

# Table of Contents

Eighth Revised Volume No. 1 4.0.0

1. TOC, Preliminary Statement, Maps 1.0.0

1.1. Table of Contents 15.0.0

1.2. Preliminary Statement 4.0.0

1.3. Maps 3.0.0

1.3.1. Reserved 4.0.0

1.3.2. Reserved 5.0.0

1.3.3. Reserved 6.0.0

1.3.4. Reserved 5.0.0

1.3.5. Reserved 6.0.0

1.3.6. Reserved 5.0.0

1.3.7. Reserved 5.0.0

1.3.8. Reserved 4.0.0

1.3.9. Reserved 6.0.0

1.3.10. Reserved 5.0.0

2. Statement of Rates 2.0.0

2.1. Reserved 40.0.0

2.1.1. FT 50.0.0

2.2. Reserved 40.0.0

**Southern Natural Gas Company**  
**Eighth Revised Volume No. 1**  
**Tariff**

2.2.1. FT-NN 48.0.0

2.3. Reserved 41.0.0

2.3.1. IT Settlement 48.0.0

2.4. Reserved 18.0.0

2.4.1. CSS Settlement 22.0.0

2.5. Reserved 18.0.0

2.5.1. ISS Settlement 22.0.0

2.6. Liquids and Liquefiabiles Contesting 31.0.0

2.6.1. Liquids and Liquefiabiles Settlement 31.0.0

2.7. Negotiated Rates 38.0.0

2.8. Non-Conforming 2.0.0

2.9. Reserved 4.0.0

2.9.1. PAL 8.0.0

3. Rate Schedules 2.0.0

3.1. FT 9.0.0

3.2. FT-NN 10.0.0

3.3. IT 7.0.1

3.4. CSS 7.0.0

3.5. ISS 6.0.0

3.6. Reserved 3.0.0

3.7. PAL 5.0.0

4. Gen. Terms & Conditions 1.0.0

4.1. Definitions 8.0.0

**Southern Natural Gas Company**  
**Eighth Revised Volume No. 1**  
**Tariff**

- 4.2. Inquiries and Cond. for Svc. 8.0.0
- 4.3. Quality 5.0.0
- 4.4. Measurement 5.0.0
- 4.5. Measuring Equipment 6.0.0
- 4.6. Receipt and Delivery Pts. 2.0.0
- 4.7. Pressure 2.0.0
- 4.8. Liability of Shipper and Co. 4.0.0
- 4.9. Warranty of Title 1.0.0
- 4.10. Hourly Rates of Flow 2.0.0
- 4.11. Installation of Flow Control 1.0.0
- 4.12. Nominations 8.0.0
- 4.13. Determ. of Rec. and Del. 4.0.0
- 4.14. Resolution of Imb. and Adj. 9.0.0
- 4.15. Billing and Payment 4.0.0
- 4.16. Allocation of Capacity 5.0.0
- 4.17. Penalties 4.0.0
- 4.18. Notices 2.0.0
- 4.19. Transp. of Liq. and Liquefiabiles 1.0.0
- 4.20. Pregranted Abandonment 5.0.0
- 4.21. Assignment of Firm on Upstream 2.0.0
- 4.22. Shipper Release of Firm Cap. 7.0.0
- 4.23. Off-System Capacity 4.0.0
- 4.24. Agency Service 2.0.0

**Southern Natural Gas Company**  
**Eighth Revised Volume No. 1**  
**Tariff**

4.25. Affiliates 2.0.0

4.26. Complaints 1.0.0

4.27. EBB 2.0.0

4.28. ACA Clause 2.0.0

4.29. GRI Charge Adj. 2.0.0

4.30. R and D Expenditure Adj. 1.0.0

4.31. Reserved 1.0.0

4.32. Application of Disc. Rates 2.0.0

4.33. Reserved 2.0.0

4.34. Negotiated Rate Provisions 2.0.0

4.35. Fuel Mechanism 7.0.0

4.36. Direct Delivery Connections 2.0.0

4.37. Verification of Delivers - SS 2.0.0

4.38. Reserved 1.0.0

4.39. Transp. Demand Adj. 1.0.0

4.40. NAESB Standards 8.0.0

4.41. OFOs 5.0.0

4.42. Discount Terms 4.0.0

5. Appendices 1.0.0

5.1. Transp. Req. Form 3.0.0

5.1.1. Attachment A 3.0.0

5.1.2. Attachment B 3.0.0

5.2. Storage Svc. Req. Form 3.0.0



**Southern Natural Gas Company**  
**Eighth Revised Volume No. 1**  
**Tariff**

5.3. Reserved for Future Use 2.0.0

5.3.1. Reserved for Future Use 2.0.0

5.3.2. Reserved for Future Use 2.0.0

5.3.3. Reserved for Future Use 2.0.0

5.4. Reserved 4.0.0

5.4.1. Reserved 2.0.0

5.4.1.1. Reserved 2.0.0

5.4.1.2. Reserved 2.0.0

5.5. Contact Information 3.0.0

5.6. Reserved 1.0.0

5.7. Reserved 1.0.0

5.8. Reserved 2.0.0

5.8.1. Reserved 2.0.0

5.8.2. Reserved 2.0.0

5.8.3. Reserved 2.0.0

5.9. Reserved for Future Use 2.0.0

5.10. Reserved for Future Use 3.0.0

6. Form of Serv. Agreements 1.0.0

6.1. FT 6.0.0

6.1.1. FT Exhibit A 5.0.0

6.1.2. FT Exhibit A-1 2.0.0

6.1.3. FT Exhibit B 5.0.0

6.1.4. FT Exhibit B-1 2.0.0

**Southern Natural Gas Company**  
**Eighth Revised Volume No. 1**  
**Tariff**

6.1.5. FT Exhibit C 2.0.0

6.1.6. FT Exhibit E 2.0.0

6.1.7. FT Exhibit F 2.0.0

6.2. IT 6.0.0

6.2.1. IT Exhibit A 2.0.0

6.2.2. IT Exhibit B 2.0.0

6.2.3. IT Exhibit E 1.0.0

6.2.4. IT Exhibit F 2.0.0

6.2.5. IT Exhibit C 1.0.0

6.3. CSS 5.0.0

6.3.1. CSS – Exhibit A 2.0.0

6.3.2. CSS – Exhibit C 1.0.0

6.3.3. CSS – Exhibit D 2.0.0

6.3.4. CSS – Exhibit E 2.0.0

6.4. ISS 5.0.0

6.4.1. ISS – Exhibit C 1.0.0

6.4.2. ISS – Exhibit D 2.0.0

6.5. Liquefiabiles 3.0.0

6.5.1. Liquefiabiles – Exhibit A 1.0.0

6.6. Pipeline Balancing Agreement 2.0.0

6.6.1. Pipeline Balancing Agreement – Exhibit A 1.0.0

6.6.2. Pipeline Balancing Agreement – Exhibit B 1.0.0

6.7. PAL 6.0.0

**Southern Natural Gas Company**  
**Eighth Revised Volume No. 1**  
**Tariff**

6.7.1. PAL - Exhibit A 3.0.0

6.7.2. PAL - Exhibit B 0.0.0

6.8. FT-NN 2.0.0

6.8.1. FT-NN Exhibit A 1.0.0

6.8.2. FT-NN Exhibit A-1 0.0.0

6.8.3. FT-NN Exhibit B 1.0.0

6.8.4. FT-NN Exhibit B-1 0.0.0

6.8.5. FT-NN Exhibit C 0.0.0

6.8.6. FT-NN Exhibit E 0.0.0

6.8.7. FT-NN Exhibit F 1.0.0

6.9. Supply Pool Balancing 1.0.0

FERC GAS TARIFF

Eighth Revised Volume No. 1

(Superseding Seventh Revised Volume No. 1)

of

SOUTHERN NATURAL GAS COMPANY, L.L.C.

Filed With

Federal Energy Regulatory Commission

Communications Covering Rates Should Be Addressed To:

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OVERVIEW

TABLE OF CONTENTS  
PRELIMINARY STATEMENT  
MAPS

## TABLE OF CONTENTS

Volume No. 1	Section
Overview .....	1.0
Table of Contents .....	1.1
Preliminary Statement .....	1.2
Maps .....	1.3
Reserved .....	1.3.1
Reserved .....	1.3.2
Reserved .....	1.3.3
Reserved .....	1.3.4
Reserved .....	1.3.5
Reserved .....	1.3.6
Reserved .....	1.3.7
Reserved .....	1.3.8
Reserved .....	1.3.9
Reserved .....	1.3.10
Statement of Rates .....	2.0
Reserved .....	2.1
FT .....	2.1.1
Reserved .....	2.2
FT-NN .....	2.2.1
Reserved .....	2.3
IT .....	2.3.1
Reserved .....	2.4
CSS .....	2.4.1
Reserved .....	2.5
ISS .....	2.5.1
Liquids and Liquefiabiles .....	2.6
Liquids and Liquefiabiles Settlement .....	2.6.1
Negotiated Rates .....	2.7
Non-Conforming .....	2.8
Reserved .....	2.9
PAL .....	2.9.1
Rate Schedules .....	3.0
FT, Firm Transportation Service .....	3.1
FT-NN, Firm Transportation Service - No Notice .....	3.2
IT, Interruptible Transportation Service .....	3.3
CSS, Contract Storage Service .....	3.4
ISS, Interruptible Storage Service .....	3.5
Reserved for Future Use .....	3.6
PAL, Park and Loan Service .....	3.7
General Terms and Conditions .....	4.0
Section 1. Definitions .....	4.1
Section 2. Inquiries and Conditions for Service .....	4.2
Section 3. Quality .....	4.3
Section 4. Measurement .....	4.4
Section 5. Measuring Equipment .....	4.5
Section 6. Receipt and Delivery Points .....	4.6
Section 7. Pressure .....	4.7
Section 8. Liability of Shipper and Company .....	4.8
Section 9. Warranty of Title and Indemnification .....	4.9
Section 10. Hourly Rates of Flow .....	4.10
Section 11. Installation of Flow Control Equipment .....	4.11
Section 12. Nominations .....	4.12
Section 13. Determination of Receipts and Deliveries .....	4.13
Section 14. Resolution of Imbalances and Adjustment .....	4.14
Section 15. Billing and Payment .....	4.15
Section 16. Allocation of Capacity .....	4.16
Section 17. Penalties .....	4.17
Section 18. Notices .....	4.18
Section 19. Transportation of Liquids and Liquefiabiles .....	4.19

Section 20. Pregranted Abandonment .....	4.20
Section 21. Assignment of Firm Capacity on Upstream Pipelines .....	4.21
Section 22. Shipper Release of Firm Capacity .....	4.22
Section 23. Off-system Capacity .....	4.23
Section 24. Agency Service .....	4.24
Section 25. Affiliates .....	4.25
Section 26. Complaints .....	4.26
Section 27. Electronic Bulletin Board .....	4.27
Section 28. Annual Charge Adjustment Clause .....	4.28
Section 29. GRI Charge Adjustment Provision .....	4.29
Section 30. Research & Development Expenditure Adjustment.....	4.30
Section 31. Reserved for Future Use.....	4.31
Section 32. Application of Discounted Rates .....	4.32
Section 33. Reserved for Future Use.....	4.33
Section 34. Negotiated Rate Provisions .....	4.34
Section 35. Fuel Mechanism .....	4.35
Section 36. Direct Delivery Connections .....	4.36
Section 37. Verification of Deliveries Under Small Shipper Agreements .....	4.37
Section 38. Reserved for Future Use.....	4.38
Section 39. Transportation Demand Adjustment for State Regulatory Action .....	4.39
Section 40. NAESB Standards.....	4.40
Section 41. Operational Flow Orders (OFOs).....	4.41
Section 42. Discount Terms .....	4.42
Appendices to General Terms and Conditions .....	5.0
Appendix A. Transportation Request Form.....	5.1
Transportation Request Form, Attachment A .....	5.1.1
Transportation Request Form, Attachment B .....	5.1.2
Appendix B. Storage Request Form .....	5.2
Appendix C. Reserved for Future Use .....	5.3
Reserved for Future Use .....	5.3.1
Reserved for Future Use .....	5.3.2
Appendix C. Reserved for Future Use .....	5.3.3
Appendix D. Reserved for Future Use .....	5.4
Reserved for Future Use .....	5.4.1
Reserved for Future Use .....	5.4.1.1
Reserved for Future Use .....	5.4.1.2
Appendix E. SNG and Customer Contact Information.....	5.5
Appendix F. Reserved for Future Use .....	5.6
Appendix G. Reserved for Future Use .....	5.7
Appendix H. Reserved for Future Use .....	5.8
Reserved for Future Use .....	5.8.1
Reserved for Future Use .....	5.8.2
Reserved for Future Use .....	5.8.3
Appendix I. Reserved for Future Use .....	5.9
Appendix J. Reserved for Future Use .....	5.10
Form of Service Agreements .....	6.0
Form of Firm Transportation Service Agreement under Rate Schedule FT .....	6.1
Form of Firm Transportation Service Agreement under Rate Schedule FT, Exhibit A.....	6.1.1
Form of Firm Transportation Service Agreement under Rate Schedule FT, Exhibit A-1.....	6.1.2
Form of Firm Transportation Service Agreement under Rate Schedule FT, Exhibit B.....	6.1.3
Form of Firm Transportation Service Agreement under Rate Schedule FT, Exhibit B-1.....	6.1.4
Form of Firm Transportation Service Agreement under Rate Schedule FT, Exhibit C.....	6.1.5
Form of Firm Transportation Service Agreement under Rate Schedule FT, Exhibit E.....	6.1.6
Form of Firm Transportation Service Agreement under Rate Schedule FT, Exhibit F.....	6.1.7
Form of Service Agreement under Rate Schedule IT .....	6.2
Form of Service Agreement under Rate Schedule IT, Exhibit A.....	6.2.1
Form of Service Agreement under Rate Schedule IT, Exhibit B.....	6.2.2
Form of Service Agreement under Rate Schedule IT, Exhibit E .....	6.2.3
Form of Service Agreement under Rate Schedule IT, Exhibit F .....	6.2.4
Form of Service Agreement under Rate Schedule IT, Exhibit C.....	6.2.5
Form of Service Agreement under Rate Schedule CSS .....	6.3
Form of Service Agreement under Rate Schedule CSS, Exhibit A .....	6.3.1

Form of Service Agreement under Rate Schedule CSS, Exhibit C .....	6.3.2
Form of Service Agreement under Rate Schedule CSS, Exhibit D .....	6.3.3
Form of Service Agreement under Rate Schedule CSS, Exhibit E .....	6.3.4
Form of Service Agreement under Rate Schedule ISS .....	6.4
Form of Service Agreement under Rate Schedule ISS, Exhibit C .....	6.4.1
Form of Service Agreement under Rate Schedule ISS, Exhibit D .....	6.4.2
Liquefiabiles Transportation Agreement .....	6.5
Liquefiabiles Transportation Agreement, Exhibit A .....	6.5.1
Pipeline Balancing Agreement .....	6.6
Pipeline Balancing Agreement, Exhibit A .....	6.6.1
Pipeline Balancing Agreement, Exhibit B .....	6.6.2
Form of Service Agreement under Rate Schedule PAL .....	6.7
Form of Service Agreement under Rate Schedule PAL, Service Request Order - Daily .....	6.7.1
Form of Service Agreement under Rate Schedule PAL, Service Request Order - Term .....	6.7.2
Form of Firm Transportation Service Agreement under Rate Schedule FT-NN .....	6.8
Form of Firm Transportation Service Agreement under Rate Schedule FT-NN, Exhibit A .....	6.8.1
Form of Firm Transportation Service Agreement under Rate Schedule FT-NN, Exhibit A-1 .....	6.8.2
Form of Firm Transportation Service Agreement under Rate Schedule FT-NN, Exhibit B .....	6.8.3
Form of Firm Transportation Service Agreement under Rate Schedule FT-NN, Exhibit B-1 .....	6.8.4
Form of Firm Transportation Service Agreement under Rate Schedule FT-NN, Exhibit C .....	6.8.5
Form of Firm Transportation Service Agreement under Rate Schedule FT-NN, Exhibit E .....	6.8.6
Form of Firm Transportation Service Agreement under Rate Schedule FT-NN, Exhibit F .....	6.8.7
Supply Pool Balancing Agreement .....	6.9

Volume No. 2

Sheet No.

Reserved



## SECTION 1.2

### PRELIMINARY STATEMENT

Southern Natural Gas Company, L.L.C. (hereinafter called "Company") is a natural gas transmission company engaged in the business of transporting and storing natural gas. Company operates facilities which extend from Louisiana through Mississippi, Alabama, Georgia and into South Carolina, Tennessee and Florida.

Company's charges are based on the zone of receipt and zone of delivery from and to which the gas is transported. The rate zones are shown on the maps in Section 1.3, and the Company's rates are set forth in Section 2.0.

The Company has not qualified as a public utility in any state through which it operates; and it has never operated as a common carrier.

It is the policy of Company to provide transportation and storage services under specific service agreements entered into with shippers after consideration of its existing firm commitments, available capacity, operating conditions and other factors deemed pertinent by the Company as more particularly set forth in this tariff for each service. The Company provides a variety of firm and interruptible services. These services are subject to the jurisdiction of the Federal Energy Regulatory Commission and are provided on an open-access, not unduly discriminatory basis under the terms and conditions set forth in the applicable rate schedule, service agreement, and general terms and conditions contained herein.

It has always been the policy of the Company to make sales and purchases of gas for operational transactions, reserving the right at its discretion to enter into contracts for sales or purchases of gas in order to meet its operational obligations under its service agreements and as otherwise stated hereunder.

## SECTION 1.3

### MAPS

COMPANY Maps may be viewed on COMPANY'S Interactive Website at the following web address:

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

Use the Informational Posting menu to select the applicable map URL.

Reserved

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STATEMENT OF RATES

FT  
FT SETTLEMENT  
FT-NN  
FT-NN SETTLEMENT  
IT  
IT SETTLEMENT  
CSS  
CSS SETTLEMENT  
ISS  
ISS SETTLEMENT  
LIQUIDS AND LIQUEFIABLES  
LIQUIDS AND LIQUEFIABLES SETTLEMENT  
NEGOTIATED RATES  
NON-CONFORMING SERVICE AGREEMENTS  
PAL  
PAL SETTLEMENT

RESERVED FOR FUTURE USE

RATES 3/  
 FIRM TRANSPORTATION SERVICES (FT)

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Reservation Charge (Dth) 1/</u>				
Maximum:	\$4.6700	\$5.2800	\$7.9000	\$10.4600
Minimum:	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Maximum Daily Volumetric Capacity Release Rates 2/	\$0.1535	\$0.1736	\$0.2597	\$0.3439
<u>2016 Expansion</u>				
<u>Reservation Charge</u>				
<u>(Dth) 1/ 5/</u>				
<u>Maximum:</u>				\$13.0300
<u>Minimum:</u>				\$0.0000
<u>Maximum Daily Volumetric Capacity Release Rates 2/</u>				\$0.4284

<u>RECEIPT ZONE</u>		<u>DELIVERY ZONE</u>		
	Production Area	Zone 1	Zone 2	Zone 3
<u>Transportation Charge</u> <u>(Dth) 1/</u>				
Maximum:				
Production Area	\$0.0032	\$0.0161	\$0.0297	\$0.0400
Zone 1	\$0.0161	\$0.0136	\$0.0272	\$0.0375
Zone 2	\$0.0297	\$0.0272	\$0.0143	\$0.0246
Zone 3	\$0.0400	\$0.0375	\$0.0246	\$0.0110
Minimum:				
Production Area	\$0.0024	\$0.0122	\$0.0225	\$0.0303
Zone 1	\$0.0122	\$0.0103	\$0.0206	\$0.0284
Zone 2	\$0.0225	\$0.0206	\$0.0108	\$0.0186
Zone 3	\$0.0303	\$0.0284	\$0.0186	\$0.0083
<u>Backhaul Transportation</u> <u>Charge (Dth) 1/</u>				
Maximum:				
Production Area	\$0.0032	N/A	N/A	N/A
Zone 1	\$0.0161	\$0.0136	N/A	N/A
Zone 2	\$0.0297	\$0.0272	\$0.0143	N/A
Zone 3	\$0.0400	\$0.0375	\$0.0246	\$0.0110
Minimum:				
Production Area	\$0.0024	N/A	N/A	N/A

Zone 1	\$0.0122	\$0.0103	N/A	N/A
Zone 2	\$0.0225	\$0.0206	\$0.0108	N/A
Zone 3	\$0.0303	\$0.0284	\$0.0186	\$0.0083

Small Shipper Charge 4/

Maximum:	\$0.3602	\$0.4198	\$0.5598	\$0.7418
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Minimum:	\$0.0024	\$0.0122	\$0.0225	\$0.0303
----------	----------	----------	----------	----------

Small Shipper Backhaul Charge 4/

Maximum:	\$0.3602	\$0.4198	\$0.5598	\$0.7418
----------	----------	----------	----------	----------

Minimum:	\$0.0024	\$0.0122	\$0.0225	\$0.0303
----------	----------	----------	----------	----------

Fuel Retention (% of Receipts)

Forward Haul Fuel, Used & Unaccounted For	1.22%	1.22%	1.80%	2.21%
---	-------	-------	-------	-------

Intrazone Fuel, Used & Unaccounted For	1.22%	0.66%	0.66%	0.66%
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Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%
---------------------------------------	-------	-------	-------	-------

Electric Power Charge (\$/Dth of Receipts)

Forward Haul EPC	\$0.0539	\$0.0539	\$0.0539	\$0.0539
------------------	----------	----------	----------	----------

Intrazone EPC	\$0.0539	\$0.0128	\$0.0128	\$0.0128
---------------	----------	----------	----------	----------

Backhaul EPC	\$0.0000	\$0.0000	\$0.0000	\$0.0000
--------------	----------	----------	----------	----------

1/ These rates are exclusive of all surcharges. The surcharges applicable to service under Rate Schedule FT include:

Storage Cost Reconciliation Mechanism Volumetric Surcharge:	\$0.0000 applicable to each Dth transported
---	---

ACA Surcharge:	See Section 28 of the General Terms and Conditions.
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2/ See Section 22 of the General Terms and Conditions for exceptions to these maximum capacity release rates.

3/ These rates are exclusive of all surcharges.

4/ These rates are exclusive of all surcharges. The surcharges applicable to service under Rate Schedule FT for shippers designated as small shippers include:

Storage Cost Reconciliation Mechanism Volumetric Surcharge:	\$0.0000 applicable to each Dth transported
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ACA Surcharge:	See Section 28 of the General Terms and Conditions.
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5/ Applicable to services provided pursuant to the expansion authorized under Docket No. CP14-493-000, et. al.



RESERVED FOR FUTURE USE

RATES 3/  
 FIRM TRANSPORTATION SERVICES - NO NOTICE(FT-NN)

		<u>DELIVERY ZONE</u>		
	Production Area	Zone 1	Zone 2	Zone 3
<u>Reservation Charge (Dth) 1/</u>				
Maximum:	\$4.6700	\$5.2800	\$7.9000	\$10.4600
Minimum:	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Maximum Daily Volumetric Capacity Release Rates 2/	\$0.1535	\$0.1736	\$0.2597	\$0.3439
<u>RECEIPT ZONE</u>		<u>DELIVERY ZONE</u>		
	Production Area	Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	\$0.0032	\$0.0161	\$0.0297	\$0.0400
Zone 1	\$0.0161	\$0.0136	\$0.0272	\$0.0375
Zone 2	\$0.0297	\$0.0272	\$0.0143	\$0.0246
Zone 3	\$0.0400	\$0.0375	\$0.0246	\$0.0110
Minimum:				
Production Area	\$0.0024	\$0.0122	\$0.0225	\$0.0303
Zone 1	\$0.0122	\$0.0103	\$0.0206	\$0.0284
Zone 2	\$0.0225	\$0.0206	\$0.0108	\$0.0186
Zone 3	\$0.0303	\$0.0284	\$0.0186	\$0.0083
<u>Backhaul Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	\$0.0032	N/A	N/A	N/A
Zone 1	\$0.0161	\$0.0136	N/A	N/A
Zone 2	\$0.0297	\$0.0272	\$0.0143	N/A
Zone 3	\$0.0400	\$0.0375	\$0.0246	\$0.0110
Minimum:				
Production Area	\$0.0024	N/A	N/A	N/A
Zone 1	\$0.0122	\$0.0103	N/A	N/A
Zone 2	\$0.0225	\$0.0206	\$0.0108	N/A
Zone 3	\$0.0303	\$0.0284	\$0.0186	\$0.0083
<u>Small Shipper Charge 4/</u>				
Maximum:	\$0.3602	\$0.4198	\$0.5598	\$0.7418
Minimum:	\$0.0024	\$0.0122	\$0.0225	\$0.0303

Small Shipper  
 Backhaul Charge 4/

Maximum:	\$0.3602	\$0.4198	\$0.5598	\$0.7418
Minimum:	\$0.0024	\$0.0122	\$0.0225	\$0.0303

Fuel Retention (% of Receipts)

Forward Haul Fuel, Used & Unaccounted For	1.22%	1.22%	1.80%	2.21%
Intrazone Fuel, Used & Unaccounted For	1.22%	0.66%	0.66%	0.66%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (\$/Dth of Receipts)

Forward Haul EPC	\$0.0539	\$0.0539	\$0.0539	\$0.0539
Intrazone EPC	\$0.0539	\$0.0128	\$0.0128	\$0.0128
Backhaul EPC	\$0.0000	\$0.0000	\$0.0000	\$0.0000

1/ These rates are exclusive of all surcharges. The surcharges applicable to service under Rate Schedule FT-NN include:

Storage Cost Reconciliation Mechanism Volumetric Surcharge: \$0.0000 applicable to each Dth transported

ACA Surcharge: See Section 28 of the General Terms and Conditions

2/ See Section 22 of the General Terms and Conditions for exceptions to these maximum capacity release rates.

3/ These rates are exclusive of all surcharges.

4/ These rates are exclusive of all surcharges. The surcharges applicable to service under Rate Schedule FT-NN for shippers designated as small shippers include:

Storage Cost Reconciliation Mechanism Volumetric Surcharge: \$0.0000 applicable to each Dth transported

ACA Surcharge: See Section 28 of the General Terms and Conditions.

RESERVED FOR FUTURE USE

RATES 3/  
 Interruptible Transportation Service

RECEIPT ZONE	DELIVERY ZONE			
	Production Area	Zone 1	Zone 2	Zone 3
<u>Transportation</u>				
<u>Charge (Dth) 1/ 2/</u>				
Maximum:				
Production Area	\$0.1567	\$0.1897	\$0.2894	\$0.3839
Zone 1	\$0.1696	\$0.1872	\$0.2869	\$0.3814
Zone 2	\$0.1832	\$0.2008	\$0.2740	\$0.3684
Zone 3	\$0.1935	\$0.2111	\$0.2843	\$0.3548
Minimum:				
Production Area	\$0.0024	\$0.0122	\$0.0225	\$0.0303
Zone 1	\$0.0122	\$0.0103	\$0.0206	\$0.0284
Zone 2	\$0.0225	\$0.0206	\$0.0108	\$0.0186
Zone 3	\$0.0303	\$0.0284	\$0.0186	\$0.0083
<u>Backhaul</u>				
<u>Transportation</u>				
<u>Charge (Dth) 1/ 2/</u>				
Maximum:				
Production Area	\$0.1567	N/A	N/A	N/A
Zone 1	\$0.1696	\$0.1872	N/A	N/A
Zone 2	\$0.1832	\$0.2008	\$0.2740	N/A
Zone 3	\$0.1935	\$0.2111	\$0.2843	\$0.3548
Minimum:				
Production Area	\$0.0024	N/A	N/A	N/A
Zone 1	\$0.0122	\$0.0103	N/A	N/A
Zone 2	\$0.0225	\$0.0206	\$0.0108	N/A
Zone 3	\$0.0303	\$0.0284	\$0.0186	\$0.0083
<u>Fuel Retention (% of Receipts)</u>				
Forward Haul Fuel, Used & Unaccounted For	1.22%	1.22%	1.80%	2.21%
Intrazone Fuel, Used & Unaccounted For	1.22%	0.66%	0.66%	0.66%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%
<u>Electric Power Charge (\$/Dth of Receipts)</u>				
Forward Haul EPC	\$0.0539	\$0.0539	\$0.0539	\$0.0539
Intrazone EPC	\$0.0539	\$0.0128	\$0.0128	\$0.0128
Backhaul EPC	\$0.0000	\$0.0000	\$0.0000	\$0.0000

1/ The surcharges applicable to service under Rate Schedule IT and Supply Pool Balancing Agreement include:

Storage Cost Reconciliation Mechanism Volumetric Surcharge:      \$0.0000 applicable to each Dth transported.

2/ Surcharges applicable to service under Rate Schedule IT.

ACA Surcharge:      See Section 28 of the General Terms and Conditions.

3/ These rates are exclusive of all surcharges.

RESERVED FOR FUTURE USE

RATES  
 CONTRACT STORAGE SERVICE (CSS)

	<u>Maximum</u>	<u>Minimum</u>
<u>Contract Storage (CSS)</u>		
Deliverability Charge (Dth)	\$ 1.2160	\$ 0.0000
Maximum Daily Volumetric Capacity Release Rates (Dth)	\$ 0.0400	\$ 0.0000
Capacity Charge (Dth)	\$ 0.0239	\$ 0.0000
Maximum Daily Volumetric Capacity Release Rates (Dth)	\$ 0.0008	\$ 0.0000
Injection Charge (Dth)	\$ 0.0087	\$ 0.0087
Withdrawal Charge (Dth)	\$ 0.0087	\$ 0.0087
<u>Rates for Customers Electing FT- Small Shipper Charge</u>		
Deliverability Charge (Dth)	\$ 0.4560	\$ 0.0000
Capacity Charge (Dth)	\$ 0.0239	\$ 0.0000
Injection Charge (Dth)	\$ 0.0087	\$ 0.0087
Withdrawal Charge (Dth)	\$ 0.0087	\$ 0.0087
<u>Fuel Retention (Annual Period: April – March)</u>		
Injection	0.78%	
Withdrawal	0.78%	



RESERVED FOR FUTURE USE

RATES INTERRUPTIBLE STORAGE SERVICE (ISS)		
	<u>Maximum</u>	<u>Minimum</u>
<u>ISS Average Daily Balance Charge (Dth)</u>	\$ 0.0639	\$ 0.0000
ISS Injection	\$ 0.0087	\$ 0.0087
ISS Withdrawal	\$ 0.0087	\$ 0.0087
<u>Fuel Retention (Annual Period: April – March)</u>		
Injection	0.78%	
Withdrawal	0.78%	

TRANSPORTATION RATES FOR  
LIQUIDS AND LIQUEFIABLES 3/

Liquefiabiles 1/  
-----

For production from wells connected on or before December 31, 1981:

- 4.5¢ per Dth per 100 miles prorated to the actual mileage 2/

For production from wells connected on or after January 1, 1982:

- 10.25¢ per Dth per 100 miles of offshore transportation prorated to the actual mileage offshore, plus
- 3.1¢ per Dth per 100 miles of onshore transportation prorated to the actual mileage onshore

Liquids  
-----

For production from wells connected on or before December 31, 1981:

- 55.0¢ per barrel
- 11.0¢ per barrel for service of 20 miles or less from receipt point to removal point

For production from wells connected on or after January 1, 1982:

- \$1.025 per barrel if any part of the service is offshore
- 31.0¢ per barrel if the service is onshore
- 20% of the applicable offshore or onshore rate for service of 20 miles or less from receipt point to removal point

Fuel Retention:

Forward Haul & Intrazone Fuel, Used & Unaccounted For	1.22%
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Backhaul Fuel, Used & Unaccounted For	.16%
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1/ Surcharges applicable to Transportation Rates for Liquids and Liquefiabiles.

ACA Surcharge:	See Section 28 of the General Terms and Conditions.
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2/ Based on a Btu content of 1,000 Btu per cubic foot.

3/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP09-427 for all Contesting Parties as defined in the Settlement.

SETTLEMENT RATES 3/  
TRANSPORTATION RATES FOR LIQUIDS AND LIQUEFIABLES

Liquefiabiles 1/  
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For production from wells connected on or before December 31, 1981:

- 4.5¢ per Dth per 100 miles prorated to the actual mileage 2/

For production from wells connected on or after January 1, 1982:

- 10.25¢ per Dth per 100 miles of offshore transportation prorated to the actual mileage offshore, plus
- 3.1¢ per Dth per 100 miles of onshore transportation prorated to the actual mileage onshore

Liquids  
-----

For production from wells connected on or before December 31, 1981:

- 55.0¢ per barrel
- 11.0¢ per barrel for service of 20 miles or less from receipt point to removal point

For production from wells connected on or after January 1, 1982:

- \$1.025 per barrel if any part of the service is offshore
- 31.0¢ per barrel if the service is onshore
- 20% of the applicable offshore or onshore rate for service of 20 miles or less from receipt point to removal point

Fuel Retention:

Forward Haul & Intrazone Fuel, Used & Unaccounted For	1.22%
Backhaul Fuel, Used & Unaccounted For	.16%

1/ Surcharges applicable to Transportation Rates for Liquids and Liquefiabiles.

ACA Surcharge:

See Section 28 of the General Terms and Conditions.

2/ Based on a Btu content of 1,000 Btu per cubic foot.

3/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP09-427 applicable to all Supporting and Non-Opposing Parties as defined in the Settlement. Such rates shall remain in effect until superseded by new rates placed into effect consistent with the provisions of the Docket No. RP09-427 Settlement.

<u>Shipper</u>	<u>Contract #</u>	<u>Volume (Dth)</u>	<u>Primary Term End Date</u>	<u>Receipt/Delivery Pt.</u>	<u>Negotiated Rate/Formula</u>
<u>FT Service</u>					
Shell Energy North America	461600-MFTSNG	119,244	4/30/2027	SLNG to FGT Jacksonville	Reservation Charge (Packages 461628 and 461629) \$12.77 Dth per month X MDDQ and Applicable Transportation Charges per dth listed below, In-Kind Fuel % and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time, provided that, the fuel rate for transportation on the Cypress Pipeline shall be the lesser of (a) tariff rate or (b) 1% or (c) the lowest fuel rate charged any other shipper for transportation on the Cypress Pipeline. In the event of a rate impact affecting revenues by \$12,000,000 or more, the Reservation Charge and/or the Transportation Charge could be adjusted depending on circumstances and causes of rate impact. Shipper shall not pay Company's Downstream Delivery Charge since receipt volumes originate in Zone 3. If a rate design change causes Shipper to lose its ability to deliver gas in upstream zones, reservation charge may be adjusted depending on rate impact of such deliveries.
	461600-MFTSNG	116,000	4/30/2028	SLNG to FGT Jacksonville	

#### Transportation Charges (per Dth)

<u>Receipt Zone</u>	<u>Delivery Zone</u>			
	<u>Zone 0</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
Zone 0	0.5¢	0.7¢	2.1¢	2.9¢
Zone 1	0.5¢	0.2¢	1.6¢	2.4¢
Zone 2	0.5¢	0.2¢	1.4¢	2.2¢
Zone 3	0.5¢	0.2¢	1.4¢	0.9¢

Duke Energy Florida Inc.	489186-MFTSNG	100,756 (May-Sept.) 50,378 (Oct.-Apr.)	4/30/2027	SLNG to FGT Jacksonville	Reservation Charge (Package 451201) \$10.79 Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Municipal Gas Authority of Georgia	452078-MFTSNG	3,350	12/17/2025	TGP Rose Hill to Camilla Area & Douglas & Fitzgerald & Sylvester & Tifton Area	Reservation Charge (Package 456295) \$11.37/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.

Municipal Gas Authority of Georgia	452078-MFTSNG	1,746	11/30/2026	TGP Rose Hill to Perry # 2 & Moultrie Area & Thomasville Area & Byron #2	Reservation Charge (Packages 460737 and 460739) \$11.37/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Atlanta Gas Light Company	460673-MFTESNG	35,000	11/30/2026	EEC Transco Zone 4 & Zone 5 to SNG AGL Augusta Area & Savannah South Area	Reservation Charge (Package 460674) \$13.688 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.
Atlanta Gas Light Company	460675-MFTESNG	5,000	11/30/2026	EEC Transco Zone 4 & Zone 5 to SNG AGL Richmond Hill	Reservation Charge (Package 460676) \$13.688 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.
BASF Corporation	460686-MFTESNG	8,933	11/30/2026	EEC Transco Zone 4 & Zone 5 to SNG BASF Attapulgas & SNG AGL Macon Milledgeville #2 & SNG AGL Savannah South Area	Reservation Charge (Package 460687) \$13.688 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.

International Paper Company	460696-MFTESNG	15,000	11/30/2026	EEC Transco Zone 4 to SNG International Paper Savannah	Reservation Charge (Package 460708) \$14.60 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.
Sylvamo North America LLC	482164-MFTESNG	15,800	11/30/2026	EEC Transco Zone 4 to SNG DCGT Aiken	Reservation Charge (Package 482183) \$14.60 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.
JEA	460711-MFTESNG	55,000	11/30/2031	EEC Transco Zone 5 to SNG Seacoast Cypress	Reservation Charge (Package 460712) \$17.033 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder.
Municipal Gas Authority of Georgia	460695-MFTESNG	1,532	11/30/2026	EEC Transco Zone 5 to SNG Warner Robins # 2 & Byron #2	Reservation Charge (Package 460704) \$13.688 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.

Municipal Gas Authority of Georgia	460695-MFTESNG	2,042	11/30/2026	EEC Transco Zone 5 to Millen Area & Byron #2	Reservation Charge (Package 460706) \$14.60 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.
PCS Nitrogen Fertilizer, L.P.	460694-MFTESNG	6,637	11/30/2026	EEC Transco Zone 5 to PCS	Reservation Charge (Package 460701) \$13.688 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.
Peoples Gas System	460713-MFTESNG	50,000	11/30/2036	EEC Transco Zone 4 & Zone 5 to SNG Seacoast Cypress & SNG Peoples Trumbower	Reservation Charge (Package 460715) \$17.033 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder.
Rayonier Performance Fibers, LLC	460693-MFTESNG	12,763	11/30/2026	EEC Transco Zone 4 & Zone 5 to SNG AGL Brunswick Line Area	Reservation Charge (Package 460698) \$13.688 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release. In the event Shipper is required to change the location of its firm delivery point subsequent to a FERC order authorizing the abandonment of the October 31, 2009 lease agreement between SNG and Magnolia Enterprise Holdings and such change in delivery point results in Shipper having to incur an additional monthly transportation charge on Atlanta Gas Light



Company's system downstream of the new delivery point, then SNG will agree to lower the Negotiated Reservation Charge by an amount equal to the lesser of (a.) the additional monthly transportation charge or (b.) \$1.52 per month.					
Southern Company Services, Inc.	460716-MFTESNG	25,000	03/31/2031	EEC Transco Zone 4 to SNG Plant McDonough	Reservation Charge (Package 460717) \$11.37 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release. Transportation Charge for Zone 3 to Zone 3 transactions shall not exceed \$0.032/Dth.
International Paper Company	462884-MFTESNG	2,144	11/30/2026	EEC Transco Zone 4 & Zone 5 to IPC/SNG Pt Wentworth Chatham	Reservation Charge (Package 462880) \$13.688 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.
UPS Fuel Services, Inc.	467624-MFTSNG	2,100	12/16/2033	Transco Fayette County Ga to UPS/SNG Sandy Creek Int	Reservation Charge (Package 467628) \$12.60/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Interconn Resources, L.L.C.	451685-MFTSNG	500	12/16/2033	Transco Fayette County Ga to Gvile FB/SNG Aiken	Reservation Charge (Package 467627) \$11.65/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Kimberly-Clark Corporation	451838-MFTSNG	3,100	12/16/2028	Transco Fayette County Ga to Kim-Clrk/SNG Aiken	Reservation Charge (Package 467678) \$11.26/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.

Southern Company Services, Inc.	452716-MFTSNG	5,000	03/31/2025	Southxpl/Duncanville to Plant Miller	Reservation Charge (Package 471059) \$8.50/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time effective February 1, 2019 through August 31, 2019. Reservation Charge (Package 471059) \$7.90/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time effective September 1, 2019 through March 31, 2025.
Southern Company Services, Inc.	452716-MFTSNG	8,100	10/31/2031	TGP/SNG Rose Hill Miss Clarke to Spireal/SNG Montgomery Area Elmore	Reservation Charge (Package 490700) \$7.90/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Spire Alabama Inc.	476347-MFTSNG	1,754	8/31/2028	Transco Fairburn to SPIREAL/SNG ANNISTON AREA CALHOUN	Reservation Charge (Package 481711) \$7.90/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Dalton Utilities	477158-MFTSNG	5,000	9/30/2036	Transco/SNG Fairburn to SNG Fayette & Dalton/SNG Dalton Area Whitfield	Reservation Charge (Package 477157) \$20.38/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Spire Alabama Inc.	450292-MFTSNG	13,900	10/31/2031	TGP/SNG Rose Hill Miss Clarke to SpireAL/SNG Montgomery Area Elmore	Reservation Charge (Package 480253) \$7.90/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
KaMin LLC	485781-MFTESNG	5,198	11/30/2026	EEC Transco Zone 4 & Zone 5 to SNG AGL Macon Milledgeville #2	Reservation Charge (Package 486368) \$13.688 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder. To the extent Shipper releases its capacity at a reservation rate higher than the Negotiated Reservation Charge, SNG shall only be required to credit Shipper with one-half of the reservation charge revenues that are in excess of the Negotiated Reservation Charge paid by Shipper to SNG at the time of the release.
City of Douglas	451168-MFTSNG	500	10/31/2032	TGP/SNG Rose Hill Miss Clark to Douglas/SNG	Reservation Charge (Package 481245) \$10.46/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all

other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.					
Southeast Alabama Gas District	452702-MFTSNG	3,000	10/31/2032	TGP/SNG Rose Hill Miss Clark to SEAG/SNG Southeast AL Gas Area	Reservation Charge (Package 481257) \$7.90/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Spire Alabama Inc.	450292-MFTSNG	25,000	11/30/2034	BBT ALTN/SNG AlaTenn Limestone to SpireAL/SNG Bessemer Calera Area PO	Reservation Charge (Package 482182 and 481709) \$8.10/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Georgia-Pacific LLC	483975-MFTSNG	8,714	12/31/2027	FGT/SNG Suwannee to GAPAC-CS/SNG	Reservation Charge (Package 483992) \$10.68/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Texican Natural Gas Company	462665-MFTESNG	6,100	09/30/2049	EEC Transco Zone 4 & Zone 5 to CarGas/SNG Aiken	Reservation Charge (Package 491606) \$20.3792 Dth per month X MDDQ and all other applicable charges, surcharges and fuel as set forth in Company's FERC Gas Tariff for firm transportation service and will include the applicable fuel paid by SNG to Elba Express Company, L.L.C. in order to provide the FT Service hereunder.
Texican Natural Gas Company	453033-MFTSNG	100	09/30/2025	SLNG/SNG Chatham to Kraton/SNG Chatham	Reservation Charge (Package 491607) \$10.46/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.
Spire Alabama Inc.	450292-MFTSNG	33,180	1/31/2035	SpireAL/SNG Roebuck Rec Jefferson to SpireAL/SNG Bessemer Calera Area PO & SpireAL/SNG Alabaster #3 Shelby	Reservation Charge (Package 498922) \$9.24/Dth per month X MDDQ and Applicable Transportation Charge, In-Kind Fuel and all other applicable charges set forth in Section 2.1.1, as amended by FERC Order from time to time.

Non-Conforming Service Agreements

<u>Shipper</u>	<u>Contract #</u>	<u>Date</u>	<u>Tariff Provision</u>
Albany Utility Board	450334-FTSNG	10-01-05	Section 20 GT&C
Atlanta Gas Light Company	450412-FTSNG	10-01-04	Section 20 GT&C
La Grange, City of	451864-FTSNG	10-01-05	Section 20 GT&C
Atlanta Gas Light Company	460021-MFTSNG	11-01-09	Section 4.1 Form of FT

RESERVED FOR FUTURE USE

RATES  
RATE SCHEDULE PAL

	<u>Maximum Commodity Rate</u> <u>Per Dekatherm, Per Day</u>	<u>Minimum Commodity Rate</u> <u>Per Dekatherm, Per Day</u>
Daily Rate	\$0.3439	\$0.0000
	<u>Maximum Reservation Rate</u> <u>Per Dekatherm</u>	<u>Minimum Reservation Rate</u> <u>Per Dekatherm</u>
Term Rate	\$0.3439	\$0.0000

RATE SCHEDULES

FT  
FT-NN  
IT  
CSS  
ISS  
PAL

RATE SCHEDULE FT  
Firm Transportation Service

1. AVAILABILITY

- (a) This Rate Schedule is available to any party ("SHIPPER") that requests transportation of natural gas on a firm basis from Southern Natural Gas Company ("COMPANY") when:
- (i) COMPANY has sufficient capacity and is able to provide said transportation;
  - (ii) SHIPPER has complied with the requirements of Section 2 of the General Terms and Conditions applicable hereto; and
  - (iii) SHIPPER and COMPANY have executed a Firm Transportation Service Agreement ("FT Agreement") for service under this Rate Schedule.

SHIPPER may combine packages of capacity, including capacity acquired under Section 22 of the General Terms and Conditions, under a master FT Agreement and the Exhibit "B" to said FT Agreement shall state the term, quantity, and Delivery Points associated with each package of capacity; and, if applicable, the months such quantities are available to SHIPPER. However, COMPANY may request that a package of capacity be contracted under a separate FT Agreement if needed to accurately track, schedule or bill such package of capacity.

SHIPPER may also designate a party to act as agent for multiple shippers under any FT Agreement provided the following conditions have been met:

- A. SHIPPERS demonstrate to COMPANY that they collectively meet the "shipper must have title" requirement set forth in Section 2.1(a)(viii) of the General Terms and Conditions hereunder;
  - B. SHIPPERS provide COMPANY with written notice to COMPANY pursuant to Section 24 of the General Terms and Conditions that the agent is authorized to act on their behalf and that each SHIPPER is jointly and severally liable for all of the obligations of SHIPPER under the FT Agreement; and
  - C. SHIPPERS recognize and agree that they shall be treated collectively as one SHIPPER for nomination, allocation and billing purposes.
- (b) COMPANY shall not be obligated to construct, modify, or acquire facilities to perform transportation services under this Rate Schedule except that COMPANY shall construct and install facilities necessary to deliver gas directly to an end user if SHIPPER meets the requirements set out in Section 36 of the General Terms and Conditions. In the event that COMPANY determines that it will construct facilities that will result in the expansion of its pipeline system, COMPANY shall offer the proposed expansion capacity to all shippers on a non-discriminatory basis.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to firm transportation service rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's ("Commission") Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule.

Service hereunder shall consist of the receipt, transportation and delivery of gas as set forth below.



- (b) The receipt of gas for transportation services performed under this Rate Schedule shall be:
  - (i) on a firm basis for those Receipt Points specified on Exhibit A to the Service Agreement and shall not be subject to limitation or interruption, except as provided in Sections 8.3, 15.3, and 16 of the General Terms and Conditions;
  - (ii) on a preferred interruptible basis for those Receipt Points specified on Exhibit A-1 to the Service Agreement and shall be subject, in COMPANY'S reasonable judgment, to the availability of excess capacity in COMPANY'S pipeline facilities and to the operating conditions and system requirements of COMPANY and as provided in Sections 8.3, 12.3(b), and 16 of the General Terms and Conditions. Receipt of gas under this Rate Schedule at the Exhibit A-1 Receipt Points shall have a priority over the receipt of gas for COMPANY'S interruptible services and shall have a priority subordinate to the receipt of gas at Receipt Points specified on Exhibit A to the Service Agreements under this Rate Schedule and Rate Schedule FT-NN and other firm transportation services. Receipt of gas pursuant to a Service Agreement under this Rate Schedule at Exhibit A-1 Receipt Points in the Service Agreement's Primary Path shall have a priority over the receipt of gas at Exhibit A-1 Receipt Points outside of the Service Agreement's Primary Path; and
  - (iii) on an interruptible basis if nominated by Shipper as Authorized Overrun subject to the provisions in Sections 8.3, 12.3 (b), and 16 of the General Terms and Conditions.
- (c) The transportation of the gas received by COMPANY for SHIPPER'S account under this Rate Schedule and the delivery of such gas to the Delivery Points shall be:
- (d) on a firm basis along the Primary Path for those Delivery Points specified on Exhibit B to the Service Agreement and shall not be subject to limitation or interruption, except as provided in Sections 8.3, 12.3(b), 15.3, and 16 of the General Terms and Conditions. Firm transportation services under this Rate Schedule shall have a comparable priority with firm transportation under Rate Schedule FT-NN and other firm transportation services and shall have priority over all of COMPANY'S interruptible services.

on a preferred interruptible basis for those Delivery Points specified on Exhibit B-1 to the Service Agreement and shall be subject, in COMPANY'S reasonable judgment, to the availability of excess capacity in COMPANY'S pipeline facilities and to the operating conditions and system requirements of COMPANY and as provided in Sections 8.3, 12.3(b), and 16 of the General Terms and Conditions. Delivery of gas under this Rate Schedule at Exhibit B-1 Delivery Points shall be on a preferred interruptible basis and shall have a priority over the delivery of gas for COMPANY'S interruptible services and a priority subordinate to the delivery of gas at the Delivery Points specified on Exhibit B to the Service Agreements under this Rate Schedule and Rate Schedule FT-NN and deliveries under other firm transportation services. Delivery of gas pursuant to a Service Agreement under this Rate Schedule at Exhibit B-1 Delivery Points in the Service Agreement's Primary Path shall have a priority over the delivery of gas at Exhibit B-1 Delivery Points outside of the Service Agreement's Primary Path; and

  - (i) on an interruptible basis if nominated by Shipper as Authorized Overrun subject to the provisions of Sections 8.3, 12.3(b), and 16 of the General Terms and Conditions.
- (e) Transportation service provided under this Rate Schedule shall be limited to SHIPPER'S Transportation Demand specified in the Service Agreement, subject to the provisions of Section 22 of the General Terms and Conditions applicable hereto, unless SHIPPER nominates and

COMPANY schedules Authorized Overrun under SHIPPER's firm Service Agreement. SHIPPER shall pay the Authorized Overrun Charge in Section 3(c) of this Rate Schedule for each Dth of Authorized Overrun gas allocated within a rate zone to SHIPPER'S Service Agreement on any day pursuant to the provisions of Section 13 of the General Terms and Conditions. Subject to the segmentation provisions set forth in Section 12.1(l)(3) of the General Terms and Conditions and the provisions for nominating and scheduling Authorized Overrun in the preceding sentence, it is provided that, if Unauthorized Overrun gas within a rate zone is allocated to SHIPPER'S Service Agreement under this Rate Schedule on any day pursuant to the allocation procedures set out in Section 13 of the General Terms and Conditions, SHIPPER shall pay the Unauthorized Overrun Charge in Section 3(c) of this Rate Schedule for each Dth of Unauthorized Overrun gas plus applicable penalties under Section 41 of the General Terms and Conditions of this Tariff.

