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FERC GAS TARIFF

FIRST REVISED VOLUME No. 1

of

HORIZON PIPELINE COMPANY, L.L.C.

Filed with the

FEDERAL ENERGY REGULATORY COMMISSION

**Communications Concerning this Tariff
Should be Addressed to:**

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PRELIMINARY STATEMENT

Horizon Pipeline Company, L.L.C. ("Horizon" or "Transporter") is a general partnership formed under the laws of the State of Delaware. Horizon is a natural gas company primarily engaged in the business of transporting natural gas in the State of Illinois.

The Currently Effective Rates, Rate Schedules, General Terms and Conditions, and Forms of Service Agreement applicable to the transportation services performed by Horizon are contained herein.

SYSTEM MAP

Horizon's system map(s) may be found using the following link to the Informational Postings on Horizon's Internet website:

<http://pipeline2.kindermorgan.com/default.aspx?code=HORZ>

Use the Informational Postings menu on the left-side to select the system map URL.

CURRENTLY EFFECTIVE RATES
(RATES PER DTH) 1/

	<u>Maximum</u>	<u>Minimum</u>
<u>Rate Schedule FTS</u>		
Reservation	\$3.3120	\$0.0000
Commodity	\$0.0000	\$0.0000
Overrun	\$0.1089	\$0.0000
 <u>Rate Schedule ITS</u>		
Commodity	\$0.1089	\$0.0000

ACA Surcharge 1/

The surcharge is applied to transportation Rate Schedules, when applicable, pursuant to Section 154.402 of the Commission's regulations and Section 31 of this Tariff.

1/ Horizon incorporates by reference into its Tariff the ACA unit charge, as revised annually and posted on the Commission's website, located at <http://www.ferc.gov> on the Annual Charges page of the Natural Gas section.

Sheet No. 6 is reserved for future use.

STATEMENT OF NEGOTIATED RATE TRANSACTIONS
PURSUANT TO SECTION 49

<u>Shipper Name</u>	<u>Rate Schedule</u>	<u>Term of Contract</u>	<u>Volume (Dth/d)</u>	<u>Reservation Charge(s)</u>	<u>Commodity Charge(s)</u>	<u>Primary Point(s) / PIN No(s). Receipt</u>	<u>Delivery</u>
Nicor Gas Company	FTS	5/14/2025 through 5/13/2035	300,000	1/	1/	1/	1/

1/ This information is set out in the executed Negotiated Rate Transportation Rate Schedule FTS Agreement which is contained in Horizon's Original Volume No. 2.

Reserved for Future Use

Reserved for Future Use

Reserved for Future Use

Reserved for Future Use

STATEMENT OF NEGOTIATED RATE TRANSACTIONS
PURSUANT TO SECTION 33

<u>Shipper Name</u>	<u>Rate Schedule</u>	<u>Term of Contract</u>	<u>Volume (Dth/d)</u>	<u>Reservation Charge(s)</u>	<u>Commodity Charge(s)</u>	<u>Primary Point(s) / PIN No(s).</u>	
						<u>Receipt</u>	<u>Delivery</u>
Natural Gas Pipeline Company of America LLC 1/	ITS	4/01/2025 through 3/31/2027	300,000	2/	2/	2/	2/

1/ The Transportation Rate Schedule ITS Agreement with Shipper does not deviate in any material respect from the form of service agreement in Horizon’s FERC Gas Tariff.

2/ This information is set out in the executed Transportation Rate Schedule ITS Agreement and corresponding Negotiated Rate Exhibit, which is contained in Horizon’s Original Volume No. 2.

Sheet Nos. 13 through 19 are being reserved for future use.

RATE SCHEDULE FTS
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

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

2. APPLICABILITY AND CHARACTER OF SERVICE

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

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

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

RATE SCHEDULE FTS

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

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

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

2.6 Shipper may release capacity dedicated to service hereunder pursuant to Horizon's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff.

3. VALID REQUESTS

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

(a) A request shall not be valid and Horizon shall not be required to grant any such request: (1) for which adequate capacity is not available on any portion of Horizon's System necessary to provide such service; (2) as to which Horizon does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FTS; (3) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Horizon may agree on a basis not unduly discriminatory

RATE SCHEDULE FTS

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

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

RATE SCHEDULE FTS

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

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

(a) **GAS QUANTITIES**

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

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

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

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

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

(d) **LIMITATION OF POINTS**

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

(2) The availability to Shipper of secondary Receipt and Delivery Points, and the related priorities and volumes, are governed by the General Terms and Conditions.

RATE SCHEDULE FTS

(e) TERM OF SERVICE

The request shall specify:

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

(f) CREDIT

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

(g) COMPLIANCE WITH FTS TARIFF

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

(h) COMMISSION-REQUIRED FILING INFORMATION

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

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

RATE SCHEDULE FTS

4. TERM

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

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

(c) Horizon may terminate any FTS Agreement if Horizon is required by the FERC or some other agency or court to provide firm service for others utilizing the System capacity or capability required for service under such FTS Agreement or if Horizon ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the FTS Agreement. Horizon's ability to terminate any FTS Agreement under this provision is intended to ensure that the contract term does not extend beyond the regulatory authority to provide the service and that the contract is consistent with the regulatory authority to provide the service.

5. RATE

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

(b) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 33 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

RATE SCHEDULE FTS

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

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

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

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

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

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

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

RATE SCHEDULE FTS

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

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

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

RATE SCHEDULE FTS

6. NOMINATIONS, SCHEDULING CHARGES AND IMBALANCES

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

(b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Horizon may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance, subject to the provisions of Section 6(c) below. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.

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

RATE SCHEDULE FTS

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

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

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

8. OVERRUN SERVICE

Upon request of Shipper, Horizon may (but is not obligated to) receive, transport, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the FTS Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of Horizon to meet its other obligations. In granting requests for overrun service, Horizon shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay Horizon the applicable rate for Authorized Overrun Service set forth in this Tariff. Except for Authorized Overrun Service hereunder, Shipper shall pay Horizon the charges for Unauthorized Overrun set out in Section 10.2(a)(1) of these General Terms and Conditions of this Tariff if gas tendered to Horizon or deliveries to Shipper under an FTS Agreement exceed the MDQ under such FTS Agreement.

9. GENERAL TERMS AND CONDITIONS

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

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

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

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

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

2.2 Service hereunder shall consist of the acceptance by Horizon of natural gas from or for the account of Shipper at Receipt Point(s) under the ITS Agreement, the transportation of that natural gas through Horizon's System, and the delivery of that natural gas by Horizon to Shipper or for Shipper's account at Delivery Point(s) under the ITS Agreement. Horizon shall not be required: (a) to accept on any day gas tendered, or to deliver on any day gas requested, in excess of the Maximum Daily Quantity (MDQ) specified in the ITS Agreement; (b) to accept or deliver on any day gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff.

2.3 The service provided under this Rate Schedule ITS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender gas for transportation under this Rate Schedule ITS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Horizon under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Horizon appropriate certification, including sufficient information in order for Horizon

RATE SCHEDULE ITS

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

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

3. VALID REQUESTS

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

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

RATE SCHEDULE ITS

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

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

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

(a) **GAS QUANTITIES**

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

(b) **AVAILABILITY OF POINTS**

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

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

RATE SCHEDULE ITS

(c) TERM OF SERVICE

The request shall specify:

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

(d) CREDIT

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

(e) COMPLIANCE WITH ITS TARIFF

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

(f) COMMISSION-REQUIRED FILING INFORMATION

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

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

RATE SCHEDULE ITS

4. TERM

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

(b) Upon termination of any ITS Agreement, service by Horizon to Shipper thereunder shall be terminated and automatically abandoned.

(c) Horizon may terminate any ITS Agreement if Horizon is required by the FERC or some other agency or court to provide service for others utilizing the interruptible System capacity or capability required for service under such ITS Agreement or if Horizon ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the ITS Agreement.

5. RATE

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

(b) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 33 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

RATE SCHEDULE ITS

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

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

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

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

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

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

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

RATE SCHEDULE ITS

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

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

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

RATE SCHEDULE ITS

6. NOMINATIONS, SCHEDULING CHARGES, IMBALANCES AND OVERRUN CHARGES

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

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

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

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

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

RATE SCHEDULE ITS

8. OVERRUN SERVICE

Upon request of Shipper, Horizon may (but is not obligated to) receive, transport, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the ITS Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of Horizon to meet its other obligations. In granting requests for Authorized Overrun Service, Horizon shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay Horizon the applicable rate for Authorized Overrun Service set forth in this Tariff. Except for Authorized Overrun Service hereunder, Shipper shall pay Horizon the charges for Unauthorized Overrun set out in Section 10.2(a) of these General Terms and Conditions of this Tariff if gas tendered to Horizon or deliveries to Shipper under an ITS Agreement exceed the MDQ under such ITS Agreement.

9. GENERAL TERMS AND CONDITIONS

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

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

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

1.1 AGREEMENT

"Agreement" shall mean a transportation agreement subject to, as applicable, Rate Schedule FTS or Rate Schedule ITS.

1.2 BUSINESS DAY

Monday through Friday, 8:00 a.m. to 4:30 p.m. Central Clock Time excluding Federal Banking Holidays.

1.3 CONTRACT DEMAND

"Contract Demand" shall mean the MDQ as set forth in an Agreement.

1.4 DAY OR GAS DAY

"Day" or "Gas Day" shall mean a period from nine o'clock (9:00) a.m. to nine o'clock (9:00) a.m. (Central Clock Time).

1.5 DELIVERY POINT

"Delivery Point" shall mean any point at which Horizon delivers to or for the account of Shipper, gas which has been transported by Horizon under an Agreement.

1.6 DTH

The term "Dth" shall mean one million (1,000,000) Btus and is equivalent to one (1) MMBtu.

GENERAL TERMS AND CONDITIONS

1.7 ELECTRONIC DATA INTERCHANGE ("EDI")

The term "EDI" shall mean Electronic Data Interchange.

1.8 EQUIVALENT VOLUMES

"Equivalent Volumes" shall mean the sum of the volumes of gas measured in Dth received by Horizon for the account of Shipper at the Receipt Points during any given period of time: (a) reduced by (i) Shipper's pro rata share of Fuel Gas and Unaccounted For Gas resulting from the operations of Horizon hereunder during the same period of time, and (ii) any gas vented as provided in Section 3.6 hereof during the same period of time; and (b) adjusted for any variations in Btu content, as corrected for any water vapor in excess of five (5) pounds per million (1,000,000) cubic feet of gas, it being the intent of the parties that the volumes of gas delivered hereunder at the Delivery Point after transportation be the thermal equivalent of the volumes of gas delivered at the Receipt Point for transportation, after reduction, correction and adjustment as provided above.

In determining Equivalent Volumes for redelivery, Horizon shall formulate a thermal balance evaluating inputs to, and deliveries from, the System at least once each month. The difference between Btus delivered to Horizon for transportation from all Shippers and Btus redelivered to all Shippers hereunder, shall be deemed Fuel Gas and Unaccounted For Gas. Each Shipper shall provide such Fuel Gas and Unaccounted For Gas pro rata to the actual Btus of gas delivered by such Shipper to Horizon during the period covered by the thermal balance; provided, however, that each Shipper shall be responsible for Unauthorized Overrun Gas delivered by Shipper to Horizon which is vented under Section 3.6; and provided further that Fuel Gas shall not exceed the actual Fuel Gas as defined in Section 1.10 hereof. The formula used to determine the delivery quantity shall be: $[1 - (\text{fuel percent}/100)]$ multiplied by the receipt quantity (rounded to the nearest Dth). For purposes of this formula, the fuel percentage shall reflect lost and unaccounted for gas.

GENERAL TERMS AND CONDITIONS

Horizon shall redetermine its estimated fuel percentage April 1 and October 1 of each year. The estimated fuel percentage shall be based on actual available data for the most recent twelve month period. The redetermined estimated fuel percentage shall be posted on its Interactive Website at least ten (10) days prior to April 1 and October 1.

Upon the mutual agreement of Horizon and Shipper, in lieu of Horizon retaining gas in kind, Shipper shall reimburse Horizon for Fuel Gas and Unaccounted For Gas at a mutually agreed upon price.

1.9 FERC

"FERC" or "Commission" shall mean the Federal Energy Regulatory Commission or any federal commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers which are exercisable by the Federal Energy Regulatory Commission.

1.10 FUEL GAS

"Fuel Gas" shall mean the thermal equivalent of that volume of gas actually used by Horizon to effect the transportation of Shipper's gas hereunder from the Receipt Points to the Delivery Points, as determined by Horizon.

1.11 GAS

"Gas" shall mean combustible hydrocarbon gas.

1.12 HEATING VALUE

The term "heating value" shall mean the number of Btus per cubic feet of gas at the base condition of 14.73 psia 60 degrees Fahrenheit dry. The Btu value will be determined utilizing the complete actual composition of the gas according to the methods in GPA Standard 2172-96, titled "Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compositional Analysis," and corrected to the base conditions. For reporting purposes, Btu conversion factors will be reported to not less than three (3) decimal places and Pressure Base conversion

GENERAL TERMS AND CONDITIONS

factors will be reported to not less than six (6) decimal places. For calculation purposes, not less than six (6) decimal places will be used for both conversion factors.

1.13 INTERACTIVE WEBSITE

The term "Interactive Website" shall mean the interactive internet web site maintained by Horizon for communication regarding its transportation service in accordance with applicable Commission Regulations and GISB Standards, as more fully described in Section 14 of these General Terms and Conditions.

1.14 MCF

"Mcf" shall mean one thousand (1,000) cubic feet of gas.

1.15 MDQ

"MDQ" shall mean the maximum daily quantity of gas which Horizon is obligated to receive or deliver at each Receipt or Delivery Point or in the aggregate, as specified in the Agreement.

1.16 MONTH

"Month" shall mean the period beginning on the first day of any calendar month and ending on the first day of the next succeeding calendar month.

1.17 NEGOTIATED RATE

The term "Negotiated Rate" shall mean a rate provision under which Horizon and Shipper have agreed on the amount to be charged for the service under Rate Schedule FTS or ITS which results in a rate where, for all or a portion of the contract term, one or more of the individual components of such rate exceeds or may exceed the applicable maximum rate or is less than or may be less than the applicable minimum rate. Any Agreement entered into which provides for a rate under Rate Schedule FTS or ITS other than the applicable maximum rate shall contain a provision setting out the mutual agreement of the parties, consistent with Commission policy, as to whether the pricing terms represent a discounted rate or a Negotiated Rate.

GENERAL TERMS AND CONDITIONS

1.18 NEGOTIATED RATE FORMULA

The term "Negotiated Rate Formula" shall mean a rate formula provision under which Horizon and Shipper have agreed will be applied to service under Rate Schedule FTS or ITS which results in a rate where, for all or a portion of the contract term, one or more of the individual components of such rate exceeds or may exceed the applicable maximum rate or is less than or may be less than the applicable minimum rate. Any Agreement entered into which provides for a rate under Rate Schedule FTS or ITS other than the applicable maximum rate shall contain a provision setting out the mutual agreement of the parties, consistent with Commission policy, as to whether the pricing terms represent a discounted rate or a rate pursuant to a Negotiated Rate Formula.

1.19 NOMINATION

"Nomination" shall mean the written requests for transportation submitted pursuant to Section 7 of these General Terms and Conditions.

1.20 OPERATIONAL BALANCING AGREEMENT ("OBA")

An OBA is a contract between two parties which specifies the procedures to manage operating variances at an interconnect.

1.21 OVERRUN GAS

"Overrun Gas" shall mean those volumes of gas tendered for transportation by Shipper on any day in excess of its currently effective Contract Demand or MDQ, to the extent such gas is scheduled under Section 7 of these General Terms and Conditions.

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1.22 RECEIPT POINT

"Receipt Point" shall mean any point at which gas is tendered by or for the account of Shipper to Horizon for transportation as specified in an Agreement or as applicable to service under such Agreement by operation of this Tariff.

1.23 RECOURSE RATE

"Recourse Rate" shall mean the applicable maximum rate which would apply to the service but for the rate flexibility allowed under Section 33 hereof.

1.24 REQUESTS FOR CAPACITY

"Requests for Capacity" as used in Section 2 of these General Terms and Conditions shall mean a written request by any prospective Shipper for capacity or by an existing Shipper for additional capacity under Rate Schedule FTS.

1.25 SHIPPER

The term "Shipper" shall mean a Shipper as defined in any of the Rate Schedules governed by these General Terms and Conditions. In addition, in a given context, Shipper may refer to an entity which is seeking to become a Shipper.

1.26 STANDARD REPORTING BASIS

Standardize the reporting basis for Btu as 14.73 psia and 60 degrees F (101.325 kPa and 15 degrees C, and dry). Standardize the reporting basis for gigacalorie as 1.035646 Kg/cm squared and 15.6 degrees C, and dry.

Standardize the reporting basis for gas volumes as cubic foot at standard conditions of 14.73 psia, 60 degrees F, and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry.

GENERAL TERMS AND CONDITIONS

1.27 SYSTEM

"System" shall mean the pipeline, any compression, and related facilities owned or leased by Horizon.

1.28 TURNBACK CAPACITY

"Turnback Capacity" shall mean capacity which is returned to Horizon in response to a direct solicitation from Horizon to existing Shippers under Section 2 of these General Terms and Conditions for permanent releases of capacity to serve an expansion request.

1.29 UNACCOUNTED FOR GAS

"Unaccounted For Gas" shall mean the thermal equivalent of the difference between the sum of all input volumes of gas to the System and the sum of all output volumes of gas from the System, which difference shall include but shall not be limited to gas vented (other than gas vented pursuant to Section 3.6) and gas lost as a result of an event of Force Majeure, the ownership of which cannot be reasonably identified, but shall not include Fuel Gas.

1.30 UNAUTHORIZED OVERRUN GAS

"Unauthorized Overrun Gas" shall mean Overrun Gas not accepted by Horizon for scheduling pursuant to Section 7 hereof.

1.31 YEAR

"Year" shall mean a period of three hundred sixty-five (365) consecutive days or three hundred sixty-six (366) consecutive days if such period includes February 29.

GENERAL TERMS AND CONDITIONS

2. EXPANSION OF THE SYSTEM

Horizon may be willing to expand the System to make capacity available to a Shipper under Rate Schedule FTS whenever such an expansion is determined by Horizon to be economically and technically feasible, subject to the following conditions:

(a) Horizon does not have adequate unutilized capacity in the System to accommodate the Nominations or Requests for Capacity of existing and prospective Shippers accepted by Horizon pursuant to this Tariff.

(b) Horizon shall solicit existing customers for Turnback Capacity to serve an expansion request; provided, however, that solicitation of Turnback Capacity will only occur in instances where redundant construction could be avoided through the use of Turnback Capacity; and provided further that Horizon is not required to accept any Turnback Capacity that would generate less revenue and/or is not economically beneficial to Horizon. The solicitation shall be posted on the Informational Postings portion of Horizon's Interactive Website for a minimum of ten (10) days. While Horizon's solicitation is non-binding, any response to a request for Turnback Capacity accepted by Horizon shall be binding upon Shipper in the event Horizon proceeds with the expansion project.

(c) Horizon has received an executed revised Agreement from each existing and prospective Shipper requesting capacity such that the total Contract Demands of all existing and prospective Shippers under executed Agreements substantially equals the prospective new System capacity.

(d) The nature, extent and timing of facilities required for any expansion shall be at the sole discretion of Horizon.

(e) Horizon receives acceptable assurance that Shipper requesting additional capacity meets the credit criteria outlined herein.

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3. PRIORITY OF SERVICE

3.1 ALLOCATION OF CAPACITY

This Section 3.1 governs the allocation of firm capacity on Horizon's System among entities requesting firm services. In assigning priority to otherwise valid requests for any particular firm service, Horizon shall afford priority based on rate, term, and volume, applying consistent and objective economic criteria. 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 33 of these General Terms and Conditions. Requests with the same rate, term, and volume shall be assigned priority on a first come, first served basis. In the event valid requests are received on the same day and there is insufficient capacity to serve all such Shippers, Horizon shall allocate the available capacity on a pro rata basis based on each Shipper's requested MDQ. Horizon shall not be required to grant otherwise valid requests at less than the applicable maximum rate, but may do so on a non-discriminatory basis.

3.2 SCHEDULING OF FIRM SERVICES

(a) While firm services are not ordinarily interrupted due to lack of capacity, capacity constraints may exist from time to time or interruption of service may be necessary for certain other reasons. Horizon may decline to schedule and/or may curtail firm service for any of the following reasons:

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

(2) For reasons of Force Majeure;

(3) Due to routine repair and maintenance to be reasonably determined by Horizon;

(4) Pursuant to Section 3.8 of these General Terms and Conditions;

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- (5) To rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;
- (6) To maintain System integrity; or
- (7) If there is a dispute over title, ownership or right to tender or to receive gas.

Without limitation to the foregoing, Horizon shall have the right to reduce receipts or deliveries of natural gas on any day below Shipper's MDQ to permit maintenance, repair, overhaul, replacement, or construction of pipelines, compressors, metering, regulating, or other transmission facilities and equipment, or to maintain System integrity; provided, however, that with respect to routine repair and maintenance, Horizon will attempt to schedule such activity during a period when it will not result in curtailment to firm services, or when such curtailment will be minimized, after consulting with the Shippers which could be affected.

(b) For the purposes of scheduling and curtailing gas, all firm services shall have priority within MDQ over all interruptible services. All firm services at primary points shall have equal priority to Horizon's System capacity. Service requested at secondary points shall have the priority described in Section 3.3. 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 along any path defined by primary points under all firm Rate Schedules, scheduling and curtailment shall be pro rata based on MDQ on any portion of Horizon's System affected by a capacity constraint.

(c) For Shippers under all firm services, Horizon shall provide notice of any curtailment or of any scheduling restriction as far in advance as feasible. Horizon 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.

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(d) Horizon 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, Horizon 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, Horizon 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.

(e) Firm Intraday nominations are entitled to bump scheduled interruptible volumes, as defined in Sections 3.4 and 3.6, only during the Evening, Intraday 1 and Intraday 2 Nomination Cycles, as defined in Section 7.2. Firm Intraday nominations are not entitled to bump already scheduled firm volumes.

3.3 SECONDARY POINTS

(a) Shippers under Rate Schedule FTS shall have the right to use all Receipt and Delivery Points on Horizon's System as secondary Receipt and Delivery Points. The MDQ at any secondary point shall be equal to the aggregate MDQ. The priority of service at secondary points under Rate Schedule FTS shall be governed by the remainder of this Section 3.3.

(b) Service at the secondary Receipt and Delivery Points shall be provided to the extent capacity is available at such points after all nominations for primary point service under all of Horizon's firm Agreements have been satisfied. No secondary point service shall be provided in excess of a Shipper's secondary point MDQ except as overrun service. Unless a capacity constraint exists at the point, 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. For a secondary point outside such a path, service at the point and service to or from the point shall have priority over interruptible service but shall be subordinate to nominations for primary point service. Service to or from such a secondary point outside the path shall also be subordinate to secondary point service within the path to the extent both services utilize the same capacity. If a capacity constraint exists at the point, subsection (c) shall govern. If a capacity constraint exists on a path, subsection (d) shall govern. Secondary point service shall not be subject to curtailment or allocation [except as set out in Section 3.2(a)] if no capacity constraint exists at the point or path on any segment to or from the point or path.

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(c) If nominations by all Shippers for secondary point service for which such Shippers are eligible exceed Horizon's available capacity at any secondary point, available capacity shall be allocated and scheduled pro rata based on each Shipper's confirmed nomination, within MDQ, at the secondary point. If curtailment is necessary, such curtailment shall be pro rata based on each Shipper's confirmed nomination, within MDQ, at that secondary point. Shippers utilizing points within the primary path as secondary service shall have a higher priority than Shippers utilizing points outside the primary path as secondary service. This priority applies for service at constrained points and paths.

(d) If nominations by all Shippers for secondary point service for which such Shippers are eligible exceed Horizon's available capacity on the applicable path, available capacity shall be allocated and scheduled pro rata based on a Shipper's confirmed nominations within MDQ. If curtailment is necessary, such curtailment shall be pro rata based on a Shipper's confirmed nominations, within MDQ, for the applicable path. Shippers utilizing points within the primary path as secondary service shall have a higher priority than Shippers utilizing points outside the primary path as secondary service. This priority applies for service at constrained points and paths.

(e) Properly submitted and confirmed firm service nominations at primary points will supersede any secondary point service; and properly submitted and confirmed 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 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 "forward" 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 ("backhaul") from the primary path direction of flow, but if opposite, such nomination shall be treated as being outside the primary path.

