's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

(b~~a~~) In determining whether and the extent to which Natural has discounted various elements of its rates under Agreements for the purposes of its FERC accounts and for determining collections under Sections ~~21, 38,~~ 39 and 40 of these General Terms and Conditions, the sequence of discounting set out in this Section 15.6 shall apply. Nothing herein is intended to modify as between the parties to any Agreement the provision of such Agreement regarding the payment of various rate elements. Any step in the sequence set out in this Section 15.6 shall not apply to any Agreement to the extent such Agreement is exempt from the relevant charge ~~[see, e.g., Sections 21.3(d)(2) and 38.2(c)(1) of these General Terms and Conditions]~~.

(c~~b~~) Where the rate assessed by Natural on any service Agreement is less than the maximum rate applicable to that Agreement plus all surcharges applicable to such Agreement, then for the purposes stated above, Natural shall

determine the rate elements covered by the rate actually assessed (and thus the elements which have been discounted) by the following procedure:

(1) Natural shall first apply all revenue under a firm Agreement to the commodity rate (including the ACA Surcharge under Section 40 of these General Terms and Conditions up to the maximum level of the ACA Surcharge rate applicable to such Agreement), if any, applicable to such Agreement.

(2) Reserved.~~Natural shall next apply all revenue under a firm Agreement in excess of that accounted for under subsection (1) above to demand surcharges for the collection of gas supply realignment costs under Section 38 of these General Terms and Conditions, where applicable, up to the maximum surcharge rate applicable to such Agreement under said Section 38~~.

(3) Natural shall next apply all revenue under a firm Agreement in excess of that accounted for under subsections (1) ~~and (2)~~ above to demand surcharges~~ for the recovery of Account No. 858 costs under Section 21 of these General Terms and Conditions, where applicable, up to the maximum surcharge rate applicable to such Agreement under said Section 21~~.

(4) Natural shall next apply all revenue under a firm Agreement in excess of that accounted for under subsections (1) through (3) above to base reservation charges up to the maximum reservation charge rate applicable to such Agreement.

(d~~e~~) Where the rate assessed by Natural on any interruptible Agreement is less than the maximum rate applicable to that Agreement plus all surcharges applicable to such Agreement, then for the purposes stated above, Natural shall determine the rate elements actually assessed (and thus, the elements which have been discounted) by the following procedure:

(1) Natural shall first apply all revenue under an interruptible Agreement to the ACA Surcharge under Section 40 of these General Terms and Conditions up to the maximum level of the ACA Surcharge rate, if any, applicable to such Agreement.

(2) Reserved.~~Natural shall next apply all revenue under an interruptible Agreement in excess of that accounted for under subsection (1) above to the component of the interruptible rate for the collection of gas supply realignment costs under Section 38 of these General Terms and Conditions, where applicable, up to the maximum level of the component included in unit rates for that purpose and applicable to such Agreement under said Section 38.~~

(3) Natural shall next apply all revenue under an interruptible Agreement in excess of that accounted for under subsections (1) and (2) above to the base commodity rate applicable to such Agreement.

GENERAL TERMS AND CONDITIONS

19. CAPACITY RELEASE BY FIRM SHIPPERS

19.1 GENERAL

(a) Subject to the terms, conditions and limitations set forth in this Section 19, a Shipper holding capacity rights under an Eligible Firm Transportation Agreement shall have the right to release all or a portion of such capacity rights and, if a capacity release is effectuated under this Section 19, to receive a credit for reservation charge revenues received by Natural from that other Shipper for such released capacity.

(b) The capacity release timeline set forth in this Section 19 applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the Replacement Shipper (or Subreplacement Shipper, if applicable) has been determined to be creditworthy before the Qualified Bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Natural with sufficient instructions to evaluate the corresponding bids according to the timeline, and 3) there are no special terms or conditions of the release. Further, Natural may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g., designation of an index not supported by Natural).

(c) Following is a summary of the capacity release process and deadlines set forth in greater detail in the remainder of this Section 19 (all times are CCT):

(1) For biddable releases (one (1) Year or less):

(i) The Capacity Release Request should be tendered by no later than 9:00 a.m. on a Business Day;

(ii) The open season ends at 10:00 a.m. on the same or a subsequent Business Day (evaluation period begins at 10:00 a.m. during which any contingency is eliminated, determination of winning Qualified Bid(s) is made, and ties are broken);

(iii) Evaluation period ends and award posting if no match required at 11:00 a.m.;

(iv) Match or award is communicated by 11:00 a.m.;

(v) Match response by 11:30 a.m.;

(vi) Award posting where match required by 12:00 Noon;

(vii) Contract issued within one (1) hour of award posting (with new contract number when applicable), nomination possible beginning at the next available nomination cycle for the effective date of the contract, consistent with Section 19.9(d) hereof (nomination is not contingent on a contract being issued or executed so long as the Replacement Shipper has preapproved credit).

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

(i) The Capacity Release Request should be tendered so that it can be posted by 9:00 a.m. on a Business Day;

(ii) The open season shall include no less than three 9:00 am to 10:00 a.m. time periods on consecutive Business Days;

(iii) Evaluation period begins at 10:00 a.m. during which any contingency is eliminated, determination of best bid is made, and ties are broken;

(iv) Evaluation period ends and award posting if no match required by 11:00 a.m.;

(v) Match, if required, or award is communicated by 11:00 a.m.;

(vi) Match response by 11:30 a.m.;

(vii) Award posting where match required by 12:00 Noon;

(viii) Contract issued within one (1) hour of award posting (with new contract number when applicable), nomination possible beginning at the next available nomination cycle for the effective date of the contract, consistent with Section 19.9(d) hereof (nomination is not contingent on a contract

being issued or executed so long as the Replacement Shipper has preapproved credit).

(3) For prearranged releases not requiring bidding under this Section 19:

(i) The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nominaiton deadline for the applicable cycle, pursuant to Section 8.2. The posting deadlines are:

(A)	Timely Cycle	12:00 Noon
(B)	Evening Cycle	5:00 p.m.
(C)	Intraday 1 Cycle	9:00 a.m.
(D)	Intraday 2 Cycle	1:30 p.m.
(E)	Intraday 3 Cycle	6:00 p.m.

(ii) The contract is issued within one hour of the Award posting (with a new contract number, when applicable).

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

(d) (1) Natural will not award capacity release offers to a Shipper until and unless the Shipper meets Natural's creditworthiness requirements applicable to all services that it receives from Natural, including the service represented by the capacity release.

(2) Natural shall provide the original Releasing Shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Natural to the Releasing Shipper's Replacement Shipper(s), of the following:

(i) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to Natural's tariff;

(ii) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;

(iii) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and

(iv) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to Natural's tariff.

19.2 DEFINITIONS

(a) BID VALUE

The value assigned to a Qualified Bid or a Prearranged Release according to the bid evaluation procedures set forth in Section 19.10 or, if applicable, the bid evaluation procedures set forth in the Capacity Release Request.

(b) CAPACITY RELEASE REQUEST

The request that a Releasing Shipper submits to initiate the capacity release procedure under this Section 19.

(c) ELIGIBLE FIRM TRANSPORTATION AGREEMENT

A transportation agreement under one of the following Rate Schedules, to the extent it provides for firm transportation [which includes storage, subject to the limitations stated in Section 19.5(f)] by Natural: Rate Schedules DSS, NSS, FRSS, FTS and FFTS.

(d) MAXIMUM BID VOLUME

The maximum amount of capacity the Qualified Bidder agreed to accept in its Qualified Bid.

(e) MINIMUM BID VOLUME

The minimum amount of capacity the Qualified Bidder agreed to accept in its Qualified Bid.

(f) ORIGINAL SHIPPER

The entity who is the Shipper under an Eligible Firm Transportation Agreement (other than through a capacity release).

(g) PREARRANGED RELEASE

The binding written release agreement between a Releasing Shipper and a Prearranged Shipper covering Eligible Firm Transportation Agreement

capacity rights, the effectiveness of which is subject only to: (1) the prequalification of the Prearranged Shipper under Section 19.15; and (2) the release of such capacity rights to the Prearranged Shipper as provided by this Section 19.

(i) A Prearranged Release between a Releasing Shipper and an Asset Manager as that term is defined in 18 C.F.R. Section 284.8(h)(3), shall be defined for purposes of this Section 19, as a "Prearranged Asset Manager Release".

(ii) A Prearranged Release between a Releasing Shipper and a Marketer Participating in a State-Regulated Retail Access Program, as that term is defined in 18 C.F.R. Section 284.8(h)(4), shall be defined for purposes of this Section 19, as a "Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program".

(iii) A Prearranged Asset Manager Release and a Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program are exempt from the Open Season Requirements set forth in this Section 19.

(h) PREARRANGED SHIPPER

A person or entity prequalified under Section 19.15 who has entered into a Prearranged Release with a Releasing Shipper for Eligible Firm Transportation Agreement capacity rights, including a Replacement Shipper under either a Prearranged Asset Manager Release, or a Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program.

(i) QUALIFIED BID

A binding bid prequalified under Section 19.15 by a Qualified Bidder for capacity rights subject to a Capacity Release Request under this Section 19, including a Replacement Shipper under either a Prearranged Asset Manager Release, or a Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program.

(j) QUALIFIED BIDDER

Any person or entity prequalified under Section 19.15 who bids for capacity rights being released under this Section 19, including a Replacement Shipper under either a Prearranged Asset Manager Release, or a Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program.

(k) RELEASED FIRM TRANSPORTATION AGREEMENT

The agreement between Natural and a Replacement Shipper or a Subreplacement Shipper by which the Replacement Shipper or Subreplacement Shipper confirms the receipt of capacity rights under an Eligible Firm Transportation Agreement released by a Releasing Shipper under this Section 19.

(l) RELEASING SHIPPER

Any Shipper holding capacity rights under an Eligible Firm Transportation Service Agreement who has released or seeks to release such capacity rights pursuant to this Section 19.

(m) REPLACEMENT SHIPPER

A Shipper receiving capacity rights under an Eligible Firm Transportation Agreement pursuant to a direct release from an Original Shipper under this Section 19.

(n) SHORT-TERM PREARRANGED RELEASE

A Prearranged Release with a term of thirty-one (31) days or less.

(o) SUBREPLACEMENT SHIPPER

A Shipper receiving capacity rights released from an Eligible Firm Transportation Agreement by a Replacement Shipper or a Subreplacement Shipper under this Section 19.

(p) UNIT BID VALUE

The unit value per Dth assigned to a Qualified Bid or a Prearranged Release according to the bid evaluation procedures set forth in Section 19.10.

(q) WINNING BID VALUE

The highest possible total Bid Value achievable under Section 19.10 for the Capacity Release Request from the Qualified Bids consistent with the Capacity Release Request and this Section 19.

19.3 RELEASE WITHOUT A PREARRANGED SHIPPER

A Shipper seeking to release its Eligible Firm Transportation Agreement capacity rights without a Prearranged Shipper shall deliver a Capacity Release Request to Natural's Interactive Website (or in writing for posting on Natural's Interactive Website if Natural's Interactive Website is unavailable for receiving Capacity Release Requests) which sets forth:

(a) The Releasing Shipper's legal name, address and phone number, the Eligible Firm Transportation Agreement number, the date of the Eligible Firm Transportation Agreement and the name and title of the individual responsible for authorizing the capacity release;

(b) The quantity of the capacity (in Dth/day) and the transportation path(s) (or segment(s) thereof) being released, including identification by Natural's PIN Number (or Common Code) of the Receipt Points and Delivery Points defining the release path/segment and the firm capacity to be released at each such point; and the extent to which storage capacity in which the Releasing Shipper has gas is being released;

(c) Whether the capacity being released is subject to recall and/or reput, and if so, the exact conditions for such recall and/or reput (which conditions must conform to Sections 19.5 and 19.14) should be specified at the time of the deal. Reput method and rights are individually negotiated between the Releasing Shipper and Replacement Shipper;

(d) The proposed effective date and proposed term of the release;

(e) Whether the Releasing Shipper wants Natural to actively market the Releasing Shipper's capacity rights pursuant to Section 20 of these General Terms and Conditions;

(f) Whether the Releasing Shipper will accept Qualified Bids which are contingent on subsequent events (such as the subsequent purchase of upstream or downstream capacity), and if so, what events and the last date by which such contingency must be fulfilled;

(g) The starting date for the open season and the length of time for the open season (which must conform to Section 19.7);

(h) Whether the Releasing Shipper will accept Qualified Bids whose revenues will vary by the volume transported, and if so, any minimum

amount to be billed as a reservation charge even if there is no flow (or insufficient flow);

(i) Which of the bid evaluation procedures set forth in Section 19.10 the Shipper wishes to use, if any;

(j) Which one of the following methods is acceptable for bidding on the given capacity release offer:

(1) Non-Index-based release - dollars and cents,
(2) Non-Index-based release - percentage of maximum rate, or
(3) Index-based formula as detailed in the capacity release offer.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper.

(k) Under a release of storage capacity, whether the capacity being released is subject to certain conditions on the sale and/or repurchase of gas in storage inventory and on there being a certain amount of gas left in storage at the end of the release and if so, any such conditions; and

(l) Any other applicable conditions (which must conform to Section 19.5), including any minimum price condition and whether the Releasing Shipper wishes to apply a bid evaluation procedure different than the bid evaluation procedure set forth in Section 19.10 for evaluating Qualified Bids for its capacity rights, and if so, all the factors to be used in evaluating Qualified Bids, including how its capacity rights are to be awarded in the event of a tie for the highest valued Qualified Bid and whether the Releasing Shipper has presubmitted a computer diskette for such bid evaluation procedure pursuant to Section 19.5(a).

19.4 PREARRANGED RELEASE

Subject to Section 19.6, a Shipper seeking to release its Eligible Firm Transportation Agreement capacity rights to a Prearranged Shipper shall deliver a Capacity Release Request via Natural's Interactive Website at Natural's designated site for an open season. The Capacity Release Request shall set forth:

(a) The Releasing Shipper's legal name, address and phone number, the Prearranged Shipper's legal name, and where applicable, identification of the Prearranged Replacement Shipper as an "Asset Manager" as that term is defined in 18 C.F.R. 284.8(h)(3) or a "Marketer Participating in a State-Regulated Retail Access

Program" (as that term is defined in 18 C.F.R. 284.8(h)(4)), address, and phone number, ~~and telefax number~~, the Eligible Firm Transportation Agreement number, the date of the Eligible Firm Transportation Agreement and the name and title of the individuals at the Releasing Shipper and the Prearranged Shipper responsible for authorizing the capacity release;

(b) A statement that the Prearranged Shipper has agreed to be bound by a capacity award to the Prearranged Shipper under this Section 19 by Natural and to execute a Released Firm Transportation Agreement which consists of Natural's standard form of Agreement covering the Rate Schedule applicable to the released capacity and the terms and conditions of the Prearranged Release, in accordance with Natural's Tariff. Such statement shall also set forth:

(1) The quantity of the capacity (in Dth/day) and the transportation path(s) (or segment(s) thereof) being released, including identification by Natural's PIN Number (or Common Code) of the Receipt Points and Delivery Points defining the released path/segment and the firm capacity to be released at each such point; and the extent to which any storage capacity in which the Releasing Shipper has gas is being released;

(2) The fixed reservation charge and/or volumetric charge the Prearranged Shipper has agreed to pay for the released capacity;

(3) Whether the capacity being released is subject to recall and/or reput in the Prearranged Release, and if so, the exact conditions of such recall and/or reput (which conditions must conform with Sections 19.5 and 19.14) should be specified at the time of the deal. Reput method and rights are individually negotiated between the Releasing Shipper and Replacement Shipper; and

(4) The proposed effective date of the Prearranged Release and the proposed term of the Prearranged Release.

(c) Whether the Releasing Shipper will accept Qualified Bids which are contingent on subsequent events (such as the subsequent purchase of upstream or downstream capacity), and if so, what events and the last date by which such contingency must be fulfilled;

(d) Whether the Releasing Shipper will accept Qualified Bids with longer terms or larger volumes, and if so, what is the maximum volume and the longest term the Releasing Shipper will accept;

(e) Whether the Releasing Shipper wants Natural to actively market its capacity rights subject to the Prearranged Release pursuant to Section 20 of these General Terms and Conditions;

(f) The starting date for and the length of time for the open season (which must conform to Section 19.7) and the length of time (consistent with Section 19.9(b)) for the Prearranged Shipper to be able to match a winning Qualified Bid;

(g) Whether the Releasing Shipper will accept Qualified Bids whose revenues will vary by the volume transported, and if so, any minimum amount to be billed as a reservation charge even if there is no flow (or insufficient flow);

(h) Which of the bid evaluation procedures set forth in Section 19.10 the Shipper wishes to use, if any;

(i) Which one of the following methods is acceptable for bidding on the given capacity release offer:

(1) Non-Index-based release - dollars and cents,
(2) Non-Index-based release - percentage of maximum rate, or
(3) Index-based formula as detailed in the capacity release offer.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper.

(j) Under a release of storage capacity, whether the capacity being released is subject to certain conditions on the sale and/or repurchase of gas in storage inventory and on there being a certain amount of gas left in storage at the end of the release and if so, any such conditions;

(k) Whether the release is a Prearranged Asset Manager Release as defined in Section 19.2(g)(i) hereof, and the Asset Manager's obligation to deliver gas to, or purchase gas from, the Releasing Shipper;

(l) Whether the release is a Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program, as defined in Section 19.2(g)(ii) hereof; and

(m) Any other applicable conditions (which must conform with Section 19.5), including any minimum price condition and whether the Releasing Shipper wishes to apply a bid evaluation procedure different than the bid evaluation procedure set forth in Section 19.10 for evaluating Qualified Bids for its capacity rights, and if so, all the factors to be used in evaluating Qualified Bids, including how its capacity rights are to be awarded in the event of a tie for the highest valued Qualified Bid and whether the Releasing Shipper has presubmitted a computer diskette for such bid evaluation procedure pursuant to Section 19.5(a).

19.5 CAPACITY RELEASE REQUIREMENTS

(a) All terms and conditions relating to a release which is the subject of a Capacity Release Request: (1) must be nondiscriminatory and applicable to all potential bidders; (2) must be made available to Natural for posting; (3) must relate to the details of acquiring or maintaining the transportation capacity rights on Natural consistent with this Tariff and Order No. 712, which are the subject of the release; and (4) must not place any obligations or burdens on Natural in addition to the terms and conditions applicable to a capacity release under this Section 19 which are specified in Natural's Tariff. Any bid evaluation procedure elected by a Releasing Shipper different from Natural's bid evaluation procedure set forth in Sections 19.10(b) through 19.10(d) must be objective, nondiscriminatory in all circumstances and contain a complete description of the bid evaluation procedure for posting on the Informational Postings portion of Natural's Interactive Website. Natural may require the Releasing Shipper to submit a working computer program to Natural in diskette form which is compatible with Natural's Interactive Website computer and which will enable Natural to make such alternative bid evaluation entirely through Natural's Interactive Website. The Releasing Shipper shall warrant that the computer diskette conforms to the bid evaluation procedure in the Capacity Release Request.

For the capacity release business process timing model, only the following methodologies are supported by Natural and provided to Releasing Shippers as choices from which they may select and, once chosen, will be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenues and 3) present value. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. Other choices of bid evaluation methodology (including other Releasing Shipper defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of Natural. However, Natural is not required to offer other choices or similar timeline treatment for other choices, nor, is Natural held to the timeline should the Releasing Shipper elect another method of evaluation.

(b) The quantity sought to be released under a Capacity Release Request shall not be less than the minimum quantity required for the Eligible Firm Transportation Agreement under Natural's Tariff.

(c) The term of any release of capacity sought under this Section 19 shall be at least one full day and shall not exceed the remaining term of the Eligible Firm Transportation Agreement.

(d) (l) Segmented releases are subject to Section 8.14 of these General Terms and Conditions.

(2) (i) The maximum rates that may be bid and charged for a Released Firm Transportation Agreement that is for a term greater than one (1) year are the maximum lawful rates applicable to the Eligible Firm Transportation Agreement held by the Original Shipper. If the Original Shipper is paying a Negotiated Rate or a rate under a Negotiated Rate Formula pursuant to Section 49 of these General Terms and Conditions, a Qualified Bidder may not bid a rate which exceeds the applicable Recourse Rate or is less than the applicable minimum rate a qualified Bidder may bid a rate form which would be a Negotiated Rate or Negotiated Rate Formula if and only if the rate form is one explicitly recognized in Natural's Tariff as available for capacity releases (such as volumetric rates); provided the resulting charges must be within the range set by the applicable maximum and minimum rates.

(ii) There is no maximum rate limitation applicable to bids for capacity release for a term of one (1) year or less, if the release is to take effect on or before one (1) year from the date on which Natural is notified of the release.

(3) No Replacement Shipper or Subreplacement Shipper shall have the right to change the primary Receipt or Delivery Points listed in the Eligible Firm Transportation Agreement, unless the Original Shipper and Natural agree to amend the Eligible Firm Transportation Agreement to accordingly change the primary Receipt and Delivery Points.

(e) Release of storage rights under Rate Schedule NSS or DSS may include storage capacity in which the Releasing Shipper has gas. Releases of either storage or transportation rights under Rate Schedule DSS shall be subject to the rules set out in Section 2(h) of Rate Schedule DSS. Release of service under Rate Schedule FRSS shall be subject to the rules set out in Section 2(g) of Rate Schedule FRSS.

(f) The value of storage gas may not be used in evaluating Qualified Bid(s) relating to the release of storage capacity. The Releasing Shipper shall be solely responsible for arranging the transfer of title of any gas in storage. In-field transfers of gas are subject to Section 9 of these General Terms and Conditions. Natural shall be held harmless by the Releasing Shipper in any title disputes involving deliveries of storage gas.

(g) A Capacity Release Request may include the right by a Releasing Shipper to recall all or part of the capacity, and/or to reput all or part of the recalled capacity, at any time. All recalls and reputs must be made in accordance with the other provisions of Natural's Tariff and should be specified at the time of the deal. Reput methods and rights are individually negotiated between the Releasing Shipper and Replacement Shipper.

(h) The Releasing Shipper may withdraw its posted Capacity Release Request during an open season under this Section 19 where unanticipated circumstances justify and no minimum bid has been received; following the close of the open season, a Releasing Shipper may not reject a winning Qualified Bid. The Capacity Release Request shall be binding until written or electronic notice of withdrawal is received by Natural. Notice of a withdrawal of a Capacity Release Request must be delivered via Natural's Interactive Website or in writing no later than the end of the open season for the Capacity Release Request.

(i) Releases of capacity may affect primary or in-the-path rights in conjunction with storage points under Rate Schedules DSS and NSS to the extent provided in Section 5.6(b) of these General Terms and Conditions.

(j) A Replacement Shipper or Subreplacement Shipper may release the capacity on the same terms and basis as the primary release under the provisions of this Section 19 (except as prohibited by the Federal Energy Regulatory Commission Regulations).

(k) Any Capacity Release Request not in compliance with this Section 19.5 and the other provisions of Natural's Tariff shall be null and void and, even if posted, may be removed from Natural's Interactive Website by Natural at any time.

19.6 OPEN SEASON EXCEPTIONS

An open season is not required for: (a) a Prearranged Release for more than (1) year at the maximum reservation charge applicable to the capacity being released, (b) a Short-term Prearranged Release, (c) a Prearranged Asset Manager Release, as defined in Section 19.2(g)(i) hereof or (d) a Prearranged

Release to a Marketer Participating in a State-Regulated Retail Access Program, as defined in Section 19.2(g)(ii) hereof. A Capacity Release Request which is not subject to an open season need only contain the information required in Sections 19.4(a) and (b). Such Capacity Release Request must be delivered via Natural's Interactive Website (or in writing for posting on Natural's Interactive Website if Natural's Interactive Website system is unavailable for receiving Capacity Release Requests) sufficiently in advance so that the release may become effective under Section 19.9 before the release transaction is to commence. A Releasing Shipper may not rollover, extend or in any way continue a Short-term Prearranged Release exempt from bidding under subsection (b) hereof with the same Replacement or Subreplacement Shipper until twenty-eight (28) days after the Short-term Prearranged Release has ended unless the Releasing Shipper complies with the Capacity Release Request provisions in Sections 19.3 or 19.4, or the re-release qualifies for any of the other exemptions from bidding, referenced in subsections (a), (c) or (d) hereof.

19.7 POSTINGS; OPEN SEASON

(a) A Capacity Release Request received by Natural through Natural's Interactive Website prior to the starting time of the open season requested by the Releasing Shipper in its Capacity Release Request in conformance with this Section 19 shall be posted on the Informational Postings portion of Natural's Interactive Website as requested. The posting shall contain the information contained in the Capacity Release Request, except that the minimum price in any minimum price condition requested to be held confidential by the Releasing Shipper (but not the existence of the minimum bid condition), shall be kept confidential and shall not be posted. The posting shall also include the maximum reservation charge, if applicable, (including all reservation surcharges) applicable to the capacity subject to the Capacity Release Request, the beginning and ending time for the open season and the time the notice was posted. Natural shall post the Capacity Release Request upon receipt, unless the Releasing Shipper requests otherwise. If the Releasing Shipper requests a posting time, Natural will comply with that request as long as it comports with the deadlines set forth in this Section 19.

(b) An open season shall consist of: (1) a one (1) hour period on a Business Day between 9:00 a.m. and 10:00 a.m. Central Clock Time or (2) any number (no fractions) of Business Days running from 9:00 a.m. Central Clock Time on a Business Day to 10:00 a.m. Central Clock Time on the following Business Day, as requested by the Releasing Shipper in its Capacity Release Request; provided, however, that any Capacity Release Request for a period of one (1) year or longer must have an open season of at least three (3) Business Days, each running from 9:00 a.m. Central Clock Time on a Business Day to 10:00 a.m. Central Clock Time two (2) Business Days later.

(c) A Releasing Shipper may not specify an extension of an open season or the match period for a Prearranged Release. Rather, the Releasing Shipper must submit a new Capacity Release Request.

19.8 QUALIFIED BIDS FOR RELEASED CAPACITY RIGHTS

(a) At any time during an open season, a Qualified Bidder may submit a Qualified Bid via Natural's Interactive Website (or in writing for posting on Natural's Interactive Website if Natural's Interactive Website is unavailable for receiving Qualified Bids) seeking released capacity rights under a Capacity Release Request. In addition to being prequalified for credit pursuant to Section 19.15, each Qualified Bid must include the following:

(1) The Qualified Bidder's legal name, address, and phone number, ~~telefax number,~~ the name and title of the individual responsible for authorizing the Qualified Bid and identification of the capacity rights for which the Qualified Bid is made;

(2) The term for the purchase;

(3) A Minimum Bid Volume and a Maximum Bid Volume (in Dth per day);

(4) The fixed reservation charge and/or volumetric charge that the Qualified Bidder agrees to pay for the capacity (and if a volumetric charge, any minimum amount to be billed as a reservation charge, which must be equal to or greater than any such amount designated by the Releasing Shipper);

(5) A statement that the Qualified Bidder agrees to all the terms and conditions of the Capacity Release Request, with only the modifications as expressly provided in its Qualified Bid, which modifications must be permitted by the Capacity Release Request and must conform with the requirements in Section 19. In the event that the Releasing Shipper has stated that Qualified Bid(s) may be contingent upon subsequent events and the Qualified Bidder submits such a contingent Qualified Bid, then the Qualified Bidder must state in full the nature of the condition and the last date by which the Qualified Bid is null and void if the contingency does not occur; and

(6) Agreement that the Qualified Bidder is bound by the terms and conditions of the capacity award by Natural pursuant to this Section 19 to the Qualified Bidder, including Natural's standard form of Agreement covering the Rate Schedule applicable to the released capacity and the terms and conditions of

the Qualified Bid and the Capacity Release Request, in accordance with Natural's Tariff. Bids shall be binding until notice of withdrawal is received by Natural on its Interactive Website.

(b) The volume in a Qualified Bid may not be less than the minimum volume required for an Eligible Firm Transportation Agreement under Natural's Tariff. Neither the volume nor the release term specified in a Qualified Bid may exceed the maximum volume or term specified in a Capacity Release Request, unless the Capacity Release Request specifically allows otherwise. A Qualified Bidder must accept all the terms and conditions of a Capacity Release Request submitted under Section 19.4 (involving a Prearranged Release) except for the level of the reservation charge and the MDQ, unless the Capacity Release Request specifically allows otherwise.