### 3. RATES AND CHARGES

- (a) Unless SHIPPER is eligible for the volumetric rate election set forth in Section 3(b) below, SHIPPER shall pay COMPANY the sum of the following for transportation services rendered for SHIPPER each month under this Rate Schedule:

- (i) Reservation Charge: The applicable rate set forth in the currently effective Section 2.1 or 2.1.1 multiplied by the Transportation Demand (TD).

(A) Reservation Charge Credit:

- (1) In the event COMPANY is unable to make deliveries of the quantity of gas to which SHIPPER has firm entitlements on any day at primary Delivery Point(s) under this firm Rate Schedule, then the applicable Reservation Charge shall be credited to SHIPPER for such day, except as provided in Section 3(a)(i)(A)(1), 3(a)(i)(A)(2), 3(a)(i)(B), and 3(a)(i)(C) below. Such credit shall be applied to the lesser of (i) the applicable MDDQ; (ii) an average of the previous 7 day's daily quantities allocated to the primary firm service at the Delivery Point immediately preceding the service interruption, but not to include quantities outside of SHIPPER's entitlements or quantities in excess of SHIPPER's MDDQ; or (iii) such quantity as SHIPPER has nominated but COMPANY was not able to either schedule or deliver solely as a result of COMPANY's inability to make deliveries as provided above; provided, however, in the event SHIPPER has no nomination in place, then the credit shall be applied to the lesser of (i) or (ii). If, however, COMPANY's notice of a non-force majeure service interruption is not provided until after the Timely Nomination Cycle then the 7 day average criteria in (ii) above shall not apply. The applicable Reservation Charge shall not be credited (w) to the extent that the SHIPPER uses a secondary (B-1) Delivery Point instead of its primary (B) Delivery Point when COMPANY is unable to make deliveries at SHIPPER's primary Delivery Point; (x) to the extent deliveries cannot be made to a Delivery Point on a secondary (B-1) basis and deliveries can be made to SHIPPER's primary Delivery Point(s); (y) to the extent the affected firm MDDQ has been released under Section 22 of the General Terms and Conditions to Delivery Points other than the affected primary Delivery Point; and/or (z) to the extent there are

limitations at firm Receipt Points but COMPANY's ability to make deliveries at Shipper's primary Delivery Point(s) as provided above has not been limited. However, when such delivery point restriction does occur and SHIPPER nominates quantities on another pipeline as a result of such restriction, SHIPPER will not be required to re-nominate quantities that have already been determined to be restricted in a nomination cycle after the Timely Nomination Cycle to receive its applicable reservation charge credit for that Gas Day.

- (2) In the event all of SHIPPER'S primary Delivery Point(s) are interstate pipeline interconnection(s) or in the event SHIPPER's primary Receipt Point is the interconnection with Southern LNG at its Elba Island LNG terminal, then SHIPPER may elect, at the time the Service Agreement is executed, or, for existing contracts, at the time the Stipulation and Agreement in Docket No. RP04-523 becomes effective, for the reservation charge credit to apply at SHIPPER's primary Receipt Point(s) instead of its primary Delivery Point(s), in the event COMPANY is unable to receive at such Receipt Point(s) the quantity of gas to which SHIPPER has firm entitlements on any day. Such credit shall be applied to the lesser of (i) the applicable MDRQ; (ii) an average of the previous 7 day's daily quantities allocated to the primary firm service at the Receipt Point(s) immediately preceding the service interruption, but not to include quantities outside of SHIPPER's entitlements or quantities in excess of SHIPPER's MDRQ or (iii) such quantity as SHIPPER has nominated but COMPANY was not able to either schedule or receive solely as a result of COMPANY's inability to receive gas as provided above; provided, however, in the event SHIPPER has no nomination in place, then the credit shall be applied to the lesser of (i) or (ii). If, however, COMPANY's notice of a non-force majeure service interruption is not provided until after the Timely Nomination Cycle then the 7 day average criteria in (ii) above shall not apply. The applicable Reservation Charge shall not be credited (w) to the extent that the SHIPPER uses a secondary (A-1) Receipt Point or a Pool Location instead of its primary (A) Receipt Point when COMPANY is unable to receive gas from SHIPPER's primary Receipt Point; (x) to the extent gas cannot be received at a Receipt Point on a secondary (A-1) basis and receipts can be accepted at SHIPPER's primary firm Receipt Point(s); (y) to the extent the affected firm MDRQ has been released under Section 22 of the General Terms and Conditions to Receipt Points other than the affected primary Receipt Point; and/or (z) to the extent there are limitations at firm Delivery Points but COMPANY's ability to accept receipts at SHIPPER's primary Receipt Point(s) has not been limited. However, when such receipt point restriction does occur and SHIPPER nominates its restricted quantities on another pipeline as a result of such restriction, SHIPPER will not be required to re-nominate quantities that have already been determined to be restricted in a nomination cycle after the Timely Nomination Cycle to receive its applicable reservation charge credit for that Gas Day.

- (B) COMPANY shall not be obligated to credit the Reservation Charge when COMPANY'S failure to deliver gas to SHIPPER as provided above in (A)(1) results from (1) the conduct or operations of SHIPPER or the downstream point operator of the facilities at a primary firm Delivery Point including, but not limited to, damage or malfunction of the downstream point operator's facilities or the inability of the downstream point operator to receive gas at SHIPPER's contract delivery pressure or COMPANY's mainline pressure; (2) such failure occurring within the earlier of (x) ten (10) days following a force majeure event as set forth in Section 8.3 of the General Terms and Conditions herein; or (y) the date COMPANY should have, in the exercise of due diligence, overcome the force majeure event, if earlier than the period set forth above in (x); or (3) the conduct or operations of SHIPPER or the upstream point operator of the facilities at a primary firm Receipt Point including, but not limited to, damage or malfunction of the upstream point operator's facilities or the inability of the upstream point operator to deliver gas at COMPANY's mainline pressure; provided, however, that in the event of damage or malfunction of the point operator's facilities in (1) or (3) above where COMPANY's facilities also incurred damage and are inoperable, a credit shall apply under the terms hereof, except for the period provided in (2) above, until such time that COMPANY's facilities are ready to be placed back in service.
- (C) In the case of the election pursuant to Section 3(a)(i)(A)(2), COMPANY shall not be obligated to credit the Reservation Charge when COMPANY'S failure to receive gas from SHIPPER as provided above in (A)(2) results from (1) the conduct or operations of SHIPPER or the upstream point operator of the facilities at a primary firm Receipt Point including, but not limited to, damage or malfunction of the upstream point operator's facilities or the inability of the upstream point operator to deliver gas at COMPANY's mainline pressure; provided, however, that in the event of damage or malfunction of the upstream point operator's facilities in this subparagraph (C)(1) where COMPANY's facilities also incurred damage and are inoperable, a credit shall apply under the terms hereof, except for the period provided in subparagraph (C)(2) below, until such time that COMPANY's facilities are ready to be placed back in service; or (2) such failure occurring within the earlier of (x) ten (10) days following a force majeure event as set forth in Section 8.3 of the General Terms and Conditions herein; or (y) the date COMPANY should have, in the exercise of due diligence, overcome the force majeure event, if earlier than the period set forth above in (x).
- (ii) Transportation Charge: Except as provided in Section 3(a)(iii) below, the applicable rate set forth in the currently effective Section 2.1 or 2.1.1 multiplied by the daily quantities of gas delivered for SHIPPER'S account up to SHIPPER'S Transportation Demand in effect each day. This charge shall apply both to (A) deliveries made hereunder for injection into a storage account under Rate Schedule CSS or ISS, with the delivery deemed to have been made in the production area rate zone, and (B) the transportation of gas from said storage account(s), with said withdrawal/receipt deemed to have occurred in rate zone 1. For transportation of gas on a backhaul basis, a backhaul transportation charge, as shown in the above referenced rate sections shall apply. These transportation charges shall be applied to the daily deliveries pursuant to the method set forth in Section 13.7 of the General Terms and Conditions.
- (iii) Downstream Delivery Charge: If gas is delivered for SHIPPER'S account to an Exhibit B-1 Delivery Point in a zone downstream of the zone of SHIPPER'S Exhibit B Delivery Points under its FT Service Agreement, SHIPPER shall pay the sum of (A) the Transportation Charge in Section 2.1 or 2.1.1 to the zone of SHIPPER'S Exhibit B Delivery Points and (B) the maximum Transportation Charge under Rate Schedule IT from SHIPPER'S Exhibit B delivery zone to the zone of the downstream Delivery Point, multiplied times the

quantities delivered to the downstream Delivery Point within SHIPPER'S Transportation Demand. These rates shall be applied to the daily deliveries pursuant to the method set forth in Section 13.7 of the General Terms and Conditions.

- (b) Each SHIPPER that qualifies to pay a volumetric transportation rate (Small Shipper Charge) for services under this Rate Schedule as of March 1, 2000 and which the total Transportation Demand among all of its FT and FT-NN Service Agreements, including firm transportation capacity acquired by capacity release, equals 10,000 Dth or less ("**Eligible Small Shipper**"), will pay the rates set forth in Section 3(c) below.

Any Eligible Small Shipper that did not elect to convert to two-part firm transportation service by the Election Deadline established in COMPANY'S Order No. 636 restructuring proceeding ("Election Deadline") may have a firm transportation agreement with COMPANY subject to the Small Shipper Charge, and such Small Shipper agreement shall contain the following seasonal firm contract quantities. For the months of November - March, the Transportation Demand shall be the same as SHIPPER'S Transportation Demand as of March 1, 2000. For the months of April - October, the Transportation Demand shall be reduced to no greater than the highest peak day delivery for each month under the Small Shipper agreement, including deliveries to storage, computed over the prior three years, unless Southern Natural agrees otherwise. Any Small Shipper that no longer qualifies for Small Shipper status once the total of their Transportation Demands exceeds 10,000 Dth, including any transportation capacity acquired by capacity release, shall execute a new two-part rate firm transportation Service Agreement with COMPANY replacing the Small System Service Agreement subject to the rates and charges set forth in Section 3(a) above, and such service agreement shall contain the same seasonal firm contract quantities as previously set forth in the Service Agreement that related to the Small Shipper Charges. If a Small Shipper turns back any firm contract quantities under a Small Shipper Service Agreement the capacity shall automatically convert to a two-part service for any new SHIPPER acquiring the capacity.

- (c) If SHIPPER qualifies to pay a volumetric transportation rate under Section 3(b) above, SHIPPER shall pay COMPANY the following for transportation services rendered for SHIPPER each month under this Rate Schedule:
- (i) Small Shipper Charge: The applicable rate set forth in the currently effective Section 2.1 or 2.1.1 multiplied by the quantities of gas delivered for SHIPPER'S account each day during the month up to the SHIPPER'S total Transportation Demand. For transportation of gas on a backhaul basis, a backhaul transportation charge, as shown in the above referenced rate sections shall apply. These charges shall not apply to deliveries made hereunder for injection into a storage account under Rate Schedule CSS or ISS, but it shall be charged on the transportation of gas from said account(s).
  - (ii) Downstream Delivery Charge: If gas is delivered for SHIPPER'S account to an Exhibit B-1 Delivery Point in a zone downstream of the zone of SHIPPER'S Exhibit B Delivery Points, SHIPPER shall pay, in addition to the Small Shipper Charge for the zone of SHIPPER'S Exhibit B Delivery Points, the maximum applicable Transportation Charge under Rate Schedule IT from SHIPPER'S Exhibit B delivery zone to the zone of the downstream Delivery Point multiplied times the quantities delivered to the downstream Delivery Point within SHIPPER'S Transportation Demand. This charge shall be applied to the daily deliveries pursuant to the method set forth in Section 13.7 of the General Terms and Conditions.
- (d) The rates which are stated in the currently effective Section 2.1 or 2.1.1 set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule unless COMPANY, in its reasonable judgment, offers to

discount its rate to SHIPPER under this Rate Schedule, or unless the parties have agreed to a Negotiated Rate under Section 34 of the General Terms and Conditions. Any discount or Negotiated Rate agreed to by COMPANY and the effective period of any such discount shall be stated on an executed Exhibit E or Exhibit F to the Service Agreement, respectively, and shall be made on a not unduly discriminatory basis. In the case of a discount, it shall be granted consistent with the applicable provisions of Section 42 of the General Terms and Conditions. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified in the currently effective Section 2.1 or 2.1.1.

- (e) In addition to the charges specified above, SHIPPER shall pay to COMPANY the following charges and such other charges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:
- (i) Authorized Overrun Charge: An amount obtained by multiplying (a) the quantity of gas scheduled for delivery in excess of the SHIPPER'S firm Transportation Demand, by (b) the applicable rate set forth in the currently effective Rate Section 2.3 or 2.3.1 for the scheduled zones of receipt and delivery.
  - (ii) ACA charge: An Annual Charge Adjustment charge as prescribed by Section 28 of the General Terms and Conditions of COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1, as said charge may be changed from time to time. The ACA charge shall not be assessed, however, on deliveries to a SHIPPER'S Rate Schedule CSS or ISS storage account.
  - (iii) SCRM surcharge: A Storage Cost Reconciliation Mechanism Surcharge as prescribed by Section 14.2 of the General Terms and Conditions of COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1, as said charge may be changed from time to time. The SCRM surcharge shall be applied as either a credit or a debit to the Transportation Volumes as defined in Section 14.2.
  - (iv) Filing fees: Any and all filing or other fees required in connection with transportation under this Rate Schedule that COMPANY is obligated to pay to the Commission or to any other governmental authority having jurisdiction. SHIPPER shall pay COMPANY for such fees within ten (10) days of receipt of COMPANY'S invoice detailing the amount of such filing fees.
  - (v) Facilities: All costs, including reasonable overheads, actually incurred by COMPANY in the construction and installation, modification, and/or acquisition of facilities for the receipt, measurement, or transportation of gas for SHIPPER'S account which SHIPPER requests and COMPANY, in its reasonable discretion, agrees to construct, install, modify, and/or acquire including acquisition of any interests in real estate and permits associated with the facilities.
  - (vi) Fuel charge: A percentage of the quantity of gas delivered by SHIPPER for transportation and accepted by COMPANY at the Receipt Point(s) as gas which shall be deemed to have been used as compressor fuel, company-use gas, and unaccounted-for gas. The percentage of the quantity of gas retained by COMPANY for such purposes shall be set forth in the currently effective Section 2.1 or 2.1.1 and shall be made effective only at the beginning of a month. These fuel retention percentages are updated semi-annually as set forth in Section 35 of the General Terms and Conditions of COMPANY'S Tariff. On the first day of the month following the effective date of COMPANY'S

Stipulation and Agreement filed in Docket Nos. RP89-224, et al., COMPANY shall commence retaining fuel for deliveries into and receipts from COMPANY'S storage fields as follows. On the delivery of gas for injection into storage under Rate Schedules CSS or ISS, COMPANY shall retain the fuel applicable to production area deliveries. On the receipt of gas from storage for subsequent delivery, COMPANY shall retain the fuel at the rate applicable to the zone of delivery minus the rate applicable to production area deliveries previously tendered by SHIPPER, but not less than zero. COMPANY shall not retain fuel on receipts from Receipt Points that are not connected to COMPANY's contiguous pipeline system shown in Section 2.0 ("Offsystem Points").

- (vii) Unauthorized Overrun Charge: An amount obtained by multiplying (a) the quantity of gas taken by SHIPPER that is not scheduled and is in excess of the SHIPPER'S firm Transportation Demand, by (b) the maximum recourse transportation charge from the Production Area rate zone to the applicable zone of delivery under Rate Section 2.3 or 2.3.1.

#### 4. SIMULTANEOUS RECEIPT AND DELIVERY OF GAS

- (a) Although services under this Rate Schedule will be provided on the basis that gas will be received and delivered by COMPANY on a simultaneous basis, COMPANY'S obligation under this Rate Schedule to deliver gas to or for the account of SHIPPER on any day of transportation is limited to making available at the Delivery Point(s) a thermally equivalent quantity of gas (less gas retained for compressor fuel, company-use gas, and unaccounted-for gas) to the quantity of gas tendered by or for the account of SHIPPER at the Receipt Point(s). SHIPPER'S right under this Rate Schedule to take gas at a Delivery Point on a day of transportation is limited to taking a thermally equivalent quantity of gas (less gas retained for compressor fuel, company-use gas, and unaccounted-for gas) to the quantity of gas tendered by or for the account of SHIPPER at the Receipt Point(s).
- (b) It is recognized that because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by COMPANY for transportation under this Rate Schedule and the daily quantities of gas delivered by COMPANY. SHIPPER shall use every reasonable effort to ensure that receipts and deliveries remain in balance on both a daily and monthly basis.

#### 5. TRANSPORTATION OF LIQUIDS AND LIQUEFIABLES

- (a) Liquids: Any party with the ownership interest to liquids, as defined in the General Terms and Conditions, separated prior to measurement at the Receipt Point(s) may request that such liquids be delivered to COMPANY for transportation by injection of such liquids into COMPANY'S system immediately downstream from said measurement, and COMPANY may, in its reasonable discretion, agree to accept the liquids for transportation. Notify COMPANY by 5:00 p.m. CCT at least four (4) calendar days prior to the month when the transportation of liquids is requested to commence, and submit the information required in Section 5(b) below (and shall give COMPANY four (4) calendar days' written notice of any change to this information). In the event SHIPPER injects, or causes to be injected, liquids into COMPANY'S system, SHIPPER shall cause the removal of such liquids from the gas delivered into COMPANY'S system at liquid removal facilities installed and operated by the owners of such liquids or their agents at a mutually agreeable point on COMPANY'S onshore pipeline facilities and subject to

mutually agreeable accounting procedures. SHIPPER and COMPANY shall execute a separate Service Agreement for the transportation of said liquids.

- (b) Liquefiabiles: For quantities of gas which are received at a Receipt Point from which the gas enters into a stream of gas which is processed at a processing facility on COMPANY'S pipeline system for the removal of liquefiabiles, as defined in the General Terms and Conditions, the party with the right to process the ownership interest therein ("SHIPPER") may elect to process such gas for its account subject to the further provisions hereof. SHIPPER shall notify COMPANY by 5:00 p.m. CCT at least four (4) calendar days prior to the beginning of the month if the liquefiabiles are to be processed for the account of SHIPPER and shall give COMPANY four (4) calendar days written notice of any change to this election prior to the beginning of the month for which the change is to be effective. COMPANY may extend the election deadline on a nondiscriminatory basis in the event (1) SHIPPER brings on a new source of production at or behind a receipt point during the production month or (2) has a change in interest ownership or liquefiabiles marketing rights, and such election is made prior to the Intraday 2 nomination deadline for the first day of the production month for which the election applies. In its notice SHIPPER shall specify its Liquefiabiles Transportation Agreement (by contract number), the Receipt Point code and source of the subject gas, the working interest owner of the gas, the duration of the election, the Delivery Point code of the processing plant to which the gas is to be delivered and verification that all processing arrangements are in place if the election is to process. In the event SHIPPER fails to make an election and the liquefiabiles are not being processed under a direct processing arrangement with the processing plant, COMPANY shall be authorized to act as SHIPPER'S agent in arranging said processing and, at COMPANY'S election, either (i) assess to SHIPPER its allocated share of plant volume reduction and credit SHIPPER with its allocated share of revenues received by COMPANY for said liquefiabiles, or (ii) replace the allocated share of plant volume reduction in Dth. Such processing arrangements may have a lower processing priority with the processing plant than might be available to SHIPPER by contracting directly with the processing plant for the processing of its gas.

The gas remaining after processing shall be returned to COMPANY'S pipeline at a mutually agreeable point downstream from the processing plant. Such processing shall not cause the gas to fail to meet the quality specifications set forth in the General Terms and Conditions.

SHIPPER shall tender a request for transportation of liquefiabiles pursuant to the provisions of Section 2 of the General Terms and Conditions. Upon submission of a valid request for service, SHIPPER and COMPANY shall execute a separate Liquefiabiles Transportation Agreement in the form set forth in COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1.

## 6. FACILITIES

In order for COMPANY to receive, measure, transport, and/or deliver the gas to be transported under this Rate Schedule, it may become necessary for COMPANY to install facilities or to modify existing facilities at or near a Receipt Point or Delivery Point ("Interconnection Facilities"). Interconnection Facilities consist of the facilities at the physical interconnection between the facilities of COMPANY and the facilities of the upstream or downstream facility owner. Should SHIPPER request the installation or modification of said facilities and agree to reimburse COMPANY for the entire cost to COMPANY thereof, COMPANY will construct and install, or cause to be constructed and installed, or will modify, or cause to be modified, Interconnection Facilities; provided that,



- (i) the proposed Interconnection Facilities do not adversely affect Southern's operations;
- (ii) the proposed Interconnection Facilities and the associated transportation service to or from the interconnection do not diminish service to any of Southern's shippers;
- (iii) the proposed Interconnection Facilities do not cause Southern to violate or be in violation of any applicable environmental or safety laws, permits or regulations; and/or
- (iv) the proposed Interconnection Facilities do not conflict with or cause Southern to be in violation of its rights-of-way agreements or any other contractual obligation.

In the event SHIPPER does not agree to pay the costs of installing or modifying the Interconnection Facilities, COMPANY will construct or modify such facilities on a nondiscriminatory basis for similarly situated SHIPPERS if the construction or modification of such Interconnection Facilities is economically feasible and the conditions listed above in (i) -(iv) are met. Construction or modification is economically feasible if the proposed transportation service to be provided through the Interconnection Facilities is revenue positive to COMPANY. The proposed transportation service to be provided through said Interconnection Facilities will be deemed revenue positive if the transportation service produces a net revenue gain. The net revenue gain requirement will be met if

- (a) the total revenues generated over the term of SHIPPER's Service Agreement for the service provided through the new facilities exceed the cost of service of said facilities for the greater of
  - (i) ten years or
  - (ii) the term of SHIPPER's Service Agreement for the service provided through the new facilities and the SHIPPER extends the terms of its existing Service Agreement(s) with COMPANY for a period commensurate with that of its new Service Agreement; provided however, that
    - (1) SHIPPER does not have to extend the remaining term of an existing Service Agreement if said term already exceeds the term of its new Service Agreement, and
    - (2) if the net revenue gain requirement is met over a period less than the term of the new Service Agreement, SHIPPER need extend the term of its existing Service Agreement(s) only for a term commensurate with that shorter period; or
- (b) COMPANY determines that the construction of the facilities will avoid a significant reduction in revenue when comparing the cost of the construction to the projected amount of revenue which would be lost as a result of a SHIPPER's exercising a right to reduce its firm transportation quantity or as a result of a SHIPPER's failing to extend or renew its existing Service Agreement(s); or
- (c) the total costs of construction or modification of such facilities is less than the cost of replacing, repairing, or continuing to operate COMPANY's existing facilities.

As used in this provision, the term "cost of service," includes, but is not limited to:

- (1) a return on all costs associated with the construction of the facilities, including overhead and taxes;
- (2) incremental operating and maintenance expenses;
- (3) depreciation and amortization of expenses; and
- (4) incremental tax expenses.

It is understood and agreed that, if COMPANY pays for the cost of constructing the Interconnection Facilities, title to and ownership of said facilities shall remain in COMPANY, and COMPANY shall operate such facilities as part of its pipeline system. It is also understood and agreed that, if the requesting SHIPPER chooses to incur the costs of constructing the Interconnection Facilities, then COMPANY will build and operate at least the tap and SCADA portion of the facilities at the SHIPPER's expense with other portions of the constructed facilities to be built and operated by the requesting SHIPPER or on behalf of the requesting SHIPPER at the SHIPPER's expense. The Interconnection Facilities built and operated by the requesting SHIPPER or on behalf of the requesting SHIPPER shall be built and operated in accordance with COMPANY'S reasonable specifications and subject to COMPANY'S inspection at the requesting SHIPPER'S expense; provided, however, such inspection shall not include SHIPPER's facilities upstream or downstream of the Interconnection Facilities. COMPANY inspections of measuring equipment shall be performed consistent with Section 5 of the General Terms and Conditions.

Where COMPANY competes for transportation of gas under this Rate Schedule, conditions may be such that it is more favorable for SHIPPER to construct, own and operate certain facilities at or near a Receipt Point or Delivery Point. In such case, COMPANY may make a contribution in aid of construction ("CIAC") for such facilities. A CIAC made pursuant to this Section 6 shall not exceed an amount that would constitute an economically feasible investment for facilities constructed, owned, and operated by COMPANY. COMPANY shall make CIACs pursuant to this provision on a nondiscriminatory basis for similarly situated shippers.

## 7. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, including from and after their effective date any future modifications, additions, or deletions to said General Terms and Conditions, are applicable to the transportation services rendered under this Rate Schedule and, by this reference, are made a part hereof. If and to the extent the provisions of this Rate Schedule conflict with provisions of said General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

To the extent COMPANY and SHIPPER have executed one or more Service Agreements under this Rate Schedule that are in effect on the date COMPANY converts to its new Interactive Website on April 1, 2016, the firm contract quantities for each firm package of capacity under such Service Agreement(s) shall be deemed to be converted to an equivalent Dth derived by multiplying the firm contract TD, MDDQ and MDRQ in Mcf times 1.021 Dth/Mcf. COMPANY shall provide SHIPPER new contract numbers for each Service Agreement and each firm package of capacity prior to or on such conversion date via its Interactive Website, and will provide new paper copies of such converted contracts when requested by SHIPPER.

RATE SCHEDULE FT-NN  
Firm Transportation Service - No Notice

1. AVAILABILITY

- (a) This Rate Schedule is available to any party ("SHIPPER") that requests transportation of natural gas on a firm basis from Southern Natural Gas Company ("COMPANY") when:
- (i) COMPANY has sufficient capacity and is able to provide said transportation;
  - (ii) SHIPPER has elected to convert a portion of its bundled firm sales service from COMPANY to service under this Rate Schedule as of the effective date hereof;
  - (iii) SHIPPER has complied with the requirements of Section 2 of the General Terms and Conditions applicable to this Rate Schedule;
  - (iv) SHIPPER and COMPANY have executed a Service Agreement for service under Rate Schedule CSS providing for a Maximum Daily Withdrawal Quantity equal to or in excess of the Transportation Demand to be provided under this Rate Schedule; and
  - (v) SHIPPER and COMPANY have executed a Service Agreement ("FT-NN Agreement") for service under this Rate Schedule.

SHIPPER may combine packages of capacity, including capacity acquired under Section 22 of the General Terms and Conditions, under a master FT-NN Agreement and the Exhibit "B" to said FT-NN Agreement shall state the term, quantity, and Delivery Points associated with each package of capacity; and, if applicable, the months such quantities are available to SHIPPER. However, COMPANY may request that a package of capacity be contracted under a separate FT-NN Agreement if needed to accurately track, schedule or bill such package of capacity.

SHIPPER may also designate a party to act as agent for multiple shippers under any FT-NN Agreement provided the following conditions have been met:

- A. SHIPPERS demonstrate to COMPANY that they collectively meet the "shipper must have title" requirement set forth in Section 2.1(a)(viii) of the General Terms and Conditions hereunder;
  - B. SHIPPERS provide COMPANY with written notice to COMPANY pursuant to Section 24 of the General Terms and Conditions that the agent is authorized to act on their behalf and that each SHIPPER is jointly and severally liable for all of the obligations of SHIPPER under the FT-NN Agreement; and
  - C. SHIPPERS recognize and agree that they shall be treated collectively as one SHIPPER for nomination, allocation and billing purposes.
- (b) COMPANY shall not be obligated to construct, modify, or acquire facilities to perform transportation services under this Rate Schedule. In the event that COMPANY determines that it will construct facilities that will result in the expansion of its pipeline system, COMPANY shall offer the proposed expansion capacity to all Shippers on a non-discriminatory basis.
- (c) The right to obtain no-notice service under this Rate Schedule from COMPANY originally was a one-time election available only to COMPANY'S firm sales customers during the restructuring proceedings in COMPANY'S Docket No. RS92-10. COMPANY is not obligated to provide no-notice service under this Rate Schedule at any greater level than was established in total as a result of Docket No. RS92-10.

## 2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to no-notice firm transportation service rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's ("Commission") Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule. Service hereunder shall consist of the receipt, transportation and delivery of gas as set forth below.
- (b) The receipt of gas for transportation services performed under this Rate Schedule shall be:
  - (i) on a firm basis for those Receipt Points specified on Exhibit A to the Service Agreement and shall not be subject to limitation or interruption, except as provided in Sections 8.3, 15.3, and 16 of the General Terms and Conditions;
  - (ii) on a preferred interruptible basis for those Receipt Points specified on Exhibit A-1 to the Service Agreement and shall be subject, in COMPANY'S reasonable judgment, to the availability of excess capacity in COMPANY'S pipeline facilities and to the operating conditions and system requirements of COMPANY and as provided in Section 8.3, 12.3(b), and 16 of the General Terms and Conditions. Receipt of gas under this Rate Schedule at the Exhibit A-1 Receipt Points shall have a priority over the receipt of gas for COMPANY'S interruptible services and shall have a priority subordinate to the receipt of gas at Receipt Points specified on Exhibit A to the Service Agreements under this Rate Schedule and Rate Schedule FT and other firm transportation services. Receipt of gas pursuant to a Service Agreement under this Rate Schedule at Exhibit A-1 Receipt Points in the Service Agreement's Primary Path shall have a priority over the receipt of gas at Exhibit A-1 Receipt Points outside of the Service Agreement's Primary Path; and
  - (iii) on an interruptible basis if nominated by SHIPPER as Authorized Overrun subject to the provisions of Section 8.3, 12.3(b), and 16 of the General Terms and Conditions.
- (c) The transportation of the gas received by COMPANY for SHIPPER'S account under this Rate Schedule and the delivery of such gas to the Delivery Points shall be :
- (d) on a firm basis along the Primary Path for those Delivery Points specified on Exhibit B to the Service Agreement and shall not be subject to limitation or interruption, except as provided in Sections 8.3, 12.3(b), 15.3, and 16 of the General Terms and Conditions. Firm transportation services under this Rate Schedule shall have a comparable priority with firm transportation under Rate Schedule FT and other firm transportation services and shall have priority over all of COMPANY'S interruptible services.

on a preferred interruptible basis for Delivery Points specified on Exhibit B-1 to the Service Agreement and shall be subject, in COMPANY'S reasonable judgment, to the availability of excess capacity in COMPANY'S pipeline facilities and to the operating conditions and system requirements of COMPANY as provided in Sections 8.3, 12.3(b), and 16 of the General Terms and Conditions. Delivery of gas under this Rate Schedule at Exhibit B-1 Delivery Points shall be on a preferred interruptible basis and shall have a priority over the delivery of gas for COMPANY'S interruptible services and a priority subordinate to the delivery of gas at the Delivery Points specified on Exhibit B to the Service Agreements under this Rate Schedule and Rate Schedule FT and deliveries under other firm transportation services. Delivery of gas pursuant to a Service Agreement under this Rate Schedule at Exhibit B-1 Delivery Points in the Service Agreement's Primary Path shall have a priority over the delivery of gas at Exhibit B-1 Delivery Points outside of the Service Agreement's Primary Path; and

- (iii) on an interruptible basis if nominated by SHIPPER as Authorized Overrun subject to the provisions of Section 8.3, 12.3(b), and 16 of the General Terms and Conditions.
- (e) Transportation service provided under this Rate Schedule shall be limited to SHIPPER'S Transportation Demand specified in the Service Agreement, subject to the provisions of Section 22 of the General Terms and Conditions applicable hereto, unless SHIPPER nominates and COMPANY schedules Authorized Overrun under SHIPPER'S firm Service Agreement. SHIPPER shall pay the Authorized Overrun Charge in Section 3(c) of this Rate Schedule for each Dth of Authorized Overrun gas allocated within a rate zone to SHIPPER'S Service Agreement on any day pursuant to the provisions of Section 13 of the General Terms and Conditions. Subject to the segmentation provisions set forth in Section 12.1(l)(3) of the General Terms and Conditions and the provisions for nominating and scheduling Authorized Overrun in the preceding sentence, it is provided that, if Unauthorized Overrun gas within a rate zone is allocated to SHIPPER'S Service Agreement under this Rate Schedule on any day pursuant to the allocation procedures set out in Section 13 of the General Terms and Conditions, SHIPPER shall pay the Unauthorized Overrun Charge in Section 3(c) of this Rate Schedule for each Dth of Unauthorized Overrun gas plus applicable penalties under Section 41 of the General Terms and Conditions of this Tariff.

### 3. RATES AND CHARGES

- (a) Unless SHIPPER is eligible for the volumetric rate election set forth in Section 3(b) below, SHIPPER shall pay COMPANY the sum of the following for transportation services rendered for SHIPPER each month under this Rate Schedule:
  - (i) Reservation Charge: The applicable rate set forth in the currently effective Section 2.2 or 2.2.1 multiplied by the Transportation Demand.
  - (A) Reservation Charge Credit:
    - (1) In the event COMPANY is unable to make deliveries of the quantity of gas to which SHIPPER has firm entitlements on any day at primary Delivery Point(s) under this firm Rate Schedule, then the applicable Reservation Charge shall be credited to SHIPPER for such day, except as provided in Section 3(a)(i)(A)(1), 3(a)(i)(A)(2), 3(a)(i)(B), and 3(a)(i)(C) below. Such credit shall be applied to the lesser of (i) the applicable MDDQ; (ii) an average of the previous 7 day's daily quantities allocated to the primary firm service at the Delivery Point immediately preceding the service interruption, but not to include quantities outside of SHIPPER's entitlements or quantities in excess of SHIPPER's MDDQ; or (iii) such quantity as SHIPPER has nominated but COMPANY was not able to either schedule or deliver solely as a result of COMPANY's inability to make deliveries as provided above; provided, however, in the event SHIPPER has no nomination in place, then the credit shall be applied to the lesser of (i) or (ii). If, however, COMPANY's notice of a non-force majeure service interruption is not provided until after the Timely Nomination Cycle then the 7 day average criteria in (ii) above shall not apply. The applicable Reservation Charge shall not be credited (w) to the extent that the SHIPPER uses a secondary (B-1) Delivery Point instead of its primary (B) Delivery Point when COMPANY is unable to make deliveries at SHIPPER's primary Delivery Point; (x) to the extent deliveries cannot be made to a Delivery Point on a secondary (B-1) basis and deliveries

can be made to SHIPPER's primary Delivery Point(s); (y) to the extent the affected firm MDDQ has been released under Section 22 of the General Terms and Conditions to Delivery Points other than the affected primary Delivery Point; and/or (z) to the extent there are limitations at firm Receipt Points but COMPANY's ability to make deliveries at Shipper's primary Delivery Point(s) as provided above has not been limited. However, when such delivery point restriction does occur and SHIPPER nominates its restricted quantities on another pipeline as a result of such restriction, SHIPPER will not be required to re-nominate quantities that have already been determined to be restricted in a nomination cycle after the Timely Nomination Cycle to receive its applicable reservation charge credit for that Gas Day.

- (2) In the event all of SHIPPER'S primary Delivery Point(s) are interstate pipeline interconnection(s) or in the event SHIPPER's primary Receipt Point is the interconnection with Southern LNG at its Elba Island LNG terminal, then SHIPPER may elect, at the time the Service Agreement is executed, or, for existing contracts, at the time the Stipulation and Agreement in Docket No. RP04-523 becomes effective, for the reservation charge credit to apply at SHIPPER's primary Receipt Point(s) instead of its primary Delivery Point(s), in the event COMPANY is unable to receive at such Receipt Point(s) the quantity of gas to which SHIPPER has firm entitlements on any day. Such credit shall be applied to the lesser of (i) the applicable MDRQ; (ii) an average of the previous 7 day's daily quantities allocated to the primary firm service at the Receipt Point(s) immediately preceding the service interruption, but not to include quantities outside of SHIPPER's entitlements or quantities in excess of SHIPPER's MDRQ or (iii) such quantity as SHIPPER has nominated but COMPANY was not able to either schedule or receive solely as a result of COMPANY's inability to receive gas as provided above; provided, however, in the event SHIPPER has no nomination in place, then the credit shall be applied to the lesser of (i) or (ii). If, however, COMPANY's notice of a non-force majeure service interruption is not provided until after the Timely Nomination Cycle then the 7 day average criteria in (ii) above shall not apply. The applicable Reservation Charge shall not be credited (w) to the extent that the SHIPPER uses a secondary (A-1) Receipt Point or a Pool Location instead of its primary (A) Receipt Point when COMPANY is unable to receive gas from SHIPPER's primary Receipt Point; (x) to the extent gas cannot be received at a Receipt Point on a secondary (A-1) basis and receipts can be accepted at SHIPPER's primary firm Receipt Point(s); (y) to the extent the affected firm MDRQ has been released under Section 22 of the General Terms and Conditions to Receipt Points other than the affected primary Receipt Point; and/or (z) to the extent there are limitations at firm Delivery Points but COMPANY's ability to accept receipts at SHIPPER's primary Receipt Point(s) has not been limited. However, when such receipt point restriction does occur and SHIPPER nominates its restricted quantities on another pipeline as a result of such restriction, SHIPPER will not be required to re-nominate quantities that have

already been determined to be restricted in a nomination cycle after the Timely Nomination Cycle to receive its applicable reservation charge credit for that Gas Day.

- (B) COMPANY shall not be obligated to credit the Reservation Charge when COMPANY'S failure to deliver gas to SHIPPER as provided above in (A)(1) results from (1) the conduct or operations of SHIPPER or the downstream point operator of the facilities at a primary firm Delivery Point including, but not limited to, damage or malfunction of the downstream point operator's facilities or the inability of the downstream point operator to receive gas at SHIPPER's contract delivery pressure or COMPANY's mainline pressure; (2) such failure occurring within the earlier of (x) ten (10) days following a force majeure event as set forth in Section 8.3 of the General Terms and Conditions herein; or (y) the date COMPANY should have, in the exercise of due diligence, overcome the force majeure event, if earlier than the period set forth above in (x); or (3) the conduct or operations of SHIPPER or the upstream point operator of the facilities at a primary firm Receipt Point including, but not limited to, damage or malfunction of the upstream point operator's facilities or the inability of the upstream point operator to deliver gas at COMPANY's mainline pressure; provided, however, that in the event of damage or malfunction of the point operator's facilities in (1) or (3) above where COMPANY's facilities also incurred damage and are inoperable, a credit shall apply under the terms hereof, except for the period provided in (2) above, until such time that COMPANY's facilities are ready to be placed back in service.
- (C) In the case of the election pursuant to Section 3(a)(i)(A)(2), COMPANY shall not be obligated to credit the Reservation Charge when COMPANY'S failure to receive gas from SHIPPER as provided above in (A)(2) results from (1) the conduct or operations of SHIPPER or the upstream point operator of the facilities at a primary firm Receipt Point including, but not limited to, damage or malfunction of the upstream point operator's facilities or the inability of the upstream point operator to deliver gas at COMPANY's mainline pressure; provided, however, that in the event of damage or malfunction of the upstream point operator's facilities in this subparagraph (C)(1) where COMPANY's facilities also incurred damage and are inoperable, a credit shall apply under the terms hereof, except for the period provided in subparagraph (C)(2) below, until such time that COMPANY's facilities are ready to be placed back in service; or (2) such failure occurring within the earlier of (x) ten (10) days following a force majeure event as set forth in Section 8.3 of the General Terms and Conditions herein; or (y) the date COMPANY should have, in the exercise of due diligence, overcome the force majeure event, if earlier than the period set forth above in (x).
- (ii) Transportation Charge: Except as provided in Section 3(a)(iii) below, the applicable rates set forth in the currently effective Section 2.2 or 2.2.1 multiplied by the daily quantities of gas delivered for SHIPPER'S account during the month up to SHIPPER'S Transportation Demand in effect each day. This charge shall apply both to (A) deliveries made hereunder for injection into a storage account under Rate Schedule CSS or ISS, with the delivery deemed to have been made in the production area rate zone, and (B) the transportation of gas from said storage account(s), with said withdrawal/receipt

deemed to have occurred in rate zone 1. For transportation of gas on a backhaul basis, a backhaul transportation charge, as shown in the above referenced rate sections shall apply. These transportation charges shall be applied to the daily deliveries pursuant to the method set forth in Section 13.7 of the General Terms and Conditions.

- (iii) Downstream Delivery Charge: If gas is delivered for SHIPPER'S account to an Exhibit B-1 Delivery Point in a zone downstream of the zone of SHIPPER'S Exhibit B Delivery Points, SHIPPER shall pay the sum of (A) the Transportation Charge in Section 2.2 or 2.2.1 to the zone of SHIPPER'S Exhibit B Delivery Points and (B) the maximum Transportation Charge under Rate Schedule IT from SHIPPER'S Exhibit B delivery zone to the zone of the downstream Delivery Point, multiplied times the quantities delivered to the downstream Delivery Point within SHIPPER'S Transportation Demand. These rates shall be applied to the daily deliveries pursuant to the method set forth in Section 13.7 of the General Terms and Conditions.
  - (iv) No Notice Service: The applicable Injection and Withdrawal Charges under Rate Schedule CSS as set forth in the currently effective Section 2.4 or 2.4.1 multiplied by the aggregate quantities of gas injected or withdrawn for SHIPPER'S account hereunder during each day of the month plus the percentage of the quantities of gas injected or withdrawn for SHIPPER'S account to be retained by COMPANY as a fuel charge as set forth in currently effective Section 2.4 or 2.4.1.
- (b) Each SHIPPER that qualifies to pay a volumetric transportation rate (Small Shipper Charge) for services under this Rate Schedule as of March 1, 2000 and which the total Transportation Demand among all of its FT and FT-NN Service Agreements, including firm transportation capacity acquired by capacity release, equals 10,000 Dth or less ("**Eligible Small Shipper**"), will pay the rates set forth in Section 3(c) below.
- Any Eligible Small Shipper that did not elect to convert to two-part firm transportation service by the Election Deadline established in COMPANY'S Order No. 636 restructuring proceeding ("Election Deadline") may have a firm transportation agreement with COMPANY subject to the Small Shipper Charge, and such Small Shipper agreement shall contain the following seasonal firm contract quantities. For the months of November - March, the Transportation Demand shall be the same as SHIPPER'S Transportation Demand as of March 1, 2000. For the months of April - October, the Transportation Demand shall be reduced to no greater than the highest peak day delivery for each month under the Small Shipper agreement, including deliveries to storage, computed over the prior three years, unless Southern Natural agrees otherwise. Any Small Shipper that no longer qualifies for Small Shipper status once the total of their Transportation Demands exceeds 10,000 Dth, including any transportation capacity acquired by capacity release, shall execute a new two-part rate firm transportation Service Agreement with COMPANY replacing the Small Shipper Service Agreement subject to the rates and charges set forth in Section 3(a) above, and such service agreement shall contain the same seasonal firm contract quantities as previously set forth in the Service Agreement that related to the Small Shipper Charges. If a Small Shipper turns back any firm contract quantities under a Small Shipper Service Agreement the capacity shall automatically convert to a two-part service for any new SHIPPER acquiring the capacity.
- (c) If SHIPPER qualifies to pay a volumetric transportation rate under Section 3(b) above, SHIPPER shall pay COMPANY the following for:
- (i) Small Shipper Charge: The applicable rates set forth in the currently effective Section 2.2 or 2.2.1 multiplied by the quantities of gas delivered for SHIPPER'S account each day during the month up to the SHIPPER'S total Transportation Demand. For transportation of gas on a backhaul basis, a backhaul transportation charge, as shown in the above referenced rate sections shall apply. These charges shall not apply to deliveries made hereunder for injection into a storage account under Rate Schedule CSS or ISS, but shall be charged on the transportation of gas from said storage account(s).



- (ii) Downstream Delivery Charge: If gas is delivered for SHIPPER'S account to an Exhibit B-1 Delivery Point in a zone downstream of the zone of SHIPPER'S Exhibit B Delivery Points, SHIPPER shall pay, in addition to the Small Shipper Charge for the zone of SHIPPER'S Exhibit B Delivery Points, the maximum applicable Transportation Charge under Rate Schedule IT from SHIPPER'S Exhibit B delivery zone to the zone of the downstream Delivery Point multiplied times the quantities delivered to the downstream Delivery Point within SHIPPER'S Transportation Demand. This charge shall be applied to the daily deliveries pursuant to the method set forth in Section 13.7 of the General Terms and Conditions.
  - (iii) No Notice Service: The applicable Injection and Withdrawal Charges under Rate Schedule CSS as set forth in the currently effective Section 2.4 or 2.4.1 multiplied by the aggregate quantities of gas injected or withdrawn for SHIPPER'S account hereunder during each day of the month plus the percentage of the quantities of gas injected or withdrawn for SHIPPER'S account to be retained by COMPANY as a fuel charge as set forth in currently effective Section 3.4.
- (d) The rates which are stated in the currently effective Section 2.2 or 2.2.1 set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule unless COMPANY, in its reasonable judgment, offers to discount its rates to SHIPPER under this Rate Schedule, or unless the parties have agreed to a Negotiated Rate under Section 34 of the General Terms and Conditions. Any discount or Negotiated Rate agreed to by COMPANY and the effective period thereof shall be stated on an executed Exhibit E or Exhibit F to the Service Agreement, respectively, and shall be made on a not unduly discriminatory basis. In the case of a discount, it shall be granted consistent with the applicable provisions of Section 42 of the General Terms and Conditions. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified in the currently effective Section 2.2 or 2.2.1.
- (e) In addition to the charges specified above, SHIPPER shall pay to COMPANY the following charges and such other charges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:
  - (i) Authorized Overrun Charge: An amount obtained by multiplying (a) the quantity of gas scheduled for delivery in excess of the SHIPPER'S firm Transportation Demand, by (b) the applicable rate set forth in the currently effective Rate Section 2.3 or 2.3.1 for the scheduled zones of receipt and delivery .
  - (ii) ACA charge: An Annual Charge Adjustment charge as prescribed by Section 28 of the General Terms and Conditions of COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1, as said charge may be changed from time to time. The ACA charge shall not be assessed, however, on deliveries to a SHIPPER'S Rate Schedule CSS or ISS storage account.
  - (iii) SCRM surcharge: A Storage Cost Reconciliation Mechanism Surcharge as prescribed by Section 14.2 of the General Terms and Conditions of COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1, as said charge may be changed from time to time. The SCRM surcharge shall be applied as either a credit or a debit to the Transportation Volumes as defined in Section 14.2.