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3.4 INTERRUPTIBLE AND OVERRUN SERVICES

This Section 3.4 governs the priority of interruptible services, other than secondary point services under firm Agreements, on Horizon's System. All interruptible services, including overrun, shall have equal priority for capacity in accordance with the procedures set out in this Section 3.4.

(a) Confirmed nominations within MDQ under any firm Agreement, including service at secondary points, shall have priority over all interruptible service and overrun services. If more than one such Shipper nominates interruptible and/or overrun services, volumes shall be allocated among such Shippers in accordance with the sequences set out in the remainder of this Section.

(b) Horizon's interruptible transportation service, including overrun, other than service at secondary points under firm Agreements (which is covered in Section 3.3), shall be provided to the extent capacity is available after scheduling all of Horizon's firm transportation service at primary and/or secondary points. Horizon may decline to schedule and/or may curtail interruptible service for any of the following reasons:

- (1) If Shipper tenders gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;
- (2) For reason of Force Majeure;
- (3) Due to routine repair and maintenance to be reasonably determined by Horizon;
- (4) Pursuant to Section 3.8 of these General Terms and Conditions;
- (5) To rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;
- (6) To maintain System integrity;

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(c) (1) If capacity remains after all gas properly nominated and confirmed (to the extent nomination is required) Horizon 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), Horizon 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) Horizon 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, Horizon shall allocate the available capacity pro rata based on the confirmed nominated volume.

(2) In interrupting or curtailing interruptible services (including authorized overrun), Horizon shall curtail in accordance with the following priority sequence:

(i) Horizon 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, Horizon shall interrupt such services from the lowest daily rate to the highest daily rate being paid.

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(3) Notwithstanding Section 3.4(b)(1) hereof, Horizon reserves the right, after a one (1) day notice, to interrupt service to any interruptible Shipper paying a discount rate to enable Horizon to provide service to another Shipper if such service would result in a higher unit rate; provided, however, that Horizon will not interrupt service to a Shipper paying the applicable maximum rate (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate or Negotiated Rate Formula) even if a Shipper which has agreed to a Negotiated Rate or a rate under a Negotiated Rate Formula would pay a higher unit rate. Within such one (1) day period, Shipper shall be allowed to increase its rate by any amount up to the applicable maximum rate specified in this Tariff. A Shipper agreeing to increase its rate hereunder shall be entitled to any higher priority associated with such higher rate; provided, however, that 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. Among Shippers paying less than the applicable maximum rate, priority shall be determined based on rate level. Among Shippers agreeing to pay the same rate as of the termination of the one (1) day notice period, the priorities set out in Section 3.4(b)(1) shall apply. No Shipper may obtain a higher priority during any period of interruption to which a notice relates by agreeing to an increased rate after the end of the one (1) day notification period.

(d) Horizon shall redetermine the priority of each Shipper under this Section 3.4 and reallocate capacity hereunder on a daily or such other periodic basis as is necessary for Horizon to recognize the priority of new Shippers or any changes in the priorities of existing Shippers, to assure service to its firm Shippers and to accommodate the operational requirements of its System. The priorities hereunder shall be applied on an Agreement-by-Agreement basis.

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(e) An Agreement under Rate Schedule ITS will include all Receipt and all Delivery Points available on Horizon's System. A Shipper may not utilize a point for which there is no regulatory authorization to receive or deliver gas under the Agreement.

3.5 CAPACITY CONSTRAINTS

If Horizon 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. Horizon shall endeavor to restrict curtailment to as limited a geographical area, number of Shippers and services as reasonably feasible, given the operational capabilities of its System.

3.6 UNAUTHORIZED OVERRUN

No Shipper shall have any right to tender Unauthorized Overrun Gas. Unauthorized overruns are subject to penalty as set out in the individual Rate Schedules. To the extent Horizon is unable to transport Unauthorized Overrun Gas without jeopardizing the safety of Horizon's operations and/or its ability to meet its contractual obligations to other Shippers, such decisions to be solely within the judgment and discretion of Horizon, Horizon shall have the right to vent, without incurring any liability to Shipper, or any third party, such Unauthorized Overrun Gas as it is unable to transport. However, Horizon shall use its best efforts to avoid or minimize such venting.

3.7 OTHER TRANSPORTERS

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

3.8 DELINQUENCY IN PAYMENT

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

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(1) Horizon shall give Shipper initial written notice of the delinquency and of Horizon's intent to curtail if the deficiency is not cured. If the delinquency is not remedied within twenty (20) days of such initial notice, Horizon shall give final notice of its intent to curtail. If the deficiency is still not remedied within ten (10) days of such final notice, Horizon may suspend service. Horizon shall simultaneously provide written notice to the Commission of any curtailment hereunder; and

(2) Horizon shall not curtail, or shall cease curtailing, under this provision if Shipper cures any deficiency and provides adequate assurances of future performance by any of the means specified in Section 13 of these General Terms and Conditions.

(b) If at any time Horizon is not reasonably satisfied with Shipper's credit or ability to pay based on information received by Horizon, Horizon may request in writing that Shipper provide within ten (10) days the information specified for a credit appraisal under Section 13 of these General Terms and Conditions. If Shipper fails to provide the information on a timely basis or make a timely election and comply on a timely basis with any of the means of providing adequate assurances of future performance or security included in the options available under these General Terms and Conditions, Horizon may [after providing the requisite notice in accordance with subsection (a)] cease providing service until Shipper complies with the applicable requirement. Horizon shall simultaneously notify the Commission in writing of any curtailment under this provision.

(c) At any time after a Shipper is determined to be noncreditworthy by Horizon, the Shipper may initiate a creditworthiness re-evaluation by Horizon. As part of the Shipper's re-evaluation request, the Shipper must either update or confirm in writing the prior information provided to Horizon related to the Shipper's creditworthiness. Such update is to include any event(s) that the Shipper believes could lead to a material change in the Shipper's creditworthiness.

(1) If Horizon does not have sufficient information to determine whether Shipper is creditworthy, it may request additional information in writing from the Shipper consistent with Section 13.1(a) of these General Terms and Conditions, and Shipper must provide such information within five (5) Business Days.

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(2) If Horizon requests additional information to be used for credit evaluation after the initiation of service, Horizon, 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 Horizon and the Shipper may mutually agree to waive this requirement.

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

(4) The Shipper's authorized representative(s) shall respond to Horizon'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 3.8(c). The Shipper should provide all the credit information requested by Horizon or provide the reason(s) why any of the requested information was not provided.

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

(6) After Horizon's receipt of a Shipper's request for re-evaluation, including all required information pursuant hereto, within five (5) Business Days, Horizon shall provide a written response to the Shipper's Request. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for Horizon's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of the Shipper's Request unless specified in Horizon's tariff or if the parties mutually agree to some later date.

(7) Representatives and notices regarding Shipper creditworthiness shall be as provided in Section 13.1(a) of these General Terms and Conditions.

(d) In the event of a billing dispute, withholding of payment by Shipper shall be considered a delinquency in payment except to the extent specified in the applicable Agreement, subject to Section 12 of these General Terms and Conditions.

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4. RECEIPT POINTS

4.1 FACILITIES AT RECEIPT POINTS

Unless otherwise agreed by Horizon, Horizon shall own, operate and maintain all pipeline and measurement facilities necessary to receive and measure gas hereunder. In the event any such facilities are installed by Horizon, Section 6 of these General Terms and Conditions shall apply.

4.2 OBLIGATION

Horizon's maximum obligation to receive gas at the Receipt Point(s) under the Agreement shall never exceed the lesser of: (a) the applicable MDQ under the Agreement in the aggregate or at individual points, as specified in the Agreement or as applicable at such point under this Tariff; or (b) the total daily volume Shipper or its designee is able and willing to tender at the Receipt Point(s).

4.3 LOCATION

Unless otherwise described in the Agreement, the Receipt Point(s) for transportation Agreements shall be located at the interconnection between the facilities of Shipper, or its designee, and the facilities of Horizon.

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5. DELIVERY OF GAS FOR THE ACCOUNT OF SHIPPER

5.1 DELIVERY VOLUMES

Commencing on the date of first acceptance by Horizon of natural gas delivered by or on behalf of Shipper at the Receipt Point(s) pursuant to an Agreement, and continuing thereafter during the term of that Agreement, Horizon shall deliver Equivalent Volumes, or cause Equivalent Volumes to be delivered to Shipper, or to a mutually agreeable third party for Shipper's account, at the Delivery Point(s) described in the Agreement or applicable to the Agreement under this Tariff. In determining Equivalent Volumes, Horizon shall retain gas in kind for Fuel Gas and Unaccounted For Gas, based on the method set out in Sections 1.8 and 1.10 of the General Terms and Conditions of this Tariff.

5.2 DELIVERY FACILITIES

Unless otherwise agreed by Horizon, Horizon shall own, operate and maintain all pipeline and measurement facilities necessary to deliver and measure gas hereunder. In the event any such facilities are installed by Horizon, Section 6 of these General Terms and Conditions shall apply.

5.3 OBLIGATIONS

Horizon's maximum obligation to deliver gas at the Delivery Point(s) under an Agreement shall never exceed the lesser of: (a) the applicable MDQ under the Agreement in the aggregate or at each point as specified in the Agreement or as applicable to any point under this Tariff; or (b) the total daily volume Shipper or its designee is willing and able to receive at the Delivery Point(s).

5.4 HOURLY LIMITATIONS

Horizon shall not be obligated, during any hour, to deliver a total volume of gas at any Delivery Point in excess of six and twenty-five hundredths percent (6.25%) of Shipper's aggregate MDQs for firm service at such Delivery Point, and Horizon may impose such restriction whenever, in Horizon's sole judgment, such restriction is necessary in order to meet its delivery obligations. However, in the event that Shipper's load pattern temporarily requires deliveries at any Delivery Point in excess of such restriction, Horizon will, on request of Shipper, use its best

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efforts to accommodate such load pattern, and will consult with Shipper in an effort to generally accommodate load variation to the maximum extent feasible and compatible with the needs of Shippers as a group. If, after written request by Horizon, Shipper fails to restrict its hourly takes as specified herein, Horizon may install and operate a load limiting device at any Delivery Point where such failure has occurred. The cost for such device, including the cost of installation, shall be paid by Shipper within 30 days of its receipt of the bill therefor.

5.5 LOCATION

Unless otherwise described in an Agreement, the Delivery Point(s) for transportation Agreements shall be located at the interconnection between the facilities of Shipper or its designee, and the facilities of Horizon.

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6. NEW FACILITIES CHARGE

6.1 When new and/or expanded facilities are required to accommodate receipt and/or delivery of gas under a request for new service, and Horizon determines that installation of such facilities will not impair service to any existing Shipper or threaten the integrity of Horizon's System, Horizon will construct such facilities but Horizon shall require Shipper to pay all construction costs, including any filing fees and a reimbursement amount to compensate for federal income tax effects associated with such facilities, except that Horizon will pay the cost of such facilities when the criteria set forth below are satisfied.

6.2 (a) Horizon will pay the cost of the modification or construction of facilities required at Receipt or Delivery Point(s) to effectuate the receipt or delivery of natural gas hereunder when the construction or modification of such facilities is economically beneficial to Horizon. Horizon may conclude that a portion of the facilities are economically beneficial.

(b) (1) For the purposes of determining whether a gas supply project is economically beneficial to Horizon, Horizon will evaluate each prospective project based upon the amount of the reserves and/or deliverability characteristic of the gas supply to be attached. Facility additions at Receipt Points shall be evaluated based upon the incremental cost of service of the facilities to be constructed by Horizon, and the incremental revenues which Horizon estimates will be generated as a result of constructing and/or modifying such facilities.

(2) For the purposes of determining whether a project to deliver gas is economically beneficial to Horizon, Horizon will evaluate each prospective project based upon the incremental cost of service of the facilities to be constructed by Horizon, and the incremental revenues which Horizon estimates will be generated as a result of constructing and/or modifying such facilities.

(3) In estimating the incremental revenues to be generated, Horizon will base those revenues upon transportation rates it expects to be able to charge, exclusive of any surcharges, such as an ACA charge, and the projected incremental volumes which will result from the project. Horizon will consider volumes to be incremental if the volumes which will be transported would not otherwise flow through Horizon's System.

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(4) Based on the above listed criteria, the economic value of a project shall be determined using the discounted cash flow rate of return methodology with the minimum acceptable rate of return to be published from time to time on Horizon's Interactive Website. When the present value of the incremental revenues from the project is greater than the present value of the incremental cost of service, Horizon will pay for the cost of the contemplated facilities. When the present value of the incremental revenues from the project is less than the present value of the incremental cost of service, Shipper shall pay for the cost of the contemplated facilities.

6.3 Any Contribution in Aid of Construction (CIAC) pursuant to this Section 6 shall be increased by an amount (Tax Reimbursement) to compensate for the corporate income tax effects thereof, according to the following formula;

$$\text{Tax Reimbursement} = [\text{Tax Rate} \times (\text{CIAC} - \text{Present Value of Tax Depreciation})] \times [1 + \{\text{Tax Rate}/(1 - \text{Tax Rate})\}]$$

6.4 When Horizon has previously paid for Receipt or Delivery Point facilities under this facilities reimbursement policy, Shipper shall, nevertheless, promptly pay Horizon for Horizon's net book value of such facilities when either of the following events occurs: (a) when Horizon's ability to fully recover such costs is denied in any Section 4 or Section 5 rate proceeding; or (b) when Shipper ceases operations at the facilities.

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7. NOMINATION/REPORTING AND BALANCING

7.1 GENERAL

(a) Horizon 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. Whenever Shipper desires service, Shipper shall furnish to Horizon 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). 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) For non-Intraday Nominations, a rollover option is available such that a Shipper shall have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of the Shipper's contract. All nominations should be based on a daily quantity thus, an intraday nominator need not submit an hourly nomination, Intraday nominations should include an effective date and time. The interconnected parties should agree on the hourly flows of the Intraday nomination, if not otherwise addressed in Horizon's contract or tariff. All volumes shall be expressed in Dth per day and shall be stated for each Receipt and Delivery Point.

(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 Horizon, then, upon notification by Horizon, Shipper must include in each nomination such additional information as is specified by Horizon. Nominations must be submitted to Horizon through Horizon's Interactive Website, or such other electronic means as are mutually agreed upon by Horizon and Shipper. The sending party should adhere to nomination, confirmation and scheduling deadlines. The receiving party may waive any submittal deadline in this Section 7. 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 should be the new confirmed quantity.

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(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.

7.2 STANDARD NOMINATION CYCLES

Horizon 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 Horizon (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 Horizon 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 gas 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 Horizon (including from TTTSPs); 6:30 p.m. to send Quick Response; 8:30 p.m. for receipt of completed confirmations by Horizon from upstream and downstream connected parties; 9:00 p.m. for Horizon 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 shall be effective at the start of the next Gas Day.

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(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 Horizon (including from TTTSPs); 10:30 a.m. to send Quick Response; 12:30 p.m. for receipt of completed confirmations by Horizon from upstream and downstream connected parties; 1:00 p.m. for Horizon 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 Horizon (including from TTTSPs); 3:00 p.m. to send Quick Response; 5:00 p.m. for receipt of completed confirmations by Horizon from upstream and downstream connected parties; 5:30 p.m. for Horizon to provide scheduled quantities to affected shippers and point operators, including bumped parties (notice to bumped 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 Horizon (including from TTTSPs); 7:30 p.m. to send Quick Response; 9:30 p.m. for receipt of completed confirmations by Horizon from upstream and downstream connected parties; 10:00 p.m. for Horizon 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 7.2 (b), (c), (d) and (e), "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(g) The rights of a Releasing Shipper to recall capacity within any nomination cycle shall be governed by Section 15.14 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 7.2 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 15.9(d) of these General Terms and Conditions.

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7.3 TIMELY NOMINATIONS

(a) Timely nominations are nominations submitted consistent with the standard nomination cycle set out in Section 7.2(a).

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

7.4 REQUIRED NOMINATION CHANGES

If estimated daily flows under a particular transportation 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 Horizon with a nomination as required in accordance with Section 7.2 hereof.

7.5 CONFIRMATION BY HORIZON

(a) Nominations made in accordance with Sections 7.2, 7.3, 7.4, and 7.6 hereof shall not become effective until Horizon has confirmed the nominated receipts and deliveries with upstream and downstream parties, subject to Section 7.5(c). Shipper shall designate the appropriate person(s) who has the authority to resolve allocation issues, if requested by Horizon and, if requested by Horizon, the appropriate person(s) to confirm nominations. Confirmations must be submitted to Horizon through its Interactive Website, or such other electronic means as are mutually agreed upon by Horizon and Shipper.

(b) Subject to Section 7.2 and the other provisions of this Tariff, Horizon 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.

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(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 Sections 7.5 (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;

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(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.

7.6 INTRADAY NOMINATIONS

(a) An Intraday nomination is a nomination submitted after the Timely Nomination Cycle, defined at Section 7.2(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) Horizon supports the nomination cycles set forth at Section 7.2 during non-Critical Times. During Critical Times, valid Intraday nominations may be submitted at any time.

(c) Horizon will provide notification of bumped volumes through the Scheduled Quantity document, as posted on Horizon's Interactive Website, and telephone or telefax consistent with Sections 14 and 23 of the General Terms and Conditions of this Tariff and through Electronic Notice Delivery consistent with NAESB WGQ Standards as adopted in Section 32 of these General Terms and Conditions. During non-Critical Times, Horizon will waive daily penalties applicable to bumped volumes on the day of the bump. Horizon 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 8 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 Horizon agrees to the contrary, the revised nomination under an Intraday Nomination may be limited by Section 7.5(c). Horizon 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 roll over). 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.

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(h) Intraday Nominations can be used to request increases or decreases in total flow, changes to Receipt Points, or changes to Delivery Points of scheduled gas.

7.7 END-OF-GAS-DAY SCHEDULED QUANTITY DOCUMENT

At the end of each Gas Day, Horizon will provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, Horizon will send an end of Gas Day Scheduled Quantity (NAESB WGQ Standard No. 1.4.5) document and Scheduled Quantity for Operator (NAESB WGQ Standard No. 1.4.6) document. Receivers of either of these documents can waive Horizon's requirement to send such documents.

7.8 OVERRUN QUANTITIES

Shippers submitting nominations via Interactive Website or EDI for transportation of overrun volumes (volumes in excess of the applicable point or Agreement MDQ) must submit separate nominations for such overrun volumes. The Shipper should mark that nomination as being for overrun volumes.

7.9 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 Horizon 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.

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

(c) Horizon 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 7.9(b). Communications by Horizon to such designated representative shall be deemed notice to Shipper or the 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 7.9(b).

(d) Any third party may administer multiple transportation 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.

7.10 TRANSFER NOMINATIONS

(a) Whenever gas is purchased at a Receipt Point on Horizon's System by an entity that is not going to nominate that gas for receipt by Horizon under a transportation Agreement, that entity must submit a transfer nomination to Horizon through its Interactive Website (or EDI), 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 7.2. In addition to the transfer nomination, the purchasing entity should submit a predetermined allocation in accordance with Section 8 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 Horizon's system as follows:

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

(2) Transfer nominations consistent with this Section 7.10 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 7.10 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 7.10.

7.11 NOMINATION PRIORITIES

As part of the nomination and transfer nomination process, if there is more than one supply source nominated to be delivered to a single Delivery Point or buyer, the nomination or transfer nomination should 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 should 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.

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7.12 OPERATIONAL BALANCING

Horizon agrees that, if requested by Shipper, it will negotiate with an entity that operates the facilities interconnecting with Horizon 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 Horizon 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) Horizon 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 Horizon'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.

7.13 CENTRAL DELIVERY POINTS

(a) Contained in Horizon's Catalog of Points are points which Horizon has designated as "Central Delivery Points" (CDPs). A CDP is composed of all the interconnections between Horizon and an individual local distribution company (LDC) in a specific Zone that are within close geographical proximity as determined by Horizon 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 9 and determining whether Balancing Service or Overrun Charges and penalties are applicable.

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(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. Unless such deliveries are nominated by Shipper and confirmed by Horizon, Horizon 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 Horizon determines that operating conditions only permit deliveries at any individual point(s) equal to Horizon's obligations, Horizon 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 Horizon at an individual Delivery Point to: (1) the sum of the individual MDQs under any firm Agreement containing the point as a primary point for which Horizon has confirmed nominations to the CDP; or (2) such other amount as Horizon may designate pursuant to an Operational Flow Order as provided in Section 34 of these General Terms and Conditions. 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 Sections 3 and 9 of these General Terms and Conditions among firm Agreements which have the point as a primary Delivery Point.

(c) Segmenting of a primary path within a specific 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 a specific zone may in certain circumstances result in requests to schedule volumes in excess of Horizon's system capacity. No segmentation or use of out-of-path secondary points will be permitted in a specific 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 Horizon's system capacity or deliveries to CDPs in excess of the MDQ under the original Agreement. Any Shipper may, however, request that Horizon allow segmentation and/or the use of out-of-path secondary points in a specific zone on a case-by-case basis, specifying the specific circumstances involved. Horizon 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 Horizon, on Horizon's system or on other Shippers. If that determination is made, Horizon will grant waiver of this Section, limited to the specified

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circumstances. If Horizon 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 a specific zone may be aggregated at its CDPs for accounting purposes.

7.14 SEGMENTATION

(a) Commencing on December 1, 2003, a Shipper may segment its firm capacity to the extent operationally feasible through the nomination process. In addition, any Shipper may segment its firm capacity by releasing one or more segments of that capacity (the releasing Shipper may retain one or more segments of its capacity), to the extent operationally feasible, by following the procedures set out in Section 15 of these General Terms and Conditions. In the case of segmentation through release, the Original Shipper may segment by nomination any portion of the capacity it retains to the extent operationally feasible and the Replacement Shipper may segment by nomination any portion of the capacity it obtains in the release to the extent operationally feasible.

(b) For the purposes of this Section 7.14 and subject to the other provisions hereof, whether segmentation is through nomination or results from the release of firm capacity on a segmented basis, the primary path under an Agreement may be segmented, and segmentation may extend outside the primary path to the extent consistent with this Sections 7.14, and such segmentation shall be deemed operationally feasible unless:

(1) the segmentation would result in an increase in firm contractual obligation by Horizon on any segment or portion of its system (through an overlap of segments);

(2) 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

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(3) the segmentation is inconsistent with Section 7.13(c) of these General Terms and Conditions.

(c) In the event a firm capacity path is segmented under this Section 7.14, each segment shall have access to all secondary points on Horizon's system, so long as Horizon's system is not zoned. Any point which is outside the primary path for the segment shall be treated as out-of-path secondary in relation to nominations for that segment. 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.

(d) The segment furthest upstream in relation to direction of flow for the primary path under the Agreement being segmented shall have the pooling point. Notwithstanding the prior sentence, Horizon shall allow both the upstream and downstream segments to have access to the pooling point provided that 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.

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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 Horizon, 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 and is not predicated on the specific primary point rights under the Agreement being segmented.

(e) The direction of flow for path segments must be the same direction of flow as for the original path unless Horizon agrees otherwise or unless such a change in direction of flow is consistent with the Agreement. A Shipper may segment a backhaul, but such segmentation shall be subject to review by Horizon 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, such a nomination will be treated as being secondary outside of the path. 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, deliveries may be nominated on the upstream segment up to MDQ and receipts may be nominated on the downstream segment up to MDQ, subject to constraints on point capacity and ordinary scheduling procedures and priorities.

(f) (1) Subject to the remainder of this Section 7.14(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 if Horizon institutes 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 outside the path of the original Agreement, then Horizon's generally applicable point change procedures and Section 7.14(f)(2) shall apply. If firm 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).

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(2) Subject to the availability of firm capacity at the new point(s) and Horizon's general applicable point change procedure, a Replacement Shipper or a Subreplacement Shipper may change the primary Receipt or Delivery Points listed in the Agreement being released to new primary point(s) if the Original Shipper and Horizon agrees to amend the Agreement to change the primary Receipt and Delivery Point accordingly; provided, however, that the consent of the original Shipper shall not be required in the case of a permanent release by that original Shipper of its firm capacity. Horizon shall not be obligated to reserve firm capacity to reinstate the former primary points upon expiration of the capacity release. Except in cases where the capacity determination is unusually complex, Horizon anticipates that it will respond to such a point change request hereunder within five (5) Business Days or less.

(3) Any primary point established under this subsection 7.14(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 the Tariff, which occurs first. Such an additional primary point may not be designated if a Shipper is releasing to itself.