(c) For releases for a term of more than one (1) year, a Qualified Bidder may not bid rates which would exceed Natural's maximum reservation charge applicable to the Eligible Firm Transportation Agreement capacity. A Qualified Bid may state a dollar amount or a percentage of Natural's maximum reservation rate, unless the Releasing Shipper has specified that the bid must specify one or the other, in which case, the Qualified Bid must comport with the Releasing Shipper's choice. A bid at a rate equal to Natural's maximum reservation rate shall be a bid for Natural's maximum reservation rate as such rate may increase or decrease from time to time in the future. The maximum reservation charge includes all non-commodity charges and add-ons permitted by Natural's Tariff direct-billed charges and Order No. 636 transition costs which are applicable to the Eligible Firm Transportation Agreement capacity rights.

(d) All Qualified Bids shall provide for payment of maximum commodity charges under Natural's Tariff for the capacity bid, as well as all other applicable add-on charges and surcharges under Natural's Tariff, such as, but not limited to, ACA, Fuel Gas and Gas Lost and Unaccounted For and any FERC Order No. 636 commodity-based transition cost recovery surcharge, unless Natural agrees in writing otherwise.

(e) A Qualified Bid received by Natural during an open season shall be posted by Natural on the Informational Postings portion of Natural's Interactive Website upon receipt, without the name of the Qualified Bidder. A Qualified Bid may be withdrawn by the Qualified Bidder prior to the close of the open season, but may not be withdrawn thereafter. Following such withdrawal, the Qualified Bidder cannot bid for the same capacity during the open season at a lower rate.

(f) All Qualified Bids must be consistent with all provisions of Natural's Tariff. Any Qualified Bid inconsistent with Natural's Tariff or the applicable Capacity Release Request shall be null and void.

19.9 AWARDING OF RELEASED CAPACITY; EFFECTIVE DATE; GAS NOMINATIONS

(a) For a Prearranged Release for which no open season is required under Section 19.6 and which is received at least one (1) hour prior to a nomination deadline on a Gas Day, Natural shall tender the contract to the Prearranged Shipper within one (1) hour after release notification, provided that all applicable provisions of this Section 19 have been complied with.

(b) As to any other Prearranged Release, in the event there was no winning Qualified Bid(s) with a higher total Bid Value than the Prearranged Shipper's Bid Value, Natural shall notify the Prearranged Shipper. If, during an open season, the winning Qualified Bid(s) have a higher total Bid Value than the Bid Value of the Prearranged Release under the bid evaluation procedure selected by the Releasing Shipper, Natural shall notify the Prearranged Shipper of the terms and conditions of the winning Qualified Bid(s), except for any identification of the Qualified Bidder(s). The Prearranged Shipper may elect to match any or all of such winning Qualified Bid(s), but may not elect to match only a portion of a winning Qualified Bid. Such election shall consist of the Prearranged Shipper submitting notice to Natural of its unconditional agreement to the terms and conditions of one or more of such winning Qualified Bid(s) in writing or electronic means. In the event of a timely match, then the Prearranged Shipper shall be awarded the released capacity. To the extent that the Prearranged Shipper fails to timely match (within the required time frame) the winning Qualified Bid(s) with a higher Bid Value, then the Qualified Bidder(s) who made the winning Qualified Bid shall be awarded the capacity. The timelines for the above actions shall be as provided in Section 19.1.

(c) For any other Capacity Release Request, the capacity rights shall be automatically awarded to the winning Qualified Bidder(s) when Natural has identified the entity(s) to receive the released capacity under this Section 19.

(d) A capacity release shall become effective upon the awarding of capacity consistent with this Section 19. Nominations for gas service utilizing the released capacity shall be accepted at the next available nomination opportunity which occurs on or after the time the release becomes effective hereunder, consistent with 18 C.F.R. Section 284.12(c)(1)(ii); provided that nominations cannot be effectuated prior to the beginning time specified in the release. Natural shall issue a contract to the winning Qualified Bidder within one (1) hour after the capacity has been awarded. So long as the winning bidder has pre-approved credit,

that bidder can submit a nomination consistent with the above regardless of whether a contract with Natural covering the capacity awarded has been issued or executed; provided, however, that a contract must be executed under the provisions of the relevant rate schedule regarding timely execution of a contract tendered by Natural in order for a Shipper to have continued service beyond the maximum time specified for timely contract execution. If the original Shipper has already submitted a nomination on a Gas Day under the Agreement being released, and if the Replacement Agreement covering the released capacity is effective that same Gas Day, the original Shipper may incur overrun charges if his nomination exceeds the reduced contractual parameters under the original Agreement resulting from the release (i.e., if the original Shipper fails to reduce its nomination, or does not adequately reduce its nomination, at the first opportunity the Replacement Shipper has to nominate).

(e) Gas nominations for transportation pursuant to released capacity are subject to the provisions of Section 8 of these General Terms and Conditions. Gas nominations by a Shipper utilizing released capacity awarded by Natural shall constitute Shipper's binding acceptance of the terms and conditions of the capacity award by Natural pursuant to this Section 19, including Natural's standard form of Agreement covering the Rate Schedule applicable to the released capacity and the terms and conditions of the Qualified Bid and the Capacity Release Request, in accordance with Natural's Tariff.

(f) Subject to the other provisions in this Section 19, in the event that there is no Qualified Bidder or Prearranged Shipper for posted Eligible Firm Transportation Agreement capacity during an open season, no capacity release will be awarded and the Releasing Shipper shall retain the capacity sought to be released.

19.10 BID EVALUATION PROCEDURE

(a) Unless specifically requested otherwise by a Releasing Shipper in its Capacity Release Request, Qualified Bids for released capacity shall be evaluated pursuant to Sections below. Any Qualified Bid which does not meet a minimum price condition stated in the Capacity Release Request shall be rejected outright. Any Qualified Bid with a contingency must have such contingency eliminated before 3:00 p.m. Central Clock Time following the close of the open season, unless the Releasing Shipper's offer has specified a later time; otherwise, such Qualified Bid will be rejected.

(b) Natural shall calculate a Bid Value for each Qualified Bid and Prearranged Release (if any), and shall calculate the Winning Bid Value, as follows:

(1) For each month, the volume and reservation charge per Dth stated in the Qualified Bid shall be multiplied together to derive a gross monthly revenue figure. If the Qualified Bids contain volumetric-based charges permitted by the Capacity Release Request, then the gross monthly revenue figure shall be equal to any minimum amount designated by the bidder to be billed as a reservation charge even if there is no (or insufficient) flow.

(2) Each gross monthly revenue figure shall be discounted to a net present value figure as of the first day of the capacity release as sought in the Capacity Release Request, using the current Federal Energy Regulatory Commission interest rate as defined in 18 C.F.R. Section 154.501(d).

(3) The net present value figures for the proposed release shall be summed, and such sum shall be the Bid Value.

(c) Capacity shall be awarded among the bids, best bid first (highest Bid Value or other evaluation criteria as specified by the Shipper in the Capacity Release Offer), until all offered capacity is awarded. The best qualified bid will be awarded its Maximum Bid volume and any subsequent bids will be awarded up to their Maximum Bid Volume but no less than their Minimum Bid Volume.

(d) In the event ties exist among Qualified Bids, the Qualified Bid submitted and received earliest by Natural's Interactive Web Site (or if Natural's Interactive Web Site is not available and the Qualified Bid is submitted in writing, the time Natural received the Qualified Bid) shall be the winning bid.

(e) The following are examples of how (c) and (d) are applied:

Example (1) - Awarding by Best Bid

Assume: Capacity Release = 100,000/day for 5 years

Qualified Bids:

	Maximum Bid Volume	Term	Bid Price	Minimum Bid Volume
Bid (a)	40,000/day	5 years	$.18	0
Bid (b)	40,000/day	5 years	$.17	0
Bid (c)	40,000/day	5 years	$.15	0

Winning Qualified Bids: Bid (a) has the highest Bid Value and would be awarded 40,000; Bid (b) has the next highest bid value and would be awarded 40,000; Bid (c) would be awarded the remainder of the capacity (20,000).

Example (2) - Awarding with Minimum Bid Volumes

The assumptions remain the same as in Example 1, except that we assume that Bid (c) has a Minimum Bid Volume of 40,000.

Winning Qualified Bids: Bids (a) and (b) would be allocated their Maximum Bid Volume of 40,000. Bid (c) would not be awarded any capacity since their Minimum Bid Volume is 40,000. 20,000 would remain with the Releasing Shipper.

Example (3) - Awarding using the tie-breaker

Assume: Capacity Release = 100,000/day for 5 years

Qualified Bids:

	Maximum Bid Volume	Term	Bid Price	Minimum Bid Volume	Time Bid Received
Bid (a)	60,000/day	5 years	$.18	0	13:57:40
Bid (b)	50,000/day	5 years	$.17	50,000	13:55:05
Bid (c)	35,000/day	5 years	$.17	0	13:56:40
Bid (d)	35,000/day	5 years	$.17	0	13:56:30

Winning Qualified Bid (a) receives 60,000 since it has the highest Bid Value; Bid (b) receives 0 because of its Minimum Bid Volumes; Bid (c) receives 5,000 because the bid was submitted after Bid (d); Bid (d) receives 35,000.

(f) In no event shall this Section 19.10 result in winning Qualified Bids with a total volume in excess of the capacity specified in the Capacity Release Request.

(g) The bid evaluation procedure set forth in this Section 19.10 shall only consider Qualified Bids to the extent they provide for an objectively quantifiable payment by the Qualified Bidder. A Qualified Bid based on a percentage of Natural's reservation charge shall be evaluated by Natural based solely on the maximum reservation charge being charged by Natural for such service as of the end of the open season.

(h) If the Releasing Shipper selected a bid evaluation procedure which is different from the procedure set forth in this Section 19.10, which procedure must comply with Section 19.5, Natural shall determine the winning Qualified Bid(s) pursuant to the Releasing Shipper's bid evaluation procedure in its Capacity Release Request and computer diskette (if any) submitted by the Releasing Shipper pursuant to Section 19.5(a).

19.11 CONFIRMATIONS; RELEASED FIRM TRANSPORTATION AGREEMENT

At the time the award of capacity under this Section 19 is posted, Natural shall send the winning Qualified Bidder or the Prearranged Shipper confirmation of the capacity release awarded to such Qualified Bidder or Prearranged Shipper. Prior to Natural awarding capacity on a Prearranged Release, the Prearranged Shipper shall confirm electronically the terms of the Prearranged Release.

19.12 COMPLETED TRANSACTIONS

After capacity has been awarded pursuant to Section 19.1(c), Natural shall post on the Informational Postings portion of its Interactive Website the name(s) of the winning Qualified Bidder(s), identification of the winning Qualified Bid(s) and any minimum bid conditions held confidential during the open season. The Releasing Shipper is responsible for reviewing the Qualified Bids to ensure that the released capacity was correctly awarded. The Releasing Shipper shall notify Natural of any error in the award of capacity within one business day after such posting on the Interactive Website. In the event of an error, the capacity shall be reawarded by Natural. As between Natural and the Releasing Shipper, the Releasing Shipper shall indemnify and hold Natural harmless as to any costs, damages or expenses relating to the bid evaluation procedure for which timely notice of an error was not provided to Natural by the Releasing Shipper hereunder. Natural shall correct an error in a timely fashion after receiving notice of such error from the Releasing Shipper or another person.

19.13 BILLING

(a) Natural shall bill the Replacement Shippers and the Subreplacement Shippers the rate(s) specified in the Released Firm Transportation Agreements and any other applicable charges and each such Replacement Shipper and Subreplacement Shipper shall pay the billed amounts directly to Natural. Natural shall not be responsible for billing the Replacement Shipper for any amounts attributable to gas purchase or gas inventory volumes tied to a transportation or storage capacity release. Such charges shall be between the Releasing Shipper and Replacement Shipper. Natural shall have the right to discount the commodity rates under the Released Firm Transportation Agreement. Natural will support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Federal Energy Regulatory Commission.

(b) A Releasing Shipper shall be billed the reservation charge associated with the entire amount of released capacity pursuant to its contract rate, which includes all non-commodity based charges under Natural's Tariff for such released capacity including but not limited to additional direct-bill charges and FERC Order No. 636 transition costs, with a concurrent conditional credit for payment of the reservation charge due from the Replacement or Subreplacement Shipper(s), as applicable, which received the released capacity. A Releasing Shipper shall also be billed a marketing fee, if applicable, pursuant to the provisions of Section 20 of these General Terms and Conditions. As to any capacity released by a Releasing Shipper, the Releasing Shipper shall not be billed or be responsible for: (1) commodity charges; (2) scheduling or imbalance charges or penalties; and (3) add-on charges and surcharges applicable to Natural's commodity rates under Natural's Tariff such as ACA, Fuel Gas and Gas Lost and

Unaccounted For, which are incurred by a Replacement Shipper or Subreplacement Shipper which received the released capacity.

(c) If a Replacement Shipper or Subreplacement Shipper does not make payment to Natural of the reservation portion of the charges due as set forth in its Released Firm Transportation Agreement, Natural shall bill the Releasing Shipper(s) from whom such Replacement or Subreplacement Shipper received the capacity for the amount(s) due, including all applicable late charges authorized by Natural's Tariff, and such amount shall be paid by such Releasing Shipper within ten (10) days of the receipt of such billing, or interest shall continue to accrue. In the event that the Replacement or Subreplacement Shipper has not paid such amount(s) due by the end of such ten (10) day period, then: (1) the Releasing Shipper has the right to recall the capacity; (2) Natural's rights against the delinquent Replacement/Subreplacement Shipper shall be subrogated to the related rights of the Releasing Shipper; and (3) Natural shall make a reasonable effort to collect from the Replacement/Subreplacement Shipper the amount(s) due. Such reasonable effort shall not include incurring costs from outside attorneys, collection agents or other third parties.

(d) All payments received from a Replacement or Subreplacement Shipper shall first be applied to reservation charges, then to late charges on reservation charges, then to penalties, then to late charges not on the reservation charges, and then last to commodity-based charges. Except as may be otherwise provided pursuant to Section 49.4 of these General Terms and Conditions, payments by Replacement or Subreplacement Shippers in excess of the total amount(s) due for the Released Firm Transportation Agreement capacity shall be a credit applied to any outstanding balance owed under any contract with Natural, or a refund if requested in writing and no such outstanding balance exists.

(e) REFUNDS DUE UNDER RELEASES GREATER THAN ONE (1) YEAR

If Natural is obligated to refund any amounts attributable to reservation charges for capacity which has been released, Natural shall make the applicable refund to the Replacement Shipper to the extent that Natural has actually received reservation charge amounts from the Replacement Shipper in excess of the amounts assessable under the revised maximum reservation charge rates (which amounts are credited to the account of the Releasing Shipper under Section 19.13(d) above). Except as may be otherwise provided pursuant to Section 49.4 of these General Terms and Conditions, Natural shall make a corresponding adjustment to the capacity release credit provided to the Releasing Shipper, and may reflect the reduced capacity release credit in a lower refund or adjusted billings to the Releasing Shipper, with any other applicable reservation charge refunds going to the Releasing Shipper. Except as may be otherwise

provided pursuant to Section 49.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

(f) REFUNDS DUE UNDER RELEASES ONE (1) YEAR OR LESS

If Natural is obligated to refund any amounts attributable to reservation charges for capacity which has been released above the maximum rate for one year or less, Natural shall make the applicable refund to the Releasing Shipper notwithstanding the amount that Natural has actually received from the Replacement Shipper (which amounts are credited to the account of the Releasing Shipper under Section 19.13(d) above). Natural shall reflect the same credit from the Replacement Shipper but shall adjust its billing to the Releasing Shipper to reflect the revised maximum reservation rates. Except as may otherwise be provided pursuant to Section 49.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

19.14 NOMINATIONS/SCHEDULING; RECALLS AND REPUTS

(a) RECALLING CAPACITY - GENERAL

Natural supports the ability of a Releasing Shipper to specify as a condition of a capacity release offer which recall notification periods as set out below will be available for use by the parties to the release and whether recall notices must be provided on a Business Day. All Replacement and Subreplacement Shippers shall nominate and schedule natural gas for service hereunder directly with Natural in accordance with the applicable procedures set forth in Section 8 of these General Terms and Conditions. In order for any capacity recall or capacity reput to be effective for a day, a Releasing Shipper must give prior notice of such recall or reput, and any allocation of a partial recall or reput, to Natural.

(b) RECALL NOMINATION TIMELINE

Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) at any of the daily nomination cycles consistent with the following (notice of the allocation of capacity between the Releasing Shipper and the Replacement Shipper hereunder is intended to be provided in a manner that will permit affected parties sufficient time to place nominations or take other corrective actions and thereby avoid penalties):

(1) TIMELY RECALL NOTIFICATION

(i) A Releasing Shipper recalling capacity must provide notice of such recall to Natural and to the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;

(ii) Natural shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due;

(2) EARLY EVENING RECALL NOTIFICATION

(i) A Releasing Shipper recalling capacity must provide notice of such recall to Natural and to the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;

(ii) Natural shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due;

(3) EVENING RECALL NOTIFICATION

(i) Releasing Shipper recalling capacity must provide notice of such recall to Natural and to the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;

(ii) Natural shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due;

(4) INTRADAY 1 RECALL NOTIFICATION

(i) A Releasing Shipper recalling capacity must provide notice of such recall to Natural and to the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;

(ii) Natural shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due;

(5) INTRADAY 2 RECALL NOTIFICATION

(i) A Releasing Shipper recalling capacity must provide notice of such recall to Natural and to the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;

(ii) Natural shall provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due; and

(6) INTRADAY 3 RECALL NOTIFICATIONS

(i) A Releasing Shipper recalling capacity must provide notice of such recall to Natural and to the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Norminations are due;

(ii) Natural shall provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

(7) OTHER

For recall notifications provided to Natural prior to the recall notification deadline specified in (1)-(6) of this Section 19.14(b) and received by Natural between 7:00 a.m. and 5:00 p.m., Natural shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notifications provided to Natural after 5:00 p.m. and prior to 7:00 a.m., Natural should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification.

(c) METHODS OF NOTIFICATION

(1) The Replacement Shipper is to provide Natural with no more than two Internet E-mail addresses to be used for recall notification under Section 19.14(b) of these General Terms and Conditions. The obligation of Natural to provide notification is waived until at least one of the addresses has been provided. When Natural sends Internet E-mail notification for recalling of capacity to each affected Replacement Shipper, the subject line of the E-mail should include the following information separated by commas in the following order: (1) "Recall", (2) the recall notification period, (3) the Effected Date in YYYYMMDD format, (4) Natural's name or abbreviation (excluding commas), and (5) Natural's D-U-N-S number. The body of such E-mail notification is to contain at least the affected Replacement Shipper's Contract Number, the quantity of capacity being recalled, and the Offer Number or Award Number, if necessary to uniquely

identify the capacity being recalled. For recalls that are effective at non-standard times, the appropriate recall notification period is to be included in the subject line and the effective time of the recall is to be in the body of the E-mail. If Natural allows capacity recall notification mechanisms in addition to Internet E-mail, the notification is to include at least the same level of information. Affected Replacement Shippers are to manage internal distribution of notifications of recall received from Natural.

(2) The Releasing Shipper shall provide capacity recall notification to Natural through Natural's Interactive Website. The Releasing Shipper shall provide notice to its affected Replacement Shipper at the same time it provides notification to Natural. The recall notification must specify the recall notification period for the specified effective Gas Day, as well as any other information needed to uniquely identify the capacity being recalled. The mode of notification is to be mutually agreed upon between the Releasing and the Replacement Shipper.

(3) All recalled capacity notices must indicate whether penalties will apply for the Gas Day for which quantities are reduced due to a capacity recall.

(d) QUANTITY ALLOCATION

In the event of an intraday capacity recall, Natural shall determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity (EPC). Variations to the use of EPC may be necessary to reflect the nature of Natural's tariff, services, and/or operational characteristics. In any recall notification provided to Natural, the quantity should be expressed in terms of the adjusted total released capacity entitlements based upon EPC. EPC means that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity. The amount of the capacity allocated to the Replacement Shippers(s) should equal the original released capacity less the recalled capacity that is adjusted based upon the EPC. Natural shall not be obligated to deliver in excess of the total daily contract quantity of the release as a result of any recall. The service flexibility available to either the Releasing Shipper or the Replacement Shipper for the subject capacity shall not be less as a result of the recall.

(e) REPUTS

When capacity is recalled, it may not be reput for the same Gas Day.

(f) DISPUTES

In the event of a dispute between the Releasing Shipper and any other person as to the validity of any recall or reput, or the status of the holder of the capacity rights, Natural shall be entitled to conclusively rely on any notice provided by the Releasing Shipper. The Original Shipper, Replacement Shipper and/or Subreplacement Shipper involved in any such dispute shall indemnify and hold Natural harmless from any costs, damages or expenses relating to Natural's reliance on such notice.

19.15 QUALIFICATION FOR PARTICIPATION IN THE CAPACITY RELEASE PROGRAM

(a) Any person wishing to become a Qualified Bidder and make a Qualified Bid must satisfy the creditworthiness requirements in Section 16 of these General Terms and Conditions prior to submitting a Qualified Bid under this Section 19. A person cannot bid for services which exceed its pre-qualified level of creditworthiness. Natural shall process--and encourages--applications from potential Qualified Bidders seeking prequalification for bids they may make in the future.

(b) Credit applications shall be completed in full with all information required to establish creditworthiness under the credit criteria included in Natural's rate schedule covering the applicable transportation on Natural's system. Should a potential bidder fail to satisfy such credit criteria, the potential bidder may still become a Qualified Bidder by providing a prepayment, letter of credit, security interest or guarantee satisfactory to Natural as further set forth in Section 16 of these General Terms and Conditions.

(c) Based on Natural's continuing review of a Shipper's financial records, Natural shall have the right to amend a Shipper's line of credit and lower or increase the quantity and term.

(d) Natural's determination of a Shipper's creditworthiness is solely for Natural's purposes under Natural's Tariff and such determination is neither a representation nor a guarantee to a Releasing Shipper or any other entity as to the ability of a Replacement or Subreplacement Shipper to pay any outstanding amount under a Released Firm Transportation Agreement.

19.16 COMPLIANCE BY SHIPPER

By acquiring released capacity, a Shipper agrees that it will comply with all provisions of Natural's Tariff and all applicable Commission orders, rules and regulations. Such Shipper also agrees to be responsible to Natural for compliance with all

applicable terms and conditions of Natural's Tariff, as well as the terms and conditions of the Released Firm Transportation Agreement.

19.17 OBLIGATIONS OF RELEASING SHIPPER

(a) Subject to Section 19.17(c), the Releasing Shipper shall continue to be liable and responsible for all reservation charges associated with the released capacity up to the reservation charge specified in such Releasing Shipper's Agreement with Natural. The Releasing Shipper agrees that the award of capacity to a Replacement Shipper or Subreplacement Shipper shall automatically reduce the Releasing Shipper's firm capacity rights under the Agreement with Natural effective on the effective date of the release for the period of the release, except for any period that the firm capacity is recalled by the Releasing Shipper (if the successful bid so permits) until such capacity is reput to the Replacement or Subreplacement Shipper, in accordance with this Section 19.

(b) A release by a Replacement Shipper shall not relieve the Original Shipper or the Replacement Shipper of their obligations under this Section 19.

(c) In the event that a Released Firm Transportation Agreement covers the remaining term of the Eligible Firm Transportation Agreement at maximum rates, then the Original Shipper may request in writing that the Original Shippers' rights and obligations under the Eligible Firm Transportation Agreement shall be prospectively assigned to, and be assumed by, the Replacement Shipper. Following such request, Natural shall send the Original Shipper and Replacement Shipper an assignment agreement to so provide. In the event that the Original Shipper and the Replacement Shipper execute such assignment agreement, the Original Shipper shall be released from all liability under the Eligible Firm Transportation Agreement arising after such execution date.

19.18 CONVERSIONS BETWEEN MONTHLY AND DAILY RESERVATION RATE

For less than maximum rate transactions only, to convert a daily rate to a monthly rate, multiply the daily rate by the number of days in the rate period, and then divide the result by the number of months in the rate period, taking the remainder out to five (5) decimal places and rounding up or down to the decimal place used in Natural's applicable schedule of rates. To convert a monthly rate to a daily rate, multiply the monthly rate by the number of months in the rate period, and then divide the result by the number of days in the rate period, taking the remainder out to five (5) decimal places and rounding up or down to the decimal place used in Natural's applicable schedule of rates.

19.19 NATURAL'S RIGHT TO TERMINATE A CAPACITY RELEASE

Natural may elect to terminate a Replacement Shipper's Agreement with Natural upon at least thirty (30) days' prior written notice of termination to the Replacement Shipper, under the following conditions:

(a) The Releasing Shipper has failed to make timely payment or maintain credit (or provide adequate assurance of payment) in accordance in Sections 5.11, 5.12 and/or 16 of these General Terms and Conditions and Natural has suspended or terminated service to the Releasing Shipper or has provided notice under Section 5.11 or Section 5.12 which ultimately results in suspension or termination of service; and

(b) The rate stated in the Replacement Shipper's Agreement is less than the rate for service under Natural's contract with the Original Shipper; provided, however, that a Replacement Shipper which is creditworthy can continue an existing capacity release by notifying Natural that it agrees to pay a rate which it specifies that equals or exceeds the lower of: (i) the applicable maximum rate; or (ii) the same rate as is in the original Agreement between Natural and the Releasing Shipper. Alternatively, notwithstanding Sections 19.5(d)(2) and 19.8(c) of these General Terms and conditions, Natural and the Replacement Shipper may agree upon other pricing terms, in which case the release shall continue. Such notification or agreement must be effectuated prior to the end of the notice period.