- (iv) Filing fees: Any and all filing or other fees required in connection with transportation under this Rate Schedule that COMPANY is obligated to pay to the Commission or to any other governmental authority having jurisdiction. SHIPPER shall pay COMPANY for such fees within ten (10) days of receipt of COMPANY'S invoice detailing the amount of such filing fees.
- (v) Facilities: All costs, including reasonable overheads, actually incurred by COMPANY in the construction and installation, modification, and/or acquisition of facilities for the receipt, measurement, or transportation of gas for SHIPPER'S account which SHIPPER requests and COMPANY, in its reasonable discretion, agrees to construct, install, modify, and/or acquire including acquisition of any interests in real estate and permits associated with the facilities.
- (vi) Fuel charge: A percentage of the quantity of gas delivered by SHIPPER for transportation and accepted by COMPANY at the Receipt Point(s) as gas which shall be deemed to have been used as compressor fuel, company-use gas, and unaccounted-for gas. The percentage of the quantity of gas retained by COMPANY for such purposes shall be set forth in the currently effective Section 2.2 or 2.2.1 and shall be made effective only at the beginning of a month. These fuel retention percentages are updated semi-annually as set forth in Section 35 of the General Terms and Conditions of COMPANY'S Tariff. On the first day of the month following the effective date of COMPANY'S Stipulation and Agreement filed in Docket Nos. RP89-224, et al., COMPANY shall commence retaining fuel for deliveries into and receipts from COMPANY'S storage fields as follows. On the delivery of gas for injection into storage under Rate Schedules CSS or ISS, COMPANY shall retain the fuel applicable to production area deliveries. On the receipt of gas from storage for subsequent delivery, COMPANY shall retain the fuel at the rate applicable to the zone of delivery minus the rate applicable to production area deliveries previously tendered by SHIPPER, but not less than zero. COMPANY shall not retain fuel on receipts from Receipt Points that are not connected to COMPANY's contiguous pipeline system shown in Section 2.0 ("Offsystem Points").
- (vii) Unauthorized Overrun Charge An amount obtained by multiplying (a) the quantity of gas taken by SHIPPER that is not scheduled and in excess of the SHIPPER'S firm Transportation Demand, by (b) the maximum recourse transportation charge from the Production Area rate zone to the applicable zone of delivery under Rate Section 2.3 or 2.3.1.

#### 4. NO NOTICE SERVICE

- (a) SHIPPER may utilize transportation under this Rate Schedule to have gas it has in storage under COMPANY'S Rate Schedule CSS delivered to any Delivery Point listed on Exhibit B to the Service Agreement without having submitted to COMPANY a prior nomination for the delivery of such gas.
- (b) The daily quantity of gas transported under this Rate Schedule shall be determined in accordance with the allocation procedures set out in Section 13 of the General Terms and Conditions; provided, however, that gas may be allocated to no notice transportation service under this Rate Schedule only to the extent SHIPPER has not otherwise fully utilized its Maximum Daily Withdrawal Quantity or Maximum Daily Injection Quantity under Rate Schedule CSS and has at least an equal quantity of gas in its Storage Inventory or its available storage capacity under COMPANY'S Rate Schedule CSS. The quantity of gas allocated each day to no notice transportation service under this Rate Schedule shall

be deducted from or added to the quantity of gas SHIPPER has in its Storage Inventory under COMPANY'S Rate Schedule CSS.

- (c) If SHIPPER elects to nominate gas for transportation under this Rate Schedule as provided by Section 12 of the General Terms and Conditions, the maximum amount of no notice service available on such day shall be the difference between SHIPPER'S Transportation Demand under this Rate Schedule, reduced for storage withdrawals or injections nominated under Rate Schedule CSS, and the quantity of gas nominated for transportation hereunder on such day.
- (d) Injections of gas into Storage under this Rate Schedule shall not exceed SHIPPER'S Maximum Daily Injection Quantity under Rate Schedule CSS, reduced for storage injections nominated under Rate Schedule CSS, and may not be made if the injection of such quantity of gas would cause SHIPPER to exceed its Maximum Storage Quantity under Rate Schedule CSS. Withdrawals of gas from storage under this Rate Schedule shall not exceed SHIPPER'S Maximum Daily Withdrawal Quantity under Rate Schedule CSS, reduced for storage withdrawals nominated under Rate Schedule CSS, and may not be made if the withdrawal of such quantity of gas would exceed SHIPPER'S Storage Inventory under Rate Schedule CSS.
- (e) Notwithstanding the foregoing provisions of this Section 4 to the contrary, COMPANY recognizes that SHIPPER may wish to designate another party to fully administer its no-notice service under its FT-NN Service Agreement and associated CSS Service Agreement. In this regard, a SHIPPER that initially qualifies for service hereunder will continue to qualify for no-notice service in the following two circumstances:
  - (i) SHIPPER may release all of its firm capacity under its CSS Service Agreement on a temporary basis and still receive no-notice service under its FT-NN Service Agreement if a condition of such release is that the REPLACEMENT SHIPPER must agree to the continued utilization of the released firm storage capacity on a no-notice basis by SHIPPER'S FT-NN Service Agreement. To the extent the Replacement Shipper also has FT-NN service or has acquired CSS capacity from more than one Releasing Shipper pursuant to this provision, Replacement Shipper must notify Company of the manner in which the no-notice service for each of the Releasing Shipper(s) as well as their own, if applicable, is to be administered; or
  - (ii) SHIPPER may release on a temporary basis all of its firm capacity under both its CSS Service Agreement and its FT-NN Service Agreement under which it pays reservation charges and still receive no-notice service hereunder if a condition of such release is that the REPLACEMENT SHIPPER must agree to the continued utilization of the released firm storage and transportation capacity to provide full no-notice service to SHIPPER pursuant to the provisions of the Service Agreements prior to their release.

#### 5. SIMULTANEOUS RECEIPT AND DELIVERY OF GAS

- (a) Although services under this Rate Schedule will be provided on the basis that gas will be received and delivered by COMPANY on a simultaneous basis, COMPANY'S obligation under this Rate Schedule to deliver gas to or for the account of SHIPPER on any day of transportation is limited to making available at the Delivery Point(s) a thermally equivalent quantity of gas (less gas retained for compressor fuel, company-use gas, and unaccounted-for gas) to the quantity of gas tendered by or for the account of SHIPPER at the Receipt Point(s). SHIPPER'S right under this Rate Schedule to take gas at a Delivery Point on a day of transportation is limited to taking a thermally equivalent quantity of gas (less gas retained for compressor fuel, company-use gas, and unaccounted-for gas) to the quantity of gas tendered by or for the account of SHIPPER at the Receipt Point(s).
- (b) It is recognized that because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by COMPANY for transportation under this Rate Schedule and the daily quantities of gas delivered by COMPANY. SHIPPER shall use every

reasonable effort to ensure that receipts and deliveries remain in balance on both a daily and monthly basis.

## 6. TRANSPORTATION OF LIQUIDS AND LIQUEFIABLES

- (a) Liquids: Any party with the ownership interest to liquids, as defined in the General Terms and Conditions, separated prior to measurement at the Receipt Point(s) may request that such liquids be delivered to COMPANY for transportation by injection of such liquids into COMPANY'S system immediately downstream from said measurement, and COMPANY may, in its reasonable discretion, agree to accept the liquids for transportation.

SHIPPER shall notify COMPANY by 5:00 p.m. at least four (4) calendar days prior to the month when the transportation of liquids is requested to commence, and submit the information required in Section 5(b) below (and shall give COMPANY five (5) business days' written notice of any change to this information). In the event SHIPPER injects, or causes to be injected, liquids into COMPANY'S system, SHIPPER shall cause the removal of such liquids from the gas delivered into COMPANY'S system at liquid removal facilities installed and operated by the owners of such liquids or their agents at a mutually agreeable point on COMPANY'S onshore pipeline facilities and subject to mutually agreeable accounting procedures.

SHIPPER and COMPANY shall execute a separate Service Agreement for the transportation of said liquids.

- (b) Liquefiabiles: For quantities of gas which are received at a Receipt Point from which the gas enters into a stream of gas which is processed at a processing facility on COMPANY'S pipeline system for the removal of liquefiabiles, as defined in the General Terms and Conditions, the party with the right to process the ownership interest therein ("SHIPPER") may elect to process such gas for its account subject to the further provisions hereof. SHIPPER shall notify COMPANY by 5:00 p.m. CCT at least four (4) calendar days prior to the beginning of the month if the liquefiabiles are to be processed for the account of SHIPPER and shall give COMPANY four (4) calendar days written notice of any change to this election prior to the beginning of the month for which the change is to be effective. COMPANY may extend the election deadline on a nondiscriminatory basis in the event (1) SHIPPER brings on a new source of production at or behind a receipt point during the production month or (2) has a change in interest ownership or liquefiabiles marketing rights, and such election is made prior to the Intraday 2 nomination deadline for the first day of the production month for which the election applies. In its notice SHIPPER shall specify its Liquefiabiles Transportation Agreement (by contract number), the Receipt Point code and source of the subject gas, the working interest owner of the gas, the duration of the election, the Delivery Point code of the processing plant to which the gas is to be delivered and verification that all processing arrangements are in place if the election is to process. In the event SHIPPER fails to make an election and the liquefiabiles are not being processed under a direct processing arrangement with the processing plant, COMPANY shall be authorized to act as SHIPPER'S agent in arranging said processing and, at COMPANY'S election, either (i) assess to SHIPPER its allocated share of plant volume reduction and credit SHIPPER with its allocated share of revenues received by COMPANY for said liquefiabiles, or (ii) replace the allocated share of plant volume reduction in Dth. Such processing arrangements may have a lower processing priority with the processing plant than might be available to SHIPPER by contracting directly with the processing plant for the processing of its gas.

The gas remaining after processing shall be returned to COMPANY'S pipeline at a mutually agreeable point downstream from the processing plant. Such processing shall not cause the gas to fail to meet the quality specifications set forth in the General Terms and Conditions.

SHIPPER shall tender a request for transportation of liquefiabiles pursuant to the provisions of Section 2 of the General Terms and Conditions. Upon submission of a valid request for service, SHIPPER and COMPANY shall execute a separate Liquefiabiles Transportation Agreement in the form set forth in COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1.

## 7. FACILITIES

In order for COMPANY to receive, measure, transport, and/or deliver the gas to be transported under this Rate Schedule, it may become necessary for COMPANY to install facilities or to modify existing facilities at or near a Receipt Point or Delivery Point. Should SHIPPER request the installation or modification of said facilities and agree to reimburse COMPANY for the cost thereof, and should COMPANY agree to install said facilities or to modify its existing facilities pursuant to SHIPPER'S request, it is agreed that COMPANY will construct and install, or cause to be constructed and installed, said facilities, or will modify, or cause to be modified, its existing facilities, and will own and operate such facilities and all related appurtenant facilities. In the event SHIPPER does not agree to pay the costs of installing or modifying said facilities, COMPANY may agree to construct or modify such facilities so long as such facilities are constructed or modified on a nondiscriminatory basis for similarly situated SHIPPERS. Whether said facilities will provide a benefit to all SHIPPERS using COMPANY'S pipeline system such that it is appropriate to include the cost of said facilities in COMPANY'S general system rates will be determined in the rate proceeding in which COMPANY proposes to include such costs in its general system rates. It is understood and agreed that title to and ownership of said facilities shall remain in COMPANY, and COMPANY shall operate such facilities as part of its pipeline system.

#### 8. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, including from and after their effective date any future modifications, additions, or deletions to said General Terms and Conditions, are applicable to the transportation services rendered under this Rate Schedule and, by this reference, are made a part hereof.

If and to the extent the provisions of this Rate Schedule conflict with provisions of said General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

To the extent COMPANY and SHIPPER have executed one or more Service Agreements under this Rate Schedule that are in effect on the date COMPANY converts to its new Interactive Website on April 1, 2016, the firm contract quantities for each firm package of capacity under such Service Agreement(s) shall be deemed to be converted to an equivalent Dth derived by multiplying the firm contract TD, MDDQ and MDRQ in Mcf times 1.021 Dth/Mcf. COMPANY shall provide SHIPPER new contract numbers for each Service Agreement and each firm package of capacity prior to or on such conversion date via its Interactive Website, and will provide new paper copies of such converted contracts when requested by SHIPPER.

RATE SCHEDULE IT  
Interruptible Transportation Service

1. AVAILABILITY

- (a) This Rate Schedule is available to any party ("SHIPPER") that requests transportation of natural gas on an interruptible basis from Southern Natural Gas Company, L.L.C. ("COMPANY") when:
- (i) COMPANY has sufficient capacity and is able to provide said transportation;
  - (ii) SHIPPER has complied with the requirements of Section 2 of the General Terms and Conditions applicable to this Rate Schedule; and
  - (iii) SHIPPER and COMPANY have executed a Service Agreement ("IT Agreement") for service under this Rate Schedule.

SHIPPER may designate a party to act as agent for multiple shippers under any IT Agreement provided the following conditions have been met:

- A. SHIPPERS demonstrate to COMPANY that they collectively meet the "shipper must have title" requirement set forth in Section 2.1(a)(viii) of the General Terms and Conditions hereunder;
  - B. SHIPPERS provide COMPANY with written notice to COMPANY pursuant to Section 24 of the General Terms and Conditions that the agent is authorized to act on their behalf and that each SHIPPER is jointly and severally liable for all of the obligations of SHIPPER under the IT Agreement; and
  - C. SHIPPERS recognize and agree that they shall be treated collectively as one SHIPPER for nomination, allocation and billing purposes.
- (b) COMPANY shall not be obligated to construct, modify, or acquire facilities to perform transportation services under this Rate Schedule except that COMPANY shall construct and install facilities necessary to deliver gas directly to an end user if SHIPPER meets the requirements set out in Section 36 of the General Terms and Conditions. In the event that COMPANY determines that it will construct facilities that will result in the expansion of its pipeline system, COMPANY shall offer the proposed expansion capacity to all shippers on a non-discriminatory basis.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to all interruptible transportation service rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's ("Commission") Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule.
- (b) The transportation services performed under this Rate Schedule shall be on an interruptible basis and shall be further subject, in COMPANY'S sole judgment, to the availability of excess capacity in COMPANY'S pipeline facilities and to the operating conditions and system requirements of COMPANY. Interruptible transportation services under this Rate Schedule shall have a priority subordinate to COMPANY'S firm transportation services provided pursuant to COMPANY'S Rate Schedules and the General Terms and Conditions applicable thereto contained in COMPANY'S FERC Gas Tariff.

### 3. RATES AND CHARGES

- (a) For transportation services rendered for SHIPPER each month under this Rate Schedule, SHIPPER shall pay COMPANY the following:

Transportation Charge: The applicable rates set forth in the currently effective Section 2.3 or 2.3.1 multiplied by the daily quantities of gas delivered for SHIPPER'S account during the month. This charge shall apply both to (A) deliveries made hereunder for injection into a storage account under Rate Schedule CSS or ISS, with the delivery deemed to have been made in the production area rate zone, and (B) the transportation of gas from said storage account(s), with said withdrawal/receipt deemed to have occurred in rate zone 1. For transportation of gas on a backhaul basis, a backhaul transportation charge, as shown in the above referenced rate sections shall apply.

These transportation charges shall be applied to the daily deliveries pursuant to the method set forth in Section 13.7 of the General Terms and Conditions.

- (b) The rates which are stated in the currently effective Section 2.3 or 2.3.1 set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule unless COMPANY, in its reasonable judgment, offers to discount its rates to SHIPPER under this Rate Schedule, or unless the parties have agreed to a Negotiated Rate under Section 34 of the General Terms and Conditions. Any discount or Negotiated Rate agreed to by COMPANY and the effective period thereof shall be stated on an executed Exhibit E or Exhibit F to the Service Agreement, respectively, and shall be made on a not unduly discriminatory basis. In the case of a discount, it shall be granted consistent with the applicable provisions of Section 42 of the General Terms and Conditions. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified in the currently effective Section 2.3 or 2.3.1.

- (c) In addition to the charges specified above, SHIPPER shall pay to COMPANY the following charges and such other charges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:

- (i) (Reserved for future use).
- (ii) ACA charge: An Annual Charge Adjustment charge as prescribed by Section 28 of the General Terms and Conditions of COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1, as said charge may be changed from time to time. The ACA charge shall not be assessed, however, on deliveries to a SHIPPER'S Rate Schedule CSS or ISS storage account.
- (iii) SCRM surcharge: A Storage Cost Reconciliation Mechanism Surcharge as prescribed by Section 14.2 of the General Terms and Conditions of COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1, as said charge may be changed from time to time. The SCRM surcharge shall be applied as either a credit or a debit to the Transportation Volumes as defined in Section 14.2.
- (iv) Filing fees: Any and all filing or other fees required in connection with transportation under this Rate Schedule that COMPANY is obligated to pay to the Commission or to any other governmental authority having jurisdiction. SHIPPER shall pay COMPANY for such fees within ten (10) days of receipt of COMPANY'S invoice detailing the amount of such filing fees.

- (v) Facilities: All costs, including reasonable overheads, actually incurred by COMPANY in the construction and installation, modification, and/or acquisition of facilities for the receipt, measurement, or transportation of gas for SHIPPER'S account which SHIPPER requests and COMPANY, in its reasonable discretion, agrees to construct, install, modify, and/or acquire including acquisition of any interests in real estate and permits associated with the facilities.
- (vi) Fuel charge: A percentage of the quantity of gas delivered by SHIPPER for transportation and accepted by COMPANY at the Receipt Point(s) as gas which shall be deemed to have been used as compressor fuel, company-use gas and unaccounted-for gas. The percentage of the quantity of gas retained by COMPANY for such purposes shall be set forth in the currently effective Section 2.3 or 2.3.1 and shall be made effective only at the beginning of a month. These fuel retention percentages are updated semi-annually as set forth in Section 35 of the General Terms and Conditions of COMPANY'S Tariff. On the first day of the month following the effective date of COMPANY'S Stipulation and Agreement filed in Docket Nos. RP89-224, et al., on March 15, 1995, COMPANY shall commence retaining fuel for deliveries into and receipts from COMPANY'S storage fields as follows. On the delivery of gas for injection into storage under Rate Schedules CSS or ISS, COMPANY shall retain the fuel applicable to production area deliveries. On the receipt of gas from storage for subsequent delivery, COMPANY shall retain the fuel at the rate applicable to the zone of delivery minus the rate applicable to production area deliveries previously tendered by SHIPPER, but not less than zero. COMPANY shall not retain fuel on receipts from Receipt Points that are not connected to COMPANY'S contiguous pipeline system shown in Section 2.0 ("Offsystem Points"). COMPANY'S EPC rate shall be assessed in all zones and shall be updated as set forth in Section 35 of the General Terms and Conditions of COMPANY'S Tariff.

#### 4. SIMULTANEOUS RECEIPT AND DELIVERY OF GAS

- (a) Although services under this Rate Schedule will be provided on the basis that gas will be received and delivered by COMPANY on a simultaneous basis, COMPANY'S obligation under this Rate Schedule to deliver gas to or for the account of SHIPPER on any day of transportation is limited to making available at the Delivery Point(s) a thermally equivalent quantity of gas (less gas retained for compressor fuel, company-use gas, and unaccounted-for gas) to the quantity of gas tendered by or for the account of SHIPPER at the Receipt Point(s). SHIPPER'S right under this Rate Schedule to take gas at a Delivery Point on a day of transportation is limited to taking a thermally equivalent quantity of gas (less gas retained for compressor fuel, company-use gas, and unaccounted-for gas) to the quantity of gas tendered by or for the account of SHIPPER at the Receipt Point(s).
- (b) It is recognized that because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by COMPANY for transportation under this Rate Schedule and the daily quantities of gas delivered by COMPANY. SHIPPER shall use every reasonable effort to ensure that receipts and deliveries remain in balance on both a daily and monthly basis.

#### 5. TRANSPORTATION OF LIQUIDS AND LIQUEFIABLES



- (a) Liquids: Any party with the ownership interest to liquids, as defined in the General Terms and Conditions, separated prior to measurement at the Receipt Point(s) may request that such liquids be delivered to COMPANY for transportation by injection of such liquids into COMPANY'S system immediately downstream from said measurement, and COMPANY may, in its reasonable discretion, agree to accept the liquids for transportation. SHIPPER shall notify COMPANY by 5:00 p.m. CCT at least four (4) calendar days prior to the month when the transportation of liquids is requested to commence, and submit the information required in Section 5(b) below (and shall give COMPANY four (4) calendar days' written notice of any change to this information).

In the event SHIPPER injects, or causes to be injected, liquids into COMPANY'S system, SHIPPER shall cause the removal of such liquids from the gas delivered into COMPANY'S system at liquid removal facilities installed and operated by the owners of such liquids or their agents at a mutually agreeable point on COMPANY'S onshore pipeline facilities and subject to mutually agreeable accounting procedures.

SHIPPER and COMPANY shall execute a separate Service Agreement for the transportation of said liquids.

- (b) Liquefiabiles: For quantities of gas which are received at a Receipt Point from which the gas enters into a stream of gas which is processed at a processing facility on COMPANY'S pipeline system for the removal of liquefiabiles, as defined in the General Terms and Conditions, the party with the right to process the ownership interest therein ("SHIPPER") may elect to process such gas for its account subject to the further provisions hereof. SHIPPER shall notify COMPANY by 5:00 p.m. CCT at least four (4) calendar days prior to the beginning of the month if the liquefiabiles are to be processed for the account of SHIPPER and shall give COMPANY four (4) calendar days written notice of any change to this election prior to the beginning of the month for which the change is to be effective. COMPANY may extend the election deadline on a nondiscriminatory basis in the event (1) SHIPPER brings on a new source of production at or behind a receipt point during the production month or (2) has a change in interest ownership or liquefiabiles marketing rights, and such election is made prior to the Intraday 2 nomination deadline for the first day of the production month for which the election applies. In its notice SHIPPER shall specify its Liquefiabiles Transportation Agreement (by contract number), the Receipt Point code and source of the subject gas, the working interest owner of the gas, the duration of the election, the Delivery Point code of the processing plant to which the gas is to be delivered and verification that all processing arrangements are in place if the election is to process. In the event SHIPPER fails to make an election and the liquefiabiles are not being processed under a direct processing arrangement with the processing plant, COMPANY shall be authorized to act as SHIPPER'S agent in arranging said processing and, at COMPANY'S election, either (i) assess to SHIPPER its allocated share of plant volume reduction and credit SHIPPER with its allocated share of revenues received by COMPANY for said liquefiabiles, or (ii) replace the allocated share of plant volume reduction in Dth. Such processing arrangements may have a lower processing priority with the processing plant than might be available to SHIPPER by contracting directly with the processing plant for the processing of its gas.

The gas remaining after processing shall be returned to COMPANY'S pipeline at a mutually agreeable point downstream from the processing plant. Such processing shall not cause the gas to fail to meet the quality specifications set forth in the General Terms and Conditions.

SHIPPER shall tender a request for transportation of liquefiabiles pursuant to the provisions of Section 2 of the General Terms and Conditions. Upon submission of a valid request for service, SHIPPER and COMPANY shall execute a separate Liquefiabiles Transportation Agreement in the form set forth in COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1.

## 6. FACILITIES

In order for COMPANY to receive, measure, transport, and/or deliver the gas to be transported under this Rate Schedule, it may become necessary for COMPANY to install facilities or to modify existing facilities at or near a Receipt Point or Delivery Point. Should SHIPPER request the installation or modification of said facilities and agree to reimburse COMPANY for the cost thereof, and should COMPANY agree to install said facilities or to modify its existing facilities pursuant to SHIPPER'S request, it is agreed that COMPANY will construct and install, or cause to be constructed and installed, said facilities, or will modify, or cause to be modified, its existing facilities, and will own and operate such facilities and all related appurtenant facilities. In the event SHIPPER does not agree to pay the costs of installing or modifying said facilities, COMPANY may agree to construct or modify such facilities so long as such facilities are constructed or modified on a nondiscriminatory basis for similarly situated SHIPPERS. Whether said facilities will provide a benefit to all SHIPPERS using COMPANY'S pipeline system such that it is appropriate to include the cost of said facilities in COMPANY'S general system rates will be determined in the rate proceeding in which COMPANY proposes to include such costs in its general system rates. It is understood and agreed that title to and ownership of said facilities shall remain in COMPANY, and COMPANY shall operate such facilities as part of its pipeline system.

## 7. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, including from and after their effective date any future modifications, additions, or deletions to said General Terms and Conditions, are applicable to the transportation services rendered under this Rate Schedule and, by this reference, are made a part hereof.

If and to the extent the provisions of this Rate Schedule conflict with provisions of said General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

To the extent COMPANY and SHIPPER have executed one or more Service Agreements under this Rate Schedule that are in effect on the date COMPANY converts to its new Interactive Website on April 1, 2016, COMPANY shall provide SHIPPER new contract numbers for each Service Agreement prior to or on such conversion date via its Interactive Website.

RATE SCHEDULE CSS  
Contract Storage Service

1. AVAILABILITY

- (a) This Rate Schedule is available to any shipper that requests storage of natural gas on a firm basis from Southern Natural Gas Company, L.L.C. ("COMPANY") provided that:
- (i) COMPANY has sufficient capacity and is able to provide the storage service requested;
  - (ii) SHIPPER has complied with the requirements of Section 7 hereof; and
  - (iii) SHIPPER and COMPANY have executed a Service Agreement ("CSS Agreement") for service under this Rate Schedule.

SHIPPER may combine packages of capacity, including capacity acquired under Section 22 of the General Terms and Conditions, under one master CSS Agreement and the Exhibit "A" to said CSS Agreement shall state the term, quantities, and Storage Point(s) associated with each package of capacity; and, if applicable, the months such quantities are available to SHIPPER.

SHIPPER may also designate a party to act as agent for multiple shippers under one master CSS Agreement provided the following conditions have been met:

- A. SHIPPERS demonstrate to COMPANY that they collectively meet the "shipper must have title" requirement set forth in Section 2.1(a)(viii) of the General Terms and Conditions hereunder;
  - B. SHIPPERS provide COMPANY with written notice to COMPANY pursuant to Section 24 of the General Terms and Conditions that the agent is authorized to act on their behalf and that each SHIPPER is jointly and severally liable for all of the obligations of SHIPPER under the CSS Agreement; and
  - C. SHIPPERS recognize and agree that they shall be treated collectively as one SHIPPER for nomination, allocation and billing purposes.
- (b) COMPANY will utilize its Muldon Storage Field in Mississippi and/or its interest in the Bear Creek Storage Field in Louisiana (collectively "Storage") to provide service under this Rate Schedule.
- (c) COMPANY is not obligated to construct, modify, or acquire facilities to perform storage services under this Rate Schedule. In the event that COMPANY determines that it will construct facilities that will result in the expansion of its pipeline system, COMPANY shall offer the proposed expansion capacity to all shippers on a non-discriminatory basis.
- (d) SHIPPER is responsible for arranging for the separate transportation of its gas to and from Storage.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to all firm storage services rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's ("Commission") Regulations and pursuant to the Service Agreement for storage service under this Rate Schedule.
- (b) The injection and withdrawal of the gas received by COMPANY on SHIPPER'S behalf for storage under this Rate Schedule shall be on a firm basis and shall not be subject to interruption, except as provided in Section 2(c) hereof and Sections 8.3 and 15.3 of the General Terms and Conditions.

- (c) Whenever a reduction in injection, withdrawal, or working storage capacity occurs such that COMPANY cannot meet the firm storage requirements of its storage customers hereunder, the available capacity shall be allocated as follows:
  - (i) for a reduction in working storage capacity, the available working storage capacity shall be allocated to each SHIPPER on a pro rata basis based on the ratio of each SHIPPER'S maximum working storage capacity contracted for under this Rate Schedule to the total working storage capacity contracted for under this Rate Schedule;
  - (ii) for a reduction in injection or withdrawal capacity, the available injection or withdrawal capacity shall be allocated to each SHIPPER on a pro rata basis based on the ratio of each SHIPPER'S adjusted injection or withdrawal capacity as determined pursuant to the provisions of Sections 3(d) and 3(e) of this Rate Schedule, respectively, to the total adjusted injection or withdrawal capacity for all SHIPPERS under this Rate Schedule.
- (d) Service under this Rate Schedule shall consist of:
  - (i) the receipt and injection into Storage of SHIPPER'S gas delivered at the Storage Point under SHIPPER'S transportation agreement;
  - (ii) the storage of SHIPPER'S gas in the Storage fields; and
  - (i) the withdrawal of SHIPPER'S gas from Storage and delivery of such gas on SHIPPER's behalf at the Storage Point for further transportation under a transportation agreement(s).
- (e) The terms of this Rate Schedule shall apply equally to gas purchased by SHIPPER from COMPANY and gas purchased by SHIPPER from a third party.
- (f) SHIPPER may sell its storage gas hereunder to any purchaser so long as SHIPPER adheres to the procedures set forth herein for the transfer or withdrawal of such gas.
- (g) SHIPPER may use its storage service hereunder to correct the net aggregate monthly imbalance for which SHIPPER is responsible under Section 14.1(a) of the General Terms and Conditions of COMPANY's Tariff.

### 3. DEFINITIONS

The following terms shall have the meanings defined below:

- (a) Maximum Storage Quantity (MSQ) - The maximum quantity of gas that SHIPPER is permitted to have in Storage at any time as set forth in SHIPPER'S Service Agreement under this Rate Schedule, subject to the provisions of Section 22 of the General Terms and Conditions applicable hereto. The MSQ shall be stated in the Service Agreement in Dth.
- (b) Storage Inventory - The actual quantity of gas in Dth SHIPPER has in Storage on any day, not to exceed its MSQ.
- (c) Storage Point - The point or points on COMPANY'S system, as more particularly specified in the Service Agreement, at which COMPANY receives gas for injection into or delivers gas withdrawn from Storage, whichever is applicable. For contract and nomination purposes, COMPANY shall designate on its Interactive Website a geographic aggregated location(s) on its pipeline system to establish the Storage Point at which storage transactions will occur.

- (d) Maximum Daily Injection Quantity (MDIQ) - The maximum quantity of gas which COMPANY is obligated to inject into Storage for SHIPPER'S account on any day, subject to the provisions of Section 22 of the General Terms and Conditions hereto. SHIPPER'S initial MDIQ shall be its MDWQ divided by 2.625. The initial MDIQ shall be subject to adjustment each day based on the estimated percentage of SHIPPER'S MSQ in Storage in accordance with the following schedule:

Percent of MSQ in Storage	Percent of Initial MDIQ Available
0-20%	100%
21-40%	94%
41-60%	88%
61-80%	81%
81-100%	75%

The initial MDIQ and adjustments thereto shall be specified in the Service Agreement between SHIPPER and COMPANY.

- (e) Maximum Daily Withdrawal Quantity (MDWQ) - The maximum quantity of gas which COMPANY is obligated to withdraw from Storage for SHIPPER'S account on any day, subject to the provisions of Section 22 of the General Terms and Conditions applicable hereto. SHIPPER'S initial MDWQ shall be its MSQ divided by 49.5238. The initial MDWQ shall be subject to adjustment each day based on the estimated percentage of SHIPPER'S MSQ in Storage in accordance with the following schedule:

Percent of MSQ in Storage	Percent of Initial MDWQ Available
60-100%	100%
50-59%	88%
25-49%	78%
0-24%	56%

The initial MDWQ and adjustments thereto shall be specified in the Service Agreement between SHIPPER and COMPANY.

#### 4. RATES AND CHARGES

- (a) Except as provided otherwise in this Section 4(a), SHIPPER shall pay COMPANY the sum of the following for storage services rendered for SHIPPER each month under this Rate Schedule:
- (i) Deliverability Charge: The applicable rate set forth in the currently effective Section 2.4 or 2.4.1 multiplied by SHIPPER'S initial Maximum Daily Withdrawal Quantity.
  - (ii) Capacity Charge: The applicable rate set forth in the currently effective Section 2.4 or 2.4.1 multiplied by SHIPPER'S Maximum Storage Quantity.
  - (iii) Injection Charge: The applicable rate set forth in the currently effective Section 2.4 or 2.4.1 multiplied by the aggregate quantities of gas injected for SHIPPER'S account pursuant to the nomination procedures contained in Section 5 of this Rate Schedule on each day during the month.
  - (iv) Withdrawal Charge: The applicable rate set forth in the currently effective Section 2.4 or 2.4.1 multiplied by the aggregate quantities of gas withdrawn for SHIPPER'S account pursuant to the nomination procedures contained in Section 6 of this Rate Schedule on each day during the month.

Each SHIPPER who has elected to pay the Small Shipper Charge for transportation under Rate Schedules FT and/or FT-NN shall pay COMPANY for the storage services rendered for SHIPPER each month under this Rate Schedule the sum of the foregoing charges applicable specifically to such group of SHIPPERS as set forth in currently effective Section 2.4 or 2.4.1.

- (b) In addition to the charges specified above, SHIPPER shall pay to COMPANY as a fuel charge for performing storage services hereunder (1) a percentage of the daily quantity of gas injected for SHIPPER'S account and (2) a percentage of the daily quantity of gas withdrawn for SHIPPER'S account. The percentage of the quantity of gas to be retained by COMPANY on injection and withdrawal shall be set forth in the currently effective Section 2.4 or 2.4.1 and shall be made effective only at the beginning of a month. These fuel retention percentages are updated annually as set forth in Section 35 of the General Terms and Conditions of COMPANY's Tariff.
- (c) The rates which are stated in the currently effective Section 2.4 or 2.4.1 are the maximum rates applicable to the service provided under this Rate Schedule and the range represented by the maximum and minimum rates stated for such service. SHIPPER shall pay the maximum rate for service under this Rate Schedule unless COMPANY, in its reasonable judgment, offers to discount the maximum rates to SHIPPER under this Rate Schedule, or unless the parties have agreed to a Negotiated Rate under Section 34 of the General Terms and Conditions. Any discount or Negotiated Rate agreed to by COMPANY and the effective period thereof shall be stated on an executed Exhibit C or Exhibit D to the Service Agreement, respectively, and shall be made on a not unduly discriminatory basis. In the case of a discount, it shall be granted consistent with the applicable provisions of Section 42 of the General Terms and Conditions. The rate for service under this Rate Schedule shall not be discounted below the applicable minimum rate specified in the currently effective Section 2.4 or 2.4.1.
- (d) The foregoing charges are to be paid to COMPANY in addition to all charges incurred under the applicable rate schedule for the transportation of gas to be injected into and/or withdrawn from Storage for SHIPPER'S account.

## 5. INJECTION PROCEDURES

- (a) SHIPPER, or its agent designated in an executed agency agreement, shall nominate gas for injection under this Rate Schedule by notifying COMPANY of the daily quantity of gas expressed in Dth it has available for injection at the Storage Point pursuant to the nomination procedures set forth in Section 12 of the General Terms and Conditions.
- (b) SHIPPER and COMPANY may establish uniform nominations of daily quantities of gas to be injected for SHIPPER'S account under this Rate Schedule, subject to adjustment to SHIPPER'S MDIQ as specified in its Service Agreement or to changes in the accompanying transportation nominations. If a uniform nomination is established, SHIPPER shall not be required to nominate, or cause to be nominated, deliveries of gas for injection on a daily basis until it desires to effect a change in the nominations scheduled by COMPANY for injection. Notice of a changed nomination shall be given in accordance with Section 5(a) of this Rate Schedule.
- (c) COMPANY shall not be obligated to accept quantities of gas for injection at the Storage Point in excess of SHIPPER'S MDIQ; provided, however, that SHIPPER shall be entitled to nominate, or cause to be nominated, a quantity sufficient to cover the fuel charge provided for in Section 4(b) hereof.

- (d) SHIPPER may have gas injected into Storage only to the extent its estimated Storage Inventory does not exceed its Maximum Storage Quantity.
- (e) The injection of gas by COMPANY and the delivery of gas for SHIPPER'S account to Storage shall be performed at hourly rates as constant as operationally feasible throughout the day and the parties shall use best efforts to achieve such uniform hourly rates of flow.
- (f) An account of SHIPPER'S current Storage Inventory will be provided on a monthly basis on SHIPPER'S bill and an estimated Storage Inventory based on Section 13.2 of the General Terms and Conditions will be made available on a daily basis through COMPANY's Interactive Websites as soon as such information is available for posting.

#### 6. WITHDRAWAL PROCEDURES

- (a) SHIPPER, or its agent designated in an executed agency agreement, shall nominate gas for withdrawal under this Rate Schedule by notifying COMPANY of the daily quantity of gas expressed in Dth it desires to withdraw from Storage pursuant to the nomination procedures set forth in Section 12 of the General Terms and Conditions.
- (b) SHIPPER and COMPANY may establish uniform nominations of daily quantities of gas to be withdrawn for SHIPPER'S account under this Rate Schedule, subject to adjustment to SHIPPER'S MDWQ as specified in its Service Agreement or to changes in the accompanying transportation nominations. If a uniform nomination is established, SHIPPER shall not be required to nominate, or cause to be nominated, withdrawals of gas on a daily basis until it desires to effect a change in the nominations scheduled by COMPANY for withdrawal. Notice of its changed nomination shall be given in accordance with Section 6(a) of this Rate Schedule.
- (c) COMPANY shall not be obligated to withdraw quantities of gas from Storage in excess of SHIPPER'S MDWQ; provided, however, that SHIPPER shall be entitled to nominate, or cause to be nominated, a quantity sufficient to cover the fuel charge provided for in Section 4(b) hereof.
- (d) SHIPPER may have gas withdrawn from Storage only to the extent of SHIPPER'S estimated Storage Inventory.
- (e) The withdrawal of gas by COMPANY and the receipt of gas for SHIPPER'S account from Storage shall be performed at hourly rates as constant as operationally feasible throughout the day and the parties shall use their best efforts to achieve such uniform hourly rates of flow.

#### 7. OTHER CONDITIONS OF SERVICE

- (a) Requests for service under this Rate Schedule shall be provided electronically or in writing to COMPANY in the format set forth on COMPANY's Interactive Website and shall comply with the provisions of Section 2.1 of the General Terms and Conditions to be deemed a valid request. SHIPPER further agrees to provide such information as COMPANY may require from time to time for purposes of filing reports of SHIPPER'S storage service with regulatory or governmental agencies.
- (b) Services under this Rate Schedule will be made available through the open season provisions of Section 2.1(b) of the General Terms and Conditions.
- (c) Reserved.

- (d) Reserved.
- (e) COMPANY shall not be obligated to accept any request for firm storage service unless adequate firm storage, withdrawal and injection capacity is available without the construction of additional facilities by COMPANY.  
  
If because of insufficient capacity, COMPANY is unable to provide the storage service requested, or any part thereof, a Service Agreement will be provided to SHIPPER only for the capacity COMPANY has available.
- (f) Upon the termination of storage service hereunder, SHIPPER must withdraw its Storage Inventory by no later than the end of COMPANY'S withdrawal period, i.e., March 31, following termination. In lieu of withdrawing its Storage Inventory, SHIPPER can also attempt to sell its Storage Inventory to another SHIPPER hereunder or transfer its Storage inventory to an ISS Service Agreement with COMPANY subject to the provisions of Rate Schedule ISS. Until SHIPPER'S Storage Inventory is withdrawn or transferred, SHIPPER will continue to pay COMPANY all rates and charges hereunder. If SHIPPER fails to withdraw or transfer its entire Storage Inventory by the end of the subject withdrawal period, COMPANY shall retain and take title to, at no cost to COMPANY, SHIPPER'S remaining Storage Inventory.
- (g) If SHIPPER'S CSS Service Agreement was entered into hereunder as the result of a temporary release of storage capacity pursuant to Section 22 of the General Terms and Conditions, SHIPPER must withdraw its Storage Inventory by the effective date of any recall and by the end of its contract term. In lieu of withdrawing its Storage Inventory, SHIPPER can also attempt to sell its Storage Inventory to another SHIPPER hereunder or transfer its Storage Inventory to an ISS Service Agreement with COMPANY subject to the provisions of Rate Schedule ISS. If SHIPPER fails to withdraw or transfer its Storage Inventory by the effective date of any recall or the end of the contract term, title to SHIPPER'S remaining Storage Inventory will be vested, at no cost, in the RELEASING SHIPPER who released its capacity to SHIPPER on a temporary basis.

#### 8. TRANSFER PROCEDURES

SHIPPER, or its agent designated in an executed agency agreement, may nominate gas for transfer into its Storage capacity hereunder from another SHIPPER'S Storage Inventory so long as such nomination does not exceed SHIPPER'S available capacity in Storage and COMPANY receives a matching nomination from the other SHIPPER to transfer gas from its Storage Inventory.

SHIPPER, or its agent, may also nominate gas for transfer from its Storage Inventory hereunder into another SHIPPER'S Storage account so long as such nomination does not exceed SHIPPER'S Storage Inventory and COMPANY receives a matching nomination from the other SHIPPER to transfer gas into its Storage account. Shipper or its agent may nominate gas for transfer from its ISS Storage Inventory under Rate Schedule ISS to Shipper's CSS Storage Inventory hereunder or from its CSS Storage Inventory hereunder to its ISS Storage Inventory under Rate Schedule ISS; provided, however, such transfer of Storage Inventory from one storage rate schedule to another as provided herein must be nominated on a daily basis and is not subject to establishing uniform nominations for more than one gas day provided in Section 5(b) or Section 6(b) above. Each nomination to transfer gas between Storage accounts must be tendered electronically via COMPANY'S Interactive Website pursuant to the nomination deadlines set forth in Section 12 of the General Terms and Conditions. It is provided, however, that if the validity of a transportation nomination which is due during the same nomination period depends on the transfer of storage taking place first, then the matching Storage transfer nominations must be submitted through COMPANY'S Interactive Website at any time prior to the nomination deadline for which the transfer is requested to be effective. All nominations to transfer gas between Storage accounts shall be submitted in the format set forth on COMPANY'S Interactive Website.

#### 9. PROCEDURES TO WITHDRAW GAS FROM BEAR CREEK STORAGE FIELD FOR DELIVERY TO TENNESSEE GAS PIPELINE COMPANY



(a) From time to time SHIPPER may wish to receive gas for injection into its Storage account from or withdraw gas from its Storage account for delivery to Tennessee Gas Pipeline Company's ("Tennessee") share of the jointly owned pipeline interconnecting Tennessee's system with Bear Creek Storage Field. SHIPPER must comply with the following procedures in order for its receipts from and deliveries to Tennessee at said interconnect to qualify for the rates set forth in Section 9(d) below. It is agreed that this provision in no manner disaggregates SHIPPER'S Storage account between COMPANY'S Storage fields.

(b) SHIPPER shall provide its applicable Storage Service Agreement Numbers with Tennessee and with COMPANY when it requests to receive gas from or deliver gas to Tennessee at the Bear Creek Storage Field for the further purposes of this provision.

Otherwise, the procedures for nominating gas for injection into or withdrawal from SHIPPER'S Storage account, and any accompanying transportation nominations on COMPANY'S system, shall be the same as set forth in Sections 5 and 6 above, respectively. SHIPPER recognizes that COMPANY'S obligation to receive gas from or deliver gas to Tennessee at the Bear Creek Storage Field for SHIPPER'S account is limited by (i) the provisions of Section 9(c) below, (ii) receipt of a confirmation from Tennessee that it has received a valid, matching transportation nomination for SHIPPER'S account and (iii) the quantity of gas scheduled by Tennessee for receipt from or delivery to Bear Creek Storage Field for SHIPPER'S account.

(c) SHIPPER may not nominate a quantity of gas for receipt from Tennessee at the Bear Creek Storage Field for injection on any day in excess of 25% of the daily injection capacity in effect under its CSS Service Agreement for that day, if COMPANY has posted a notice of such limitation for operational conditions on its Interactive Website. SHIPPER may not nominate to withdraw a quantity of gas for delivery to Tennessee at the Bear Creek Storage Field on any day in excess of 25% of the daily withdrawal capacity in effect under its CSS Service Agreement for that day, if COMPANY has posted a notice of such limitation for operational conditions on its Interactive Website. SHIPPER may not use more than 35% of its MSQ, on a net, cumulative basis during each storage season, for purposes of injecting gas into or withdrawing gas from its Storage account through Tennessee's facilities at the Bear Creek Storage Field if COMPANY has posted a notice of such limitation for operational conditions on its Interactive Website.

For purposes of this section, a storage season is defined as the period of April 1 through the following September 30 and the period of October 1 through the following March 31.

(d) SHIPPER shall not be charged a Transportation Charge for the quantity of gas delivered to Tennessee at the Bear Creek Storage Field from a Storage account pursuant to this Section 9; provided, however, that SHIPPER shall pay all volumetric surcharges assessed under Section 3 of Rate Schedules FT, FT-NN or IT on gas withdrawn from a Storage account for subsequent delivery, including but not limited to the ACA charge.

(e) Nothing contained herein changes SHIPPER'S obligation to pay the Injection Charge, Withdrawal Charge and associated fuel under this Rate Schedule.

## 10. FACILITIES

Should SHIPPER request the installation or modification of the facilities necessary to perform the firm storage service requested hereunder and agree to reimburse COMPANY for the cost thereof, and should COMPANY agree to install said facilities or to modify its existing facilities pursuant to SHIPPER'S request, it is agreed that COMPANY will construct and install, or cause to be constructed and installed, said facilities,

or will modify, or cause to be modified, its existing facilities, and will own and operate such facilities and all related appurtenant facilities. In the event SHIPPER does not agree to pay the costs of installing or modifying said facilities, COMPANY may agree to construct or modify such facilities so long as such facilities are constructed or modified on a nondiscriminatory basis for similarly situated SHIPPERS. Whether said facilities will provide a benefit to all SHIPPERS using COMPANY'S Storage facilities such that it is appropriate to include the cost of said facilities in COMPANY'S general system rates will be determined in the rate proceeding in which COMPANY proposes to include such costs in its general system rates. It is understood and agreed that title to and ownership of said facilities shall remain in COMPANY, and COMPANY shall operate such facilities as part of its natural gas system.

#### 11. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, and any future modifications, additions or deletions thereto, are applicable to the storage services rendered under this Rate Schedule and, by this reference, are incorporated herein, except for any provisions which are specifically intended to apply only to services under Rate Schedule FT, FT-NN, and IT. If and to the extent the provisions of this Rate Schedule conflict with the provisions of said General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

To the extent COMPANY and SHIPPER have executed a Service Agreement under this Rate Schedule that is in effect on the date COMPANY converts to its new Interactive Website on April 1, 2016, the firm contract quantities for each firm package of capacity under such Service Agreement shall be deemed to be converted to an equivalent Dth derived by multiplying the firm contract MSQ, MDIQ and MDWQ in Mcf times 1.021 Dth/Mcf. COMPANY shall provide SHIPPER a new contract number for such Service Agreement and each firm package of capacity prior to or on such conversion date via its Interactive Website, and will provide a new paper copy of such converted contract when requested by SHIPPER.

RATE SCHEDULE ISS  
Interruptible Storage Service

1. AVAILABILITY

- (a) This Rate Schedule is available to any person ("SHIPPER") who requests storage of natural gas on an interruptible basis from Southern Natural Gas Company, L.L.C. ("COMPANY") provided that:
- (i) COMPANY has sufficient capacity and is able to provide the storage service requested;
  - (ii) SHIPPER has complied with the requirements of Section 7 hereof; and
  - (i) SHIPPER and COMPANY have executed a Service Agreement ("ISS Agreement") for service under this Rate Schedule.

SHIPPER may designate a party to act as agent for multiple shippers under one master ISS Agreement provided the following conditions have been met:

- A. SHIPPERS demonstrate to COMPANY that they collectively meet the "shipper must have title" requirement set forth in Section 2.1(a)(viii) of the General Terms and Conditions hereunder;
  - B. SHIPPERS provide COMPANY with written notice to COMPANY pursuant to Section 24 of the General Terms and Conditions that the agent is authorized to act on their behalf and that each SHIPPER is jointly and severally liable for all of the obligations of SHIPPER under the ISS Agreement; and
  - C. SHIPPERS recognize and agree that they shall be treated collectively as one SHIPPER for nomination, allocation and billing purposes.
- (b) COMPANY will utilize its Muldon Storage Field in Mississippi and/or its interest in the Bear Creek Storage Field in Louisiana (collectively "Storage") to provide service under this Rate Schedule.
- (c) COMPANY is not obligated to construct, modify, or acquire facilities to perform storage services under this Rate Schedule. In the event that COMPANY determines that it will construct facilities that will result in the expansion of its pipeline system, COMPANY shall offer the proposed expansion capacity to all shippers on a non-discriminatory basis.
- (d) SHIPPER is responsible for arranging for the separate transportation of its gas to and from Storage.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to all interruptible storage services rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's ("Commission") Regulations and pursuant to the Service Agreement for storage service under this Rate Schedule.
- (b) The injection and withdrawal of the gas received by COMPANY on SHIPPER'S behalf for storage under this Rate Schedule shall be on an interruptible basis. Service hereunder may be interrupted pursuant to Section 8.3 of the General Terms and Conditions and on four (4) hours' notice to CUSTOMER whenever COMPANY, in its sole judgment, deems such interruption necessary due to operating conditions or system requirements, or to maintain the integrity of the system or to assure that COMPANY can render service to higher priority customers. In the event the injection of gas into storage under this Rate Schedule ISS is under an ISS Restriction as

provided in Section 2(c) below, COMPANY will still allow CUSTOMER to transfer quantities in its CSS Storage Inventory to its ISS Storage Inventory through the nomination batching mechanism, provided, however, CUSTOMER shall be required to reconcile its ISS Storage Inventory at the end of each month when the CUSTOMER has made such transfers under a ISS Restriction such that CUSTOMER's ISS Storage Inventory on the first day of the next month is equal to or less than Customer's ISS Storage Inventory on the date on which the ISS restriction was implemented ("Restricted Inventory"). Such ISS Storage Inventory may be reconciled by (a) transferring ISS Storage Inventory hereunder to a Rate Schedule CSS account; (b) correcting an imbalance as provided in Section 2(g) below; (c) withdrawing its ISS Storage Inventory; or, if no action is taken by Shipper to correct the ISS Storage Inventory to equal the Restricted Inventory by the last day of the affected month, then the remainder of the ISS Storage Inventory above the Restricted Inventory shall be cashed out under Section 14.1(a) of the General Terms and Conditions of COMPANY'S Tariff.