(4) 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), and the selection of primary points by the Releasing and Replacement Shippers results in a portion of the original primary path being outside the primary path of both the Releasing and Replacement Shipper after the release (thereby creating a "gap"), the Releasing Shipper cannot recall that portion of the capacity in the original primary path which is not included in any primary path after the release; 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.

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8. DETERMINATION OF DAILY RECEIPTS

8.1 To the extent feasible, all volumes received by Horizon at a Receipt Point shall be allocated in accordance with the confirmed nominations for that point. In the event the actual volumes received by Horizon do not equal the confirmed nominations for that point, any underage or overage will be allocated as follows:

(a) First, in accordance with the effective predetermined allocations (PDAs) submitted by those entities (Allocators) owning or controlling the gas being delivered to Horizon. The upstream party providing the point confirmation should submit the pre-determined allocation to the allocating party after or during confirmation and before start of Gas Day. An operational balancing agreement (OBA) is one type of a PDA. Shipper agrees that such an allocation is binding on Shipper.

(b) Then, if there is no effective PDA or if the two parties cannot agree upon an allocation methodology, pro rata to the extent applicable based on confirmed nominations or transfer nominations, as applicable should be used as the default method. The party responsible for custody transfer (the party performing the measurement function) should provide the allocation. Shipper agrees that such an allocation is binding on Shipper.

8.2 The upstream or downstream party providing the point confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the Gas Day, except that no other PDAs need be submitted if an OBA is in effect at a point. Unless otherwise agreed, all PDAs must be submitted to Horizon through Horizon's Interactive Website or through EDI before the start of the Gas Day the PDA is to be effective. Such PDA shall specify how any underage or overage from the confirmed nominated volumes should be allocated among the entities listed on the PDA. Horizon shall acknowledge receipt and acceptance of the PDA through Horizon's Interactive Website or EDI if received through Horizon's Interactive Website or via EDI if received via EDI. Such notification of acknowledgment and acceptance will be within fifteen (15) minutes of receipt via Horizon's Interactive Website if received via Horizon's Interactive Website or via EDI if received via EDI. Horizon's acceptance is contingent on Horizon being able to administer the allocation submitted by the Allocator. Allocation methodology types upon which two parties may agree are: ranked, pro rata, percentages, swing, and operator provided value. Other examples of allocation methods which can be used are matching of supply sources with specified customers, and combinations of methodology types. The same standard allocation methodologies should be available for use at all points. Different methods may be submitted for overages or underages. If the parties cannot agree, Section 8.1(b) shall apply.

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8.3 A PDA will be effective as of the date specified thereon (which may not be earlier than the date on which the PDA is submitted to Horizon unless otherwise agreed) and will continue in effect through the end of the calendar month unless the Allocator submits a new PDA that is accepted by Horizon. PDAs may be submitted to Horizon on any business day or days during the month and should be submitted if necessary to reflect any changes in the Shippers or the allocation method at the point.

8.4 Allocators who should submit PDAs include the operator of the upstream facilities, the shippers or producers/owners of the gas being delivered by the upstream entity, buyers of the gas who are in turn selling the gas at that point, and Shippers who are using more than one transportation Agreement at that point.

8.5 After the end of each month, Horizon shall provide each Allocator who submits effective PDA(s) with a monthly allocation statement showing the volumes allocated in accordance with such PDA(s).

8.6 Horizon may rely conclusively on effective PDAs in allocating the gas received at a point. No retroactive changes to the PDA may be made unless Horizon and all affected parties agree.

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9. DETERMINATION OF DELIVERIES

9.1 PREDETERMINED ALLOCATIONS

In accounting for the volumes delivered by Horizon, in circumstances where multiple services are provided at any Delivery Point, the sequence of volumes delivered shall be determined by a predetermined allocation agreement (PDA) between Horizon and the operator of the facilities immediately downstream of the point at which Horizon delivers gas. The upstream or downstream party providing the point confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the Gas Day. In the absence of such an agreement, Sections 9.2 and 9.3 shall control. Any new or proposed change to the methodology should be sent to Horizon before the start of the Gas Day on which the methodology is to be effective. Horizon shall confirm receipt of the methodology within fifteen (15) minutes via Horizon's Interactive Website if received via Horizon's Interactive Website or via EDI if received via EDI. Horizon's acceptance is contingent on Horizon being able to administer the allocation submitted by the Allocator. Allocation methodology types upon which two parties may agree are: ranked, pro rata, percentages, swing and operator provided value. Other examples of allocation methods that can be used are combinations of methodology types. Different methods may be submitted for overages and underages. The same standard allocation methodologies are available for use at all points.

9.2 DELIVERY SEQUENCE

Unless otherwise agreed, gas at any Delivery Point shall be deemed to have been delivered in the following sequence:

- (a) Volumes scheduled under firm transportation Agreements consistent with confirmed nominations and within MDQ;
- (b) Volumes scheduled under interruptible transportation Agreements consistent with confirmed nominations and within MDQ;
- (c) Authorized Overrun Gas consistent with confirmed nominations;
- (d) Additional volumes shall be allocated pro rata based on confirmed nominations, but not to exceed the applicable MDQ, among ITS Agreements under which Shippers nominated that day; and

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(e) Any remaining volumes shall be allocated as Unauthorized Overrun Gas pro rata based on confirmed nominations among ITS Agreements under which Shippers nominated that day.

9.3 POINT OPERATOR ALLOCATION AGREEMENT

(a) The operator of facilities immediately downstream of a Delivery Point which has physical control of the volumes taken away from Horizon and is willing to take responsibility for disposition of the volumes it receives from Horizon has the option to elect a predetermined allocation pursuant to this Section 9.3. Allocation agreements under this Section 9.3 may apply to physical Delivery Points, to Central Delivery Points or to other point groupings mutually agreeable to Horizon and the point operator. To perfect such an election, such point operator must execute a Point Operator Allocation Agreement which adheres to the delivery sequences set out herein, except as such sequence may be modified by mutual agreement between Horizon and the point operator, and which covers deliveries under all Agreements pursuant to which gas is delivered by Horizon at the point other than those specifically excluded by mutual agreement of Horizon and the point operator (Applicable Agreements).

(b) In the event that volumes delivered by Horizon under Applicable Agreements at any Delivery Point equal or exceed the sum of confirmed nominations at such point on any day, the delivery sequence for that day shall be as follows:

(1) First, confirmed nominations under all Applicable Agreements shall be deemed delivered for that day; provided, however, that volumes deemed delivered for that day are subject to adjustment.

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(2) Volumes equal to up to the percentage of the confirmed nominations under step (1) which corresponds to the percentage for the Balancing Service Charge tier under Section 10 of these General Terms and Conditions for which no additional charge is assessed under then prevailing circumstances are the next volumes deemed delivered on any day (which absorbs any allowable balancing service provided without additional charge under Section 10 of these General Terms and Conditions) and are allocated to the point operator's account, but volumes shall be deemed delivered to the point operator's account only to the extent necessary to account for deliveries on that day. The point operator's account is available for the allocation of volumes hereunder on any day except during a Critical Time or as otherwise provided in an Operational Flow Order. Moreover, allocations under this step (2) to a point operator's account shall not be made to the extent such an allocation would be inconsistent with an Operational Flow Order nor shall any such allocation be made during a Critical Time. The cumulative volumes for operator's account hereunder over any month may not exceed two percent (2%) of cumulative confirmed nominations for that month or any lesser amount specified in an Operational Flow Order. The determination related to the prior sentence shall be made at the end of the month and any volumes in excess of the 2% cashed-out. Such cash-out shall be effectuated without offset, netting or trading, in accordance with Section 11.3 of these General Terms and Conditions, except that imbalances from 2% to 5% shall be cashed-out in the "5% to 10%" tier.

(3) Volumes under Applicable Agreements equal to available rights to withdraw and deliver gas to the point pursuant to a Third Party Balancing Agreement held by the point operator shall be the next volumes deemed delivered that day.

(4) Any additional volumes delivered at the point on any day which are not accounted for by applying steps (1) through (3) shall be allocated for that day as overrun deliveries to the point operator's account and shall be subject to charges under Section 10 of these General Terms and Conditions [it being understood that the allowable balancing service to be provided without additional charge under Section 10 has already been provided under step (2) above].

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(c) In the event that volumes delivered by Horizon under Applicable Agreements at any Delivery Point are less than the sum of confirmed nominations at the point on any day, the delivery sequence for that day shall be as follows:

(1) First, confirmed nominations under all Applicable Agreements shall be deemed delivered on that day.

(2) Of the volumes nominated but not delivered, volumes equal to up to the percentage of the confirmed nominations under step (1) which corresponds to the percentage for the Balancing Service Charge tier under Section 10 of these General Terms and Conditions for which no additional charge is assessed under then prevailing conditions shall be allocated to the point operator's account on any day (such allocation absorbs any allowable balancing service provided without additional charge under Section 10 of these General Terms and Conditions), but only to the extent necessary to account for deliveries on that day. The point operator's account is available for the allocation of volumes hereunder on any day except during a Critical Time or as otherwise provided in an Operational Flow Order. Moreover, allocations under this step (2) to a point operator's account shall not be made to the extent such an allocation would be inconsistent with an Operational Flow Order nor shall any such allocation be made during a Critical Time. The cumulative volumes for operator's account hereunder over any month may not exceed two percent (2%) of cumulative confirmed nominations for that month or any lesser amount specified in an Operational Flow Order. The determination related to the prior sentence shall be made at the end of the month and any volumes in excess of the 2% cashed-out. Such cashout shall be implemented without offset, netting, trading, in accordance with Section 11.3 of these General Terms and Conditions, except that imbalances from 2% to 5% shall be cashed-out in the "5% to 10%" tier.

(3) Volumes under Applicable Agreements equal to available rights to inject gas to the storage point of a qualified third party pursuant to a Third Party Balancing Agreement held by the point operator shall next be deemed injected for that day on behalf of the point operator.

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(4) To the extent less volumes have been delivered on any day which are not accounted for by applying steps (1) through (3), such shortfall shall be allocated for that day to the point operator's account and shall be subject to charges under Section 10 of these General Terms and Conditions [it being understood that the allowable balancing service to be provided without additional charge under Section 10 has already been provided under step (2) above].

(d) To be eligible for a Point Operator Allocation Agreement, a prospective point operator must meet the same creditworthiness standards as a Shipper. Further, Horizon and the point operator must not have previously entered into such an agreement which was terminated because of point operator's failure to perform. Nothing herein is intended to restrict Horizon's right to terminate in accordance with its terms any Point Operator Allocation Agreement entered into hereunder, including without limitation the right to terminate because of point operator's failure to perform consistent with its obligations under the Point Operator Allocation Agreement.

(e) Unless otherwise agreed by Horizon or otherwise provided herein, cash-out procedures shall not apply to volumes in a point operator's account; provided, however, that any volume remaining in operator's account upon termination of a Point Operator Allocation Agreement shall be cashed-out based on the cash-out prices for the last month such agreement was in effect. The point operator may transfer gas out of its account by submitting nominations for transportation subject to ordinary confirmation and scheduling procedures.

(f) Horizon may cancel any Point Operator Allocation Agreement in the event that point operator's account exceeds a reasonable level in relation to the MDQ at the point(s) covered, if the point operator does not take reasonable steps to rectify imbalances on a timely basis, or if the point operator exceeds with unreasonable frequency the 2% monthly restriction under this Section.

(g) Aggregators of supply at any point which do not control physical operation of the point may request that they be allowed to enter into allocation agreements similar to Point Operator Allocation Agreement(s) as to specified volumes or Agreements delivering gas at the point, but any such

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request must include a consent by the physical point operator and other entities which could receive an allocation of gas under such agreement and is subject to review by Horizon as to its practicability.

9.4 FAILURE TO DELIVER GAS

(a) To the extent that Horizon is not able to deliver at least 95% of the service levels nominated within Shipper's MDQ by Shipper at its primary points during the period of November 1 through March 31, Shipper shall not be liable for charges for those volumes, up to 95% of its MDQ, which it nominated but which Horizon was not able to provide; provided, if Horizon's inability to provide service was the result of a properly noticed Force Majeure, described in Section 21 of these General Terms and Conditions, event the reduction of Shipper's reservation charges shall not begin until the earlier of: (a) ten (10) days after the commencement of the interruption of service caused by the Force Majeure event, and (b) the date on which such Force Majeure event should have been cured by Horizon, using its reasonable efforts; provided, further, that Shipper shall not be entitled to reservation charges reduction if the event of Force Majeure impacting Horizon's ability to provide service has occurred with respect to facilities owned by parties other than Horizon.

(b) Horizon or Shipper (1) shall exercise reasonable diligence to schedule maintenance so as to minimize or avoid service interruptions and (2) shall not schedule routine, non-emergency maintenance except during the period between April 1 and December 1, which action shall not be an excuse of performance or event as defined under this section. No later than fifteen days prior to the scheduled activity, Horizon will post on the Informational Postings portion of its Interactive Website a tentative schedule of planned maintenance, construction, test, rehabilitation or repair activities to be performed which Horizon anticipates may cause to fail to tender delivery of Shipper's scheduled quantities of gas. The schedule will include the dates the activities are scheduled to begin and end as well as the portions of the system and capacity expected to be affected. Horizon will endeavor to perform the activities in accordance with the posted schedule.

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10. BALANCING SERVICE AND OVERRUN CHARGES

10.1 GENERAL

This Section applies to transportation services provided under Rate Schedules FTS and ITS. Each Shipper has the obligation to ensure actual volumes delivered to Horizon at Receipt Points and actual volumes taken from Horizon at Delivery Points conform to the volumes nominated by the Shipper and confirmed by Horizon each day.

10.2 BALANCING SERVICE AND OVERRUN CHARGES
DURING NON-CRITICAL TIMES

(a) During periods when a Critical Time is not in effect, if actual receipts and deliveries under an Agreement at a point on any day do not conform to a Shipper's rights under its Agreement(s) or to the sum of its confirmed nominations after receipts and deliveries are allocated consistent with Section 8 or 9 of these General Terms and Conditions, as applicable, the following Overrun Charges and Balancing Service Charges shall apply:

(1) In the event that receipts or deliveries allocated to a Shipper under said Section 8 or 9 at any point or under any Agreement exceed Shipper's available firm contractual rights (MDQ), an Overrun Charge shall apply. Specifically, the Overrun Charges set out herein shall apply to volumes taken or tendered in excess of MDQ under Rate Schedule FTS. Overrun Charges applicable to Rate Schedule ITS shall be separately stated in that Rate Schedule. Overrun volumes shall be deemed authorized overrun if tendered or taken pursuant to confirmed nominations. In the case of authorized overrun, as reflected in overrun requests properly submitted by Shipper and accepted by Horizon (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 would equal the maximum rate for Rate Schedule ITS) multiplied by the number of Dth of the authorized overrun gas. 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

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case of an unauthorized overrun, the Shipper shall pay Horizon 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 200% of the maximum Rate Schedule ITS rate; provided, however, that the Unauthorized Overrun Rate may be discounted to any level between zero and this maximum rate. 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.

(2) If the volumes allocated to any FTS or ITS Agreement fail to equal the confirmed nomination under such Agreement, the following charges [in addition to any charges applicable under subsection (1)] shall apply based on the degree of variance between actual deliveries, and Shipper's rights and/or confirmed nominations (no charge hereunder shall apply for variances at Receipt Points):

<u>VARIANCE</u>	<u>CHARGE</u>
0% to 5%	No additional charges
5% to 10%	\$0.10/Dth
10% to 20%	\$0.20/Dth
20% to 50%	\$0.50/Dth
Above 50%	\$1.00/Dth

(3) Tiered Balancing Service Charges under Sections 10.2, 10.3 and 10.4 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. Horizon may discount charges under Sections 10.2, 10.3 and 10.4 on a basis which is not unduly discriminatory to a level between zero and the applicable variance charges.

(b) A Shipper subject to any Overrun Charges and/or Charge(s) under subsection (a) shall, in addition, pay an applicable transportation commodity charge on takes from Horizon in excess of applicable rights and shall be obligated to return any volumes taken from Horizon in excess of volumes delivered to Horizon. The volume of any imbalance remaining at the end of the month will be cashed out under Section 11 of these General Terms and Conditions.

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10.3 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 and deliveries allocated to a Shipper at any point or under any Agreement do not conform to the sum of such Shipper's confirmed nominations to such point and/or Agreement, Balancing Service Charges will be assessed on such variances that are detrimental to Horizon's system, based on the conditions described in or giving rise to the Operational Flow Order. 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 and deliveries and the applicable confirmed nominations:

<u>VARIANCE</u>	<u>CHARGE</u>
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 10.2(a)(1) and 10.2(b). Where Balancing Service Charges apply under this Section 10.3, they shall be in lieu of Balancing Service Charges under Section 10.2(a)(2), but the charges identified in the prior sentence shall still apply.

10.4 CHARGES DURING CRITICAL TIMES

(a) On any day when a Critical Time is in effect, if actual receipts and/or actual deliveries allocated to Shipper at any point or under any Agreement for services provided by Horizon under the Commission's Regulations at 18 C.F.R. Part 284 do not conform to the sum of confirmed nominated volumes applicable to such point or Agreement, Balancing Service Charges will be assessed for the variances that are to the detriment of Horizon's system. Balancing Service Charges in effect during a Critical Time will be as follows:

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<u>VARIANCE</u>	<u>CHARGE</u>
0% to 3%	Greater of \$4.00/Dth or 2 times AMIP
3% to 5%	Greater of \$12.00/Dth or 6 times AMIP
5% 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 10.2(a)(1) and 10.2(b). Charges hereunder shall be in lieu of any otherwise applicable Balancing Service Charges under Sections 10.2(a)(2) and 10.3, 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 11; provided, however, that any remaining imbalance created during a Critical Time which helped the system will be cashed out at 100% of the AMIP.

10.5 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 Horizon can transport without jeopardizing the integrity of its facilities; (2) when system pressure is falling and approaching a level or is expected to fall and approach a level that is at or below the minimum that Horizon considers necessary for system integrity or to fulfill its firm contractual obligations; (3) 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 Horizon's facilities may be safely operated; or (4) at other times when Horizon 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 Horizon'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. Horizon shall notify Shippers on the Informational Postings portion of its Interactive Website as to the reason(s) why a Critical Time was declared.

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(b) Notice of a Critical Time will be posted on the Informational Postings portion of Horizon's Interactive Website. Horizon will endeavor to post such notice before 4:00 p.m. Central Time or otherwise will endeavor to notify Shippers via its Interactive Website by 4:00 p.m. Central Time that they should check its Interactive Website again at a specified later time to see whether a Critical Time will be in effect for the next day. Horizon must attempt to give actual notice of a Critical Time via telefax or telephone (provided a Shipper has given the numbers to Horizon as required in Section 34) 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 Horizon notifies Shippers via its Interactive Website that there is no longer a Critical Time.

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10.6 BILLING

(a) In the event Horizon does not have all actual information by the time the billings are to be sent, Horizon 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, Horizon and Shippers shall rely on Horizon's operational data posted on Horizon's Interactive Website to determine whether a Critical Time Balancing Service Charge is applicable; provided, however, if a Shipper is convinced that Horizon's operational data is erroneous and promptly (by the end of the next business day following the posting) communicates the error to Horizon, Horizon 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 9.3 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.

10.7 All amounts collected by Horizon for penalties, commencing with December 1, 2003, shall be determined for each annual period ending December 31 and distributed, through a credit to current billings wherever feasible, within ninety (90) days after each December 31, with the first such determination and distribution being made within ninety (90) days after December 31, 2004. For purposes of this Section 10.7, penalties shall include: Unauthorized Overrun Charges, Balancing Service Charges, charges for failure to comply with an Operational Flow Order (including during a Critical Time) and charges for cashout of imbalances. Such distribution shall be made as follows:

(a) These amounts shall be used first to compensate Horizon for any cashout expenses and for any extraordinary out-of-pocket costs it has incurred (including any compensation Horizon agreed to provide for voluntary actions) 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

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Operational Flow Order or the declaration of Critical Time or other operational action taken by Horizon under Section 34 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 Horizon for cashout expenses, the unreimbursed cashout expenses shall be carried forward to future years until recouped.

(b) (1) Any remaining amounts will be refunded pro rata to all Shippers, except as provided below, through a credit to current billing wherever feasible, based on the ratio of a Shipper's total base reservation and base commodity charges paid during each month to all such charges paid by all Shippers during such month; 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. The refunds in the prior sentence shall be calculated on a monthly basis but distribution of the credit shall be annual. If the costs to be netted against penalty revenue exceed the penalty revenue in any month, the excess costs may be carried forward to be applied against penalty revenue in subsequent months. Thus, while distribution is made annually, the net penalty revenue credit shall be calculated on a monthly basis, subject to the carry forward of costs as stated in the prior sentence. A Shipper which failed to comply with an Operational Flow Order or which had an Unauthorized Overrun shall be excluded from distribution of net penalty revenues only for the month in which that violation occurred.

(2) Where capacity has been released, any amounts distributed to the Original Shipper and the calculation and amounts distributed to the Original Shipper shall be based on the gross base reservation and base commodity charges paid by that Shipper (without considering any credits from Replacement Shippers) during the relevant annual 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 reservation and base commodity charges paid by that Replacement Shipper during the relevant annual period.

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11. IMBALANCES

11.1 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 Horizon at Receipt Points each day. Horizon has no obligation to deliver for the account of a Shipper more volumes of gas than Horizon 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.

11.2 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 Unaccounted For Gas) do not equal the deliveries under an Agreement on a Dth basis, the following netting and offsetting procedures will apply:

(a) Imbalances under a Shipper's different Agreements will then 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, Horizon will post on its Interactive Website the Total Monthly Imbalance of any Shipper which has notified Horizon that it has elected to have such information posted. Notification by the Shipper may be in writing or on Horizon'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.

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- (c) Horizon 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 Horizon.
- (e) After receipt of an Imbalance Trade Confirmation, Horizon 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 11.3 of these General Terms and Conditions.

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11.3 CASHOUT PROCEDURES

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

<u>IMBALANCE LEVEL</u>	<u>OVERAGE (Horizon pays Shipper)</u>	<u>UNDERAGE (Shipper pays Horizon)</u>
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

(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 receipts for that Shipper during the month. For example, if the total receipts 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 average index price reported in Intelligence Press' "NGI's Weekly Gas Price Index" in the table entitled "NGI Cash Market Prices" under the caption "Midwest, Chicago Citygate."

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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 Horizon's nomination deadline for first of the month service for that month, and the subsequent issues dated prior to Horizon'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 Horizon 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 the index price used in determining that week's WIP, there will be no WIP for that week used in determining the month's AMIP.

(2) Should, in a given month, there be less than two WIP's 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."

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11.4 OPERATIONAL DATA VS. ACTUALS

In determining the cashout tier applicable under Section 11.3 above, Horizon will utilize the operational data posted on its Interactive Website as of the end of the month or the actual flow volumes, whichever results in a lower cashout tier.

11.5 PRIOR PERIOD ADJUSTMENTS

Any imbalances for a month that are booked after the transportation for that month has been billed will be cashed out at 100% of the AMIP in effect during the month the imbalance occurred.

11.6 PURCHASE AND SALE OF GAS

Horizon is not providing a supply service under any Rate Schedule of this Tariff. Without limitation of the foregoing, Horizon may buy and sell gas to the extent necessary to maintain System pressure, to implement the cashout procedures under this Section 11 and to perform other functions in connection with providing transportation service and operating its system. The point of any such sale shall occur at Receipt Points on a Shipper Agreement. Such sales shall be authorized pursuant to Horizon's blanket sales certificate. Nothing herein shall impose on Horizon any obligation to provide a supply function to any of its Shippers.

11.7 THIRD PARTY BALANCING

At any time during the term of its firm Agreement(s) on Horizon, a firm Shipper may request that Horizon enter into a Third Party Balancing Agreement. A Third Party Balancing Agreement is a contract executed by Horizon, the firm Shipper and one or more third parties which agree to manage imbalances of that Shipper under specified firm Agreement(s) on Horizon. Horizon will enter into a Third Party Balancing Agreement, subject to the following conditions:

(a) The third party provider(s) must obtain all requisite regulatory approvals of any service (certification, approval of tariffs, establishment of rates, etc.) which is being relied upon to perform the imbalance management;

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(b) The Third Party Balancing Agreement must be executed by Horizon, the firm Shipper and any third party performing imbalance management. The Third Party Balancing Agreement must allow the third party imbalance management to be integrated into Horizon's operations.