GENERAL TERMS AND CONDITIONS

21. [Reserved for Future Use.]~~TRACKING OF CERTAIN ACCOUNT NO. 858 COSTS~~

~~21.1 PURPOSE~~

~~This Section governs the recoverability by Natural of costs reflected in Account No. 858, Transmission and Compression of Gas by Others, unless excluded from this Section, and sets out a tracking mechanism to recover certain Account No. 858 costs which Natural has been required by Commission order in Docket No. RS92-45 to remove from its initial base rates filed in compliance with Order No. 636 to be effective December 1, 1993.~~

~~21.2 ESTABLISHMENT OF INITIAL TRACKING LEVEL~~

~~(a) Except for contracts identified in subsection (c)(1), Natural shall endeavor to reduce its Account No. 858 costs by assignment of Account No. 858 contracts pursuant to Section 3 of these General Terms and Conditions.~~

~~(b) The costs reflected in Natural's Account No. 858 shall be recovered by a tracking mechanism as set out in Section 21.3 of these General Terms and Conditions. The level of costs to be tracked shall be based on Account No. 858 agreements in effect, adjusted for known and measurable changes, as of the date of the tracking filing, less the exclusions identified in subsection (c), as adjusted under Section 21.3(c). The initial level of collections under this tracker shall be determined in a separate filing under Section 4 of the Natural Gas Act which Natural must submit to initiate collection under this Section. Natural may submit such a filing to be effective December 1, 1993.~~

~~(c) The Account No. 858 costs recoverable in the tracking mechanism shall exclude: (1) the costs of any Account No. 858 contracts assigned by Natural under subsection (a) of this Section; and (2) costs under any new Account No. 858 contracts entered into after December 1, 1993 or costs under any extension of an existing Account No. 858 contract where such extension was pursuant to an agreement executed after December 1, 1993. In addition, this tracking mechanism shall not reflect any out-of-period adjustments attributable to Account No. 858 activity prior to December 1, 1993.~~

~~21.3 TRACKING RATE ADJUSTMENTS~~

~~(a) The initial tracking amount determined under Section 21.2 of these General Terms and Conditions shall become effective December 1, 1993. Effective June 1, 1994 and effective the beginning of each subsequent December 1 and June 1 thereafter while this Section 21 is in effect, Natural shall adjust its rates to reflect: (1) changes in the level of annual costs in Account No. 858 as determined under subsection (b); and (2) buyout or buydown costs as determined pursuant to Section 21.4 of these General Terms and Conditions. Semi-annual tracking filings submitted in accordance with this Section shall become effective, subject to refund, on the designated effective dates. Any changes from the prior tracking level shall be subject to review in the semi-annual tracking filing proceeding. Such review may encompass issues of the eligibility and prudence of such costs.~~

~~(b) Changes from the prior tracking level for Account No. 858 costs shall be based on a comparison between the known and measurable annual costs of reservation, demand and other fixed charges under Account No. 858 contracts and the level of such costs reflected in the most recent prior tracking filing. The base cost level shall be the annual fixed cost level reflected in the initial tracking level in the case of the filing to be effective June 1, 1994 and the cost level reflected in the last semi-annual tracking filing in the case of any subsequent semi-annual tracking filing. Buyout or buydown costs may be reflected by an amortization consistent with Section 21.4 of these General Terms and Conditions. Such cost changes shall be reflected in a tracking filing made by Natural thirty (30) days prior to any of the effective dates specified in subsection (a).~~

~~(c) Beginning December 1, 1993, Natural shall maintain a deferred account to reflect any differences between amounts recovered under this Section 21 and actual costs; provided, however, that for any new contracts entered into after November 30, 1993, Natural shall be deemed (notwithstanding actual collections) to have recovered an amount equal to the surcharge hereunder multiplied by the nominal contract demand, except where adjusted for discounting under subsection d(2). The net deferred balance shall be an adjustment to each semi-annual tracking filing. Account No. 858 activity associated with any period prior to December 1, 1993 shall be excluded from this deferred account. Natural shall also reflect any refunds accrued under Account No. 858 arrangements covered by this Section attributable to the period this tracker is in effect, including any refund(s) credited to Natural for such period after this tracker has otherwise expired. A rate adjustment (which may be positive or negative) to eliminate the balance of this deferred account over a 6-month period commencing with the next effective date shall be included in each semi-annual tracking filing. Any over or under-recoveries in this deferred account shall be reflected in future deferred account adjustments.~~

~~(d) Natural shall establish separate rates hereunder for the Midwest and Production Zones, as defined in Section 21.7 of these General Terms and Conditions; provided, however, that once Natural has no remaining costs to be recovered in the~~

~~Production Zone due to the expiration of its underlying contracts, the last of which expired on November 30, 1997, all future rate adjustments associated with the Production Zone with a cumulative net cost effect of $25,000 or less shall be reflected in the Midwest Zone only. If the cumulative net adjustments reallocated from the Production Zone to the Midwest Zone ever exceed a net cost of $25,000, Natural shall reinstate the Production Zone surcharge, with all Production Zone amounts in excess of such net cumulative cost of $25,000 being allocated to the Production Zone. Rates hereunder shall be developed and billings hereunder shall be assessed based on the demand or reservation billing units under all Part 284 firm transportation Agreements in effect sixty (60) days prior to the date the semi-annual tracking filing will go into effect [storage services other than DSS and individually certificated transportation arrangements in Volume No. 2 of this Tariff are excluded, and Shippers under Rate Schedule FTS-G ("G Customers") shall be reflected at an imputed daily contract demand equal to G Customers' annual commodity volumes divided by the product of three hundred sixty-five (365) times fifty percent (50%)], adjusted as follows:~~

~~(1) Known and measurable changes that will be effective on the effective date of the semi-annual adjustment.~~

~~(2) No Account No. 858 costs shall be allocated to contracts executed prior to December 1, 1993 to the extent Natural is unable contractually to collect any additional amounts attributable to Account No. 858 surcharges under such contracts nor, to the extent such contracts are so excluded, shall the billing units under such contracts be utilized in developing rates under this Section 21. No Account No. 858 costs shall be allocated to, nor shall Natural assess any charges to, FRSS Agreements.~~

~~(3) For every other contract, Natural shall include the full MDQ in the billing determinants hereunder except to the extent Natural has discounted the Account No. 858 surcharge, in which case Natural shall include the full rate equivalent of that contract's MDQ, based on the ratio of the discounted Account No. 858 surcharge rate to the maximum Account No. 858 surcharge. In determining whether and the extent to which Natural has discounted the Account No. 858 surcharge, the discounting sequence set out in Section 15.6 of these General Terms and Conditions shall be applied.~~

~~(e) (1) Natural's last obligation to pay Account No. 858 costs eligible for recovery hereunder expires as of December 31, 2002. In the tracking filing hereunder to be effective June 1, 2002, Natural has included estimated eligible contract costs, net of any offsets for capacity release revenue and interruptible service revenue crediting, together with estimated interest, through the expiration of its obligations. Natural will notify the Commission by November 15, 2002, whether in its judgment based on its best estimates any further tracking filing is necessary. Surcharges hereunder shall terminate effective December 2002, subject to the remainder of this Subsection (e).~~

~~(2) In the case of underrecovery as of November 30, 2002, Natural may, and in the case of an overrecovery as of November 30, 2002, Natural must, file to continue surcharges hereunder on and after December 1, 2002, recalculated to either passback or recover, as applicable, the entire remaining balance over the new tracking period. Any such filing of surcharge extensions hereunder to be effective on and after December 1, 2002, shall amortize the remaining balance over a period of three (3) months, otherwise using procedures consistent with prior semi-annual tracking filings under this Section 21.~~

~~(3) Natural will notify the Commission of the final Account No. 858 balance no later than January 31, 2003, or within thirty (30) days after the end of the collection period for subsequent tracking filing(s), whichever is later.~~

~~(4) In the event of an overrecovery pursuant to a tracking filing under subsection (2) above, Natural must, and in the event of an underrecovery, Natural may, make further tracking filings consistent with subsection (2) above. Any overrecovery by Natural hereunder shall be passed back by Natural through a negative surcharge in a subsequent tracking period until the Account No. 858 balance is zero or greater. Any underrecovery by Natural hereunder may be recovered by Natural through a positive surcharge in a subsequent tracking period until the Account No. 858 balance is fully recovered. Any such tracking filing shall be made within thirty (30) days prior to the proposed effective date.~~

~~(5) Natural reserves the right to reinstitute this tracking mechanism based on Commission action regarding its rehearing request filed December 29, 1995, in Docket No. RP95-326.~~

~~21.4 BUYOUT AND BUYDOWN COSTS~~

~~If, in Natural's judgment, the costs borne by its customers will be reduced by the buyout or buydown of Account No. 858 contracts reflected in rates pursuant to this Section, Natural may enter into settlement agreements for the buyout and buydown of such contracts and may reflect the resulting costs in the semi-annual tracking filings under Section 21.3 of these General Terms and Conditions. Subject to the following sentence, the costs of any buyout or buydown shall be recovered by amortizing such cost on a levelized basis over a period of two (2) years and reflecting the amount so amortized in such semi-annual tracking filings. In the case of any buyout or buydown entered into prior to December 1, 1994 and reflected in the initial tracking filing or the tracking filings to be effective June 1, 1994 or December 1, 1994, the buyout or buydown costs shall be amortized over the remainder of the period ended November 30, 1995.~~

~~21.5 CARRYING CHARGES~~

~~Carrying costs at the interest rate allowed under the Commission's Regulations, 18 C.F.R. 154.501(d), shall be applicable to any adjustments under Section 21.3 of these General Terms and Conditions and to any amount amortized under Section 21.4 of these General Terms and Conditions. Carrying costs shall apply from the first of the month after Natural begins to incur Account No. 858 costs or makes payment of buyout or buydown costs which exceed the level of costs being recovered hereunder and shall continue until the costs are recovered. If, in developing tracking rates hereunder, Natural reflects any anticipated costs which are not in fact incurred, it shall pay interest on any funds collected until returned to the customer. Adjustments for such carrying costs shall be made in the semi-annual tracking filings under Section 21.3 of these General Terms and Conditions.~~

~~21.6 RELEASE OF ACCOUNT NO. 858 AGREEMENTS~~

~~(a) This provision shall apply to Upstream Capacity, which shall mean Account No. 858 contracts which Natural was unable to assign and is unable to buyout or buydown consistent with Section 21.4 of these General Terms and Conditions; provided, however, that (i) Upstream Capacity shall exclude the arrangements identified in Section 21.2(c)(1) hereof, and (ii) Upstream Capacity shall include 858 contracts only to the extent the costs of such contracts are reflected in Natural's jurisdictional rates. Upstream Capacity must be held by Natural's Transportation Division, not by Natural's Merchant Division, if any.~~

~~(b) Natural shall release all or any portion of Upstream Capacity, in accordance with the capacity release program of the upstream pipeline, provided that such a release reduces the cost to Natural of such arrangements. The entity to which Natural releases its capacity shall be responsible for providing Fuel Gas or Gas Lost and Unaccounted For to the upstream pipeline. All revenue received by Natural for releases (net of any variable costs incurred by Natural from the upstream pipeline in connection with such releases) shall be credited by Natural to Account No. 858. Such a credit shall reduce Account No. 858 costs in the next semi-annual tracking filing hereunder by Natural. Natural shall first apply such revenue to offset any amounts allocated to Agreements which Natural cannot collect due to contractual constraints in such Agreements (such as offsetting underrecoveries prior to institution of the discounting adjustment on April 1, 1994); provided, however, that such revenue may not be applied to offset any revenue Natural is deemed to have collected but did not actually collect for new contracts entered into after the end of the rate case test period as set out in Section 21.3(c). With respect to any remaining revenue, Natural shall allocate such net revenue credit in the same manner that the costs of Upstream Capacity are allocated in developing Natural's tracking rates under Section 21.3(d) of these General Terms and Conditions.~~

~~21.7 As utilized in this Section 21 and in Section 38 of these General Terms and Conditions, the terms "Midwest Zone" and "Production Zone" shall have the following meanings:~~

~~(a) The Midwest Zone shall consist of all facilities north of Station 103 on the Amarillo Line and north of Station 302 on the Gulf Coast Line.~~

~~(b) The Production Zone shall consist of all other facilities on Natural's system.~~

GENERAL TERMS AND CONDITIONS

22. PRE-GRANTED ABANDONMENT AND ROLLOVER RIGHTS (INCLUDING RIGHT OF FIRST REFUSAL) AND RESTRUCTURING OF AGREEMENTS

22.1 GENERAL

Subject to Section 22.4, service performed by Natural under Part 284 of the Commission's Regulations shall expire, and shall be automatically abandoned, upon contract termination under: (i) any firm transportation or storage Agreement with a primary term of less than one (1) year; and (ii) any interruptible transportation or storage Agreement regardless of term. Service under any firm transportation or storage Agreement with a term of one (1) year or greater shall expire, and shall be automatically abandoned, on contract termination unless service is continued pursuant to Sections 22.2, 22.3 or 22.4. Unless Natural and Shipper expressly agree otherwise in the Agreement(s), a Shipper who has entered into a limited-term firm service Agreement(s) pursuant to Section 5.1(c)(11) of these General Terms and Conditions may not elect to extend such limited-term agreement pursuant to the provisions of this Section 22; provided, however, that if the term of the limited-term agreement is for a period of one year or more, the limited-term agreement shall have Right of First Refusal rights extended up to the in-service date of the expansion project. Rollover rights and the Right of First Refusal may also be restricted pursuant to Section 5.1(c)(12) of these General Terms and Conditions.

22.2 ROLLOVERS

(a) A Shipper under Rate Schedule DSS, FTS, FFTS, FTS-G, FRSS or NSS which has entered into an Agreement thereunder with a term of three (3) years or longer shall have a unilateral right to continue receiving service on a firm basis beyond the term of the existing Agreement and to rollover such Agreement subject to the following conditions:

(1) Shipper must give notice at least twelve (12) months prior to the termination of its existing Agreement of its desire to continue receiving service beyond the expiration date of the existing Agreement~~; provided, however, that for Agreements expiring November 30, 1995 or December 1, 1995, notice may be given no later than May 5, 1995~~. Such notice must be in a form specified by Natural and must indicate a desired term of service [which term must be at least three (3) years] and the desired MDQ, in total and at each primary point. Such MDQ must be equal to or less than the existing MDQ in total and at each primary point and the primary point path under the request must not result in a rate reduction vis a vis the path in the existing Agreement~~; provided, however, that a Shipper shall have the one-time right~~

~~to adjust its path to the extent provided in Appendix C to the "Stipulation and Agreement on Reserved Issues" filed February 8, 1995, in Docket No. RP93-36~~. Any request for an increase in MDQ in total or at any primary point shall be treated as a request for new service, but only to the extent of the increase. Any notice hereunder specifying a decrease in MDQ in total or at any primary point shall not affect the existing Agreement during the remainder of its term.

(2) Within ninety (90) days after receipt of the notice described in (1) above, Natural will have evaluated the creditworthiness of Shipper. If Shipper meets the requirements of Natural's credit appraisal procedures and its request conforms to the requirements of (1), Natural shall tender to Shipper a rollover Agreement which conforms to the requirements of this Tariff. Shipper and Natural shall execute such rollover Agreement, or any modified Agreement upon which Natural and Shipper may mutually agree which is not inconsistent with this Tariff, within ninety (90) days thereafter. Failure to execute a conforming rollover Agreement shall constitute a waiver by Shipper of its rights under this Section 22.2.

(3) Except as expressly agreed to the contrary between Natural and Shipper, no discount or other special terms previously in effect shall apply to a rollover Agreement.

(b) ~~A former sales customer of Natural under Rate Schedule DMQ-1 or G-1 which converted to other service(s) effective December 1, 1993, pursuant to the restructuring procedures of Natural's Tariff then in effect shall have the unilateral right to rollover any Agreement initially entered into on conversion regardless of its term, but such unilateral rollover right shall not extend to the rollover Agreement, which Agreement must be evaluated on a stand-alone basis as to any further rollover. In addition, a converting sales customer which elected service under Rate Schedule S-2 or S-2/G pursuant to the restructuring provisions of Natural's Tariff shall have a one-time right, upon termination of the S-2 or S-2/G Agreement entered into upon conversion, to elect to rollover all or part of such Agreement into service under Rate Schedule FTS or (in the case of a "G" Shipper) FTS and/or FTS-G, in any combination which results in an aggregate rollover contract MDQ under FTS or (where applicable) FTS-G equal to or less than the original contract MDQ. Such Shipper may, but is not required to, also rollover the storage portion of such Agreement (whether or not all or any part of such contract was rolled over into FTS or FTS-G service) into the corresponding level of service under Rate Schedule NSS. Finally, any Shipper with an Agreement which is eligible for rollover hereunder which entered into a new firm Agreement as a result of transitional procedures which were in effect prior to October 1, 1999 shall have both unilateral rollover rights and the right of first refusal under the new Agreement regardless of its term, but such right shall not extend to a subsequent~~

~~rollover Agreement which must be evaluated on a stand-alone basis as to further rollover.~~ Any rollover right under this subsection (b) must be exercised pursuant to a notice which conforms to Section 22.2(a) or Section 22.3, as applicable.

(c) If a Shipper submits a written notice which conforms to Section 22.2(a), such notice shall be binding on Shipper. Shipper and Natural shall be obligated to sign an Agreement consistent with such notice; provided, however, that nothing herein shall be deemed to preclude the parties from negotiating a more acceptable Agreement by mutual consent which is not inconsistent with this Tariff.

(d) If an Agreement is rolled over pursuant to this Section 22.2, the Right of First Refusal under Section 22.3 shall not apply.

22.3 RIGHT OF FIRST REFUSAL

(a) Any Shipper under a DSS, FTS, FFTS, FTS-G, FRSS or NSS Agreement with a term of one (1) year or greater shall have the right to continue receiving service after the expiration of its existing Agreement if, pursuant to the Right of First Refusal procedures set forth in this Section 22.3, it matches the price and term offered for such service by any other bidder; provided, however, that (irrespective of the price offered by the existing Shipper or any bidder) Natural shall not be required to provide service at a discount from its applicable maximum rate unless it otherwise agrees; and, provided further that if a bid is submitted for a Negotiated Rate or Negotiated Rate Formula under Section 49 of these General Terms and Conditions, the existing Shipper need match only the lesser of the value of the bid at the Negotiated Rate or Negotiated Rate Formula or the value of that bid utilizing the Recourse Rate in lieu of the Negotiated Rate or Negotiated Rate Formula consistent with said Section 49. A bidder may only submit a Negotiated Rate or Negotiated Rate Formula bid with the prior written agreement of Natural or if the existing Agreement contains a Negotiated Rate or Negotiated Rate Formula provision in the same rate form.

(b) To exercise the Right of First Refusal, Shipper must provide Natural with notice of its intent to do so in a form specified by Natural and must submit such notice on or before the later of: (i) six (6) months prior to the expiration of the existing Agreement; or (ii) one (1) month after receiving written notice from Natural that the Shipper may utilize these Right of First Refusal procedures; provided, however, that a Right of First Refusal may not be exercised later than three (3) months prior to the expiration of the Agreement unless mutually agreed between Natural and the Shipper. The Shipper's notice must specify a desired term of service and the desired MDQ in total and at each primary point. If the requested MDQ is greater than the existing MDQ in total and at each

primary point, any such increase shall be treated as a request for new service under the applicable Rate Schedule and only the original MDQ shall be subject to the Right of First Refusal under this Section. The Right of First Refusal may apply to a portion of the original Shipper's then effective service. Any notice specifying a decrease in MDQ in total or at any point shall not affect the existing Agreement during its remaining term. Natural is not obligated to accept any notice which specifies a primary point path which results in a reduced rate as compared with the primary point path in the existing Agreement~~; provided, however, that a Shipper shall have the one-time right to adjust its path to the extent provided in Appendix C to the "Stipulation and Agreement on Reserved Issues" filed February 8, 1995 in Docket No. RP93-36~~.

(c) Within ten~~fifteen~~ (10~~5~~) days after receipt of a notice under Section 22.3(b), Natural shall post on the Informational Postings portion of its Interactive Website an Announcement of Capacity Availability Subject to Right of First Refusal (Capacity Announcement) which shall: (i) specify the original Shipper's service rights; (ii) indicate the availability of such service as of the date the existing Agreement expires, subject to the Right of First Refusal; (iii) state the maximum rate applicable to such service; (iv) set out any other information required by this Section; and (v) solicit bids for such service. Such Capacity Announcement shall be maintained, and bids accepted via Natural's Interactive Website or via email or other mutually agreed means, for a period of at least one (1) week~~month~~ from the initial posting.

(d) (1) Within one (1) week after the end of the ~~one month~~ period during which the Capacity Announcement is posted, Natural shall convey to the original Shipper a term sheet for the best bid (based on price and term) which would qualify for such service in all respects (including meeting applicable credit criteria), which is a bona fide bid and which Natural is willing to accept. Natural may, but is not required to, accept any bid which reflects a discount from the applicable maximum rate. In assessing which is the best bid if more than one bid is received, Natural shall apply the same capacity evaluation criteria as are currently posted for that capacity (except that contract terms in excess of five years shall not increase the value of any bid). If a bid is received for a Negotiated Rate or Negotiated Rate Formula pursuant to Section 49 of these General Terms and Conditions which would result in a higher value for that bid than if the Recourse Rate was used, the value of the bid shall be assessed utilizing the Recourse Rate in lieu of the Negotiated Rate of Negotiated Rate Formula consistent with said Section 49. In comparing bids hereunder or in assessing rollovers under Section 22.2, Natural shall not take into account as increasing the value of any bid any separate amount paid, or which a Shipper agrees to pay, for the LN and/or SW service option under Rate Schedule FTS, FFTS or FTS-G. In the event there is a tie amongst the best bids, the winning bid(s) shall be determined by a pro-rata

allocation of the bids received. In addition, Natural shall not take into account as increasing the value of any bid any amount paid, or which a Shipper agrees to pay, for any surcharge from which the original Shipper is exempt under Section 2.7 of these General Terms and Conditions ~~or for Supply Realignment Costs to the extent the Agreement for the original Shipper is within the level of contract covered by settlements as set out in Section 38.4 or 38.5 of these General Terms and Conditions~~.

(2) ~~Where firm capacity which is subject to the Right of First Refusal was conditionally awarded pursuant to an Early Open Season under Section 5.1(c)(2) of these General Terms and Conditions, then the following conditions apply: (1) the winning bid in the Early Open Season establishes a reserve price for the Right of First Refusal, and (ii) the Shipper exercising the Right of First Refusal must, to retain the capacity, match the higher of the winning bid in the Early Open Season or the highest bid received in the Right of First Refusal process. The fact that capacity has been conditionally awarded in an Early Open Season shall not impose on the existing Shipper any obligation to exercise its Right of First Refusal at any earlier time than is provided for in Section 22.3(b) of these General Terms and Conditions.~~

~~(3)~~ Natural's term sheet shall contain any and all terms of the bid but shall not identify the bidder; provided, however, such bid sheet shall indicate if the best bid was submitted by an affiliate of Natural. Except for the providing of such term sheet to the original Shipper, all terms and conditions of any bid and the identity of the bidder shall remain confidential; provided that the Commission may on request have access to such information on a confidential basis.

(4) The original Shipper shall have five~~two~~ (5~~2~~) business days~~weeks~~ to notify Natural whether or not it desires to match the best bid. To match the best bid, the original Shipper must agree to a price (up to the applicable maximum rate or Recourse Rate) and a term (up to five years) which at least equals the bid on all or any portion of the service the original Shipper desires to retain; provided, however, that if the original Shipper seeks to retain only a portion of its MDQ, the analysis of whether the original Shipper has matched the best bid may take into account the MDQ requested under the best bid relative to the MDQ which the original Shipper seeks to retain. The original Shipper may provide a counteroffer which contains either a higher price than the best bid or a longer term than the best bid to offset a shorter term or a lower price than that offered in the best bid. Natural shall determine whether such a counteroffer constitutes a match, utilizing the same criteria as were applied to determine the best bid.

(e) (1) If the original Shipper matches the best bid, it shall be entitled to continuation of service and shall be obligated to sign an Agreement tendered by Natural which reflects the best bid or any counteroffer by the original Shipper which matches such best bid.

(2) If the existing Shipper fails to match the best bid, the existing Agreement shall terminate at the later of (i) the end of its term or (ii) the date Natural executes a contract with the winning bidder. Service to the existing Shipper shall be automatically abandoned upon such termination.

(3) Submission of a bid shall be binding on the bidder. The bidder submitting the best bid shall be obligated to sign an Agreement reflecting its bid if the original Shipper fails to match.

(f) In the absence of a qualified bid, the rate (within applicable maximums and minimums) and the term shall be negotiated between Natural and the Shipper. Capacity must be awarded consistent with the posted bid criteria and for a value no lower than previously submitted qualifying bids. No discount or other special terms shall apply to a rollover Agreement unless Natural and Shipper mutually agree. Shipper may require that Natural enter into an Agreement to provide service at the applicable maximum rate for a term specified by Shipper and running from the date the existing Agreement expires. Shipper shall have ten (10) days from date on which Natural notifies it that no acceptable bids were received to exercise the right set out in the prior sentence or to negotiate a rollover Agreement with Natural. If the Shipper fails to exercise such right on a timely basis, the right shall expire, in which case Natural shall post the capacity as available and the negotiation procedures hereunder shall terminate. Unless Shipper so elects, service hereunder shall be terminated and automatically abandoned.

(g) If the Shipper is eligible to receive continued service under this Section 22.3, Natural shall tender a rollover Agreement which conforms to the requirements of this Tariff prior to the expiration of the existing Agreement. Shipper and Natural shall execute such rollover Agreement, or any modified Agreement upon which Natural and Shipper may mutually agree which is not inconsistent with this Tariff, within two (2) weeks. If Shipper fails to execute the rollover Agreement on a timely basis, Shipper shall (in addition to all other remedies available to Natural for Shipper's failure to fulfill its obligation to execute such Agreement) forfeit any right to continuation of service after the expiration of the existing Agreement.

22.4 CONTRACTUAL EXTENSION RIGHTS

The term of service under any firm or interruptible transportation or storage Agreement may be extended pursuant to a rollover, evergreen or right of first

refusal provision in such Agreement, which provision supersedes any otherwise applicable rollover or right of first refusal pursuant to this Section. The parties may negotiate rollover, evergreen or right of first refusal provisions which differ from this Section. Natural is not obligated to offer or agree to any such rollover, evergreen or right of first refusal provisions; provided, however, that to the extent it offers or agrees to any such provision, it must do so on a non-discriminatory basis for similarly situated Shippers. Natural posts such contractual rollover, evergreen or right of first refusal provision on its Transactional Report in accordance with Section 284.13 of the Commission's regulations.

22.5 VALID REQUEST CRITERIA

Unless waived by Natural, the requirements for a valid request under the applicable Rate Schedule (including the applicable credit analysis) apply to any Agreement entered into pursuant to this Section 22.

22.6 FURTHER ROLLOVER

Any Agreement entered into pursuant to this Section 22 shall be evaluated on a stand-alone basis hereunder for purposes of determining whether it, in turn, is eligible for rollover or the Right of First Refusal under this Section.

22.7 RESTRUCTURING OF AGREEMENTS

(a) Natural and Shipper may mutually agree, on a not unduly discriminatory basis, to restructure existing agreements during the rollover or right of first refusal process, where applicable, consent to which shall not be unreasonably withheld in either of the following ways:

(1) An Agreement may be combined with one or more other Agreements for the same type of service; provided that Natural may, but shall not be obligated to, combine Agreements which have different primary paths, different leg rights or different remaining terms;

(2) An Agreement may be separated into two or more Agreements, either by dividing the MDQ or separating different paths or different leg rights into separate Agreements.

(b) No modification under this Section shall result in any change in rate, term, primary path or other substantive provisions of the service provided by Natural.

GENERAL TERMS AND CONDITIONS

23. OPERATIONAL CONTROL

23.1 GENERAL

(a) Natural shall endeavor to maintain adequate pressure throughout its system and to preserve the overall operational integrity of its system; provided, however, that Natural shall not be obligated to buy or sell gas or to install additional compression or otherwise modify its system for these purposes. Operating personnel for Shippers and other entities which are physically taking delivery of gas from Natural or tendering gas to Natural shall cooperate with Natural in furtherance of this Section. Each Shipper shall designate the telephone ~~and telefax~~ numbers of one or more persons [but not more than two (2) primary and two (2) backup persons] for Natural to contact on operating matters (including the receipt of Operational Flow Orders and notices of a Critical Time) at any time, on a 24-hour a day, 365-day a year basis. Such contact persons must have adequate authority and expertise to deal with such operating matters.

(b) For the purpose of these General Terms and Conditions, the overall operational integrity of Natural's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance (including the capability and deliverability of storage reservoirs), the overall operating performance of the entire physical system as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of gas delivered.

23.2 FACILITY CONTROL

Natural shall maintain actual physical and operational control of all storage, transmission and other facilities on its system.

23.3 OPERATING PLAN

(a) Natural shall, on an annual or such more frequent basis as Natural deems necessary for proper operation of its system, prepare and circulate to all Shippers an Operating Plan. Such Operating Plan shall set out a plan for operation of Natural's system on a basis which approaches an optimum level, given ordinary engineering and operating constraints, and for maintenance of service at projected levels to all Shippers, consistent with applicable priorities of service. The Operating Plan may include, inter alia, a specification of:

(i) Desired levels of flow gas for each category of Shipper during various periods of the year.

(ii) A schedule of desired storage injections and withdrawals to maintain storage deliverability and protect the integrity of Natural's reservoirs.

(iii) Plans to deal with specific contingencies Natural anticipates may occur during the period covered by the Operating Plan.

(b) The Operating Plan shall be for planning and informational purposes only and shall not be binding on Natural or on any Shipper. It is further understood that, since all elements of an Operating Plan are subject to continual change and are contingent on the actions of numerous Shippers, the Operating Plan may not necessarily be an accurate depiction of Natural's system at any point in time.

(c) Natural may request that Shippers periodically provide non-binding estimates of flow patterns, injections and withdrawals and other operating parameters. Such information may be used by Natural in preparation of the Operating Plan or in testing whether an Operating Plan previously circulated requires revision.

23.4 OPERATIONAL CONTROL SEQUENCE

In the event Natural's observations or projections indicate that a situation is or may be developing in which adequate pressures may not be maintained or the overall operational integrity of its system (or any portion thereof) could be threatened, or in the event that such a situation actually occurs, Natural is empowered by this Section to take action to alleviate this situation. In responding to such a situation, Natural shall first apply the Advisory Action procedures of Section 23.5. If such measures are not sufficient in Natural's judgment to address the situation fully, Natural shall next employ Operational Flow Orders as provided in Section 23.6. In the event Operational Flow Orders alone are not adequate, Natural may invoke the Critical Time procedures set out in Section 23.7. Finally, Natural may take unilateral action as provided in Section 23.8. The procedures set out in such provisions, and their sequencing, are intended to be applied only to the extent any of the specific actions indicated, or such sequencing, would tend to alleviate the situation to be addressed. In issuing Advisory Actions, Operational Flow Orders or a Critical Time, Natural shall describe the conditions and the specific responses required from the affected parties. To the extent practicable, Natural shall direct its actions hereunder to Shippers creating or anticipated to create the situation to be addressed and shall act consistent with Section 23.9. Nothing herein shall preclude Natural from bypassing any of the above procedures if, in its judgment, the situation

so requires. Natural will keep Shippers advised through posting on the Informational Postings portion of Natural's Interactive Website on the status of the situation.