- (c) Services provided under this Rate Schedule shall have a priority subordinate to any and all firm services provided by COMPANY. If nominations for service under this Rate Schedule exceed on any day COMPANY'S available capacity to provide such services that day, COMPANY shall allocate available capacity among all SHIPPERS which have a currently effective ISS Service Agreement based on the rate paid for such service, and then pro rata among SHIPPERS paying the same rate ("ISS Restrictions"). ISS withdrawal nominations from the previous gas day as set forth in Section 5(b) and Section 6(b) below shall not be considered Flowing Gas when scheduling next day when ISS Restrictions are in place. For negotiated rate transactions in which SHIPPER is paying a rate higher than the maximum rate SHIPPER shall be deemed to be paying the maximum rate for purposes of allocating capacity. In the event a SHIPPER paying less than the maximum rate elects to pay the maximum rate applicable to its service on any day when its capacity would otherwise be allocated, SHIPPER'S ISS service will be queued up with other maximum rate ISS services, SHIPPER must make such election by the nomination deadline for the day capacity is to be allocated. Capacity shall be allocated hereunder on a daily or such other periodic basis as is necessary for COMPANY to assure service to its customers in accordance with the priorities set out herein and to meet the operational requirements on its system.

In the event COMPANY notifies SHIPPER of an interruption of service under this Rate Schedule, SHIPPER must cease deliveries to or receipts of gas from COMPANY, in whole or in part, as directed by COMPANY.

COMPANY may also require SHIPPER within the time period specified by COMPANY, which period shall be no less than five (5) days, to withdraw all or part of its gas from Storage. COMPANY'S notice shall specify the quantity of gas to be withdrawn by SHIPPER. For each day COMPANY is unable to accept SHIPPER'S nomination to withdraw gas from Storage, the period specified by COMPANY for withdrawal shall be extended a corresponding number of days. If SHIPPER fails by the end of the period designated by COMPANY to withdraw the specified quantity of gas, or transfer such quantity pursuant to the options set forth in Section 7(f) hereof, any remaining balance at the end of said period shall be forfeited to COMPANY free and clear of any liens or claims.

- (d) Service under this Rate Schedule shall consist of:

- (i) the receipt and injection into Storage of the gas delivered at the Storage Point on SHIPPER'S behalf under a transportation agreement;
- (ii) the storage of SHIPPER'S gas in the Storage fields; and

- (i) the withdrawal of SHIPPER'S gas from Storage and delivery of such gas on SHIPPER'S behalf at the Storage Point for further transportation under a transportation agreement.
- (e) The terms of this Rate Schedule shall apply equally to gas purchased by SHIPPER from COMPANY and gas purchased by SHIPPER from a third party.
- (f) SHIPPER may sell its storage gas hereunder to any purchaser so long as SHIPPER adheres to the procedures set forth herein for the transfer or withdrawal of such gas.
- (g) SHIPPER may use its storage service hereunder to correct the net aggregate monthly imbalance for which SHIPPER is responsible under Section 14.1(a) of the General Terms and Conditions of COMPANY'S Tariff.

### 3. DEFINITIONS

The following terms shall have the meanings defined below:

- (a) Storage Inventory - The actual quantity of gas SHIPPER has in Storage on any day.
- (b) Storage Point - The point or points on COMPANY'S system, as more particularly specified in the Service Agreement, at which COMPANY receives gas for injection into or delivers gas withdrawn from Storage, whichever is applicable. For contract and nomination purposes, COMPANY shall designate on its Interactive Website a geographic aggregated location(s) to establish this Storage Point at which storage transactions will occur.

### 4. RATES AND CHARGES

- (a) For storage service rendered for SHIPPER each month under this Rate Schedule, SHIPPER shall pay COMPANY the following:
  - (i) Average Daily Balance Charge: The applicable rate set forth in the currently effective Section 2.5 or 2.5.1 multiplied by SHIPPER'S average daily balance of gas in Storage during the month.
  - (ii) Injection Charge: The applicable rate set forth in the currently effective Section 2.5 or 2.5.1 multiplied by the aggregate quantities of gas injected for SHIPPER's account pursuant to the nomination procedures contained in Section 5 of this Rate Schedule on each day during the month.
  - (iii) Withdrawal Charge: The applicable rate set forth in the currently effective Section 2.5 or 2.5.1 multiplied by the aggregate quantities of gas withdrawn for SHIPPER's account pursuant to the nomination procedures contained in Section 6 of this Rate Schedule on each day during the month.
- (b) In addition to the charge specified above, SHIPPER shall pay to COMPANY as a fuel charge for performing storage services hereunder (1) a percentage of the daily quantity of gas injected for SHIPPER'S account and (2) a percentage of the daily quantity of gas withdrawn for SHIPPER'S account. The percentage of the quantity of gas to be retained by COMPANY on injection and withdrawal shall be set forth in the currently effective Section 2.5 or 2.5.1 and shall be made effective only at the beginning of a month.
- (c) The rates which are stated in the currently effective Section 2.5 or 2.5.1 are the maximum rates applicable to the service provided under this Rate Schedule and the range represented by the

maximum and minimum rates stated for such service. SHIPPER shall pay the maximum rate for service under this Rate Schedule unless COMPANY, in its reasonable judgment, offers to discount the maximum rates to SHIPPER under this Rate Schedule, or unless the parties have agreed to a Negotiated Rate under Section 34 of the General Terms and Conditions. Any discount or Negotiated Rate agreed to by COMPANY and the effective period thereof shall be stated on an executed Exhibit C or Exhibit D, to the Service Agreement, respectively, and shall be made on a not unduly discriminatory basis. In the case of a discount, it shall be granted consistent with the applicable provisions of Section 42 of the General Terms and Conditions. The rate for service under this Rate Schedule shall not be discounted below the applicable minimum rate specified in the currently effective Section 2.5 or 2.5.1.

- (d) The foregoing charges are to be paid to COMPANY in addition to all charges incurred under the applicable rate schedule for the transportation of gas to be injected into and/or withdrawn from Storage for SHIPPER'S account.

## 5. INJECTION PROCEDURES

- (a) SHIPPER, or its agent designated in an executed agency agreement, shall nominate gas for injection under this Rate Schedule by notifying COMPANY of the daily quantity of gas expressed in Dth it has available for injection at the Storage Point pursuant to the nomination procedures set forth in Section 12 of the General Terms and Conditions.
- (b) SHIPPER and COMPANY may establish uniform nominations of daily quantities of gas to be injected for SHIPPER'S account under this Rate Schedule, subject to changes in the accompanying transportation nominations on behalf of SHIPPER. If a uniform nomination is established, SHIPPER shall not be required to nominate, or cause to be nominated, deliveries of gas for injection on a daily basis until it desires to effect a change in the nominations scheduled by COMPANY for injection.

Notice of a changed nomination shall be given in accordance with Section 5(a) of this Rate Schedule.

- (c) After receiving notice of the nominations requested, or cause to be requested, by SHIPPER, COMPANY shall advise SHIPPER of the quantities of gas it will accept for injection into Storage not less than one (1) hour prior to the effective time for which the nominations have been made. Nominated quantities shall be scheduled in accordance with the priorities established in Section 2(c) above. Subject to Section 8.3 of the General Terms and Conditions, COMPANY shall not change the quantities of gas it will inject into Storage on SHIPPER'S behalf during any day of service, except upon four (4) hours' prior notice to SHIPPER.
- (d) The injection of gas by COMPANY and the delivery of gas for SHIPPER'S account to Storage shall be performed at hourly rates as constant as operationally feasible throughout the day and the parties shall use best efforts to achieve such uniform hourly rates of flow.
- (e) An account of SHIPPER'S current Storage Inventory will be provided on a monthly basis on SHIPPER'S bill and an estimated Storage Inventory utilizing SHIPPER'S daily nominations will be made available on a daily basis through COMPANY's Interactive Website as soon as such information is available for posting.

## 6. WITHDRAWAL PROCEDURES

- (a) SHIPPER, or its agent designated in an executed agency agreement, shall nominate gas for withdrawal under this Rate Schedule by notifying COMPANY of the daily quantity of gas expressed in Dth it desires to withdraw from Storage pursuant to the nomination procedures set forth in Section 12 of the General Terms and Conditions.
- (b) SHIPPER and COMPANY may establish uniform nominations of daily quantities of gas to be withdrawn for SHIPPER'S account under this Rate Schedule, subject to changes in the accompanying transportation nominations on behalf of SHIPPER. If a uniform nomination is established, SHIPPER shall not be required to nominate, or cause to be nominated, withdrawals of gas on a daily basis until it desires to effect a change in the nominations scheduled by COMPANY for withdrawal.  
  
Notice of a changed nomination shall be given in accordance with Section 6(a) of this Rate Schedule.
- (c) After receiving notice of the nominations requested, or caused to be requested, by SHIPPER, COMPANY shall advise SHIPPER of the quantities of gas it will withdraw from Storage for SHIPPER'S account not less than one (1) hour prior to the effective time for which the nominations have been made. Nominated quantities shall be scheduled in accordance with the priorities established in Section 2(c) above. Subject to Section 8.3 of the General Terms and Conditions, COMPANY shall not change the quantities of gas it will withdraw from Storage on SHIPPER'S behalf during any day of service except upon four (4) hour's prior notice to SHIPPER.
- (d) SHIPPER may have gas withdrawn from Storage only to the extent of SHIPPER'S estimated Storage Inventory; provided, however, that if SHIPPER has Storage Inventory in its CSS storage account, COMPANY shall transfer automatically sufficient Storage Inventory to support SHIPPER'S ISS withdrawal for that day of ISS service.
- (e) The withdrawal of gas by COMPANY and the receipt of gas for SHIPPER'S account from Storage shall be performed at hourly rates as constant as operationally feasible throughout the day and the parties shall use their best efforts to achieve such uniform hourly rates of flow.

#### 7. OTHER CONDITIONS OF SERVICE

- (a) Requests for service under this Rate Schedule shall be provided in writing to COMPANY in the format set forth on COMPANY's Interactive Website and shall comply with the provisions of Section 2.1 of the General Terms and Conditions. SHIPPER further agrees to provide such information as COMPANY may require from time to time for purposes of filing reports of SHIPPER'S storage service with regulatory or governmental agencies.
- (b) Reserved.
- (c) Reserved.
- (d) Reserved.
- (e) COMPANY shall not be obligated to accept any request for interruptible storage service unless adequate Storage, withdrawal and injection capacity is available without the construction of additional facilities by COMPANY.
- (f) Upon the termination of storage service hereunder, SHIPPER must withdraw its Storage Inventory within a reasonable period, as specified by COMPANY in a nondiscriminatory manner. For each day COMPANY is unable to accept SHIPPER'S nomination to withdraw gas from

Storage, the period specified by COMPANY for withdrawal shall be extended a corresponding number of days. In lieu of withdrawing its Storage Inventory, SHIPPER can also attempt to sell its Storage Inventory to another ISS SHIPPER, subject to the provisions of this Rate Schedule, or to a SHIPPER under Rate Schedule CSS with available Storage capacity. Until SHIPPER'S Storage Inventory is withdrawn or transferred, SHIPPER will continue to pay COMPANY all rates and charges hereunder. If SHIPPER fails to withdraw or transfer its entire Storage Inventory by the end of the specified period, COMPANY shall retain and take title, at no cost to COMPANY, to SHIPPER'S remaining Storage Inventory.

#### 8. TRANSFER PROCEDURES

SHIPPER, or its agent designated in an executed agency agreement, may nominate gas for transfer into its Storage account hereunder from another SHIPPER'S Storage Inventory subject to the provisions of this Rate Schedule and COMPANY'S receipt of a matching nomination from the other SHIPPER to transfer gas from its Storage Inventory. SHIPPER, or its agent, may also nominate gas for transfer from its Storage Inventory hereunder into another SHIPPER'S Storage account so long as such nomination does not exceed SHIPPER'S Storage Inventory and COMPANY receives a matching nomination from the other SHIPPER to transfer gas into its Storage account. Shipper or its agent may nominate gas for transfer from its Storage Inventory under Rate Schedule CSS to Shipper's Storage Inventory hereunder or from its Storage Inventory hereunder to its Storage Inventory under Rate Schedule CSS; provided, however, such transfer of Storage Inventory from one storage rate schedule to another as provided herein must be nominated on a daily basis and is not subject to establishing uniform nominations for more than one gas day provided in Section 5(b) or Section 6(b) above. Each nomination to transfer gas between Storage accounts must be tendered electronically via COMPANY's Interactive Website pursuant to the nomination deadlines set forth in Section 12 of the General Terms and Conditions. It is provided, however, that if the validity of a transportation nomination which is due during the same nomination period depends on the transfer of storage taking place first, then the matching Storage transfer nominations must be submitted through COMPANY's Interactive Website at any time prior to the nomination deadline for which the transfer is requested to be effective. All nominations to transfer gas between Storage accounts shall be submitted in the format set forth on COMPANY's Interactive Website.

#### 9. PROCEDURES TO WITHDRAW GAS FROM BEAR CREEK STORAGE FIELD FOR DELIVERY TO TENNESSEE GAS PIPELINE COMPANY

- (a) From time to time SHIPPER may wish to receive gas for injection into its Storage account from or withdraw gas from its Storage account for delivery to Tennessee Gas Pipeline Company's ("Tennessee") share of the jointly owned pipeline interconnecting Tennessee's system with Bear Creek Storage Field. SHIPPER must comply with the following procedures in order for its receipts from and deliveries to Tennessee at said interconnect to qualify for the rates set forth in Section 9(d) below. It is agreed that this provision in no manner disaggregates SHIPPER'S Storage account between COMPANY'S Storage fields.
- (b) SHIPPER shall provide its applicable Storage Service Agreement Numbers with Tennessee and with COMPANY when it requests to receive gas from or deliver gas to Tennessee at the Bear Creek Storage Field for the further purposes of this provision.

Otherwise, the procedures for nominating gas for injection into or withdrawal from SHIPPER'S Storage account, and any accompanying transportation nominations on COMPANY'S system, shall be the same as set forth in Sections 5 and 6 above, respectively. SHIPPER recognizes that COMPANY'S obligation to receive gas from or deliver gas to Tennessee at the Bear Creek Storage Field for SHIPPER'S account is limited by (i) the provisions of Section 9(c) below, (ii) receipt of a confirmation from Tennessee that it has received a valid, matching nomination for SHIPPER'S account and (iii) the quantity of gas scheduled by



Tennessee for receipt from or delivery to Bear Creek Storage Field for SHIPPER'S account.

- (c) COMPANY is not obligated to accept SHIPPER's request for such transfer unless it can accommodate the request solely through gas or capacity physically located in the Bear Creek Storage Field at the time of the request.
- (d) SHIPPER shall not be charged a Transportation Charge for the quantity of gas delivered to Tennessee at the Bear Creek Storage Field from a Storage account pursuant to this Section 9; provided, however, that SHIPPER shall pay all volumetric surcharges assessed under Section 3 of Rate Schedules FT, FT-NN or IT on gas withdrawn from a Storage account for subsequent delivery, including but not limited to the ACA charge.
- (e) Nothing contained herein changes SHIPPER'S obligation to pay the Injection Charge, Withdrawal Charge and associated fuel under this Rate Schedule.

#### 10. FACILITIES

Should SHIPPER request the installation or modification of the facilities necessary to perform the interruptible storage service requested hereunder and agree to reimburse COMPANY for the cost thereof, and should COMPANY agree to install said facilities or to modify its existing facilities pursuant to SHIPPER'S request, it is agreed that COMPANY will construct and install, or cause to be constructed and installed, said facilities, or will modify, or cause to be modified, its existing facilities, and will own and operate such facilities and all related appurtenant facilities. In the event SHIPPER does not agree to pay the costs of installing or modifying said facilities, COMPANY may agree to construct or modify such facilities so long as such facilities are constructed or modified on a nondiscriminatory basis for similarly situated SHIPPERS. Whether said facilities will provide a benefit to all SHIPPERS using COMPANY'S Storage facilities such that it is appropriate to include the cost of said facilities in COMPANY'S general system rates will be determined in the rate proceeding in which COMPANY proposes to include such costs in its general system rates. It is understood and agreed that title to and ownership of said facilities shall remain in COMPANY, and COMPANY shall operate such facilities as part of its natural gas system.

#### 11. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, and any future modifications, additions or deletions thereto, are applicable to the storage services rendered under this Rate Schedule and, by this reference, are incorporated herein, except for any provisions which are specifically intended to apply only to services under Rate Schedule FT, FT-NN, and IT. If and to the extent the provisions of this Rate Schedule conflict with the provisions of said General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

To the extent COMPANY and SHIPPER have executed a Service Agreement under this Rate Schedule that is in effect on the date COMPANY converts to its new Interactive Website on April 1, 2016, COMPANY shall provide SHIPPER a new contract number for such Service Agreement prior to or on such conversion date via its Interactive Website.

Reserved for Future Use.

RATE SCHEDULE PAL  
PARK AND LOAN SERVICES

1. AVAILABILITY

This Rate Schedule is available for the parking and loaning of natural gas on an interruptible, non-discriminatory basis by Southern Natural Gas Company, L.L.C. ("COMPANY") to any party ("SHIPPER"):

- (a) which has submitted a valid Park and Loan ("PAL") Service Request Order ("RO"); and
- (b) which has executed a PAL Form of Service Agreement ("PAL Agreement") for service under this Rate Schedule.

SHIPPER may also designate a party to act as agent for multiple shippers under one master PAL Agreement provided the following conditions have been met:

- (i) SHIPPERS demonstrate to COMPANY that they collectively meet the "shipper must have title" requirement set forth in Section 2.1(a)(viii) of the General Terms and Conditions hereunder;
- (ii) SHIPPERS provide COMPANY with written notice to COMPANY pursuant to Section 24 of the General Terms and Conditions that the agent is authorized to act on their behalf and that each SHIPPER is jointly and severally liable for all of the obligations of SHIPPER under the PAL Agreement; and
- (iii) SHIPPERS recognize and agree that they shall be treated collectively as one SHIPPER for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all PAL services rendered by COMPANY for SHIPPER. PAL services under this Rate Schedule shall be provided for a minimum of one (1) day and a maximum of thirty-one (31) days, or a term otherwise mutually agreed upon by both COMPANY and SHIPPER. The term(s) and quantity(ies) of each PAL Agreement shall be set forth in the executed PAL RO. PAL transactions will occur at a point(s) of transaction ("PT") according to the PIN requested by SHIPPER and agreed to by COMPANY.

2.1 Service under this rate schedule will be provided as follows:

- (i) Park Service: Park Service is an interruptible service which provides for:
  - (a) COMPANY's receipt of gas quantities that have been delivered by SHIPPER to a PT on COMPANY's system;
  - (b) COMPANY holding the parked quantities on COMPANY's system; and
  - (c) COMPANY's pay back of parked quantities of gas to SHIPPER at the PT in the zone where SHIPPER delivered the gas.

COMPANY shall hold the quantity of gas parked under the PAL RO for SHIPPER up to the term(s) as specified in the executed PAL RO. COMPANY shall then pay back such parked gas to SHIPPER at the PT where SHIPPER tendered gas to COMPANY, subject to the nomination procedures set forth in Section 4 of this Rate Schedule.

- (ii) Loan Service: Loan Service is an interruptible service which provides for:
  - (a) SHIPPER's receipt of gas quantities from COMPANY at a PT on COMPANY's system; and
  - (b) SHIPPER's pay back of the loaned gas quantities to COMPANY at the PT where SHIPPER received the gas.

COMPANY shall make the quantity of gas loaned under the PAL RO available at the PT for a time period up to the maximum term(s) as specified in the executed PAL RO. Loaned quantities shall be paid back to COMPANY at the PT where SHIPPER received gas, subject to the nomination procedures set forth in Section 4 of this Rate Schedule.

(iii) The combination of (i) and (ii) above under the same PAL Agreement.

- 2.2 The parking and loaning of natural gas under this Rate Schedule shall be on an interruptible basis and shall be scheduled when and to the extent that COMPANY determines, using its reasonable discretion, that capacity is available on its existing facilities and that it has the operational flexibility to provide the service without detriment or disadvantage to COMPANY's firm or interruptible transportation or storage services.
- 2.3 Service under this Rate Schedule will be made available on a first come, first served basis, to any SHIPPER willing and able to pay maximum rates or such other rate mutually agreed upon by COMPANY and SHIPPER, subject to all applicable provisions of the General Terms and Conditions of COMPANY's Tariff. COMPANY shall be under no obligation to provide service under this Rate Schedule at less than the maximum rate.
- 2.4 COMPANY shall not be required to provide service under this Rate Schedule that would require COMPANY to install, operate or maintain any additional facilities.
- 2.5 Parking and loaning services under this Rate Schedule shall be provided by COMPANY in one of two ways: Daily Rate services or Term Rate services. SHIPPER shall elect either the Daily Rate or Term Rate service option when it requests service from COMPANY and such election shall be identified on the PAL RO. The term "PAL account" as used herein shall mean the PAL account associated with a particular PAL RO.

### 3. QUALIFICATIONS FOR SERVICE

In addition to the information provided in the PAL Agreement and underlying PAL RO, SHIPPER also shall provide the following information to COMPANY with its initial request for service:

- (i) Certification - Certification from SHIPPER that:
  - (a) SHIPPER will warrant for itself, its successors and assigns, that it will at the time of delivery to COMPANY have title to all gas free and clear of all liens, encumbrances, and claims whatsoever. SHIPPER will indemnify COMPANY and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse claims of any or all persons or parties to said gas, including claims for royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to COMPANY under this Rate Schedule; and
  - (b) it has entered into all necessary arrangements to assure that upstream and downstream transportation, if any, will be in place prior to the commencement of service on COMPANY's system.
- (ii) Credit information - SHIPPER shall furnish credit information as prescribed in Section 2.1(a)(ix) of the General Terms and Conditions.

4. NOMINATIONS AND SCHEDULING

- 4.1 SHIPPER shall nominate PAL services under this Rate Schedule in accordance with the nomination deadlines set forth in Section 12.1(c) of the General Terms and Conditions of this tariff. SHIPPER shall nominate the agreed upon park or loan quantities at the PT. Such nominated quantities shall be subject to confirmation by COMPANY. The confirmed quantity shall be deemed the scheduled quantity provided that SHIPPER's corresponding gas supply or transportation service is scheduled.
- 4.2 Daily Rate PAL Service
- (a) The park or loan quantity of gas nominated on a daily basis shall equal the agreed upon daily quantity of gas stated in the Daily Rate PAL RO unless otherwise mutually agreed upon by both COMPANY and SHIPPER. The total park or loan quantity of gas shall equal the total park or loan quantity agreed upon in the Daily Rate PAL RO unless COMPANY and SHIPPER mutually agree to a different total quantity. COMPANY shall not schedule any overrun quantities under the PAL RO which encroach upon any services provided to other shippers. COMPANY may terminate the PAL RO if SHIPPER nominates quantities other than either the daily or total quantity in the PAL RO or the mutually agreed upon quantity. COMPANY may decrease SHIPPER'S nominations to the extent SHIPPER consistently over nominates quantities that COMPANY has scheduled and SHIPPER fails to deliver to COMPANY.
- (b) If, on any day, SHIPPER nominates quantities of gas to be withdrawn from or deposited into its PAL account, but COMPANY is unable to confirm and schedule any of the quantities nominated, COMPANY shall suspend the Park and/or Loan Service rate charges for that quantity not scheduled until COMPANY is able to schedule the quantity nominated. Additionally, COMPANY and SHIPPER may mutually agree to extend the agreed upon term, in the event it is operationally feasible, if SHIPPER'S account balance is not zero on the last day of the agreed upon term as set forth in the executed Daily Rate PAL RO in order to reach a zero balance.
- 4.3 Term Rate PAL Service
- (a) COMPANY and SHIPPER may mutually agree to park and/or loan services for specified total quantities for a mutually agreed upon term. The park and/or loan quantities of gas nominated on a daily basis shall not exceed the agreed upon daily quantities of gas as stated in the Term Rate PAL RO unless otherwise mutually agreed upon by both COMPANY and SHIPPER. The total park or loan quantity of gas shall not exceed the total park or loan quantities agreed upon in the Term Rate PAL RO unless COMPANY and SHIPPER mutually agree to a different quantity. COMPANY shall not schedule any overrun quantities under the PAL RO which encroach upon any services provided to other shippers. COMPANY may decrease SHIPPER'S nominations to the extent SHIPPER consistently over nominates quantities that COMPANY has scheduled and SHIPPER fails to deliver to COMPANY.
- (b) If, on any day, SHIPPER nominates quantities of gas to be withdrawn from or deposited into its PAL account, but COMPANY is unable to confirm and schedule any of the quantities nominated, COMPANY shall credit to SHIPPER an amount equal to the applicable daily reservation charge as specified in the Term Rate PAL RO multiplied by the quantity of gas which was nominated but not scheduled. Additionally, COMPANY and SHIPPER may mutually agree to extend the agreed upon term for the amount of time that COMPANY was unable to schedule the park and/or loan service.
- 4.4 PAL services will be provided on an interruptible basis. Interruption of PAL services may include decreasing, temporarily suspending, or discontinuing the receipt or delivery of gas if COMPANY in its reasonable discretion determines that such decrease, suspension or discontinuance is necessary to maintain system integrity or when a higher priority service so requires.

5. NOTIFICATIONS, ALLOCATIONS AND LIMITATIONS

- 5.1 For purposes of restricting PAL services at the applicable PT, COMPANY will give priority to PAL ROs with the highest average rate on a per unit basis to COMPANY and allocate capacity according to Section 16.2(d) of the General Terms and Conditions. Such unit rate shall be calculated by taking the total revenue generated during the term(s) of the PAL RO and dividing by the total park and loan quantity to arrive at the average rate on a per unit basis. For purposes of calculating the average unit rate, SHIPPERS willing to pay more than the maximum rate listed in Section 2.9 of this tariff will be considered to be paying the maximum tariff rate. Service will be allocated or limited on a pro rata basis among SHIPPERS with the same average unit rate for the PAL service option (i.e., Daily Rate or Term Rate).
- 5.2 SHIPPER may be required, upon notification from COMPANY, to suspend or reduce deliveries for the agreed upon Park Service, or receipts for the agreed upon Loan Service. Further, SHIPPER may be required, upon notification from COMPANY, to withdraw quantities of gas previously provided to COMPANY under the Park Service, or pay back quantities of gas previously loaned to SHIPPER under the Loan Service. Such notification shall be made pursuant to the provisions of Section 18.3 of the General Terms and Conditions to this Tariff.
- 5.3 Should COMPANY notify SHIPPER to withdraw or pay back quantities of gas pursuant to Section 5.2 above, COMPANY's notification shall specify the time frame within which Park Service quantities shall be withdrawn, and/or Loan Service quantities shall be paid back. Such notifications shall be consistent with COMPANY's operating conditions, but in no event shall the specified time frame be less than three (3) calendar days from the date of COMPANY's notification unless COMPANY and SHIPPER mutually agree to a different time frame.
- 5.4 In the event SHIPPER makes a timely nomination in response to a notification by COMPANY pursuant to Section 5.3 above, the obligation of SHIPPER to comply with that notification shall be suspended until such time as COMPANY's operational conditions allow COMPANY to schedule the nomination.

6. RATES AND CHARGES

- 6.1 The rates for service under this Rate Schedule are shown in the effective Section 2.9 of Volume No. 1 of this tariff.
- (a) Daily Rate PAL Service: This rate shall be applied to the daily balance in SHIPPER's PAL account for each separate transaction for each day service is tendered by COMPANY. The monthly charges for Daily Rate PAL services shall be the product of the quantities of gas in SHIPPER's PAL account for each separate transaction and the maximum or mutually agreed upon rate for the applicable day(s) service is provided by COMPANY. Charges shall commence on the first day of the agreed upon transaction and continue until SHIPPER's account balance reaches zero or until the last day of the agreed upon term as set forth in the executed PAL RO, whichever comes first.
- (b) Term Rate PAL Service: This rate shall be applied to the total quantity set forth on the Term Rate PAL RO for each day service is tendered by COMPANY. The monthly charges for Term Rate PAL services shall be the product of the total park and/or loan quantity and the maximum daily reservation rate or mutually agreed upon rate multiplied by the number of days within such month that service is tendered by COMPANY.
- 6.2 The rates which are stated in the currently effective Section 2.9 or 2.9.1 set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule, unless COMPANY, in its reasonable judgment, offers to discount its rates to SHIPPER under this Rate Schedule, or unless the parties have agreed to a Negotiated Rate as provided below. Any discount agreed to by COMPANY and the effective period thereof shall be stated on an executed PAL RO, and shall be made on a not unduly discriminatory basis. Any discount granted hereunder shall only be applicable for the period agreed upon by COMPANY. At the end of such period, the otherwise maximum rates or charges shall govern the service provided to SHIPPER hereunder. Any discount shall be granted consistent with the

applicable provisions of Section 42 of the General Terms and Conditions. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified in the currently effective Section 2.9 or 2.9.1.

- 6.3 Notwithstanding any provision of COMPANY's effective tariff to the contrary, COMPANY and SHIPPER may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of COMPANY's effective tariff. If COMPANY agrees to such differing rates, rate components, charges, or credits (referred to hereinafter and in this tariff as "Negotiated Rate[s]"), then the Negotiated Rate[s] shall be effective only for the period agreed upon by COMPANY.

During such period, the Negotiated Rate(s) shall govern and apply to the SHIPPER's service and the otherwise applicable rate, rate component, charge or credit which the parties have agreed to replace with the Negotiated Rate(s), shall not apply to, or be available to, the SHIPPER. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to SHIPPER. Only those rates, rate components, charges, or credits identified by COMPANY and SHIPPER in writing as being superseded by a Negotiated Rate(s) shall be ineffective during the period that the Negotiated Rate(s) is in effect; all other rates, rate components, charges or credits prescribed, required, established or imposed by this Rate Schedule or COMPANY's tariff shall remain in effect. COMPANY shall make any filings at the FERC necessary to effectuate a Negotiated Rate(s).

- 6.4 COMPANY shall bill Shipper for the charges incurred hereunder on a monthly basis unless COMPANY has agreed to bill SHIPPER according to an alternate payment schedule such as at the end or beginning of the PAL transaction. If applicable, COMPANY may also agree to bill SHIPPER a fixed monthly charge or an agreed upon total charge for the PAL transaction utilizing a variable daily rate provided that such variable daily rate does not exceed COMPANY's applicable maximum rate.

7. PENALTIES

7.1 Park Service:

- (a) In the event any of the following occurs, parked quantities shall become the property of COMPANY at no cost to COMPANY, free and clear of any adverse claims:
  - (i) COMPANY's prevailing operations require COMPANY to notify SHIPPER that deliveries of parked quantities must be suspended or be reduced, and SHIPPER fails to comply with such notification; and/or
  - (ii) COMPANY's prevailing operations require COMPANY to notify SHIPPER that all or part of SHIPPER's parked quantities must be withdrawn, and SHIPPER fails to comply within the specified time frame; and/or
  - (iii) the PAL account reflects a positive balance at the termination date of the executed PAL RO and COMPANY and SHIPPER have not otherwise agreed to extend the termination date; and/or
  - (iv) SHIPPER does not comply with the terms of the parked transaction.
- (b) If, pursuant to Section 7.1(a)(i), COMPANY notifies SHIPPER that deliveries of parked quantities must be suspended or be reduced, only those quantities parked in violation of the notification shall become the property of COMPANY at no cost to COMPANY, free and clear of any adverse claims.
- (c) In the event the operational conditions on COMPANY's system permit, COMPANY, at its option, may forego its rights under Section 7.1(a)(iii) above provided that SHIPPER agrees to implement a new PAL transaction at a new negotiated rate(s) for a period specified by COMPANY. COMPANY's agreement to enter into a new transaction for a new period as provided above shall not forego COMPANY's rights under this section at the termination date of the new PAL transaction.
- (d) In the event that a PAL account for Park Service reflects a negative balance at the termination date of the executed PAL RO, those overdrawn quantities shall be sold to SHIPPER at 150% of the highest weekly index price per Dth, as provided in Section 7.2(a) below, during the term of the transaction.

7.2 Loan Service

- (a) In the event any of the following occurs, loaned quantities shall be sold to SHIPPER at 150% of the highest weekly index price per Dth established under Natural Gas Intelligence Weekly Gas Price Index, "South Louisiana," "Southern Natural," "Average", during the term of the agreed upon transaction:
  - (i) COMPANY's prevailing operations require COMPANY to notify SHIPPER that receipt of SHIPPER's loaned quantities must be suspended or be reduced, and SHIPPER continues to nominate loaned quantities; and/or
  - (ii) COMPANY's prevailing operations require COMPANY to notify SHIPPER that all or part of SHIPPER's loaned quantities must be paid back to COMPANY, and SHIPPER fails to comply within the specified time frame; and/or



- (iii) the PAL account reflects a negative balance at the termination date of the executed PAL RO and COMPANY and SHIPPER have not otherwise agreed to extend the termination date; and/or
    - (iv) SHIPPER does not comply with the terms of the loaned transaction.
  - (b) If, pursuant to Section 7.2(a)(i), COMPANY notifies SHIPPER that receipt of SHIPPER's loaned quantities must be suspended or be reduced, only those quantities loaned in violation of the notification shall be sold to SHIPPER at 150% of the highest weekly index price as provided above.
  - (c) In the event the operational conditions on COMPANY's system permit, COMPANY, at its option, may forego its rights under Section 7.2(a)(iii) above provided that SHIPPER agrees to implement a new PAL transaction at a new negotiated rate(s) for a period specified by COMPANY. COMPANY's agreement to enter into a new transaction for a new period as provided above shall not forego COMPANY's rights under this section at the termination date of the new PAL transaction.
  - (d) In the event that a PAL account for Loan service reflects a positive balance at the termination date of the executed PAL RO, those overpaid quantities shall become the property of COMPANY at no cost to COMPANY free and clear of any adverse claims.
- 7.3 If on a consistent basis for a period of one or more days, SHIPPER's deliveries to or receipts from the PT are less than or exceed the scheduled quantities such that SHIPPER is encroaching on other shipper's services, COMPANY may cancel the PAL transaction.
- 7.4 At any time that operational conditions on the system require SHIPPER to respond to that condition by complying with an operational flow order, COMPANY may issue an operational flow order, as the applicable circumstances may allow pursuant to the relevant provisions of the operational flow orders set forth in Section 41 of the General Terms and Conditions of this Tariff. The terms of the relevant provisions listed in Section 41 of the General Terms and Conditions shall apply to service under this Rate Schedule. COMPANY may not issue an operational flow order until it has complied with the applicable notice provisions set forth in the relevant tariff provisions.

## 8. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of COMPANY's FERC Gas Tariff, currently effective Volume No. 1, as such may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule PAL and shall apply to services rendered hereunder as stated herein.

To the extent COMPANY and SHIPPER have executed a master PAL Agreement under this Rate Schedule that is in effect on the date COMPANY converts to its new Interactive Website on April 1, 2016, COMPANY shall provide SHIPPER the new contract numbers for its master PAL Agreement and each underlying PAL RO prior to or on such conversion date via its Interactive Website.

GENERAL TERMS & CONDITIONS

## GENERAL TERMS AND CONDITIONS

### 1. DEFINITIONS

The following terms shall have the meanings defined below:

- (a) Authorized Overrun Gas (AO) – Gas that is nominated by a SHIPPER and is scheduled by COMPANY for delivery to a Shipper that is in excess of the SHIPPER's firm Transportation Demand under its FT or FTNN Service Agreement.
- (b) Btu – The term "British thermal unit" or Btu shall mean the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at standard conditions of 14.73 psia and 60 degrees Fahrenheit on a dry basis.
- (c) Business Day - Monday through Friday, excluding Federal Banking holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico.
- (d) Central Clock Time (CCT) - The time in the Central Time Zone, as adjusted for Daylight Savings Time and Standard Time. Unless otherwise specified herein, all times stated in this tariff are Central Clock Time. "Birmingham, Alabama, time" shall mean Central Clock Time.
- (e) Critical notices - Those notices issued by COMPANY which contain information about conditions that affect scheduling of service by COMPANY or adversely affect scheduled gas flow.
- (f) Cubic Foot - The volumetric measurement base shall be one (1) cubic foot of Gas at a pressure base of 14.73 pounds per square inch absolute and at a temperature of 60 degrees Fahrenheit on a dry basis.
- (g) Daily Entitlement - The total quantity of gas which SHIPPER is entitled to take from COMPANY on any day, consisting of the sum of the following quantities:
  - (1) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule FT;
  - (2) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule FT-NN;
  - (3) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule IT; and
  - (4) The maximum quantity of no notice service available to SHIPPER under Rate Schedule FT-NN.
- (h) Dekatherm (Dth) - The standard quantity for purposes of contracting, nominations, confirmation, scheduling, capacity release, invoicing, balancing and rates in the United States. One Dth is equivalent to one MMBtu.
- (i) Gas Day or Day - A period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Clock Time. The date of a day shall be that of its beginning.
- (j) Gigacalorie - The standard quantity for nominations, confirmations and scheduling per Gas Day in Mexico. One gigacalorie is equivalent to 1,000,000,000 calories. For commercial purposes, the standard conversion factor between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The reporting basis for gigacalorie is 1.035646 Kg/cm<sup>2</sup> at 15.6 degrees C and dry.
- (k) Gigajoule - The standard quantity for nominations, confirmations and scheduling per Gas Day in Canada. One gigajoule is equivalent to 1,000,000,000 joules. For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm. The standard joule is the joule specified in the SI System of Units.

- (l) Gross Heating Value - Gross Heating Value shall mean the number of Btu's produced on a dry basis by the combustion, at a constant pressure, of the amount of Gas which would occupy a volume of one cubic foot at a temperature of 60 degrees Fahrenheit at a pressure of 14.73 p.s.i.a. with air of the same temperature and pressure as the Gas, when the products of combustion are cooled to the initial temperature of Gas and air and when the water formed by combustion is condensed to the liquid state.
- (m) Interactive Website - COMPANY'S electronic computer system as more specifically described in Section 27 hereof.
- (n) Liquefiables - Those hydrocarbons produced in conjunction with gas sold to SHIPPER and included in the gas stream measured at the Receipt Point which are liquefied by, recovered by, lost and/or consumed by a gas processing plant and which are not redelivered to COMPANY'S pipeline system downstream of such plant.
- (o) Liquids - Those hydrocarbon liquids (commonly called "condensate") produced in association with gas sold to SHIPPER which are injected into COMPANY'S pipeline system and are finally removed from COMPANY'S pipeline system at a liquid separation facility; provided, however, that liquids shall not include crude oil.
- (p) Maximum Daily Delivery Quantity (MDDQ) - For each Delivery Point, the maximum quantity of gas which COMPANY is obligated to deliver for SHIPPER'S account. The MDDQ shall be specified on Exhibit B to the Service Agreement between COMPANY and SHIPPER. For all interruptible and alternate firm services, the MDDQ is the lesser of (i) the maximum quantity of gas COMPANY is capable of delivering at said point based on design capacity or historical operations, as may change from time to time, or (ii) the Transportation Demand or scheduled quantity, as applicable.
- (q) Maximum Daily Receipt Quantity (MDRQ) - For each Receipt Point, the maximum quantity of gas which COMPANY is obligated to accept for transportation for SHIPPER'S account. The MDRQ shall be specified on Exhibit A, if applicable, to the Service Agreement between COMPANY and SHIPPER. For all interruptible and alternate firm services, the MDRQ is the lesser of (i) the maximum quantity of gas COMPANY is capable of receiving at said point based on design capacity or historical operations, as may change from time to time, or (ii) the Transportation Demand or scheduled quantity, as applicable.
- (r) Mcf - 1,000 cubic feet of natural gas.
- (s) MMBtu - 1,000,000 Btu's. One MMBtu is equivalent to one dekatherm.
- (t) Month - A period beginning on the first day of the calendar month and ending on the commencement of the first day of the next succeeding calendar month.
- (u) NAESB- North American Energy Standards Board.
- (v) NAESB Standard - The standards issued by NAESB and adopted by the Federal Energy Regulatory Commission in its regulations governing interstate natural gas companies.
- (w) Natural Gas or Gas - Natural gas processed or unprocessed, vaporized liquid natural gas, synthetic gas, or any mixture of these gases which meets the quality specifications set out in Section 3 of these General Terms and Conditions.
- (x) Operational Flow Orders (OFO) - An order issued to alleviate conditions, inter alia, which threaten the safe operations or system integrity of COMPANY'S system or to maintain operations required to provide efficient and reliable firm service. Whenever COMPANY experiences these conditions, any pertinent order shall be referred to as an OFO. A list of COMPANY'S current types of OFOs are set forth in Section 41 of these General Terms and Conditions.
- (y) Operator Provided Value (OPV) PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where a quantity in Dth is provided for each scheduled line item nomination such that the sum of the quantities equals the metered flow at the point. If the sum of the Dth quantities allocated to the scheduled line item

- nominations at the point is different from the total Dth quantity metered at the point, the difference will be allocated to a designated swing contract. The swing contract will be allocated the difference in accordance with the instructions provided with the Swing PDA.
- (z) Percentage PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the allocation is derived by taking the total quantity to be allocated at a location and multiplying it by the percentage provided for each line item.
  - (aa) Point Identification Number (PIN) – The number assigned to each point of receipt and delivery, including receipt and/or delivery for transportation, storage, pooling, and PAL services, which shall be specified on COMPANY's Interactive Website and in Shipper's Agreement where Shipper may be entitled to service. A PIN may also be referred to as a Receipt Point, Delivery Point, Storage Point, Pool Location, or PT in this Tariff.
  - (bb) Pool Location – Geographic locations established by COMPANY on its pipeline system at which Shippers and TTT parties buying and selling gas can nominate aggregated supplies for delivery or receipt. All Pool Locations shall be provided on COMPANY's Interactive Website.
  - (cc) Primary Path – The path of gas from a Primary Point of Receipt as defined on Exhibit A to SHIPPER's Service Agreement (Primary Receipt Point or Exhibit A Receipt Point) along SHIPPER's contracted pipeline capacity path to a Primary Point of Delivery as defined on Exhibit B to SHIPPER's Service Agreement (Primary Delivery Point or Exhibit B Delivery Point). The direction of the Primary Path shall be considered to be from the Primary Receipt Point to the Primary Delivery Point.
  - (dd) Pro Rata PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the total quantity to be allocated is multiplied by the ratio established by taking each scheduled line item and dividing it by the total line items applicable to the quantity to be allocated.
  - (ee) Ranked PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the line item nomination with the lowest rank value is allocated before the next sequentially higher-ranked line item nomination.
  - (ff) Rate Default – For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default.
  - (gg) Rate Floor – Rate Floor is the term used to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than COMPANY's minimum reservation rate or zero cents when there is no stated minimum reservation rate.
  - (hh) Swing PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where one of the scheduled line items, or alternatively a separate contract, is designated as the "swing." All other scheduled line items are allocated the scheduled quantity. The line item(s) identified as "swing" are allocated the remaining difference between the total quantity to be allocated and quantities allocated to non-swing line items, in accordance with the instructions provided with the PDA. The swing line item(s)/contract is not permitted to be allocated a quantity which would result in a negative number, therefore any negative quantity is allocated to the remaining scheduled line items on a pro rata basis.
  - (ii) Title Transfer Tracking (TTT) - The process of accounting for the progression of title changes from party to party that does not affect a physical transfer of the gas (NAESB Standard 1.2.15 ).
  - (jj) Transportation Demand (TD) - The maximum quantity of gas that COMPANY shall be obligated to receive and deliver on any day pursuant to a Service Agreement under the FT Rate Schedule or FT-NN Rate Schedule. The Transportation Demand shall be stated in the Service Agreement in Dth.

- (kk) Unauthorized Overrun Gas (UAO) – Gas that is taken by SHIPPER, but is not scheduled and is in excess of the SHIPPER'S Daily Entitlement. Nothing contained in this Tariff shall give SHIPPER the right to take Unauthorized Overrun Gas.

## 2. INQUIRIES AND CONDITIONS FOR SERVICE

2.1 Any inquiries regarding the availability of transportation, storage, or PAL service and the rates charged for such service should be directed to COMPANY'S Marketing Department. COMPANY shall inform each potential shipper inquiring about service as to the availability of and rates applicable to a particular service. Any potential shipper interested in service may obtain a copy of COMPANY'S transportation Rate Schedules, the General Terms and Conditions, and the transportation rates applicable thereto as contained in COMPANY'S FERC Gas Tariff, Eighth Revised Volume No. 1 from COMPANY's Interactive Website. The procedures for submitting valid requests for transportation service are as follows.

- (a) Requests for service under Rate Schedules FT, FT-NN, IT, CSS, ISS, or PAL shall be provided to COMPANY in the format provided by COMPANY on its Interactive Website. To be considered a valid request, service must be requested to begin within sixty (60) days under Rate Schedule FT, FT-NN, or CSS, except if the request involves the completion of construction by COMPANY of any necessary facilities or the issuance of any necessary certificate authorization to COMPANY or if the request is a bid submitted as part of an open season initiated by COMPANY as provided below in Section 2.1(b)(iii) within the period specified in the open season. The request shall contain all of the following information to be deemed a valid request.
  - (i) Full legal name of SHIPPER, identity of the SHIPPER, DUN & BRADSTREET (DUNS) number, address, contact person(s), 24-hour telephone number and email address, type of legal entity, and if a corporation, state of incorporation;
  - (ii) For service under Rate Schedule FT or FT-NN, the Transportation Demand requested, and for service under Rate Schedule CSS, the Maximum Storage Quantity requested.
  - (iii) Requested term of service, including proposed commencement and termination dates;
  - (iv) For service under Rate Schedules FT, the name and Receipt Point PIN (if known) or detailed description of each firm Receipt Point and Maximum Daily Receipt Quantity at each Receipt Point requested;
  - (v) Reserved
  - (vi) For service under Rate Schedule FT or FT-NN, the name and Delivery Point PIN (if known) or detailed description of each Delivery Point requested, and the Maximum Daily Delivery Quantity at each Delivery Point requested;
  - (vii) A certification by SHIPPER that SHIPPER has entered into or will enter into those arrangements necessary to assure all upstream and downstream transportation will be in place prior to the commencement of service under a transportation Service Agreement with COMPANY;
  - (viii) A certification by SHIPPER that SHIPPER has title or a current contractual right to acquire title to the gas to be delivered to COMPANY;
  - (ix) Most recent audited financial statements, annual report, Form 10-K, a list of affiliates and three (3) credit references and the names of two representatives who are authorized to receive notices regarding SHIPPER's creditworthiness, including the e-mail addresses of such representatives, in order to enable COMPANY to evaluate SHIPPER'S creditworthiness. Written requests and response for this credit information should be provided by e-mail, unless other forms of communication are otherwise agreed upon by COMPANY and SHIPPER. The obligation of COMPANY to provide creditworthiness notification is waived until SHIPPER provides COMPANY with e-mail addresses. The SHIPPER shall manage internal distribution of any such confirmations;
  - (x) The affiliation, if any, of SHIPPER with COMPANY.

- (b) Allocation of Capacity: Firm capacity on COMPANY'S system that is available or turned back to COMPANY from time to time shall be allocated pursuant to the following procedures:

- (i) Subject to all requirements for submitting a valid request for firm service herein and subject to the requirements of Section 20 of the General Terms and Conditions hereto, firm capacity will be allocated to the valid request(s) that generate the highest net present value ("NPV") to COMPANY. When two or more requests for service are being evaluated under this section, requests evaluated at the same time shall be considered together under the same criteria.

Net present value will be determined based on the discounted cash flow of revenues to COMPANY produced, lost, or affected by the request(s) for service. In determining the highest net present value, COMPANY will consider objective criteria only. Such criteria may include, without limitation, the Transportation Demand or Maximum Storage Quantity requested, the duration of the service requested, the date on which the requested service would commence, the applicable Reservation Charge, Deliverability Charge and Capacity Charge, and such other factors available based on the requests for service received by COMPANY, including the cost(s) or cost of service attributable to any facilities required by COMPANY to provide the service and/or any extensions of firm contracts. COMPANY may calculate the NPV on a per unit basis by dekatherm or on a total revenue basis. The NPV shall include only revenues generated by the reservation rate component or other form of revenue guarantee, as proposed by the bidder(s). With respect to evaluating bids at less than the maximum lawful rate, COMPANY reserves the right to evaluate bids based on the percent of the maximum rate bid. For negotiated rate bids proposing a reservation rate or other form of revenue guarantee, which exceeds the maximum applicable reservation rate, the net present value calculated for the bid may not exceed a net present value that is calculated assuming that the maximum applicable reservation rate shall be in effect during the full term proposed in the bid, in place of the reservation rate(s) or other revenue guarantee(s) proposed in the bid. As used in this Section, "revenue guarantee" shall mean a volumetric or usage rate bid along with a minimum throughput commitment or a new contract for additional firm capacity. In performing a net present value evaluation of a negotiated rate bid proposing a volumetric or usage rate along with a minimum throughput commitment, COMPANY shall consider only the fixed costs proposed to be recovered through the volumetric or usage rate bid in addition to any reservation rate included in the bid. The net present value discount factor used by COMPANY will be applied consistently to all requests for capacity being evaluated at the same time. COMPANY may specify commencement and termination dates to be bid. For purposes of its NPV evaluation, COMPANY may consider the aggregate NPVs of two or more bids that generate the highest NPV to COMPANY.