(1) Horizon must have the right to call on the third party provider(s) for the agreed imbalance management on short notice, within defined parameters, to effectuate necessary operational changes.

(2) Horizon must be given timely notice of the nature and level of the imbalance management being provided by the third party provider(s) pursuant to the Third Party Balancing Agreement on any day.

(3) The Third Party Balancing Agreement must: (i) define the operational changes the third party provider(s) will effectuate to offset the operational effects on Horizon of imbalances at points on the system covered by the Third Party Balancing Agreement; and (ii) identify the resources or services which the third party provider(s) will utilize to implement such changes.

(4) Any third party providing imbalance management must be able to deliver or receive gas, as applicable, at the prevailing operating pressure on Horizon's system at the relevant point(s) and the Third Party Balancing Agreement must so specify.

(c) The Third Party Balancing Agreement shall specify the firm Agreements and the points to be balanced and must set out the agreement of the parties as to how imbalances are to be allocated to and accounted for at the point(s) covered by the Third Party Balancing Agreement and any limitations on the level of imbalances to be managed under the Third Party Balancing Agreement.

(d) (1) The physical facilities of the third party provider(s) (or used by such third party or parties) to perform the imbalance management must include physical storage facilities and must be directly connected to Horizon's facilities and the storage facilities must be in close enough physical proximity to Horizon's system to support, and of a type capable of supporting, the operational effects necessary to perform imbalance management, which may require almost instantaneous operational changes on Horizon.

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(2) Bi-directional flow must be available at the delivery and/or receipt points involved.

(3) The third party provider(s) must have the ability to get gas onto or off of Horizon's system in order to effectuate a true physical balancing.

(4) The firm Shipper or third party provider(s) may utilize services on another entity to perform imbalance management so long as all conditions of this Section 11.7 are satisfied; provided, however, that if any such entity is relying on facilities it does not own or control, the entity which does own or control those facilities must become a party to the Third Party Balancing Agreement.

(e) If Horizon is required to backstop the third party service provider(s), either by agreement or because the imbalance management services specified by the Third Party Balancing Agreement are not performed, Horizon must be authorized to assess charges and penalties against Shipper, the third party provider(s), or both, and the Third Party Balancing Agreement shall so provide.

(f) The Third Party Balancing Agreement will terminate if the Shipper no longer has firm service on Horizon under the firm Agreements specified in the Third Party Balancing Agreement.

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12. STATEMENTS, BILLING, PAYMENT AND DISCOUNTING POLICY

12.1 STATEMENT AND INVOICES

Horizon 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 12, "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.

12.2 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 Horizon, on or before the tenth (10th) day of each month.

12.3 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, Horizon shall render the gas imbalance statement which details in Dth the gas received and delivered each month at the Receipt and Delivery Point(s) based on the best information available.

12.4 PAYMENT

Shipper shall pay to Horizon at the address indicated on the invoice or, if directed by Horizon, by wire transfer to a bank designated by Horizon, the amount due Horizon 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 on the date sent to Shipper's designated site if sent by EDI, or 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. Horizon shall apply payment per such supporting documentation. If payment

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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, Horizon may, in addition to any other remedy it may have under this Tariff or under commercial law: (a) suspend deliveries as provided in Section 3.8 of these General Terms and Conditions; and (b) offset such deficient payments against any payments, refunds or credits owed by Horizon to Shipper.

12.5 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 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. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

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12.6 DISCOUNTING POLICY FOR RATES AND CHARGES

Horizon reserves the right to provide, by contract with any Shipper, for adjustment at any time of the rates for service to a level below the maximum rates applicable to such service, as stated in this Tariff, but no less than the minimum rates as applicable to such service, as stated in this Tariff. To the extent Horizon agrees to a discount of any reservation rates and reservation surcharges for firm transportation service, the discount will be apportioned first to the base reservation rate, and second, if the discount is greater than such base reservation rate, to any applicable reservation surcharge. To the extent Horizon agrees to discount any commodity rates and commodity surcharges for firm transportation service, the discount will be apportioned first to the base commodity rate, and second, if the discount is greater than such base commodity rate, to the commodity surcharge. To the extent Horizon agrees to a discount of any commodity rates and commodity surcharges for interruptible transportation service, the discount will be apportioned first to the base commodity rate, and second, if the discount is greater than such base commodity rate, to any applicable commodity surcharge. Nothing herein will require Horizon to agree to any discount.

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13. EVALUATION OF CREDIT

13.1 In evaluating requests for service and for certain other purposes under this Tariff, including Section 3.8 of these General Terms and Conditions, Horizon will perform a credit appraisal of Shipper.

(a) Such a credit appraisal shall be performed in accordance with the following criteria:

(1) Horizon may require Shipper to provide current financial statements, annual reports, 10-K or other reports to regulatory agencies, a list of corporate affiliates, parents or subsidiaries, or any reports from credit reporting agencies which are available. Horizon shall apply consistent evaluation practices to determine the acceptability of the Shipper's overall financial condition, working capital, and profitability trends.

(2) A bank reference and two trade references must be provided by Shipper. The results of reference checks must show that Shipper's obligations are being paid on a reasonably prompt basis.

(3) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. An exception can be made for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurances that billing hereunder will be paid promptly as a cost of administration under the federal court's jurisdiction.

(4) Shipper must not be subject to the uncertainty of pending litigation which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or which could jeopardize the ability of the Shipper to exist as an ongoing business entity.

(5) If Shipper has an ongoing business relationship with Horizon or any of its affiliates, no delinquent balances may be consistently outstanding for natural gas sales or transportation services rendered previously to Shipper and Shipper must have paid its account during the past according to the established terms and not made deductions or withheld payment for claims unless authorized by contract.

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(6) No significant collection lawsuits or judgments are outstanding which would seriously reflect upon the business entity's ability to remain solvent.

Upon receipt of any initial or follow-up request from Horizon for information to be used for creditworthiness evaluation, the Shipper's authorized representative(s) shall acknowledge receipt of Horizon's request; provided, however, that Horizon and the Shipper may mutually agree to waive this requirement. The Shipper's authorized representative(s) shall respond to Horizon's request for credit information as allowed by this tariff, on or before the due date specified in the request. The Shipper shall provide all the credit information requested by Horizon or provide the reason(s) why any of the requested information was not provided. Upon receipt from the Shipper of all credit information provided pursuant to this Section 13, Horizon shall notify the Shipper's authorized representative(s) that it has received such information; provided, however, that Horizon and the Shipper may mutually agree to waive this requirement. The Shipper shall designate up to two representatives who are authorized to receive notices regarding the Shipper's creditworthiness, including requests for additional information, pursuant to this Section 13 and provide to Horizon the Internet e-mail addresses of such representatives prior to the initiation of service. Written requests and responses shall be provided via Internet E-mail, unless otherwise agreed to by the parties. The obligation of Horizon to provide creditworthiness notifications is waived until the above requirement has been met. The Shipper is to manage internal distribution of any creditworthiness notices that are received. Horizon shall designate, on its Interactive Website or in written notices to the Shipper, the Internet e-mail addresses of up to two representatives who are authorized to receive notices regarding the Shipper's creditworthiness. The Shipper's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives and Horizon is to manage internal distribution of any such confirmations. In complying with the creditworthiness related notifications pursuant to this Section 13, the Shipper and Horizon may mutually agree to other forms of communication in lieu of Internet E-mail notification. The provisions of this paragraph relating to representatives and notification also apply to any notice related to creditworthiness under Section 3.8 or 15.1 of these General Terms and Conditions.

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(b) If a Shipper fails to satisfy the credit criteria, such Shipper may still obtain service hereunder if it elects one of the following options:

- (1) Payment in advance for three (3) months' service;
- (2) A standby irrevocable letter of credit drawn upon a bank acceptable to Horizon;
- (3) Security interest in collateral provided by the Shipper found to be satisfactory to Horizon; or
- (4) Guarantee by a person or another entity which does satisfy the credit appraisal.

(c) Horizon's credit appraisal procedures involve the establishment of dollar credit limits on a standardized, nondiscriminatory basis. To the extent that a Shipper's accounts with Horizon do not exceed such limit, and Shipper has met all creditworthiness requirements as determined in periodic credit reviews by Horizon, which reviews may be conducted on at least an annual basis, no new credit appraisals shall be required when an existing Agreement is amended or a request for a new Agreement is made, provided that Shipper's payment history has been satisfactory and there is no bona fide basis for questioning Shipper's creditworthiness.

13.2 In order to obtain an Agreement under Rate Schedule FTS, a Shipper must sign a consent and agreement, in a form acceptable to Horizon, to pay all charges under the Agreement to the agent designated by Horizon's lenders in the event the Shipper is notified that an event of default has occurred under Horizon's loan agreement.

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14. INTERACTIVE WEB SITE

14.1 WEB SITE DESCRIPTION

(a) Horizon maintains the Interactive Website, a FERC compliant interactive internet web site which is available for use by Shippers and other interested parties. The web site has both secure and non-secure regions. Information of a general nature is included in the non-secure region while confidential Shipper specific data is accessible only through the secure region, which requires a logon and password. Daily back-up records of information displayed or entered through this web site are archived, and non-secure information is accessible to customers on a non-discriminatory basis. The data is kept for a three (3) year period, inclusive of both current and archived data.

Horizon posts gas quality information as follows:

(1) Horizon provides on the Informational Postings portion of its Interactive Website a link to the natural gas quality provisions of this Tariff.

(2) Horizon provides on the Informational Postings portion of its Interactive Website daily average gas quality information for prior Gas Day(s), to the extent routinely collected and readily available, for location(s) that are representative of mainline gas flow. To the extent that Horizon monitors tariff-based gas quality provision for locations representative of mainline gas flow by non-electronic methods (e.g., spot sample), such information will be posted as soon as practicable. The gas quality information posted pursuant to this tariff provision is operational in nature.

For purposes of this tariff provision, “readily available” is that data which is currently available in electronic format or would be available electronically with minor enhancement(s) to existing data collection, processing and reporting capability.

This gas quality information is reported in units as specified in this tariff’s General Terms and Conditions. Gas Quality information not specified in these General Terms and Conditions, if posted, is posted using units determined by Horizon.

The information available for the identified location(s) is provided in a downloadable format. In any event, compliance with gas quality requirements is in accordance with Horizon's Tariff, including these General Terms and Conditions. Listed below are examples of gas quality attributes:

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Heating Value
Interchangeability index(ices)/factor(s)
Hydrocarbon liquid drop out control parameter(s)/factor(s)
Hydrocarbon Components, % of C1 - Cnn, as used in determining Heating
Value
Specific Gravity
Water
Nitrogen
Carbon Dioxide
Oxygen
Hydrogen
Helium
Total Sulfur
Hydrogen Sulfide
Carbonyl Sulfide

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Mercaptans
Mercury and/or any other contaminants being measured
Other pertinent gas quality information that is specific in
Horizon's Tariff, including these General Terms and
Conditions

(3) Data posted pursuant to the prior paragraph, Section 14.1(a)(2), are made available on Horizon's Interactive Website for the most recent three-month period. Beyond the initial three-month period, the historical data is made available offline in accordance with regulatory requirements. Such posted data are provided in a tabular downloadable file described by Horizon in the posting. The first row of the file contains the column headers and data begin on the second row of the file. In addition, one of the columns contains the applicable Gas Day. For any location(s), Horizon may, at its discretion, elect to provide gas quality information in addition to that specified in the prior paragraph. Horizon may choose how to provide the information.

(b) The non-secure information is primarily comprised of FERC mandated informational postings. Horizon may add informational sections to this web site in order to facilitate timely and complete communications with customers. The secure region provides access to Nominations, Flowing Gas/Volume Inquiry data, Invoicing, Contracting and Capacity Release Processing. Logons and passwords required to enter the secure region of the web site may be obtained per the procedures outlined in Section 14.2.

(1) **INFORMATION POSTINGS AND PLANNING TOOLS**

The types of information available through the Informational Postings selection of this web site include: (i) all affiliated marketer information, including names and addresses for affiliated marketing companies; (ii) reports on operationally available capacity, design capacity, unsubscribed capacity and released capacity at Receipt/Delivery Points; (iii) critical notices concerning capacity related issues and non-critical notices, providing relevant contracts and customer information; (iv) the FERC Index of Customers and the FERC Contract Transactional Postings, (v) the tariff, with search, download and print capabilities; (vi) imbalance volumes available for trading among Shippers prior to cashout as provided in Section 15 hereof and (vii) point catalog.

(2) **NOMINATIONS**

This feature allows for submittal of all transportation nominations, transfer nominations, predetermined allocations and nomination priorities as required in Section 7 of these General Terms and Conditions.

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(3) VOLUME INQUIRY

This feature provides volumetric information on total gas flows and allocated flows, at a point and contract level and provides contract level imbalance information. The timing for reporting daily operational allocations after the gas has flowed is within one (1) Business Day after the end of the Gas Day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity should be used for the daily operational allocation. Each Shipper and each other entity involved in a transaction at a point will be able to see the total flows at the point and the volumes allocated to or by such Shipper or other entity.

(4) INVOICING

The system allows Shippers to view and download invoices and a statement of account. Additionally, using this component, Shipper can create and submit a payment remittance.

(5) CONTRACT REQUEST PROCESSING

Using this feature, Shippers can review their existing Agreement information, submit new requests for Agreements and submit requests to amend Agreements.

(6) CAPACITY RELEASE REQUEST AND BID PROCESSING

This interactive feature allows Shippers to submit Capacity Release Requests and Bids, which, in turn, are automatically posted to this web site as provided in Section 15. Additionally, Shipper with recall provisions in a release of capacity can initiate the recall process using this feature.

14.2 ACCESS TO INTERACTIVE WEBSITE

Shippers and other interested parties may obtain access to the Interactive Website by contacting a representative of Horizon's Gas Transportation Department in Houston. Logons, passwords and access instructions will be supplied upon request under the following terms and conditions set forth in Sections 14.3 through 14.14.

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14.3 AUTHORITY

Users of this web site (Subscribers) shall be deemed to have agreed and admitted that any employee permitted by Subscriber to access this web site shall have the legal authority to act on behalf of Subscriber in performing any functions, including those functions which are available presently and those functions which become available at a later date.

14.4 INSTALLATION

Each Subscriber shall purchase and ensure that lawful installation of Internet browser software occurs for each personal computer (PC) from which this web site is accessed.

14.5 CONFIDENTIALITY

Certain information contained in this web site is proprietary and confidential. A Subscriber shall not reproduce, disclose or otherwise make available confidential information contained therein to any other company, corporation, individual, or partnership.

14.6 RELIANCE BY HORIZON

Horizon may act, and shall be fully protected by a Subscriber in acting, in reliance upon any acts or things done or performed by Subscriber's employees or designated agents on behalf of Subscriber and in respect to all matters conducted through this web site. Horizon may correct errors in information entered into this web site by a Subscriber promptly after receiving notice of the corrections or may require Subscribers to enter the corrections directly into this web site.

14.7 ACCESS

Shippers and other interested parties may obtain access to the interactive transactional web pages by contacting a representative of Horizon's Electronic Customer Services Department in Houston. The internet address for this web site is <http://pipeline.kindermorgan.com>. This web site replaces the

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Direct Access Request and Tracking System (DART) and Subscribers to DART can continue to use their DART logon and password to access these web pages. By continuing to use such DART logons, Subscribers agree to the terms and conditions set forth in this Section 14. Should a Subscriber require access to confidential information (such as Agreement, points, nomination, volume, or other customer-specific information deemed to be of a confidential nature requiring controlled access), Horizon will require the Subscriber to provide a written request and officer level approval for issuance of a company-level computer access (logon) identification code and password. Upon receipt of such request, Horizon will ensure return of a confidential logon code and password within one business day.

14.8 LOGON

A Subscriber's logon and password are confidential and are used to identify that Subscriber. A Subscriber shall keep its logon and password confidential. A Subscriber will ensure that only authorized employees and agents of Subscriber will be given Subscriber's logon and password and only these authorized persons will be permitted to access this web site on Subscriber's behalf. A Subscriber and its employees and agents will not disclose the Subscriber's logon and password to anyone without authority to access this web site on behalf of the Subscriber. To ensure such confidentiality is not breached, requests from Subscriber employees or agents for information regarding Subscriber logon and password made subsequent to issuance of the original logon and password may not be honored without receipt by Horizon of additional authorization from Subscriber. Subscriber shall be responsible for and accepts liability for any security breach that is traced to Subscriber's logon and password.

14.9 BREACH OF SECURITY

A Subscriber shall promptly notify Horizon if there is any indication that a security breach has occurred with regard to Subscriber's logon and password. This includes, but is not limited to: (a) loss of confidentiality of logon and password; (b) termination of employment of any authorized employee; or (c) loss of authority to access this web site by any authorized employee. Such notification shall be made to Horizon's Electronic Customer Services Department.

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14.10 LIMITATION TO ACCESS

A Subscriber may attempt to access only that data for which Subscriber has authorization. A Subscriber shall provide supporting legal documentation prior to being given access to data of other subsidiaries, affiliates, or companies for whom it has an agency relationship. See Section 7 of these General Terms and Conditions for information on delegation.

14.11 LIMITS OF RESPONSIBILITY

Horizon shall not be responsible for an omission or failure by Horizon to act or perform any duty requested by a function accessed via this web site if such omission or failure to act is caused by or related to data lost in the transmission of such data from Subscriber's to Horizon's computer system, power failures, failure of backup systems, or any other event beyond the reasonable control of Horizon.

14.12 RESERVATION

Horizon reserves the right to add, modify or terminate functions of this web site at any time subject to compliance with Commission Regulations.

14.13 AGREEMENT BY NON-SHIPPER

Any Subscriber who is not a Shipper under one of the Rate Schedules in this volume of Horizon's FERC Gas Tariff will be required, as a precondition of access to this web site, to sign an agreement with Horizon pursuant to which the Subscriber agrees to be bound by the provisions of this Section.

14.14 INDEMNITY

Each Subscriber shall indemnify Horizon and hold Horizon harmless for all damages, losses, and liabilities arising out of:

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(a) Subscriber's or its employees' or agents' breach of any of Subscriber's obligations under this Section 14, including any breach of confidentiality with respect to the assignment of logon(s) and passwords(s) to Subscriber's authorized employees and agents and any unauthorized use by a formerly authorized person or by any unauthorized person who gained knowledge of Subscriber's logon(s) and password(s) through no fault of Horizon.

(b) any omission or failure by Subscriber's employees or agents to act or perform any duty required by an interactive website function; and

(c) any action taken by Subscriber, its employees or agents, its former authorized employees and agents or unauthorized persons who gained knowledge of Subscriber's logon(s) and password(s) through no fault of Horizon, which interferes with the proper operation of Horizon's Interactive Website.

Notwithstanding the foregoing, neither Horizon nor Subscriber shall be liable to the other if an unauthorized user gains access to Horizon's Interactive Website through no fault of either Horizon or Subscriber.

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15. CAPACITY RELEASE BY FIRM SHIPPERS

15.1 GENERAL

(a) Subject to the terms, conditions and limitations set forth in this Section 15, 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 15, to receive a credit for reservation charge revenues received by Horizon from that other Shipper for such released capacity.

(b) The capacity release timeline deadlines set forth in this Section 15 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 Horizon 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, Horizon may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear conditions (e.g., designation of an index not supported by Horizon).

(c) Following is a summary of the capacity release process and deadlines set forth in greater detail in the remainder of this Section 15 (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 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.;

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(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 15.9(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 a.m. 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 15.9(d) hereof (nomination is not contingent on a contract being issued or executed so long as the Replacement Shipper has preapproved credit).

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(3) For prearranged releases not requiring bidding under this
Section 15:

(i) The posting of prearranged deals that are not
subject to bid are due no later than one hour prior to the nomination deadline for the
applicable cycle, pursuant to Section 7.2. 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) Horizon will not award capacity release offers to a
Shipper until and unless the Shipper meets Horizon's creditworthiness requirements
applicable to all services that it receives from Horizon, including the service represented by
the capacity release.

(2) Horizon shall provide the original Releasing Shipper
with Internet E-mail notification reasonably proximate in time with any of the following
formal notices given by Horizon 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 Horizon's
tariff;

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

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(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 Horizon's tariff.

15.2 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 15.10 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 15.

(c) ELIGIBLE FIRM TRANSPORTATION AGREEMENT

A transportation agreement under Rate Schedule FTS.

(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).

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(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 15.15; and (2) the release of such capacity rights to the Prearranged Shipper as provided by this Section 15.

(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 15, 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 15, 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 15.

(h) PREARRANGED SHIPPER

A person or entity prequalified under Section 15.15 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 15.15 by a Qualified Bidder for capacity rights subject to a Capacity Release Request under this Section 15.

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(j) **QUALIFIED BIDDER**

Any person or entity prequalified under Section 15.15 who bids for capacity rights being released under this Section 15, 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 Horizon 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 15.

(l) **RELEASING SHIPPER**

Any Shipper holding capacity rights under an Eligible Firm Transportation Agreement or Released Firm Transportation Agreement who has released or seeks to release such capacity rights pursuant to this Section 15.

(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 15.

(n) **SHORT-TERM PREARRANGED RELEASE**

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

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(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 15.

(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 15.10.

(q) WINNING BID VALUE

The highest possible total Bid Value achievable under Section 15.10 for the Capacity Release Request from the Qualified Bids consistent with the Capacity Release Request and this Section 15.

15.3 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 Horizon's Interactive Website (or in writing for posting on Horizon's Interactive Website if Horizon'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 per day) and the transportation path(s) [or segment(s) thereof] being released, including identification by Horizon's PIN Number of the Receipt Points, Delivery Points defining the release path/segment and the firm capacity to be released at each such point;

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(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 15.5 and 15.14) 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 Horizon to actively market the Releasing Shipper's capacity rights pursuant to Section 16 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 15.7);

(h) 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.

(i) Which of the bid evaluation procedures set forth in Section 15.10 the Shipper wishes to use, if any;

(j) Whether the Qualified Bids are to specify dollars and cents and/or percentage of the maximum tariff rate, or an index based formula as detailed in the Capacity Release Request;

(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

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(1) Any other applicable conditions (which must conform to Section 15.5), 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 15.10 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 15.5(a).

15.4 PREARRANGED RELEASE

Subject to Section 15.6, a Shipper seeking to release its Eligible Firm Transportation Agreement capacity rights to a Prearranged Shipper shall deliver a Capacity Release Request to Horizon's Interactive Website at Horizon'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, 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 15 by Horizon and to execute a Released Firm Transportation Agreement, which consists of Horizon's standard form of FTS Agreement and the terms and conditions of the Prearranged Release, in accordance with Horizon's Tariff. Such statement shall also set forth:

(1) The quantity of the capacity (in Dth per day) and the transportation path(s) [or segment(s) thereof] being released, including identification by Horizon's PIN Number (or Common Code) of the Receipt Points, Delivery Points defining the released path/segment and the firm capacity to be released at each such point;

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

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(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 15.5 and 15.14) and 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 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 Horizon to actively market its capacity rights subject to the Prearranged Release pursuant to Section 16 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 15.7) and the length of time [consistent with Section 15.9(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 15.10 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.

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(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 15.2(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 15.2(g)(ii) hereof; and

(m) Any other applicable conditions (which must conform with Section 15.5), 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 15.10 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 15.5(a).

15.5 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 Horizon for posting; (3) must relate solely to the details of acquiring or maintaining the transportation capacity rights on Horizon, which are the subject of the release; and (4) must not place any obligations or burdens on Horizon in addition to the terms and conditions applicable to a capacity release under this Section 15 which are specified in Horizon's Tariff. Any bid evaluation procedure elected by a Releasing Shipper different from Horizon's bid evaluation procedure set forth in Sections 15.10(b) through 15.10(d) must be objective, nondiscriminatory in all circumstances and contain a complete description of the bid evaluation procedure for posting on the Public Information portion of Horizon's Interactive Website. Horizon may require the Releasing Shipper to submit a working computer program to Horizon in diskette form which is compatible with Horizon's Interactive Website computer which will enable Horizon to make such alternative bid evaluation entirely through Horizon's Interactive

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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 Horizon 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 discretion of Horizon. However, Horizon is not required to offer other choices or similar timeline treatment for other choices, nor, is Horizon held to the timeline should the Releasing Shipper elect another method of evaluation.

(b) The term of any release of capacity sought under this Section 15 shall be at least one full day and shall not exceed the remaining term of the Eligible Firm Transportation Agreement.

(c) 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 Horizon's Tariff.