23.5 ADVISORY ACTIONS

In the event Natural determines that action is required to avoid a situation in which system pressure is not maintained or in which the overall operational integrity of the system or any portion of the system is jeopardized, Natural may take the Advisory Actions set out herein to forestall the development of such a situation.

(a) Natural may request Shippers or other entities affecting its system to take any of the following actions, or other similar actions, to the extent such actions would tend to alleviate the situation, on a voluntary basis:

(i) Increase or decrease the storage/supply mix of deliveries;

(ii) Shift receipts to obtain better capacity balance between pipeline systems;

(iii) Change Receipt or Delivery Points;

(iv) Change usage patterns (e.g., end users switch to alternate fuels);

(v) Provide assistance from market area resources (such as customer storage);

(vi) Activate pre-negotiated voluntary arrangements under which gas is diverted from one Shipper to another or from a non-Shipper to a Shipper (which arrangements may specify appropriate compensation);

(vii) Reconcile transportation imbalances; and/or

(viii) Such other voluntary action as would tend to alleviate or forestall the situation.

(b) Natural may also take actions within its control which might tend to alleviate or forestall the situation. Such actions may include the following:

(i) Advise any Shipper which is not maintaining receipts and deliveries in balance (after taking into account such Shipper's storage rights) that such imbalances must not continue;

(ii) Curtail or require adjustments or supply shifts in ITS service;

(iii) Curtail or adjust injections or withdrawals under Rate Schedules PALS and/or BESS;

(iv) Curtail or adjust interruptible injections or withdrawals under Rate Schedules DSS and/or NSS; and/or

(v) Take such other actions as are within Natural's control and discretion to alleviate or forestall the situation.

23.6 OPERATIONAL FLOW ORDERS

(a) (1) In the event that, in Natural's judgment, the Advisory Actions under Section 23.5 are not sufficient to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Natural's system or to maintain operations required to provide efficient and reliable firm service, Natural is authorized to issue Operational Flow Orders. Notwithstanding the foregoing, Natural shall take reasonable actions to minimize the issuance and the adverse impact of Operational Flow Orders, or of any other measure taken under this Section 23 in response to adverse operational events on Natural's system, including issuance of Operational Flow Orders which, to the extent practicable and where appropriate under the circumstances, are directed only to the specific Shipper or Shippers whose actions caused or contributed significantly to the conditions which required Natural to issue the Operational Flow Order. Natural will issue Operational Flow Orders only if necessary to maintain the pressure of its system within the range of normal operating parameters, respond to changes (including anticipated changes) in weather conditions or respond to or prevent facility outages or other conditions which could have a detrimental impact on system reliability or service integrity on its system. Natural may extend an Operational Flow Order to allow replenishment of market storage after a period of significant withdrawals if necessary to restore market storage fields to normal operating parameters and protect the deliverability of market storage fields, but only to support and protect Natural's firm service obligations. Operational Flow Orders shall be lifted as soon as practicable once such conditions (including the necessary replenishment of storage described in the prior sentence) no longer prevail.

(2) The Operational Flow Order shall identify with specificity the situation to be addressed and shall (in addition to mandating specific actions) indicate voluntary actions by Shippers (withdrawals/injections/increased takes or receipts/decreased takes or receipts, etc.) which would alleviate such situation. Operational Flow Orders shall also specify the time when compliance must be achieved. Such Operational Flow Orders may, subject to Section 23.11, require a Shipper to take any of the following actions, or similar actions, to the extent such actions would tend to alleviate the situation to be addressed:

(i) In the case of a storage Shipper, inject gas into storage in accordance with a schedule ordered by Natural. Injections may be required at any time during the year.

(ii) In the case of a storage Shipper, withdraw gas in accordance with a schedule ordered by Natural. Withdrawals may be required at any time during the year.

(iii) Commence or increase supply inputs into Natural's system or at specific points, or shift such supply inputs (in whole or in part) to different points.

(iv) Cease or reduce supply inputs into Natural's system or at specific points.

(v) Commence or increase takes of gas from Natural's system or from specific points, or shift takes to different points.

(vi) Cease or reduce takes from Natural's system or at specific points.

(vii) Reconcile transportation imbalances.

(viii) Change the storage/supply delivery mix.

(ix) Such other actions as are within Shipper's control which would tend to alleviate the situation to be addressed.

(3) No Shipper will be required under an Operational Flow Order to exceed its total firm MDQ (less firm DSS, FRSS and/or NSS storage rights, if applicable) under its Agreements with Natural under Part 284 of the Commission's Regulations. Nor will a Shipper be required to accept delivery of gas which the Shipper cannot use in its plant or service territory. Further, a Shipper subject to an Operational Flow Order issued to increase deliveries at

Receipt Points will have the option to decrease takes at Delivery Points by a like amount instead, and vice versa. Similarly, a Shipper subject to an Operational Flow Order issued to decrease deliveries at Receipt Points will have the option to increase takes at Delivery Points by a like amount instead, and vice versa.

An entity other than the Shipper may agree to take responsibility for Operational Flow Orders on behalf of a Shipper or a point operator or on behalf of the operator of a specified end-use facility. To accept such responsibility, the entity must provide Natural with written notification which includes: (i) written consent by the affected Shipper or operator; (ii) specification of any limits on the entity's responsibility; (iii) the term over which the notification is effective; and (iv) an identification of adequate resources (such as no-notice services at a point) which will be used to support the assumption of responsibility. Any notification or change in notification is effective on the second Business Day after delivery to Natural. Notwithstanding the foregoing, Natural may reject a notification upon written notice to such entity and any affected Shipper if such notification fails to comply with this Section or contains any provision which could adversely affect implementation of an Operational Flow Order or if the entity is not in a position to accept responsibility either operationally or financially for Operational Flow Orders. Such a rejection must be made by Natural within two (2) Business Days after the notification is tendered to Natural. If a notification is already in effect and Natural reasonably determines that the conditions for such a notification are no longer met, Natural may provide notice of rejection, which notice shall be effective within five (5) Days or such later time as is specified in the notice. As part of any rejection of a notification hereunder, Natural shall provide to the Shipper and to the entity which submitted the notification a written explanation of the rejection. Such explanation must be consistent with this paragraph. If such a notification is in effect, Natural will direct any Operational Flow Order within the scope of the notification to the entity agreeing to take responsibility.

(b) In issuing Operational Flow Orders to correct problems with either too much gas or insufficient gas being received vis-a-vis deliveries, Natural will generally follow the following sequence, to the extent there is sufficient time:

(1) Natural will require all Shippers out of balance to the detriment of the system to balance their Agreements.

(2) Natural will seek voluntary action from Shippers, subject to the Shipper and Natural negotiating adequate compensation.

(3) Natural will interrupt interruptible services if that will restore system flexibility prior to issuance of generally applicable Operational Flow

Orders or curtailment of firm services. This step will be taken when Shippers are failing to comply with previously issued Operational Flow Orders or when Natural cannot identify which Shippers are creating the problem.

(c) Notice of an Operational Flow Order will be provided through Electronic Notice Delivery consistent with NAESB~~GISB~~ Standards as adopted in Section 48 of these General Terms and Conditions and will be posted on the Informational Postings portion of Natural's Interactive Website. Natural shall also post, as soon as available, information about operational parameters which affect when an Operational Flow Order will begin and end (e.g., significant changes in pressure on any pipeline segment, status of facility repairs, etc.). Natural shall provide as much advance warning as possible of: (i) conditions which may create the need to issue an Operational Flow Order; and (ii) the issuance, termination or modification of an Operational Flow Order. Natural will endeavor to provide and post the notice that it will issue an Operational Flow Order before 4:00 p.m. Central Time or otherwise will endeavor to notify Shippers by 4:00 p.m. Central Time that they should check the Informational Postings portion of Natural's Interactive Website again at a specified later time to see whether an Operational Flow Order will be in effect for the next day. In addition, Natural must attempt to give actual notice of an Operational Flow Order via ~~telefax or~~ telephone (provided a Shipper has given the numbers to Natural as required in Section 23.1) at least four (4) hours prior to the start of the day before an Operational Flow Order will be effective as to a Shipper. Such notice shall specify the anticipated duration of the Operational Flow Order. An Operational Flow Order will be effective at the start of a day and will continue until the end of the day and through the end of successive days until Natural notifies Shippers that the Operational Flow Order has been lifted.

(d) If any Shipper fails to comply with an Operational Flow Order [other than those described in subsection (e) below] during any period which is not a Critical Time, it shall be subject to a penalty of $5.00 per Dth times any volume of gas by which it deviated from the requirements of the Operational Flow Order. A Shipper shall be exempt from such a penalty under this Section 23.6 to the extent the Operational Flow Order requires action beyond Shipper's contract limits under its Agreement with Natural or if Shipper has complied within a reasonable range, which range will be specified in the Operational Flow Order.

(e) In addition to the Operational Flow Orders described in subsection (a) above, Natural may issue Operational Flow Orders as follows:

(1) In order to improve system operations, Natural may require a Shipper which has a variance of twenty percent (20%) or more between actual deliveries to Natural at a Receipt Point and the confirmed nomination at that Receipt

Point to conform the deliveries to the confirmed nomination as of the day that commences with the effectiveness of the Operational Flow Order.

(2) Natural may also require Shippers to keep any variances between actual flows and confirmed nominations at all of the Receipt Points or Delivery Points in a Rate Zone under all of a Shipper's Agreements, which are to the detriment of Natural's system, within a ten percent (10%) tolerance. If a Shipper ("Swing Shipper") agrees to keep all other Shippers at a Delivery Point (or, if applicable, a Central Delivery Point) whole with their nominations, such other Shippers' confirmed nominations and actual takes at that point will be included in the total confirmed nominations and the total actual deliveries of the Swing Shipper at all Delivery Points in the Rate Zone for purposes of determining the Swing Shipper's variance.

Shippers that fail to comply with such Operational Flow Orders described in this subsection (e) shall be subject to a penalty of $10.00 per Dth outside of a ten percent (10%) tolerance.

(f) A Shipper shall not be subject to overrun penalties and charges from Natural or Balancing Service Charges with respect to any action taken in reasonable conformance with an Operational Flow Order issued by Natural during a Critical or non-Critical Time.

(g) Except as provided in Section 6(d) of Rate Schedule IBS, any Receipt or Delivery Point where the variance between the total confirmed nominations and actual flows is less than 1,000 Dth per day or where Natural does not have either daily metering or access to such information shall be exempt at all times, including during a Critical Time, from Operational Flow Orders requiring that gas flows be conformed to nominations or to some percentage of nominations.

(h) Within thirty (30) days after an Operational Flow Order has been lifted, Natural will post on its EBB a report which describes the specific operational factors which caused the Operational Flow Order to be issued and to be lifted.

23.7 CRITICAL TIME

(a) Natural shall advise Shippers on its system if it is declaring a Critical Time, as described in Section 12.5 of these General Terms and Conditions, and shall specify the nature of the situation creating the Critical Time.

(b) Natural may issue Operational Flow Orders as described in Section 23.6 during a Critical Time. Natural will waive (i) injection storage charges under Rate Schedules DSS and NSS for Shippers that provide extra gas to the

system during a Critical Time when there is a need for more gas, and (ii) withdrawal storage charges under Rate Schedules DSS and NSS for Shippers that increase takes from the system during a Critical Time when there is a need to reduce the amount of gas on the system.

(c) The penalty for failure to abide by an Operational Flow Order issued during a Critical Time shall be equal to the volume (in Dth) by which Shipper deviated from the requirement of the Operational Flow Order multiplied by the greater of (i) $15.00 or (ii) the sum of three hundred percent (300%) of the highest authorized overrun rate which can be applicable to an FTS Agreement on Natural's system pursuant to Section 12 of these General Terms and Conditions plus three hundred percent (300%) of the highest Weekly Index Price used to determine the Average Monthly Index Price (as determined in accordance with Section 13) for the month in which the violation occurred. Additional amounts may be billed pursuant to Section 23.10.

23.8 UNILATERAL ACTION

In the event that the actions under Sections 23.4 through 23.7 are inadequate or there is insufficient time to carry out such procedures, Natural may periodically have to take unilateral action to maintain system pressure and preserve the overall operational integrity of Natural's system (or any portion thereof). Natural is authorized to use all the resources of its system to such ends, through the integrated operation of storage, line pack, and supply received into Natural's system, even though gas may be owned by a person other than the entity receiving delivery. Natural shall not, however, be responsible as a supplier of gas to any Shipper.

23.9 APPLICABILITY OF ACTIONS

(a) In exercising its authority pursuant to Sections 23.4 through 23.8, Natural shall generally direct its actions to Shippers in the following sequence, to the extent such actions and/or sequencing will tend to alleviate the situation to be addressed:

(1) First, to any Shipper which is causing disruption due to its failure to maintain receipts and deliveries in balance or to match physical flows with nominated receipts or deliveries (after taking into account any storage rights of such Shipper);

(2) Second, to any Shipper which has failed or is failing to take action to anticipate a change in demand (i.e., a temperature sensitive LDC or end user failing to respond to changes in weather);

(3) Third, to any Shipper which is operating in a manner which conflicts with sound operational practices in relation to Natural's system; and

(4) Lastly, to all other Shippers.

(b) Notwithstanding subsection (a), any Shipper which has taken voluntary action to alleviate a situation shall be exempted from further action hereunder to the extent of its voluntary action until Natural has applied equivalent measures to other Shippers.

(c) Operational Flow Orders shall require action within any Shipper class proportionate to appropriate and relevant parameters, such as applicable contract quantities or current or recent flowing gas volumes.

23.10 USE OF PENALTY FUNDS

(a) Funds collected during each calendar year from Shippers billed for violations of Operational Flow Orders issued during Critical and non-Critical Times will be subject to the provisions of Section 12.8 of these General Terms and Conditions.

23.11 STANDARDS

(a) In issuing Operational Flow Orders or taking other operational control action under this Section, Natural shall apply consistent and objective engineering and operational criteria to define the overall operational integrity of the system and acceptable pressure levels to be protected, to evaluate the imminent nature of any threat to these factors, and to determine what steps are necessary to preserve such factors. Such criteria may be changed from time to time as operating experience indicates.

(b) In applying this Section, Natural shall operate its system on a non-discriminatory manner, without regard to the source of supply, the identity or nature of any Shipper or the identity of any entity tendering or receiving gas except as otherwise explicitly provided herein.

23.12 LIABILITY

Natural shall not be liable to any person for the manner in which it operates its system, or for any diversion of gas or capacity rights or any other adverse consequences to such person which may result from its actions, provided that Natural's actions were undertaken in furtherance of and in accordance with this Section and provided further that such adverse consequences are not attributable to Natural's negligence or misfeasance.

GENERAL TERMS AND CONDITIONS

29. NOTIFICATION

29.1 GENERAL

Except as provided otherwise in this Tariff or the Agreement, operational communications may be made by telephone or other mutually agreeable means without subsequent written confirmation, unless written confirmation is requested by either party hereto. Any notice, request, demand, statement or other formal communication shall only be deemed given when delivered by first class, certified or registered U.S. mail, overnight delivery, courier, ~~telefax~~ or Electronic Notice Delivery consistent with NAESB~~GISB~~ Standards as adopted in Section 48 of these General Terms and Conditions. Such delivery shall: (1) be sent to Natural at the address specified in the Agreement, or through such electronic means as are available and authorized by Natural, or at an address otherwise stated in a notice by Natural to Shipper; and (2) be sent to Shipper at the address in the Agreement, through Electronic Notice Delivery or at an address otherwise stated in a notice by Shipper to Natural.

29.2 NOTIFICATION PROCEDURES

(a) PRICING

(1) The availability and pricing of services on Natural's system is governed by this Tariff. From time to time, Natural changes or updates its Tariff by filings with the FERC. Each Shipper is notified by Natural of such filings and is provided a copy of each filing.

(2) Telephone inquiries related to the availability or pricing of services are answered by representatives of Natural and upon request, potential Shippers are provided copies of Natural's Tariff filings.

(3) Shippers desiring a rate under any Agreement other than the maximum rate on file with the FERC are required to submit such requests in writing or by electronic medium to the Director, Transportation/Storage Services, in Houston. Any lower rate agreed to by Natural is evidenced in writing to such Shipper, and such rate is considered confidential until it is reported to the FERC as required by the Regulations. In order to attract or determine interest in the use of any particular service, representatives of Natural may from time to time contact Shippers by telephone, to the extent consistent with Section 5.1(e) of these General Terms and Conditions. Such conversations are confidential and may or may not result in Shipper submitting a request for a discounted rate for a particular service.

(b) CAPACITY

(1) Capacity available for firm service is communicated to requestors of that service under the provisions of Section 5.1(e) of these General Terms and Conditions and of the applicable firm Rate Schedule.

(2) Capacity available for interruptible services is communicated to holders of interruptible Agreements by representatives of Natural in response to the Shippers' nominations for service. The general availability of interruptible capacity is communicated by the Informational Postings portion of Natural's Interactive Website system, which is described in Section 17 of these General Terms and Conditions.

(3) When available capacity is affected by construction projects or unforeseen conditions, Natural communicates such information primarily via its Interactive Website (and primarily by posting on the Informational Postings portion thereof) to its Shippers. Natural also uses letters or telephone calls to communicate capacity information when such means are appropriate.

GENERAL TERMS AND CONDITIONS

34. SALES BY NATURAL'S MERCHANT DIVISION

34.1 GENERAL

~~Effective December 1, 1993, sales service by Natural under Rate Schedules DMQ-1, G-1, WS-1, WS-2, E-1, AOR-1 and IS-1 shall terminate. Thereafter, a~~Any sale made by Natural shall be pursuant to this Section and to a blanket certificate issued by the Commission. Sales by Natural shall be subject to any conditions imposed by the Commission in authorizing, and to any Commission Rules and Regulations applicable to, such blanket certificate. This Section shall not apply to any gas sales made by any affiliate of Natural.

34.2 SEPARATION OF FUNCTIONS

(a) ~~In the event that Natural makes any sale after December 1, 1993 other than a sale by its Transportation Division identified in subsection (c) of this Section 34.2, Natural shall establish a Merchant Division to make such sale.~~ Natural does not anticipate that any Merchant Division will be formed, but if it is, the Merchant Division shall be separate from Natural's Transportation Division, which markets and implements transportation and storage services. The Merchant Division, if any, shall be treated as a marketing affiliate for the purposes of the requirements of Order Nos. 497, et seq., as such requirements may be in effect from time to time. Natural's Transportation Division shall not afford Natural's Merchant Division, if any, any preference or favorable treatment vis a vis any other Shipper similarly situated in any dealings between the two divisions. Natural's Transportation Division shall provide services of equal quality to all Shippers, consistent with the applicable Rate Schedule, without regard to whether gas was purchased from Natural's Merchant Division or from another entity. Natural's Transportation Division shall disclose to non-affiliated suppliers and Shippers non-public operating data available to personnel in Natural's Merchant Division (if any). Unless otherwise indicated or required by the context, references in this Tariff to "Natural" shall encompass only Natural's Transportation Division.

(b) Natural's Merchant Division, if any, may not hold capacity on Natural's system or on any upstream pipeline which interconnects with Natural; provided, however, that Natural's Merchant Division, if any, is not precluded from holding capacity on such an upstream system for the movement of gas which does not enter Natural's system.

(c) Natural's Transportation Division is not providing a supply service under any Rate Schedule of this Tariff but may buy and sell gas in connection with the providing of storage and transportation services. Without limitation of the foregoing, Natural may buy and sell gas to the extent necessary to maintain system pressure, to manage system storage, to replenish any storage retained by Natural's Transportation Division for system operations, to provide adequate storage inventory to support storage services except to the extent the Shipper is responsible for such inventory, to maintain line pack and provide additional line pack for new facilities, to implement the cashout procedures under Section 13 of these General Terms and Conditions, and to perform other functions of Natural's Transportation Division in connection with transportation and storage services. Such sales are authorized pursuant to Natural's blanket sales certificate. Nothing herein shall impose on Natural's Transportation Division any obligation to provide a supply function to any of its transportation or storage Shippers; provided, however, that Natural may rely on system storage and line pack to provide instantaneous receipt and delivery and tolerances as applicable under the particular Rate Schedule. ~~Natural's Transportation Division may retain capacity and make sales of gas to the limited extent necessary to carry out Section 38.8 of these General Terms and Conditions relating to Coal Gas.~~

34.3 MERCHANT DIVISION SALES

(a) Except as provided in subsection (b) of this Section 34.3, all terms and conditions of any sales service provided by Natural's Merchant Division, if any, including the level, form and billing of rates and any quantity entitlements, delivery obligations and take obligations, shall be negotiated between Natural and the gas purchaser, and shall be and remain confidential as between Natural's Merchant Division and its purchasers.

(b) Curtailment of gas sales by Natural's Merchant Division, if any, shall be consistent with Section 34.5 and the point of any sale by Natural's Merchant Division shall be consistent with Section 34.4(a).

34.4 POINT OF SALE

(a) Gas sales by Natural's Merchant Division (if any) may be made at any point not on Natural's system (i.e., at points on other pipeline systems), or at any point at which gas first enters any facilities owned by Natural. Points where gas first enters Natural's facilities will be listed in the Catalog of Points on the Informational Postings portion of Natural's Interactive Website. Subject to the foregoing, the specific sales point(s) for any particular sale by Natural's Merchant Division and the allocation of purchase volumes among multiple points shall be negotiated between Natural's Merchant Division and its purchasers.

(b) Gas sales by Natural's Transportation Division for operational purposes only may be made at any point at which gas first enters facilities owned by Natural, at any pooling point and at any zone storage point. Such sales may include in-field storage transfers in accordance with Section 9 of these General Terms and Conditions. Unless the point of sale is otherwise restricted under another provision of this Section, the point of sale for any other sale by Natural must be at a point not on Natural's system (i.e., at points on other pipeline systems) or at any point where gas first enters any facilities owned by Natural.

34.5 CURTAILMENT

(a) Sales by Natural's Merchant Division, if any, may be curtailed for supply-related shortages or due to conditions of Force Majeure or routine maintenance on facilities upstream of the sales points or for other reasons as set out in the sales agreement between Natural's Merchant Division and the purchaser. As used in this Section 34, Force Majeure shall have the same meaning as is set out in Section 27 of these General Terms and Conditions. Without limitation of the foregoing, Force Majeure shall include Force Majeure on the part of any necessary entity upstream of the point of sale.

(b) Capacity curtailment associated with transportation or storage of gas sold by Natural's Merchant Division, if any, shall be determined under the applicable Rate Schedule. Natural's Transportation Division shall not afford any preference or favorable treatment to any arrangement for the movement or storage of gas purchased from Natural's Merchant Division, if any, regardless of the identity of the Shipper.

34.6 AGENCY

(a) Natural's Merchant Division (if any exists) may, but is not obligated to, act as agent for any Shipper with respect to any transportation or storage Agreement between such Shipper and Natural's Transportation Division. Natural's Merchant Division (if any) must comply with the provisions of Natural's Tariff governing delegation and agency in the same manner as any other entity similarly situated. Natural's Transportation Division may not afford the Merchant Division (if any), acting in such agency capacity, any preference or favorable treatment vis a vis any other entity which is eligible to act, and has been requested to act, as agent under Natural's Tariff.

(b) The terms and conditions of any such agency relationship, including any fee assessed for such service, shall be negotiated between Natural's Merchant Division (if any) and the entity designating it as agent.

34.7 ABANDONMENT

Natural's Merchant Division, if any, is authorized to abandon any sale upon termination of the sales agreement. Natural's Transportation Division is authorized to abandon any sale identified in Section 34.2(c) upon termination of the sales agreement.

GENERAL TERMS AND CONDITIONS

38. RESERVED FOR FUTURE USE~~RECOVERY OF ORDER NO. 636 GAS SUPPLY REALIGNMENT COSTS AND UPSTREAM SUPPLIER TRANSITION COSTS~~

~~38.1 APPLICABILITY~~

~~This Section sets forth procedures pursuant to Commission Order Nos. 636, et seq., for Natural to assess charges to compensate it for Supply Realignment Costs and transition costs assessed by upstream pipelines. Assessments under this Section 38, ceased as of December 1, 2001 except for any remaining amounts under Section 38.5.~~

~~38.2 DEFINITIONS~~

~~(a) SUPPLY REALIGNMENT COSTS~~

~~Supply Realignment Costs shall mean Contract Reformation Costs, Auction Costs or Pricing Differential Costs. The method of establishing Supply Realignment Costs shall be determined by Natural as to each contract in its reasonable discretion exercised to minimize costs. Natural may not include as Supply Realignment Costs any punitive or exemplary damages, any costs or category of costs already reflected in Natural's base rates or any assessment of the costs of other parties.~~

~~(1) Contract Reformation Costs shall mean amounts in cash or other consideration prudently incurred by Natural to terminate, buydown or modify contracts or settle claims by suppliers related to elimination or modification of supply commitments in effect on November 30, 1993, to the extent that such amounts are associated with a period subsequent to November 30, 1993. Such amounts shall include payments to suppliers to buyout or buydown contract volumes or prices under gas supply contracts; to terminate such contracts; to reform volume, take-or-pay, minimum take, price or any other pertinent terms of any gas purchase contract; to satisfy damage awards to suppliers arising out of litigation related to gas supply contracts to the extent such awards relate to periods subsequent to November 30, 1993; or to cover the costs incurred by such suppliers to third parties related to such contracts to the extent recoverable from Natural under the terms of such contracts.~~

(2) Auction Costs apply where a contract is assigned pursuant to an auction as provided by Section 4 of these General Terms and Conditions, in which case the best bid shall establish the level of Supply Realignment Costs.

(3) Pricing Differential Costs shall apply in instances where Natural is unable to reach a negotiated resolution with a supplier at reasonable cost and Natural concludes that auction of the contract may not reduce costs. In such cases, Supply Realignment Costs shall be determined pursuant to a "pricing differential" method and shall reflect the difference (which may be positive or negative) between the price at which Natural sells the gas at auction or, if an auction is not utilized, the greater of the price at which Natural actually sells the gas or the market price of gas for the period in question, as determined by reference to published spot price indices in general use in the industry and applicable to Natural's system, and the price Natural is obligated to pay the supplier, times the volume of gas Natural takes from such supplier over the period in question. Such costs shall also reflect any out-of-period adjustments relating to contracts treated on a pricing differential basis if such adjustments relate to periods subsequent to November 30, 1993. Natural has provided the Commission as part of its first tracking filing under this Section 38: (i) a List A of all contracts to be handled initially under the pricing differential method; (ii) an initial List B of all below market contracts; and (iii) a specification of the applicable indices and other factors used in determining the price differential. Such sales are to be made consistent with Section 34 of these General Terms and Conditions. Natural may continue to use the pricing differential method to determine Supply Realignment Costs for auctions held or sales made during the period through November 30, 1997; provided, however, that Natural may continue to use the pricing differential method to determine Supply Realignment Costs associated with one remaining gas supply contract, as reflected in its filing with the Commission to revise this Section 38 made on August 26, 1997, until December 31, 2000, or any earlier date on which such contract is terminated. Natural will advise the Commission within thirty (30) days in the event that the parties to this contract agree to any substantive change in its terms and conditions. The pricing differential method shall also apply to Coal Gas as provided in Section 38.8 of these General Terms and Conditions.

(b) ASSESSABLE SHIPPER

For purposes of this Section, Assessable Shipper shall mean any Shipper receiving Assessable Transportation Services.