- (ii) If COMPANY receives two (2) or more requests for service that produce equal net present values, then available capacity will be allocated to the comparable requests on a pro rata basis. A party must specify in its request whether it is willing to accept capacity on a pro rata basis pursuant to this Section. If any party declines to accept prorated capacity, such party's request shall be null and void and COMPANY shall be entitled to reallocate the available capacity among the other comparable requests.
- (iii) Capacity on COMPANY's system will be posted on its Interactive Website pursuant to Section 284.13(d)(1) of the Commission's Regulations as it becomes available. COMPANY must hold an open season at any time that a shipper makes a written request for available capacity; provided, however, that COMPANY is not required to hold an open season where the capacity has been posted as available for at least five (5) business days. COMPANY shall



post the terms of the open season and the available capacity under the open season. For open seasons conducted under this Section, such open season shall be held for a minimum of one (1) business day for service terms of one year or less, a minimum of five (5) business days for service terms of more than one year. During any such open season, COMPANY will allocate the capacity subject to the open season as provided in Section 2.1(b)(i) above. At the time of posting, COMPANY will identify the criteria to be used in calculating the Net Present Value, including, but not limited to, the weighing of each criteria, the method of calculating Net Present Value, and the discount factor to be used. COMPANY may elect to set a reserve price(s) for bids; provided, however, if COMPANY elects to do so it will (i) set such reserve price(s) at the time of posting and (ii) be able to demonstrate under reasonable means that it established such reserve price(s) at the time of posting. Delivery Point changes requested under Section 6.4 will be awarded according to this Section 2.1(b)(iii). In evaluating bids associated with the open season, any request for a change in primary Delivery Points under Section 6.4 of these General Terms and Conditions will be considered to have a net present value of zero (0) when comparing requests for service, awarding capacity, and meeting the reserve price unless the SHIPPER has agreed in conjunction with its request to increase its TD or extend the term of its firm contract in which case COMPANY may consider the terms of such TD increase or contract extension when evaluating the net present value.

Receipt Point changes requested under Section 6.3 will be awarded according to this Section 2.1(b)(iii). Company will consider any requests by a SHIPPER to change primary Receipt Point(s) as part of a bid in an open season for the available capacity offered in the open season. In evaluating bids associated with the open season, any request for a change in the primary Receipt Point(s) will be considered to have a net present value of zero (0) when comparing requests for service, awarding capacity, and meeting the reserve price, unless the SHIPPER has agreed in conjunction with its request to increase its TD or extend the term of its firm contract in which case COMPANY may consider the terms of such TD increase or contract extension when evaluating the net present value.

Notwithstanding this Section 2.1(b)(iii), an open season for an amendment of primary Receipt Point(s) or Delivery Point(s) shall not be required:

- (1) when the change is necessitated by the proposed abandonment of facilities associated with a SHIPPER'S primary Receipt Point(s) or Delivery Point(s) to which change shall be effective on the date mutually agreed by COMPANY and SHIPPER or otherwise on the date the abandonment of facilities is effective;
  - (2) upon mutual agreement of COMPANY and SHIPPER when the award of capacity associated with the proposed change is possible only as the result of the amendment of SHIPPER's existing primary Receipt Point(s) or Delivery Point(s);
  - (3) when the Receipt Point change is necessitated by the fact that the Receipt Point is not capable of flowing gas and SHIPPER has elected or is required to change its point as provided in the requirement in Section 6.1 of these General Terms and Conditions; or
  - (4) if the requested Receipt Point or Delivery Point has been posted for at least five (5) business days as having available unsubscribed capacity.
- (iv) COMPANY may enter into a pre-arranged agreement with any shipper for capacity that is available prior to holding an open season for that capacity, provided that COMPANY will indicate in the posting announcing the open season that the open season is subject to a pre-arranged transaction. For capacity that has not yet become available, COMPANY shall post the capacity coming available prior to entering into any pre-arranged transaction for the capacity. Once an open season for capacity has commenced, COMPANY may not enter into a pre-arranged transaction during the open season for the

capacity included in the open season. Any shipper will have the right to submit a bid for the capacity in the open season. If a shipper submits a bid with a higher NPV to COMPANY than the pre-arranged transaction, the shipper with the pre-arranged transaction will have a one-time right, within two business days of notification by COMPANY, to match the NPV of the higher bid in order to obtain award of the capacity. If the shipper with the pre-arranged transaction elects not to match a higher competing bid, the capacity will be awarded to the bidder(s) with the highest NPV to COMPANY. Such NPV shall be determined pursuant to the procedures set forth in Section 1(b)(i) above and the criteria set forth in the open season. If the capacity is awarded to a shipper under the terms of a pre-arranged transaction, COMPANY shall post the following information:

- (1) the rate initially offered by COMPANY for the capacity;
- (2) the rate agreed upon in the pre-arranged transaction; and
- (3) the rate at which the capacity is awarded.

- (v) All requests received during an open season remain binding on the requesting SHIPPER through the end of the open season unless withdrawn by the requesting SHIPPER; provided, however, a requesting SHIPPER may withdraw its previous request and submit a request with a higher net present value during the open season, but neither the requesting SHIPPER nor an affiliate thereof may submit a request with a lower net present value during the open season. At the end of the open season, all requests either withdrawn or not accepted shall be deemed null and void. COMPANY will evaluate the bids and notify the winning bidder within ten (10) business days of the close of the open season. If the SHIPPER awarded the capacity does not execute a Service Agreement within the time set forth below in Section 2.1(c), then COMPANY may elect to offer the capacity to other SHIPPERS as provided above. If there is no other acceptable bid, the SHIPPER awarded the capacity shall be obligated to pay COMPANY the applicable Reservation Charge, or Deliverability Charge and Capacity Charge, for the capacity requested in the bid based on the terms of the bid through the end of the term specified in the bid or until such time that COMPANY can successfully award the capacity to an acceptable replacement bidder. COMPANY shall post the winning bid and the method of evaluating the winning bid on COMPANY'S Interactive Website within twenty-four (24) hours after the award has been made.
- (vi) To the extent COMPANY has available unsubscribed capacity, COMPANY shall have the right, but not the obligation, to reserve that capacity when it becomes available for any expansion projects provided that the open season for the expansion is conducted by the later of one (1) year from the date COMPANY posts such capacity as being reserved or one (1) year from the date such reserved capacity actually becomes available for use. COMPANY will post on its Interactive Website its intention to reserve any capacity for an expansion; and, once it posts its intention to reserve such capacity COMPANY shall not award such capacity independent from such expansion unless and until it posts a notice on its Interactive Website rescinding its decision to reserve the capacity. COMPANY may, however, market any capacity reserved under this paragraph or capacity awarded under Section 2.1(b)(v) on an interim basis for the period prior to the in-service date of the expansion or start date of the service agreement awarded under Section 2.1(b)(v). For such interim-term agreements, COMPANY reserves the right to limit Shipper's extension rights under its service agreement with COMPANY or ROFR rights under Article 20 to these General Terms and Conditions up to the proposed in-service date of the expansion project or start date of the service agreement. COMPANY will indicate in any open season posting for the interim capacity any limitations on ROFR, evergreen or extension rights that will apply to such interim service agreement(s).
- (vii) Notwithstanding the net present value determination, COMPANY reserves the right to decline requests for service (i) that offer less than the maximum rate;

- (ii) that may detrimentally impact the operational integrity of COMPANY's system; (iii) that do not satisfy all the terms of a specific open season; (iv) for which the requestor does not demonstrate creditworthiness; (v) that contain terms and conditions other than those set forth in the Tariff; or (vi) that contain contingencies that cannot be removed within a time frame acceptable to COMPANY.
- (c) Within five (5) business days, or a mutually agreed-upon time, after accepting the request as provided above subject to the provisions of Sections 2.1(a), 2.1(b), and 2.1(d) of this section, COMPANY shall prepare and tender to SHIPPER for execution a Service Agreement under the applicable transportation Rate Schedule in the pro forma format attached to this tariff. If SHIPPER fails to execute or return to COMPANY the Service Agreement within ten (10) business days of the date received by SHIPPER, where the terms of the Service Agreement are identical to the request or bid submitted by the SHIPPER, or fifteen (15) business days where the terms of the Service Agreement have changed from the request or bid submitted by the SHIPPER, then COMPANY may deem the request for service null and void, and the available capacity will then be reallocated according to Section 2.1(b)(iv) above.
- (d) COMPANY shall not be required to perform services under a transportation Service Agreement for any SHIPPER who (i) is or has become insolvent, (ii) fails to demonstrate creditworthiness either before initiation of service or on an ongoing basis after initiation of service, or (iii) fails to make payments pursuant to Section 15 hereof (except if SHIPPER has disputed a bill and made provision for such payment in accordance with Section 15.3 hereof). If, during the ongoing credit evaluation process following initiation of service, COMPANY should desire additional credit information from SHIPPER, COMPANY will provide the reason(s) to SHIPPER for requesting such additional information unless COMPANY and SHIPPER have mutually agreed to waive this requirement. COMPANY and SHIPPER shall comply with the following guidelines for credit evaluation:
- (A) COMPANY shall designate on its Interactive Website or by written notice, two representatives who are authorized to receive notice and information regarding SHIPPER's creditworthiness, and COMPANY shall manage internal distribution of any such information;
- (B) COMPANY shall designate a date that the credit information is due from SHIPPER;
- (C) Upon receipt of either an initial or follow-up request from COMPANY for credit evaluation information, SHIPPER's authorized representatives should acknowledge receipt of COMPANY's request unless COMPANY and SHIPPER have mutually agreed to waive this requirement. The SHIPPER's obligation to provide conformation of receipt is met by sending such confirmation to the representatives described in Section 2.1(d)(A) above;
- (D) SHIPPER shall provide COMPANY with all the credit information requested by COMPANY's designated due date, or provide to COMPANY the reason(s) why the information cannot be provided;
- (E) Once COMPANY receives all required credit information from SHIPPER, COMPANY will notify SHIPPER's authorized representatives (s) of such receipt unless COMPANY and SHIPPER have mutually agreed to waive this requirement;
- (F) If SHIPPER is determined to be non-creditworthy by COMPANY, SHIPPER may initiate with COMPANY a re-evaluation of its credit. As part of this re-evaluation process SHIPPER should either update or confirm in writing the prior information provided to COMPANY related to SHIPPER's creditworthiness. This update should include any event(s) that SHIPPER believes could lead to a material change in its creditworthiness;

- (G) After COMPANY receives SHIPPER's request for re-evaluation, including the information in (D) above, COMPANY will provide SHIPPER with a response in writing or via email within five (5) Business Days, which will include either a determination of SHIPPER's creditworthiness status clearly stating the reason(s) for COMPANY's decision, or will provide SHIPPER with an explanation supporting a future date when a re-evaluation determination will be made. This re-evaluation process will not exceed twenty (20) Business Days from the date of the receipt of SHIPPER's request, unless COMPANY and SHIPPER mutually agree to some later date.

In lieu of the above credit requirements, such SHIPPER may receive service if SHIPPER makes a security deposit in an amount equal to the cost of performing the maximum transportation or storage service requested by SHIPPER for a three (3) month period, furnishes good and sufficient surety, as determined by COMPANY in its reasonable discretion, in an amount equal to the cost of performing the maximum transportation or storage service requested by SHIPPER for a three (3) month period, or furnishes a guaranty from a creditworthy party that said creditworthy party will be responsible for payment of all charges and penalties assessed by COMPANY but not paid by SHIPPER. COMPANY shall not be required to perform services under a PAL Service Agreement for any SHIPPER who is or has become insolvent, or who fails to demonstrate creditworthiness, or who fails to make payments pursuant to Section 15 hereof (except if SHIPPER has disputed a bill and made provision for such payment in accordance with Section 15.3 hereof); provided, however, such SHIPPER may receive service if SHIPPER makes a security deposit or furnishes good and sufficient surety in an amount equal to the quantity of the gas to be parked or loaned at the value of the gas per dth, for a period of three months, or provides COMPANY with a guaranty from a creditworthy party that said creditworthy party will be responsible for the value of the gas including payment of all charges and penalties assessed by COMPANY but not paid by SHIPPER.

- (e) Subject to other provisions of COMPANY'S firm transportation Rate Schedules and these General Terms and Conditions, Receipt Point(s) may be added to or deleted from Exhibit A to a Service Agreement, Delivery Point(s) may be added to or deleted from Exhibit B to a Service Agreement if the additional Delivery Point(s) are in the same zone as the current Delivery Points, the Maximum Daily Receipt Quantities or Maximum Daily Delivery Quantities may be increased or decreased, or the term of any Service Agreement may be extended wherein the parties have agreed to an "evergreen" or "rollover" provision; provided that the Transportation Demand specified in the Service Agreement is not increased. Such changes shall not affect SHIPPER'S priority of service under a firm transportation Rate Schedule.

To request any of the changes to a Service Agreement specified above, SHIPPER shall submit a request in writing or electronically in the manner set forth in Section 2.1(a) above, provided that electronic copies shall be equivalent to original writings.

- (f) It is recognized that the conversion to transportation services in lieu of bundled sales services will not result in the freeing up of equivalent firm capacity on each portion of COMPANY'S system. COMPANY shall not be obligated to accept any request for firm transportation service unless adequate firm capacity is available without the construction of additional facilities by COMPANY on every portion of COMPANY'S system (including Receipt and Delivery Point(s)) which would be utilized in such transportation and throughout the year.

- 2.2(a) If SHIPPER is an aggregator of gas from Receipt Points for sale at an eligible Pool Location, such SHIPPER shall nominate from the Receipt Points to the Pool Location by utilizing either its existing Transportation Service Agreement or entering into a Supply Pool Balancing Agreement in the format set forth in Section 6.9 of the Form of Service Agreements. In the event a party does not have a Transportation Service Agreement, and it wishes to aggregate supply from Receipt Points for sale at an eligible Pool Location, then it shall enter into a Supply Pool Balancing Agreement in

the format set forth in Section 6.9 of the Form of Service Agreements. Any such aggregator of gas must comply with the provisions of this Section 2.2 of the General Terms and Conditions.

Any SHIPPER that wishes to enter into a Supply Pool Balancing Agreement shall submit to COMPANY in the format provided by COMPANY on its Interactive Website a request for a Supply Pool Balancing Agreement. The request shall be submitted in the format provided by COMPANY on its Interactive Website. The request shall include the following information to be deemed a valid request:

- (1) Full legal name of requesting party, Dun and Bradstreet number (DUNS), complete addresses for notices, dispatching and invoices, contact person, email address, and a 24-hour telephone number for emergencies, type of legal entity and, if a corporation, the state of incorporation; and
- (2) Reserved.
- (3) Most recent audited financial statement, annual report, Form 10-K, a list of affiliates and three (3) credit references in order to enable COMPANY to evaluate the requesting party's creditworthiness.

Upon receipt of all of the required information and a determination of creditworthiness or the provision of approved credit support as set forth in Section 2.1(d) above, COMPANY shall prepare and tender to the requesting party a Supply Pool Balancing Agreement in the pro forma format set forth in Section 6.9 of the Form of Service Agreements. This Agreement must be executed, complete and unrevised, before the requesting party shall be eligible to nominate or aggregate gas at a Pool Location under such Agreement..

- 2.2(b) If SHIPPER is a purchaser of gas from a party that is selling gas from an aggregate of Receipt Points at a Pool Location, and SHIPPER wishes to nominate to receive gas from such party's aggregate supplies of gas, COMPANY will allow such a nomination, provided that the selling party submits a corresponding nomination to deliver aggregated gas to SHIPPER at the Pool Location.
- 2.2(c) In addition to the Pool Locations, COMPANY shall set forth on its Interactive Website the Receipt Points that are eligible to be aggregated for sale at each Pool Location without incurring transportation charges, whether under a Transportation Service Agreement or Supply Pool Balancing Agreement. There shall not be a fuel charge assessed on scheduled nominations at such eligible Receipt Point for delivery to a corresponding Pool Location, nor a Transportation Charge assessed on scheduled nominations to the Pool Location from an eligible Receipt Point; provided, however, that all receipts of gas under a Supply Pool Balancing Agreement will still be assessed the SCRM surcharge as set forth in Section 1.4 of the Supply Pool Balancing Agreement.

3. QUALITY

- 3.1 The gas delivered for transportation under Rate Schedules FT, FT-NN and IT will be merchantable gas and will upon delivery by SHIPPER to COMPANY:
- (a) be free of objectionable liquids and solids and be commercially free from dust, gums, gum-forming constituents, or other liquid or solid matter which might become separated from the gas in the course of transportation through the pipeline or which could cause inaccurate measurement;
  - (b) not contain more than 200 grains of total sulfur or 3.0 grains of hydrogen sulfide per Mcf;
  - (c) not contain more than 3% by volume of carbon dioxide or nitrogen or 1% of oxygen;
  - (d) not contain more than 7 pounds of water per 1,000 Mcf;
  - (e) have a temperature of not more than 120 degrees Fahrenheit, nor less than 40 degrees Fahrenheit;
  - (f) have a gross heating value of at least nine hundred fifty (950) Btu per cubic foot of dry gas. The gross heating value of the gas shall be determined by a mutually acceptable test of one cubic foot of gas at a temperature of sixty degrees Fahrenheit and at a pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute. Tests for such determination of heating value shall be conducted on a monthly basis, or such other intervals as determined necessary by COMPANY, by a method or methods to be mutually agreed upon; and
  - (g) have a cricondenthem hydrocarbon dew point temperature ("HDP") equal to or less than the specification posted on COMPANY's Interactive Website as a "Hydrocarbon Dew Point Limitation" as it becomes necessary from time to time to prevent hydrocarbon condensation in COMPANY's system or from deliveries to its customers in order to ensure that the gas redelivered will be merchantable as provided in Section 3.2 below. COMPANY will use certain monitoring points downstream of major gas supply sources on its system ("Monitoring Points") to measure the quantity of equivalent gallons of liquid per mcf of gas of Hexanes and heavier (C6+) hydrocarbons in the gas stream ("GPM Factor"). The Monitoring Points will be located at COMPANY'S Enterprise Compressor Station on its South Main Line, the Rome No. 1 Meter Station on COMPANY'S facilities and those of Southern LNG Inc. in Chatham County, Georgia. The HDP calculations will be performed using the Peng Robinson equations of state. The Hexane plus values used in the HDP calculation will be verified on an annual basis using an extended analysis from samples taken at the Monitoring Points. COMPANY will use the actual GPM Factor at the Monitoring Points or a projected GPM Factor based on confirmed or reasonably anticipated events, e.g., a processing plant outage, in order to determine (i) whether a limitation is necessary, and (ii) what portion of COMPANY's system is affected by an excessive GPM Factor. COMPANY shall then determine the GPM Factor level that is necessary to ensure that liquefiable hydrocarbons do not condense out of the gas stream ("GPM Target"). The GPM Target will then be correlated to an HDP specification which will be included in the posting ("HDP Specification"). COMPANY shall establish groups of two or more meter stations that will be sampled at a common point in order to determine whether they meet the HDP Specification in the aggregate ("Aggregation Group"). Aggregation Groups, as established from time-to-time, shall be posted on COMPANY's Interactive Website. New Receipt Points will be automatically assigned to the existing Aggregation Group covering the geographical area where the point is located. COMPANY shall provide thirty (30) days notice with a posting on its Interactive Website to move a Receipt Point from one Aggregation Group to another and shall include in said posting the operational reasons for moving the Receipt Point. COMPANY shall attempt to minimize the use of HDP Limitation Notices and to the greatest degree possible, shall endeavor to implement the highest HDP for specific portions of its pipeline system as necessary to prevent hydrocarbon condensation based on operating conditions, and shall limit the duration of the HDP Limitation Notice to the extent possible. In assessing system operating conditions, COMPANY shall consider all relevant

factors affecting hydrocarbon condensation, including specifically (i) the HDP at the Monitoring Point, (ii) events that could lead to hydrocarbon condensation, (iii) market demand (location and volume), (iv) supply diversity (location and volume), (v) the weather, and (vi) any opportunities within Southern's control to blend gas supplies. COMPANY will include in any posting pursuant to this section (1) the anticipated duration of the limitation; (2) the Receipt Point(s) and Aggregation Group(s) with their associated Receipt Point(s) on the system subject to the limitation; (3) the effective date and time by which parties have to conform to the limitation; (4) the latest available HDP at the Monitoring Points, all Aggregation Group(s) upstream of the affected Monitoring Point, all pipeline interconnections upstream of the affected Monitoring Point, and all Receipt Point(s) that have an HDP above the HDP Specification within the Aggregation Group(s) that has/have an HDP above the HDP Specification; and (5) the reason for the limitation, including the information utilized in deciding to issue the HDP Limitation Notice. Receipt Points delivering gas into COMPANY's system directly from well head production facilities where the actual flow during the calendar month immediately preceding the month in which the limitation notice is posted averaged 500 dth/d or less will be exempt from the limitation in any such posting. COMPANY will provide prior notice by posting the limitation at least two (2) days before the limitation will be effective. COMPANY will attempt to provide this notice prior to the beginning of the month in which the limitation is to be effective, but if such prior notice is not practicable, COMPANY will explain the reason in the posting why it was unable to give such notice prior to the beginning of the month. COMPANY shall accept gas entering the system at all Receipt Points and Aggregation Groups which conform to the posted HDP Specification set forth in the limitation posting. In the event that volumes of gas that do not meet the HDP Specification must be limited, COMPANY will schedule the gas under any limitation hereunder during COMPANY's regular NAESB scheduling cycles according to the following procedures:

- (i) The total quantity of equivalent gallons of Hexanes and heavier (C6+) hydrocarbons contained in the gas stream at the Monitoring Point(s) that must be reduced to meet the HDP Specification will be calculated;
- (ii) The gallons calculated in (i) will then be allocated proportionately based on the GPM Factor to (a) each Receipt Point that is not part of an Aggregation Group where the gas received at the Receipt Point does not meet the HDP Specification and (b) each Aggregation Group where the gas received from the Aggregation Group exceeds the HDP Specification;
- (iii) Except as provided in (iv) below, the gallons allocated to an Aggregation Group as provided above in (ii) will be allocated proportionately based on the GPM Factor to each Receipt Point which does not meet the HDP Specification within such Aggregation Group; and
- (iv) For Aggregation Group(s) that include Receipt Points that are upstream of a processing plant that is directly-connected to COMPANY's system, the following exception to the proportionate allocation in (iii) above shall apply. The gallons allocated to such Aggregation Group(s) as provided in (ii) shall be allocated proportionately to that gas entering COMPANY's system for which there has been no demonstration of proof of processing as provided below. In order to demonstrate proof of processing, the party with the right to process the ownership interest at the Receipt Point must verify in writing to COMPANY that such gas, for which proof of processing is being provided, at the Receipt Point proposed to be limited hereunder will be processed through the Toca Plant under either (x) ownership rights in the Toca Plant; or (y) a gas processing arrangement with the Toca Plant for the month in which the limitation occurs. Prior to granting a proof of processing priority for gas at a Receipt Point, COMPANY must receive confirmation from the operator of the Toca Plant acknowledging that such gas will be processed during the month under the arrangement provided above in (x) or (y), and that the Toca Plant has the capability to process the SHIPPER's Maximum Daily Receipt Quantity, or such lesser volume as indicated by the operator of the Toca Plant. In the event that the volume of gas for which proof of processing has been demonstrated still

does not meet the HDP Specification at the common sampling point described above, downstream of the Toca Plant after all of the gas for which no proof of processing was demonstrated has been limited, the remaining gallons shall be allocated proportionately to said Receipt Point(s) for which proof of processing has been demonstrated as provided above. COMPANY shall rely upon such verified statements in the allocation of the gallons allocated to the Aggregation Group effective with the next available scheduling cycle.

For each Receipt Point assigned gallons to be reduced as provided in (ii), (iii) and (iv) above, such reduction in gallons will be converted to a gas volume by dividing the difference of (x) the actual gallons to be contributed to the system at the Receipt Point based on nominations at the Receipt Point and (y) the gallons allocated to the Receipt Point in (ii),(iii) or (iv) above, and the GPM Factor at the Receipt Point.

COMPANY will perform the limitation procedure for each scheduling cycle until the HDP Specification has been achieved at the Monitoring Point. Any resulting limitation at a Receipt Point will be treated the same as a capacity constraint that shall be allocated pursuant to the terms of Section 16.2 of these General Terms and Conditions below. COMPANY may issue an operational flow order, on a nondiscriminatory basis and after notice to the affected SHIPPER(s), pursuant to Section 41.3 below if necessary to enforce a Hydrocarbon Dew Point Limitation.

- 3.2 The gas redelivered hereunder will be merchantable gas and will, unless specifically waived by the Downstream Operator, upon redelivery by COMPANY to or for the account of SHIPPER meet the specifications set forth in Section 3.1 above, except with respect to (a) odorant, which shall be governed by Section 8.4 herein, (b) the minimum temperature set forth in Section 3.1(e) above for any measurement stations at which COMPANY does not maintain heaters, and (c) the limitations under Sections 3.1(g) above for deliveries at points upstream of processing plants.
- 3.3 The sulphur content and hydrogen sulphide content shall be determined by approved standard methods generally in use in the natural gas industry. The hydrocarbon content shall be determined by the method prescribed by the Gas Processors Association in GPA Publication 2261-90 or ASTM Publication 1945-91, or any revisions thereof, or by such other method as shall be mutually agreed upon.

The water content shall be determined at such intervals as shall be found necessary in practice, by the use of dew point apparatus approved by the Bureau of Mines and utilizing curves for "Water Vapor Content of Compressed Natural Gas" comprising Figure 41 to Bureau of Mines, U.S. Department of the Interior, Monograph 8 "Gas Hydrates and Their Relations to the Operation of Natural-Gas PipeLines," or by such other curve or method as shall be mutually agreed upon.

- 3.4 Should any gas delivered to COMPANY fail at any time to conform to any of the specifications provided for in Section 3.1(a)-(f), COMPANY shall notify SHIPPER of any such failure and may at its option suspend all or a portion of the receipt of any such gas, and COMPANY shall be relieved of any of its obligations for the duration of such time as the gas does not meet such specifications. Upon receipt of COMPANY'S notice of such a failure, SHIPPER shall, at its option, either terminate deliveries into COMPANY'S system or make a diligent effort to correct such failure by treatment or dehydration consistent with prudent operation so as to deliver gas conforming to the specifications provided for in this Section 3. Any gas delivered to COMPANY that fails to meet an HDP Specification issued pursuant to Section 3.1(g) shall be handled in accordance with the procedures set out in said section.



4. MEASUREMENT

4.1 Unit of Volume:

The unit of volume shall be a cubic foot.

4.2 Measurement of Volume:

The quantities of Gas measured hereunder shall be computed in accordance with industry standard specifications. Factors required in the computations shall be determined as set forth below:

- (a) Atmospheric Pressure. For the purpose of measurement, calculation and meter calibration, the average absolute atmospheric (barometric) pressure shall be 14.4 pounds per square inch or based on the actual altitude of each point of measurement irrespective of variations in natural atmospheric pressure from time to time, or such other pressure as agreed upon by COMPANY and SHIPPER.
- (b) Compressibility. The measurement hereunder shall be corrected for deviation from Boyle's law using a method at Company's option on a not unduly discriminatory basis and in accordance with AGA Report No. 8, Compressibility Factor of Natural Gas and Related Hydrocarbon Gases (1994), as amended from time to time.
- (c) Temperature. The temperature of the Gas shall be determined at the points of measurement by means of a properly located and installed temperature transmitter of standard manufacture determined by COMPANY in exercise of its reasonable judgment. For on-site flow computations in electronic flow computers, the instantaneous measurement of temperature will be used in such computations. For offsite calculations and recalculations, the temperature at which gas was measured for the period of such record shall be the arithmetic average of the record during the period of time which gas was flowing.
- (d) Determination of Heating Value, Specific Gravity (also referred to as Relative Density), and Gas Composition. The gross Heating Value, specific gravity, and composition of the Gas may be determined by Gas chromatographic analysis or any other method mutually agreed upon. This shall be done by either a Gas sample or by an on-line Gas chromatograph. In the event a spot or continuous Gas sampling device is used, intervals mutually agreed upon should not be less than every Month. The determination of gross Heating Value, specific gravity, and gas composition from chromatograph shall input continuously into the computer for quantity calculations. In the event a spot or continuous Gas sampler is installed, then the gross Heating Value, specific gravity, and gas composition shall be determined in the laboratory by chromatograph and will be used from the date the analysis is downloaded into the flow computer until the date the next sample is analyzed and downloaded to the flow computer. All gross Heating Value, specific gravity, and gas composition determinations made with a chromatograph shall use physical Gas constants for Gas compounds, as outlined in AGA Report No. 5, Natural Gas Energy Measurement, with any subsequent amendments or revisions to which the parties may mutually agree.

## 5. MEASURING EQUIPMENT

### 5.1 Measuring Equipment Standards:

Unless otherwise agreed between COMPANY and Operator/Interconnecting Party, COMPANY will install, maintain, operate or cause to be installed, maintained and operated, measuring stations equipped with flow meters and other necessary metering and measuring equipment by which the volumes of Gas received and delivered hereunder shall be determined.

- (a) Orifice Meters. Orifice meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 3, Orifice Metering of Natural Gas (1992), as amended from time to time.
- (b) Ultrasonic Meters. Ultrasonic meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 9, Measurement of Gas by Multipath Ultrasonic Meters (2007), as amended from time to time.
- (c) Turbine Meters. Turbine meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 7, Measurement of Natural Gas by Turbine Meter (2006), as amended from time to time.
- (d) Positive Displacement Meters. Positive displacement meters shall be installed and Gas volumes computed in accordance with generally accepted industry practices.
- (e) Coriolis Meters. Coriolis meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 11 "Measurement of Natural Gas by Coriolis Meter", as amended from time to time.
- (f) Electronic Flow Computers. Electronic flow computers shall be used for direct computation of Gas flows for custody transfer in accordance with the standards prescribed in API MPMS (Manual of Petroleum Measurement Standards) 21.1, Electronic Gas Measurement, as amended from time to time.
- (g) 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 COMPANY in exercise of its reasonable judgment provided that the new method or technique reflects generally accepted industry practices. COMPANY shall promptly inform all SHIPPERS of any new method or technique adopted.

### 5.2 Testing Measuring Equipment:

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

In the event SHIPPER'S or Receipt Point Operator's or Downstream Operator's pipeline or production facilities go offline for more than twenty-four (24) hours due to destruction or damage or the potential for destruction or damage of such upstream or downstream facilities, COMPANY shall have the right to test or inspect its equipment for damage within a reasonable period of time prior to allowing the point operator to resume service.

### 5.3 Correction of Metering Errors:

Correction of Metering Errors. If, upon test, the measuring equipment is found to be in error by not more than one percent (1%), previous recordings of such equipment shall be considered accurate in computing deliveries, but such equipment shall be adjusted at once to record accurately. If, upon test, the measuring equipment shall be found to be inaccurate by an amount exceeding one percent (1%), at a recording corresponding to the average Hourly rate of flow for the period since the last preceding test, then any previous recordings of such equipment shall be corrected to zero error for any period that is known definitely or agreed upon between COMPANY

and SHIPPER/Operator. In case the period is not known or agreed upon by COMPANY and SHIPPER/Operator, such correction shall be for a period equal to one-half of the time elapsed since the date of the last undisputed test.

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.
- (b) By using the registration of any check meter or meters, if installed and accurately registering.
- (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.

5.4 Check Measuring Equipment:

Subject to the terms of the electronic interconnect agreement at COMPANY's sole election; SHIPPER may install check-measuring equipment at its own cost and expense, provided such equipment shall be so installed as not to interfere with the operations of COMPANY. The measurement equipment of SHIPPER shall be for check purposes only and, except as expressly provided in the applicable electronic interconnect agreement, shall not be used in the measurement of Gas for purposes of the Agreement.

5.5 Prior Period Adjustments:

The deadline for closing measurement data shall be no later than 5 business days after the month of flow. Any measurement data or corrections received by COMPANY (including corrections to allocations) after it has closed the previous month of flow shall be handled as a prior period adjustment. COMPANY shall only process late measurement data or corrections of measurement errors for days that the correction is greater than 10 Dth under Section 5.3 unless mutually agreed to by both COMPANY and Point Operator. The corrections shall be made as soon as practicable but no later than six (6) months after the applicable month of flow in question and shall be made to the month of flow for allocation and billing purposes. If SHIPPER disputes the measurement adjustment, it will have three (3) months after the prior period adjustment is made to provide information that rebuts the adjustment. Excluding government required rate changes and as otherwise provided herein, no prior period adjustments of any kind shall be made after six (6) months following the invoiced month for transportation, storage or pooling services. These deadlines do not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. The parties' other statutory or contractual rights shall not be diminished by this provision. 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.

6. RECEIPT AND DELIVERY POINTS

6.1 Receipt Point:

Each Receipt Point available for transportation service under this Tariff, shall be at the inlet side of COMPANY'S measurement facilities, or such other point as may be mutually agreed upon between COMPANY and SHIPPER. On Exhibit A to the Service Agreement under Rate Schedule FT or Rate Schedule FT-NN, COMPANY and SHIPPER shall specify on said Exhibit A the Maximum Daily Receipt Quantity of gas to be received for transportation at said point. For service performed under the FT Rate Schedule and FT-NN Rate Schedule, the sum of the Maximum Daily Receipt Quantities specified on the Exhibit A to the Service Agreement shall equal the Transportation Demand specified in the Service Agreement. Exhibit A-1 to SHIPPER'S Service Agreement under Rate Schedule FT or Rate Schedule FT-NN shall consist of all Receipt Points at which interruptible capacity is available on COMPANY'S contiguous pipeline system. For service performed under the IT Rate Schedule, Exhibit A to the Service Agreement shall consist of all Receipt Points on COMPANY'S system, as supplied by COMPANY on its Interactive Website which are available for SHIPPER'S interruptible transportation service.

Notwithstanding the foregoing, if (i) a SHIPPER'S primary Receipt Point is not active such that no gas is capable of flowing upstream of the point for twelve (12) consecutive months or (ii) damage to or destruction of facilities prevents any gas supplies from flowing from SHIPPER'S primary Receipt Point for a period of thirty (30) consecutive days ("30-day scenario"), then SHIPPER shall provide in writing to COMPANY an election whether or not to continue contracting for such primary Receipt Point within thirty (30) days of COMPANY'S notification. COMPANY shall notify all firm shippers with the affected Receipt Point as their primary point in writing or as a notice on COMPANY'S Interactive Website of such inactivity. As part of such election, SHIPPER may elect to transfer such primary Receipt Point on its Exhibit A to the nearest downstream Receipt Point that is flowing gas and has sufficient firm capacity or such other point as mutually agreed between COMPANY and SHIPPER that is active and has sufficient capacity, and such transfer shall be reflected on SHIPPER'S Exhibit A as provided in Section 6.3 of these General Terms and Conditions. If such transfer results in firm capacity request(s) exceeding the firm capacity available at a replacement Receipt Point, SHIPPER shall receive its pro-rata share of available capacity at the replacement Receipt Point based on the ratio of its requested capacity relative to the total requested capacity at such replacement Receipt Point. Additional replacement Receipt Points may be assigned or mutually agreed to in accordance with this paragraph and as necessary for SHIPPER to achieve its total MDRQ at functioning Receipt Points.

Once the damage to facilities is repaired and service at the Receipt Point is restored or once a SHIPPER'S original primary Receipt Point is active such that gas becomes capable of flowing upstream of the point, COMPANY shall notify SHIPPER and SHIPPER may elect to return its primary point to such Receipt Point up to the MDRQ previously contracted. In such instances, SHIPPERS previously holding MDRQ at the Receipt Point at the time of the damage shall have a priority right to MDRQ at its original primary Receipt Point over other shippers that did not hold MDRQ at the Receipt Point. If the restored Receipt Point capacity is less than the capacity at the Receipt Point prior to such damage or destruction in the 30-day scenario described above in (ii), SHIPPER shall receive its pro-rata share of the new capacity to determine its MDRQ at the Receipt Point based on the ratio of its previous MDRQ to the prior capacity or the SHIPPER may leave the entire MDRQ at the replacement Receipt Point. If SHIPPER does not elect to return its primary Receipt Point to the restored Receipt Point within thirty (30) days of such notification of Receipt Point restoration, then this option will terminate. Alternatively, in the event that a SHIPPER elects to retain its primary Receipt Point in the 30-day Scenario and did not elect to obtain a replacement Receipt Point, that Shipper would not be subject to pro-rating if service to the Receipt Point is restored at a reduced level.

6.2 Delivery Point:

The location of the Delivery Point, and of each individual measurement station where multiple stations have been consolidated into a single Delivery Point for a particular area as provided for below, shall be specified on Exhibit B and Exhibit B-1 to the Service Agreement between COMPANY and SHIPPER. At each measurement station the transfer of the possession and custody of the gas shall occur at the outlet side of COMPANY'S measurement facilities, or such other point as may be mutually agreed upon between COMPANY and SHIPPER.

For each Delivery Point consisting of a single measurement station, COMPANY and SHIPPER shall specify on said Exhibit B the Maximum Daily Delivery Quantity at said Point.

If SHIPPER is a downstream operator as defined in Section 13.2(a) below and such downstream operator receives gas from COMPANY at multiple measurement stations in the same geographic vicinity in the same zone on COMPANY's system, and either (i) all of such measurement stations are located on an integrated section of a distribution system such that the entire section can be served by the delivery of gas through any one of the measurement stations; or (ii) consolidation of such measurement stations facilitates management of the downstream system and would not impair COMPANY's ability to meet its firm obligations at any point on its system, SHIPPER may request that such measurement stations be consolidated into a single Delivery Point on its Service Agreement. COMPANY shall agree to the consolidation of such measurement stations into a single Delivery Point if COMPANY determines, in its reasonable judgment, that such consolidation will not detract from its ability to deliver gas which a SHIPPER is authorized to take at any Delivery Point. For each Delivery Point consisting of multiple measurement stations, COMPANY and SHIPPER shall specify on the Exhibit B, a total Maximum Daily Delivery Quantity applicable for all the measurement stations within said Delivery Point and the maximum daily and hourly delivery rates for each measurement station. All or any portion of said Maximum Daily Delivery Quantity, up to the delivery capacity of COMPANY's facilities as it exists from time to time, may be taken at any measurement station within such Delivery Point; provided, however, as part of such consolidation COMPANY may specify on Exhibit B an hourly rate for the individual measurement station that is less than the hourly rate for the Delivery Point specified in Section 10.2 below.

If SHIPPER receives gas from COMPANY at one or more Delivery Points classified by COMPANY as a farm tap, SHIPPER may request that all such Delivery Points be consolidated into a single Farm Tap Delivery Point on its Service Agreement without restriction with respect to the location of such Delivery Points on COMPANY'S pipeline system. The provisions of Sections 12 and 16 of these General Terms and Conditions shall not apply to a Farm Tap Delivery Point.

For service performed under Rate Schedule FT or Rate Schedule FT-NN , the sum of the Maximum Daily Delivery Quantities specified on Exhibit B to the Service Agreement shall equal the Transportation Demand specified in the Service Agreement.

#### 6.3 Addition/Deletion of Receipt Points:

For service performed under Rate Schedule FT, COMPANY AND SHIPPER may by mutual agreement add or delete Receipt Points to Exhibit A to the Service Agreement or change the Maximum Daily Receipt Quantity for any Receipt Point on Exhibit A by executing a revised Exhibit A to the Service Agreement; provided however, that any such change to an Exhibit A to a Service Agreement for transportation service under Rate Schedule FT must include corresponding changes to the existing Maximum Daily Receipt Quantities such that the sum of the changed Maximum Daily Receipt Quantities shall equal the Transportation Demand. SHIPPER may elect to release its Exhibit A firm receipt point rights and capacity path to an in path eligible Pool Location through the temporary capacity release process set forth in Section 22 of the GT&C of this Tariff. . Each SHIPPER under Rate Schedules FT and FT-NN shall have the right to utilize as alternate Receipt Points on a preferred interruptible basis all active Receipt Points on COMPANY'S contiguous pipeline system as posted by COMPANY on its Interactive Website . These alternate Receipt Points ("Exhibit A-1 Receipt Points") shall have a priority subordinate to firm services utilizing said points as Exhibit A Receipt Points and a priority superior to all services utilizing said points on an interruptible basis. SHIPPERS utilizing Exhibit A-1 Receipt Points within the Primary Path of the firm transportation Service Agreement shall have a priority superior to shippers utilizing Exhibit A-1 Receipt Points that are outside the Primary Path of the firm transportation Service Agreement. COMPANY shall maintain on its Interactive Website in a downloadable format, an updated list of all Exhibit A-1 Receipt Points eligible for SHIPPER'S firm transportation Service Agreement. Requests for changes in Exhibit A Receipt Points will be subject to the availability of capacity and administered according to the terms of Section 2.1(b) above. In the event capacity is not available to award SHIPPER a firm Receipt Point for the primary term of SHIPPER'S Service Agreement, SHIPPER may request to change an existing Exhibit A Receipt Point for a term of consecutive months which is less than the primary term of the Service Agreement as part of an open season for available capacity under Section 2.1(b) above. If

SHIPPER'S pre-existing Receipt Point is in the path of the amended Receipt Point, then, upon expiration of the term applicable to the amended Receipt Point, SHIPPER'S pre-existing Receipt Point will be restored to Exhibit A to the Service Agreement for the remainder of the primary term, and the amended Receipt Point will terminate at the end of its approved term and be deleted from Exhibit A. If SHIPPER'S pre-existing Receipt Point is not in the path of the amended Receipt Point, then, upon expiration of the term applicable to the amended Receipt Point, the amended Receipt Point will expire and be deleted from SHIPPER'S Exhibit A to the Service Agreement. SHIPPER may then request a new primary Receipt Point on Exhibit A subject to the terms of this Section 6.3. For service performed under Rate Schedule IT, COMPANY shall maintain on its Interactive Website in a downloadable format, an updated list of all Receipt Points available for SHIPPER'S interruptible transportation service for gas.

6.4 Addition/Deletion of Delivery Points:

Subject to the provisions of the transportation Rate Schedule applicable to SHIPPER'S service and these General Terms and Conditions, COMPANY and SHIPPER may by mutual agreement add or delete Delivery Points or change the Maximum Daily Delivery Quantity for any Delivery Point by executing a revised Exhibit B to SHIPPER'S Service Agreement under Rate Schedule FT and/or Rate Schedule FT-NN; provided, however, that any change to an Exhibit B to a Service Agreement for transportation service under Rate Schedule FT or Rate Schedule FT-NN must include corresponding changes to the existing Maximum Daily Delivery Quantities such that the sum of the changed Maximum Daily Delivery Quantities equals the Transportation Demand. Exhibit B Delivery Point changes will be subject to available capacity and administered according to the terms of Section 2.1(b) above.

Each SHIPPER under Rate Schedule FT and Rate Schedule FT-NN shall have the right to utilize as alternate Delivery Points on a preferred interruptible basis all active Delivery Points on COMPANY'S contiguous main pipeline system as posted by COMPANY on its Interactive Website. The alternate Delivery Points ("Exhibit B-1 Delivery Points") shall have a priority subordinate to firm services utilizing said points as Exhibit B Delivery Points and a priority superior to all services utilizing said points on an interruptible basis. SHIPPERS utilizing Exhibit B-1 Delivery Points within the Primary Path of the firm transportation Service Agreement shall have a priority superior to shippers utilizing Exhibit B-1 Delivery Points that are outside the Primary Path of the firm transportation Service Agreement.

COMPANY shall maintain on its Interactive Website, for its main pipeline system, an updated list in a downloadable format of all Exhibit B-1 Delivery Points.

7. PRESSURE

7.1 Receipt Points:

All gas to be transported for SHIPPER shall be delivered to COMPANY at pressures sufficient to enter COMPANY'S facilities at such working pressures maintained by COMPANY at each Receipt Point; provided, however, that such pressures shall not exceed COMPANY'S maximum allowable operating pressures at each such point.

7.2 Delivery Points:

Gas will be delivered by COMPANY at each Delivery Point on Exhibit B to a firm transportation Service Agreement at such pressure as may be mutually agreed upon by COMPANY and the firm SHIPPER and specified in the Exhibit B to its firm Service Agreement. Each pressure to be so specified shall be such pressure as SHIPPER may request up to the pressure which, in the opinion of COMPANY, can be continuously maintained without reducing the existing or future deliverability, or impairing the efficient operation, of its system or any part thereof, after giving effect to the reduction of pressure incident to measurement and delivery of gas, it being recognized that delivery pressure may vary within the control limitations of equipment used for reducing pressure in accordance with generally accepted practice.

If the firm SHIPPER operating the downstream facilities desires that gas be delivered for a temporary period at a pressure different from the pressure at which gas is then being delivered, but lower than the pressure specified in the Service Agreement, it shall give notice thereof to COMPANY, stating the pressure desired and the period for which it is desired. Such notice shall be in writing, except in emergencies when it may be given orally or by facsimile machine, to be confirmed in writing within two days. COMPANY shall change the delivery pressure to the pressure and for the period stated in such notice; provided, however, if COMPANY'S measuring facilities are unable to measure at such pressure a quantity of gas equal to the Maximum Daily Delivery Quantity for such Delivery Point, COMPANY will be obligated during such period to deliver only such quantity of gas as the capacity of such facilities at the pressure stated in such notice will permit.

If such SHIPPER desires that gas be delivered for a temporary period at a pressure different from the pressure at which gas is then being delivered, but higher than the pressure specified in the Service Agreement, it shall give notice thereof to COMPANY stating the pressure desired and the period for which it is desired. Such notice shall be in writing, except in emergencies when it may be given orally or by facsimile machine, to be confirmed in writing within two days. COMPANY shall make delivery at such higher pressure during such period to the extent its facilities and operations permit.

If the foregoing SHIPPER desires permanently to change a delivery pressure specified in its firm Service Agreement, COMPANY and SHIPPER will execute a revised Exhibit B to the Service Agreement; provided, however, that if the pressure is permanently reduced and such reduction requires a change in the measuring facilities at the Delivery Point in order to deliver the MDDQ, such change will be made at SHIPPER'S expense.

Deliveries at Delivery Points where COMPANY has no firm delivery obligation shall be delivered to or for the account of SHIPPER at the working pressures maintained, from time to time, at such points.

8. LIABILITY OF SHIPPER AND COMPANY

8.1 Control of Gas:

For the purpose of determining the liability of COMPANY and SHIPPER, respectively, SHIPPER shall be deemed to be in exclusive control and possession of the gas to be transported until such gas has been actually received by COMPANY at the Receipt Point, while the gas is in SHIPPER'S custody (or the custody of another on its behalf) for processing in accordance with Section 19 hereof, and after the gas has been delivered to the account of SHIPPER hereunder by COMPANY at the Delivery Point. COMPANY shall be deemed to be in exclusive control and possession of the gas transported hereunder only while it is in COMPANY'S facilities. Title to that share of gas deemed to be used as compressor fuel, company-use, vented, lost or unaccounted-for gas hereunder shall pass to COMPANY at the Receipt Point.

8.2 Responsibility and Liability:

The party deemed to be in control and possession of the gas to be transported shall be responsible for and shall indemnify the other party with respect to any losses, claims, liabilities or damages (except consequential) arising therefrom.

8.3 Force Majeure:

In the event of either COMPANY or SHIPPER being rendered unable, wholly or in part, by force majeure to carry out its obligations under the Service Agreement, other than to make payments due thereunder, it is agreed that, on such party giving notice and full particulars of such force majeure in writing, on COMPANY's Interactive Website, by telephone (followed by written confirmation) or by facsimile machine to the other party as soon as possible after the occurrence of the cause relied on, the obligations of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period; and such cause shall as far as possible be remedied with all reasonable dispatch. Upon such notification, scheduling penalties under Section 41.3 of the General Terms and Conditions will not be assessed for the duration of the event of force majeure. Notice of an event of force majeure does not, in the absence of other notice implementing an operational flow order, require Shipper to take any specific actions other than that necessary for SHIPPER to manage its own business in light of said event of force majeure.

The term "force majeure" shall mean acts of God, strikes, lockouts or other industrial disturbances, sabotage, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, and the necessity for maintenance of or making repairs or alterations to machinery, facilities or lines of pipe, freezing of wells, or lines of pipe, authorized abandonment of any lines of pipe, partial or entire failure of wells, sudden changes in reservoir characteristics of COMPANY'S storage fields, loss of gas from the blow out or other failure of wells in COMPANY'S storage fields, or other similar events adversely affecting the storage fields' performance capabilities, and any other causes, 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 prevent or overcome (including a force majeure event on off-system or leased capacity); such term shall likewise include the inability of either party to acquire, or delays on the part of such party in acquiring at reasonable cost and by the exercise of reasonable diligence, servitudes, rights-of-way grants, permits, permissions, licenses, materials or supplies which are required to enable such party to fulfill its obligations hereunder. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the person affected, and the above requirements that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the person affected thereby.