(d) (1) No capacity release under this Section 15 shall result in an increase in the total capacity set forth in the Eligible Firm Transportation Agreement with the Original Shipper for any segment of a path covered by such Eligible Firm Transportation Agreement. Segmented releases are subject to Section 7.14 of these General Terms and Conditions. If the capacity release is for a segment, then a break point must be designated. The break point must be a physical location on the original path.

(2) The commodity and reservation charges applicable to deliveries to and from newly created path endpoints as a result of a path segment release shall be determined in accordance with the General Terms and Conditions of this Tariff.

(3) Unless otherwise agreed, in no event shall any negotiated rate which is less than the recourse rate apply to overrun quantities. In the event that, on any day, Shipper segments a portion of its capacity (whether as a result of

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capacity release or otherwise), then with respect to such segmented capacity, Shipper shall pay on such day the higher of its negotiated rate hereunder or Horizon's then effective maximum recourse rate; provided, for purposes of clarity, the total MDQ of the segmented capacity as to which such adjusted charge is applied shall not be increased as a result of the segmentation; provided, further, that consistent with Section 7.14 of these General Terms and Conditions Shipper shall not segment its capacity in a manner which creates overlapping segments on Horizon.

(4) 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 Horizon agree to amend the Eligible Firm Transportation Agreement to accordingly change the primary Receipt and Delivery Points.

(5) (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 33 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 Horizon'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 Horizon is notified of the release.

(e) 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 and from time to time. All recalls or reputs must be made in accordance with the other provisions of Horizon's Tariff, including Section 15.14 of these General Terms and Conditions and should be specified at the time of the deal. Reput method and rights are individually negotiated between the Releasing Shipper and Replacement Shipper.

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(f) (1) The Releasing Shipper may withdraw its posted Capacity Release Request during an open season under this Section 15 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.

(2) Request shall be binding until written or electronic notice of withdrawal is received by Horizon.

(3) Notice of a withdrawal of a Capacity Release Request must be delivered to Horizon's Interactive Website no later than the end of the open season for the Capacity Release Request.

(g) 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 15 (except as prohibited by the Federal Energy Regulatory Commission Regulations).

(h) Any Capacity Release Request not in compliance with this Section 15.5 and the other provisions of Horizon's Tariff shall be null and void and, even if posted, may be removed from Horizon's Interactive Website by Horizon at any time.

15.6 OPEN SEASON EXCEPTIONS

An open season is not required for: (a) a Prearranged Release for more than one (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 15.2(g)(i) hereof or (d) a Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program, as defined in Section 15.2(g)(ii) hereof. A Capacity Release Request which is not subject to an open season need only contain the information required in Sections 15.4(a) and (b). Such Capacity Release Request must be delivered to Horizon's

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Interactive Website (or in writing for posting on Horizon's Interactive Website if Horizon's Interactive Website is unavailable for receiving Capacity Release Requests) sufficiently in advance so that the release may become effective under Section 15.9 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 15.3 and 15.4, or the re-release qualifies for any of the other exemptions from bidding, referenced in subsections (a), (c) or (d) hereof.

15.7 POSTINGS; OPEN SEASON

(a) A Capacity Release Request received by Horizon through the 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 15 shall be posted on the Informational Postings portion of Horizon'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 (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. Horizon shall post the Capacity Release Request upon receipt, unless the Releasing Shipper requests otherwise. If the Releasing Shipper requests a posting time, Horizon will comply with that request as long as it comports with the deadlines set forth in this Section 15.

(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

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Request; provided, however, that any capacity release 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.

15.8 QUALIFIED BIDS FOR RELEASED CAPACITY RIGHTS

(a) At any time during an open season, a Qualified Bidder may submit a Qualified Bid to Horizon's Interactive Website (or in writing for posting on Horizon's Interactive Website if Horizon'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 15.15, each Qualified Bid must include the following:

(1) The Qualified Bidder's legal name, address, 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);

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(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 15. 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 Horizon pursuant to this Section 15 to the Qualified Bidder, including Horizon'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 Horizon's Tariff. Bids should be binding until notice of withdrawal is received by Horizon 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 Horizon'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 15.4 (involving a Prearranged Release) except for the level of the reservation charge and the MDQ, unless the Capacity Release Request specifically allows otherwise.

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(c) For releases of a term of more than one (1) year, a Qualified Bidder may not bid rates which would exceed Horizon's maximum reservation charge applicable to the Eligible Firm Transportation Agreement capacity. If the Original Shipper is paying a Negotiated Rate or a rate under a Negotiated Rate Formula pursuant to Section 33 of these General Terms and Conditions, a Qualified Bidder may not bid a rate which exceeds the applicable Recourse Rate. The maximum Qualified Bid reservation charge includes all demand surcharges, including all direct-billed charges which are or may become applicable to the Eligible Firm Transportation Agreement capacity.

(d) All Qualified Bids shall provide for payment of maximum commodity charges under Horizon's Tariff for the capacity bid, as well as all other applicable add-on charges and surcharges under Horizon's Tariff, such as, but not limited to, ACA, Fuel Gas and Unaccounted For Gas.

(e) A Qualified Bid received by Horizon during an open season shall be posted by Horizon on its Interactive Website system, 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 Horizon's Tariff. Any Qualified Bid inconsistent with Horizon's Tariff or the applicable Capacity Release Request shall be null and void.

**15.9 AWARDING OF RELEASED CAPACITY; EFFECTIVE DATE;
GAS NOMINATIONS**

(a) For a Prearranged Release for which no open season is required under Section 15.6 and which is received at least one (1) hour prior to a nomination deadline on a Gas Day, Horizon shall award the capacity to the Prearranged Shipper within one (1) hour after release notification, provided that all applicable provisions of this Section 15 have been complied with.

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(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, Horizon 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, Horizon 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 Horizon 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 15.1 of these General Terms and Conditions.

(c) For any other Capacity Release Request, the capacity rights shall be automatically awarded to the winning Qualified Bidder(s) when Horizon has identified the entity(s) to receive the released capacity under this Section 15.

(d) A capacity release shall become effective upon the awarding of capacity consistent with this Section 15. 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. Horizon 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

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consistent with the above regardless of whether a contract with Horizon 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 Horizon 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 7 of these General Terms and Conditions. Gas nominations by a Shipper utilizing released capacity awarded by Horizon shall constitute Shipper's binding acceptance of the terms and conditions of the capacity award by Horizon pursuant to this Section 15, including Horizon'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 Horizon's Tariff.

(f) Subject to the other provisions in this Section 15, 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.

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15.10 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 15.10(b) through 15.10(g) 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) Horizon shall calculate a Bid Value and Unit 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)(1).

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

(4) The Unit Bid Value is defined to equal the Bid Value divided by the product of: (i) the highest volume of capacity (in Dth) sought in the Qualified Bid for any day; multiplied by (ii) the release term (in months) in the Capacity Release Request; and multiplied further by (iii) thirty and four-tenths (30.4).

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(c) The combination of Qualified Bid(s) with the highest possible total Bid Value (Winning Bid Value) for the capacity in the Capacity Release Request shall be the winning Qualified Bid(s). A Qualified Bid may be allocated less than its Maximum Bid Volume, but in no event shall the Qualified Bid be allocated less than its Minimum Bid Volume. It is recognized that this procedure is intended to result in the highest possible total Bid Value for the Releasing Shipper consistent with the Qualified Bids, and it is possible that a Qualified Bid with the highest individual Unit Bid Value may be rejected partially or in its entirety.

(d) If there is more than one combination of Qualified Bids with a total Bid Value equal to the Winning Bid Value this Section 15.10(d) provides the procedure for selecting just one such combination, and thereby the winning Qualified Bid(s).

Subject to the provisions in Sections 15.10(d)(1), (2) and (3) below, the selection of winning Qualified Bid(s) among Qualified Bids (or combinations thereof) of equal Winning Bid Value is based on the following order of preference: (i) pro rata, if possible; (ii) preference for a Qualified Bid with the highest Maximum Bid Volume; (iii) preference for a Qualified Bid with the lowest Minimum Bid Volume; and (iv) first come, first served.

The specific Qualified Bid selection procedure is as follows:

(1) Identify the Winning Bid Value. If there is only one Qualified Bid, or combination of Qualified Bids, which create the Winning Bid Value, such Qualified Bid(s) shall be awarded the released capacity.

(2) In order to break ties, identify all Qualified Bids which, alone or in combination with other Qualified Bids, can create the Winning Bid Value. Rank order these Qualified Bids in order of their Unit Bid Value from highest to lowest. Allocate the Capacity Release Request capacity first to the Maximum Bid Volume of each Qualified Bid with the highest Unit Bid Value; allocate any remainder to the Maximum Bid Volume of each Qualified Bid with the next highest Unit Bid Value; and so forth. If, at any step, the available Capacity Release Request capacity is less than the combined Maximum Bid Volumes of Qualified Bids with equal Unit Bid Values, then the Capacity Release Request capacity shall be allocated on a pro rata basis to each Qualified Bid based on its Maximum Bid Volume. To the extent such a pro rata allocation would result in a capacity allocation to one or more Qualified Bid(s) below its Minimum Bid Volume, then such below-minimum Qualified Bids shall be discarded in their entirety and the Capacity Release Request capacity shall instead be allocated on a pro rata basis (based on the Maximum Bid Volume of each Qualified Bid) among the remaining Qualified Bid(s).

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(3) In the event that the previous Section 15.10(d)(2) pro rata allocation procedure does not result in a single winning combination of Qualified Bid(s) with the Winning Bid Value, then Section 15.10(d)(2) shall be disregarded and the winning Qualified Bid(s) shall be determined in the following manner:

(A) Identify the highest individual Maximum Bid Volume for a Qualified Bid which, alone or in combination with other Qualified Bid(s), can create the Winning Bid Value. Discard all Qualified Bid combinations which do not contain a Qualified Bid with such highest Maximum Bid Volume. Identify the highest volume which can be allocated to such Qualified Bid with such highest Maximum Bid Volume in the remaining combinations and still have the Winning Bid Value. Discard all combinations of Qualified Bid(s) which do not contain the highest such volume allocation. If this does not break the tie, then repeat the above procedure looking to the next highest Maximum Bid Volume, with the highest volume allocated thereto, within each remaining combination of Qualified Bid(s) with a Winning Bid Value; and so forth, until the tie is broken or all Qualified Bids in the remaining combinations are reviewed.

(B) If the above does not break the tie, identify again the Qualified Bid within each remaining combination with the highest Maximum Bid Volume and the highest volume allocated to such Qualified Bid, and identify which such Qualified Bid has the lowest Minimum Bid Volume. Discard all combinations which do not contain such Qualified Bid. If this does not break the tie, repeat the above procedure looking to the next highest Maximum Bid Volume, with the lowest Minimum Bid Volume, within each remaining combination of Qualified Bid(s) with the Winning Bid Value; and so forth, until the tie is broken or all Qualified Bid(s) in the remaining combination are reviewed.

(C) If the above does not break the tie, identify again the Qualified Bid within each remaining combination with the highest Maximum Bid Volume. The combination containing such Qualified Bid that Horizon's Interactive Website shows was submitted and received earliest by the Interactive Website (or if Horizon's Interactive Website is not available and the Qualified Bid was submitted in writing, the time Horizon received the Qualified Bid) shall be the winning combination. The next highest Maximum Bid Volume within each remaining combination shall be used as necessary pursuant to the above first come, first served rule to break any remaining ties; and so forth as necessary to break any remaining ties.

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(4) In no event shall the combination of winning Qualified Bid(s) result in a total Bid Value less than the highest possible total Bid Value achievable from a combination of Qualified Bid(s) consistent with the Qualified Bids, the Capacity Release Request and this Section 15.

(5) The Qualified Bid(s) allocated capacity under Sections 15.10(c) or 15.10(d) shall be winning Qualified Bid(s) to the extent of such capacity allocations.

(6) Here are examples of the application of Section 15.10(d):

EXAMPLE (1) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids:

	<u>Maximum Bid Volume</u>	<u>Term</u>	<u>Unit Bid Value</u>	<u>Minimum Bid Volume</u>
Bid (a)	20,000/day	5 years	\$.18	0
Bid (b)	10,000/day	5 years	\$.17	0
Bid (c)	85,000/day	5 years	\$.15	0

Winning Qualified Bids: There is only one combination of bids with the highest possible total Bid Value (Winning Bid Value). Therefore, Bid (a) receives its Maximum Bid Volume (20,000); Bid (b) receives its Maximum Bid Volume (10,000); Bid (c) receives 70,000.

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EXAMPLE (2) The assumptions remain the same as in Example (1), except that we assume that Bid (c) has a Minimum Bid Volume of 85,000.

Winning Qualified Bids: Again, there is only one combination of bids with the Winning Bid Value. Therefore, Bid (c) receives its Maximum Bid Volume (85,000) plus Bid (a) receives 15,000.

EXAMPLE (3) The assumptions remain the same as in Example (1), except that we assume that Bid (a) has a Minimum Bid Volume of 20,000 and Bid (c) has a Minimum Bid Volume of 85,000.

Winning Qualified Bids: Again, there is only one combination of bids with the Winning Bid Value. Therefore, Bids (b) and (c) each receive their Maximum Bid Volumes. This combination leaves 5,000 unallocated, which stays with the Releasing Shipper.

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EXAMPLE (4) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids:

	<u>Maximum Bid Volume</u>	<u>Term</u>	<u>Unit Bid Value</u>	<u>Minimum Bid Volume</u>
Bid (a)	60,000/day	5 years	\$.18	0
Bid (b)	60,000/day	5 years	\$.18	0
Bid (c)	50,000/day	5 years	\$.18	15,000
Bid (e)	30,000/day	5 years	\$.18	10,000
Bid (f)	40,000/day	5 years	\$.17	0

Winning Qualified Bids: Bid (a) receives 30,000; Bid (b) receives 30,000; Bid (d) receives 25,000; and Bid (e) receives 15,000.

Explanation: There are many combinations of Bids (a), (b), (c), (d) and (e) with the same Winning Bid Value. Each Bid has the same Unit Bid Value. There is insufficient capacity being released to provide all the Maximum Bid Volumes for Bids (a), (b), (c), (d) and (e). Pursuant to Section 15.10(d)(2), a pro rata allocation is attempted. This would result in each bidder receiving 100/270 of its Maximum Bid Volume. In the case of Bid (c), Bid (c) would receive 70,000 $(100/270) = 25,925$ Dth. Since this figure is below Bid (c)'s Minimum Bid Volume of 45,000, Bid (c) must be discarded. Bids (a), (b), (d) and (e) are able to be allocated capacity based on a 100/270 pro rata factor. With Bid (c) discarded, the pro rata allocation factor is now 100/200 (i.e., one-half) so that Bids (a), (b), (d), and (e) each receive half of their Maximum Bid Volumes. Bid (c) receives zero (0) because its Minimum Bid Volume was too high for the initial pro rata allocation.

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EXAMPLE (5) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids:

	<u>Maximum Bid Volume</u>	<u>Term</u>	<u>Unit Bid Value</u>	<u>Minimum Bid Volume</u>
Bid (a)	60,000/day	5 years	\$.18	60,000
Bid (b)	60,000/day	5 years	\$.18	50,000
Bid (c)	70,000/day	5 years	\$.18	65,000
Bid (d)	50,000/day	5 years	\$.18	15,000
Bid (e)	30,000/day	5 years	\$.18	10,000
Bid (f)	40,000/day	5 years	\$.17	0

Winning Qualified Bids: Bid (c) receives 70,000. Bid (d) receives 30,000.

Explanation: Again, there are many combinations of Bids (a), (b), (c), (d) and (e) with the same Winning Bid Value. Pro rata allocation won't work, because each Bid would receive 100/270 of the capacity; only Bids (d) and (e) have low enough Minimum Bid Volumes for a pro rata allocation, and the sum of Bid (d)'s and Bid (e)'s Maximum Bid Volumes is less than 100,000. Under Section 15.10(d)(3)(A), we then look to the combinations of Bid(s) (a), (b), (c), (d) and (e) to identify the Bid with the highest Maximum Bid Volume. This is Bid (c). We allocate the highest volume to Bid (c) consistent with creating the Winning Bid Value, so 70,000 is allocated to (c). This leaves 30,000 to be allocated. Bids(a) and (b) have the next highest Maximum Bid Volume (60,000), but the Minimum Bid Volumes of Bids (a) and (b) are each too high to receive the remaining capacity. The next highest available Maximum Bid Volume is in Bid (d), which is allocated the remaining capacity of 30,000.

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EXAMPLE (6) The assumptions remain the same as in Example (5), except that we assume that Bids (c) and (d) were never made.

Winning Qualified Bids: Bid (b) receives 60,000. Bid (e) receives 30,000. Bid (f) receives 10,000.

Explanation: There are two combinations of Qualified Bids with the Winning Bid Value:

<u>Combination 1</u>	<u>Combination 2</u>
Bid (a): 60,000	Bid (b): 60,000
Bid (e): 30,000	Bid (e): 30,000
Bid (f): 10,000	Bid (f): 10,000

(Pro rata allocation pursuant to Section 15.10(d)(2) between Bids (a), (b) and (e) doesn't work, because only Bid (e) has a low enough Minimum Bid Volume to accept 100/150 capacity allocation and Bid (e) alone cannot create the Winning Bid Value). Under Section 15.10(d)(3)(A), we compare Combinations 1 and 2 for the highest individual Maximum Bid Volumes, and find them all equal. Under Section 15.10(d)(3)(B), the tie breaker goes to the Winning Bid Value combination containing the Qualified Bid having the highest Maximum Bid Volume and the lowest Minimum Bid Volume. In this case, Bid (b) has the same (highest) Maximum Bid Volume as Bid (a) but a lower Minimum Bid Volume. Therefore, Combination 2 wins.

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EXAMPLE (7) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids (which were all received through Horizon's Interactive Website):

	<u>Maximum Bid Volume</u>	<u>Term</u>	<u>Unit Bid Value</u>	<u>Minimum Bid Volume</u>
Bid (a)	50,000/day	5 years	\$.18	50,000
Bid (b)	50,000/day	5 years	\$.18	50,000
Bid (c)	50,000/day	5 years	\$.18	50,000

Winning Qualified Bids: The two Qualified Bids shown as received earliest by Horizon's Interactive Website shall each receive their Maximum Bid Volume.

Explanation: Clearly, any two Bids in combination have the same Winning Bid Value. Since the Bids are completely inflexible and have equivalent Maximum Bid Volumes and equivalent Minimum Bid Volumes, only Section 15.10(d)(3)(C) can be used to break the tie. The tie breaker looks to the Qualified Bid(s) shown as received earliest on Horizon's Interactive Website.

(e) In no event shall this Section 15.10 result in winning Qualified Bids with a total volume in excess of the capacity specified in the Capacity Release Request.

(f) The bid evaluation procedure set forth in this Section 15.10 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 Horizon's reservation charge shall be evaluated by Horizon based solely on the maximum reservation charge being charged by Horizon for such service as of the end of the open season.

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(g) If the Releasing Shipper selected a bid evaluation procedure which is different from the procedure set forth in this Section 15.10, which procedure must comply with Section 15.5, Horizon 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 15.5(a).

15.11 CONFIRMATIONS; RELEASED FIRM TRANSPORTATION AGREEMENT

At the time the award of capacity under this Section 15 is posted, Horizon 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 Horizon awarding capacity on a Prearranged Release, the Prearranged Shipper shall confirm electronically the terms of the Prearranged Release.

15.12 COMPLETED TRANSACTIONS

After capacity has been awarded, Horizon 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 Horizon of any error in the award of capacity within one business day after such posting on Horizon's Interactive Website. In the event of an error, the capacity shall be reawarded by Horizon. As between Horizon and the Releasing Shipper, the Releasing Shipper shall indemnify and hold Horizon 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 Horizon by the Releasing Shipper hereunder. Horizon shall correct an error in a timely fashion after receiving notice of such error from the Releasing Shipper or another person.

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15.13 BILLING

(a) Horizon 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 Horizon. Horizon 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. Horizon shall have the right to discount the commodity rates under the Released Firm Transportation Agreement. Horizon 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 Horizon's Tariff for such released capacity including but not limited to additional direct-bill charges, 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. Releasing Shipper shall also be billed a marketing fee, if applicable, pursuant to the provisions of Section 16 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 charges or cashouts of imbalances; and (3) add-on charges and surcharges applicable to Horizon's commodity rates under Horizon's Tariff such as ACA, Fuel Gas and Unaccounted For Gas, 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 Horizon of the reservation portion of the charges due as set forth in its Released Firm Transportation Agreement, Horizon 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

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Horizon'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; and (2) Horizon's rights against the delinquent Replacement/ Subreplacement Shipper shall be subrogated to the related rights of the Releasing Shipper. Horizon 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 scheduling charges and cashout amounts, then to late charges not on the reservation charges, and then last to commodity-based charges. Except as may otherwise be provided pursuant to Section 33.4 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 Horizon, or a refund if requested in writing and no such outstanding balance exists.

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

If Horizon is obligated to refund any amounts attributable to reservation charges for capacity which has been released, Horizon shall make the applicable refund to the Replacement Shipper to the extent that Horizon 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 15.13(d) above). Except as may otherwise be provided pursuant to Section 33.4 of these General Terms and Conditions, Horizon 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. Any other applicable reservation charge refunds shall go to the Releasing Shipper. Except as may otherwise be provided pursuant to Section 33.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

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

If Horizon 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, Horizon shall make the applicable refund to the Releasing Shipper notwithstanding the amount that Horizon has actually received from the Replacement Shipper (which amounts are credited to the account of the Releasing Shipper under Section 15.13(d) above). Horizon 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 32.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

15.14 **NOMINATIONS/SCHEDULING; RECALLS AND REPUTS**

(a) **RECALLING CAPACITY - GENERAL**

Horizon 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 Horizon in accordance with the applicable procedures set forth in Section 7 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 the capacity for a partial recall or reput to Horizon.

(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):

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(1) **TIMELY RECALL NOTIFICATION**

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

(ii) Horizon 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 Horizon and to the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;

(ii) Horizon 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 Horizon and to the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;

(ii) Horizon 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 Horizon and to the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;

(ii) Horizon 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

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(5) INTRADAY 2 RECALL NOTIFICATION

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

(ii) Horizon 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 NOTIFICATION

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

(ii) Horizon 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 Horizon prior to the recall notification deadline specified in (1)-(6) of this Section 19.14(b) and received by Horizon between 7:00 a.m. and 5:00 p.m., Horizon shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notifications provided to Horizon after 5:00 p.m. and prior to 7:00 a.m., Horizon 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 Horizon 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 Horizon to provide notification is waived until at least one of the addresses has been provided. When Horizon 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) Horizon's name or abbreviation (excluding commas), and (5) Horizon'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 Horizon 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 Horizon.

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(2) The Releasing Shipper shall provide capacity recall notification to Horizon through Horizon's Interactive Website. The Releasing Shipper shall provide notice to its affected Replacement Shipper at the same time it provides notification to Horizon. 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, Horizon 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 Horizon's tariff, services, and/or operational characteristics. In any recall notification provided to Horizon, 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. Horizon 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.

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(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, Horizon 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 Horizon harmless from any costs, damages or expenses relating to Horizon's reliance on such notice.

**15.15 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 13 of these General Terms and Conditions prior to submitting a Qualified Bid under this Section 15. A person cannot bid for services which exceed its pre-qualified level of credit-worthiness. Horizon 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 Section 13 of these General Terms and Conditions. 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 Horizon as further set forth in Section 13 of these General Terms and Conditions.

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

(d) Horizon's determination of a Shipper's creditworthiness is solely for Horizon's purposes under Horizon'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.

15.16 COMPLIANCE BY SHIPPER

By acquiring released capacity, a Shipper agrees that it will comply with all provisions of Horizon's Tariff and all applicable Commission orders, rules and regulations. Such Shipper also agrees to be responsible to Horizon for compliance with all applicable terms and conditions of Horizon's Tariff, as well as the terms and conditions of the Released Firm Transportation Agreement.

15.17 OBLIGATIONS OF RELEASING SHIPPER

(a) 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 Horizon. 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 Horizon 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 re-put to the Replacement or Subreplacement Shipper, in accordance with this Section 15.

(b) A release by a Replacement Shipper shall not relieve the Original Shipper or the Replacement Shipper of their obligations under this Section 15.

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(c) In the event that a Released Firm Transportation Agreement covers the remaining term of the Eligible Firm Transportation Agreement at maximum rates, if applicable, 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, Horizon 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.