(c) ASSESSABLE TRANSPORTATION SERVICES

Assessable Transportation Services shall mean all firm transportation services under Rate Schedule FTS or FFTS (and Rate Schedules S-2, S-2/G, FTS-E or FTS-E/G prior to such Rate Schedules being superseded effective December 1, 1995,

~~and DSS and FTS-G for periods prior to December 1, 1997) pursuant to Agreements in effect from and after December 1, 1993, excluding (1) any such Agreements entered into prior to December 1, 1993 to the extent Natural is unable contractually to collect any additional amounts attributable to Supply Realignment Costs; (2) any Agreements excludible pursuant to a filing under Section 38.10(c); and (3) any Agreement for such service between Natural and any member of the Natural Customer Group, any of the G Customers, or any of the Other Consenting Customers, except as otherwise provided under other terms of this Section 38. No costs shall be allocated or charges assessed hereunder to any FRSS Agreement.~~

~~(d) AMORTIZATION PERIOD~~

~~Amortization Period shall mean the period commencing December 1, 1993 and continuing through November 30, 1997.~~

~~(e) EXTENDED AMORTIZATION PERIOD~~

~~Extended Amortization Period shall mean the period from December 1, 1997 through November 30, 2001; provided, however, that the Extended Amortization Period shall end on such earlier date as collections under Section 38.11 cease.~~

~~(f) NATURAL CUSTOMER GROUP~~

~~Natural Customer Group shall include the following local distribution utilities served by Natural: Northern Illinois Gas Company; The Peoples Gas Light and Coke Company; Northern Indiana Public Service Company; MidAmerican Energy Company; North Shore Gas Company; Wisconsin Natural Gas Company (limited to contracts of its predecessor, Wisconsin Southern Gas Company); Interstate Power Company; and IES Utilities, Inc. (limited to contracts of its predecessors, Iowa Electric Light and Power Company and Iowa Southern Utilities Company).~~

~~(g) NCG SETTLEMENT~~

~~NCG Settlement shall mean the settlement filed jointly by Natural and the Natural Customer Group on February 1, 1994 in Docket No. RS92-45, relating to recovery by Natural of Supply Realignment Costs from the Natural Customer Group, which settlement was approved by the Commission on May 12, 1994, 67 FERC Paragraph 61,174.~~

~~(h) OTHER CONSENTING CUSTOMERS~~

~~Other Consenting Customers shall mean Associated Natural Gas Company and City of Nebraska City, Nebraska, which are former DMQ-1 sales customers which are not part of the Natural Customer Group, and Industrial Energy Applications, Inc.~~

~~(i) OTHER SETTLEMENTS~~

~~Other Settlements shall mean the two settlements filed on April 8, 1994 in Docket No. RS92-45 relating to recovery by Natural of Supply Realignment Costs from Associated Natural Gas Company and City of Nebraska City, Nebraska, which settlements were authorized by the Commission along with the NCG Settlement, and the settlement filed July 12, 1994 relating to recovery by Natural of Supply Realignment Costs from Industrial Energy Applications, Inc., which settlement was authorized by the Commission in Docket No. RP94-346 on September 29, 1994, 68 FERC Paragraph 61,388.~~

~~(j) G CUSTOMERS~~

~~The entities formerly served by Natural under Rate Schedule G-1 which are listed in Section 38.5(a)(1) of these General Terms and Conditions and which are covered by the G Customer Settlement.~~

~~(k) G CUSTOMER SETTLEMENT~~

~~The settlement filed on August 11, 1994 relating to recovery by Natural of Supply Realignment Costs from G Customers and other matters, which settlement was authorized by the Commission in Docket No. RP94-346 on September 29, 1994, 68 FERC Paragraph 61,388.~~

~~(l) INITIAL EFFECTIVE DATE~~

~~Initial Effective Date shall mean December 1, 1993.~~

~~38.3 APPLICATION OF CHARGES~~

~~(a) The charges calculated under Section 38.4 hereof shall be assessed to members of the Natural Customer Group and Other Consenting Customers as separate monthly billings of Demand Surcharges based on fixed transportation billing determinants.~~

~~(b) The charges under Section 38.5 shall be assessed to G Customers as volumetric charges or as Demand Surcharges in accordance with the options set out therein.~~

~~(c) The charges under Section 38.6 shall be assessed as Demand Surcharges for Assessable Transportation Services.~~

~~(d) The charges under Section 38.7 shall be assessed on a volumetric basis.~~

~~(e) The charges under Section 38.8 shall be assessed as Demand Surcharges on Assessable Transportation Services, as set out in Sections 38.4, 38.5 and 38.6.~~

~~(f) The charges under Section 38.11 shall be assessed as Demand Surcharges or on a volumetric basis, as applicable.~~

~~(g) The charges determined under Section 38.12 shall be assessed as Demand Surcharges.~~

~~38.4 SUPPLY REALIGNMENT COST CHARGES TO NATURAL ` CUSTOMER GROUP AND OTHER CONSENTING CUSTOMERS~~

~~This Section 38.4 sets out charges to members of the Natural Customer Group for Supply Realignment Costs as provided in the NCG Settlement. This Section also sets out charges on a consistent basis for Other Consenting Customers. Such charges ceased effective December 1, 2001.~~

~~(a) (1) Members of the Natural Customer Group shall pay a Demand Surcharge for recovery of Supply Realignment Costs (GSR Demand Surcharge) each month on the following transportation billing units: Interstate Power Company -- 9,781; IES Utilities, Inc. (relating only to contracts formerly held by Iowa Southern Utilities Company and Iowa Electric Light and Power Company) -- 39,805; MidAmerican Energy Company -- 136,713; Northern Illinois Gas Company -- 1,143,989; Northern Indiana Public Service Company -- 511,780; North Shore Gas Company -- 164,180; Peoples Gas Light and Coke Company -- 669,026; and Wisconsin Natural Gas Company (relating only to contracts formerly held by~~

~~Wisconsin Southern Gas Company) -- 46,992. These transportation billing units for recovery of Supply Realignment Costs are fixed for a period of forty-eight (48) months commencing December 1, 1993.~~

~~(2) The average rate for the GSR Demand Surcharge to members of the Natural Customer Group for the forty-eight (48) month billing period commencing December 1, 1993 applicable to the transportation billings units set out in subsection (a)(1) shall not exceed $3.12, except as provided in subsection (a)(5). The rate applicable in any quarter shall be a rate filed by Natural, which may not exceed $3.42 [except as provided in subsection (a)(5)] and such rate may only exceed $3.12 in any quarter [except as provided in subsection (a)(5)] to the extent Natural has previously charged less than $3.12 [i.e., the cumulative average of the rates which have been charged by Natural may not exceed $3.12 at any point during the forty-eight (48) month period except as provided in subsection (a)(5)]. If Natural charges a rate less than $2.81, then for the purpose of calculating the average rate Natural is allowed to charge over the forty-eight (48) month recovery period, the rate for any period such lower rate is in effect shall be reflected at $2.81. These rates are not specifically related to, and need not be supported by, costs incurred at any point in time but are subject to reconciliation and refund under Section 38.10 of these General Terms and Conditions.~~

~~(3) Once Natural has sufficient information to determine the total amount of its Supply Realignment Costs, Natural shall file to adjust the GSR Demand Surcharge applicable hereunder. Such filing shall set out the rate (including zero if applicable) which is necessary to recover the remaining unrecovered balance of such costs allocated to the Natural Customer Group members from them over the remainder of the forty-eight (48) month recovery period, which rate must be consistent with the ceiling rates set forth in subsection (a)(2). Natural may at any time reduce this rate further or suspend billings, but may not increase any rate charged under this subsection (a)(3). Any reduction in rate under this subsection (a)(3) cannot be offset by an increase in rate under subsection (a)(2).~~

~~(4) Natural may change the GSR Demand Surcharge applicable to members of the Natural Customer Group once each quarter, consistent with the parameters set out herein, by filing a revised rate at least thirty (30) days prior to the beginning of such quarter. For the purposes of the NCG Settlement, quarters shall mean the three (3) month periods commencing December 1, 1993 and on the first day of each succeeding third month over the ensuing forty-eight (48) month period; provided, however, that for billing purposes the initial quarter shall consist of two months (January and February, 1994) but the rate level for this initial quarter shall be subject to the same limitations in subsection (a)(1) as for any other quarter; and provided, further, that the rates set out in filings by Natural in Docket Nos. RP94-87,~~

~~RP94-122, RP94-169, RP94-195, RP94-249 and RP94-260 satisfy this subsection for the periods covered by such filings.~~

~~(5) The NCG Settlement is predicated upon a forty-eight (48) month billing period commencing December 1, 1993. Natural shall adjust the rate hereunder applicable to the remainder of the recovery period after the Effective Date of the NCG Settlement such that total collections are consistent with the collections had the rates provided for hereunder been in effect commencing December 1, 1993. Natural shall reflect applicable interest in such adjusted rate consistent with Section 38.10(a)(3) of these General Terms and Conditions to compensate Natural or the Natural Customer Group for any resulting timing difference in collection. Collections of Supply Realignment Costs from Natural Customer Group members under any other applicable recovery mechanism rate prior to the Effective Date of the NCG Settlement shall be taken into account in calculating such rate. The cap on Natural's collections under subsection (b) shall be adjusted for any interest which is attributable solely to the fact that the NCG Settlement is not implemented in accordance with the schedule set out in this subsection (a).~~

~~(b) (1) Excluding the flowthrough of transition costs from upstream pipelines (it being recognized, however, that all upstream transition costs associated with Coal Gas are encompassed by the NCG Settlement), and except as provided in Section 38.10(a)(5), the total amount of Supply Realignment Costs recoverable from the Natural Customer Group, inclusive of interest on principal amounts allocated to the Natural Customer Group under subsection (b)(2) shall not exceed $408 million, which amount represents the collections under the transportation billing units and maximum average surcharge set out in subsection (a). Notwithstanding the prior sentence, Natural may make the adjustment provided for in subsection (a)(5). In addition, in the event the total aggregate interest owed by Natural to Natural Customer Group members at the time of the reconciliation, as calculated under Section 38.10(a)(3)(ii) of these General Terms and Conditions, exceeds the total aggregate interest owed to Natural by the Natural Customer Group at the time of the reconciliation, as calculated under Section 38.10(a)(3)(i) of these General Terms and Conditions, the cap shall be adjusted downward by the net amount of such interest.~~

~~(2) The total principal amount of Supply Realignment Costs recoverable from Natural Customer Group members (exclusive of transition costs flowed through from upstream pipelines) shall, subject to the limitation in subsection (b)(1) equal the total principal amount of Natural's Supply Realignment Costs less the sum of the following exclusions:~~

~~(i) twenty percent (20%) of the first $300 million in Supply Realignment Costs;~~

~~(ii) twenty-eight percent (28%) of the Supply Realignment Costs in excess of $300 million, but less than $500 million; and~~

~~(iii) thirty-five percent (35%) of Supply Realignment Costs in excess of $500 million. Interest shall be assessed on the principal amounts allocated above in accordance with Section 38.10(a)(3) of these General Terms and Conditions. If this calculation results in an amount of Supply Realignment Costs plus interest in excess of the cap of $408 million, as adjusted under subsections (a)(5) and (b)(1), Natural's recovery of Supply Realignment Costs from the Natural Customer Group shall be limited to $408 million consistent with subsection (b)(1) except for any adjustment under subsections (a)(5) and (b)(1). If the calculation results in an amount less than the cap of $408 million, as adjusted under subsections (a)(5) and (b)(1), Natural shall make refunds to the Natural Customer Group in accordance with the reconciliation procedures in Section 38.10(a) of these General Terms and Conditions.~~

~~(c) All matters related to recovery of Supply Realignment Costs from Natural Customer Group members shall be resolved consistent with the NCG Settlement. In particular, issues of eligibility and prudence are subject to Article IV of the NCG Settlement.~~

~~(d) (1) This Section 38.4 sets out a comprehensive procedure with respect to the allocation of Supply Realignment Costs to, and collection of Supply Realignment Costs from, members of the Natural Customer Group, including Coal Gas costs under Section 38.8 of these General Terms and Conditions. For purposes of this mechanism, any actual or imputed collection of Supply Realignment Costs by Natural from other customers shall not reduce such recoveries from the Natural Customer Group members nor [except as provided in subsection (d)(2)] shall the Natural Customer Group members be entitled to any credit or refund as a result of Natural having collected or being deemed to have collected any Supply Realignment Costs from any other Shipper; provided, however, nothing herein shall be read as inconsistent with the crediting provisions of Section 38.7 or with the additional collections under Section 38.10(a)(5).~~

~~(2) Supply Realignment Costs shall not be assessed against any specific Agreement held by any member of the Natural Customer Group; provided, however, with respect to Wisconsin Natural Gas Company, this statement is limited to Agreements formerly held by Wisconsin Southern Gas Company or successor Agreements arising out of such Agreements, and with respect to IES Utilities, Inc., this statement is limited to Agreements formerly held by Iowa Southern Utilities Company and Iowa Electric Light and Power Company or successor Agreements arising out of such Agreements; and provided, further, that nothing herein shall preclude Natural from seeking to assess, or shall prejudice any Natural Customer Group member in objecting to an assessment of, the following:~~

~~(i) generally applicable charges, including any amounts for recovery of Supply Realignment Costs, assessed on any ITS Agreements, whether or not held by a Natural Customer Group member; and~~

~~(ii) generally applicable charges to recover Supply Realignment Costs assessed on new firm transportation Agreement(s) of a Natural Customer Group member to the extent such Agreement(s) would increase the total firm contract demand of such Natural Customer Group member for transportation services on Natural above the level of its aggregate firm contract demand for firm transportation services on Natural in effect on December 1, 1993.~~

~~(e) (1) The Other Consenting Customers shall be assessed the same Demand Surcharge as Natural Customer Group members in any month, based on the following transportation billing determinants which are fixed for a period of forty-eight (48) months from December 1, 1993:~~

~~Associated Natural Gas Company 5,477~~
~~City of Nebraska City, Nebraska 4,100~~
~~Industrial Energy Applications, Inc. 2,744~~

~~The rate paid by the Other Consenting Customers shall be adjusted to equal the effective rate paid by members of the Natural Customer Group based on the reconciliation in Section 38.10(a). Natural shall pay interest on any resulting refunds at the rate prescribed in the Commission's Regulations at 18 C.F.R. Section 154.501(d).~~

~~(2) All matters related to recovery of Supply Realignment Costs from Other Consenting Customers shall be resolved consistent with the Other Settlements. In particular, issues of eligibility and prudence are subject to Article IV of the Other Settlements.~~

~~38.5 SUPPLY REALIGNMENT COST CHARGE TO G CUSTOMERS~~

~~This Section 38.5 sets out charges for Supply Realignment Costs to G Customers consistent with the G Customer Settlement.~~

~~(a) (1) The G Customers and their responsibility for Supply Realignment Costs in their traditional market areas are as follows:~~

G Customers	Billing Determinants	Allocated Cost
Agenda, Kansas, City of	125	$14,639
Arkansas Louisiana Gas Company	174	20,378
Bethany, Illinois, Village of	1,500	175,670
Brighton, Iowa, Town of	490	57,385
Central Illinois Public Service Company	3,993	467,634
Corn, Oklahoma, Town of	389	45,557
Corning Municipal Utilities	2,000	234,227
Entex	1,100	128,825
Findlay, Illinois, Village of	750	87,835
Frohna, Missouri, City of	500	58,557
Grand Tower, Illinois, City of	430	50,359
Lenox, Iowa, Town of	4,000	468,453
Lorimor, Iowa, City of	319	37,359
Marietta, Texas, City of	579	67,809
Monarch Gas Company	8,500	995,464
Montezuma, Iowa, Town of	1,743	204,129
Nashville, Illinois, City of	5,025	588,495
Pawnee Rock, Kansas, City of	308	36,071
Peoples Natural Gas Company	1,402	164,193
Perryville, Missouri, City of	4,975	582,639
Pinckneyville, Illinois, City of	3,000	351,340
Salem, Illinois, City of	7,000	819,794
Spearville, Kansas, City of	600	70,268
Sullivan, Illinois, City of	5,500	644,123
Twin County Gas Company, Inc.	807	94,510
Union Electric Company	4,000	468,453
United Cities Gas Company	6,800	796,371
Wellman, Iowa, Town of	828	96,970
Western Resources (KPL Gas)	619	72,493
Total		$7,900,000

~~(2) Each of the amounts in (1) is a fixed obligation for the designated customer which is not affected by termination of any Agreement, but shall be subject to adjustment pursuant to Section 38.5(d).~~

~~(3) (i) This Section 38.5 shall be a comprehensive treatment of the assessment of Supply Realignment Costs to G Customers and the charges provided for herein are in lieu of all otherwise applicable charges for Supply Realignment Costs. Natural's recovery of Supply Realignment Costs from G Customers relating to service in their traditional market areas shall be limited to the provisions of this Section 38.5 and Supply Realignment Costs recoverable hereunder shall not [except as expressly provided in Section 38.5(d)] be subject to adjustment. No demand charges or volumetric charges other than provided herein for recovery of such charges shall apply to any Agreement of any of the G Customers for delivery in such customer's traditional market area. For the purposes hereof, the term "traditional market area" shall refer to markets of any of the G Customers into which Natural had at any time since 1985 provided G-1 service for such customer.~~

~~(ii) Any actual or imputed collection of Supply Realignment Costs by Natural from other customers shall not reduce recoveries from any of the G Customers nor, except as otherwise provided in Section 38.7, shall any of the G Customers be entitled to any credit or refund as a result of Natural having collected or being deemed to have collected any Supply Realignment Costs from any other Shipper. Underrecoveries of Supply Realignment Costs from other customers (whether firm or interruptible) shall not be shifted to any of the G Customers nor shall overrecoveries of Supply Realignment Costs from any such customers reduce the allocation of Supply Realignment Costs to any of the G Customers.~~

~~(iii) Notwithstanding the remainder of this subsection (3), nothing herein shall prejudice or preclude Natural from filing to collect pursuant to generally applicable tariff provisions any transition costs under Order Nos. 636, et seq., flowed through from upstream pipelines (it being understood, however, that the G Customer Settlement encompasses all upstream transition costs associated with Coal Gas). Each of the G Customers reserves all rights to protest and object to any filing by Natural to institute such recovery. Further, to the extent Supply Realignment Costs are allocated to and embedded in base rates for Rate Schedule ITS, nothing herein shall be read to preclude collection of such base rates by Natural from any of the G Customers nor shall collection of any such amounts in ITS base rates reduce or be counted toward the cost responsibility of any of the G Customers hereunder.~~

~~(b) (1) Each of the G Customers shall be billed monthly an amount for Supply Realignment Costs equal to the product of: (i) the volumes delivered to or for the account of such customer in its traditional market area that month under any type of transportation agreement with Natural multiplied by (ii) a one-part volumetric rate~~

~~which is the derivative at an imputed fifty percent (50%) load factor of a Demand Surcharge of $3.12. Such monthly billings shall continue for each of the G Customers until that customer has fully paid its Supply Realignment Cost obligation set out in Section 38.5(a)(1), as adjusted under Section 38.5(d). Alternatively, any of the G Customers may choose to make a lump sum payment under (2) in lieu of such charges. Any of the G Customers electing to pay the volumetric one-part rate hereunder shall pay interest on the cumulative amount by which collections from December 1, 1993 are less than if it had paid monthly Demand Surcharges commencing December 1, 1993 of $2.44 per unit of billing determinants underlying the G Customer Settlement [as shown in Section 38.5(a)(1)], as adjusted under Section 38.5(d). Interest shall be at the Commission approved rate in 18.C.F.R. Section 154.501(d).~~

~~(2) Any of the G Customers may at any time prepay all or any portion of its Supply Realignment Cost responsibility set out in Section 38.5(a)(1). Such cost responsibility shall be reduced to present value for such a prepayment by application of a discount factor equal to the Commission approved interest rate under 18 C.F.R. Section 154.501 on the assumption the customer paid the amount allocable to it in Section 38.5(a)(1) in equal monthly installments over that portion of the forty-eight (48) months commencing December 1, 1993 which remains as of the date payment is made.~~

~~(3) Billings under this Section 38.5(b), and the associated interest, are subject to adjustment pursuant to Section 38.5(d).~~

~~(4) Any amounts paid by any of the G Customers pursuant to Natural's Supply Realignment Cost recovery provisions in effect prior to the date this Section 38.5 becomes effective shall be applied to reduce the remaining balance of the amount due from that customer set out in Section 38.5(a)(1). Natural shall pay interest to the extent such payments exceeded monthly demand charges commencing December 1, 1993 of $2.44 per unit of billing determinants underlying the G Customer Settlement [as shown in Section 38.5(a)(1)], as adjusted under Section 38.5(d).~~

~~(5) In the event that any of the G Customers no longer has any transportation agreement for delivery into its traditional market area in effect on Natural but still has an unpaid balance remaining of the amount set out in Section 38.5(a)(1), as adjusted under Section 38.5(d), such customers shall pay Natural such remaining unpaid balance, plus applicable interest at Commission approved rates, in equal monthly installments over the period during which such customer would have fully funded its cost responsibility at the average monthly Supply Realignment Cost revenue collected from it throughout the interval after December 1, 1993 when such customer did have such transportation agreement(s) on Natural.~~

~~(c) The G Customer Settlement resolves all issues of prudence and eligibility as between Natural and the G Customers with respect to Order No. 636 transition costs; provided, however, that any of the G Customers may raise eligibility issues to the extent consistent with Article IV of the NCG Settlement and shall have the same rights with respect to such issues as a member of the Natural Customer Group under said Article IV.~~

~~(d) (1) On or before September 1, 1998, Natural shall prepare and file with the Commission and provide to the G Customers a Reconciliation Report setting out by customer total collections hereunder from the G Customers compared with the amounts recoverable from each of the G Customers under Section 38.5(a)(1). Natural will be preparing concurrently a Reconciliation Report for the Natural Customer Group under Section 38.10(a). In the event that the average Demand Surcharge rate for the Natural Customer Group for the forty-eight (48) month period commencing December 1, 1993, recalculated based on such Natural Customer Group reconciliation, is less than $3.12, then the amount payable by each of the G Customers shall be reduced to an amount equal to the figure shown in Section 38.5(a)(1) multiplied by the ratio of the recalculated Demand Surcharge rate to $3.12. Any such lower amount shall be incorporated in the reconciliation under this subsection.~~

~~(2) If collections from any of the G Customers equal that customer's cost responsibility under Section 38.5(a)(1), as adjusted under this subsection (d), collections hereunder from that customer shall cease and that customer shall have no further responsibility for Supply Realignment Costs. If collections from any of the G Customers exceed that customer's cost responsibility under Section 38.5(a)(1), as adjusted under this Section 38.5(d), then Natural shall refund the difference between the amount collected hereunder from that customer and its cost responsibility, plus applicable interest at the Commission approved rate under 18 C.F.R. Section 154.501(d). In the event that total collections from any of the G Customers hereunder are less than that customer's total cost responsibility in Section 38.5(a)(1), as adjusted under this Section 38.5(d), billing hereunder shall continue at rates provided for in Section 38.5(b), and Natural shall repeat the reconciliation procedure at twelve (12) month intervals, until such customer's cost responsibility has been fully satisfied.~~

~~(3) The Reconciliation Report shall be made available only to G Customers and interested state commissions.~~

~~38.6 DEMAND SURCHARGES FOR NON-SETTLING CUSTOMERS~~

~~This Section governs the Demand Surcharges to be assessed to Assessable Shippers. Such Assessable Shippers are non-settling firm transportation customers of Natural, the Supply Realignment Cost charges to which are not governed by either~~

~~Section 38.4 or Section 38.5 of these General Terms and Conditions. Such Demand Surcharges ceased effective December 1, 2001.~~

~~(a) Each Assessable Shipper shall be subject to a monthly Demand Surcharge. Commencing June 1, 1995, the Demand Surcharge over the remainder of the Amortization Period shall equal $3.12 per unit of contract demand per month for deliveries in Natural's Midwest Zone, as defined in Section 21.7 of these General Terms and Conditions. For deliveries in any other zone, the rate shall be twenty percent (20%) of $3.12 or $.624. Assessments of Demand Surcharges shall be based on the contract demands for Assessable Shippers in effect from time to time. Such rates shall be filed consistent with subsection (b). Demand Surcharges collected from any Assessable Shipper shall be subject to adjustment as provided in subsection (e) below.~~

~~(b) The monthly Demand Surcharge rate shall only be subject to adjustment during the Amortization Period on a quarterly basis to the extent the rate actually being assessed to members of the Natural Customer Group under Section 38.4 is less than $3.12. For any Extended Amortization Period, rates shall be calculated consistent with Section 38.10(b), but subject to the limitation in subsection (d) of this Section 38.6 as to collections under any individual Agreement. Changes in the level of the Demand Surcharge to track such revised rates are to be made by the filing of a revised tariff section to be effective the ensuing March 1, June 1, September 1, or December 1, subject to refund, upon thirty (30) days' notice. Filings hereunder need not be supported by specific cost data but are subject to the reconciliation and refund provisions of subsection (e) of this Section 38.6 and of Section 38.10 of these General Terms and Conditions. No quarterly filing need be made for any quarter if no change in rate is required to maintain rates consistent with subsection (a).~~

~~(c) Natural shall maintain an Adjustment Account which shall reflect the difference for the period commencing December 1, 1993, between total revenues collected under this Section 38.6 or precessor provisions of this Section 38 and the Supply Realignment Costs allocable to Assessable Shippers. The amount of Supply Realignment Costs allocable to Assessable Shippers shall be determined as follows:~~

~~(1) Natural shall first determine the total Supply Realignment Costs in a manner consistent with Section 38.2(a) of these General Terms and Conditions;~~

~~(2) Ten percent (10%) of the Supply Realignment Costs determined under (1) will be allocated for recovery pursuant to Section 38.7 of these General Terms and Conditions;~~

~~(3) Next, Natural shall exclude all costs allocable to the Natural Customer Group, G Customers and Other Consenting Customers under Sections 38.4 and 38.5 of these General Terms and Conditions; and~~

~~(4) The remaining Supply Realignment Costs shall be allocated among Assessable Shippers (which allocation may reflect appropriate customer classes) based on their respective contract demands for Assessable Transportation Services in effect at that time.~~

~~Natural shall be deemed to have collected Supply Realignment Costs from all Shippers with Assessable Transportation Services based on MDQs in effect from time to time, irrespective of whether Natural had discounted such Agreements, except as provided in filings pursuant to Section 38.10(c); provided, however, that no Supply Realignment Costs shall be allocated to, nor shall Natural be deemed to have collected Supply Realignment Costs from all Shippers with Assessable Transportation Services based on MDQs in effect from time to time, irrespective of whether Natural had discounted such Agreements, except as provided in filings pursuant to Section 38.10(c); provided, however, that no Supply Realignment Costs shall be allocated to, nor shall Natural be deemed to have collected Supply Realignment Costs on, any Agreement which replaces an Agreement currently held by a settling customer and is within the contract demand for such customer utilized as billing determinants for calculating Supply Realignment Costs for such customers in Section 38.4 or 38.5. If, at the end of the Amortization Period, a positive balance~~

~~remains in the Adjustment Account, Natural may establish rates to be assessed to Assessable Shippers for an Extended Amortization Period, which rates shall equal the rates specified in subsection (a) or such lower rate as was last assessed during the Amortization Period under subsection (b), but subject to the limitations of subsection (d).~~

~~(d) Notwithstanding any other provision of this Section 38, no Assessable Shipper shall be billed or obligated to pay Supply Realignment Costs for any firm Agreement in excess of forty-eight (48) times the applicable contract MDQ times $3.12 for Midwest Zone deliveries or $.624 for deliveries in the Production Zones, as Midwest and Production Zones are defined in Section 21.7 of these General Terms and Conditions [or such lesser monthly Demand Surcharge rate as is determined in a reconciliation under subsection (e)]. Nothing herein shall be read or implied to override any contractual arrangement between Natural and any Shipper resulting in a lesser payment of Supply Realignment Costs under any Agreement.~~

~~(e) Billings to and collections from Assessable Shippers shall be subject to a reconciliation consistent with Section 38.10 of these General Terms and Conditions at the end of the Amortization Period and of any Extended Amortization Period. In the event that the reconciliation for the Natural Customer Group under Section 38.10(a) of these General Terms and Conditions results in a lower average monthly demand surcharge rate than $3.12 for Midwest Zone deliveries and $.624 for deliveries in the Production Zones, as Midwest and Production Zones are defined in Section 21.7 of these General Terms and Conditions, Natural shall make refunds with applicable interest to any Shipper which has actually paid more than such redetermined rate per unit of contract demand under any Agreement times the number of months [not to exceed forty-eight (48)] that surcharges hereunder were applicable to its Agreement(s) and the limitation set out in subsection (d) shall be adjusted downward accordingly. In the event Natural has collected more from any Assessable Shipper than is properly allocable to or recoverable from it, Natural shall make refunds with applicable interest consistent with Section 38.10(b) of these General Terms and Conditions.~~

~~38.7 INTERRUPTIBLE RATES AND CREDITS~~

~~(a) Subject to the provisions of Section 38.11, the ten percent (10%) of Supply Realignment Costs which were excluded under Sections 38.6 and 38.8 of these General Terms and Conditions from the calculation of Demand Surcharges shall be allocated by Natural to Rate Schedule ITS. Natural shall also allocate a representative level of non-gas fixed costs to Rate Schedule ITS. Such allocation ceased effective December 1, 2001. Such representative level shall be determined in Natural's general rate case(s). The level of the ITS rate shall be determined in Natural's general rate case(s) and may be a load factor rate without regard to the costs allocated to Rate Schedule ITS; provided, however, that Natural~~

shall exclude, in developing the ITS rate, any component attributable to Demand Surcharges.