8.4 Odorization:

Except where otherwise required by law, gas delivered by COMPANY will be delivered in its natural state without the addition of any odorizing agent; however, COMPANY does not by such delivery assume any obligation for damages, claims or liabilities by reason of the fact that it has not odorized such gas prior to its delivery.

COMPANY will add odorizing agents to gas delivered by it where required by law; however, COMPANY does not by such odorization assume any obligations for damages, claims or liabilities by reason of the fact that it has or has not odorized such gas prior to its delivery nor does COMPANY warrant the delivery of odorized gas.

9. WARRANTY OF TITLE AND INDEMNIFICATION

Both SHIPPER and COMPANY warrant the title to all gas delivered by it to the other party. SHIPPER further represents and warrants that it will pay and satisfy, or make provision for the payment and satisfaction of, any and all claims of every nature whatsoever in, to, or in respect of the title to all gas delivered by it to COMPANY; and SHIPPER hereby agrees to defend at its cost, and when notified by COMPANY to indemnify COMPANY against, all suits, judgments, claims, demands, causes of action, costs, losses, and expenses arising out of or in any way connected with any claims to the title to all gas delivered to COMPANY.

COMPANY assumes no obligation whatever to any royalty owner or to the owner of any other interest of any kind in any gas delivered to COMPANY by or for the account of SHIPPER, and SHIPPER or its seller shall pay all such royalties or other interests upon or in respect to such gas.

10. HOURLY RATES OF FLOW

10.1 Uniform Flow Rates:

All gas delivered to or by COMPANY under its transportation Rate Schedules shall be delivered at rates as constant as operationally feasible throughout the day, and except as provided in Section 10.2 below, COMPANY shall not be obligated to deliver gas under its transportation Rate Schedules in excess of uniform hourly rates.

10.2 Authorized Fluctuations in Flow Rates:

SHIPPER shall be entitled to take gas at any Delivery Point at an hourly rate necessary to serve its firm markets; provided, however, that SHIPPER shall not be entitled to take, and COMPANY shall not be obligated to deliver, gas during any hour at any Delivery Point in excess of 6% of the firm Maximum Daily Delivery Quantity for such Delivery Point ("hourly flow rate entitlement"). SHIPPER may elect to take a portion of its hourly flow rate entitlement at a secondary firm Delivery Point; provided that this secondary firm Delivery Point is in the path of SHIPPER's primary firm Delivery Point and is downstream of all compression required to deliver to SHIPPER's primary firm Delivery Point. The hourly flow rate entitlement at SHIPPER's primary firm Delivery Point shall be reduced by the amount of the hourly flow rate entitlement received at the secondary firm Delivery Point. The hourly flow rate entitlement at delivery points interconnecting with third party pipelines shall be stated in the OBA between COMPANY and third party pipeline with such hourly flow rate entitlement not to exceed 6%.

Notwithstanding the foregoing, SHIPPER and COMPANY may mutually agree to an hourly flow rate entitlement of less than 6% and such agreement shall be specified on Exhibit "B" to SHIPPER's Service Agreement.

10.3 Notice to Observe Maximum Authorized Fluctuations in Flow Rates:

If COMPANY determines in its reasonable judgment that SHIPPER'S takes of gas in excess of an hourly rate of 6% of the firm Maximum Daily Delivery Quantity for a Delivery Point threaten the integrity of its pipeline system, including the ability to deliver to any other SHIPPER its Daily Entitlement, COMPANY shall give SHIPPER four (4) hours' prior notice to reduce its takes of gas at such Delivery Point to an hourly rate equal to 6% of the SHIPPER's firm Maximum Daily Delivery Quantity for such Delivery Point less the uniform hourly flow of all SHIPPERS scheduling service at secondary points on the affected line segment, provided that the affected SHIPPER shall always be entitled to receive at least 6% of its scheduled quantities on an hourly basis at its primary delivery point on the affected line segment unless SHIPPER and COMPANY have mutually agreed to an hourly flow rate entitlement of less than 6% as specified on Exhibit "B" to SHIPPER's Service Agreement. Available capacity that is in excess of an hourly rate of 6% of the affected SHIPPERS' scheduled quantities shall be allocated on a pro-rata basis according to each firm SHIPPERS' applicable MDDQ.

At the same time such notice is given, COMPANY shall also give notice to all SHIPPERS receiving interruptible transportation service at said Delivery Point that their service will be interrupted in accordance with their Service Agreements. COMPANY will also give notice to limit the performance of interruptible transportation service at any other Delivery Points where the performance of such services would adversely affect the firm transportation services being limited pursuant to this Section 10.

11. INSTALLATION OF FLOW CONTROL EQUIPMENT

COMPANY may elect to construct, install, and operate flow control equipment at any location on its pipeline system whenever it determines in its reasonable judgment that such equipment will contribute to the safe, reliable, efficient, and orderly operation of its pipeline system in a manner that is consistent with its obligations to provide service under all of its rate schedules.

## 12. NOMINATIONS

### 12.1 Nomination Procedures:

- (a) General: SHIPPER, or its agent designated in an executed Agency Agreement, shall nominate gas for transportation, including any quantities for injection into or withdrawal from storage, under its transportation and storage Service Agreements by notifying COMPANY, pursuant to the provisions of this Section 12, of the daily quantity of gas expressed in Dth it has available for transportation at each Receipt Point and of the quantity of gas it desires to have delivered from such Receipt Point to a corresponding Delivery Point. Each receipt and corresponding delivery nomination under Rate Schedule PAL or a Supply Pool Balancing Agreement shall also be submitted pursuant to the provisions of this Section. If there is no physical transfer of gas which would require the nominating party to enter into a Transportation Service Agreement, Storage Service Agreement, PAL Agreement or Supply Pool Balancing Agreement, a party may submit a nomination to COMPANY at a Receipt Point, Pool Location or a Storage Point solely for TTT purposes, provided that it has entered into the DART System License Agreement to use COMPANY's Interactive Website as required by Section 27 hereof. Such nomination shall be subject to the requirements of this Section 12. For purposes of applying the procedures of this Section 12, all nominating parties may be referred to as "Shippers".

SHIPPER shall also specify the first date that the nomination is to be effective ("begin date") and the last date that the nomination is to be effective ("end date"). Shippers may nominate for multiple days, up to six (6) months, provided the begin and end dates are within the term of SHIPPER's Service Agreement with COMPANY. All nominations, excluding intraday nominations, shall have rollover options. Unless SHIPPER wishes to change its nomination, SHIPPER shall not be required to resubmit its nomination during the begin and end dates.

COMPANY shall not be obligated to accept quantities in excess of the MDRQ at each Receipt Point or to deliver quantities in excess of the MDDQ at each Delivery Point; provided, however, SHIPPER shall be entitled to nominate at each Receipt Point a quantity sufficient to cover the fuel charge provided for in Section 3 of the applicable transportation Rate Schedules. When processing nominations, COMPANY shall apply a standard fuel calculation of  $(1 - \text{fuel}\%/100)$  multiplied by receipt quantity = delivery quantity. This calculation shall be rounded to the nearest Dth. The mathematical effect of rounding can yield a result of zero. COMPANY shall not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth (NAESB WGQ Standard 1.3.29). SHIPPER may nominate Authorized Overrun subject to the scheduling priorities set forth in Section 16 of the General Terms and Conditions.

With respect to the various deadlines set forth in this Section 12, the party receiving the information has the right to waive the deadline at its option, COMPANY shall waive any such deadlines in a nondiscriminatory manner for similarly situated SHIPPERS.

- (b) Method of Submitting Nominations: SHIPPER must submit its nomination through COMPANY'S Interactive Website or via Electronic Data Interchange (EDI) methods pursuant to NAESB Standards, provided that SHIPPER has entered into a NAESB Model Trading Partner Agreement with COMPANY for such EDI transaction. SHIPPER'S nominations shall be submitted to COMPANY in the format set forth on COMPANY's Interactive Website. If COMPANY's Interactive Website is unavailable, nominations will be based on the most recent nominations submitted by SHIPPER via COMPANY's Interactive Website until COMPANY's Interactive Website is restored. COMPANY may waive the requirement for a SHIPPER to submit its nomination electronically if COMPANY determines, in its reasonable judgment, that SHIPPER has experienced an event of force majeure that renders it incapable of transmitting such nomination electronically. COMPANY will use its best efforts to work with SHIPPER to enter nomination changes SHIPPER provides in sufficient time prior to the nomination deadline under such limited circumstances.
- (c) Except as set forth in Section 12.2 below, the following nomination deadlines shall apply to nominations, confirmations and scheduling under this Section 12, including

nominations from TTT Service Providers (NAESB WGQ Standard 1.3.2 (i-iv)). There will be two nomination cycles, an 1:00 p.m. nomination cycle and a 6:00 p.m. nomination cycle. For the 1:00 p.m. nomination cycle, scheduled quantities shall be effective at the start of the next Gas Day. For the 6:00 p.m. nomination cycle, scheduled quantities shall be effective at the start of the next Gas Day.

Daily	Evening	
1:00 p.m.	6:00 p.m.	Nominations must leave control of SHIPPER
1:15 p.m.	6:15 p.m.	Nominations must be received by COMPANY
1:30 p.m.	6:30 p.m.	COMPANY must send quick response
4:30 p.m.	8:30 p.m.	Receipt of all completed confirmations by transporters
5:00 p.m.		Receipt of scheduled quantities by SHIPPER and point operator
	9:00 p.m.	COMPANY to provide scheduled quantities to affected SHIPPER and Point Operator, including bumped parties

With the exception of the above referenced nomination deadlines, for any nomination document received from a party requesting service by the conclusion of a given quarter hour period, defined to begin on the hour and at 15, 30 and 45 minutes past the hour, COMPANY will send a quick response to the Service Requester's designated site by the conclusion of the subsequent quarter hour period. A given quarter hour will contain all transactions which receipt time is less than the beginning of the subsequent quarter hour. For purposes of this Section 12.1(c) and Section 12.2(b) below, "provides" shall mean, for transmittals pursuant to EDI, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- (d) Out of Cycle Nominations: COMPANY will use all reasonable efforts to accommodate requests for changes to nominations received after any nomination cycle deadline as identified in Section 12.1 (c) or 12.2 (b) above provided that (i) requests are received prior to the end of the applicable Gas Day; (ii) confirmation of the receipt and delivery quantities is obtained from the affected point operators; (iii) it is operationally feasible to accommodate the requested change; and (iv) other SHIPPERS' entitlements are not impacted. If such request is accepted prior to the Intraday 3 nomination deadline, SHIPPER will be required to submit a nomination that reflects the approved change(s) on the next available scheduling cycle. If the request is accepted after the Intraday 3 nomination deadline, COMPANY will adjust the Shipper's scheduled quantity to reflect the approved change(s). This service is to be provided on a non-discriminatory basis.
- (e) Late Nominations: On any day that COMPANY determines that it can extend the nomination deadline pursuant to the waiver provisions of Section 12.1(a) above without adversely affecting the processing of timely nominations, all nominations received prior to the extended deadline shall be processed at the same time.
- (f) Payback Nominations: When making its nomination, Shipper shall specify by Service Agreement which portion of the quantities to be transported by COMPANY is attributable to current transportation and which portion of the quantities is attributable to payback within the month of an estimated imbalance (either positive or negative). As between quantities of gas received or delivered by COMPANY for current transportation and gas received or delivered by COMPANY as payback of estimated imbalances, the gas received or delivered as current transportation gas shall be deemed to be received or delivered prior to any payback gas, and the gas received or delivered by COMPANY for current transportation shall be scheduled prior to any payback gas nominated by SHIPPER.

- (g) Nomination Ranks: Rankings may be provided by the nominating party and, if so provided, shall be used to prioritize reductions to the corresponding requested quantities when such prioritization is not in conflict with other provisions of this Tariff (NAESB WQG Standard 1.3.23). If rankings are not provided, prioritization will occur on a prorata basis.
- (h) Reserved
- (i) Reserved
- (j) Package ID: A Package ID is a way to differentiate between discrete business transactions. Use of the Package ID is at the discretion of the service requester, and if sent, will be accepted and processed by COMPANY. When used, Package IDs shall be supported for nominating, scheduling, and allocating, but not for transportation invoicing, unless mutually agreeable.
- (k) Posting of Capacity Constraints Affecting Nominations: Once COMPANY determines that a limitation of capacity may affect the scheduling of nominations, COMPANY shall post on its Interactive Website the segments of its pipeline system which COMPANY determines could be affected.
- (l)
  - (1) Segmenting of Capacity: SHIPPER may segment its own firm transportation capacity through the nomination process or as part of a capacity release under Section 22 below to the extent operationally feasible. Segmentation of firm capacity shall be deemed to be operationally feasible provided that the capacity being segmented is within the rate zone(s) for which the SHIPPER has contracted for firm service, and COMPANY can verify with reasonable certainty from Shipper's nominations the capacity of the system that SHIPPER is segmenting. COMPANY will evaluate whether or not a segmented transaction is operationally feasible during the scheduling process of each nomination cycle for which the segmented transaction has been nominated. In addition, a segmented transaction will be deemed to be operationally feasible if SHIPPER is segmenting its capacity such that the sum of all nominations by the original shipper or a combination of Releasing and Replacement Shippers does not exceed, in any pipeline segment within a rate zone, the applicable Transportation Demand of the Service Agreement for that rate zone, including any Capacity Release Transaction, under which the nominated service is provided. A Shipper will be considered to have overlapped its capacity if SHIPPER seeks to segment capacity on the north main system and the south main system such that the sum of the nominated quantity on the north main system and the south main system exceed the Transportation Demand of the Service Agreement for the applicable rate zones.. COMPANY shall provide on its Interactive Website a list of all delivery and receipt points on the north main system and the south main system.
  - (2) Reserved for future use.
  - (3) Segmentable Capacity: The maximum quantity of gas that may be nominated on each segmented portion, or overlapping segmented portions, of COMPANY'S pipeline system by the original shipper or a combination of the Releasing and Replacement Shipper(s) shall not exceed the Transportation Demand of the Service Agreement, including any Capacity Release Transaction, under which the nominated service is provided. If the overlap quantity exceeds the applicable Transportation Demand, then COMPANY shall determine which shipper's nomination will be scheduled by applying the scheduling priorities set forth in Sections 12.3 and 16.2 of these General Terms and Conditions. For purposes of determining whether a segment has been overlapped, nominations to the same Receipt or Delivery Point via a forward haul and backward haul, which do not overlap on the pipeline segment, shall not be considered to overlap at the Receipt or Delivery Point. The volumetric rates, fuel retention percentages and charges, including any overrun charges if contract quantity rights are exceeded because of an overlap or other allocation of quantities in excess of contract quantity, shall apply to the total quantity of gas transported

on each segment of the capacity. Once SHIPPER has segmented its capacity, either for its own use or under a capacity release, the upstream segment(s) shall be entitled to all alternate points within that zone, subject to the availability of capacity, and the downstream segment(s) shall be entitled to all alternate points within the zone for the downstream segment, subject to the availability of capacity. Notwithstanding the above, Authorized Overrun nominations shall not increase a shipper's rights to segment firm quantities under this Section.

In the event nominations to a specific Receipt or Delivery Point exceed the capacity for that point or the line serving that point, the nominations will be scheduled according to the priorities of service set forth in Section 12.3 below, subject to the terms of Section 12.2(d) below and Section 16.2, and nothing contained herein shall prevent Southern from applying its generally applicable scheduling procedures, as provided in this Section 12 below, to segmented transactions.

#### 12.2 Changes in Nominations:

- (a) Changes in Nominations Following Penalty Notices: In the event COMPANY issues a notice pursuant to Section 41.3 or Section 41.2 of these General Terms and Conditions, cancels such notice, or increases the level of capacity to be made available while a notice under Section 41.2 is still in effect, SHIPPER may submit or change its current nomination under its Service Agreement on the day prior to the day on which the penalty notice goes into effect pursuant to the deadlines and the procedures set forth in Section 12.1 above.
- (b) Intraday Nominations: Any SHIPPER may revise its nomination in effect by submitting a revised daily nomination to COMPANY on the day the change is requested to be effective. COMPANY will support three intraday nomination cycles on the current Gas Day (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17).

In the first cycle, the intraday nomination shall leave the control of the nominating party by 10:00 a.m. and COMPANY must receive such nomination no later than 10:15 a.m. COMPANY will have until 10:30 a.m. to send a quick response, until 12:30 p.m. to complete confirmation and until 1:00 p.m. to provide scheduled quantities to affected shippers and point operators, including bumped parties. Subject to further provisions of this Section 12 regarding scheduling and confirmation, SHIPPER's intraday nomination will be effective as of 2:00 p.m. on the current Gas Day.

In the second intraday nomination cycle, the intraday nomination shall leave the control of the nominating party by 2:30 p.m. and must be received by COMPANY by 2:45 p.m. COMPANY will have until 3:00 p.m. to send a quick response, until 5:00 p.m. to complete confirmations and until 5:30 p.m. to provide scheduled quantities to affected SHIPPERS and point operators, including bumped parties. Scheduled Quantities resulting from the second intraday nomination cycle shall become effective at 6:00 p.m. on the current Gas Day.

In the third intraday nomination cycle, the intraday nomination shall leave the control of the nominating party by 7:00 p.m. and must be received by COMPANY by 7:15 p.m. COMPANY will have until 7:30 p.m. to send a quick response, until 9:30 p.m. to complete confirmations and until 10:00 p.m. to provide scheduled quantities to affected SHIPPERS and point operators. Scheduled Quantities resulting from the third intraday nomination cycle shall become effective at 10:00 p.m. on the current Gas Day. No bumping of flowing gas shall occur as a result of the third intraday nomination cycle. SHIPPER may request increases or decreases in total flow, or changes to receipt points or delivery points of scheduled gas.



For intraday nominations under this Section, there is no limitation as to the number of intraday nominations which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. The intraday nomination cycles set forth above shall apply to TTT nominations.

- (c) All provisions of this Section 12 shall apply to intraday nominations; provided that intraday nominations and Evening Cycle nominations shall span one Gas Day only and will not rollover or replace the remainder of a standing nomination.
- (d) No-Bump Rule for Interruptible Nominations: SHIPPER may not nominate to increase its existing flowing quantities at any Receipt Point or Delivery Point to an IT Service Agreement if such increase would cause the reduction of existing quantities flowing at said points; provided, however, that a scheduled temporary reduction in the quantities being transported on behalf of SHIPPER, when requested by SHIPPER and approved by COMPANY or when requested by COMPANY for maintenance or construction, shall not serve to establish a reduced level of existing flowing quantities for the purposes of this provision.

SHIPPER also may not nominate to increase its existing flowing quantities at any Exhibit A-1 Receipt Point or Exhibit B-1 Delivery Point to a Service Agreement under Rate Schedule FT or FT-NN if such increase would cause the reduction of existing quantities at said points for other firm shippers; provided, however, that a scheduled temporary reduction in quantities being transported on behalf of SHIPPER, when requested by SHIPPER and approved by COMPANY, shall not serve to establish a reduced level of existing flowing quantities for the purposes of this provision.

The provisions of this Section 12.2(d) apply to all nomination cycles, including the Timely Nomination Cycle. To determine the existing flowing quantities, COMPANY shall utilize the scheduled quantities from the immediately preceding nomination cycle for the same Gas Day; provided, however, that to determine existing flowing quantities for the Timely Nomination Cycle, COMPANY shall utilize the scheduled quantities from the most recent nomination cycle completed prior to the Timely Nomination Cycle deadline.

- (e) Emergency Nominations: If SHIPPER experiences an event of force majeure which threatens irreparable injury to life, property (including industrial facilities which have been shut down), or the environment, COMPANY may accept, in a nondiscriminatory manner and subject to the further conditions listed below, an emergency nomination from SHIPPER to be effective no earlier than the time said conditions are satisfied. An emergency nomination is subject to the following conditions:
  - (1) The receipt by COMPANY of an affidavit from SHIPPER stating that a bona fide emergency exists, describing the event of force majeure that created the emergency situation, and describing the nature and scope of the irreparable damages the supplemental deliveries of gas are required to prevent.
  - (2) The determination by COMPANY in its reasonable judgment that sufficient capacity is available to provide the requested service. If COMPANY determines that there is insufficient capacity to serve all of the emergency nominations it has received, COMPANY shall accept all nominations in accordance with the priority-of-service categories set out in Section 16 of these General Terms and Conditions.
  - (3) The receipt by COMPANY of written confirmation from the operator of the source of supply from which SHIPPER has arranged to obtain its supply of gas that an incremental quantity of gas will be made available for SHIPPER'S account.
  - (4) The receipt by COMPANY of written confirmation from any third party transporters that they will accept SHIPPER'S supply of gas for delivery to or from COMPANY.

- (f) Nominations To/From Third-Party Storage: If a firm SHIPPER has a storage contract with a third-party provider, COMPANY will accept, in a nondiscriminatory manner and subject to the further conditions listed below, a nomination to receive gas from or deliver gas to COMPANY'S interconnection with such storage provider to be effective no earlier than four (4) hours from the time the following conditions are satisfied:
- (1) Verbal notice to COMPANY'S Gas Control Department followed by the receipt by COMPANY of a valid nomination by SHIPPER for the receipt and delivery of gas under SHIPPER'S firm transportation Service Agreement;
  - (2) If SHIPPER nominates at Exhibit A-1 Receipt Points and/or Exhibit B-1 Delivery Points under its firm transportation Service Agreement, the determination by COMPANY in its reasonable judgment that sufficient capacity is available to provide the requested service; and
  - (3) The receipt by COMPANY of written confirmation via email by the third-party storage provider and any third-party transporters that gas will be delivered or received by such storage provider and transporters as nominated by SHIPPER.

12.3 Scheduling of Nominations:

- (a) Notice of Scheduled Quantities: After receiving notice of the next-day nominations requested by SHIPPER under its Service Agreement, COMPANY shall advise SHIPPER of the quantities of gas for current transportation and the quantities of gas for payback of an estimated imbalance it will schedule at the Receipt Point(s) and deliver at the Delivery Point(s) under SHIPPER'S Service Agreement by 5:00 p.m. for the 1:00 p.m. nomination cycle and by 9:00 p.m. for the evening nomination cycle on the day prior to the Gas Day for which SHIPPER has made its nominations. In addition to making scheduled quantities information available by the times set forth above, COMPANY shall also make available to SHIPPER information containing scheduled quantities, including scheduled intraday nominations and any other scheduling changes. At the end of each Gas Day, COMPANY shall provide to SHIPPERS the final scheduled quantities for the just completed Gas Day. With respect to SHIPPERS using EDI, COMPANY shall send by EDI an end of the day Scheduled Quantity document. Any SHIPPER may waive the delivery of such end of the day Scheduled Quantity document.

After receiving notice of the intraday nomination changes requested by SHIPPER under its Service Agreement, COMPANY shall advise SHIPPER of the quantity of gas for current transportation and the quantities of gas for payback of an estimated imbalance that it is able to schedule on an intraday basis prior to the effective time for such change. COMPANY shall also notify other interruptible SHIPPERS of any interruption in service caused by an intraday nomination prior to such interruption being effective.

- (b) Scheduling Procedures: Quantities scheduled under FT or FT-NN Service Agreements on a constrained pipeline segment shall be scheduled pursuant to the provisions of Section 16.2(c) of the General Terms and Conditions. Quantities of gas nominated at a Receipt Point or a Delivery Point to a firm transportation Service Agreement shall be scheduled on a pro rata basis as follows: (i) to those firm nominations of an Exhibit A Receipt Point or an Exhibit B Delivery Point; (ii) to those nominations at an Exhibit A-1 Receipt Point or Exhibit B-1 Delivery Point in the Primary Path of the firm transportation Service Agreement up to the applicable MDRQ at the Exhibit A-1 Receipt Point and/or the applicable MDDQ at the Exhibit B-1 Delivery Point; and then (iii) to those nominations which are outside the Primary Path of any Exhibit A Receipt Point and any Exhibit B Delivery Point under the Service Agreement. It is provided, however, that quantities of gas nominated by a SHIPPER at an Exhibit B-1 Delivery Point located in a zone that is downstream of the zone in which the SHIPPER'S firm Exhibit B Delivery Points are located shall have a scheduling priority subordinate to other nominations on an Exhibit B-1 basis at such point. Quantities of gas nominated under an IT Service Agreement or Authorized Overrun quantities nominated under an FT or FT-NN Service Agreement shall be scheduled pursuant to the provisions of Section 16.2(d) of these General Terms and Conditions according to the rate SHIPPER is willing to pay and then pro rata among SHIPPERS that pay the same rate.

In the event of a pipeline constraint affecting a nomination by a SHIPPER from a Receipt Point to an eligible Pool Location under its Supply Pool Balancing Agreement (SPBA), such SPBA nomination shall be deemed to have the same priority as IT service for scheduling purposes. It is provided, however, that if such SPBA nomination is nominating its delivery of gas at the Pool Location directly to a SHIPPER that is nominating to receive such SPBA gas under a firm Service Agreement, as indicated by the transportation SHIPPER's ranks, then the nomination under the Supply Pool Balancing Agreement shall have the priority set forth in Section 12.3(b)(iii) and 16.2 (c)(iii) for scheduling purposes hereunder. COMPANY shall then use the SPBA SHIPPER's nomination ranks under the Supply Pool Balancing Agreement to apply such capacity allocation priorities to their SPBA nominations.

(c) Reserved.

(d) Effect of Firm Intraday Nomination on Flowing Interruptible Nomination: Notwithstanding the other provisions of Section 12 to the contrary, if COMPANY has to interrupt a SHIPPER'S flowing nomination at an interruptible Receipt Point or interruptible Delivery Point during a day of service, as a direct result of COMPANY'S acceptance of an intraday nomination increase by a firm SHIPPER under Rate Schedule FT or FT-NN, then at SHIPPER's request and subject to the following provision, COMPANY will not also interrupt said SHIPPER'S corresponding flowing delivery or receipt nomination for the remainder of that day even though an imbalance may be created; provided COMPANY determines in its reasonable judgment that system operations will tolerate all such potential imbalances.

(e) Flow Redirects:

To the extent COMPANY's other scheduling requirements are met, COMPANY shall support the ability of a SHIPPER to redirect scheduled quantities to other receipt points upstream of a constraint point or to other delivery points downstream of a constraint point at any of COMPANY's subsequent nomination cycle(s) for the subject Gas Day, under the same Transportation Service Agreement, without a requirement that the quantities be rescheduled through the point of constraint. (NAESB WGQ Standard 1.3.80)

12.4 Confirmation:

- (a) SHIPPER'S Responsibilities: COMPANY shall be entitled to rely conclusively on SHIPPER'S nomination of the quantities to be delivered at the Receipt Point as authorized for purchase from its seller(s) or sale to its end-user(s). SHIPPER shall not nominate for transportation in excess of: (i) the quantities to be purchased/sold by SHIPPER, (ii) the quantities third-party transporter(s) have agreed to accept for transportation for delivery to COMPANY, or (iii) the quantities third-party transporter(s) or local distributor(s) have agreed to accept for delivery by COMPANY, whichever is less. SHIPPER shall be responsible for all dispatching notices to its seller(s) or end-user(s) and third-party transporter(s), for notifying seller(s) or end-user(s) and third-party transporter(s) of any changes in nominations, and for insuring that seller(s) or end-user(s) and third-party transporter(s) comply with such changes.
- (b) COMPANY'S Procedures: Prior to final scheduling of any nominations by SHIPPER, COMPANY shall make such inquiries as it deems necessary, including but not limited to contacting the responsible dispatching party at each Receipt Point and each Delivery Point, to determine that the portion of SHIPPER'S nomination which can be scheduled by COMPANY will be implemented as stated by SHIPPER ("Confirmation Request"). COMPANY may require confirmation by a Confirming Party no later than 4:30 p.m. for the 1:00 p.m. nomination cycle and by 8:30 p.m. for the evening nomination cycle. A Confirmation Requester is a Service Provider, including a Point Operator, which is seeking to confirm a quantity of gas via the information outlined in NAESB WGQ Standard 1.4.3 with another Service Provider ("Confirming Party"), with respect to a nomination at a location. A Confirming Party is a Service Provider, including a Point Operator, which provides a confirmation for a quantity of gas via the information

outlined in NAESB WGQ Standard 1.4.4 to a Confirmation Requester with respect to a nomination at a location. Confirming Parties refers to a Confirmation Requester and the Confirming Party. The receiver of a nomination initiates the confirmation process. Absent mutual agreement by the Confirming Parties, the Confirmation Request provided by COMPANY shall be at the entity level. The party that would receive a Confirmation Request or an unsolicited Confirmation Response may waive the obligation of the sender to send. Confirming Parties may agree that one party deems all requests at a location are confirmed by the other party ("Confirmation by Exception") without a response communication from that party. The Confirmation by Exception party can take exception to any Confirmation Request by so informing the Confirmation Requester within a mutually agreed upon time frame. Absent mutual agreement between the Confirming Parties, the explicit confirmation process is the default methodology. The explicit confirmation process requires that the Confirming Party respond to a Confirmation Request or initiate an unsolicited Confirmation Response. Under the explicit confirmation process, if the Confirming Parties do not agree upon a nomination quantity, then the lesser of the confirmation quantities should be the confirmed quantity; provided that for decreases during the intraday nomination/confirmation process, the confirmed quantity shall not be less than the elapsed-prorated-scheduled quantity. With respect to a nomination to payback an estimated imbalance, COMPANY will accept such nomination as long as the available information (e.g., metered volumes, estimated production reports or confirmed nominations) indicates that an imbalance has been incurred, but if it is ultimately determined that no imbalance was incurred, COMPANY will not be responsible in any manner to SHIPPER for accepting its nomination.

When a Confirmation Requester receives a Confirmation Response document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party's designated site a corresponding Confirmation Quick Response document by the conclusion of the subsequent quarter hour period. A given quarter hour will contain all transactions which receipt time is less than the beginning of the subsequent quarter hour.

- (c) Confirmation Failures: In the event a Confirmation by or other agreement is not in place between Confirming Parties and COMPANY is unable to obtain a response to a Request for or an unsolicited Confirmation Response, then the following confirmation procedures shall apply:
- (i) With respect to the timely nomination/confirmation process, the lesser of the confirmation quantity or the scheduled quantity for the timely nomination cycle of the previous Gas Day shall be the new confirmed quantity; or
  - (ii) With respect to timely requests for increases during the intraday nomination/confirmation process, the scheduled quantity for the previous intraday nomination cycle shall be the new confirmed quantity; or
  - (iii) With respect to timely requests for decreases during the intraday nomination/confirmation process, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity shall be the new confirmed quantity; and
  - (iv) COMPANY shall provide the service requester with why the nomination failed.

Receipt Point Nominations Affected by Force Majeure Events:

Notwithstanding the foregoing to the contrary, if a SHIPPER'S gas supplies at a Receipt Point cannot be confirmed, solely as a result of an event of force majeure affecting such supply, COMPANY shall not interrupt SHIPPER'S transportation service affected by the force majeure event until the next day for which service can be nominated hereunder, i.e. it will provide emergency balancing, provided that the following two conditions are met. First, the anticipated system mean temperature for the day of transportation for which SHIPPER requests emergency balancing must be 40 degrees Fahrenheit or less. Second, COMPANY must determine, in its reasonable judgment, that its retained storage

inventory and retained storage withdrawal capacity available for such day are sufficient, in light of all other operating conditions, to allow such transportation service to continue until the next day for which service can be nominated hereunder. SHIPPER must comply with the force majeure notice requirements set forth in Section 8.3 hereof and request COMPANY to provide emergency balancing under this provision. If COMPANY cannot provide emergency balancing to all SHIPPERS who request that it begin within a similar time period, then COMPANY shall provide the level of emergency balancing that it determines is available to firm SHIPPERS first, on a prorata basis, and then to all other services pursuant to the provisions of Section 16.2(d).

13. DETERMINATION OF RECEIPTS AND DELIVERIES

13.1 Receipt Point Allocation:

- (a) PDA Requirement: In the event gas other than the gas transported for SHIPPER is measured by COMPANY'S meter at each Receipt Point, SHIPPER agrees to provide, or cause to be provided, to COMPANY as set forth herein a predetermined allocation ("PDA") statement from its seller(s) and/or third-party transporter(s)/operator(s) setting forth the information described herein for the purpose of determining the quantity of gas to be received by COMPANY for the account of SHIPPER at each Receipt Point for the day(s) of transportation for which SHIPPER has made its nomination(s).
- (b) PDA Methods: The predetermined allocation statements provided for each Receipt Point on COMPANY'S system shall include:
  - (i) an allocation by the operator of the facilities immediately upstream of COMPANY'S Receipt Point which allocates each working interest owner's gas to be delivered at the Receipt Point on each day of transportation service based on one of the following methods:
    - (A) Percentage PDA;
    - (B) Pro rata PDA;
    - (C) Ranked PDA;
    - (D) Swing PDA;
    - (E) OPV PDA; or
    - (F) Any other mutually agreeable allocation methodology.
  - (ii) a ranking by each working interest owner of the various SHIPPERS supplied by said owner's share of gas production at the Receipt Point for each day of transportation service. The working interest owner shall rank the SHIPPERS to receive its gas supplies based on one of the following methods:
    - (A) Pro rata PDA;
    - (B) Ranked PDA;
    - (C) Percentage PDA;
    - (D) Swing PDA;
    - (E) OPV PDA; or
    - (F) Any other mutually agreeable allocation methodology.

The party providing an OPV PDA under Section 13.1(b) above, will also designate the Service Agreement to be used to handle any variance between the total quantity entered for allocation at the point under the OPV PDA methodology and the total quantity measured at the point on a day. The PDA shall be provided by each party under this Section 13.1 for each SHIPPER. COMPANY shall then allocate pro-rata to SHIPPER'S scheduled contracts, unless SHIPPER has provided a ranking by contract, and then for each contract, use the upstream ranks provided by SHIPPER in its nominations for applying the PDA to the upstream Package ID level at the Receipt Point. The party providing the PDA under this Section 13.1 should communicate to the other SHIPPERS that their transaction(s) for allocation purposes are lowest ranked or swing,

when such SHIPPERS' transactions(s) are identified in the PDA statement submitted to COMPANY by the allocating party as being lowest ranked or swing.

- (c) Pipeline Interconnects: The predetermined allocation statement for Receipt Points interconnecting with third-party pipelines shall be provided by the third-party pipeline and shall rank the various SHIPPERS to be supplied at the Receipt Point in accordance with one of the methodologies enumerated in Section 13.1(b)(i) above or in Section 13.3 below. In the event there is a conflict between the foregoing methodologies and the third-party pipeline's provision in its FERC Gas Tariff governing the allocations of deliveries, said pipeline company and COMPANY shall mutually agree on the predetermined allocation methodology to be used.
- (d) PDA Deadlines and Default PDA: Each predetermined allocation statement must be submitted to COMPANY, through COMPANY'S Interactive Website, by 5:00 p.m. on the second business day after the calendar day on which the Gas Day ends. COMPANY shall extend the PDA deadline to no later than four (4) business days following the end of the month in which the gas was transported in the event all of the affected parties, including the Point Operator and all SHIPPERS, send notice to COMPANY through email that they are in agreement on the PDA to be used and have no objection to a change in the PDA. The current predetermined allocation statement will stay in effect as submitted until it is changed pursuant to the foregoing procedures. A new allocation detail may be needed when a nomination changes. In the event SHIPPER tenders a nomination at a Receipt Point (or from a seller) currently not providing supplies to SHIPPER, then SHIPPER must provide, or cause to be provided, as set forth above a revised predetermined allocation statement at the Receipt Point which recognizes SHIPPER'S nomination. In the event COMPANY does not receive a predetermined allocation statement for a Receipt Point in a timely manner, each SHIPPER agrees that COMPANY shall be authorized to allocate gas supplies at that Receipt Point based on a Pro Rata PDA until COMPANY receives a predetermined allocation statement pursuant to the above procedures which revises the Pro Rata PDA allocation on a prospective basis.
- (e) SHIPPER hereby agrees that COMPANY shall have the right to rely conclusively on the foregoing predetermined allocations for the purposes of determining the daily quantities of gas received by COMPANY for the account of SHIPPER at each Receipt Point.

13.2 Delivery Point Allocation:

- (a) Use of PDAs: On a daily basis at each Delivery Point, COMPANY shall allocate the quantities of gas metered at the point among the quantities of gas scheduled at the point for the account of its SHIPPERS based on the Pro Rata PDA method unless another PDA method is provided by the party that owns or operates the downstream facilities interconnecting with COMPANY'S facilities at each Delivery Point (the "downstream operator"). The alternative PDA methodologies from which the downstream operator may choose include the Swing PDA, a Ranked PDA, a Percentage PDA, an OPV PDA, or any other mutually agreeable allocation methodology. A new allocation detail may be needed when a nomination changes. The PDA shall be provided by the downstream operator for each nominating SHIPPER to its Delivery Point. COMPANY shall then allocate pro-rata to SHIPPER'S scheduled contracts, unless SHIPPER has provided a ranking by contract, and then for each contract, use the downstream ranks provided by SHIPPER in its nomination for applying the PDA to the downstream Package ID level at the Delivery Point. SHIPPER agrees that COMPANY shall have the right to rely conclusively on the PDA provided pursuant to this Section 13.2 for the purposes of determining the daily quantities of gas delivered by COMPANY for the account of SHIPPER at each Delivery Point. The downstream operator providing an OPV PDA, will also designate the Service Agreement to be used to handle any variance between the total quantity entered for allocation at the point under the OPV PDA methodology and the total quantity measured at the point on a day. Downstream operators should communicate to the other SHIPPERS that their transaction(s) for allocation purposes are lowest ranked or swing, when such SHIPPERS' transaction(s) are identified by the downstream operator in the PDA statement submitted to COMPANY as being lowest ranked or swing.

- (b) Allocations to No-Notice Service: If the total quantity allocated to a SHIPPER at a Delivery Point pursuant to the PDA in effect for the Gas Day is different from the total quantity scheduled by SHIPPER at the Delivery Point for that day, the difference shall be allocated, if applicable to SHIPPER'S available no-notice service under Rate Schedule FT-NN at the Delivery Point in the following manner:
- (i) Excess Difference: To the extent the total quantity allocated to SHIPPER is greater than the total quantity scheduled for SHIPPER at a Delivery Point ("Excess Difference"), then such Excess Difference, plus applicable fuel, shall be withdrawn from SHIPPER'S CSS account on a no-notice basis, not to exceed SHIPPER'S available no-notice quantity applicable to the point. If SHIPPER'S available no-notice withdrawal capacity is not sufficient to satisfy its Excess Differences at all Delivery Points under its FT-NN service, then SHIPPER'S total available no-notice withdrawal capacity will be allocated pro rata among its FT-NN Delivery Points with Excess Differences in each zone based on the ratio that the Excess Differences, not to exceed the FT-NN capacity at the point, bear to each other.
  - (ii) Deficient Difference: To the extent the total quantity allocated to SHIPPER is less than the total quantity scheduled for SHIPPER at a Delivery Point ("Deficient Difference"), then such Deficient Difference, plus applicable fuel, shall be injected into SHIPPER'S CSS account on a no-notice basis, not to exceed SHIPPER'S available no-notice quantity applicable to the point. If SHIPPER'S available no-notice injection capacity is not sufficient to satisfy its Deficient Differences at all Delivery Points under its FT-NN service, then SHIPPER'S total available no-notice injection capacity will be allocated pro rata among its FT-NN Delivery Points with Deficient Differences in each zone based on the ratio that the Deficient Differences, not to exceed the FT-NN capacity at the point, bear to each other.
  - (iii) Operator-Provided Injection Option: If the downstream operator at a Delivery Point has available no-notice injection capacity, after resolving the Deficient Differences of its own service agreements under subsection (ii) above, or if the downstream operator at a Delivery Point has released no-notice capacity to SHIPPER(S) at the Operator's Delivery Point(s) and SHIPPER(S) have available no-notice injection capacity at the Delivery Point, the downstream operator may agree to apply the remaining available no-notice injection capacity toward SHIPPER(S)'S unresolved Deficient Difference(s) at the Delivery Point.
- If the downstream operator agrees to such application of the remaining available no-notice injection capacity, such election for Operator-Provided Injection for each SHIPPER at a Delivery Point must be submitted to COMPANY by 5:00 p.m. on the second business day after the calendar day on which the Gas Day ends. If the total unresolved deficient differences are greater than the sum of the downstream operator's remaining available no-notice injection capacity and SHIPPER(S)'S available no-notice injection capacity, then COMPANY shall pro rate the available no-notice injection capacity based on the ratio that each applicable SHIPPER'S unresolved Deficient Difference bears to the total. The injection quantity allocated to SHIPPER hereunder will be deemed to have been delivered to the downstream operator's CSS account under SHIPPER'S transportation Service Agreement. If SHIPPER(S) have remaining unresolved deficient differences, and the COMPANY is not limiting ISS injections for the applicable Gas Day, then COMPANY shall utilize the downstream operator's ISS account to apply ISS injections toward SHIPPER(S)'S remaining unresolved Deficient Difference(s) at the Delivery Point. Upon such application, the injection quantity allocated to SHIPPER hereunder will be deemed to have been delivered to downstream operator's ISS account under SHIPPER'S transportation Service Agreement.
- (c) Systemwide Allocations: If downstream operator has multiple Delivery Points in the same rate zone and on the same main line on COMPANY'S system (either the South Main Lines or the North Main Lines), COMPANY may apply the provisions of this Section



13.2 to the aggregate daily gas flow at one or more of such Delivery Points as requested by the downstream operator, if such application is operationally feasible as determined by COMPANY at its sole discretion on a non-discriminatory basis. Such systemwide election should be provided in writing or via email by the downstream operator to COMPANY utilizing the form provided on its Interactive Website no later than the last business day of the month prior to the month for which the election is to be effective. The election, if accepted by COMPANY, shall remain in effect on a month-to-month basis until the downstream operator cancels its election by the same manner and deadline as required for exercising its election or COMPANY provides notification in writing or via email that such systemwide option is no longer operationally feasible, as determined by COMPANY at its sole discretion on a non-discriminatory basis. COMPANY shall provide the downstream operator twenty four (24) hours notice that the election is no longer operationally feasible.

- (d) **PDA Deadlines:** Each PDA must be submitted to COMPANY, through COMPANY'S Interactive Website, by 5:00 p.m. on the second business day after the calendar day on which the Gas Day ends. COMPANY shall extend the PDA deadline to no later than four (4) business days following the end of the month in which the gas was transported in the event all of the affected parties, including the Point Operator and all SHIPPERS, send notice to COMPANY through email that they are in agreement on the PDA to be used and have no objection to a change in the PDA. The current PDA will stay in effect as submitted until it is changed pursuant to the foregoing procedures. In the event SHIPPER adds a nomination at a Delivery Point, then SHIPPER must provide, or cause to be provided, as set forth above a PDA at the Delivery Point which recognizes SHIPPER'S nomination.
- (e) **Pipeline Interconnects:** The predetermined allocation statement for Delivery Points interconnecting with third-party pipelines shall be provided by the third-party pipeline and shall be one of the PDA methods enumerated in Section 13.2(b) above or Section 13.3 below. In the event there is a conflict between the foregoing methodologies and the third-party pipeline's provisions in its FERC Gas Tariff governing the allocations of gas, said pipeline company and COMPANY shall mutually agree on the predetermined allocation methodology to be used.
- (f) **Maximization:** To better maximize the use of SHIPPER'S firm transportation services for which it is paying a Reservation Charge, as well as the use of FT-NN service on a no-notice basis, COMPANY shall maximize SHIPPER'S services as follows prior to billing SHIPPER under its Service Agreements with COMPANY. In the event a Service Agreement contains a Negotiated Rate transaction, such Service Agreement shall not be subject to maximization as provided below, unless SHIPPER and COMPANY otherwise agree in the Negotiated Rate Exhibit on the method for prioritizing the Negotiated Rate Service Agreement in the maximization process.
  - (i) **Delivery Point Level:** The total quantity allocated to SHIPPER at each Delivery Point (or aggregate Delivery Points) pursuant to the PDA in effect for the day then shall be allocated pro-rata among SHIPPER'S receipt to delivery point paths scheduled at each point on that day. Quantities allocated at the Delivery Point as Unauthorized Overrun or as "Unscheduled Quantities" pursuant to Section 13.6 below shall be deemed to have been sourced from the Production Area rate zone for zone matrix matching set forth in Section 13.7 below.
  - (ii) **Zone Level:** For SHIPPER'S final billing purposes, the following reallocation shall occur, as applicable, within each rate zone. The total Delivery Point quantities allocated to SHIPPER'S IT service, Authorized Overrun and Unauthorized Overrun, pursuant to Section 13.2(f)(i) above, shall be reallocated within the rate zone to the following service types (up to SHIPPER'S total Transportation Demands for each service type within that rate zone): Reservation FT and acquired FT capacity released on a reservation basis ("Standard Firm"), Reservation FTNN and acquired FT-NN capacity released on a reservation basis ("Standard FT-NN"). SHIPPER'S quantities allocated to each acquired volumetric capacity release at the Delivery Points within the zone shall remain the same at the zone level. Any remaining quantities that are not reallocated due to lack of unutilized Standard Firm or Standard FT-NN across

the rate zones shall remain allocated based on the original scheduled service. Unauthorized Overrun gas will be charged at the maximum rate set forth in the currently effective Section 2.3 or 2.3.1 of this Tariff from the Production Area rate zone to the applicable zone of delivery.

13.3 Pipeline Interconnect Allocation:

- (a) An operational balancing agreement (OBA) is a contract between two parties which specifies the procedures to manage operating variances at an interconnect. At any point of interconnection with another pipeline, COMPANY may agree, on a nondiscriminatory basis, to enter into a form of OBA (herein called a "Pipeline Balancing Agreement") with such pipeline operator in lieu of the allocation provisions of Section 13.1 and/or Section 13.2 above, as applicable, if the following conditions are met:
  - (i) the pipeline operator is creditworthy or provides one of the alternate forms of credit support set forth in Section 2.1(d) herein;
  - (ii) the pipeline operator maintains dispatching personnel on a 24-hour basis, seven days a week;
  - (iii) the point of interconnection is equipped with electronic measurement equipment and remote flow control; and
  - (iv) COMPANY and pipeline operator enter into a Pipeline Balancing Agreement in the form set forth in this tariff, or such other form as the parties mutually agree to in a nondiscriminatory manner, which shall provide, inter alia, for the allocation of scheduled nominations at the point of interconnect with any daily variance between scheduled nominations and metered flow at such point to be resolved by COMPANY and the pipeline operator under the terms of the Pipeline Balancing Agreement.
- (b) COMPANY shall maintain on its Interactive Website a list of all pipeline interconnects at which a Pipeline Balancing Agreement is in effect.

13.4 Application of NAESB Standards' Timelines

The NAESB timelines applicable to standard NAESB predetermined allocation (PDA) methods shall also apply to any additional PDA methods offered by COMPANY pursuant to the provisions of this Section 13.

13.5 Time Limit on Disputes of Allocations:

If SHIPPER disputes any of the allocations of gas made to its agreements with COMPANY under this Section 13, SHIPPER must notify COMPANY of such dispute, with supporting documentation, no later than six (6) months following the month of service being disputed. COMPANY shall have three (3) months within which to resolve or rebut the dispute. These time limits do not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. The parties' other statutory or contractual rights shall not be diminished by this provision. 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.

- 13.6 Any quantities received into COMPANY'S system at a receipt point or delivered from COMPANY'S system at a delivery point on a day when there is no scheduled nomination in effect at the point ("Unscheduled Quantities") shall be allocated to the operator of the interconnect facilities at the applicable point or the responsible party identified by operator on condition and to the extent that such responsible party and operator have agreed, each acting in its sole discretion, to such allocation. Company shall allocate these quantities to the operator's or responsible party's pooling or transportation contract. If no contract is in effect, allocations made to operator or the responsible party shall be deemed to be performed under Rate Schedule IT. Any Unscheduled Quantities allocated pursuant to this provision shall be treated in the same manner and have all corresponding obligations as scheduled gas for all purposes under this Tariff, including, but not limited to, assessing transportation charges, surcharges, cashout premiums, and penalties.