15.18 DISCHARGE OF RELEASING SHIPPER IN PERMANENT RELEASES

The Releasing Shipper shall remain liable and responsible for the payment of all reservation charges applicable to the Agreement unless and until the following conditions have been met, in which case, the Releasing Shipper shall be discharged from such obligation:

- (a) The Capacity Release shall be for the remaining term of the Agreement;
- (b) The Replacement Shipper shall agree to pay a rate equal to or greater than the reservation rate which the Releasing Shipper paid under the Agreement; and
- (c) The Replacement Shipper shall meet the creditworthy standards of the General Terms and Conditions of Horizon's Tariff.

15.19 CONVERSIONS BETWEEN MONTHLY AND DAILY RESERVATION RATES

For less than maximum rate transactions only, converting daily rate to monthly rate is accomplished by multiplying the daily rate times number of days in rate period, dividing the result by number of months in rate period and taking the remainder out to five (5) decimal places and rounding up or down to Horizon's

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specified decimal place. Converting a monthly rate to a daily rate is accomplished by multiplying the monthly rate by number of months in rate period, dividing the result by number of days in rate period and taking the remainder out to five (5) decimal places and rounding up or down to Horizon's specified decimal place.

15.20 HORIZON'S RIGHT TO TERMINATE A CAPACITY RELEASE

Horizon may elect to terminate a Replacement Shipper's Agreement with Horizon upon prior written notice of at least thirty (30) days 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 3.8 and/or 13 of these General Terms and Conditions and Horizon has suspended or terminated service to the Releasing Shipper or has provided notice under Section 3.8 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 Horizon's contract with the Original Shipper; provided, however, that a Replacement Shipper which is creditworthy can continue an existing capacity release by notifying Horizon that it agrees to pay a rate which it specifies that equals the lower of: (i) the applicable maximum rate; or (ii) the same rate as is in the original Agreement between Horizon and the Releasing Shipper. Alternatively, notwithstanding Sections 15.8(c) of these General Terms and Conditions, Horizon and the Replacement Shipper may agree upon other pricing terms which are equal to or less than the lower of: (i) the applicable maximum rate; or (ii) the same rate as is in the original Agreement between Horizon and the Releasing Shipper, in which case the release shall continue. Such notification or agreement must be effectuated prior to the end of the notice period.

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16. ADVERTISEMENT AND MARKETING FEES

16.1 ADVERTISEMENTS

Any person may advertise for the purchase of capacity on Horizon's System on Horizon's Interactive Website by submitting the desired advertisement (up to one page) to Horizon. Horizon shall post such advertisement on Horizon's Interactive Website no later than the business day following receipt thereof if so requested, so long as the advertisement is not unlawful or inconsistent with Horizon's Tariff. The posted period requested may be for a period of time not to exceed one month. There will be no posting fee for such advertisements seeking to purchase capacity on Horizon. A response in and of itself to an advertisement seeking to purchase capacity never constitutes a capacity release; to release capacity, the Shipper holding the capacity rights must utilize the release procedures set forth in Section 15 of these General Terms and Conditions.

16.2 FEE FOR ACTIVE MARKETING

When a Releasing Shipper under Section 15 of these General Terms and Conditions requests that Horizon actively market capacity to be released, the Releasing Shipper and Horizon shall negotiate the terms of the marketing service to be provided by Horizon and the marketing fee to be charged therefor.

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17. PRE-GRANTED ABANDONMENT, CONTRACT ROLLOVERS AND RIGHT OF FIRST REFUSAL

17.1 GENERAL

Subject to Section 17.3, service performed by Horizon under Part 284 of the Commission's Regulations shall expire, and shall be automatically abandoned, upon contract termination under: (a) any FTS transportation Agreement with a primary term of less than one (1) year; and (b) any ITS transportation Agreement regardless of term. Service under any FTS transportation 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 17.2 or 17.3.

17.2 RIGHT OF FIRST REFUSAL

(a) Any Shipper under an FTS 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 17.2, 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) Horizon 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 33 of these General Terms and Conditions, the existing Shipper need match only the value of that bid utilizing the Recourse Rate in lieu of the Negotiated Rate or Negotiated Rate Formula consistent with said Section 33.

(b) To exercise the Right of First Refusal, Shipper must provide Horizon with notice of its intent to do so in a form specified by Horizon and must submit such notice at least six (6) months prior to the expiration of the existing Agreement. Horizon shall advise Shipper in writing of the date by which such notice must be submitted at least three (3) months prior to the last day on which such notice can be made on a timely basis. Such notice must specify a desired term of service and the desired MDQ in total and at each Receipt and Delivery Point. If the requested MDQ is greater than the existing MDQ in total and at each Receipt and Delivery 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.

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(c) Within fifteen (15) days after receipt of a notice under Section 17.2(b), Horizon 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: (1) specify the original Shipper's service rights; (2) indicate the availability of such service as of the date the existing Agreement expires, subject to the Right of First Refusal; (3) state the maximum rate applicable to such service; (4) set out any other information required by this Section; and (5) solicit bids for such service. Such Capacity Announcement shall be maintained, and bids accepted via Horizon's Interactive Website, for a period of one (1) 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, Horizon 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 Horizon is willing to accept. Horizon 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, Horizon shall apply the same criteria as are utilized to allocate firm capacity pursuant to Section 3.1 (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 33 of these General Terms and Conditions, the value of the bid shall be assessed utilizing the Recourse Rate in lieu of the Negotiated Rate or Negotiated Rate Formula consistent with said Section 33.

(2) Horizon'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 Horizon. 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.

(3) The original Shipper shall have two (2) weeks to notify Horizon 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,

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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 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. Horizon 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 Horizon 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 end of its term and service to the existing Shipper shall be automatically abandoned.

(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. Nothing herein shall preclude negotiation of a more acceptable Agreement by mutual consent of Horizon and such bidder; provided, however, that service may not be agreed upon under terms and conditions less favorable to Horizon than the best bid without providing the original Shipper an additional opportunity to match such revised terms and conditions.

(f) In the absence of a qualified bid, Horizon shall notify Shipper of the rate (within applicable maximums and minimums) and the term shall be negotiated between Horizon and the Shipper. No discount or other special terms shall apply to a rollover Agreement unless Horizon and Shipper mutually agree. If no agreement is reached prior to the end of the two (2) week period following Horizon's notice to Shipper, Shipper may, at that time, require that Horizon 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. Unless Shipper so elects at the end of the two (2) week period following Horizon's notice to Shipper, Horizon may negotiate with any Shipper, with the original Shipper having no further rights under this Section 17 and service under the existing Agreement shall be terminated and automatically abandoned at the expiration thereof.

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(g) If the Shipper is eligible to receive continued service under this Section 17.2, Horizon shall tender a rollover Agreement which conforms to the requirements of this Tariff prior to the expiration of the existing Agreement. Shipper and Horizon shall execute such rollover Agreement, or any modified Agreement upon which Horizon 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 Horizon 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.

17.3 CONTRACTUAL ROLLOVERS

The term of service under any firm or interruptible transportation Agreement may be extended pursuant to a rollover or evergreen provision in such Agreement, which provision supersedes any otherwise applicable rollover or Right of First Refusal pursuant to this Section. In addition, the parties may subsequently negotiate rollover or evergreen provisions which differ from this Section. Horizon is not obligated to offer or agree to any such rollover or evergreen 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.

17.4 VALID REQUEST CRITERIA

Unless waived by Horizon, the requirements for a valid request under the applicable Rate Schedule (including the applicable credit analysis) apply to any rollover Agreement.

17.5 FURTHER ROLLOVER

Any Agreement entered into pursuant to this Section 17 shall be evaluated on a stand-alone basis hereunder for purposes of determining whether it, in turn, is eligible for the Right of First Refusal under this Section.

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18. MEASUREMENT

18.1 UNIT OF MEASUREMENT AND METERING BASE

The volumetric measurement base shall be one (1) cubic foot of gas at a pressure base of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia), at a temperature base of sixty degrees Fahrenheit (60 F.), and without adjustment for water vapor.

18.2 ATMOSPHERIC PRESSURE

For the purpose of measurement, calculations, and meter calibration, the average absolute atmospheric (barometric) pressure shall be based on the actual altitude of each point of measurement irrespective of variations in natural atmospheric pressure from time to time. In the event electronic computer measurement is used, the absolute gas pressure will be measured directly, using an absolute pressure measuring device for continuous input to the electronic computer.

18.3 TEMPERATURE

The temperature of the gas shall be determined at the points of measurement by means of a properly installed recording thermometer or continuous electronic transducer input to a computer of standard manufacture selected by Horizon in the exercise of its reasonable judgment to be installed in accordance with the recommendations contained in ANSI/API 2530 First Edition (Orifice Metering of Natural Gas). The arithmetic average of hourly temperatures for each day shall be used in computing temperatures of the gas during such day for conventional chart measurement. In the event electronic computer measurement is used, average daily temperature will be computed as a running average of data determined during each computer scan.

18.4 DETERMINATION OF HEATING VALUE AND SPECIFIC GRAVITY

The Heating Value and specific gravity of the gas may be determined by on-line recording calorimeter and gravitometer or by recording chromatograph. In the event a continuous gas sampling device is used, intervals mutually agreed upon should not be less than once every month. For conventional chart measurement,

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the arithmetical average of the hourly heating value and specific gravity recorded during periods of flow each day by a recording calorimeter and gravitometer or recording chromatograph, if installed, shall be considered as the Heating Value and specific gravity of the gas delivered during each day. In the event electronic computer measurement is used, the determination of Heating Value and specific gravity from chromatograph or calorimeter and gravitometer transducers shall input continuously into the computer for volume calculations. In the event a continuous gas sampler is installed, then the Heating Value and specific gravity shall be determined in the laboratory by chromatograph and/or running a portion of test sample through a calorimeter and gravitometer. Such determinations shall be considered as the Heating Value and specific gravity of all gas delivered during the applicable period of sampling. All Heating Value and specific gravity determinations made with a chromatograph shall use physical gas constants for gas compounds as outlined in ANSI/API 2530 First Edition (Orifice Metering of Natural Gas) with any subsequent amendments or revisions which Horizon may adopt in exercise of his reasonable judgment. The calculations (for Btu) shall be based on dry gas if the gas at the measurement points contain less than five (5) pounds of water per MMcf. If the gas at the measurement points contains more than five (5) pounds of water per MMcf, the appropriate factor determined by Horizon in the exercise of his reasonable judgment for the actual water vapor content will be applied to the Btu calculations to correct for this water content.

18.5 SUPERCOMPRESSIBILITY

The measurement hereunder shall be corrected for deviation from Boyle's Law at the pressures and temperatures under which gas is measured hereunder by the use of the Formula NX-19 appearing in the manual entitled, "PAR Research Project NX-19, Extension of Range of Supercompressibility Tables," AGA Catalog No. 48/PR published by the American Gas Association in 1963 as supplemented or amended from time to time. Inert content of the metered gas stream used in the Formula NX-19 calculations shall be determined by a chromatographic analysis using spot sample when deliveries begin and thereafter by chromatographic analysis no less than semiannually or by more frequent continuous sampling or by continuous computer input at each of the points where the gas is received and delivered.

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18.6 MEASURING EQUIPMENT

Unless otherwise agreed upon, Horizon will install, maintain and operate or cause to be installed, maintained and operated, measuring stations equipped with flow meters and other necessary metering and measuring equipment by which the volumes of gas received and Equivalent Volumes delivered hereunder shall be determined. Shipper may install check measuring equipment at its own cost and expense; provided such equipment shall be so installed as not to interfere with the operations of Horizon. Horizon and Shipper, in the presence of each other, shall have access to the other's measuring equipment at all reasonable times but the reading, calibrating and adjusting of electronic computer components and/or mechanical recording instruments thereof and the changing of charts shall be done only by the equipment owner or such owner's representative, unless otherwise agreed upon. Both Horizon and Shipper shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment; provided, however, failure of either Horizon or Shipper to witness such an operation shall not affect the validity of such operation in any way. The records from such measuring equipment shall remain the property of its owner, but upon request, each will submit within ten (10) days to the other its records and charts, together with calculations therefrom, for inspection, subject to return within thirty (30) days after receipt thereof. The measurement equipment of Shipper shall be for check purposes only and, except as expressly provided herein, shall not be used in the measurement of gas for purposes hereof.

18.7 ORIFICE METERS

Orifice meters shall be installed and gas volumes computed, in accordance with the standards prescribed in ANSI/API 2530 entitled, "Orifice Metering of Natural Gas," which incorporates Gas Measurement Committee Report #3 of the American Gas Association, revised and reprinted, September 1969, and any subsequent amendments Horizon may adopt in the exercise of its reasonable judgment.

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18.8 ELECTRONIC FLOW COMPUTERS

It is recognized that electronic or other types of flow computers have been developed that permit the direct computation of gas flows without the use of charts. Where the substitution of these devices is deemed acceptable by Horizon in the exercise of its reasonable judgment, their use for custody transfer will be permitted.

18.9 NEW MEASUREMENT TECHNIQUES

If, at any time, a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, such new method or technique may be substituted by Horizon in exercise of its reasonable judgment. Horizon shall promptly inform all Shippers of any new techniques adopted.

18.10 CALIBRATION AND TEST OF METERS

The accuracy of all measuring equipment shall be verified by Horizon at reasonable intervals, and if requested, in the presence of representatives of Shipper, but neither Shipper nor Horizon shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. If either party at any time desires a special test of any measuring equipment, it will promptly notify the other, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment.

18.11 CORRECTION OF METERING ERRORS

If, upon any test, any measuring equipment is found to be inaccurate, such equipment shall be adjusted immediately to measure accurately. If, upon any test, the measuring equipment in the aggregate is found to be inaccurate by one percent (1%) or more at a recording corresponding to the average hourly rate of gas flow for the period since the last preceding test, any payments based thereon shall be corrected pursuant to Section 12.5 hereof, at the rate of such inaccuracy for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half (1/2) of the time elapsed since the date of the last test. Measurement data corrections should be processed within six (6) months of the production month 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.

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18.12 FAILURE OF MEASURING EQUIPMENT

In the event any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, or by previous recordings, receipts or deliveries through such equipment shall be estimated and agreed to by the parties upon the first of the following methods which is feasible:

- (a) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation, or in the absence of (a);
- (b) By using the registration of any check meter or meters, if installed and accurately registering, or in the absence of both (a) and (b), then;
- (c) By estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.

18.13 PRESERVATION OF RECORDS

Shipper and Horizon shall preserve for a period of at least three (3) years, or for such longer period as may be required by appropriate authority, all test data, charts and other similar records.

18.14 THE SEQUENCE OF GAS RECEIPT

All gas delivered to Horizon by any Shipper under Rate Schedule FTS shall be deemed to have been received by Horizon prior to the receipt of any gas delivered under Rate Schedule ITS.

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19. PRESSURE AND DELIVERY CONDITIONS

19.1 RECEIPT POINT PRESSURE

Shipper shall deliver gas to Horizon at the pressure prevailing in Horizon's System at the Receipt Point, as such pressure may vary from time to time.

19.2 DELIVERY POINT PRESSURE

Horizon shall deliver natural gas to Shipper at the Delivery Point at the pressure available in Horizon's pipeline at such point.

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20. QUALITY OF GAS

20.1 SPECIFICATIONS

Unless otherwise stated in an Agreement, natural gas delivered by or on behalf of Shipper to Horizon at any Receipt Point, and natural gas delivered by Horizon to or for the account of Shipper at any Delivery Point, shall be of pipeline quality and shall conform to the following specifications:

(a) OXYGEN

The oxygen content shall not exceed ten parts per million (10 ppm) by volume of uncombined oxygen, and the parties shall make reasonable efforts to maintain the gas free from oxygen.

(b) HYDROGEN SULFIDE

The hydrogen sulfide content shall not exceed one-quarter (1/4) grain per hundred (100) cubic feet of gas.

(c) MERCAPTANS

The mercaptan content shall not exceed one-quarter (1/4) grain per one hundred (100) cubic feet of gas.

(d) TOTAL SULFUR

The total sulfur content, including mercaptans and hydrogen sulfide, shall not exceed one-half (1/2) grain per one hundred (100) cubic feet of gas.

(e) CARBON DIOXIDE

The carbon dioxide content shall not exceed two percent (2%) by volume.

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(f) LIQUIDS

The gas shall be free of water and hydrocarbons in liquid form at the temperature and pressure at which the gas is delivered. In addition, the gas shall not contain any hydrocarbons which might condense to free liquids in the pipeline under normal pipeline conditions and shall in no event contain water vapor in excess of seven (7) pounds per one million (1,000,000) cubic feet.

(g) DUST, GUM AND SOLID MATTER

The gas shall be commercially free of dust, gum, gum-forming constituents and other solid matter.

(h) HEATING VALUE

The gas delivered shall contain a daily, monthly and yearly average heating content of not less than nine hundred fifty (950) Btus per cubic foot. In addition, Horizon may, from time to time, as operationally necessary, establish and post on the Informational Postings portion of its Interactive Website an upper Btu/cf limit and/or a limit on the dewpoint for receipts on specified segments or other specified locations on its system to prevent hydrocarbon fallout, consistent with Section 20.1(f) hereof, or to assure that gas will be accepted for delivery into interconnects with interstate pipelines, intrastate pipelines, end-users or directly connected local distribution companies. Horizon will include in such posting the anticipated duration of the limitation. Points with an actual flow of 100 Dth/d or less will be exempt from the limitation in any such posting. Horizon will provide as much prior notice as reasonably practicable and will attempt to provide in the posting at least two (2) Business Days' prior notice before the limitation becomes effective. If prior notice of at least two (2) Business Days is not practicable, Horizon will explain the reason in the posting why it was unable to give such prior notice. Where the posting includes a dewpoint limitation, Horizon will, upon request, provide current information regarding the dewpoint at any point of receipt into Horizon's system affected by the posting to the operator of that point or any producer, supply aggregator or Shipper with gas being tendered at that point.

(i) TEMPERATURE

The gas shall not be delivered at a temperature of less than forty degrees Fahrenheit (40 F.) or more than one hundred twenty degrees Fahrenheit (120 F.).

GENERAL TERMS AND CONDITIONS

(j) NITROGEN

The nitrogen content shall not exceed three percent (3%) by volume.

(k) HYDROGEN

The gas shall contain no carbon monoxide, halogens, or unsaturated hydrocarbons, and no more than four hundred parts per million (400 ppm) of hydrogen.

20.2 TOXIC HAZARDOUS SUBSTANCES

Shipper agrees to supply or cause its designee to supply to Horizon upon demand, at any time and from time to time, a sample of liquids removed from the gas stream at any Receipt Point, whether removed by a coalescer or otherwise, for analysis at a laboratory of Horizon's choosing. If at any time PCBs or any other toxic substances or chemicals that Horizon deems hazardous and/or in any way unsafe for transportation are found in the liquid samples supplied to Horizon by Shipper, Horizon may in its sole discretion immediately cease the receipt of such gas and any associated liquids through its facilities. Upon proof that such toxic or hazardous substances are no longer present at levels deemed unsafe by Horizon, Horizon shall restore service to Shipper at the affected Receipt Point.

20.3 NON-CONFORMING GAS

If at any time, gas tendered under an Agreement shall fail to conform to any of the quality specifications set forth above the receiving party may, at its option exercised on a non-discriminatory basis, refuse to accept delivery pending correction of the deficiency by the delivering party.

20.4 POSTING OF GAS QUALITY INFORMATION

Horizon posts information on gas quality on its system as described in Section 14.1(a) of these General Terms and Conditions.

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21. FORCE MAJEURE

21.1 EFFECT OF FORCE MAJEURE

In the event of either Horizon or Shipper being rendered unable by Force Majeure (on its part or that of a necessary third party) to carry out, wholly or in part, its obligations under the provisions of an Agreement, it is agreed that the obligations of the party affected by such Force Majeure, other than the obligation to make payments thereunder, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch.

21.2 DEFINITION OF FORCE MAJEURE

(a) The term "Force Majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include acts of God, strikes, lockouts or other industrial disturbances, inability to obtain pipe or other material or equipment or labor, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraint of rulers and people, interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, and any other cause whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of due diligence, such party is unable to overcome.

(b) Nothing contained herein, however, shall be construed to require either party to settle a strike against its will. Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies relieve either party of liability otherwise unless such party shall give notice and full particulars of the same in writing or by electronic means to the other party as soon as possible after the occurrence relied on.

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22. POSSESSION OF GAS, TITLE AND RESPONSIBILITY

Shipper warrants that it will at the time of delivery to Horizon have good title to all gas so delivered free and clear of all liens, encumbrances and claims whatsoever. As between Shipper and Horizon, Shipper shall be deemed to be in control and possession of the gas and responsible for and hold Horizon harmless of and from any damage or injury caused thereby until it shall have been delivered to Horizon at the Receipt Point(s), after which Horizon shall be deemed to be in control and possession of such gas until its delivery to Shipper, or for Shipper's account at the Delivery Point(s) and while in such possession Horizon shall be responsible therefor and hold Shipper harmless of and from any damage or injury caused thereby. Horizon shall have no responsibility with respect to any gas on account of anything which may be done, happen or arise with respect to said gas until it is received by Horizon. Shipper shall have no responsibility with respect to said gas after its receipt by Horizon or on/account of anything which may be done, happen or arise with respect to said gas after such receipt until its delivery to Shipper, or for Shipper's account, at the Delivery Point(s). The point of the division of responsibility shall be the point of interconnection between the facilities of Horizon and Shipper, or their respective agents, at the Receipt or Delivery Point(s), as applicable. The foregoing provisions of this Section shall not relieve either party from responsibility for acts of gross negligence or willful misconduct of such party, its agents or employees.

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23. NOTIFICATION

23.1 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 the GISB Standards as adopted in Section 32 of these General Terms and Conditions. Such delivery shall: (a) be sent to Horizon at the address specified in the Agreement, or through such electronic means as are available and authorized by Horizon, or at an address otherwise stated in a notice by Horizon to Shipper; and (b) be sent to Shipper at the address in the Agreement pursuant to the Rate Schedule, through Electronic Notice Delivery or at an address otherwise stated in a notice by Shipper to Horizon.

23.2 NOTIFICATION PROCEDURES

(a) PRICING

(1) The availability and pricing of services on Horizon's System is governed by this Tariff. From time to time, Horizon changes or updates its Tariff by filings with the FERC. Each Shipper is notified by Horizon 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 Horizon and upon request, potential Shippers are provided copies of Horizon'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 Manager, Gas Transportation, in Houston. Any lower rate agreed to by Horizon 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 Horizon from time to time contact Shippers by telephone. Such conversations are confidential and may or may not result in Shipper submitting a request for a discounted rate for a particular service.

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(b) CAPACITY

(1) Capacity available for firm service is communicated to requestors of that service under the provisions of the applicable firm Rate Schedule. The general availability of firm capacity is also communicated by Horizon's Interactive Website which is described in Section 14 of these General Terms and Conditions.

(2) Capacity available for interruptible services is communicated to holders of interruptible Agreements by representatives of Horizon in response to the Shippers' nominations for service. The nomination and confirmation procedure is detailed in Section 7 of these General Terms and Conditions. The general availability of interruptible capacity is also communicated by Horizon's Interactive Website, which is described in Section 14 of these General Terms and Conditions.

(3) When available capacity is affected by construction projects or unforeseen conditions, Horizon communicates such information primarily via its Interactive Website to its Shippers. Horizon also uses letters or telephone calls to communicate capacity information when such means are appropriate.

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24. FACILITIES/OBLIGATION TO CARRY OUT AGREEMENT/FILINGS

24.1 FACILITIES

The nature of, and responsibility for, any facilities which must be acquired, modified or constructed to effectuate an Agreement are to be set out in a separate agreement between Horizon and Shipper or the operator of a point. To the extent that Shipper builds facilities to interconnect with Horizon's System, such facilities shall be in conformance with Department of Transportation regulations, and any other applicable governmental regulations, and shall be subject to inspection and prior approval by Horizon.

24.2 OBLIGATIONS TO CARRY OUT AGREEMENT

Other provisions of an Agreement notwithstanding, Horizon shall be under no obligation to commence service thereunder unless and until: (a) all facilities, of whatever nature, as are required to permit (as applicable) the receipt, measurement, transportation and delivery of natural gas under the Agreement have been installed and are in operating condition; (b) any payments due Horizon thereunder have been received; and (c) Horizon has determined that such service is authorized under all applicable Regulations.