(b) Natural shall provide an aggregate credit to all Shippers under Rate Schedules DSS and NSS equal to ninety percent (90%) of any revenue collected under Rate Schedule BESS in excess of the sum of (i) the non-gas fixed costs allocated to BESS service in the design of Natural's underlying base storage rates and (ii) all variable costs reflected in BESS rates. The determination of any such revenue credit shall be made on an annual basis, commencing with the period ending November 30, 1994 and annually thereafter until the Commission allows termination of this crediting mechanism; provided, however, that Natural shall not be required to begin applying previously accrued credits to customer bills until the day after the Commission has issued a final order in Docket No. RP93-36, it being understood that Natural shall pay interest at the Commission authorized rate if credits are deferred as a result of this proviso. Any excess revenue BESS credit shall be reflected as a credit on the bills of individual Shippers. The percentage of excess revenues to be allocated to each Shipper will be determined pursuant to the following ratio: the annual reservation revenues collected from each Shipper under the Rate Schedule designated above attributable to storage to the total of all such revenues collected from all such Shippers and attributable to storage during the same time period. Any excess revenues so determined will be passed back to individual Shippers as a credit against their subsequent transportation or storage billings until completely refunded. In no event shall a Shipper's Reservation Charge be reduced below zero.

38.8 COAL GASIFICATION CHARGES

(a) Except as provided in subsection (d), Natural shall continue to purchase Coal Gas from Dakota pursuant to the provisions of the existing contract, or any modified contract mutually agreed upon by Natural and Dakota (Coal Gas Contract), and shall recover the attendant costs, including all costs of transportation to the point(s) of sale in accordance with this Section.

(b) Natural will conduct an auction of the Coal Gas for each month commencing with December, 1993 for delivery at Harper, Iowa, at the interconnection between the facilities of Dakota and Northern Border Pipeline Company (Northern Border) (or other valid point under Natural's agreement with Dakota) or at the interconnection between Northern Border and Northern Natural Gas Company; provided, however, that Natural may auction all or any portion of the Coal Gas for a period exceeding one month if, in Natural's reasonable judgment, such an auction would likely reduce costs. The auction will be conducted pursuant to the procedures set out in subsection (e) of this Section. If the auction price for Coal Gas is less than the sum of the cost of the Coal Gas delivered by Dakota and all transportation costs to Harper, Iowa, and (if the sale is at a point other than Harper, Iowa) all transportation

~~costs to such other point of sale (in addition to the unavoidable fixed costs of transportation to Harper, Iowa), Natural shall recover this difference (Premium) pursuant to subsection (c). Unless the sale is made at a point other than Harper, Iowa, Natural will reserve for itself upstream capacity sufficient for Natural to move the Coal Gas to Harper, Iowa.~~

~~(c) Natural shall recover that portion of the ninety percent (90%) of the Premium allocable to the Natural Customer Group, G Customers and Other Consenting Customers pursuant to the procedures set out in Sections 38.4 and 38.5. Natural shall recover the remainder of the Premium, or that portion thereof allocable to Assessable Shippers consistent with Section 38.6, as part of the Demand Surcharge(s) determined under Section 38.6. Ten percent (10%) of the Premium shall be recoverable under Section 38.7 of these General Terms and Conditions.~~

~~(d) Notwithstanding the foregoing, at any time Natural and Dakota may reach a mutual agreement for the buyout or buydown of the Coal Gas Contract. Any such buyout costs are to be encompassed in the procedures under Sections 38.4 and 38.5 of these General Terms and Conditions for the Natural Customer Group, G Customers and Other Consenting Customers, respectively, under Section 38.6 of these General Terms and Conditions for non-settling customers and under Section 38.7 of these General Terms and Conditions for costs allocated to interruptible services. The procedures under this Section 38.8 shall continue in effect for determining that portion of Supply Realignment Costs other than buyout/buydown costs or demand charges associated with Coal Gas until the Coal Gas Contract terminates or is assigned by Natural.~~

~~38.9 ACCOUNTING~~

~~A separate account by customer of collections and applicable interest under Sections 38.4, 38.5, 38.6, 38.7, 38.11 and 38.12 shall be maintained by Natural.~~

~~38.10 RECONCILIATION~~

~~(a) (1) Natural shall prepare and file with the Commission and provide to Natural Customer Group members a Reconciliation Report relating to collections from Natural Customer Group members only within nine (9) months after the earlier of: (i) the end of the forty-eight (48) month collection period defined in Section 38.4(a); or (ii) the date billings by Natural cease under Section 38.4(a). Such report shall compare total collections hereunder from Natural Customer Group members with the amounts allocated to the Natural Customer Group under Section 38.4, reflecting Supply Realignment Costs (including Coal Gas costs) determined as of the date of the reconciliation. To the extent such Supply Realignment Costs have not actually been paid by Natural at the time of the reconciliation, Natural shall reflect an amount for such remaining Supply Realignment Costs determined by discounting the outstanding obligation to its present value utilizing the interest rate in subsection (a)(3)(ii) and employing estimates to the extent necessary.~~

~~(2) If the amount allocated to Natural Customer Group members exceeds $408 million (as adjusted under Section 38.4), Natural shall retain all collections from the Natural Customer Group. If the amount so allocated is less than $408 million (as adjusted under Section 38.4), Natural shall refund the difference between the amount actually collected from Natural Customer Group members under Section 38.4 and the allocated amount (as adjusted) plus applicable interest. Allocation of such refunds among Natural Customer Group members shall be based on the actual collections hereunder from each Natural Customer Group member.~~

~~(3) For the purposes of this reconciliation, applicable interest as to Natural Customer Group members shall be determined as follows:~~

~~(i) to the extent the cumulative amount Natural has actually paid for Supply Realignment Costs allocable to Natural Customer Group members under the formula in Section 38.4 exceeds, as of the end of any quarter, the cumulative collections from Natural Customer Group members, Natural shall be entitled to add interest for the quarter on such excess at the rate then in effect under the Commission's Regulations at the Commission-approved rate under 18 C.F.R. Section 154.501(d); and~~

~~(ii) to the extent the cumulative collections Natural has received hereunder from Natural Customer Group members exceeds, as of the end of any quarter, the cumulative actual payments of Supply Realignment Costs allocable to Natural Customer Group members under the formula in Section 38.4, Natural shall reduce Supply Realignment Costs by an interest factor applied to such excess equal to its overall after-tax rate of return last approved in a final Commission order no longer subject to appeal.~~

~~For the purposes of this subsection (a)(3), the term "cumulative" shall refer to cumulative costs and cumulative collections from the Initial Effective Date, including interest accruals for all prior quarters. Interest utilizing the rates set out above shall be calculated for each quarter based on the average of the ending cumulative balance of the quarter and the ending cumulative balance of the prior quarter.~~

~~(4) In the event that Natural has based its determination of any part of the amount allocated to Natural Customer Group members on estimates in the reconciliation hereunder, Natural shall prepare a further reconciliation once the outstanding obligation has been fully discharged, Natural shall make refunds, including applicable interest, consistent with subsection (a)(3) if the actual costs incurred were less than such estimates, to the extent that use of the actual amounts incurred in lieu of the estimates would have resulted in a refund in the original reconciliation. If more than one item of Supply Realignment Costs has been estimated in this manner, Natural shall perform a separate reconciliation from time to time as each such item is discharged.~~

~~(5) Reconciliation Report(s) under this subsection (a) shall be made available only to the Commission, Natural Customer Group members and interested state commissions.~~

~~(6) Natural shall concurrently prepare Reconciliation Reports for Other Consenting Customers consistent with Section 38.4(e)(1) and for G Customers consistent with Section 38.5(d).~~

~~(7) Recovery of Supply Realignment Costs under Rate Schedule ITS and the crediting of ITS revenue shall be governed by Sections 38.7 and 38.11.~~

~~(b) (1) Natural shall, no later than September 1, 1998, submit a Reconciliation Report consistent with Section 38.6 and shall revise the rates assessed under Section 38.6 to correspond to the average rate paid by members of the Natural Customer Group as adjusted by the reconciliation under subsection (a). Natural shall also prepare a final reconciliation within nine (9) months after the end of the Extended Amortization Period.~~

~~(2) The Reconciliation Report to be prepared by September 1, 1998, shall compare: (i) total revenues collected (or deemed to be collected under the following sentence) pursuant to Section 38.6 with the collections which would have been made using the rate paid by members of the Natural Customer Group, as adjusted by the reconciliation under subsection (a) of this Section 38.10. For the purposes of this Reconciliation, Natural shall be deemed to have collected Supply Realignment Costs from all Shippers with Assessable Transportation Services based on the MDQs in effect from time to time and the applicable rates under Section 38.6, irrespective of~~

~~whether Natural discounted under such Agreements, except as provided in Section 38.6(c) and in subsection (c) of this Section 38.10. To the extent Supply Realignment Costs are allocated on different bases, a separate reconciliation shall be made of costs and revenues for each such separate allocation. If the collections which would have been made at the adjusted Natural Customer Group rates are less than the amount actually collected, Natural shall make a refund. No individual Shipper shall pay more with respect to any Agreement than is provided in Section 38.6(d). Refunds shall be calculated separately for each separate reconciliation.~~

~~(3) The final reconciliation due within nine (9) months after the end of the Extended Amortization Period shall compare total Supply Realignment Costs to total collections under this Section 38. For the purposes of this final reconciliation, Natural shall utilize the attribution rules employed in subsection (2) above. If costs are less than the amount collected, Natural shall make a corresponding refund.~~

~~(4) Any refund hereunder shall reflect interest calculated pursuant to Section 154.501(d) of the Commission's Regulations. Refunds shall be determined separately for each customer class subject to a different allocation of costs. Such refunds shall be allocated among such customer classes and within each such class in the ratio that the amount properly billed to and collected from each entity which is subject to payments under Section 38.6 bears to the total of such billings to and collections from all such entities during the period covered by the Reconciliation Report.~~

~~(5) Reconciliation Reports submitted under this Section shall be available on a confidential basis to the Commission and to customers paying any charge hereunder directly or indirectly.~~

~~(6) Nothing herein shall preclude or prejudice Natural in any way with respect to any filing, including filings under Section 38.11, it may make to recover any Supply Realignment Costs allocated to interruptible service which Natural has been unable to recover through rates to interruptible customers, the Commission having provided assurance that it did not intend that such an allocation of costs to interruptible service would result in underrecovery; provided, however, that Natural may not seek to recover such costs from the Natural Customer Group, G Customers or Other Consenting Customers to the extent such recovery would be inconsistent with the NCG Settlement or the G Customer Settlement.~~

~~(c) Natural may make a filing to roll-forward any costs allocated to Assessable Shippers under Section 38.6 but not actually recovered from such Shippers. Such filing shall define the limits or such roll-forward and the individual cost responsibility of any Assessable Shipper. Any person other than a member of the~~

~~Natural Customer Group or Other Consenting Customers is free to object to such a filing.~~

~~38.11 COLLECTION OF UNRECOVERED SUPPLY REALIGNMENT COSTS~~

~~(a) Natural has net underrecoveries of approximately $22.9 million in Supply Realignment Costs, resulting from costs allocated to Rate Schedule ITS but not recovered from ITS Shippers netted against recoveries from firm Shippers, as of December 1, 1998. To collect this underrecovery, the following charges will be instituted during the Extended Amortization Period:~~

~~(1) A maximum Demand Surcharge of up to $0.3600 for the Market Zone and up to $0.0700 for the Production Zone, to be assessed where contractually permitted on each firm contract under Rate Schedules FTS and FFTS; provided, however, that no such charge shall apply if on such contract or its predecessor, the Shipper has paid on the aggregate the maximum amount of Supply Realignment Costs assessable under Sections 38.6(c) and 38.6(d) hereof, which is equal to $3.12 times forty-eight (48) months times the contract MDQ; and, provided further, that such a surcharge shall only apply to the contracts of the Natural Customer Group or Other Consenting Parties to the extent such contracts represent contract demand in excess of the aggregate firm contract demand on Natural in effect for such customer as of December 1, 1993, and no charge hereunder shall apply to any G Customer if inconsistent with Section 38.5(a)(3). The charge will become effective on December 1, 1998.~~

~~(2) Natural shall incorporate in its maximum rate under Rate Schedule ITS an amount attributable to Supply Realignment Costs equal to $0.0012 per Dth for Midwest Zone deliveries and $0.0002 for Production Zone deliveries. The adjustment to ITS rates hereunder will become effective on December 1, 1998.~~

~~(b) The charges under this Section 38.11 are discountable to zero. The charges under this Section 38.11 shall terminate on the earliest of: (1) the full collection hereunder by Natural of all Supply Realignment Costs, applying the attribution rules specified in Section 38.10(b); (2) the full collection by Natural of the amount of net underrecoveries identified in subsection (a) hereof, applying the attribution rule specified in Section 38.10(b)(2); or (3) November 30, 2001.~~

~~(c) Within nine (9) months after the assessments under this Section 38.11 cease, which occurred effective December 1, 2001, Natural will file with the Commission a reconciliation of all collections thereunder with total Supply Realignment Costs and with the actual underrecovery of Supply Realignment Costs allocated to Rate Schedule ITS. Natural shall not assess any interest on the~~

~~underrecovery of Supply Realignment Costs initially allocated to Rate Schedule ITS subsequent to the earliest date on which any of the charges hereunder commence.~~

~~38.12 UPSTREAM PIPELINE COSTS~~

~~Natural may flow-through any Order No. 636 transition costs paid by it to any upstream pipeline, including any such amounts flowed through by such upstream pipeline from other upstream pipeline(s). Such amounts shall be flowed through by Natural to Shippers through a demand charge based on the sum of the MDQs of Assessable Transportation Services in effect at the time Natural seeks to recover such costs and the billing units of the Natural Customer Group, G Customers and Other Consenting Customers; provided, however, that any non-settling customer shall have the right to protest the resulting allocation of costs to it. Billings under this Section shall reflect amortization of costs over the longer of: (1) where applicable, the remainder of the Amortization Period, or an Extended Amortization Period; or (2) one year; provided that any Shipper shall also have the option of a lump sum payment or of amortization over a one-year period.~~

~~38.13 TERM~~

~~This Section shall remain in effect until all Supply Realignment Costs have been fully recovered as provided herein and Reconciliation Reports have been finalized, including the distribution of any refunds associated with such Reconciliation; provided, however, that Section 38.12 hereof shall remain in effect for so long as Natural is subject to billing of transition costs by any upstream pipeline, and Section 38.8 shall remain in effect as provided by its terms.~~

[FOR RATE SCHEDULES FTS, FFTS, FTS-G, ITS]
Contract No. _____
NATURAL GAS PIPELINE COMPANY OF AMERICA LLC (NATURAL)
TRANSPORTATION RATE SCHEDULE _____
AGREEMENT DATED _____
UNDER SUBPART ____ OF PART 284
OF THE FERC'S REGULATIONS

1. SHIPPER is: _____, ~~a _____~~

2. (a) MDQ totals: _____ Dth. per day [Specify any seasonal and/or variable terms and quantities].

   (b) Service option selected (FTS and FFTS only) (check any or all):

   ~~_____ LN~~ _____ SW _____ NB

   (c) Available Days (FFTS only)

   ___ Minimum Available Days _____
   ___ Maximum Available Days _____
   ___ Applicable Time Period(s) _____

   Will Shipper accept partial Available Days? Yes __ No ___ (Specify any limitations on partial Available Days) _____

   Are any days precluded from being Available Days? Yes ___ No __ If so, specify the days so precluded _____

3. TERM: _____ ~~through _____~~
   [Specify contractual rollover, evergreen or ROFR rights, if any, per Section 22.4 of the General Terms and Conditions of Natural's FERC Gas Tariff. Specify whether agreement amends and restates, or supersedes and cancels previous agreement.] _____

4. Service will be ON BEHALF OF:
   _____ Shipper or
   _____ Other: _____ ~~a _____~~

~~5. The ULTIMATE END USERS are (check one):~~

~~_____ customers of the following LDC/pipeline company(ies): _____~~
~~_____ customers in these states: _____; or~~
~~_____ customers within any state in the continental U.S.~~

~~6. _____ This Agreement supersedes and cancels a _____ Agreement dated _____~~
~~_____ Capacity rights for this Agreement were released from _____~~
~~_____ [for firm service only] Service and reservation charges commence the later of:~~
~~_____ (a) _____, and~~
~~_____ (b) the date capacity to provide the service hereunder is available on Natural's system.~~
~~_____ Other: _____~~

57. SHIPPER'S ADDRESSES NATURAL'S ADDRESSES

_____ _____
_____ _____
_____ _____

68. Any or all of the following provisions may be included (where applicable) in maximum rate agreements or in negotiated rate or discount contracts, if any:

   a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by Natural be less than the applicable minimum rate or more than the applicable maximum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

b. (NEGOTIATED RATE AGREEMENTS ONLY) Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the negotiated rates shall apply to service provided by Natural to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in Natural's FERC Gas Tariff as revised from time to time.

c. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in Natural's FERC Gas Tariff, as approved by the FERC from time to time.

d. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the negotiated rates apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

e. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in the Transportation Agreement, as may be revised from time to time.

f. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either Natural or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

g. Succession and Assignment. Any entity which shall succeed by purchase, merger or consolidation to title to the properties, substantially as an entirety, of Natural or Shipper as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. No other assignment of this Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to Natural without the prior express written consent of Natural.

h. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than Natural or Shipper.

i. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

j. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of Natural's FERC Gas Tariff.

k. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF _____, EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF _____

l. Entire Agreement. This Agreement contains the entire agreement between Natural and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by Natural and Shipper which expressly refers to this Agreement.

m. Other. [Describe any other service-related provisions authorized by the FTS, FFTS, FTS-G and ITS Rate Schedules and Natural's Tariff.]

79. The above-stated Rate Schedule, as revised from time to time, controls this Agreement and is incorporated herein. The attached Exhibits A, B and C (for firm service only), and D and E (if applicable), are a part of this Agreement. Shipper shall provide the actual end user purchaser name(s) to Natural if Natural must provide them to the FERC.

Agreed to by:

NATURAL	SHIPPER
/s/: _____	/s/: _____
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____

EXHIBIT A
DATED _____
EFFECTIVE _____

Shipper: _____

Contract No.: _____

Natural Receipt Point(s):

Name / Location	County/Parish/Area	State	PIN No.	Zone	MDQ (Dth)
PRIMARY RECEIPT POINT(S):					
SECONDARY RECEIPT POINT(S):					

[Specify any rights to aggregate primary or secondary receipt point capacity among stated points.]

Receipt Pressure, Assumed Atmospheric Pressure

Natural gas to be delivered to Natural at the Receipt Point(s) shall be at a delivery pressure sufficient to enter Natural's pipeline facilities at the pressure maintained from time to time, but Shipper shall not deliver gas at a pressure in excess of the Maximum Allowable Operating Pressure (MAOP) stated for each Receipt Point in Natural's Catalog of Points. The measuring party shall use or cause to be used an assumed atmospheric pressure corresponding to the elevation at such Receipt Point(s).

Rates

Except as otherwise provided below or in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay Natural the applicable maximum rate(s) and all other lawful charges as specified in Natural's applicable rate schedule. Shipper and Natural may agree that Shipper shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in the Tariff. Natural and Shipper may agree that a specific discounted rate will apply to service hereunder so long as such discounted rate complies with the provisions set forth in Section 15.6, Discounting Policy, of the General Terms and Conditions of Natural's Tariff. ~~only to certain volumes under the agreement. The parties may agree that a specified discounted rate will apply only to specified volumes (MDQ or commodity volumes) under the agreement; that a specified discounted rate will apply only if specified volumes are achieved or only if the volumes do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; that a specified discounted rate will apply only to specified points, zones, mainline segments, supply areas, transportation paths, markets or other defined geographical area(s); that a specified discounted rate(s) will apply in a specified relationship to the volumes actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to volumes actually transported); and/or that the discount will apply only to reserves dedicated by Shipper to Natural's system. Notwithstanding the foregoing, no discount agreement may provide that an agreed discount as to a certain volume level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Natural's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order~~

~~accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged~~

~~under a discount agreement exceeded rates which ultimately are found to be just and reasonable.~~ If the parties agree upon a rate other than the applicable maximum rate, such written Agreement shall specify that the parties mutually agree either: (1) that the agreed rate is a discount rate; or (2) that the agreed rate is a Negotiated Rate (or Negotiated Rate Formula). In the event that the parties agree upon a Negotiated Rate or Negotiated Rate Formula, this Agreement shall be subject to Section 49 of the General Terms and Conditions of Natural's Tariff.

Fuel Gas and Gas Lost and Unaccounted For Percentage (%)

Shipper will be assessed the applicable percentage for Fuel Gas and Gas Lost and Unaccounted For unless Natural and Shipper mutually agree on monetary reimbursement.

Transportation of Liquids

Transportation of liquids may occur at permitted points identified in Natural's current Catalog of Points, but only if the parties execute a separate liquids agreement.

EXHIBIT B
DATED _____
EFFECTIVE _____

Shipper: _____

Contract No.: _____

Natural Delivery Point(s):

Name / Location	County/Parish/Area	State	PIN No.	Zone	MDQ (Dth)
PRIMARY DELIVERY POINT(S):					
~~1.~~ _____	_____	___	_____	___	_____
_____					
_____					
SECONDARY DELIVERY POINT(S):					
~~2.~~ _____	_____	___	_____	___	_____
_____					
_____					

[Specify any rights to aggregate primary or secondary delivery point capacity among stated points.]

Delivery Pressure, Assumed Atmospheric Pressure

Natural gas to be delivered by Natural to Shipper, or for Shipper's account, at the Delivery Point(s) shall be at the pressures available in Natural's pipeline facilities from time to time; provided, however, that the delivery pressure shall not be less than _____. [Specify applicable delivery pressure(s) at the Delivery Point(s) agreed to by the parties in this Agreement, which may also include mutually agreeable provisions related to the minimum delivery pressure, including, but not limited to, any new facilities required to provide the minimum pressure, notice requirements, applicable flow limits, and dispute resolution.] The measuring party shall use or cause to be used an assumed atmospheric pressure corresponding to the elevation at such Delivery Point(s).

EXHIBIT D [Negotiated Rate Agreement - FTS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
NEGOTIATED RATE PARAMETERS

1.1 Negotiated Rate Term: ~~From~~ _____ ~~Through~~ _____

1.2 Negotiated Rates:

(a) Negotiated Monthly Base Reservation Rate(s): [$_____/Dth. of MDQ, or the negotiated rate or negotiated rate formula]

(b) Negotiated Base Commodity Rate(s): [$_____ /Dth., or the negotiated rate or negotiated rate formula]

1.3 Eligible Firm Transportation Quantity: _____ Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Eligible Primary Receipt Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.5 Eligible Secondary Receipt Points: The Negotiated Rates shall apply to service provided on a firm basis from the following secondary receipt points: _____

1.6 Eligible Primary Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.7 Eligible Secondary Delivery Points: The Negotiated Rates shall apply to service provided on a firm basis to the following secondary delivery points: _____

1.8 Incremental Rate Secondary Receipt/Delivery Points: [Specify Shipper's obligation to pay an incremental volumetric reservation rate at the secondary receipt and delivery points and the associated rates set forth below, if any.]

1.9 Authorized Overrun Rate(s): [Describe the applicable negotiated rate for Authorized Overrun Service, if any.]

1.10 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Negotiated Rate Agreement.]

ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; ADDITIONAL CHARGES

2.1 General Negotiated Rate Limitations: The Negotiated Rates shall apply only to: (i) service provided to Shipper by Natural under the Transportation Agreement from the Eligible Receipt Points to the Eligible Delivery Points during the Negotiated Rate Term; and (ii) an aggregate maximum daily firm transportation quantity equal to the Eligible Firm Transportation Quantity set forth in Section 1.3 above, for all quantities transported on a firm basis under the Transportation Agreement and any associated capacity release replacement agreements. For any aggregate quantities transported on a firm basis on any day for Shipper and any associated capacity release replacement shippers which: (i) are in excess of the applicable Eligible Firm Transportation Quantity; or (ii) involve any receipt or delivery points which are not Eligible Receipt or Delivery Points, Shipper shall be charged the greater of: (a) the 100% load factor daily rate equivalent of the Negotiated Rates; and (b) the 100% load factor daily rate equivalent of the applicable maximum base reservation and base commodity rates set forth in Natural's FERC Gas Tariff, as may be revised from time to time, as well as all applicable additional rates, charges and surcharges described in Section 2.3 below.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges as part of the negotiated rates.]

2.3 Additional Rates, Charges, and Surcharges: In addition to the Negotiated Rates, and unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, Shipper shall also pay Natural all other applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, including without limitation all applicable maximum: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) authorized and unauthorized overrun charges; (iii) reservation charges and surcharges; (iv) commodity charges and surcharges; (v) ACA surcharges; and (vi) gathering charges, offshore charges, and lateral line charges. Notwithstanding the foregoing sentence, to the extent that any such additional maximum rate, charge, surcharge, or penalty is derived from the applicable base reservation rate or applicable base commodity rate set forth in Natural's FERC Gas Tariff, then Natural shall derive such additional rate, charge, surcharge, or penalty utilizing the greater of: (i) the applicable maximum base reservation rate or applicable maximum base commodity rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time; and (ii) the Negotiated Rates.

EXHIBIT D [Discount Agreement - FTS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

1.1 Discount Term: ~~From~~ _____ ~~Through~~ _____

1.2 Discounted Rates:

(a) Discounted Monthly Base Reservation Rate(s): $_____/Dth. of MDQ.
(b) Discounted Base Commodity Rate(s): $_____/Dth.

1.3 Discounted Firm Transportation Quantity: _____ Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Discounted Primary Receipt Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	DISCOUNT POINT MDQ (Dth/d.)

1.5 Discounted Secondary Receipt Points: The Discounted Rates shall apply to service provided on a firm basis from the following secondary receipt points: _____

1.6 Discounted Primary Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein]

NAME	PIN	DISCOUNT POINT MDQ (Dth/d.)

1.7 Discounted Secondary Delivery Points: The Discounted Rates shall apply to service provided on a firm basis to the following secondary delivery points: _____

1.8 Incremental Rate Secondary Receipt/Delivery Points: [Specify Shipper's obligation to pay an incremental volumetric reservation rate at the secondary receipt and delivery points and the associated rates set forth below, if any.]

1.9 Authorized Overrun Rate(s): [Describe the applicable discount rate for Authorized Overrun Service, if any.]

1.10 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; APPLICABLE CHARGES

2.1 General Discount Limitations: The Discounted Rates shall apply only to: (i) service provided to Shipper by Natural under the Transportation Agreement from the Discounted Receipt Points to the Discounted Delivery Points during the Discount Term; and (ii) an aggregate maximum daily firm transportation quantity equal to the Discounted Firm Transportation Quantity set forth in Section 1.3 above, for all quantities transported on a firm basis under the Transportation Agreement and any associated capacity release replacement agreements. Unless otherwise agreed, Shipper shall be charged all applicable maximum rates, charges, and surcharges set forth in Natural's FERC Gas Tariff, as may be revised from time to time, for any aggregate quantities transported on a firm basis for Shipper and any associated capacity release replacement shippers which: (i) are in excess of the applicable Discounted Firm Transportation Quantity; or (ii) involve any receipt or delivery points which are not Discounted Receipt or Delivery Points.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges to Shipper.]

2.3 Applicable Maximum Rates, Charges, and Surcharges: Unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, shall apply to service provided to Shipper under the Transportation Agreement, including without limitation all applicable: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) authorized and unauthorized overrun charges; (iii) reservation surcharges; (iv) commodity rates, charges and surcharges; (v) ACA surcharges; and (vi) gathering charges, offshore charges, and lateral line charges.

EXHIBIT D [Negotiated Rate Agreement - FFTS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
NEGOTIATED RATE PARAMETERS

1.1 Negotiated Rate Term: ~~From~~ _____ ~~Through~~ _____

1.2 Negotiated Rates:

(a) Negotiated Daily Base Reservation Rate(s): [$___ /Dth. of MDQ, or the negotiated rate or negotiated rate formula]

(b) Negotiated Base Commodity Rate(s): [$_____ /Dth., or the negotiated rate or negotiated rate formula]

1.3 Eligible Firm Transportation Quantity: _____ Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Eligible Primary Receipt Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.5 Eligible Secondary Receipt Points: The Negotiated Rates shall apply to service provided on a firm basis from the following secondary receipt points: _____

1.6 Eligible Primary Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.7 Eligible Secondary Delivery Points: The Negotiated Rates shall apply to service provided on a firm basis to the following secondary delivery points: _____

1.8 Incremental Rate Secondary Receipt/Delivery Points: [Specify Shipper's obligation to pay an incremental volumetric reservation rate at the secondary receipt and delivery points and the associated rates set forth below, if any.]