- 13.7 Zone Matrix Calculation: For purposes of determining the Transportation Charge applicable to each Dth of gas delivered for SHIPPER'S account under its Service Agreements as determined in Section 13.2(f) above, COMPANY shall match SHIPPER'S receipts to SHIPPER'S deliveries by zone in the following manner by category.
- (a) Receipts allocated to SHIPPER'S IT Service Agreement shall be matched to deliveries allocated to SHIPPER'S same IT Service Agreement in the sequence set forth in Section 13.7(c) below.
  - (b) Receipts allocated to all of SHIPPER'S Firm Transportation Service Agreements under Rate Schedules FT and FT-NN shall be matched, in the sequence set forth in Section 13.7(c) below, to deliveries allocated to the following service types, as applicable, under SHIPPER'S Firm Transportation Service Agreement's under Rate Schedule FT and FT-NN, in the following service type order: Authorized Overrun, Unauthorized Overrun, FT and FTNN agreements subject to a reservation charge, acquired volumetric capacity release contracts, and lastly FT and FTNN Service Agreements subject to a Small Shipper charge.
  - (c) Within each category of service set forth in Section 13.7(a) and 13.7(b) above, COMPANY shall match (i) intrazone receipts and deliveries, then (ii) receipts to forward haul deliveries in the order of lowest rate, and (iii) any remaining receipts to remaining deliveries in the order of lowest rate.
  - (d) If SHIPPER'S allocated deliveries exceed its allocated receipts, such excess deliveries are deemed to be sourced from the farthest receipt zone (i.e. production area).

14. RESOLUTION OF IMBALANCES AND ADJUSTMENT

14.1 Resolution of Monthly Imbalances:

- (a) All imbalances accrued by SHIPPER under its transportation and supply pool balancing agreements shall be resolved on a monthly basis pursuant to the provisions herein. After each month of transportation on COMPANY'S system, COMPANY will calculate the imbalance which exists between the quantities of gas allocated each day to SHIPPER for its account at the Receipt Points during that month and the quantities of gas allocated each day to SHIPPER for its account at the Delivery Points during that month. Except with respect to imbalances accrued under a Liquefiables Transportation Agreement which shall be resolved pursuant to Section 14.1(h) below, all such imbalances (overdeliveries and underdeliveries to COMPANY) accrued by SHIPPER under each of its transportation or supply pool balancing agreements (or any such agreements under which SHIPPER has been appointed imbalance aggregation agent with authority to make and receive payments under this section) will be combined to derive a "Net Monthly Imbalance" (in Dth) for purposes of the following calculations. SHIPPER'S Net Monthly Imbalance then will be divided by the lesser of (i) the actual Dth's of gas received or (ii) the actual Dth's of gas delivered under all such agreements during the month to produce SHIPPER'S Net Imbalance Percentage for the month. If SHIPPER has elected to be allocated the variances in deliveries at specified Delivery Points under a Swing PDA, then such SHIPPER'S Net Imbalance Percentage shall be determined by dividing its Net Monthly Imbalance by the sum of (i) the lesser of the actual Dth's received or delivered under all of said SHIPPER'S agreements during the month, and (ii) the actual Dth's allocated to third-party SHIPPERS' transportation agreements at the Delivery Points where SHIPPER has elected to be allocated the variance in deliveries during the month. In the event the Net Monthly Imbalance calculated above under SHIPPER'S Service Agreement(s) varies from the estimated imbalance(s) posted by COMPANY for such agreement(s) during the month, then COMPANY shall also calculate an "Estimated Imbalance Percentage" for that month as follows for purposes of determining the maximum percentage at which SHIPPER'S Net Monthly Imbalance shall be resolved below. The Estimated Imbalance Percentage shall be equal to the sum of the estimated imbalances (over-deliveries and under-deliveries) in effect for each of SHIPPER'S above-referenced Service Agreements at the end of the month, as posted on COMPANY'S Interactive Website, ("Estimated Monthly Imbalance") divided by the lesser of (i) the quantity of gas deemed to be received or (ii) the quantity of gas deemed to be delivered under all such agreements during the month. If Shipper has elected to be allocated the variances in deliveries at specified Delivery Points under the Swing PDA, then such SHIPPER'S Estimated Monthly Imbalance Percentage shall be determined by dividing its Estimated Monthly Imbalance by the sum of (i) the lesser of the quantity of gas deemed to be received or delivered under all of said SHIPPER'S agreements during the month, and (ii) the quantity of gas deemed to be delivered under third-party SHIPPERS' transportation agreements at the Delivery Points where SHIPPER has elected to be allocated the variances in deliveries during the month.

It is provided, however, that the denominator used in the calculation of SHIPPER'S Net Imbalance Percentage and its Estimated Monthly Imbalance Percentage shall exclude, if applicable, (i) any quantities at pool point(s) allocated to SHIPPER'S Supply Pool Balancing Agreements or transportation agreements directly supplying the same SHIPPER'S transportation agreements taking gas away from the pool point(s), and (ii) any TTT transactions.

- (b) (1) Subject to the provisions of subsections (e), (f) and (g) below, if SHIPPER has accrued a Net Monthly Imbalance such that the total quantities of gas received by COMPANY for SHIPPER'S account during the month are less than the total quantities of gas delivered by COMPANY for SHIPPER'S account during the month ("Negative Imbalance") and such Net Monthly Imbalance is greater than 5,000 Dth, SHIPPER shall pay COMPANY for SHIPPER'S Net Monthly Imbalance at the following prices specified for each stated percentage that SHIPPER'S deliveries exceed its receipts; provided, however, that the cash out price applicable to SHIPPER'S Net Monthly Imbalance shall be the price

resulting from the lower of (i) SHIPPER'S Estimated Imbalance Percentage for the month or (ii) SHIPPER'S actual imbalance percentage for the month as defined in Section 14.1(a).

Percentage of Excess Deliveries	Price
0 to 2%	100% of High Price
>2 to 5%	100% of High Price
>5 to 10%	115% of High Price
>10 to 15%	125% of High Price
>15 to 20%	140% of High Price
>20%	150% of High Price

If the System Negative Imbalance (N) exceeds the System Positive Imbalance (P) ("Majority Imbalance"), then the cashout price shall be the High Price or a percentage of the High Price as set forth above. If  $P > N$  ("Minority Imbalance") then the cashout price shall be the Index Price.

For purposes of determining the tier at which a Majority Imbalance will be cashed out, the price will apply only to quantities within a tier. For example, if there is a 6% imbalance, quantities that comprise the first 2% of the imbalance are priced at 100% of the High Price, quantities comprising the next 3% of the imbalance are priced at 100% of the High Price, and quantities comprising the remaining 1% of the imbalance are priced at 115% of the High Price.

- (2) Subject to the provisions of subsections (e), (f) and (g) below, if SHIPPER'S Net Monthly Imbalance is less than or equal to 5,000 Dth, SHIPPER shall pay COMPANY for SHIPPER'S Net Monthly Imbalance at the Index Price.
- (c) (1) Subject to the provisions of subsections (e), (f) and (g) below, if SHIPPER has accrued a Net Monthly Imbalance such that the total quantities of gas received by COMPANY for SHIPPER'S account during the month are greater than the total quantities of gas delivered by COMPANY for SHIPPER'S account during the month ("Positive Imbalance") and such Net Monthly Imbalance is greater than 5,000 Dth, COMPANY shall pay SHIPPER for its Net Monthly Imbalance at the following prices specified for each stated percentage that SHIPPER'S receipts exceed its deliveries; provided, however, that the cash out price applicable to SHIPPER'S Net Monthly Imbalance shall be the price resulting from the lower of (i) SHIPPER'S Estimated Imbalance Percentage for the month or (ii) SHIPPER'S actual imbalance percentage for the month as defined in Section 14.1(a).

Percentage of Excess Receipts	Price
0 to 2%	100% of Low Price
>2 to 5%	100% of Low Price
>5 to 10%	85% of Low Price
>10 to 15%	75% of Low Price
>15 to 20%	60% of Low Price
>20%	50% of Low Price

If the System Negative Imbalance (N) exceeds the System Positive Imbalance (P) ("Minority Imbalance"), then the cashout price shall be the Index Price. If  $P > N$  ("Majority Imbalance"), then the cashout price shall be the Low Price or a percentage of the Low Price as set forth above.

For purposes of determining the tier at which a Majority Imbalance will be cashed out, the price will apply only to quantities within a tier. For example, if there is a 6% imbalance, quantities that comprise the first 2% of the imbalance are priced at 100% of the Low Price, quantities comprising the next 3% of the

imbalance are priced at 100% of the Low Price, and quantities comprising the remaining 1% of the imbalance are priced at 85% of the Low Price.

- (2) Subject to the provisions of subsections (e), (f), and (g) below, if SHIPPER'S Net Monthly Imbalance is less than or equal to 5,000 Dth, SHIPPER shall pay COMPANY for SHIPPER'S Net Monthly Imbalance at the Index Price.
- (3) It is agreed, however, that in the event SHIPPER owes COMPANY any payments under subsection (b) above from a previous month which are past due, COMPANY shall have the right hereunder to offset payments it owes to SHIPPER under this subsection (c) by such past due amounts (inclusive of interest).
- (d) System Positive Imbalance ("P") is equal to the absolute value ("abv") of the sum of all SHIPPERS' Positive Imbalances accrued during the month.

System Negative Imbalance ("N") is equal to the absolute value ("abv") of the sum of all SHIPPERS' Negative Imbalances accrued during the month.

The Low Price is equal to the lowest of the prices used by COMPANY, as set forth below, for calculating the Index Price for the month in which SHIPPER'S Net Monthly Imbalance was incurred. The High Price is equal to the highest of the prices used by COMPANY, as set forth below, for calculating the Index Price for the month in which SHIPPER'S Net Monthly Imbalance was incurred.

The Index Price is equal to the sum of the prices published by the following publications for delivery to COMPANY'S system 1) during the month in which SHIPPER'S Net Monthly Imbalance was incurred and 2) the first of the month price or the first weekly price published during and applicable to the month following the month in which the imbalance was incurred divided by the number of such prices utilized by COMPANY as determined below:

- (i) Natural Gas Intelligence Weekly Gas Price Index, "South Louisiana," "Southern Natural," "Average";
- (ii) Inside F.E.R.C.'s Gas Market Report, "Southern Natural Gas Co.," "Louisiana," "Index".

With respect to Inside F.E.R.C.'s Gas Market Report, COMPANY will use the posting published for the first of each applicable month. With respect to Natural Gas Intelligence Weekly Gas Price Index, COMPANY will use each of the weekly postings published during and applicable to the month in which the imbalance was incurred and the first weekly posting for the following month. The COMPANY will use the Natural Gas Intelligence Bidweek Price Survey publication to obtain the bidweek average, as needed, when it is not displayed in the Natural Gas Intelligence Weekly Gas Price Index.

In the event either of these publications or specific postings contained therein is discontinued, COMPANY will revise this Section 14.1(d) to substitute another price index generally accepted in the natural gas industry. Until COMPANY receives approval from the Commission to use such substitute index, COMPANY will continue to calculate the Index Price each month based on the remaining index.

- (e) After each month, COMPANY will net all of the actual imbalances accrued during the month under each agreement subject to netting under Section 14.1(a) above to determine a net system imbalance for the month. If the net system imbalance does not exceed either 200,000 Dth of gas owed to COMPANY or 100,000 Dth of gas owed to SHIPPERS, the price to be paid by COMPANY or SHIPPER hereunder for each SHIPPER'S respective Net Monthly Imbalance shall be 100% of the Index Price in effect for that month regardless of each SHIPPER'S Net Imbalance Percentage or whether SHIPPER has incurred a Minority Imbalance or a Majority Imbalance.

- (f) (1) COMPANY shall post on its Interactive Website the Net Monthly Imbalance accrued by a SHIPPER hereunder during the previous month provided that said SHIPPER notifies COMPANY via its Interactive Website no later than the last day of the Trading Period set forth below that SHIPPER wants to have its Net Monthly Imbalance posted. COMPANY shall post such net monthly imbalance by the later of the ninth Business Day following the end of a month or the date the election to post is received by COMPANY. SHIPPER may also request within the same time period as provided above, COMPANY to post only its imbalance position; i.e., that SHIPPER is short or long during the month, to facilitate trading. Notices to post imbalances received by COMPANY on or before 11:45 a.m. shall be effective no later than 8:00 a.m. the next Business Day. COMPANY shall not be required to post zero imbalances. SHIPPER may grant to COMPANY in writing the right to post its Net Monthly Imbalance or imbalance position on a standing basis; provided however, that if SHIPPER decides it does not wish COMPANY to post its imbalance or position for any month after it has issued a standing order to COMPANY, then SHIPPER must advise COMPANY at least three (3) days after the end of the month not to make the posting and SHIPPER must reinstitute the standing order in writing once it has revoked the standing order as provided above. SHIPPERS shall have seventeen (17) business days after the end of the month (Trading Period) within which to trade Net Monthly Imbalances (whether in the same or opposing direction). An imbalance trade can only be withdrawn by the SHIPPER initiating the trade prior to confirmation of the trade by the confirming SHIPPER. Both SHIPPERS that agree to trade all or part of their Net Monthly Imbalances must notify COMPANY in writing or via e-mail utilizing the form provided by COMPANY on its Interactive Website by 5:00 p.m. Central Time on the last day of the Trading Period ("Imbalance Trade Confirmation"). Each Imbalance Trade Confirmation shall include the name of the SHIPPER sending the notice, the name of the other SHIPPER agreeing to the trade, the quantity(in Dth's) of the SHIPPER'S Net Monthly Imbalance that is to be traded, a certification that SHIPPER has taken all steps necessary to effect the trade with the other party, and, if applicable, confirmation of credit-worthiness. Each SHIPPER to the trade agrees to indemnify and hold COMPANY harmless from and against any claims that either SHIPPER may have against the other arising out of or as a result of the trade. An imbalances trade is considered final when confirmed by the Confirming SHIPPER and effectuated by COMPANY.
- (2) SHIPPER may elect to use gas in its Storage Inventory or the Storage Inventory of a third party under a CSS Service Agreement or ISS Service Agreement or its available storage capacity under its own or a third party's CSS Service Agreement or ISS Service Agreement to remedy all or any portion of its Net Monthly Imbalance; and SHIPPER shall not be obligated to pay to the COMPANY the applicable injection or withdrawal fee set forth under Rate Schedule CSS or Rate Schedule ISS for the amount of gas in dth that SHIPPER elects to use to remedy its Net Monthly Imbalance. To exercise this election to use gas in storage or storage capacity to remedy a Net Monthly Imbalance, SHIPPER must notify COMPANY via election on its Interactive Website or via submission of the form provided by COMPANY on its Interactive Website by the close of the Trading Period established under Section 14.1(f)(1) above for the month in which the imbalance is incurred if SHIPPER is using storage inventory or storage capacity on Southern's system to resolve its Net Monthly Imbalance. In order for SHIPPER to use a third party's CSS or ISS Service Agreement to resolve SHIPPER's Net Monthly Imbalance, such third party must confirm said use by SHIPPER by the deadline set forth above to exercise the election.
- (3) Effective with the month in which the Stipulation and Agreement in Docket No. RP04-523 becomes effective, SHIPPER may elect to use gas in its Storage Inventory or available capacity in a third party storage facility, provided that such third party storage facility is directly connected to COMPANY's system, to remedy that portion of SHIPPER's Net Monthly Imbalance or a third party SHIPPER's Net Monthly Imbalance designated by SHIPPER that is equal to or less than a Net Imbalance Percentage of 5%. To exercise this election,

SHIPPER must notify COMPANY in writing or via e-mail utilizing the form provided by COMPANY on its Interactive Website within the same time period described above in subsection (2) for on-system storage elections. In order for SHIPPER's election to be valid, the third party storage facility operator and third party SHIPPER, if applicable, must confirm acceptance of SHIPPER's election by the end of the election period and, as part of such confirmation, COMPANY and such storage facility operator must agree upon a method and the timing of resolving said imbalance; provided, however, COMPANY's agreement will not be unreasonably withheld.

- (4) SHIPPER may elect to remedy all or any portion of its Net Monthly Imbalance with a park or a loan under COMPANY'S Park and Loan Services as described in Section 3.7 provided COMPANY determines in its reasonable judgement that system operations will tolerate such park or loan. To exercise this option to use COMPANY'S Park and Loan Services to remedy a Net Monthly Imbalance, SHIPPER must contact COMPANY by e-mail prior to the close of the Trading Period established under Section 14.1(f)(1) above for the month in which the imbalance is incurred to request approval from COMPANY and execute a PAL Agreement if such request is approved. Following execution of the PAL RO, the SHIPPER's Net Monthly Imbalance will be adjusted by the amount of the park and/or loan.
- (5) COMPANY shall not calculate SHIPPER'S Net Imbalance Percentage under Section 14.1(a) above for a month until all trades and storage resolutions for such month are completed pursuant to this Section 14.1(f).
- (g) In the event there is a prior period adjustment to the quantities of gas booked under SHIPPER'S Service Agreements due to metering errors or other errors attributable to COMPANY'S responsibilities under its Tariff, the quantity of such adjustment shall be cashed out at 100% of the Index Price for the month in which the error occurred or the month in which the error was discovered, whichever is to SHIPPER'S benefit.
- (h) Imbalances accrued by SHIPPER under a Liquefiabiles Transportation Agreement during a month shall be resolved by SHIPPER and COMPANY separately pursuant to the provisions of this Section 14.1; provided, however, that the price to be paid by COMPANY or SHIPPER for SHIPPER'S Net Monthly Imbalance accrued during each month with respect to such liquefiabiles shall be 100% of the Index Price in effect for that month regardless of SHIPPER'S Net Imbalance Percentage.
- (i) Operational Transactions: COMPANY may from time to time, in its discretion, enter into purchase or sale transactions with third parties to balance Transporter's system and to maintain operational integrity of the system ("Operational Transactions"). Operational Transactions may include, but not be limited to, purchases or sales (i) to maintain system pressure and line pack; (ii) to balance fuel quantities; (iii) to resolve Shipper imbalances; (iv) to maintain an appropriate level of storage inventory; and (v) to perform other operational functions of Transporter. Such Operational Transactions shall be conducted on a not unduly discriminatory basis. Operational Transactions for sales of gas shall be conducted through: 1) an open season posted on COMPANY's Interactive Website in accordance with the bid procedures set forth in Section 4.22 to these General Terms and Conditions, or 2) the Intercontinental Exchange ("ICE") natural gas trading platform. Those Operational Transactions entered into in order to resolve Shipper imbalances and maintain storage inventory shall be accounted for under Section 14.2 to these General Terms and Conditions below.

COMPANY shall file an annual report indicating the source of the Operational Transaction pursuant to this Section 14.1(i), the date of transaction, the quantity, the purchase or sale price, the costs and revenues from the Operational Transaction, the disposition of the associated costs and revenues, and an explanation of the purpose of the Operational Transaction. The annual report shall be filed on or before November 30 of each year, reflecting Operational Transactions for the 12-month period ending September 30 of that same year. This annual report may be included in the filing required under Section 14.2 below if Company so elects.



14.2 Storage Cost Reconciliation Deferred Account:

- (a) The purpose of this Section 14.2 is to establish a mechanism to reconcile through surcharges or credits, as appropriate, differences between the cost to COMPANY of its storage gas inventory and the amounts COMPANY receives for such gas arising out of both the purchase and sale of such gas in order to resolve SHIPPER imbalances as provided for pursuant to this Section 14 and the purchase and sale of gas as may be necessary to maintain an appropriate level of storage gas inventory for system management purposes.
- (b) COMPANY shall maintain a Storage Cost Reconciliation Deferred Account (referred to in this Section 14 as the "Deferred Account") in the manner described in this Section 14.2. COMPANY shall calculate the difference between (a) the cost per Dth of the gas in storage owned by COMPANY and (b) the weighted average price per Dth arising out of the following transactions: (i) any sale or purchase of gas to resolve imbalances under Sections 14.1(b) and (c) above, Section 2.2 of COMPANY'S Pipeline Balancing Agreement, and any other form of balancing agreement between COMPANY and a pipeline operator entered into to facilitate the allocation of SHIPPERS' gas at pipeline interconnections, respectively, (ii) any assignment to or from COMPANY of gas to resolve SHIPPER imbalances pursuant to Section 14.1(f) above, and (iii) any sale or purchase of gas to maintain an appropriate level of storage gas inventory; and shall multiply such difference by the quantity of gas injected into or withdrawn from storage, as applicable, during such month for such purposes. If the product is positive, the amount shall be credited to the Deferred Account, and if negative, shall be debited (as a positive number) to the Deferred Account. Further, any revenues collected by COMPANY pursuant to the tariff sections or any other penalties listed in Section 41 of the General Terms and Conditions or those penalties set forth in Article 7 of Rate Schedule PAL, net any associated costs, for any month beginning March 2000, shall be credited to the Deferred Account.
- (c) At the end of October 1994, and at the end of the same month of each succeeding calendar year, COMPANY shall determine whether the balance in the Deferred Account, whether debit or credit, is in excess of \$500,000. If so, COMPANY shall refund or surcharge, as appropriate and as hereinafter provided, the portion of the Deferred Account balance representing fixed and realized gains or losses from the purchase and sale of COMPANY's storage gas inventory. Such amount shall be divided by the Transportation Volumes computed for the preceding twelve (12) calendar months. For purposes of this section, Transportation Volumes shall be defined as the sum of 1) the total quantity received under Supply Pool Balancing Agreements in Dth excluding receipts from a Storage Point and PAL Points of Transaction (PT), and 2) the total quantity delivered under Rate Schedules FT, FT-NN, and IT in Dth. The amount so computed shall be applied as a reduction (if the balance in the Deferred Account was a credit) or as a surcharge (if the balance in the Deferred Account was a debit) to the Transportation Volumes under Rate Schedules FT, FT-NN, IT, and Supply Pool Balancing Agreements during the following calendar year beginning January 1. The total amount of any such reductions applied during any month shall be debited to the Deferred Account and the total amount of any such surcharges collected during any month shall be credited to the Deferred Account. The portion of the Deferred Account representing contingent and unrealized gains and losses from the purchase and sale of the COMPANY's storage gas inventory shall be carried forward in the Deferred Account.

15. BILLING AND PAYMENT

15.1 Billing:

On or before the 9th business day of each calendar month, COMPANY shall render to SHIPPER a statement of the daily quantities of the gas received for the account of SHIPPER for transportation, the daily quantities of the gas delivered to or for the account of SHIPPER, and an invoice for transportation services provided and any penalties incurred in the preceding month. Rendered is defined as time-stamped and delivered (made available) to the site designated by COMPANY on its Interactive Website or delivered to SHIPPER by the U.S. Postal Service, a nationally reputable courier service, or electronically through e-mail. COMPANY shall provide to SHIPPER notice electronically when SHIPPER's invoice is available on its Interactive Website. The invoice will be deemed rendered once the COMPANY sends such notice of invoice availability. COMPANY's invoice for imbalance resolution shall be clearly identified in the invoice that is provided on or before the 9<sup>th</sup> business day of the calendar month that follows the close of the trading period for the applicable imbalance month, as set forth in Section 14.1(f) of these General Terms and Conditions. Prior to rendering an invoice to SHIPPER, COMPANY shall offset the bill by all amounts owed by COMPANY to the SHIPPER for that month; provided, however, that this offset shall not affect disputed amounts.

15.2 Payment:

Billing statements shall be deemed to be received by each SHIPPER on the date of the postmark, timestamp or electronic delivery of the notice rendered by COMPANY. SHIPPER shall make payment to COMPANY for the services performed or charges levied hereunder during the preceding calendar month within ten (10) calendar days after the SHIPPER'S receipt thereof. If the tenth calendar day does not fall upon a Business Day, the due date shall be the immediate Business Day that follows. In order to be considered timely, payment made by mail must be received by COMPANY on or before the due date. All payments made by SHIPPER shall include COMPANY'S invoice number (s) for purposes of matching the payment to the invoice.

15.3 Invoice Disputes and Interest on Unpaid Amounts:

If SHIPPER disputes, in good faith, the amount of any invoice from COMPANY, it shall provide a description and supporting documentation of its position and timely submit payment of the amount it states is due to COMPANY along with remittance detail. In the event SHIPPER pays such invoice through a wire transfer of funds, then SHIPPER shall provide COMPANY with the remittance detail in writing within two days of payment. COMPANY shall apply such payment in accordance with SHIPPER'S documentation. SHIPPER agrees that COMPANY'S acceptance of a partial payment does not waive COMPANY'S right to full payment after resolution of the disputed invoice in the future. Should SHIPPER fail to pay any amount when due and COMPANY and SHIPPER cannot resolve payment of amounts invoiced, such that COMPANY is forced to take collection measures, interest on the unpaid amount shall accrue at the rate equal to the rate then set forth in Section 154.501 of the Commission's Regulations from the date payment was due until payment is made. COMPANY agrees to waive interest charges on a late payment if such charge is not in excess of \$10.00 or if SHIPPER, through no fault of its own, fails to receive its notice of invoice availability by the payment due date and notifies COMPANY of such failure. If any such failure to make payment continues for twenty (20) days or more, COMPANY may suspend the further transportation of gas upon ten (10) days' prior written notice to SHIPPER and the Commission, but the exercise of such right shall be in addition to any other remedy available to COMPANY; provided, however, that if SHIPPER, in good faith, has disputed the amount of any such bills or parts thereof and paid COMPANY in a timely manner such amounts as it concedes to be correct and, at any time thereafter within thirty (30) days of a demand made by COMPANY, shall furnish a good and sufficient surety bond in an amount and with sureties satisfactory to COMPANY conditioned upon the payment of any amounts ultimately found due upon such bills after a final determination, which may be reached either by agreement or judgment of the courts, as the case may be, then COMPANY shall not be entitled to suspend further delivery of gas unless and until default be made in the conditions on such bond. In the event it is finally determined or agreed that no payments were due from SHIPPER on such disputed bills, then COMPANY will reimburse SHIPPER for the cost of procuring the surety bond within ten (10) days after receipt of a detailed invoice therefor from SHIPPER.

15.4 Prepayment in the Event of Default:

Upon default in payment for a period in excess of twenty (20) days, COMPANY may require as a condition to the continuation or recommencement of transportation services a deposit or other acceptable credit arrangement in an amount equal to not more than three estimated maximum monthly bills for transportation services.

15.5 Mutually Agreeable Prepayments

(a) Mutual Agreement of Prepayment

COMPANY may, from time to time in a manner not unduly discriminatory, mutually agree with SHIPPERS to pay in advance for reservation rate charges under one or more existing firm service agreement(s), or package(s) thereto or portion thereof, for transportation service (including storage) or COMPANY may solicit such bids for such prepayment requests through a posting on its Interactive Website. In either case, COMPANY will post an open season to provide any SHIPPER the opportunity to bid on prepaying its reservation charges. Such posting will:

- (i) set the minimum and maximum individual and aggregate dollar amount of bids that COMPANY may accept;
- (ii) set forth whether contingent bids would be allowed for SHIPPER to withdraw all or part of its prepayment prior to the time in which the prepayment would be credited to SHIPPER's contract under the ordinary course of COMPANY's billing process;
- (iii) set a reserve price (as either a percentage or dollar amount) from the otherwise applicable reservation charges that SHIPPER would pay;
- (iv) describe the conditions on bids (e.g., financing arrangements, regulatory approvals, board or managerial consent, market conditions) that COMPANY will and will not consider prior to evaluating bids;
- (v) provide a standard format for bids to be received from SHIPPERS;
- (vi) limit the payment period, number of payments, forms of payment, and other terms and conditions that COMPANY is willing to consider in evaluating bids; and
- (vii) specify the maximum term for which the prepayment would apply under SHIPPER's contract.

Neither this provision nor any solicitation or negotiation by COMPANY under this provision shall obligate COMPANY to accept any request for prepayment. COMPANY reserves the right to reject, in a manner not unduly discriminatory, a bid that contains terms, conditions or other provisions that qualify or limit the offer from SHIPPER. COMPANY also reserves the right not to accept any bid(s).

(b) Evaluation of Prepayment Offers

In the event COMPANY does not reject SHIPPER's bid, and the bid(s) in the aggregate offer to prepay more than the maximum amount set out by COMPANY in its solicitation, then the bid(s) will be evaluated using objective criteria. The maximum aggregate dollar amount of bids that COMPANY will accept will be allocated to the valid bid(s) that generate the highest net present value ("NPV") to COMPANY. When two or more bids for prepayment are being evaluated under this section, bids evaluated at the same time shall be considered together under the same criteria. NPV will be determined based on the discounted cash flow of revenues to COMPANY produced, lost, or affected by the bid(s). For purposes of its NPV evaluation, COMPANY may consider the aggregate NPVs of two or more bids.

The objective criteria for evaluating NPV may include, without limitation, the quantity of prepayment bid, the number of months' charges bid, the date on which the prepayment would be received and applied to charges, and such other factors available and included in the bids that COMPANY has chosen to evaluate. The NPV shall include only revenues generated by the reservation rate component(s). For purposes of billing and future rate case billing determinants, such prepayment shall not be considered a discount or negotiated rate. The reservation rate charges will be subject to adjustments when

COMPANY's recourse rates are changed pursuant to NGA section 4 or 5 during the period for which SHIPPER has prepaid for service and SHIPPER shall understand that any prepayment does not absolve it of such future adjustments to the recourse rates. For capacity release and posting requirements, the rate to be charged will be considered to be the same as the rate specified in the applicable Service Agreement.

(c) Prorating of Prepayment Offers

If COMPANY receives two (2) or more bids that produce comparable net present values, then aggregate amount of the prepayments to be accepted will be allocated to the comparable requests on a pro rata basis. A party must specify in its request whether it is willing to accept a prepayment on a pro rata basis pursuant to this Section. If any party declines to accept a prorated prepayment, such party's request shall be null and void and COMPANY shall be entitled to reallocate the prepayment among the other comparable requests.

(d) Acceptance of Prepayment Offers

COMPANY's posting, and any updates thereto, may specify the deadline for bids, the time that COMPANY may take to evaluate and compare bids, and the manner in which offers will be accepted. Unless specified otherwise in the posting, bids for prepayment are binding on shipper.

(e) Posting of Accepted Prepayments

COMPANY shall post the terms of the prepayment bid(s) accepted by COMPANY without disclosing the identity of the SHIPPER.

(f) Other Provisions

Prepayments received by COMPANY under this section shall not qualify as security deposits for purposes of creditworthiness, nor shall security deposits for purposes of creditworthiness be considered as prepayments under this section.

The provisions of Section 15.3 above shall not apply for a SHIPPER's reservation charges that are prepaid by SHIPPER and received by COMPANY in accordance with this Section 15.5.

In no event will a prepayment or an agreement for prepayment be used by COMPANY in evaluating the NPV of a bid for capacity being sold or offered by COMPANY including Receipt and Delivery Point shifts, in connection with an expansion, or otherwise. Furthermore, for the purposes of calculating rates, such prepayment shall be credited to the relevant period(s) for which service is provided as if there had been no discount factor applied.

16. ALLOCATION OF CAPACITY

16.1 Applicability of this Section 16:

The allocation of capacity among all transportation services in times of transmission capacity constraints shall be governed by the provisions of this Section 16.

16.2 Allocation of Transmission Capacity to Firm and Interruptible Transportation Services:

- (a) If, on any day, the COMPANY determines it has insufficient transmission capacity to serve all SHIPPERS' firm and interruptible transportation services for that day, the COMPANY shall first allocate all of its available transmission capacity to firm transportation services.
- (b) If the COMPANY further determines that it has insufficient transmission capacity to serve all of its firm transportation services on that day, the COMPANY shall allocate all of its reduced transmission capacity to the firm transportation services only based on the ratio of each SHIPPER'S total Transportation Demand through the constrained transmission segment to the total Transportation Demand of all firm transportation SHIPPERS through the constrained transmission segment, as more specifically set forth in Section 16.2(c) below. Each firm transportation SHIPPER shall be allocated its proportionate share of the available transmission capacity based on its percentage share calculated from this ratio.
- (c) The COMPANY'S allocation orders shall be limited to the applicable segment(s) of the COMPANY'S transmission system where the capacity constraint(s) exists. For purposes of allocating the transmission capacity on each such segment of the COMPANY'S system, the COMPANY shall first allocate its available transmission capacity to all firm transportation services up to the extent of its transmission capacity in such segment(s) of its system. If the COMPANY further determines that it has insufficient transmission capacity on the constrained segment(s) of its transmission system (as opposed to a constrained Receipt Point or Delivery Point which shall be scheduled pursuant to Section 12.3(b) of the GT&C) to serve all of the firm transportation services on that segment(s) on any day, the COMPANY shall allocate all of its available transmission capacity on that segment(s) to the firm transportation services in the following order:
  - (i) firm transportation services utilizing primary Receipt Point(s), Primary Path, and primary Delivery Point(s) (Primary to Primary), with each SHIPPER allocated its proportionate share based on the ratio of (A) SHIPPER'S Transportation Demand through the constrained segment to (B) the total of all SHIPPERS' Transportation Demand through the constrained segment;
  - (ii) firm transportation services utilizing secondary Receipt Point(s) and/or secondary Delivery Point(s) and the constrained segment is within the SHIPPER'S Primary Path of the firm transportation service (In Path), with each SHIPPER allocated its proportionate share based on the ratio of (A) SHIPPER'S Transportation Demand through the constrained segment reduced for any quantities allocated to SHIPPER pursuant to Section 16.2(c)(i) above, to (B) the total of all SHIPPERS' Transportation Demand through the constrained segment reduced for total allocations pursuant to 16.2(c)(i) above; and
  - (iii) firm transportation services utilizing secondary Receipt Points and/or secondary Delivery Points and the constrained segment is outside the SHIPPER'S Primary Path of the firm transportation service (Out of Path), with each SHIPPER allocated its proportionate share based on the ratio of (A) SHIPPER'S Out of Path nomination through the constrained segment to (B) the total of all SHIPPERS' Out of Path nominations through the constrained segment; provided, however, firm transportation services utilizing secondary Delivery Points in a zone downstream of SHIPPER'S Primary Path shall be subordinate to and allocated after Out of Path nominations to secondary Delivery Points within the zone(s) of SHIPPER'S Primary Path.

Notwithstanding the above, except for no-notice quantities allocated under Rate Schedule FT-NN, in no event shall SHIPPER be scheduled more capacity than it nominates for any nomination cycle. To the extent a SHIPPER nominates less than its proportionate share of FT service allocated pursuant to either 16.2(c)(i) or 16.2(c)(ii) above, COMPANY shall reallocate the difference to other SHIPPERS within the same category as set forth above.

- (d) If the COMPANY does not have to limit its firm transportation services on a day, the COMPANY shall allocate the remaining transmission capacity on its system to interruptible services, including Authorized Overrun. If the remaining transmission capacity is insufficient to satisfy all of the nominations for interruptible services, the interruptible SHIPPERS shall be served within the remaining capacity of the COMPANY'S transmission system with capacity allocations made in the following order of priority with limitations within each priority implemented on a pro-rata basis on the basis of the nominations for each service provided, however, COMPANY shall not be required to limit or allocate any interruptible service under any interruptible rate schedule if COMPANY determines that such service does not affect or otherwise cause the limitation of other interruptible services:

- (1) Term Rate Park and Loan Service as further set forth in Section 5.1 of Rate Schedule PAL.
- (2) IT and Authorized Overrun service paying the maximum rate, including surcharges, applicable to the service at the point or group of points being allocated. For negotiated rate transactions in which SHIPPER is paying a rate exceeding the maximum rate, SHIPPER shall be deemed to be paying the maximum rate for purposes of this Section.
- (3) IT and Authorized Overrun service paying less than the maximum rate, including surcharges, for service at the point or group of points being allocated in the order of the highest total rate paid to the lowest total rate paid.

All interruptible services for which a customer is paying less than the maximum rate at the time capacity allocation is performed pursuant to this Section 16.2(d) shall be limited prior to any interruptible service that is not being so discounted. Services paying a lower rate will be limited prior to services paying a higher rate. Discounted services paying an equal rate will be limited on a pro rata basis based on nominations. In the event a SHIPPER paying a rate, which is less than the maximum rate under its IT Service Agreement, elects to pay the maximum rate applicable to its IT service on any day when interruptible transportation capacity is being allocated less than the IT demand, SHIPPER'S IT service will be queued up with other maximum rate IT services. SHIPPER must make such election by the nomination deadline for the day IT capacity is being limited or allocated.

- (4) Daily Rate Park and Loan Service as further set forth in Section 5.1 of Rate Schedule PAL.

17. PENALTIES

17.1 Limitation on Collection of Multiple Penalties:

Notwithstanding the other provisions of COMPANY'S FERC Gas Tariff to the contrary, and subject to the provisions of Section 17.2 below, if in any month SHIPPER incurs penalty charges under its Service Agreement(s) pursuant to more than one of the following provisions: Sections 41.2, 41.3, or 41.4 of the General Terms and Conditions, COMPANY will bill, and SHIPPER shall be obligated to pay, only the total penalty charges accruing under the one provision from the foregoing sections which yields the largest dollar amount for the total penalty charges incurred under that provision by SHIPPER on any Gas Day under Penalty during the billing month.

17.2 Waiver:

In recognition of the fact that each penalty provision in this FERC Gas Tariff is intended to promote conscientious operations by the SHIPPER such that service to other SHIPPERS is not impaired in any way, COMPANY may waive any penalty charges incurred by SHIPPER if COMPANY determines, in its reasonable judgment, that SHIPPER was conducting its operations in a responsible manner at the time the penalty charges were incurred and that SHIPPER'S conduct did not impair service to another SHIPPER. COMPANY must grant waivers under this section on a non-discriminatory basis, but the waiver of any penalty charges shall not constitute an automatic waiver of any future penalty charges.

COMPANY shall maintain a record of all waivers granted under this Section 17.2 and shall, for any Company affiliate, post on its Interactive Website information concerning such waivers, including the penalty date, penalty quantities waived, and the basis for each waiver.

18. NOTICES

Except when the Transportation or Storage Agreements or the General Terms and Conditions of COMPANY'S FERC Gas Tariff require or allow for communication via COMPANY'S Interactive Website, any communication, notice, request, demand, statement, or bill provided for in this FERC Gas Tariff or in a Service Agreement or any notice which either COMPANY or SHIPPER may desire to give to the other, shall be in writing and shall be considered as duly presented, rendered, or delivered when mailed by either postage prepaid registered or ordinary mail or when sent by electronic mail, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to COMPANY or SHIPPER at its email address, or at such other address as either party may designate on the Contact Information form.

Unless SHIPPER designates otherwise on COMPANY's Interactive website, COMPANY may rely on the contact information provided by SHIPPER under Section 2.1(a) for notices for all purposes under this Tariff.

COMPANY's contact information shall be maintained on COMPANY's Interactive Website.



19. TRANSPORTATION OF LIQUIDS AND LIQUEFIABLES

19.1 Facilities:

Should any new or additional facilities, alterations or modifications of existing facilities be required to facilitate the processing of gas or the injection or removal of liquids associated with the gas transported, the installation of such new or additional facilities or the alteration or modification of existing facilities, to the extent they affect COMPANY'S pipeline system, will be performed by COMPANY and, upon receipt of billing therefor, SHIPPER agrees to reimburse COMPANY for all costs and expenses incurred by COMPANY in connection with the transportation of liquids and liquefiabiles for SHIPPER.

19.2 Transportation of Liquefiabiles:

COMPANY agrees to deliver to SHIPPER for processing a volume of gas containing as nearly as practical the same number of gallons of propane and heavier hydrocarbons as are delivered to COMPANY by SHIPPER at the Receipt Point, less volumes used by COMPANY pursuant to Section 19.5 hereof. If gas other than gas received from SHIPPER hereunder is also being transported through COMPANY'S pipeline, SHIPPER shall have the right to process a quantity of the commingled gas in COMPANY'S pipeline which contains as nearly as practical a quantity of propane and heavier hydrocarbons equal to the propane and heavier hydrocarbons contained in the gas delivered at the Receipt Point. The redelivery of residue gas and the accounting therefor shall be in accordance with procedures mutually satisfactory to COMPANY and SHIPPER. Gas received for SHIPPER'S account at Receipt Points on "wet" lines located upstream of the processing plants located near Toca, Louisiana, will not be processed prior to delivery to COMPANY.

19.3 Transportation of Liquids:

The composition and characteristics of the liquids transported hereunder shall be such that they will not (i) cause the formation of hydrates in COMPANY'S pipeline, (ii) cause damage to said pipeline by internal corrosion, or (iii) cause the gas in said pipeline to fail to meet the quality specifications set forth in Section 3 of these General Terms and Conditions upon receipt by COMPANY or after SHIPPER has removed such liquids from COMPANY'S pipeline downstream of the Receipt Points, and such liquids shall contain not more than one percent (1%) of basic sediment and water. COMPANY shall have the right to commingle the gas and liquids delivered by SHIPPER to COMPANY with gas delivered by others into which gas others have likewise injected liquids, and COMPANY shall likewise have the right to transport such liquid hydrocarbons for others. In such event, there shall be only one point of removal of liquid hydrocarbons on COMPANY'S pipeline, and SHIPPER and such other parties shall remove such liquid hydrocarbons at such point and agree as to the proportionate ownership of the liquid hydro-carbons so removed.

SHIPPER shall furnish COMPANY with monthly statements, or cause the same to be done, setting forth the quantity of its liquids so injected and removed.

19.4 Transportation Rates:

SHIPPER shall pay COMPANY for transporting liquids or liquefiabiles in COMPANY'S facilities to the liquids removal facility or processing plant site from the point of receipt at the applicable rate or rates set forth in currently effective Section 3.6 or 3.6.1.

If for any reason the Commission or other governmental body having jurisdiction from time to time requires or approves by order of general or specific applicability or otherwise (including an order approving a settlement) a rate or rates higher than those provided above to be charged for the transportation of liquids or liquefiabiles or assigned to such transportation as a credit against COMPANY'S cost of service, then SHIPPER shall pay to COMPANY such higher rate. If the Commission does not approve a rate to be charged for or assigned to the transportation of liquids or liquefiabiles but, in the exercise of its cost allocation powers in approving COMPANY'S transportation rates, approves the allocation of a portion of COMPANY'S cost of service to the transportation of liquids and liquefiabiles, then SHIPPER shall pay COMPANY for the transportation of liquids and liquefiabiles a rate, if higher than the rate otherwise provided above, which shall

enable COMPANY to recover the entire portion and amount of COMPANY'S cost of service allocated or attributable to such transportation. If COMPANY is required by order of the Commission (including order approving settlement) to make refunds to its SHIPPERS arising out of the transportation of liquids and liquefiabiles hereunder, SHIPPER shall reimburse COMPANY its pro rata share of the entire amount, including interest, that COMPANY is required to refund.

19.5 Pipeline Operations:

COMPANY reserves the right to use gas upstream of the point of processing and/or liquid separation as is required for the reasonable and prudent operation of COMPANY'S facilities and the right to make deliveries of gas to others under the provisions of COMPANY'S FERC Gas Tariff to the extent that such deliveries do not significantly reduce SHIPPER'S proportionate share of the liquids or liquefiabiles transported by COMPANY. It is also recognized that some losses of gas volumes containing liquids or liquefiabiles may occur as a result of such deliveries and/or the operation of such facilities. SHIPPER'S proportionate part of the liquids or liquefiabiles so used, delivered or lost shall be deducted from the quantity of liquefiabiles otherwise deliverable to SHIPPER.

19.6 SHIPPER'S Responsibility:

As between SHIPPER and COMPANY, all operations conducted by or on behalf of SHIPPER in the processing of gas hereunder shall be at SHIPPER'S sole cost, risk and expense, and SHIPPER shall be responsible for the safe handling of the gas while it is in SHIPPER'S custody, or the custody of another on SHIPPER'S behalf, for processing.

## 20. PREGRANTED ABANDONMENT OF LONG-TERM, FIRM SERVICE AGREEMENTS

### General Provisions for Pregranted Abandonment

The following provisions shall apply to all firm transportation (including storage) Service Agreements or packages of capacity which have a primary term of twelve (12) consecutive months or more and a rate of the maximum rate eligible for the applicable service. These provisions shall not apply to any firm transportation or storage Service Agreements or packages of capacity which have a negotiated rate as described in Section 34 of these General Terms and Conditions or a discounted rate pursuant to Section 42 of these General Terms and Conditions unless COMPANY and SHIPPER mutually agree under the terms of the negotiated rate or discount exhibit that the rights hereunder shall accrue to SHIPPER.

As early as the date on which notice of termination specified in Exhibit B to SHIPPER'S firm Service Agreement is due, but no later than forty-five (45) days prior to the effective termination date of SHIPPER'S firm Service Agreement or any applicable package thereunder, COMPANY shall post on its Interactive Website for bidding the capacity which will be available upon the termination of SHIPPER'S firm Service Agreement or any applicable package thereunder. If COMPANY and SHIPPER can not agree on a notice of termination specified in Exhibit B to SHIPPER'S firm Service Agreement, then the earliest that COMPANY would be able to initiate a ROFR is twelve (12) months prior to the expiration date of the SHIPPER's applicable firm Service Agreement, or package of capacity thereto. Prior to the expiration of the term of a Service Agreement(s), or package thereto, COMPANY and SHIPPER may mutually agree to renegotiate the terms of such Service Agreement(s) to extend the use of at least a portion of the TD under its existing Service Agreement, or package thereto. Such extension of the Service Agreement or package thereto, shall be negotiated on a case-by-case basis in a not unduly discriminatory manner. If a Service Agreement has pregranted abandonment rights, the agreement to extend must be reached prior to COMPANY posting the capacity for bidding pursuant to Section 20 of these General Terms and Conditions. To the extent that COMPANY and SHIPPER have mutually agreed to such an extension, the requirements of Section 20 of these General Terms and Conditions shall not apply. Alternatively, if the SHIPPER provides to COMPANY notice of termination on or prior to the required notice date as defined in Exhibit B to the Service Agreement, any right of first refusal hereunder will be deemed by COMPANY as waived unless SHIPPER specifically requests to retain its rights under this section in its notice of termination.

Each bidder for SHIPPER'S firm capacity, or any portion of TD or MSQ being offered under this section, must submit its bid to COMPANY in writing or through COMPANY's Interactive Website (with the appropriate service request form and any required prepayment under COMPANY'S FERC Gas Tariff applicable to the service, unless already on file with COMPANY) within the time specified by COMPANY on its Interactive Website. Each bid shall contain the term for which the capacity is sought and the percentage of the maximum rate in effect during said term which the bidder is willing to pay for the capacity. If COMPANY receives more than one bid for SHIPPER'S capacity, and it does not reject all bids as provided below, it will choose the bid, or combination of bids, which minimizes the impact on the rates for other services given the terms and conditions of the other services at the time ("best bid"); provided, however that COMPANY reserves the right to reject any bid which is for less than 100% of the maximum rate applicable to SHIPPER'S firm service.

COMPANY will notify SHIPPER of the best bid received in an arm's length transaction that COMPANY is willing to accept, and SHIPPER shall have a specified time, but no less than fifteen (15) days, within which it must match the rate or price percentage and contract term offered in the best bid in order to retain its firm capacity; provided, however, in the event the bidder bids a negotiated rate at more than the effective maximum rate, SHIPPER shall only be required to match the bid at the maximum rate applicable to the service in order to retain its capacity. SHIPPER shall have the right to bid a volumetric portion of its capacity, but in no event shall SHIPPER have the right to divide its capacity in geographic or seasonal portions.

If SHIPPER matches the best bid, COMPANY and SHIPPER will enter into a new firm Service Agreement or package reflecting the terms of SHIPPER'S matching bid. If SHIPPER fails to match the best bid within the time allowed by COMPANY, SHIPPER'S existing firm Service Agreement, or package thereto or portion thereof, will be subject to pregranted abandonment upon the effective termination date of SHIPPER'S Service Agreement, or package thereto, and COMPANY will enter into a new firm Service Agreement with the party or parties offering the best bid.

Notwithstanding the above, unless COMPANY and Shipper expressly agree otherwise in Shipper's Service Agreement, or package thereto, any Shipper that has entered into an interim-term firm service agreement or package for capacity pursuant to Section 2.1(b)(vi) of these General Terms and Conditions or a firm service agreement associated with off-system capacity pursuant to Section 23.1 below or leased capacity, shall not have the right to extend the term of such interim-term capacity under the provisions of this Section 20 beyond the in-service date of the applicable expansion project or start date of the service agreement or beyond the term of the service agreement or lease entered into by COMPANY with the third party Service Provider for the off-system capacity or the leased capacity.

In the event COMPANY does not receive any bids for SHIPPER'S capacity or any bids which are acceptable to COMPANY, SHIPPER shall have fifteen (15) days, or such other period as may be mutually agreed to between COMPANY and SHIPPER, to notify COMPANY that SHIPPER wishes to retain its rights to its firm capacity at the maximum rate applicable thereto, or any discount or negotiated rate agreed to by COMPANY, for an additional term as requested by SHIPPER. In the event SHIPPER matches the best bid at less than the maximum rate or COMPANY agrees to allow SHIPPER to retain its firm capacity at a discounted or negotiated rate for an additional term as provided above, then the new or amended Service Agreement shall no longer be subject to the terms of this Section 20 upon termination of said agreement. If SHIPPER refuses to renew its firm Service Agreement at the maximum rate, absent an agreement by COMPANY to discount, said Service Agreement shall be subject to pregranted abandonment on the effective date of termination.

If SHIPPER gives notice to terminate its firm Service Agreement pursuant to the provisions contained therein and does not give COMPANY notice that it wants to exercise its rights hereunder pursuant to Section 284.221(d)(2)(ii) of the Commission's Regulations, said agreement shall be subject to pregranted abandonment on the effective date of SHIPPER'S termination notice.