24.3 REGULATORY FILINGS

After the execution of an Agreement, each party shall make and diligently prosecute, any and all necessary filings with Federal or other governmental bodies, or both, as may be required for the initiation and continuation of the service which is the subject of an Agreement. Upon either party's request, the other party shall timely provide or cause to be provided to the requesting party such information and material not within the requesting party's control and/or possession that may be required for such filings. Each party shall promptly inform the other party of any changes in the representations made by such party herein and/or in the information provided pursuant to this Section. Each party shall promptly provide the other party with a copy of all filings, notice, approvals, and authorizations in the course of the prosecution of its filings.

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25. INDEMNIFICATION

25.1 GENERAL

Shipper will indemnify and hold Horizon harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the gas tendered under an Agreement. Horizon will indemnify and save Shipper harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the gas delivered to Shipper, or for Shipper's account, under an Agreement.

25.2 ELIGIBILITY FOR SERVICE

Shipper warrants that its requested service meets the requirement for service under the applicable Rate Schedule and these General Terms and Conditions and conforms to applicable Regulations of the FERC. Shipper further agrees to abide by the terms of the applicable Rate Schedule and these General Terms and Conditions. Shipper will indemnify Horizon and hold Horizon harmless from all suits, actions, damages, costs, losses, expenses (including reasonable attorney fees) and regulatory proceedings arising from its breach of this warranty. Shipper further agrees to indemnify Horizon and save Horizon harmless from any claims asserted by any person because of any curtailment or interruption of service which is consistent with the applicable Rate Schedule and these General Terms and Conditions. Shipper, however, shall have no obligation to indemnify Horizon for the results of any intentional or unintentional acts by Horizon that contravene the applicable Rate Schedule or these General Terms and Conditions.

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26. SUCCESSORS AND ASSIGNS

Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of Shipper or Horizon shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Agreement; provided, however, that Horizon reserves the right to evaluate and approve the creditworthiness of the new entity in accordance with the Evaluation of Credit section of these General Terms and Conditions. No assignment of an Agreement or any of the rights or obligations thereunder shall be made by Shipper unless there first shall have been obtained the written consent thereto of Horizon. Shipper or Horizon may pledge or assign their respective right, title and interest in and to and under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of such trustee or trustees becoming in any respect obligated to perform the obligations of the assignor under the Agreement and, if any such trustee be a corporation, without its being required to qualify to do business in any State in which performance of the Agreement may occur.

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27. REGULATION

The operation of the provisions of this Tariff shall be subject to any and all governmental statutes and all lawful orders, rules, and regulations affecting the receipt, transportation or delivery of gas hereunder or the equipment required in connection with such receipt, transportation or delivery. It is understood that performance under any Agreement shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matter related hereto. Should either of the parties, by force of any such law, order, rule or regulation, at any time during the term of the Agreement be ordered or required to do any act inconsistent with the provisions thereof, then for that period only during which the requirements of such law, order, rule or regulation are applicable, the Agreement shall be deemed modified to conform with the requirement of such law, order, rule or regulation; provided, however, nothing herein shall alter, modify or otherwise affect the respective rights of the parties to cancel or terminate the Agreement under its terms and conditions.

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28. OPERATOR

28.1 DESIGNATION OF OPERATOR

Horizon has designated Natural Gas Pipeline Company of America LLC to be Operator of the System to perform all of Horizon's obligations hereunder. Horizon reserves the right to change the designation of the Operator.

28.2 WAIVER AND INDEMNIFICATION

(a) In the absence of gross negligence, recklessness or willful misconduct on the part of Operator, its officers, employees or agents, each Shipper waives any and all claims and demands against Operator, its officers, employees or agents, arising out of or in any way connected with: (1) the quality, use or condition of the gas after delivery from the System for the account of such Shipper; (2) any losses or shrinkage of gas during and resulting from transportation hereunder; and (3) all other claims and demands arising out of the performance of the duties of Operator, its officers, employees or agents hereunder.

(b) In the absence of gross negligence, recklessness or willful misconduct on the part of Horizon, each Shipper waives any and all claims and demands against Horizon arising out of or in any way connected with: (1) the quality, use or condition of the gas after delivery from Horizon for the account of such Shipper; (2) any losses or shrinkage of gas during and resulting from transportation hereunder; and (3) all other claims and demands arising out of Horizon's performance of its duties hereunder.

(c) Except in the case of gross negligence, recklessness or willful misconduct on the part of Operator, its officers, employees or agents, each Shipper shall indemnify and save harmless Operator, its officers, employees or agents from any claim, demand or expense for loss, damage or injury to property or to persons who are not Shippers of gas in the System which arises out of or is connected with the performance of the duties of Operator, its officers, employees or agents hereunder in transporting gas for any Shipper.

GENERAL TERMS AND CONDITIONS

29. LIMITATION ON PARTNER LIABILITY AND LINE PACK

29.1 LIMITATION ON LIABILITY OF PARTNER

Any claim by Shippers against Horizon which may arise hereunder shall be made only against Horizon as a partnership and all rights to proceed against the partners therein, individually or collectively, or against their assets as a result of such claim or any obligations arising therefrom is hereby expressly waived by Shippers.

29.2 LINE PACK

Horizon shall be responsible for providing line pack on its System.

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30. OPERATING CONDITIONS PURSUANT TO ORDER NOS. 497 AND 566

30.1 PERSONNEL AND FACILITIES

Employees of Natural Gas Pipeline Company of America LLC (Natural) operate Horizon.

Information on any operating facilities or operating personnel that Horizon shares with any of its marketing affiliates will be available on its Interactive Website. Such information will be updated within three (3) Business Days of any change.

Horizon will contemporaneously disclose to non-affiliated Shippers non-public operating data made available, directly or indirectly through Horizon, to any of Horizon's marketing affiliates.

30.2 VALID REQUEST INFORMATION

The specific information and format for a valid request for transportation service are contained in Section 3 of Rate Schedules FTS and ITS of Horizon's FERC Gas Tariff.

30.3 COMPLAINT PROCEDURE

It is the goal of Horizon, as a provider of transportation services for others, that each of its existing and potential shippers receive service that is in accordance with Horizon's Tariff and is fully satisfactory to the customer. To that end, it is the policy of Horizon that customer concerns and problems, communicated in any form to any representative of Horizon, be satisfactorily resolved as informally, as rapidly and at as low a level as is possible. If attempts to resolve problems and concerns through such normal communication channels are unsuccessful, the procedures set forth in Sections 30.3(a) through 30.3(e) should be followed.

GENERAL TERMS AND CONDITIONS

(a) Formal complaints by Shippers and potential shippers shall be addressed to the Vice President, Business Management, located in Downers Grove, Illinois. A complaint should contain as much specific information as is possible in order to facilitate the appropriate resolution of the matter. Anyone making a verbal complaint should specifically identify the communication as a complaint.

(b) The Vice President, or his designee, shall acknowledge the receipt of the complaint within forty-eight (48) hours of receipt. If appropriate, Horizon's resolution of the matter will be communicated tentatively to the complainant at that time.

(c) The Vice President, or his designee, shall communicate, as necessary, with others concerning the complaint and the formation of an appropriate response to it.

(d) The timing and nature of subsequent communications with the complainant, including final resolution of the matter, shall be at the discretion of the Vice President. Every effort shall be made to resolve finally each complaint in writing within thirty (30) days after the complaint was originally received. At a minimum, Horizon shall notify Shipper in writing of the status of the complaint within thirty (30) days of its receipt.

(e) The foregoing recognizes that individual complaints may vary greatly as to complexity and seriousness. For this reason, the informed judgment of the Vice President shall be relied upon in each instance for the necessary determinations concerning such things as: (1) the exact steps to be taken in addressing the complaint; (2) the need to involve more senior officers in the matter; and (3) the appropriate final resolution of the complaint.

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31. ANNUAL CHARGES ADJUSTMENT (ACA) SURCHARGE

31.1 PURPOSE

This Section of the General Terms and Conditions is filed pursuant to Section 154.402 and Subpart B of Part 382 of the Commission's regulations under the Natural Gas Act (NGA) and the Natural Gas Policy Act of 1978. The intent and purpose of this Section is to establish an Annual Charges Adjustment (ACA) provision under which Horizon can recover from its customers annual charges assessed to it by the Commission pursuant to Part 382 of the Commission's regulations (ACA Cost). All amounts assessed pursuant to Part 382 of the Commission's regulations shall be recorded in Account 928. Horizon will not seek to recover annual charges assessed to it pursuant to Part 382 of the Commission's regulations in an NGA Section 4 rate case. For its transportation Rate Schedules, Horizon will collect an ACA unit charge, as calculated by the Commission, for the purpose of recovering its ACA cost. This Section establishes an ACA surcharge as set forth in the Currently Effective Rates section of this Tariff.

31.2 APPLICABILITY

The ACA surcharge shall be applicable to all transportation transactions performed by Horizon.

31.3 BASIS OF THE ACA SURCHARGE

The rates for all transactions specified in Section 31.2 hereof shall be adjusted by an ACA unit charge to recover ACA Cost. Such ACA unit charge, as revised annually and posted on the Commission's website 1/, is incorporated by reference into Horizon's FERC Gas Tariff, Volume No. 1. The ACA unit charge shall be applied to the commodity component of rates.

31.4 EFFECTIVE DATE OF CHARGE

The effective date of charges filed pursuant to this Section shall be October 1.

1/ Horizon incorporates by reference into its Tariff the ACA unit charge, as revised annually and posted on the Commission's website, located at <http://www.ferc.gov> on the Annual Charges page of the Natural Gas section.

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32. COMPLIANCE WITH 18 C.F.R., SECTION 284.12

32.1 Horizon has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ, Version 4.0, and the standard revised by Minor Correction MC24002 marked with an asterisk [*], which are required by the Commission in 18 CFR, Section 284.12(a), as indicated below. Standards without accompanying identification or notation are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

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

Horizon has elected to reproduce only the following Business Practices and Electronic Communications Standards, NAESB WGQ Version 4.0, that are protected by NAESB's copyright. With respect to each reproduced standard, Horizon incorporates the following Copyright 1996-2025 North American Energy Standards Board, Inc., all rights reserved (including minor corrections).

32.3 Standards not Incorporated by Reference and Their Location in Tariff:

NAESB Standard

2.3.10 Original Sheet No. 102
2.2.1 Original Sheet No. 104
3.2.1 First Revised Sheet No. 100, General Terms and Conditions - Definitions
2.3.9 Original Sheet No. 105
1.3.1 First Revised Sheet No. 100, General Terms and Conditions - Definitions
1.3.23 Original Sheet No. 131
Priorities
1.3.3 First Revised Sheet No. 129
1.3.19 First Revised Sheet No. 129
2.3.16 First Revised Sheet No. 138, Determination of Daily Receipts
2.3.18 First Revised Sheet No. 138, Determination of Daily Receipts
2.3.3 First Revised Sheet No. 138, Determination of Daily Receipts
2.3.5 First Revised Sheet No. 138, Determination of Daily Receipts
2.3.6 First Revised Sheet No. 138, Determination of Daily Receipts
3.3.9 Original Sheet No. 160, Statements, Billing, Payment and Discounting Policy
2.3.28 Original Sheet No. 160, Statements, Billing, Payment and Discounting Policy
3.3.17 Original Sheet No. 160, Statements, Billing, Payment and Discounting Policy
Payment
3.3.18 Original Sheet No. 160, Statements, Billing, Payment and Discounting Policy
Payment
3.3.19 Original Sheet No. 160, Statements, Billing, Payment and Discounting Policy
Payment
3.3.15 First Revised Sheet No. 161
5.3.11 First Revised Sheet No. 202
2.3.14 First Revised Sheet No. 221
3.3.14 Original Sheet No. 160, Statements, Billing, Payment and Discounting Policy
2.3.26 First Revised Sheet No. 161
0.3.10 Original Sheet No. 163, Evaluation of Credit
0.3.3 Original Sheet No. 163, Evaluation of Credit
0.3.4 Original Sheet No. 163, Evaluation of Credit
0.3.5 Original Sheet No. 163, Evaluation of Credit
0.3.6 Original Sheet No. 163, Evaluation of Credit
0.3.7 Original Sheet No. 163, Evaluation of Credit
4.3.89 Second Revised Sheet No. 166, Interactive Web Site
4.3.90 Second Revised Sheet No. 166, Interactive Web Site
4.3.91 First Revised Sheet No. 167
4.3.92 First Revised Sheet No. 167
5.3.2 Second Revised Sheet No. 173, Capacity Release by Firm Shippers
5.3.4 Original Sheet No. 193
Procedure
5.3.5 Original Sheet No. 203
5.3.50 Original Sheet No. 205
Scheduling;
5.3.51 Original Sheet No. 205
Nominations/Scheduling;

GT&C

1.12 - Definitions - Heating Value
1.20 - Definitions - Operational Balancing Agreement ("OBA")
1.2 - Definitions - Business Day
1.26 - Definitions - Standard Reporting Basis
1.4 - Definitions - Day or Gas Day
7.11 - Nomination/Reporting and Balancing - Nomination
7.7 - Nomination/Reporting and Balancing - End-of-Gas-Day
Scheduled Quantity Document
7.8 - Nomination/Reporting and Balancing - Overrun Quantities
8.2 - Determination of Daily Receipts
8.2 - Determination of Daily Receipts
8.2 - Determination of Daily Receipts
8.2 - Determination of Daily Receipts
8.2 - Determination of Daily Receipts
12.1 - Statements, Billing, Payment and Discounting Policy -
Statement and Invoices
12.3 - Statements, Billing, Payment and Discounting Policy -
Imbalance Statement
12.4 - Statements, Billing, Payment and Discounting Policy -
12.4 - Statements, Billing, Payment and Discounting Policy -
12.4 - Statements, Billing, Payment and Discounting Policy -
12.4 - Statements, Billing, Payment and Discounting Policy -
12.5(b) - Statements, Billing, Payment and Discounting Policy -
Adjustment of Errors
15.11 - Capacity Release by Firm Shippers - Confirmations;
Released Firm Transportation Agreement
18.11 - Measurement - Correction of Metering Errors
12.1 - Statements, Billing, Payment and Discounting Policy -
Statement and Invoices,
12.3 - Statements, Billing, Payment and Discounting Policy -
Imbalance Statement
12.5(a) - Statements, Billing, Payment and Discounting Policy -
Adjustment of Errors
13.1(a)(7) - Evaluation of Credit
13.1(a)(7) - Evaluation of Credit
13.1(a)(7) - Evaluation of Credit
13.1(a)(7) - Evaluation of Credit
13.1(a)(7) - Evaluation of Credit
13.1(a)(7) - Evaluation of Credit
14.1(a)(1) - Interactive Web Site - Web Site Description
14.1(a)(2) - Interactive Web Site - Web Site Description
14.1(a)(3) - Interactive Web Site - Web Site Description
14.1(a)(3) - Interactive Web Site - Web Site Description
15.1(c) - Capacity Release by Firm Shippers - General
15.10(c) - Capacity Release by Firm Shippers - Bid Evaluation
15.13(a) - Capacity Release by Firm Shippers - Billing
15.14(b) - Capacity Release by Firm Shippers - Nominations/
Recalls and Reputs - Recall Nomination Timeline
15.14(a) - Capacity Release by Firm Shippers

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First Revised Volume No. 1

Sixth Revised Sheet No. 240
Superseding
Fifth Revised Sheet No. 240

5.3.44 Original Sheet No. 205
Nominations/Scheduling;

5.3.52 First Revised Sheet No. 207
Nominations/Scheduling;

5.3.55 First Revised Sheet No. 208
Allocation
5.3.56 First Revised Sheet No. 208
Allocation

Recalls and Reputs – Recalling Capacity General
15.14(i) - Capacity Release by Firm Shippers -

Recalls and Reputs - Recall Nomination Timeline
15.14(c)(1) - Capacity Release by Firm Shippers -

Recalls and Reputs - Methods of Notification
15.14(d) - Capacity Release by Firm Shippers - Quantity

15.14(d) - Capacity Release by Firm Shippers - Quantity

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5.3.57	First Revised Sheet No. 208	15.14(d) - Capacity Release by Firm Shippers - Quantity Allocation
5.3.58	First Revised Sheet No. 208	15.14(d) - Capacity Release by Firm Shippers - Quantity Allocation
5.3.53	First Revised Sheet No. 208	15.14(e) - Capacity Release by Firm Shippers - Reputs
5.3.45	First Revised Sheet No. 207	15.14b(7) - Capacity Release by Firm Shippers - Recall Nomination Timeline -
Other		
5.3.47	First Revised Sheet No. 207	15.14c(1) - Capacity Release by Firm Shippers - Methods of Notification
5.3.46	First Revised Sheet No. 208	15.14c(1) - Capacity Release by Firm Shippers - Methods of Notification
5.3.48	First Revised Sheet No. 208	15.14c(2) - Capacity Release by Firm Shippers - Methods of Notification
5.3.49	First Revised Sheet No. 208	15.14c(3) - Capacity Release by Firm Shippers - Methods of Notification
5.3.59	Original Sheet No. 209	15.15(a)(b) - Capacity Release by Firm Shippers - Qualification for
Participation in the		
		Capacity Release Program
5.3.1	Second Revised Sheet No. 173, Capacity Release by Firm Shippers	15.1(b) - Capacity Release by Firm Shippers - General
5.3.8	Second Revised Sheet No. 180	15.3(c) - Capacity Release by Firm Shippers - Release Without a Prearranged
Shipper		
5.3.8	Second Revised Sheet No. 182	15.4(b)(3) - Capacity Release by Firm Shippers - Prearranged Release
5.3.8	First Revised Sheet No. 185	15.5(e) - Capacity Release by Firm Shippers - Capacity Release Requirements
5.3.26	Second Revised Sheet No. 180	15.3(h) - Capacity Release by Firm Shippers - Release Without a Prearranged
Shipper		
5.3.26	Second Revised Sheet No. 182	15.4(i) - Capacity Release by Firm Shippers - Prearranged Release
5.3.28	Original Sheet No. 179	15.3(b) - Capacity Release by Firm Shippers - Release Without a Prearranged
Shipper		
5.3.28	Second Revised Sheet No. 181, General Terms and Conditions, Section 15.4	15.4(b)(1) - Capacity Release by Firm Shippers – Prearranged Release
5.3.3	Original Sheet No. 183	15.5(a) - Capacity Release by Firm Shippers - Capacity Release Requirements
5.3.16	Second Revised Sheet No. 186, General Terms and Conditions, Requirements	15.5(f)(1) - Capacity Release by Firm Shippers - Capacity Release
	Section 15.6	
5.3.14	Second Revised Sheet No. 186, General Terms and Conditions, Requirements	15.5(f)(2)(3) - Capacity Release by Firm Shippers - Capacity Release
	Section 15.6	
5.3.19	Second Revised Sheet No. 186, General Terms and Conditions, Section 15.6	15.5(g) - Capacity Release by Firm Shippers - Capacity Release Requirements
5.3.25	First Revised Sheet No. 188	15.7(c) - Capacity Release by Firm Shippers - Postings; Open Season
5.3.15	First Revised Sheet No. 190	15.8(e) - Capacity Release by Firm Shippers - Qualified Bids for Released Rights
	Capacity	
5.3.13	First Revised Sheet No. 189	15.8(a)(6) - Capacity Release by Firm Shippers - Qualified Bids for Released Capacity Rights
0.3.8	Original Sheet No. 116	3.8(c) - Priority of Service - Delinquency in Payment
0.3.9	Original Sheet No. 117	3.8(c)(6) - Priority of Service - Delinquency in Payment
1.3.4	First Revised Sheet No. 123, Nomination/Reporting and Balancing	7.1(a) - Nomination/Reporting and Balancing - General
1.3.7	First Revised Sheet No. 123, Nomination/Reporting and Balancing	7.1(a) - Nomination/Reporting and Balancing - General
1.3.5	First Revised Sheet No. 123, Nomination/Reporting and Balancing	7.1(a)(b) - Nomination/Reporting and Balancing - General
1.3.9	First Revised Sheet No. 123, Nomination/Reporting and Balancing	7.1(b) - Nomination/Reporting and Balancing - General
1.3.21	First Revised Sheet No. 123, Nomination/Reporting and Balancing	7.1(c) - Nomination/Reporting and Balancing - General
1.3.22	First Revised Sheet No. 123, Nomination/Reporting and Balancing	7.1(c) - Nomination/Reporting and Balancing - General
1.3.14	Second Revised Sheet No. 124	7.1(d) - Nomination/Reporting and Balancing - General
1.3.2(i) - (ii)	Second Revised Sheet No. 124	7.2(a) - (b) - Nomination/Reporting and Balancing - Standard Nomination
Cycles		
1.3.2(iii) - (vi)	First Revised Sheet No. 125	7.2(c) - (f) - Nomination/Reporting and Balancing - Standard Nomination
Cycles		
1.3.8	First Revised Sheet No. 128	7.6 – Intraday Nominations
1.2.12	Second Revised Sheet No. 127	7.5(c)(iii) - Nomination/Reporting and Balancing - Confirmation by Horizon
1.2.4	First Revised Sheet No. 128	7.6(a) - Nomination/Reporting and Balancing - Intraday Nominations
1.3.32	First Revised Sheet No. 128	7.6(d) - Nomination/Reporting and Balancing - Intraday Nominations
1.3.13	First Revised Sheet No. 128	7.6(g) - Nomination/Reporting and Balancing - Intraday Nominations
1.3.11	First Revised Sheet No. 129	7.6(h) - Nomination/Reporting and Balancing - Intraday Nominations
2.3.17	First Revised Sheet No. 138, Determination of Daily Receipts	8.2 - Determination of Daily Receipts
2.3.17	First Revised Sheet No. 140, Determination of Deliveries	9.1 - Determination of Deliveries - Predetermined Allocations

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32.4 Standards Incorporated by Reference:

(a) Additional Standards:

(1) General:

- (A) Definitions: 0.2.5
- (B) Standards: 0.3.1, 0.3.2, 0.3.16, 0.3.17

(2) Creditworthiness

- (A) Standards:

(3) Gas/Electric Operational Communications:

- (A) Definitions: 0.2.1, 0.2.2, 0.2.3, 0.2.4
- (B) Standards: 0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

(4) Operating Capacity and Unsubscribed:

- (A) Standards: 0.3.18, 0.3.20, 0.3.21, 0.3.22
- (B) Datasets: 0.4.2, 0.4.3

(5) Location Data Downloads:

- (A) Standards: 0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27,
0.3.28, 0.3.29
- (B) Datasets: 0.4.4

(6) Storage Information:

- (A) Datasets: 0.4.1

(7) Nominations Related Standards:

- (A) Definitions: 1.2.1, 1.2.2, 1.2.3, 1.2.5, 1.2.6, 1.2.8, 1.2.9,
1.2.10, 1.2.11, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19
- (B) Standards: 1.3.6, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.20,
1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.33, 1.3.34, 1.3.35, 1.3.36,
1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.48, 1.3.51,
1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70,
1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

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- 1.4.7
- (C) Datasets: 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6,
- (8) Flowing Gas Related Standards:
- (A) Definitions: 2.2.2, 2.2.3, 2.2.4, 2.2.5
- (B) Standards: 2.3.1, 2.3.2, 2.3.4, 2.3.7, 2.3.8, 2.3.11, 2.3.12, 2.3.13, 2.3.15, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66
- (C) Datasets: 2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17, 2.4.18
- (9) Invoicing Related Standards:
- (A) Definitions:
- (B) Standards: 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.16, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.3.27
- (C) Datasets: 3.4.1*, 3.4.2, 3.4.3, 3.4.4
- (10) Quadrant Electronic Delivery Mechanism Related Standards:
- (A) Definitions: 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18
- (B) Standards: 4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.82, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.110

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(11) Capacity Release Related Standards:

(A) Definitions: 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5

(B) Standards: 5.3.7, 5.3.9, 5.3.10, 5.3.12, 5.3.18, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.54, 5.3.60, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

(C) Datasets: 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

(12) CyberSecurity Related Standards:

(A) Definitions: 12.2.1, 12.2.2, 12.2.3, 12.2.4, 12.2.5, 12.2.6, 12.2.7, 12.2.8, 12.2.9, 12.2.10, 12.2.11, 12.2.12, 12.2.13, 12.2.14, 12.2.15, 12.2.16, 12.2.17, 12.2.18, 12.2.19, 12.2.20, 12.2.21, 12.2.22, 12.2.23, 12.2.24, 12.2.25, 12.2.26, 12.2.27, 12.2.28, 12.2.29, 12.2.30, 12.2.31, 12.2.32, 12.2.33, 12.2.34, 12.2.35, 12.2.36, 12.2.37, 12.2.38, 12.2.39, 12.2.40, 12.2.41

(B) Standards: 12.3.1, 12.3.2, 12.3.3, 12.3.4, 12.3.5, 12.3.6, 12.3.7, 12.3.8, 12.3.9, 12.3.10, 12.3.11, 12.3.12, 12.3.13, 12.3.14, 12.3.15, 12.3.16, 12.3.17, 12.3.18, 12.3.19, 12.3.20, 12.3.21, 12.3.22, 12.3.23, 12.3.24, 12.3.25, 12.3.26, 12.3.27, 12.3.28, 12.3.29, 12.3.30, 12.3.31

32.5 Standards for Which Waiver or Extension of Time to Comply Have Been Granted:

NAESB Standard	Waiver or Extension of Time
2.4.1	Extension of Time (for EDI Implementation)
2.4.2	Extension of Time (for EDI Implementation)
2.4.6	Extension of Time (for EDI Implementation)
3.4.2	Extension of Time (for EDI Implementation)
3.4.3	Extension of Time (for EDI Implementation)
3.4.4	Extension of Time (for EDI Implementation)

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32.6 (a) Horizon shall utilize the standard data sets provided by the standards incorporated by reference in 18 CFR Section 284.12. Horizon's implementation guide for the standardized data sets specifies Horizon's intended use, if any, of the data elements that are coded as "business conditional" (BC) and "mutually agreeable" (MA) for purposes of EDI. The implementation guide may be obtained by contacting the Website Security Help Line and asking for the EDI coordinator. The Website Security Help Line phone number can be found at <http://pipeline.kindermorgan.com>.