1.9 Authorized Overrun Rate(s): [Describe the applicable negotiated rate for Authorized Overrun Service, if any.]

1.10 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Negotiated Rate Agreement.]

1.11 Available Days: [Describe the minimum and maximum number of Available Days and how such Days are determined, any restrictions that certain days are not Available Days, and whether partial days are permitted under the FFTS Agreement.]

ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; ADDITIONAL CHARGES

2.1 General Negotiated Rate Limitations: The Negotiated Rates shall apply only to: (i) service provided to Shipper by Natural under the Transportation Agreement from the Eligible Receipt Points to the Eligible Delivery Points during the Negotiated Rate Term; and (ii) an aggregate maximum daily firm transportation quantity equal to the Eligible Firm Transportation Quantity set forth in Section 1.3 above, for all quantities transported on a firm basis under the

Transportation Agreement and any associated capacity release replacement agreements. For any aggregate quantities transported on a firm basis on any day for Shipper and any associated capacity release replacement shippers which: (i) are in excess of the applicable Eligible Firm Transportation Quantity; or (ii) involve any receipt or delivery points which are not Eligible Receipt or Delivery Points, Shipper shall be charged the greater of: (a) the 100% load factor daily rate equivalent of the Negotiated Rates; and (b) the 100% load factor daily rate equivalent of the applicable maximum base reservation and base commodity rates set forth in Natural's FERC Gas Tariff, as may be revised from time to time, as well as all applicable additional rates, charges and surcharges described in Section 2.3 below.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges as part of the negotiated rates.]

2.3 Additional Rates, Charges, and Surcharges: In addition to the Negotiated Rates, and unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, Shipper shall also pay Natural all other applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, including without limitation all applicable maximum: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) authorized and unauthorized overrun charges; (iii) reservation charges and surcharges; (iv) commodity charges and surcharges; (v) ACA surcharges; and (vi) gathering charges, offshore charges, and lateral line charges. Notwithstanding the foregoing sentence, to the extent that any such additional maximum rate, charge, surcharge, or penalty is derived from the applicable base reservation rate or applicable base commodity rate set forth in Natural's FERC Gas Tariff, then Natural shall derive such additional rate, charge, surcharge, or penalty utilizing the greater of: (i) the applicable maximum base reservation rate or applicable maximum base commodity rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time; and (ii) the Negotiated Rates.

EXHIBIT D [Discount Agreement - FFTS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

1.1 Discount Term: ~~From~~ _____ ~~Through~~ _____

1.2 Discounted Rates:

(a) Discounted Daily Base Reservation Rate(s): $_____/Dth. of MDQ.
(b) Discounted Base Commodity Rate(s): $_____/Dth.

1.3 Discounted Firm Transportation Quantity: _____ Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Discounted Primary Receipt Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	DISCOUNT POINT MDQ (Dth/d.)

1.5 Discounted Secondary Receipt Points: The Discounted Rates shall apply to service provided on a firm basis from the following secondary receipt points: _____

1.6 Discounted Primary Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein]

NAME	PIN	DISCOUNT POINT MDQ (Dth/d.)

1.7 Discounted Secondary Delivery Points: The Discounted Rates shall apply to service provided on a firm basis to the following secondary delivery points: _____

1.8 Incremental Rate Secondary Receipt/Delivery Points: [Specify Shipper's obligation to pay an incremental volumetric reservation rate at the secondary receipt and delivery points and the associated rates set forth below, if any.]

1.9 Authorized Overrun Rate(s): [Describe the applicable discount or negotiated rate for Authorized Overrun Service, if any.]

1.10 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]

1.11 Available Days: [Describe the minimum and maximum number of Available Days and how such Days are determined, any restrictions that certain days are not Available Days, and whether partial days are permitted under the FFTS Agreement.]

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; APPLICABLE CHARGES

2.1 General Discount Limitations: The Discounted Rates shall apply only to: (i) service provided to Shipper by Natural under the Transportation Agreement from the Discounted Receipt Points to the Discounted Delivery Points during the Discount Term; and (ii) an aggregate maximum daily firm transportation quantity equal to the Discounted Firm Transportation Quantity set forth in Section 1.3 above, for all quantities transported on a firm basis under the Transportation Agreement and any associated capacity release replacement agreements. Unless otherwise agreed, Shipper shall be charged all applicable maximum rates, charges, and surcharges set forth in Natural's FERC Gas Tariff, as may be revised from time to time, for any aggregate quantities transported on a firm basis for Shipper and any associated capacity release replacement shippers which: (i) are in excess of the applicable Discounted Firm Transportation Quantity; or (ii) involve any receipt or delivery points which are not Discounted Receipt or Delivery Points.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges to Shipper.]

2.3 Applicable Maximum Rates, Charges, and Surcharges: Unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, shall apply to service provided to Shipper under the Transportation Agreement, including without limitation all applicable: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) authorized and unauthorized overrun charges; (iii) reservation surcharges; (iv) commodity rates, charges and surcharges; (v) ACA surcharges; and (vi) gathering charges, offshore charges, and lateral line charges.

EXHIBIT D [Negotiated Rate Agreement - FTS-G]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
NEGOTIATED RATE PARAMETERS

1.1 Negotiated Rate Term: ~~From~~ _____ ~~Through~~ _____

1.2 Negotiated Base Commodity Rate(s): [$___/Dth., or the negotiated rate or negotiated rate formula]

1.3 Eligible Firm Transportation Quantity: _____ Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Eligible Primary Receipt Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.5 Eligible Secondary Receipt Points: The Negotiated Base Commodity Rate shall apply to service provided on a firm basis from the following secondary receipt points: _____

1.6 Eligible Primary Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.7 Eligible Secondary Delivery Points: The Negotiated Base Commodity Rate shall apply to service provided on a firm basis to the following secondary delivery points: _____

1.8 Incremental Rate Secondary Receipt/Delivery Points: [Specify Shipper's obligation to pay an incremental volumetric reservation rate at the secondary receipt and delivery points and the associated rates set forth below, if any.]

1.9 Authorized Overrun Rate(s): [Describe the applicable negotiated rate for Authorized Overrun Service, if any.]

1.10 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Negotiated Rate Agreement.]

ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; ADDITIONAL CHARGES

2.1 General Negotiated Rate Limitations: The Negotiated Base Commodity Rate shall apply only to: (i) service provided to Shipper by Natural under the Transportation Agreement from the Eligible Receipt Points to the Eligible Delivery Points during the Negotiated Rate Term; and (ii) an aggregate maximum daily firm transportation quantity equal to the Eligible Firm Transportation Quantity set forth in Section 1.3 above, for all quantities transported on a firm basis under the Transportation Agreement. For any aggregate quantities transported on a firm basis on any day for Shipper which: (i) are in excess of the applicable Eligible Firm Transportation Quantity; or (ii) involve any receipt or delivery points which are not Eligible Receipt or Delivery Points, Shipper shall be charged the greater of: (a) the Negotiated Base Commodity Rate; and (b) the applicable maximum base commodity rates set forth in Natural's FERC Gas Tariff, as may be revised from time to time, as well as all applicable additional rates, charges and surcharges described in Section 2.3 below.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges as part of the negotiated rates.]

2.3 Additional Rates, Charges, and Surcharges: In addition to the Negotiated Base Commodity Rate, and unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, Shipper shall also pay Natural all other applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, including without limitation all applicable maximum: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) authorized and unauthorized overrun charges; (iii) reservation charges and surcharges; (iv) commodity charges and surcharges; (v) ACA surcharges; and (vi) gathering charges, offshore charges, and lateral line charges. Notwithstanding the foregoing sentence, to the extent that any such additional maximum rate, charge, surcharge, or penalty is derived from the applicable base reservation rate or applicable base commodity rate set forth in Natural's FERC Gas Tariff, then Natural shall derive such additional rate, charge, surcharge, or penalty utilizing the greater of: (i) the applicable maximum base reservation rate or applicable maximum base commodity rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time; and (ii) the Negotiated Base Commodity Rate.

EXHIBIT D [Discount Agreement - FTS-G]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

1.1 Discount Term: ~~From~~ _____ ~~Through~~ _____

1.2 Discounted Base Commodity Rate(s): $_____ /Dth.

1.3 Discounted Firm Transportation Quantity: _____Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Discounted Primary Receipt Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	DISCOUNT POINT MDQ (Dth/d.)

1.5 Discounted Secondary Receipt Points: The Discounted Base Commodity Rate shall apply to service provided on a firm basis from the following secondary receipt points: _____

1.6 Discounted Primary Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein]

NAME	PIN	DISCOUNT POINT MDQ (Dth/d.)

1.7 Discounted Secondary Delivery Points: The Discounted Base Commodity Rate shall apply to service provided on a firm basis to the following secondary delivery points: _____

1.8 Incremental Rate Secondary Receipt/Delivery Points: [Specify Shipper's obligation to pay an incremental volumetric reservation rate at the secondary receipt and delivery points and the associated rates set forth below, if any.]

1.9 Authorized Overrun Rate(s): [Describe the applicable discounted rates for Authorized Overrun Service, if any.]

1.10 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; APPLICABLE CHARGES

2.1 General Discount Limitations: The Discounted Base Commodity Rate shall apply only to: (i) service provided to Shipper by Natural under the Transportation Agreement from the Discounted Receipt Points to the Discounted Delivery Points during the Discount Term; and (ii) an aggregate maximum daily firm transportation quantity equal to the Discounted Firm Transportation Quantity set forth in Section 1.3 above, for all quantities transported on a firm basis under the Transportation Agreement. Unless otherwise agreed, Shipper shall be charged all applicable maximum rates, charges, and surcharges set forth in Natural's FERC Gas Tariff, as may be revised from time to time, for any aggregate quantities transported on a firm basis for Shipper which: (i) are in excess of the Discounted Firm Transportation Quantity; or (ii) involve any receipt or delivery points which are not Discounted Receipt or Delivery Points.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges to Shipper.]

2.3 Applicable Maximum Rates, Charges, and Surcharges: Unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, shall apply to service provided to Shipper under the Transportation Agreement, including without limitation all applicable: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) authorized and unauthorized overrun charges; (iii) reservation surcharges; (iv) commodity rates, charges and surcharges; (v) ACA surcharges; and (vi) gathering charges, offshore charges, and lateral line charges.

EXHIBIT D [Negotiated Rate Agreement - ITS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
NEGOTIATED RATE PARAMETERS

1.1 Negotiated Rate Term: ~~From~~ _____ ~~Through~~ _____

1.2 Negotiated Base Commodity Rate(s): [$___/Dth., or the negotiated rate or negotiated rate formula]

1.3 Eligible Transportation Quantity: _____ Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Eligible Receipt Points:

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.5 Eligible Delivery Points:

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.6 Authorized Overrun Rate(s): [Describe the applicable negotiated rate for Authorized Overrun Service, if any.]

1.7 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Negotiated Rate Agreement.]

ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; ADDITIONAL CHARGES

2.1 General Negotiated Rate Limitations: The Negotiated Base Commodity Rate shall apply only to: (i) service provided to Shipper by Natural under the Transportation Agreement from the Eligible Receipt Points to the Eligible Delivery Points during the Negotiated Rate Term; and (ii) an aggregate maximum daily transportation quantity equal to the Eligible Transportation Quantity set forth in Section 1.3 above, for all quantities transported under the Transportation Agreement. For any aggregate quantities transported on any day for Shipper which: (i) are in excess of the applicable Eligible Transportation Quantity; or (ii) involve any receipt or delivery points which are not Eligible Receipt or Delivery Points, Shipper shall be charged the greater of: (a) the Negotiated Base Commodity Rate; and (b) the applicable maximum base commodity rates set forth in Natural's FERC Gas Tariff, as may be revised from time to time, as well as all applicable additional rates, charges and surcharges described in Section 2.3 below.

2.2 Discountable Third Party Surcharges: From time to time, certain commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges as part of the negotiated rates.]

2.3 Additional Rates, Charges, and Surcharges: In addition to the Negotiated Base Commodity Rate, and unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, Shipper shall also pay Natural all other applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, including without limitation all applicable maximum: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) authorized and unauthorized overrun charges; (iii) commodity charges and surcharges; (iv) ACA surcharges; and (v) gathering charges,

offshore charges, and lateral line charges. Notwithstanding the foregoing sentence, to the extent that any such additional maximum rate, charge, surcharge, or penalty is derived from the applicable base reservation rate or applicable base commodity rate set forth in Natural's FERC Gas Tariff, then Natural shall derive such additional rate, charge, surcharge, or penalty utilizing the greater of: (i) the applicable maximum base reservation rate or applicable maximum base commodity rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time; and (ii) the Negotiated Base Commodity Rate.

EXHIBIT D [Discount Agreement - ITS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

1.1 Discount Term: ~~From~~ _____ ~~Through~~ _____

1.2 Discounted Base Commodity Rate(s): $_____/Dth.

1.3 Discounted Transportation Quantity: _____ Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Discounted Receipt Points:

NAME	PIN	DISCOUNT POINT MDQ (Dth/d.)

1.5 Discounted Delivery Points:

NAME	PIN	DISCOUNT POINT MDQ (Dth/d.)

1.6 Authorized Overrun Rate(s): [Describe the applicable discount rate for Authorized Overrun Service, if any.]

1.7 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; ADDITIONAL CHARGES

2.1 General Discount Limitations: The Discounted Base Commodity Rate shall apply only to: (i) service provided to Shipper by Natural under the Transportation Agreement from the Discounted Receipt Points to the Discounted Delivery Points during the Discount Term; and (ii) an aggregate maximum daily transportation quantity equal to the Discounted Transportation Quantity set forth in Section 1.3 above, for all quantities transported on any day under the Transportation Agreement. Unless otherwise agreed, Shipper shall be charged all applicable maximum rates, charges, and surcharges set forth in Natural's FERC Gas Tariff, as may be revised from time to time, for any aggregate quantities transported on a daily basis for Shipper which: (i) are in excess of the Discounted Transportation Quantity; or (ii) involve any receipt or delivery points which are not Discounted Receipt or Delivery Points.

2.2 Discountable Third Party Surcharges: From time to time, certain commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges to Shipper.]

2.3 Applicable Maximum Rates, Charges, and Surcharges: Unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, shall apply to service provided to Shipper under the Transportation Agreement, including without limitation all applicable: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) authorized and unauthorized overrun charges; (iii) commodity rates, charges and surcharges; (iv) ACA surcharges; and (v) gathering charges, offshore charges, and lateral line charges.

[FOR RATE SCHEDULES IBS]
Contract No. _____
NATURAL GAS PIPELINE COMPANY OF AMERICA LLC (NATURAL)
RATE SCHEDULE IBS
AGREEMENT DATED _____
UNDER SUBPART ___ OF PART 284
OF THE FERC'S REGULATIONS

1. SHIPPER is: _____, ~~a _____~~

   (a) If Shipper is affiliated with Natural, check here _____

2. ~~Linked Transportation Agreement: _____~~

~~3.~~ IBS MDQ: ____ Dth per day.

34. Identification of End-Use Facility or Facilities _____

45. TERM: _____ ~~through _____;~~ , and continuing month to month thereafter, unless terminated by either party by the provision of not less than thirty (30) days prior written notice to the other party~~if applicable to coincide with the linked transportation agreement; provided, however, that this Agreement shall terminate if the linked transportation Agreement is no longer in effect for any reason and the parties have not entered into or designated a substitute linked transportation Agreement. Further, service hereunder shall be suspended if the linked transportation Agreement is released and the parties have not entered into or designated a substitute linked transportation Agreement; provided, however, that if the release is partial, service hereunder shall be suspended only partially, to the extent of the partial release~~. [Specify whether agreement supersedes and cancels previous agreement.]

56. Service will be ON BEHALF OF (where applicable):

____ Shipper or
____ Other: _____, a _____

~~7. The ULTIMATE END USERS are (check one):~~

~~____ customers of the following LDC/pipeline company(ies): _____;~~
~~____ customers in these states: _____; or~~
~~____ customers within any state in the continental U.S.~~

~~8. ____ This Agreement supersedes and cancels a _____ Agreement dated _____~~

69. SHIPPER'S ADDRESSES

_____
_____
_____

NATURAL'S ADDRESSES

_____
_____
_____

710. Any or all of the following provisions may be included (where applicable) in maximum rate agreements or in negotiated rate or discount contracts, if any:

a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by Natural be less than the applicable minimum rate or more than the applicable maximum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

b. (NEGOTIATED RATE AGREEMENTS ONLY) Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the negotiated rates shall apply to service provided by Natural to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in Natural's FERC Gas Tariff as revised from time to time.

c. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the discounted

rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in Natural's FERC Gas Tariff, as approved by the FERC from time to time.

d. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the negotiated rates apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

e. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in this Agreement, as may be revised from time to time.

f. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either Natural or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

g. Succession and Assignment. Any entity which shall succeed by purchase, merger or consolidation to title to the properties, substantially as an entirety, of Natural or Shipper as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. No other assignment of this Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to Natural without the prior express written consent of Natural.

h. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than Natural or Shipper.

i. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

j. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of Natural's FERC Gas Tariff.

k. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF _____ EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF _____

l. Entire Agreement. This Agreement contains the entire agreement between Natural and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by Natural and Shipper which expressly refers to this Agreement.

m. Other. [Describe any other service-related provisions authorized by the IBS Rate Schedule and Natural's Tariff.]

8~~11~~. The above-stated Rate Schedule, as revised from time to time, controls this Agreement and is incorporated herein. The attached Exhibit A, and Exhibit B (if applicable), is (are) a part of this Agreement. Shipper shall provide the actual end user purchaser name(s) to Natural if Natural must provide them to the FERC.

Agreed to by:

NATURAL	SHIPPER
/s/: _____	/s/: _____
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____

EXHIBIT A
DATED _____
EFFECTIVE _____

Shipper: _____

Contract No.: _____

Delivery Point(s): _____

Delivery Pressure: _____

Name / Location	County/Parish/Area	State	PIN No.	Zone	IBS MDQ (Dth)

[Specify any rights to aggregate primary or secondary receipt point capacity among stated points.]

If any end-use facility is not directly connected to Natural, a mutually acceptable IBS monitoring Agreement among Natural, Shipper, Facility Operator and the Point Operator must be executed, consistent with Section 3.2(c) of Rate Schedule IBS. If such an IBS Monitoring Agreement is not in place as to such an end-use, then this Agreement shall not apply to that end-use facility.

Rates

Except as otherwise provided below or in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay Natural the applicable maximum rate(s) and all other lawful charges as specified in Natural's applicable rate schedule. Shipper and Natural may agree that Shipper shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in the Tariff. Natural and Shipper may agree that a specific discounted rate will apply to service hereunder so long as such discounted rate complies with the provisions set forth in Section 15.6, Discounting Policy, of the General Terms and Conditions of Natural's Tariff.~~only to certain volumes under the agreement. The parties may agree that a specified discounted rate will apply only to specified volumes (MDQ or commodity volumes) under the agreement; that a specified discounted rate will apply only if specified volumes are achieved or only if the volumes do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; that a discounted rate shall not apply to Access Requests received after a specified time in the nomination cycle; that a specified discounted rate will apply only to specified points, zones or other defined geographical area(s); and/or that a specified discounted rate(s) will apply in a specified relationship to the volumes actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to volumes actually transported). Notwithstanding the foregoing, no discount agreement may provide that an agreed discount as to a certain volume level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Natural's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.~~ If the parties agree upon a rate other than the applicable maximum rate, such written Agreement shall specify that the parties mutually agree either: (1) that the agreed rate is a discount rate; or (2) that the agreed rate is a Negotiated Rate (or Negotiated Rate Formula). In the event that the parties agree upon a Negotiated Rate or Negotiated Rate

Formula, this Agreement shall be subject to Section 49 of the General Terms and Conditions of Natural's Tariff.

EXHIBIT B [Negotiated Rate Agreement - IBS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
NEGOTIATED RATE PARAMETERS

1.1 Negotiated Rate Term: ~~From~~ _____ ~~Through~~ _____

1.2 Negotiated Daily Access Rate(s): Swing Up $ _____/Dth. Swing Down $_____/Dth.

1.3 Eligible Daily Access Quantity: _____Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Eligible Delivery Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.5 ~~Linked Transportation Agreement: [Describe the Linked Agreement, MDQ and term.]~~

~~1.6~~ Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Negotiated Rate Agreement.]

ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; ADDITIONAL CHARGES

2.1 General Negotiated Rate Limitations: The Negotiated Daily Access Rate shall apply only to an aggregate maximum daily access quantity equal to the Eligible Daily Access Quantity set forth in Section 1.3 above, based upon the absolute values of confirmed daily Access Requests (i.e., swing up Access Requests will not be netted against swing down Access Requests) at the Eligible Delivery Points; provided, however, that to the extent that the IBS Agreement MDQ is permanently or temporarily reduced under the provisions of Natural's FERC Gas Tariff, then effective as of the date of any such reduction, the Eligible Daily Access Quantity shall be reduced pro rata based on the ratio of the Eligible Daily Access Quantity to the IBS Agreement MDQ, as such ratio existed immediately prior to the IBS Agreement MDQ reduction. Any balancing service provided on any day in excess of the Eligible Daily Access Quantity shall be charged the greater of: (a) the Negotiated Daily Access Rate; and (b) the applicable maximum base daily access rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time, as well as all applicable additional rates, charges and surcharges described in Section 2.2 below. The Eligible Daily Access Quantity shall only apply to balancing service provided in connection with transportation service provided by Natural to Shipper to the Designated End Use Facility under the Linked Transportation Agreement.

2.2 Additional Rates, Charges, and Surcharges: In addition to the Negotiated Daily Access Rate, and unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, Shipper shall also pay Natural all other applicable maximum rates, charges, surcharges and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, including without limitation all applicable maximum authorized overrun charges, unauthorized overrun charges and balancing service charges. Notwithstanding the foregoing sentence, to the extent that any such additional maximum rate, charge, surcharge, or penalty is derived from the applicable base daily access rate set forth in Natural's FERC Gas Tariff, then Natural shall derive such additional rate, charge, surcharge, or penalty utilizing the greater of: (a) the applicable maximum base daily access rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time; and (b) the Negotiated Daily Access Rate.

~~2.3 Linked Transportation Agreement Charges: In addition to charges under the IBS Agreement, Shipper shall also be responsible for payment of any and all applicable rates, charges, surcharges, and Fuel Gas and Gas Lost and Unaccounted For under the Linked Transportation Agreement, in accordance with Section 5.3 of Natural's Rate Schedule IBS and all other applicable provisions of Natural's FERC Gas Tariff, as may be revised from time to time.~~

EXHIBIT B [Discount Agreement - IBS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

1.1 Discount Term: ~~From _____ Through~~ _____ .

1.2 Discounted Daily Access Rate(s): Swing Up $ _____/Dth. Swing Down $_____/Dth.

1.3 Discounted Daily Access Quantity: _____ Dth./day [Specify any seasonal and/or variable terms and quantities].

1.4 Discounted Delivery Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.5 ~~Linked Transportation Agreement: [Described the Linked Agreement, MDQ and term.]~~

~~1.6~~ Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; APPLICABLE CHARGES

2.1 General Discount Limitations: The Discounted Daily Access Rate shall apply only to an aggregate maximum daily access quantity equal to the Discounted Daily Access Quantity set forth in Section 1.3 above, based upon the absolute values of confirmed daily Access Requests (i.e., swing up Access Requests will not be netted against swing down Access Requests) at the Discounted Delivery Points; provided, however, that to the extent that the IBS Agreement MDQ is permanently or temporarily reduced under the provisions of Natural's FERC Gas Tariff, then effective as of the date of any such reduction, the Discounted Daily Access Quantity shall be reduced pro rata based on the ratio of the Discounted Daily Access Quantity to the IBS Agreement MDQ, as such ratio existed immediately prior to the IBS Agreement MDQ reduction. Any balancing service provided on any day in excess of the Discounted Daily Access Quantity shall be billed at all applicable maximum rates, charges, and surcharges set forth in Natural's FERC Gas Tariff, as may be revised from time to time. The Discounted Daily Access Quantity shall only apply to balancing service provided in connection with transportation service provided by Natural to Shipper to the Designated End Use Facility under the Linked Transportation Agreement.

2.2 Applicable Rates, Charges, and Surcharges: Unless otherwise expressly provided in this Agreement all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, shall apply to service provided to Shipper under the IBS Agreement, including without limitation all applicable authorized overrun charges, unauthorized overrun charges, and balancing service charges.

~~2.3 Linked Transportation Agreement Charges: In addition to charges under the IBS Agreement, Shipper shall also be responsible for payment of any and all applicable rates, charges, surcharges, and Fuel Gas and Gas Lost and Unaccounted For under the Linked Transportation Agreement, in accordance with Section 5.3 of Natural's Rate Schedule IBS and all other applicable provisions of Natural's FERC Gas Tariff, as may be revised from time to time.~~

[FOR RATE SCHEDULES DSS, NSS, FRSS, BESS]
Contract No. _____
NATURAL GAS PIPELINE COMPANY OF AMERICA LLC (NATURAL)
STORAGE RATE SCHEDULE _____
AGREEMENT DATED _____
UNDER SUBPART ____ OF PART 284
OF THE FERC'S REGULATIONS

1. SHIPPER is: _____, a _____

2. (a) MDQ totals: _____ Dth per day.

   (b) MAC totals (BESS only): _____ Dth.

   (c) MSWQ equals MDQ times: ._____ 10 or _____ 20 (check one) [FRSS only]

   (d) (NSS only) Leg Rights: ___% Amarillo; ___% Gulf Coast (sum must equal 100%).

   (e) (FRSS only) Service will be: (i) _____ delivered storage; or (ii) _____ storage-only option (check one). If the storage-only option is selected, does Shipper desire no-notice rights under Section 7.5(b) of Rate Schedule FRSS: _____ Yes _____ No (Check One). If yes, designate a firm transportation Agreement: _____

   (f) The primary Delivery Point(s) and associated MDQ(s) are contained in Exhibit A attached hereto and are a part of this Agreement (DSS only). The primary Delivery and Receipt Point(s) and the associated MDQs (defining a primary path for capacity release purposes) are contained on Exhibit A attached hereto and are a part of this Agreement (delivered FRSS only).

3. TERM: _____ through _____
   [(DSS, NSS and FRSS only) Specify contractual rollover, evergreen or ROFR rights, if any, per Section 22.4 of the General Terms and Conditions of Natural's FERC Gas Tariff.] Specify whether agreement supersedes and cancels previous agreement.]

4. Service will be ON BEHALF OF:

   ____ Shipper or
   ____ Other: _____, a _____

5. ____ This Agreement supersedes and cancels a _____ Agreement dated _____
   ____ [for firm service only] Service and reservation charges commence the later of:
   (a) _____, and
   (b) the date capacity to provide the service hereunder is available on Natural's system.
   Other: _____

6. SHIPPER'S ADDRESSES NATURAL'S ADDRESSES

   _____ _____
   _____ _____
   _____ _____

67. Any or all of the following provisions may be included (where applicable) in maximum rate agreements or in negotiated rate or discount contracts, if any:

   a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by Natural be less than the applicable minimum rate or more than the applicable maximum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

   b. (NEGOTIATED RATE AGREEMENTS ONLY) Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the negotiated rates shall apply to service provided by Natural to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in Natural's FERC Gas Tariff as revised from time to time.

c. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in Natural's FERC Gas Tariff, as approved by the FERC from time to time.

d. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the negotiated rates apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

e. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in this Agreement, as may be revised from time to time.

f. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either Natural or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

g. Succession and Assignment. Any entity which shall succeed by purchase, merger or consolidation to title to the properties, substantially as an entirety, of Natural or Shipper as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. No other assignment of this Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to Natural without the prior express written consent of Natural.

h. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than Natural or Shipper.

i. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

j. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of Natural's FERC Gas Tariff.

k. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF _____, EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF _____

l. Entire Agreement. This Agreement contains the entire agreement between Natural and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by Natural and Shipper which expressly refers to this Agreement.

m. Other. [Describe any other service-related provisions authorized by the DSS, NSS, FRSS and BESS Rate Schedules and Natural's Tariff.]

78. The above-stated Rate Schedule, as revised from time to time, controls this Agreement and is incorporated herein. The attached Exhibit A, and Exhibit B (if applicable), is (are) a part of this Agreement.

Agreed to by:

NATURAL	SHIPPER
/s/: _____	/s/: _____

NAME:_____ NAME: _____
TITLE:_____ TITLE: _____

EXHIBIT A
DATED _____
EFFECTIVE _____

Shipper: _____

Contract No.: _____

A. Primary Delivery Point(s):

	Name / Location	County/Parish/Area	State	PIN No.	Delivery Point Pressure (DSS Only)	Zone	MDQ (Dth)
1.							

B. Primary Receipt Point(s) (Delivered FRSS Capacity Release):

	Name / Location	County/Parish/Area	State	PIN No.	Zone	MDQ (Dth)
1.						

[Specify any rights to aggregate primary or secondary receipt point capacity among stated points.]

C. Rates

Except as otherwise provided below or in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay Natural the applicable maximum rate(s) and all other lawful charges specified in Natural's applicable rate schedule. Shipper and Natural may agree that Shipper shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in the Tariff. Natural and Shipper may agree that a specific discounted rate will apply to service hereunder so long as such discounted rate complies with the provisions set forth in Section 15.6, Discounting Policy, of the General Terms and Conditions of Natural's Tariff. ~~only to certain volumes under the agreement. The parties may agree that a specified discounted rate will apply only to specified volumes (MDQ, WQ, IQ or commodity volumes) under the agreement; that a specified discounted rate will apply only if specified volumes are achieved or the volumes do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; that a specified discounted rate will apply only to specified points, zones, mainline segments, supply areas, transportation paths, markets or other defined geographical area(s); that a specified discounted rate(s) will apply in a specified relationship to the volumes actually tendered (i.e., that the reservation charge will be adjusted in a specified relationship to volumes actually tendered); and/or that the discount will apply only to reserves dedicated by Shippers to Natural's system. Notwithstanding the foregoing, no discount agreement may provide that an agreed discount as to a certain volume level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Natural's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate~~

~~components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a~~

~~refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.~~ If the parties agree upon a rate other than the applicable maximum rate, such written Agreement(s) shall specify that the parties mutually agree either: (1) that the agreed rate is a discount rate; or (2) that the agreed rate is a Negotiated Rate (or Negotiated Rate Formula). In the event that the parties agree upon a Negotiated Rate or Negotiated Rate Formula, this Agreement shall be subject to Section 49 of the General Terms and Conditions of Natural's Tariff.

EXHIBIT B [Negotiated Rate Agreement - DSS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
NEGOTIATED RATE PARAMETERS

1.1 Negotiated Rate Term: ~~From~~ _____ ~~Through~~ _____

1.2 Negotiated Rates:

(a) Negotiated Monthly Base Reservation Rate(s): [$_____ /Dth. of MDQ, or negotiated rate or negotiated rate formula]

(b) Negotiated Base Commodity Rate(s): [$_____/Dth., or negotiated rate or negotiated rate formula]

1.3 Eligible Firm Quantities:

(a) Eligible Contract MDQ: _____ Dth./day.
(b) Eligible Contract MSV: _____ Dth.

1.4 Eligible Primary Receipt Points: [as set forth in Section 7.5 of the DSS Rate Schedule]

1.5 Eligible Secondary Receipt Points: The Negotiated Rates shall apply to service provided on a firm basis from the following secondary receipt points: _____

1.6 Eligible Primary Delivery Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.7 Eligible Secondary Delivery Points: The Negotiated Rates shall apply to service provided on a firm basis to the following secondary delivery points: _____

1.8 Authorized Overrun Rate(s): [Describe the applicable negotiated rate for Authorized Overrun Service, if any.]

1.9 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Negotiated Rate Agreement.]

ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; ADDITIONAL CHARGES

2.1 General Negotiated Rate Limitations: The Negotiated Rates shall apply only to: (i) service provided to Shipper by Natural under the Storage Agreement from the Eligible Receipt Points to the Eligible Delivery Points during the Negotiated Rate Term; and (ii) an aggregate maximum daily firm storage quantity equal to the Eligible Firm Quantities set forth in Section 1.3 above, for all quantities stored or transported on a firm basis under the Storage Agreement and any associated capacity release replacement agreements. For any aggregate quantities stored or transported on a firm basis on any day for Shipper and any associated capacity release replacement shippers which: (i) are in excess of the applicable Eligible Firm Quantities; or (ii) involve any receipt or delivery points which are not Eligible Receipt or Delivery Points, Shipper shall be charged the greater of: (a) the 100% load factor daily rate equivalent of the Negotiated Rates; and (b) the 100% load factor daily rate equivalent of the applicable maximum base reservation rate and applicable maximum base commodity rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time, as well as all applicable additional rates, charges and surcharges described in Section 2.3 below.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges as part of the negotiated rates.]

2.3 Additional Rates, Charges, and Surcharges: In addition to the Negotiated Rates and unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, Shipper shall also pay Natural all other applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, including without limitation all applicable maximum: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) Storage Fuel Charges; (iii) authorized and unauthorized overrun charges; (iv) authorized and unauthorized inventory cycling charges; (v) sourcing charges; (vi) reservation charges and surcharges; (vii) commodity charges and surcharges; (viii) ACA surcharges; and (ix) gathering charges, offshore charges, and lateral line charges. Notwithstanding the foregoing sentence, to the extent that any such additional maximum rate, charge, surcharge, or penalty is derived from the applicable base reservation rate or applicable base commodity rate set forth in Natural's FERC Gas Tariff, then Natural shall derive such additional rate, charge, surcharge, or penalty utilizing the greater of: (i) the applicable maximum base reservation rate or applicable maximum base commodity rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time; and (ii) the Negotiated Rates.

EXHIBIT B [Discount Agreement - DSS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

1.1 Discount Term: ~~From~~ _____ ~~Through~~ _____

1.2 Discounted Rates:

(a) Discounted Monthly Base Reservation Rate(s): $_____ /Dth. of MDQ.
(b) Discounted Base Commodity Rate(s): $_____/Dth.

1.3 Discounted Firm Quantities:

(a) Discounted Contract MDQ: _____ Dth./day.
(b) Discounted Contract MSV: _____ Dth.

1.4 Discounted Primary Receipt Points: [as set forth in Section 7.5 of the DSS Rate Schedule]

1.5 Discounted Secondary Receipt Points: The Discounted Rates shall apply to service provided on a firm basis from the following secondary receipt points: _____

1.6 Discounted Primary Delivery Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	DISCOUNTED POINT MDQ (Dth/d.)

1.7 Discounted Secondary Delivery Points: The Discounted Rates shall apply to service provided on a firm basis to the following secondary delivery points: _____

1.8 Authorized Overrun Rate(s): [Describe the applicable discount rate for Authorized Overrun Service, if any.]

1.9 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; APPLICABLE CHARGES

2.1 General Discount Limitations: The Discounted Rates shall apply only to: (i) service provided to Shipper by Natural under the Storage Agreement from the Discounted Receipt Points to the Discounted Delivery Points during the Discount Term; and (ii) an aggregate maximum daily firm storage quantity equal to the Discounted Firm Quantities set forth in Section 1.3 above, for all quantities stored or transported on a firm basis under the Storage Agreement and any associated capacity release replacement agreements. Unless otherwise agreed, Shipper shall be charged all applicable maximum rates, charges, and surcharges set forth in Natural's FERC Gas Tariff, as may be revised from time to time, for any aggregate quantities stored or transported on a firm basis for Shipper and any associated capacity release replacement shippers which: (i) are in excess of the Discounted Firm Quantities, or (ii) involve any receipt or delivery points which are not Discounted Receipt or Delivery Points.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges to Shipper.]

2.3 Applicable Maximum Rates, Charges, and Surcharges: Unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, shall apply to service provided to Shipper under the Storage Agreement, including without limitation all applicable maximum: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) Storage Fuel Charges; (iii) authorized and unauthorized overrun charges; (iv) authorized and unauthorized inventory cycling charges; (v) sourcing charges; (vi) reservation surcharges; (vii) commodity rates, charges and surcharges; (viii) ACA surcharges; and (ix) gathering charges, offshore charges, and lateral line charges.

EXHIBIT B [Negotiated Rate Agreement - NSS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
NEGOTIATED RATE PARAMETERS

1.1 Negotiated Rate Term: ~~From~~ _____ ~~Through~~ _____

1.2 Negotiated Rates:

(a) Negotiated Monthly Base Reservation Rate (s): [$_____/Dth. of MDQ, or the negotiated rate or negotiated rate formula]
(b) Negotiated Base Commodity Rate(s): [$_____/Dth., or the negotiated rate or negotiated rate formula]

1.3 Eligible Firm Quantities:

(a) Eligible Contract MDQ: _____Dth./day.
(b) Eligible Contract MSV: _____Dth.

1.4 Authorized Overrun Rate(s): [Describe the applicable negotiated rate for Authorized Overrun Service, if any.]

1.5 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Negotiated Rate Agreement.]

ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; ADDITIONAL CHARGES

2.1 General Negotiated Rate Limitations: The Negotiated Rates shall apply only to service provided to Shipper by Natural under the NSS Agreement during the Negotiated Rate Term, up to a maximum aggregate firm quantity stored on a firm basis under the NSS Agreement and any associated capacity release replacement agreements. For any aggregate quantities stored on a firm basis for Shipper and any associated capacity release replacement shippers which are in excess of the Eligible Contract MDQ or the Eligible Contract MSV, as applicable, Shipper shall be charged the greater of: (a) the 100% load factor daily rate equivalent of the Negotiated Rates; and (b) the 100% load factor daily rate equivalent of the applicable maximum monthly base reservation rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges as part of the negotiated rates.]

2.3 Additional Maximum Rates, Charges, and Surcharges: In addition to the Negotiated Rates, and unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, Shipper shall pay Natural all other applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, including without limitation all applicable maximum: (i) Storage Fuel Charges; (ii) authorized and unauthorized overrun charges; (iii) sourcing charges; (iv) reservation charges and surcharges; (v) commodity rates, charges and surcharges; (vi) ACA surcharges; and (vii) gathering charges, offshore charges, and lateral line charges. Notwithstanding the foregoing sentence, to the extent that any such additional maximum rate, charge, surcharge, or penalty is derived from the applicable base reservation rate or applicable base commodity rate set forth in Natural's FERC Gas Tariff, then Natural shall derive such additional rate, charge, surcharge or penalty utilizing the greater of: (i) the applicable maximum base reservation or applicable maximum base commodity rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time and (ii) the Negotiated Rates.

EXHIBIT B [Discount Agreement - NSS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

1.1 Discount Term: ~~From~~ _____ ~~Through~~ _____

1.2 Discounted Rates:

(a) Discounted Monthly Base Reservation Rate(s): $_____/Dth. of MDQ.
(b) Discounted Base Commodity Rate(s): $_____/Dth.

1.3 Discounted Firm Quantities:

(a) Discounted Contract MDQ: _____Dth./day.
(b) Discounted Contract MSV: _____Dth.

1.4 Authorized Overrun Rate(s): [Describe the applicable discount rate for Authorized Overrun Service, if any.]

1.5 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; APPLICABLE CHARGES

2.1 General Discount Rate Limitations: The Discounted Rates shall apply only to service provided to Shipper by Natural under the NSS Agreement during the Discount Term, up to a maximum aggregate firm quantity equal to the respective Discounted Contract MDQ and the Discounted Contract MSV set forth in Section 1.3 above, for all quantities stored on a firm basis under the NSS Agreement and any associated capacity release replacement agreements. Unless otherwise agreed, Shipper shall be charged all applicable maximum rates, charges and sucharges, set forth in Natural's FERC Gas Tariff, as may be revised from time to time, for any aggregate quantities stored on a firm basis for Shipper and any associated capacity release replacement shippers which are in excess of the Discounted Contract MDQ or the Discounted Contract MSV, as applicable.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges to Shipper.]

2.3 Applicable Maximum Rates, Charges, and Surcharges: Unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, shall apply to service provided to Shipper under the Storage Agreement, including without limitation all applicable maximum: (i) Storage Fuel Charges; (ii) authorized and unauthorized overrun charges; (iii) sourcing charges; (iv) reservation surcharges; (v) commodity rates, charges and surcharges; (vi) ACA surcharges; and (vii) gathering charges, offshore charges, and lateral line charges.

EXHIBIT B [Negotiated Rate Agreement - FRSS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
NEGOTIATED RATE PARAMETERS

1.1 Negotiated Rate Term: ~~From~~ _____ ~~Through~~ _____

1.2 Negotiated Monthly Base Reservation Rate(s): [$_____/Dth. of MDQ, or negotiated rate or negotiated rate formula]

1.3 Eligible Firm Quantities:

(a) Eligible Contract MDQ: _____ Dth./day.
(b) Eligible Contract MSWQ: _____ Dth.

If Shipper elects delivered option, Sections 1.4 through 1.7 apply.

1.4 Eligible Primary Receipt Points: [as set forth in Exhibit A]

1.5 Eligible Secondary Receipt Points: The Negotiated Monthly Base Reservation Rate shall apply to service provided on a firm basis from the following secondary receipt points: _____

1.6 Eligible Primary Delivery Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	ELIGIBLE POINT MDQ (Dth/d.)

1.7 Eligible Secondary Delivery Points: The Negotiated Monthly Base Reservation Rate shall apply to service provided on a firm basis to the following secondary delivery points:

_____

1.8 Authorized Overrun Rate(s): [Describe the applicable negotiated rate for Authorized Overrun Service, if any.]

1.9 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Negotiated Rate Agreement.]

ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; ADDITIONAL CHARGES

2.1 General Negotiated Rate Limitations: The Negotiated Monthly Base Reservation Rate shall apply only to: (i) service provided to Shipper by Natural under the Storage Agreement from the Eligible Receipt Points to the Eligible Delivery Points during the Negotiated Rate Term; and (ii) a maximum aggregate negotiated rate firm quantity equal to the respective Eligible Contract MDQ and the Eligible Contract MSWQ set forth in Section 1.3 above for all quantities stored (and/or transported, if the Storage Agreement is for Delivered Service) on a firm basis under the Storage Agreement and any associated capacity release replacement agreement. Shipper shall be charged all applicable maximum rates, charges and surcharges set forth in Natural's FERC Gas Tariff, as may be revised from time to time, for any aggregate quantities stored (and/or transported, if the Storage Agreement is for Delivered Service) on a firm basis for Shipper and any associated capacity release replacement shippers which: (i) are in excess of the respective Contract MDQ and the contract MSWQ, as applicable, or (ii) involve any receipt or delivery points which are not Eligible Receipt or Delivery Points. Shipper shall be charged the greater of: (a) the 100% load factor daily rate equivalent of the Negotiated Rates; and (b) the 100% load factor daily rate equivalent of the applicable maximum base reservation rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time, as well as all applicable additional rates, charges and surcharges described in Section 2.3 below.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges as part of the negotiated rates.]

2.3 Additional Rates, Charges, and Surcharges: In addition to the Negotiated Monthly Base Reservation Rate and unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, Shipper shall also pay Natural all other applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, including without limitation all applicable maximum: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) Storage Fuel Charges; (iii) authorized and unauthorized overrun charges; (iv) sourcing charges; (v) reservation charges and surcharges; (vi) commodity charges and surcharges; (vii) ACA surcharges; and (viii) gathering charges, offshore charges, and lateral line charges. Notwithstanding the foregoing sentence, to the extent that any such additional maximum rate, charge, surcharge, or penalty is derived from the applicable base reservation rate set forth in Natural's FERC Gas Tariff, then Natural shall derive such additional rate, charge, surcharge, or penalty utilizing the greater of: (i) the applicable maximum base reservation rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time; and (ii) the Negotiated Monthly Base Reservation Rate.

EXHIBIT B [Discount Agreement - FRSS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

1.1 Discount Term: ~~From~~ _____ ~~Through~~ _____

1.2 Discounted Monthly Base Reservation Rate(s): $_____/Dth. of MDQ.

1.3 Discounted Firm Quantities:

(a) Discounted Contract MDQ: _____Dth./day.
(b) Discounted Contract MSWQ:_____ Dth.

If Shipper elects delivered option, Section 1.4 through 1.7 apply.

1.4 Discounted Primary Receipt Points: [as set forth in Exhibit A]

1.5 Discounted Secondary Receipt Points: The Discounted Monthly Base Reservation Rate shall apply to service provided on a firm basis from the following secondary receipt points:

_____

1.6 Discounted Primary Delivery Points: [as set forth in Exhibit A, unless otherwise listed herein]

NAME	PIN	DISCOUNTED POINT MDQ (Dth/d.)

1.7 Discounted Secondary Delivery Points: The Discounted Monthly Base Reservation Rate shall apply to service provided on a firm basis to the following secondary delivery points:

_____

1.8 Authorized Overrun Rate(s): [Describe the applicable discount rate for Authorized Overrun Service, if any.]

1.9 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Natural's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; APPLICABLE CHARGES

2.1 General Discount Limitations: The Discounted Monthly Base Reservation Rate shall apply only to: (i) service provided to Shipper by Natural under the FRSS Agreement from the Discounted Receipt Points to the Discounted Delivery Points during the Discount Term; and (ii) a maximum aggregate discount firm quantity equal to the respective Discounted Contract MDQ and the Discounted Contract MSWQ set forth in Section 1.3 above, for all quantities stored (and/or transported, if the FRSS Agreement is for Delivered Service) on a firm basis under the FRSS Agreement and any associated capacity release replacement agreements. Shipper shall be charged all applicable maximum rates, charges, and surcharges set forth in Natural's FERC Gas Tariff, as may be revised from time to time, for any aggregate quantities stored (and/or transported, if the FRSS Agreement is for Delivered Service) on a firm basis for Shipper and any associated capacity release replacement shippers which: (i) are in excess of the respective Discounted Contract MDQ and the Discounted Contract MSWQ, as applicable, or (ii) involve any receipt or delivery points which are not Discounted Receipt or Delivery Points.

2.2 Discountable Third Party Surcharges: From time to time, certain reservation and/or commodity surcharges may be approved by the FERC for inclusion in Natural's FERC Gas Tariff which Natural is: (i) required to collect from Shipper and remit to the FERC or to another third party; and (ii) permitted to discount the amount of such surcharge from the applicable maximum rate set forth in Natural's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and the applicability of such surcharges to Shipper.]

2.3 Applicable Maximum Rates, Charges, and Surcharges: Unless otherwise expressly provided in this Agreement or agreed to in writing by Natural, all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Natural's FERC Gas Tariff, as may be revised from time to time, shall apply to service provided to Shipper under the Storage Agreement, including without limitation all applicable maximum: (i) Fuel and Gas Lost and Unaccounted For charges; (ii) Storage Fuel Charges; (iii) authorized and unauthorized overrun charges; (iv) sourcing charges; (v) reservation surcharges; (vi) commodity rates, charges and surcharges; (vii) ACA surcharges; and (viii) gathering charges, offshore charges, and lateral line charges.

[FOR RATE SCHEDULE PALS]

Contract No. _____

NATURAL GAS PIPELINE COMPANY OF AMERICA LLC (NATURAL)
PARK AND LOAN SERVICE AGREEMENT DATED _____
UNDER SUBPART _____ OF PART 284 OF THE FERC'S REGULATIONS

1. SHIPPER is: _____, a _____

2. Maximum Aggregate Quantity (Dth) _____ (On any day, the total of all MAQ ROs can never exceed this quantity.)

3. Daily Quantity, Receipt and Delivery Point: As set forth in the applicable PALS RO.

4. TERM: _____ ~~through~~ _____ and month to month thereafter until terminated by prior written notice by either party. Termination shall not discharge any obligations accrued hereunder. [Specify whether agreement supersedes and cancels previous agreement.]

5. Service will be ON BEHALF OF: _____ Shipper or
_____ Other: _____

6. SHIPPER'S ADDRESSES NATURAL'S ADDRESSES

_____ _____
_____ _____
_____ _____

7. ~~____ This Agreement supersedes and cancels a ____ Agreement dated _____~~
~~_____ Other: _____~~

~~8.~~ PALS Request Order: The form of the PALS RO attached hereto or such other mutually agreeable form, when executed by the parties shall evidence their agreement as to the terms of the particular transaction for the Park and Loan Service pursuant to this Agreement, including the quantity, rate, Receipt and Delivery Points for parking and lending and the term.

8~~9~~. PARK AND LOAN QUANTITY:

(i) 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.

(ii) 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.

9~~10~~. RATES: Except as otherwise provided below or in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay Natural the applicable maximum rate(s) and all other lawful charges as specified in Natural's applicable rate schedule. Shipper and Natural may agree that Shipper shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in the Tariff. Natural and Shipper may agree that a specific discounted rate will apply only to certain volumes under the agreement. The parties may agree that a specified discounted rate will apply only to specified volumes (MDQ, MAQ or commodity volumes) under the agreement; that a specified discounted rate will apply only if specified volumes are achieved or the volumes do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; that a specified discounted rate will apply only to specified points, zones or other defined geographical area(s); and/or that a specified discounted rate(s) will apply in a specified relationship to the volumes actually tendered. Notwithstanding the foregoing, no discount agreement

may provide that an agreed discount as to a certain volume level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Natural's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable. If the parties agree upon a rate other than the applicable maximum rate, such written Agreement(s) shall specify that the parties mutually agree either: (1) that the agreed rate is a discount rate; or (2) that the agreed rate is a Negotiated Rate (or Negotiated Rate Formula). In the event that the parties agree upon a Negotiated Rate or Negotiated Rate Formula, this Agreement shall be subject to Section 49 of the General Terms and Conditions of Natural's Tariff.

10~~1~~. Any or all of the following provisions may be included (where applicable) in maximum rate agreements or in negotiated rate or discount contracts, if any:

a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by Natural be less than the applicable minimum rate or more than the applicable maximum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

b. (NEGOTIATED RATE AGREEMENTS ONLY) Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the negotiated rates shall apply to service provided by Natural to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in Natural's FERC Gas Tariff as revised from time to time.

c. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in Natural's FERC Gas Tariff, as approved by the FERC from time to time.

d. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the negotiated rates apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

e. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in this Agreement, as may be revised from time to time.

f. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either Natural or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

g. Succession and Assignment. Any entity which shall succeed by purchase, merger or consolidation to title to the properties, substantially as an entirety, of Natural or Shipper as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. No other assignment of this Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to Natural without the prior express written consent of Natural.

h. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than Natural or Shipper.

i. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

j. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of Natural's FERC Gas Tariff.

k. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF _____, EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF _____

l. Entire Agreement. This Agreement contains the entire agreement between Natural and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by Natural and Shipper which expressly refers to this Agreement.

m. Other. [Describe any other service-related provisions authorized by the PALS Rate Schedule and Natural's Tariff.]

11~~2~~. The above-stated Rate Schedule, as revised from time to time, controls this Agreement and is incorporated herein. The attached PALS Request Order Form is a part of this Agreement. Shipper shall provide the actual end user purchaser name(s) to Natural if Natural must provide them to the FERC.

Agreed to by:

NATURAL	SHIPPER
/s/: _____	/s/: _____
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____

[FOR RATE SCHEDULE LPS]

Contract No. _____

NATURAL GAS PIPELINE COMPANY OF AMERICA LLC (NATURAL)
LINE PACK SERVICE (PARK AND LOAN) AGREEMENT
DATED _____
UNDER SUBPART _____ OF PART 284 OF THE FERC'S REGULATIONS

1. SHIPPER is: _____, a _____

2. Maximum Aggregate Quantity (Dth) _____ (On any day, the total of all MAQ ROs can never exceed this quantity.)

3. Maximum Daily Quantity (Dth) _____ (the total of all MDQ RO can never exceed this quantity).

4. TERM: _____ through _____ and month to month thereafter until terminated by prior written notice by either party. Termination shall not discharge any obligations accrued hereunder. [Specify whether agreement supersedes and cancels previous agreement.]

5. Service will be ON BEHALF OF: _____ Shipper or
_____ Other: _____

6. SHIPPER'S ADDRESSES NATURAL'S ADDRESSES

_____ _____
_____ _____
_____ _____
_____ _____

7. ___ This Agreement supersedes and cancels a _____ Agreement dated _____
___ Other: _____

8. LPS Request Order: The form of the LPS RO attached hereto or such other mutually agreeable form, when executed by the parties shall evidence their agreement as to the terms of the particular transaction for the Park and Loan Service pursuant to this Agreement, including the quantity, rate, Receipt and Delivery Points for parking and lending and the term. The LPS RO may specify a range for the quantity and term of a Park and Loan. A single LPS RO may cover both a park and loan within limits specified.

9. PARK AND LOAN QUANTITY:

(i) 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 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.

(ii) 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 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.

10. RATES: Except as otherwise provided below or in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay Natural the applicable maximum rate(s) and all other lawful charges as specified in Natural's applicable rate schedule. Shipper and Natural may agree that Shipper shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in the Tariff. Natural and Shipper may agree that a specific discounted rate will apply to service hereunder so long as such discounted rate complies with the provisions set forth in Section 15.6, Discounting Policy, of the General Terms and Conditions of Natural's Tariff. only to certain volumes under the agreement. The parties may agree that a specified discounted rate will apply only to specified volumes (MDQ, MAQ or commodity volumes) under the agreement; that a specified discounted rate will apply only if specified volumes are achieved or the volumes do not exceed a specified

~~level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; that a specified discounted rate will apply only to specified points, zones or other defined geographical area(s); and/or that a specified discounted rate(s) will apply in a specified relationship to the volumes actually tendered. Notwithstanding the foregoing, no discount agreement may provide that an agreed discount as to a certain volume level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Natural's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.~~ If the parties agree upon a rate other than the applicable maximum rate, such written Agreement(s) shall specify that the parties mutually agree either: (1) that the agreed rate is a discount rate; or (2) that the agreed rate is a Negotiated Rate (or Negotiated Rate Formula). In the event that the parties agree upon a Negotiated Rate or Negotiated Rate Formula, this Agreement shall be subject to Section 49 of the General Terms and Conditions of Natural's Tariff.

10~~1~~. Any or all of the following provisions may be included (where applicable) in maximum rate agreements or in negotiated rate or discount contracts, if any:

a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by Natural be less than the applicable minimum rate or more than the applicable maximum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

b. (NEGOTIATED RATE AGREEMENTS ONLY) Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the negotiated rates shall apply to service provided by Natural to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in Natural's FERC Gas Tariff as revised from time to time.

c. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in Natural's FERC Gas Tariff, as approved by the FERC from time to time.

d. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall Natural be required to refund to Shipper any amounts collected for service to which the negotiated rates apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in Natural's FERC Gas Tariff, as may be revised from time to time.

e. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in this Agreement, as may be revised from time to time.

f. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either Natural or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

g. Succession and Assignment. Any entity which shall succeed by purchase, merger or consolidation to title to the properties, substantially as an entirety, of Natural or Shipper as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. No other assignment of this Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to Natural without the prior express written consent of Natural.

h. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than Natural or Shipper.

i. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

j. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of Natural's FERC Gas Tariff.

k. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF _____, EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF _____

l. Entire Agreement. This Agreement contains the entire agreement between Natural and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by Natural and Shipper which expressly refers to this Agreement.

m. Other. [Describe any other service-related provisions authorized by the LPS Rate Schedule and Natural's Tariff.]

11~~2~~. The above-stated Rate Schedule, as revised from time to time, controls this Agreement and is incorporated herein. The attached LPS Request Order Form is a part of this Agreement. Shipper shall provide the actual end user purchaser name(s) to Natural if Natural must provide them to the FERC.

Agreed to by:

NATURAL	SHIPPER
/s/: _____	/s/: _____
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____

RO No.: _____

LPS REQUEST ORDER FORM
DATED _____

Shipper: _____
Initiation Point Name(s) and PIN(s): _____
Completion Point Name(s) and PIN(s): _____
Term: Start _____ End _____

Type of Service: Park ___ Loan _____
MAQ RO: _____(Dth)
Minimum Aggregate Quantity:_____
LPS Agreement #: _____

Schedule:

Date(s) Service to be Provided (May Reflect a Range of Dates)		Daily Quantity (Dth) (May Reflect a Range of Volumes)			
		Park or Loan Payback		Loan or Park Withdrawal	
From	Through	Minimum	Maximum	Minimum	Maximum

Rates: Rates may vary based on volume, time period, etc., as set out in the Pro Forma Service Agreement and pursuant to Sections 6.1 and 6.2, as applicable, of Rate Schedule LPS, as set forth below.
Initial Fee: _____
Completion Fee: _____
Park/Loan Balance Fee: _____
Park or Loan Payback = volumes which Natural RECEIVES from Shipper _____
Loan or Park Withdrawal = volumes which Natural DELIVERS to Shipper _____

Service will be ON BEHALF OF:
___ Shipper or
___ Other: _____, a _____

SHIPPER'S CONTACT AND ADDRESS

_____

_____

_____

Phone: _____ Fax: _____

Other Conditions (if any): _____

Agreed to by:

NATURAL	SHIPPER
/s/: _____	/s/: _____
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____