(b) Horizon shall utilize the North American Energy Standards Board Electronic Data Interchange Trading Partner Agreement Dated: June 15, 2009 (Version 1.9, Standard 6.3.3).

32.7 Horizon's HTML page(s) is accessible via the Internet's World Wide Web at the following address:

<http://pipeline.kindermorgan.com>

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33. NEGOTIATED RATES

33.1 PRECONDITIONS TO NEGOTIATED RATES

Rates to be charged by Horizon for service to any Shipper under Rate Schedule FTS or ITS may deviate in either form or level or both from the applicable maximum rate level in this Tariff, subject to the following provisions:

(a) Horizon and Shipper have executed a valid Agreement containing therein or in a related agreement a specific mutual understanding that Negotiated Rate(s) or a Negotiated Rate Formula will apply to service for that Shipper;

(b) At the time of execution of the Agreement (or the amendment to an Agreement), which first provides for the applicability to Shipper of the Negotiated Rate(s) or Negotiated Rate Formula, service was available pursuant to the terms and conditions (not modified by this Section 33) of Rate Schedule FTS or ITS of this Tariff, as applicable; and

(c) No later than the Business Day on which Horizon commences service at such Negotiated Rate(s) or Negotiated Rate Formula (or if the day on which Horizon commences service is not a Business Day, then no later than the next Business Day after Horizon commences service), Horizon will file a tariff sheet advising the Commission of such Negotiated Rate or Negotiated Rate Formula, stating the name of Shipper, the type of service, the Receipt and Delivery Point(s) applicable to the service, the volume of the gas to be transported, any other charges, and specifying either: (i) the specific Negotiated Rate included in such Agreement; or (ii) the Negotiated Rate Formula included in such Agreement with sufficient specificity such that the rate in effect from time to time can be readily calculated. The tariff sheet must also incorporate a statement that the Agreement does not deviate from the form of Service Agreement in any material respect.

33.2 CAPACITY ALLOCATION

To the extent the revenue level pursuant to the Negotiated Rate(s) or Negotiated Rate Formula provided for in Section 33.1 above should exceed the revenue level at the Recourse Rate, the Shipper paying such Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula shall be treated, for all capacity Negotiated Rate or the rate under a Negotiated Rate Formula is higher than the

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corresponding Recourse Rate, the Recourse Rate rather than the Negotiated Rate will be used as the price cap for release capacity pursuant to Section 15.8 of these General Terms and Conditions and for the Right of First Refusal pursuant to Section 17.2 of these General Terms and Conditions. Where the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula results in revenue which is greater than the Recourse Rate during certain portions of the relevant evaluation period but less than the revenue at the Recourse Rate during other portions of the relevant evaluation period (but the revenue pursuant to the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula equals or exceeds that which would be generated at the Recourse Rate for the entire evaluation period), the value of bids and requests at the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula shall be evaluated as though the Recourse Rate applied under such bid or request for the entire evaluation period. Where the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula result in revenue which is less than revenue at the Recourse Rate over the relevant evaluation period, the value of the bids or requests at the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula shall be evaluated based on such lower revenue and shall be afforded a correspondingly lower priority than bids or requests at the Recourse Rate.

33.3 ACCOUNTING FOR COSTS AND REVENUES

The allocation of costs to, and the recording of revenues from service at Negotiated Rate(s) will follow Horizon's normal practices associated with all of its services under this Tariff. Horizon will maintain separate records of Negotiated Rate and Negotiated Rate Formula transactions for each billing period. These records shall include the volumes transported, the billing determinants (contract MDQ), the rates charged and the revenue received associated with such transactions. Horizon will separately identify such transactions in Statements G, I and J (or their equivalent) filed in any general rate proceeding. Should Horizon institute a tariff provision to flow through on a current basis to its Shippers the impact of certain transportation transactions, the treatment of revenues from Negotiated Rate(s) or Negotiated Rate Formula(s) shall be specified in such provision.

33.4 CAPACITY RELEASE REVENUE

Horizon and Shipper may agree hereunder to a Negotiated Rate or Negotiated Rate Formula which includes payment obligations or crediting mechanisms in the event of a capacity release which vary from those set out in Section 15.13 of these General Terms and Conditions. Nothing in the foregoing sentence, however, shall authorize Horizon or Shipper to violate the Commission's policy with respect to the negotiation of terms and conditions of service.

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34. OPERATIONAL CONTROL

34.1 GENERAL

(a) Horizon shall endeavor to maintain adequate pressure throughout its system and to preserve the overall operational integrity of its system; provided, however, that Horizon shall not be obligated to buy or sell gas or, unless otherwise contractually obligated, 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 Horizon or tendering gas to Horizon shall cooperate with Horizon 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 Horizon 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 Horizon's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system 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.

34.2 FACILITY CONTROL

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

34.3 OPERATING PLAN

(a) Horizon shall, on an annual or such more frequent basis as Horizon 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 Horizon's system on a basis which approaches an optimum level, given ordinary

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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) Plans to deal with specific contingencies Horizon 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 Horizon 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 Horizon's system at any point in time.

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

34.4 OPERATIONAL CONTROL SEQUENCE

In the event Horizon'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, Horizon is empowered by this Section to take action to alleviate this situation. In responding to such a situation, Horizon shall first apply the Advisory Action procedures of Section 34.5. If such measures are not sufficient to address the situation fully, Horizon shall next employ Operational Flow Orders as provided in Section 34.6. In the event Operational Flow Orders alone are not adequate, Horizon may invoke the Critical Time procedures set out in Section 34.7. Finally,

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Horizon may take unilateral action as provided in Section 34.8. 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, Horizon shall describe the conditions and the specific responses required from the affected parties. To the extent practicable, Horizon shall direct its actions hereunder to Shippers creating or anticipated to create the situation to be addressed and shall act consistent with Section 34.9. Nothing herein shall preclude Horizon from bypassing any of the above procedures if, in its judgment, the situation so requires. Horizon will keep Shippers advised through DART on the status of the situation.

34.5 ADVISORY ACTIONS

In the event Horizon 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, Horizon may take the Advisory Actions set out herein to forestall the development of such a situation.

- (a) Horizon 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 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;
 - (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);

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- (vii) Reconcile transportation imbalances; and/or
 - (viii) Such other voluntary action as would tend to alleviate or forestall the situation.
- (b) Horizon may also take actions within its control which might tend to alleviate or forestall the situation. Such actions may include the following:
- (i) Advise any Shipper which is not maintaining receipts and deliveries in balance that such imbalances must not continue;
 - (ii) Curtail or require adjustments or supply shifts in ITS service;
 - (iii) Take such other actions as are within Horizon's control and discretion to alleviate or forestall the situation.

34.6 OPERATIONAL FLOW ORDERS

(a) (i) In the event that the Advisory Actions under Section 34.5 are not sufficient to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Horizon's system or to maintain operations required to provide efficient and reliable firm service, Horizon is authorized to issue Operational Flow Orders. Notwithstanding the foregoing, Horizon 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 34 in response to adverse operational events on Horizon'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 Horizon to issue the Operational Flow Order. Horizon 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. Operational Flow Orders shall be lifted as soon as practicable once such conditions no longer prevail.

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(ii) 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 (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 34.10, 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:

- (1) Commence or increase supply inputs into Horizon's system or at specific points, or shift such supply inputs (in whole or in part) to different points.
- (2) Cease or reduce supply inputs into Horizon's system or at specific points.
- (3) Commence or increase takes of gas from Horizon's system or from specific points, or shift takes to different points.
- (4) Cease or reduce takes from Horizon's system or at specific points.
- (5) Reconcile transportation imbalances.
- (6) Such other actions as are within Shipper's control which would tend to alleviate the situation to be addressed.

(iii) No Shipper will be required under an Operational Flow Order to exceed its total firm MDQ under its Agreements with Horizon 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.

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

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

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

(3) Horizon 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 Horizon cannot identify which Shippers are creating the problem.

(c) Notice of an Operational Flow Order will be posted on Horizon's Interactive Website, and will be the first item shown on the bulletin board feature of its Interactive Website. Horizon 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.). Horizon 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. Horizon will endeavor to post the notice that it will issue an Operational Flow Order on its Interactive Website before 4:00 p.m. Central Time or otherwise will endeavor to notify Shippers via its Interactive Website by 4:00 p.m. Central Time that they should check Horizon's Interactive Website again at a specified later time to see whether an Operational Flow Order will be in effect for the next day. Horizon must attempt to give actual notice of an Operational Flow Order via telefax or telephone (provided a Shipper has given the numbers to Horizon as required in Section 34.1) at least four (4) hours prior to the start of the day before an Operational Flow Order will be effective as to a Shipper; provided, however, that Horizon may issue an Operational Flow Order on as little as one (1) hours notice where operationally necessary. 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 Horizon notifies Shippers on its Interactive Website that the Operational Flow Order has been lifted.

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(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 34.6 to the extent the Operational Flow Order requires action beyond Shipper's contract limits under its Agreement with Horizon 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, Horizon may issue Operational Flow Orders as follows:

(1) In order to improve system operations, Horizon may require a Shipper which has a variance of twenty percent (20%) or more between actual deliveries to Horizon 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) Horizon 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 Horizon'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 Horizon or Balancing Service Charges with respect to any action taken in reasonable conformance with an Operational Flow Order issued by Horizon during a Critical or non-Critical Time.

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(g) Any Receipt or Delivery Point where the variance between the total confirmed nominations and actual flows is less than 500 Dth per day or where Horizon 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, Horizon 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.

34.7 CRITICAL TIME

(a) Horizon shall advise Shippers on its system if it is declaring a Critical Time, as described in Section 10.5 of these General Terms and Conditions, and shall specify the nature of the situation creating the Critical Time.

(b) Horizon may issue Operational Flow Orders as described in Section 34.6 during a Critical Time.

(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 Horizon's system pursuant to Section 10 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 11 of these General Terms and Conditions) for the month in which the violation occurred.

34.8 UNILATERAL ACTION

In the event that the actions under Sections 34.4 through 34.7 are inadequate or there is insufficient time to carry out such procedures, Horizon may periodically have to take unilateral action to maintain system pressure and preserve the overall operational integrity of Horizon's system (or any portion

GENERAL TERMS AND CONDITIONS

thereof). Horizon is authorized to use all the resources of its system to such ends, through the integrated operation of line pack and supply received into Horizon's system, even though gas may be owned by a person other than the entity receiving delivery. Horizon shall not, however, be responsible as a supplier of gas to any Shipper.

34.9 APPLICABILITY OF ACTIONS

(a) In exercising its authority pursuant to Sections 34.4 through 34.8, Horizon 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;

(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 Horizon'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 Horizon 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.

GENERAL TERMS AND CONDITIONS

34.10 STANDARDS

(a) In issuing Operational Flow Orders or taking other operational control action under this Section, Horizon 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, Horizon 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.

34.11 LIABILITY

Horizon 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 Horizon's actions were undertaken in furtherance of and in accordance with this Section and provided further that such adverse consequences are not attributable to Horizon's negligence or misfeasance.

GENERAL TERMS AND CONDITIONS

35. NON-WAIVER OF FUTURE DEFAULT

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

36. ACQUIRED CAPACITY

(a) Horizon may from time to time enter into transportation agreements with upstream or downstream entities, including other interstate pipelines, intrastate pipelines, or local distribution companies (Acquired Capacity). Horizon may use Acquired Capacity for its system operational needs and to render service to its customers. Except as provided in subsection (b), Horizon states that, if it transports gas for others using Acquired Capacity, it will apply to such services the same rates and tariffs as are applicable to on-system customers, as such rates and tariffs may change from time to time. For purposes of any use of Acquired Capacity covered by this Section 36(a), the "shipper must hold title" requirement is waived.

(b) Nothing herein shall be read to preclude Horizon from filing with the Commission for different tariff provisions applicable to any service which Horizon provides using Acquired Capacity; provided, however, that the waiver of the "shipper must hold title" requirement hereunder shall not apply in such a circumstance and Horizon will be required to seek a case-specific waiver of that requirement from the Commission.

GENERAL TERMS AND CONDITIONS

37. Non-Conforming Agreements

The Commission has directed that the following Agreements be filed with the Commission because they contain provisions which do not conform to Horizon's pro forma service agreements:

37.1 Reserved for Future Use.

Sheet Nos. 257 through 299 are reserved for future use.

[FOR RATE SCHEDULES FTS AND ITS]

Contract No. _____

**HORIZON PIPELINE COMPANY, L.L.C. (HORIZON)
TRANSPORTATION RATE SCHEDULE _____
AGREEMENT DATED _____
UNDER SUBPART _____ OF PART 284
OF THE FERC'S REGULATIONS (CON'T)**

- d. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall Horizon 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 Horizon'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 Horizon 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 Horizon 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 Horizon without the prior express written consent of Horizon.
- 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 Horizon 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 Horizon'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 Horizon 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 Horizon and Shipper which expressly refers to this Agreement.

[FOR RATE SCHEDULES FTS AND ITS]

Contract No. _____

**HORIZON PIPELINE COMPANY, L.L.C. (HORIZON)
TRANSPORTATION RATE SCHEDULE _____
AGREEMENT DATED _____
UNDER SUBPART _____ OF PART 284
OF THE FERC'S REGULATIONS (CON'T)**

9. The above-stated Rate Schedule, as revised from time to time, control this Agreement and is incorporated herein. The attached Exhibits A, B and C (if applicable) are a part of this Agreement. Shipper shall provide the actual end user purchaser name(s) to Horizon if Horizon must provide them to the FERC.

Agreed to by:

HORIZON

SHIPPER

/s/: _____
NAME: _____
TITLE: _____

/s/: _____
NAME: _____
TITLE: _____

EXHIBIT A

DATED _____
EFFECTIVE _____

Shipper:
 Contract No.:
 Receipt Point(s):

<u>Name / Location</u>	<u>County/Area</u>	<u>State</u>	<u>PIN No.</u>	<u>MDQ (Dth.)</u>
PRIMARY RECEIPT POINT(S):				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

SECONDARY RECEIPT POINT(S):				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Receipt Pressure, Assumed Atmospheric Pressure

Natural gas to be delivered to Horizon at the Receipt Point(s) shall be at a delivery pressure sufficient to enter Horizon'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 Horizon'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 and Charges

Except as otherwise provided below or in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay Horizon the applicable maximum rate(s) and all other lawful charges as specified in Horizon's applicable rate schedule. Shipper and Horizon 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. Horizon 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 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

EXHIBIT A
DATED _____
EFFECTIVE _____
(CONT)

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 a specific discount rate shall apply only to reserves dedicated by Shippers to Horizon'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 Horizon'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 sheets. 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 33 of the General Terms and Conditions of Horizon's Tariff.

Fuel Gas and Unaccounted For Gas Percentage (%)

Shipper will be assessed the applicable percentage for Fuel Gas and Unaccounted For Gas unless Horizon and Shipper mutually agree on monetary reimbursement.

EXHIBIT B
DATED _____
EFFECTIVE _____

Shipper:
Contract No.:
Delivery Point(s):

<u>Name / Location</u>	<u>County/Area</u>	<u>State</u>	<u>PIN No.</u>	<u>MDQ (Dth.)</u>
PRIMARY DELIVERY POINT(S):				
_____	_____	_____	_____	_____

SECONDARY DELIVERY POINT(S):				
_____	_____	_____	_____	_____

Delivery Pressure, Assumed Atmospheric Pressure

Natural gas to be delivered by Horizon to Shipper, or for Shipper's account, at the Delivery Point(s) shall be at the pressures available in Horizon's pipeline facilities from time to time. The measuring party shall use or cause to be used an assumed atmospheric pressure corresponding to the elevation at such Delivery Point(s).

EXHIBIT C [Discount Agreement - FTS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

- 1.1 Discount Term: From _____ Through _____.
- 1.2 Discounted Monthly/Daily Base Reservation Rate(s): \$ _____ /Dth. of MDQ.
- 1.3 Discounted Base Commodity Rate(s): \$ _____ /Dth.
- 1.4 Discounted Firm Transportation Quantity: _____ Dth./day. [Specify any seasonal and/or variable terms and quantities].
- 1.5 Discounted Primary Receipt Points: [as set forth in Exhibit A, unless otherwise listed herein]

<u>NAME</u>	<u>PIN</u>	<u>DISCOUNTED POINT MDQ (Dth./d.)</u>
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- 1.6 Discounted Secondary Receipt Points: The Discounted Monthly/Daily Base Reservation Rate shall apply to service provided on a firm basis from the following secondary receipt points: _____

- 1.7 Discounted Primary Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein]

<u>NAME</u>	<u>PIN</u>	<u>DISCOUNTED POINT MDQ (Dth./d.)</u>
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- 1.8 Discounted Secondary Delivery Points: The Discounted Monthly/Daily Base Reservation Rate shall apply to service provided on a firm basis to the following secondary delivery points: _____

- 1.9 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Horizon's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; OTHER CHARGES

- 2.1 General Discount Limitations: The Discounted Monthly/Daily Base Reservation Rate shall apply only to: (i) service provided to Shipper by Horizon 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 1.4 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 Horizon'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 Horizon's FERC Gas Tariff which Horizon 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 Horizon'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 Horizon, all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Horizon'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; and (v) ACA surcharges.

EXHIBIT C [Discount Agreement - ITS]
DATED _____
EFFECTIVE _____

Shipper: _____
Contract No.: _____

ARTICLE 1
DISCOUNT PARAMETERS

- 1.1 Discount Term: From _____ Through _____.
- 1.2 Discounted Base Commodity Rate: \$ _____ /Dth.
- 1.3 Discounted Transportation Quantity: _____ Dth./day. [Specify any seasonal and/or variable terms and quantities].
- 1.4 Discounted Receipt Points: [as set forth in Exhibit A, unless otherwise listed herein]
- | <u>NAME</u> | <u>PIN</u> | <u>DISCOUNTED POINT MDQ (Dth./d.)</u> |
|-------------|------------|---------------------------------------|
|-------------|------------|---------------------------------------|
- 1.5 Discounted Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein]
- 1.6 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Horizon's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]
- | <u>NAME</u> | <u>PIN</u> | <u>DISCOUNTED POINT MDQ (Dth./d.)</u> |
|-------------|------------|---------------------------------------|
|-------------|------------|---------------------------------------|

ARTICLE 2
DISCOUNT TERMS AND CONDITIONS; OTHER CHARGES

- 2.1 General Discount Limitations: The Discounted Base Commodity Rate shall apply only to: (i) service provided to Shipper by Horizon 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 a daily basis under the Transportation Agreement. Unless otherwise agreed, Shipper shall be charged all applicable maximum rates, charges, and surcharges set forth in Horizon'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 Horizon's FERC Gas Tariff which Horizon 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 Horizon's FERC Gas Tariff ("Discountable Third Party Surcharges"). [Describe any applicable surcharges covered by this Section and 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 Horizon, all applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Horizon'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; and (iv) ACA surcharges.

**EXHIBIT C [NEGOTIATED RATE AGREEMENT - FTS]
DATED _____
EFFECTIVE _____**

Shipper: _____
Contract No.: _____

ARTICLE 1
NEGOTIATED RATE PARAMETERS

- 1.1 Negotiated Rate Term: From _____ Through _____.
- 1.2 Negotiated Monthly/Daily Base Reservation Rate(s): \$ _____ /Dth. of MDQ.
- 1.3 Negotiated Base Commodity Rate(s): \$ _____ /Dth.
- 1.4 Eligible Firm Transportation Quantity: _____ Dth./day. [Specify any seasonal and/or variable terms and quantities].
- 1.5 Eligible Primary Receipt Points: [as set forth in Exhibits A and B, unless otherwise listed herein]

- | | <u>NAME</u> | <u>PIN</u> | <u>ELIGIBLE POINT
MDQ (Dth./d.)</u> |
|-----|---|------------|---|
| 1.6 | Eligible Secondary Receipt Points: The Negotiated Monthly/Daily Base Reservation Rate shall apply to service provided on a firm basis from the following secondary receipt points: _____. | | |
| 1.7 | Eligible Primary Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein] | | |

- | | <u>NAME</u> | <u>PIN</u> | <u>ELIGIBLE POINT
MDQ (Dth./d.)</u> |
|-----|--|------------|---|
| 1.8 | Eligible Secondary Delivery Points: The Negotiated Monthly/Daily Base Reservation Rate shall apply to service provided on a firm basis to the following secondary delivery points: _____. | | |
| 1.9 | Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Horizon's list of permissible discount provisions and which are not otherwise covered by the Negotiated Rate Agreement.] | | |

ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; OTHER CHARGES

- 2.1 General Negotiated Rate Limitations: The Negotiated Monthly/Daily Base Reservation Rate and Negotiated Base Commodity Rate shall apply only to: (i) service provided to Shipper by Horizon 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 1.4 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 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 Monthly/Daily Base Reservation Rate and Negotiated Base Commodity Rate; and (b) the 100% load factor daily rate equivalent of the applicable maximum base reservation and base commodity rates set forth in Horizon'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 Horizon's FERC Gas Tariff which Horizon 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 Horizon'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/Daily Base Reservation Rate and the Negotiated Base Commodity Rate, and unless otherwise expressly provided in this Agreement or agreed to in writing by Horizon, Shipper shall also pay Horizon all other applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Horizon's FERC Gas Tariff, as may be revised from time to time, including without limitation all applicable maximum: (i) Fuel and Gas Lost and Unaccountable For charges; (ii) authorized and unauthorized overrun charges; (iii) reservation charges and surcharges; (iv) commodity charges and surcharges; and (v) ACA surcharges.

**EXHIBIT C [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.
- 1.3 Eligible Transportation Quantity: _____ Dth./day. [Specify any seasonal and/or variable terms and quantities].
- 1.4 Eligible Receipt Points: [as set forth in Exhibit A, unless otherwise listed herein]

<u>NAME</u>	<u>PIN</u>	<u>ELIGIBLE POINT MDQ (Dth./d.)</u>
-------------	------------	---

- 1.5 Eligible Delivery Points: [as set forth in Exhibit B, unless otherwise listed herein]

<u>NAME</u>	<u>PIN</u>	<u>ELIGIBLE POINT MDQ (Dth./d.)</u>
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- 1.6 Other Rate Related Provisions: [Describe any other rate-related provision authorized by the applicable Rate Schedule and/or Horizon's list of permissible discount provisions and which are not otherwise covered by the Discount Agreement.]

**ARTICLE 2
NEGOTIATED RATE TERMS AND CONDITIONS; OTHER CHARGES**

- 2.1 General Negotiated Rate Limitations: The Negotiated Base Commodity Rate shall apply only to: (i) service provided to Shipper by Horizon 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 a daily basis 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 Horizon'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.
- 2.2 Discountable Third Party Surcharges: From time to time, certain commodity surcharges may be approved by the FERC for inclusion in Horizon's FERC Gas Tariff which Horizon 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 Horizon'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 Rates, and unless otherwise expressly provided in this Agreement or agreed to in writing by Horizon, Shipper shall also pay Horizon all other applicable maximum rates, charges, surcharges, and penalties of any nature set forth in Horizon'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; and (iv) ACA surcharges.

Sheet Nos. 310 through 400 are being reserved for future use.