21. ASSIGNMENT OF FIRM CAPACITY ON UPSTREAM PIPELINES

21.1 Purpose:

The purpose of Section 21 of the General Terms and Conditions is to establish the procedures for the COMPANY, and for a SHIPPER, to release firm capacity pursuant to Section 284.242 of the Commission's Regulations.

21.2 COMPANY'S Firm Transportation Capacity on Upstream Pipelines:

- (a) In accordance with Section 284.242 of the Commission's Regulations, the COMPANY shall make available for assignment to its SHIPPERS and other parties the COMPANY'S firm transportation capacity rights on upstream pipelines.
- (b) The COMPANY will post on its Interactive Website:
  - (1) the upstream pipelines on which the COMPANY holds capacity pursuant to a firm transportation contract;
  - (2) the contract quantity of each firm transportation contract and the rate the COMPANY pays for the reserved capacity;
  - (3) the remaining primary term associated with each firm transportation contract.
  - (4) the receipt point(s) and delivery point(s) through which the COMPANY may transport natural gas under each firm transportation contract.
- (c) Any party desiring the assignment of all or any part of the firm transportation capacity under the terms and conditions posted by the COMPANY pursuant to Section 21.2(b) above shall notify the COMPANY electronically through its Interactive Website or in writing and provide proof of creditworthiness within the time specified by the COMPANY in its notice. The COMPANY will provide all offers and credit information to the upstream pipeline. A party who accepts assignment of all or part of the COMPANY'S firm transportation capacity rights shall contract directly with the upstream pipeline for the firm capacity assigned, under the terms and conditions existing in the COMPANY'S firm transportation contract with the upstream pipeline, including the terms and conditions thereunder related to assignment, unless the upstream pipeline agrees otherwise. Thereafter, the COMPANY shall be relieved of all contractual obligations with the upstream pipeline with respect to the capacity assigned. The COMPANY shall not be responsible to indemnify against any loss, costs or expenses associated with the assignee's failure to perform all obligations under the terms of its contract with the upstream pipeline and the assignee shall agree to hold COMPANY harmless therefrom.
- (d) If the COMPANY receives competing offers from parties which exceed the upstream capacity that is actually available to the COMPANY under the terms of a specific firm transportation contract, the COMPANY shall assign the capacity available first to firm SHIPPERS requesting capacity on a pro rata basis based on the ratio of the quantities requested by each firm SHIPPER to the total quantities requested by all firm SHIPPERS. Any remaining capacity will be allocated to all other parties on a pro rata basis based on the ratio of the quantities requested by each such party to the total quantities requested by all such parties.

21.3 Downstream Pipelines' Assignment of Firm Capacity on the COMPANY'S System:

- (a) To the extent any downstream pipeline provides to the COMPANY an offer for assignment of its firm transportation capacity on the COMPANY'S system which the downstream pipeline has solicited under the provisions of Section 284.242 of the Commission's Regulation's, the potential assignee(s) must meet the following criteria as a condition precedent to the COMPANY'S consent to the assignment, unless COMPANY agrees otherwise in a nondiscriminatory manner:

- (1) the assignee must be creditworthy or qualify for credit under the provisions of Section 2 of the General Terms and Conditions;
  - (2) the assignee must be willing to pay the maximum rate applicable to the service to be assigned;
  - (3) the assignee must be willing to accept the existing Receipt and Delivery Points under the agreement to be assigned; and
  - (4) the assignee must be willing to accept the other terms and conditions of the agreement.
- (b) If a potential assignee meets the above stated criteria, it shall execute a Service Agreement with the COMPANY in accordance with the terms of the assignment and the terms and conditions of the COMPANY'S Rate Schedule FT. Thereafter, the assignee shall be fully liable under its Service Agreement with the COMPANY, and the downstream pipeline shall be relieved of all contractual obligations with the COMPANY with respect to the capacity assigned, except for any liabilities which have accrued under the agreement prior to the effective date of assignment.

22. SHIPPER RELEASE OF FIRM CAPACITY

22.1 General:

This Section 22 sets forth the sole means by which a firm SHIPPER ("RELEASING SHIPPER") may, pursuant to Section 284.8 of the Commission's Regulations, release its firm capacity rights under a Service Agreement with the COMPANY to a shipper who is acquiring such capacity ("REPLACEMENT SHIPPER").

22.2 Capacity Eligible For Release:

A SHIPPER with a Service Agreement with the COMPANY under the following rate schedules may release firm capacity pursuant to this Section 22, provided that SHIPPER pays a monthly reservation charge under the terms of such Service Agreement except that a SHIPPER that pays a small shipper rate under Rate Schedule FT may release its firm Receipt Point as set forth in Section 22.6(c)(23):

- (a) Rate Schedule FT;
- (b) Rate Schedule CSS; and
- (c) Rate Schedule FT-NN.

To be eligible to acquire service under Rate Schedule FT-NN, on a no-notice basis, a REPLACEMENT SHIPPER must have a Service Agreement under Rate Schedule CSS. Such no-notice rights are further defined in Section 4 of Rate Schedule FT-NN. Otherwise, a release of firm transportation capacity under an FT-NN Service Agreement will operate to release firm capacity as if it was released under Rate Schedule FT, or the RELEASING SHIPPER may elect to release its FT-NN service as a release of FT service.

22.3 Types of Releases:

- (a) Permanent Release: A RELEASING SHIPPER may release all or part of its firm capacity under a Service Agreement with the COMPANY for the entire remaining term of the Service Agreement ("Permanent Release") pursuant to the provisions of this Section 22. A Permanent Release is an assignment of capacity and any associated rights of the RELEASING SHIPPER under Section 20 hereof for avoiding pregranted abandonment. Therefore, the REPLACEMENT SHIPPER must meet the COMPANY'S requirements related to creditworthiness set forth in Section 2.1(d) of the General Terms and Conditions applicable to the RELEASING SHIPPER'S Service Agreement. The REPLACEMENT SHIPPER shall be required to execute a separate or amended firm Service Agreement with the COMPANY for the released capacity (i) at the discounted, negotiated, or maximum rate applicable to the RELEASING SHIPPER'S Service Agreement (and Exhibits thereto) and (ii) for the primary term remaining under the RELEASING SHIPPER'S Service Agreement with the COMPANY, unless the COMPANY agrees other-wise in a nondiscriminatory manner. Furthermore, the REPLACEMENT SHIPPER must contract for the firm Receipt and Delivery Points specifically set forth in a RELEASING SHIPPER'S Offer of firm capacity under Section 22.6(c) below or alternate Receipt or Delivery Points that are within the Primary Path as further defined in the In Path Point Request provision of Section 22.6(f). Such request for alternate Receipt or Delivery Points by REPLACEMENT SHIPPER should be coordinated with COMPANY prior to the effective date of the release.

The REPLACEMENT SHIPPER then has the right to release its capacity on a permanent or temporary basis under the terms and conditions of this Section 22. Upon the successful completion of a Permanent Release, the RELEASING SHIPPER shall be responsible only for those charges under its Service Agreement incurred with respect to the released capacity prior to the effective date of the Permanent Release hereunder, as well as charges it continues to incur for firm capacity not released on a permanent basis.

- (b) Temporary Release: A RELEASING SHIPPER may release all or part of its firm capacity under a Service Agreement with the COMPANY on a temporary basis, i.e. for a term

equal to or less than the remaining term ("Temporary Release"), pursuant to one of the following methods and the further provisions of this Section 22.

- (1) Firm Temporary Release: A RELEASING SHIPPER may temporarily release capacity on a firm basis for a specified term without a right of recall, except as provided in Section 22.5 below. The minimum term for any Firm Temporary Release shall be one contract day. All Firm Temporary Releases exceeding one contract day must be offered for a consecutive number of days, but such release can commence on any day during the month, and the release may offer quantities that vary on a monthly basis during the release term.
- (2) Temporary Release Subject to Recall: Subject to the provisions of Section 22.3(b)(3) herein, a RELEASING SHIPPER may temporarily release firm capacity subject to a right of recall by the RELEASING SHIPPER upon the occurrence of the condition precedent specified in the RELEASING SHIPPER'S Offer under Section 22.6(c) below. The minimum term for any Temporary Release Subject to Recall shall be one contract day. Any Temporary Release Subject to Recall offered for more than one contract day must be offered for a consecutive number of days, but such release can commence on any day during the month, and the release may offer quantities that vary on a monthly basis during the release term.
- (3) Recall and Reput Rights: A RELEASING SHIPPER has the right to define the condition(s) precedent which will result in a recall of the released firm capacity; provided, however, that such condition(s) shall not be inconsistent with the terms and conditions of the RELEASING SHIPPER'S Service Agreement with the COMPANY nor with the provisions of the COMPANY'S FERC Gas Tariff.

Furthermore, the recall conditions specified by the RELEASING SHIPPER must be nondiscriminatory and identifiable events and should be specified at the time of the deal.

A RELEASING SHIPPER exercising its right to recall its firm capacity, may recall its capacity, i.e. reactivate its capacity, by giving notice to COMPANY through COMPANY's Interactive Website, however the service flexibility available to either the RELEASING SHIPPER or the REPLACEMENT SHIPPER(s) for the subject capacity should not be less as a result of the recall (NAESB WGQ Standard 5.1.3).

A RELEASING SHIPPER may, to the extent permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) at the Timely Nomination cycle, the Evening Nomination cycle, and at the Intraday 1 Intraday 2 and Intraday 3 Nomination cycles by providing notice to COMPANY, and the first REPLACEMENT SHIPPER, by the following times for each cycle: 8 a.m. for the Timely Nomination cycle on the day that Timely Nominations are due as set forth above in Section 12.1(c); 3:00 p.m. as an early evening notification for the Evening Nomination cycle on the day that Evening Nominations are due; 5:00 p.m. for the Evening Nomination cycle on the day that Evening Nominations are due; 7 a.m. for the Intraday 1 Nomination cycle on the day that the Intraday 1 Nominations are due, 12:00 p.m. for the Intraday 2 nomination cycle on the day that the Intraday 2 Nominations are due, and 4:00 p.m. for the Intraday 3 nomination cycle on the day that the Intraday 3 Nominations are due (NAESB WGQ Standard 5.3.44). Notification to REPLACEMENT SHIPPERS will be provided by COMPANY pursuant to Section 18 above within one hour of receipt of any recall notifications from RELEASING SHIPPER received between 7:00 a.m. and 5:00 p.m. For all recall notifications received between 5:00 p.m. and 7:00 a.m., notifications to REPLACEMENT SHIPPERS will be provided by COMPANY no later than 8:00 a.m. (NAESB WGQ Standard 5.3.45). The recall notice shall specify the start date and nomination cycle for the specified effective Gas Day and an end date as well as any other information needed to uniquely identify the capacity being recalled. This notice should indicate whether penalties will apply for the Gas Day for which



quantities are reduced due to a capacity recall. In the event the scheduled quantities from the prior scheduling cycle are not available by the next cycle's recall deadline, the recall notification times may be extended for a proportionate period of time if requested by the RELEASING SHIPPER. The REPLACEMENT SHIPPER shall provide to COMPANY at least one internet e-mail address to be used for recall notification. The obligation of COMPANY to provide a REPLACEMENT SHIPPER notification of a recall is waived until at least one functional e-mail address has been provided to COMPANY by REPLACEMENT SHIPPER as set forth above in Section 18.

The RELEASING SHIPER should provide in its notification to COMPANY the quantity in terms of adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity (EPC). The EPC shall mean 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 (NAESB WGQ Standard 5.2.3). In the event of an intraday capacity recall, COMPANY should determine the allocation capacity between the RELEASING SHIPPER and the REPLACEMENT SHIPPER(s) based upon the EPC (NAESB WGQ Standard 5.3.56). COMPANY is not obligated to deliver in excess of the total daily Transportation Demand of the release. The amount of capacity allocated to the REPLACEMENT SHIPPER(s) should equal the original released capacity less the recalled capacity that is adjusted based upon the EPC.

A RELEASING SHIPPER shall be responsible for notifying, or causing to be notified, the first REPLACEMENT SHIPPER at the same time it provides notice to COMPANY as set forth above under the form of notification agreed upon by RELEASING SHIPPER and REPLACEMENT SHIPPER in a manner that will permit affected parties sufficient time to place nominations or take other corrective actions to avoid penalties. Affected REPLACEMENT SHIPPER should manage internal distribution of notifications of recall received from COMPANY. The COMPANY has the right to rely on a RELEASING SHIPPER'S notice and a RELEASING SHIPPER shall defend and indemnify the COMPANY against any claims, losses, liabilities or expenses resulting from claims by the REPLACEMENT SHIPPER that it was not notified or that firm capacity was not recalled in accordance with the recall rights specified by the RELEASING SHIPPER in its Offer.

If time remains in the term for which the firm capacity was temporarily released, the capacity shall revert back to the last REPLACEMENT SHIPPER at the end of the recall period, provided the offer either requires such reput or allows reput to be at the option of the REPLACEMENT SHIPPER and such party elects for the capacity to be reput at the end of the recall period. If following the recall, no time remains in the term for which the capacity was temporarily released, the capacity rights shall remain with the RELEASING SHIPPER for either its continued utilization or for release again pursuant to this Section 22. When capacity is recalled, it may not be reput for the same Gas Day (NAESB WGQ Standard 5.3.53). The deadline for notifying COMPANY of a reput is 8:00 a.m. to allow for timely nominations to flow on the next Gas Day (NAESB WGQ Standard 5.3.54).

- (4) Secondary Release of Firm Capacity: A REPLACEMENT SHIPPER who has acquired firm capacity hereunder on a temporary basis may subsequently release the capacity it has acquired in accordance with the terms of this Section 22 ("Secondary Release"), thereby becoming a RELEASING SHIPPER; provided that the Offer does not restrict such Secondary Releases. However, REPLACEMENT SHIPPERS paying a volumetric reservation rate for acquired capacity are not eligible to further release such capacity nor are releases pursuant to Section 22.6(c)(23) below eligible for further release of such capacity. A Secondary Release of capacity cannot operate to release greater capacity rights than the capacity acquired by the RELEASING SHIPPER. Furthermore, to the extent that a RELEASING SHIPPER acquired firm capacity

subject to a right of recall, the capacity then released by the RELEASING SHIPPER, and any subsequent Secondary Release of the capacity thereafter, shall also be subject to the right of recall.

(c) Prearranged Release of Firm Capacity:

A RELEASING SHIPPER who wishes to release its firm capacity to a prearranged bidder on a temporary basis may do so without posting an offer for its firm capacity, unless it elects to post its offer for competitive bidding, if the proposed capacity release is:

- (i) for a term of thirty one (31) days or less,
- (ii) for a term of more than one (1) year for which SHIPPER has obtained a Prearranged SHIPPER and the Prearranged SHIPPER is paying the maximum rate and all other terms and conditions of the release are met,
- (iii) to an asset manager as defined in Section 284.8(h)(3) of the Commission's regulations, or
- (iv) to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations.

If such prearranged bid qualifies under (i)-(iv) above and the RELEASING SHIPPER did not elect to post its offer for bidding, the release shall not be subject to the competitive bidding requirements of Section 22.6 below, but shall be subject to all other provisions of this Section 22.

Unless capacity is released pursuant to either an asset management arrangement or state-regulated retail access program, a firm shipper may not roll over, extend, or in any way continue the release to the same replacement shipper using the 31 days or less bidding exemption until 28 days after the first release period has ended. The 28-day hiatus does not apply to any re-release to the same replacement shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth herein.

The minimum term for a release of capacity for a period of thirty-one (31) days or less shall be one (1) contract day and the term must be for a consecutive number of days.

The timetables set forth in Section 22.6(a) shall not apply to the non-posted releases set forth above, except for those releases of 31 days or less which the RELEASING SHIPPER elects to post for competitive bidding. Under any type of non-posted temporary release, the RELEASING SHIPPER AND REPLACEMENT SHIPPER shall notify COMPANY electronically on its Interactive Website of the terms of the release at least 1 hour prior to the applicable nomination deadline in which the release will go into effect so that the REPLACEMENT SHIPPER may have the ability to nominate on the next available nomination cycle. . The REPLACEMENT SHIPPER must also be prequalified pursuant to the requirements of Section 22.6(e) below. COMPANY shall post on its Interactive Website the terms of a prearranged release entered into under this Section 22.3(c) prior to or on the effective date of the release.

22.4 RELEASING SHIPPER'S and REPLACEMENT SHIPPER'S Obligations:

(a) REPLACEMENT SHIPPER:

To bid on capacity offered under one of the types of Temporary Releases set forth in Section 22.3(b) or (c) above, the bidder must be preapproved for credit and have an executed Firm Transportation or Firm Storage Service Agreement, as applicable, (sometimes referred to herein as "Service Agreement"), as more particularly set forth in Section 22.6(e) below. To bid on capacity for a Permanent Release under Section 22.3(a) above, the bidder must be preapproved for credit and have submitted an executed Transportation or Storage Service Request Form, as more particularly set forth in Section 22.6(e) below. COMPANY will not award capacity release offers to SHIPPER

until and unless SHIPPER meets COMPANY's creditworthiness requirements applicable to all services that it receives from COMPANY, including the service requested by the capacity release. Bids shall be binding until written or electronic notice of withdrawal is received by COMPANY per NAESB WGQ Standard 5.3.13. Any bid submitted and not withdrawn by the end of the bid period will legally bind the bidder to the terms of the bid if COMPANY chooses such bid as the "best bid" under Section 22.6(h) below. Once a bid on an Offer for a Permanent Release of capacity under Section 22.3(a) is accepted, the REPLACEMENT SHIPPER shall execute an amendment to its Service Agreement with the COMPANY to utilize the capacity under the terms set forth in the accepted bid and the terms and conditions of the COMPANY'S FERC Gas Tariff applicable to the capacity released. Before a REPLACEMENT SHIPPER may execute an amended Service Agreement with COMPANY to utilize released firm capacity, the REPLACEMENT SHIPPER must satisfy all of the COMPANY'S requirements relating to the Rate Schedule under which the capacity has been released. Once a bid on an Offer for a Temporary Release of capacity under Section 22.3(b) or (c) is determined to be the best bid, COMPANY will post on its Interactive Website and email information to the REPLACEMENT SHIPPER reflecting the terms of the bid ("Capacity Release Transaction"), and the REPLACEMENT SHIPPER agrees that the terms of the Capacity Release Transaction shall be binding and no further execution thereof shall be required. After the issuance of the Capacity Release Transaction by COMPANY, the REPLACEMENT SHIPPER shall become an existing SHIPPER with separate firm contract quantities like any other SHIPPER and is subject to the applicable provisions of COMPANY'S billing and payment and operational provisions. Once the REPLACEMENT SHIPPER electronically executes its amended Service Agreement resulting from a Permanent Release, the REPLACEMENT SHIPPER becomes an existing SHIPPER with separate firm contract quantities like any other SHIPPER and is subject to the applicable provisions of COMPANY'S FERC Gas Tariff, including but not limited to COMPANY'S billing and payment and operational provisions.

(b) RELEASING SHIPPER:

The RELEASING SHIPPER shall remain fully liable on its existing Service Agreement with the COMPANY for the payment of all reservation charges for the contract quantity which has not been released permanently, associated surcharges, fixed charges, and direct bills owing to the COMPANY each month under the existing Service Agreement, as well as for services performed for or penalties incurred by the RELEASING SHIPPER under its firm Service Agreement with respect to any remaining capacity thereunder.

22.5 Billing and Payment:

A REPLACEMENT SHIPPER shall be billed by the COMPANY and shall make payments to the COMPANY in accordance with the terms of its executed Service Agreement. On the RELEASING SHIPPER'S bill for a month in which it released capacity hereunder on a temporary basis, COMPANY shall credit all reservation charge revenues billed by COMPANY to the REPLACEMENT SHIPPER for the released capacity; provided, however, that in the event the REPLACEMENT SHIPPER fails to pay COMPANY for any part of the amount credited to the RELEASING SHIPPER'S bill, COMPANY reserves the right, after it exhausts any credit it has on file for the REPLACEMENT SHIPPER, to reverse the credit on the RELEASING SHIPPER'S bill in a later month up to the unpaid amount plus interest thereon. COMPANY shall provide RELEASING SHIPPER with e-mail notification within a reasonable time if COMPANY sends any of the following formal notices to REPLACEMENT SHIPPER:

- (1) Notice regarding the REPLACEMENT SHIPPER's past due, deficiency, or default notice status pursuant to Section 15 hereof;
- (2) Notice regarding REPLACEMENT SHIPPER's suspension of service notice;
- (3) Notice regarding REPLACEMENT SHIPPER's contract termination notice due to default or credit-related issues; and
- (4) Notice that the REPLACEMENT SHIPPER is no longer creditworthy and has not provided credit alternative(s) pursuant to Section 2.1(d) hereof.

If the REPLACEMENT SHIPPER fails to pay its reservation charges pursuant to the provisions of Section 15 of these General Terms and Conditions, the RELEASING SHIPPER shall have the right to recall its capacity by notifying the REPLACEMENT SHIPPER and COMPANY of such recall

pursuant to the provisions of Section 22.3(b)(3) above. All reservation charge credits to the RELEASING SHIPPER'S bill shall be final and nonreversible upon COMPANY'S receipt of payment therefor from the REPLACEMENT SHIPPER. The reservation charges paid by the REPLACEMENT SHIPPER shall be prorated based upon the EPC as established in Section 22.3(b)(3) above. COMPANY shall not be required to credit all reservation charge revenues billed to the REPLACEMENT SHIPPER to the extent a RELEASING SHIPPER'S firm Service Agreement under which it pays a discount or negotiated rate provides otherwise.

The REPLACEMENT SHIPPER shall be obligated to pay the COMPANY any additional charges specified in the Offer, as well as the Transportation Charge or Injection and Withdrawal Charges, plus all associated volumetric surcharges and fuel, applicable to the quantities the COMPANY transports or injects/withdraws under the REPLACEMENT SHIPPER'S firm Service Agreement specified in the award. The COMPANY will retain the Transportation Charge, Injection Charge, Withdrawal Charge, associated volumetric surcharges, any additional charges specified in the Offer, and fuel it receives from the REPLACEMENT SHIPPER. If any of the rates billed to and paid by the REPLACEMENT SHIPPER under its Service Agreement exceed the rate which the Commission determines to be just and reasonable and COMPANY is ordered to make refunds, the REPLACEMENT SHIPPER shall be eligible to receive refunds to the extent of any payments it made in excess of the rates the Commission subsequently determined to be just and reasonable. For releases that become effective on or after July 30, 2008, the rate paid by the REPLACEMENT SHIPPER in any capacity release transaction with a term of one (1) year or less which is not subject to the maximum rate cap will be deemed to be a final rate and is not subject to refund. For index-based capacity release when bidding is based upon a dollars and cents differential from the Rate Floor, the billed rate for the award will be calculated as the greater of (i) the result of the index-based formula or (ii) the Rate Floor plus the high bid's differential, both not to exceed the maximum reservation rate, if applicable.

22.6 Offer and Bid Procedures:

(a) Offer/Bid Schedule: As per NAESB Standard 5.3.2, the minimum days and times by which both offers and bids for releases of capacity must be electronically transmitted to the COMPANY in accordance with the procedures set forth in Section 22.6(c) and Section 22.6(f) below, as well as other minimum deadlines required by COMPANY for successful completion of the bid/offer cycle, are set forth below. These timetables in this Section 22.6(a)(1), (2), and (3) below set forth the deadlines for standard offers to release capacity, i.e. those which contain no special terms and conditions. Offers which contain special terms and conditions, including, but not limited to contingencies or best bid criteria and tie breakers other than those set forth in Sections 22.6(h) and (i) hereof, are deemed to be non-standard offers and shall require additional evaluation time. It shall be the responsibility of the RELEASING SHIPPER to post its Offer in sufficient time to allow the release to occur on the date offered given the schedule to be applied and any extensions of that schedule allowed by the RELEASING SHIPPER in its Offer (all times are CCT).

(1) For biddable releases (1 year or less):

offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day; open season ends at 10:00 a.m. on the same or a subsequent Business Day; evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken; if no match is required, the evaluation period ends and the award is posted by 11:00 a.m.; where match is required, the match is communicated by 11:00 a.m.; the match response occurs by 11:30 a.m., and the award is posted by 12:00 p.m.; the contract is issued within one hour of the award posting (with a new contract number, when applicable); nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(2) For biddable releases (more than 1 year):

offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day; open season should include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days; evaluation period begins at

10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken; if no match is required, the evaluation period ends and the award is posted by 11:00 a.m.; where match is required, the match is communicated by 11:00 a.m.; the match response occurs by 11:30 a.m.; and the award is posted by 12:00 p.m.; the contract is issued within one hour of the award posting (with a new contract number, when applicable); nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(3) For non-biddable releases:

The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard 1.3.2. The posting deadlines are:

Timely Cycle – 12:00 pm  
Evening Cycle – 5:00 pm  
Intraday 1 Cycle – 9:00 am  
Intraday 2 Cycle – 1:30 pm  
Intraday 3 Cycle – 6:00 pm

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

(4) The RELEASING SHIPPER may choose any bid period as long as it meets the minimum requirements in the applicable timetable set forth above in Section 22.6(a). If the RELEASING SHIPPER allows contingent bids to be submitted, each bidder submitting a valid, contingent bid must notify COMPANY by the deadline set forth in the applicable timetable above in Section 22.6(a), unless the RELEASING SHIPPER specified another deadline pursuant to the foregoing procedures, that the contingency has been removed and that the bid is to remain eligible for processing. It is provided, however, that the bidder does not have to notify COMPANY of the removal of the type of contingency set forth in Section 22.6(f)(11) since such contingency will be resolved during COMPANY'S determination of the best bids. (NAESB WGQ Standard 5.3.2)

(b) Offer of Firm Capacity: Pursuant to the applicable schedule established in Section 22.6(a) above, a SHIPPER desiring to release firm capacity shall post on COMPANY'S Interactive Website, on the standard form provided by COMPANY on its Interactive Website, an offer of firm capacity (herein called "Offer"), except as provided otherwise in Section 22.3(c) above. The COMPANY shall date and time stamp all offers as they are received and shall post such Offer if it is complete unless the RELEASING SHIPPER specifies a different date for its Offer to be posted. In such event, COMPANY shall post the Offer at the time specified by the RELEASING SHIPPER, provided that such time does not conflict with the deadlines set forth above in Section 22.6(a). The RELEASING SHIPPER agrees that its posted Offer specifically is subject to the following conditions:

- (1) A RELEASING SHIPPER must offer capacity that consists of equal quantities at Receipt and Delivery Points set forth within the same package of capacity under a firm agreement.
- (2) (reserved for future use).
- (3) Once a RELEASING SHIPPER'S Offer is posted, it may be withdrawn by the RELEASING SHIPPER at any time during the bid period where unanticipated circumstances justify and no minimum bid has been made. Offers shall be binding until written or electronic notice of withdrawal is received by COMPANY per NAESB WGQ Standard 5.3.14.
- (4) For releases that become effective on or after July 30, 2008, the release of firm capacity must commence within one (1) year of the date upon which the

COMPANY is notified if the reservation charge requirement is in excess of the maximum tariff rate and the term of the proposed release is for one (1) year or less.

- (c) RELEASING SHIPPER'S Offer: A RELEASING SHIPPER'S Offer shall include, inter alia, the following standard information, if applicable:
- (1) the name of the RELEASING SHIPPER;
  - (2) the Rate Schedule(s) under which the capacity being offered for release is held;
  - (3) the contract number(s) of the RELEASING SHIPPER'S Service Agreement(s);
  - (4) whether the release is permanent or temporary;
  - (5) if a temporary release,
    - (a) whether the release is firm or subject to a right of recall;
    - (b) if subject to recall, the identifiable condition(s) precedent upon which the recall right will be asserted should be specified at the time of the deal;
    - (c) (reserved for future use);
    - (d) (reserved for future use);
    - (e) if subject to recall, whether the release is recallable on a timely, early evening, evening, intraday 1, intraday 2 or intraday 3 recall notification period;
    - (f) if subject to recall, whether the recall notification must be provided exclusively on a Business Day per NAESB WGQ Standard 5.3.51; and
    - (g) whether a Secondary Release may be made by the REPLACEMENT SHIPPER.
  - (6) the amount(s) of capacity to be released and whether bids for less than the full quantity offered are acceptable;
  - (7) the proposed effective date of the release, term of the release and whether bids for less than the full term offered are acceptable;
  - (8) if capacity is to be released under Rate Schedule FT or Rate Schedule FT-NN,
    - (a) the Delivery Points at which the capacity is to be released and relevant Delivery Point PIN;
    - (b) whether or not release of capacity under Rate Schedule FT-NN will be released as Rate Schedule FT;
    - (c) the Receipt Points at which capacity is to be released and relevant Receipt Point PIN;
    - (d) whether the REPLACEMENT SHIPPER has the right to change the primary Receipt Point(s) and Delivery Point(s) on the capacity being released to points outside the Primary Path (offer must be non-recallable if the offer allows a change to points outside the Primary Path); and

- (e) whether or not the capacity is subject to a discount or negotiated rate, and if so, whether the RELEASING SHIPPER or the REPLACEMENT SHIPPER will be responsible for paying additional charges consistent with the terms of such discounted or negotiated rate agreement.
- (9) if capacity is to be released under Rate Schedule CSS, (1) the amount of firm storage capacity to be released; or (2) the withdrawal rights with calculated injection rights; or (3) the injection and withdrawal rights offered with the amount of firm storage capacity to be released in the same proportions as set forth in Section 3 (d) and (e) of Rate Schedule CSS;
- (10) whether capacity to be released under Rate Schedule CSS is conditioned on the Replacement Shipper providing no-notice service to the Releasing Shipper pursuant to Section 4(e)(i) of Rate Schedule FT-NN;
- (11) whether the offer is subject to a Prearranged Bid and, if so, the name of and DUNS number for the Prearranged Bidder;
- (12) whether the RELEASING SHIPPER desires bids in dollars, as a percentage of COMPANY's reservation charge either daily or monthly (inclusive of reservation surcharges), on a volumetric rate basis for transportation capacity, or as an index-based formula (under one of the methods listed below) applicable to the capacity to be released;
  - (i) a percentage of the formula,
  - (ii) a dollars and cents differential from the formula, or
  - (iii) a dollars and cents differential from the Rate Floor;
- (13) any minimum reservation charge (inclusive of reservation surcharges) or percentage thereof at which the bids must begin, or whether the bids on the reservation charge (inclusive of reservation surcharges) should be submitted on a volumetric rate basis or an index-based formula; or, for releases that become effective on or after July 30, 2008, any minimum reservation charge requirement (inclusive of reservation surcharges) and, if applicable, any maximum reservation charge requirement (inclusive of reservation surcharges) which is in excess of the maximum tariff rate for the applicable service when the term of the proposed release is one (1) year or less and when the release date is to take effect on or before one (1) year from the date on which the COMPANY is notified of such release;
- (14) if bids on a volumetric rate basis are acceptable, whether the volume bid is a minimum daily throughput commitment for billing purposes, i.e. the REPLACEMENT SHIPPER'S monthly bill and the RELEASING SHIPPER'S monthly credit will be no less than the volume bid multiplied by the volumetric rate bid multiplied by the number of days in the month that the release was in effect;
- (15) whether contingent bids may be submitted and the deadline for removing any such contingencies;
- (16) pursuant to the provisions of Section 22.6(a) hereof, any extensions in the deadlines established in said Section 22.6(a);
- (17) the economic criteria to be utilized by COMPANY in determining the "best bid" (said criteria to be objectively stated, applicable to all bidders and nondiscriminatory);
- (18) a nondiscriminatory tie breaker to be utilized in determining the "best bid" in the event two or more bids generate equal revenues.
- (19) whether the recalled capacity is to be repurposed to the original REPLACEMENT SHIPPER (i) for the original terms of the release or (ii) at the option of the

original Replacement Shipper for the original terms of the release (NAESB WGQ Standard 5.3.7);

- (20) (reserved for future use);
- (21) whether the release is segmentable on a point to point basis, provided however, such release is not eligible for varying monthly quantities;
- (22) if the release is a Temporary Release and the RELEASING SHIPPER indicates that it wishes to restrict bids on specified delivery point capacity to an upstream or downstream segment so that the RELEASING SHIPPER may retain the remaining capacity segment for its use, then RELEASING SHIPPER must identify the zone(s) of the segment which are being offered ("Bid Zone") and designate the applicable Delivery and Receipt Points to define the applicable Primary Path(s); provided that the quantity of the capacity released in any zone cannot exceed the Releasing Shipper's original Transportation Demand in that zone; and provided however, such release is not eligible for varying monthly quantities;
- (23) whether the release is for a Primary Path from a firm Receipt Point to an in path Pooling Location in the same zone as the firm Receipt Point, provided however, such release is not eligible for varying monthly quantities. This applies to releases under FT or FT small shipper service type; provided, however, that such release by an FT shipper paying a small shipper rate shall be at a zero Reservation Charge;
- (24) whether the proposed release is to an asset manager as part of an asset management arrangement as defined in Section 284.8(h)(3) of the Commission's regulations, and the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect under the asset management arrangement; and
- (25) whether the proposed release is to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations.

The following information shall be supplied by COMPANY with each Offer:

- (i) the reservation charge (and reservation surcharges) applicable to the capacity being released,
  - (ii) the reservation charge (and reservation surcharges) converted to a 100% load-factor volumetric rate if the Offer requires bids on a volumetric rate basis,
  - (iii) the date and time the Offer was posted on COMPANY'S Interactive Website, and
  - (iv) the date and time the bid period ends.
- (d) Prearranged Bidders: A RELEASING SHIPPER must identify in its Offer any "Prearranged Bid" to be made on the firm capacity offered for release. However, the "Prearranged Bidder" must also meet all of the requirements established for bidders pursuant to Section 22.6(e)-(g) below. A Prearranged Bidder must confirm its bid in accordance with Section 22.6(f) below. For bids on Offers in which the Prearranged Bidder confirms a bid for the offered capacity at the maximum reservation charge applicable to the RELEASING SHIPPER'S service or at a higher reservation charge applicable to releases that become effective on or after July 30, 2008 when the term proposed is for one (1) year or less and the release takes effect on or before one (1) year from the date on which the COMPANY was notified of such release, for the full quantity, capacity and term offered by the RELEASING SHIPPER, and the Prearranged Bidder satisfies all of the requirements of Section 22.6(e)-(g) below, the Prearranged Bid will be deemed the "best bid". The COMPANY shall thereafter post on its Interactive Website, as set forth in Section 22.3(c) above, the identity of the Prearranged Bidder, and the terms upon which the capacity was released. In all other situations, but except in those situations where



Releasing Shipper is not required to post the Offer as set forth above in Section 22.3(c), the Prearranged Bid shall constitute the minimum bid price for all other bidders, and shall be posted on the RELEASING SHIPPER'S Offer as such. If the COMPANY does not receive any better bid by the date on which all bids are due, the Prearranged Bid shall be deemed the best bid. If the COMPANY does receive a better bid by the date on which all bids are due, the Prearranged Bidder shall have the right to match the terms of the better bid by the deadline established in Section 22.6(a) above. If the Prearranged Bidder matches the better bid, the Prearranged Bidder shall be deemed to have made the best bid.

(e) Prequalified Bidder Requirements:

- (1) All parties desiring to bid on firm capacity offered by a RELEASING SHIPPER must be prequalified by COMPANY as creditworthy in order to be eligible to submit a bid on an Offer of released capacity. Unless the COMPANY agrees it has already determined the bidder to be creditworthy or to have suitable credit on file with COMPANY, the potential bidder must submit to COMPANY the information set forth in Section 2.1(a)(ix) hereof to enable COMPANY to determine the party's creditworthiness. A bidder's creditworthiness shall be assessed on the same basis as a SHIPPER'S creditworthiness under the terms of the Tariff applicable to the capacity being offered. If the potential bidder fails to demonstrate creditworthiness, the bidder may still be prequalified if it provides one of the credit alternatives set forth in Section 2.1(d) hereof. If a party does not qualify as a prequalified bidder pursuant to this Section 22.6(e), the party cannot bid on a RELEASING SHIPPER'S Offer.
- (2) (reserved for future use)..
- (3) Prior to submitting a bid on a Temporary or Permanent Release of capacity offered by a RELEASING SHIPPER, the bidder must request and execute a Firm Transportation or Storage Service Agreement in the form set forth in this Tariff based on whether the release is for firm storage capacity (CSS) or firm transportation capacity (FT and FT-NN). The terms of each winning bid shall be posted on COMPANY's Interactive Website and emailed to the REPLACEMENT SHIPPER if the release is temporary or as an amendment to the Service Agreement if the release is permanent.

(f) Bidding Procedures: All bids on a RELEASING SHIPPER'S Offer, except as provided in Section 22.3(c) above, shall begin at 12pm on the bid period start date and be transmitted electronically to the COMPANY on its Interactive Website in the standard form provided therein. The COMPANY shall date and time stamp all bids as they are received. The COMPANY shall post for viewing by other parties during the bid period all bids received on a RELEASING SHIPPER'S Offer, except for the names of the bidders. A separate bid shall be submitted for each separate RELEASING SHIPPER'S Offer on which a bidder wishes to bid. The price bid on any Offer of capacity must be submitted on a reservation charge basis unless the Offer states that bids on a volumetric rate basis are acceptable.

Out of Path Point Request: All bids on Temporary Releases of capacity must be for the specified Delivery and Receipt Points offered; provided, however, if the Offer is not subject to recall and the Offer has not restricted a bidder's rights to change Exhibit A Receipt Points and/or Exhibit B Delivery Points outside of the Primary Path, then once the capacity has been awarded, bidder may request a change in either an Exhibit A Receipt Point in any zone or Exhibit B Delivery Point in the same zone as the Exhibit B Delivery Point being released pursuant to Section 6.3 or 6.4, respectively, subject to the availability of capacity as determined by COMPANY. . In the event the REPLACEMENT SHIPPER is awarded any changes to the Exhibit A Receipt Point(s) or Exhibit B Delivery Point(s) as provided above, then such changes will be reflected on the RELEASING SHIPPER's Service Agreement after the released capacity reverts to the RELEASING SHIPPER at the end of the release. The RELEASING SHIPPER will only be entitled to revert to the Exhibit A Receipt Point(s) and Exhibit B Delivery Point(s) it held under the

Service Agreement prior to the release if the RELEASING SHIPPER requests to amend its contract and the capacity is available under the provisions of Section 6.3 or 6.4 above.

In Path Point Request: The REPLACEMENT SHIPPER may request, once the capacity has been awarded, a Receipt Point or Delivery Point in the same zone, or downstream zones in the case of Receipt Points, that is in the Primary Path of the Receipt Point(s) and Delivery Point(s) offered, subject to the availability of capacity as determined by COMPANY, for the remainder of the release term, including a permanent release. Such request should be submitted to COMPANY at least eight (8) business hours before the desired effective date/time and such request shall not be subject to the open season requirements set forth in Section 2.1(b)(iii) of these General Terms and Conditions. If insufficient firm capacity is available to satisfy all requests at a point, COMPANY shall award requests by REPLACEMENT SHIPPERS to amend their acquired capacity to a Delivery Point or Receipt Point that is in the path of the acquired point during the term of a release based on the date and time stamp of the request. At the end of a Temporary Release, the RELEASING SHIPPER will retain the Exhibit A Receipt Point(s) and Exhibit B Delivery Point(s) it held under the Service Agreement prior to the release. Such in path request for Delivery and Receipt Point changes shall be allowed one-time during the period of the release. COMPANY shall maintain on its Interactive Website a list of such in path upstream Delivery Points and downstream Receipt Points.

The Delivery Points and Receipt Points awarded to the REPLACEMENT SHIPPER under this Section 22 shall constitute the only Exhibit A Receipt Point(s) and Exhibit B Delivery Point(s) to which the REPLACEMENT SHIPPER is entitled under the Service Agreement entered into with COMPANY pursuant to these provisions. The REPLACEMENT SHIPPER'S Service Agreement shall be eligible for Exhibit A-1 Receipt Points and Exhibit B-1 Delivery Points for all acquired zones of COMPANY'S pipeline system in accordance with Sections 6.1 and 6.2 of the General Terms and Conditions.

The bid shall include inter alia the following information included in the standard bid form on the COMPANY'S Interactive Website:

- (1) the bidder's name, phone number, and email address;
- (2) the bidder's DUNS number;
- (3) the Offer number and contract number(s) of the RELEASING SHIPPER'S Service Agreement(s) on which the bid is being made;
- (4) the Reservation Charge, the percentage of Reservation Charge, the volumetric rate per Dth, or the index-based formula bid for the released capacity based on the requirements of the Offer and in the event the RELEASING SHIPPER has offered to pay the REPLACEMENT SHIPPER consideration for the permanent release, the amount of the consideration;
- (5) whether the bidder is a Prearranged Bidder;
- (6) the term for which the bid is being made if the Offer allows bids on less than the term offered;
- (7) if the Offer allows bids on less than the full capacity offered, the transportation capacity requested or the storage, injection and withdrawal capacities requested by the bidder;
- (8) (reserved for future use);
- (9) (reserved for future use);
- (10) if contingent bids are allowed by the Offer, the description of the contingency;

(11) the information required by Section 250.16 of the Commission's Regulations to the extent necessary to allow COMPANY to comply with its reporting/posting requirements under Section 250.16 to include the following:

(1) the specific affiliation of the bidder/REPLACEMENT SHIPPER with COMPANY and/or RELEASING SHIPPER.

A bidder may withdraw its bid on an Offer at any time prior to the end of the bid period, but any subsequent bids submitted by the bidder on that Offer during the bid period must be equal to or higher than the bidder's previous bid(s).

(g) The COMPANY'S Initial Review: Upon receipt of all bids, the COMPANY shall engage in an initial review to determine whether a bid will be deemed eligible for consideration as the best bid. Any bid deemed ineligible pursuant to this Section 22.6(g) shall be eliminated from consideration. A bid shall be deemed ineligible if:

- (1) the bid (or bidder) does not comply with all of the terms and conditions and deadlines of this Section 22; or
- (2) the bid submitted exceeds the bidder's preapproved credit term or limits; or
- (3) (reserved for future use); or
- (4) the bid does not meet the minimum terms of the RELEASING SHIPPER'S Offer; or
- (5) the bidder has not removed the contingency by the deadline set forth in the Offer.

(h) The Best Bid Determination:

All bids deemed to be eligible following the COMPANY'S initial review pursuant to Section 22.6(g) above shall be reviewed in determining the best bid. The best bid shall be determined by COMPANY pursuant to the objective criteria for determining the best bid set forth in the RELEASING SHIPPER'S Offer. If the Offer does not specify best-bid criteria, the eligible bids will be evaluated by COMPANY by multiplying the price bid times the volume bid. In addition, if the RELEASING SHIPPER'S offer for a permanent release allows consideration to be paid to the REPLACEMENT SHIPPER, then any such consideration included in the REPLACEMENT SHIPPER'S bid shall be subtracted from its bid solely for purposes of calculating the best bid. Bids for a term of more than one (1) month that vary in price or term shall be discounted to present value based on currently effective Commission interest rates or such other published, objective financial measure as posted by COMPANY in advance of the offer/bid cycle. This formula will generate a revenue number for comparison of the bids and the bid producing the most revenue shall be determined to be the best bid. For releases that become effective on or after July 30, 2008, potential REPLACEMENT or Prearranged SHIPPERS may submit bids in excess of the maximum tariff rate for the applicable service agreement if the term of the proposed releases is one (1) year or less and such release is to take effect on or before one (1) year from the date on which COMPANY is notified of such release. Such rate will be utilized in the determination of the best bid.

If the RELEASING SHIPPER specifies an index-based formula in its capacity release offer, the rate used in the bid evaluation will be based on:

- (1) the dollars differential or percentage of the Rate Default, or
- (2) the dollars differential of the Rate Floor, as applicable.

The best bid as determined herein or pursuant to the objective criteria posted by the RELEASING SHIPPER shall be subject to the rights of a Prearranged Bidder to match the bid in accordance with Section 22.6(d) above. In the event two or more bids are equivalent, they will be subject to the outcome of the tie breaker stipulated in the RELEASING SHIPPER'S Offer as explained in Section 22.6(i) below.

In its Offer the RELEASING SHIPPER may specify any best bid criteria and tie breaker that complies with Sections 22.6(c)(16) and (17) herein. However, if the RELEASING SHIPPER chooses the COMPANY'S best bid criteria set forth above or one of the following pre-programmed criteria and one of the tie breakers listed in Section 22.6(i), the Offer will be eligible for the accelerated schedules set forth above in Section 22.6(a) of these General Terms and Conditions:

- (1) Highest rate;
- (2) Price times quantity (regardless of term);
- (3) Price times quantity times term (net revenue); or
- (4) Present value

If the best bid does not utilize all of the capacity being offered for release, then COMPANY will award the capacity in the order of best bids until it has awarded all of the offered capacity possible.

- (i) Tie Breaker: If there is a tie for the best bid, and there is no Prearranged Bidder who has agreed to match the best bid, the winning bid shall be determined by applying the tie breaker stipulated in the RELEASING SHIPPER'S Offer. The RELEASING SHIPPER may specify one of the following tie breakers or a different tie breaker so long as it is objective, nondiscriminatory and can be applied by COMPANY. If the RELEASING SHIPPER fails to specify a tie breaker, COMPANY shall apply the following tie breakers in the order shown, if necessary:
  - (1) the bid submitted first in time as established by the COMPANY'S electronic date and time stamp;
  - (2) the bid generating the greatest present value of revenues over the shortest term;
- (j) (reserved for future use).
- (k) Notification: Upon completion of the best bid determination, the party submitting the best bid, i.e. the REPLACEMENT SHIPPER, shall be notified by the COMPANY through its Interactive Website. The COMPANY shall further notify all bidders through its Interactive Website that a best bid has been accepted. If the capacity was released on a permanent basis, an amended firm Service Agreement(s) between the COMPANY and the REPLACEMENT SHIPPER, incorporating the terms of the accepted bid, shall be tendered and executed electronically on COMPANY'S Interactive Website by the applicable execution deadline set forth in Section 22.6(a) above.

If the capacity was released on a temporary basis, COMPANY shall email information on the Capacity Release Transaction to the REPLACEMENT SHIPPER. COMPANY shall post on its Interactive Website the details of the winning bid and the REPLACEMENT SHIPPER'S name on or before the start date of the release. Such notice shall stay on COMPANY'S Interactive Website for at least ninety (90) days.

- (l) If the REPLACEMENT SHIPPER acquires firm transportation capacity to a firm Delivery Point in an upstream zone or pursuant to an offer that restricted the Bid Zone, the RELEASING SHIPPER of such capacity may continue to nominate gas for transportation within its remaining capacity segment. Each REPLACEMENT SHIPPER and RELEASING SHIPPER may utilize all Receipt Points on COMPANY'S pipeline system on a preferred interruptible (Exhibit A-1) basis in accordance with Section 6.1 above within the zone of their respective portions of the segmented capacity. In the event, a RELEASING SHIPPER releases its firm Receipt Point to an eligible Pool Location as provided under Section 22.6(c)(23) above, such RELEASING SHIPPER shall retain all zone and segment rights, except for the segment(s) released from the firm Receipt Point to the applicable Pool Location.

- (m) If no bids are submitted by the date upon which all bids are due, the RELEASING SHIPPER'S Offer shall be removed from COMPANY's Interactive Website. Furthermore, all RELEASING SHIPPERS and REPLACEMENT SHIPPERS must comply with the deadlines set forth in Section 22.6(a) above in order to avoid cancellation of their offers or bids by COMPANY.

22.7 Offers to Purchase Firm Capacity:

COMPANY agrees to post on its Interactive Website at a party's request offers to purchase firm capacity on a permanent or temporary basis pursuant to the provisions of Section 27 of these General Terms and Conditions. Each offer will remain on COMPANY's Interactive Website for five (5) business days before it is removed, unless the requesting party notifies COMPANY prior to the expiration of any five-day period that it wishes to extend the posting for an additional five (5) business days.

23. OFF-SYSTEM CAPACITY

- 23.1 Off-System Capacity. From Time to Time, COMPANY may enter into transportation and/or storage service agreements with other interstate and intrastate pipeline and storage companies ("Service Provider"), including contracts for released capacity, ("off-system capacity"). In the event that COMPANY acquires off-system capacity, COMPANY will use such capacity for operational reasons or to render service for SHIPPER(s). In the event that COMPANY uses off-system capacity to render service for SHIPPER(s), COMPANY will render service on the acquired capacity pursuant to COMPANY's FERC Gas Tariff and SHIPPER shall pay to COMPANY the rates and surcharges under the applicable Rate Schedule set forth above in this Tariff, as such Tariff, rates and charges may change from time to time. In the event that off-system capacity used to render service to SHIPPER(s) is subject to renewal or term limitations, as specified in COMPANY's service agreement with the Service Provider and/or the tariff of the Service Provider and/or as provided by FERC regulation, COMPANY reserves the right to limit SHIPPER's extension rights under its service agreement with COMPANY or ROFR rights under Article 20 above to coincide with COMPANY's contractual obligations with the Service Provider. COMPANY will indicate in any open season posting any limitation to term or extension rights that will apply as a result of such contractual or regulatory limitations on the off-system capacity. For purposes of off-system capacity transactions entered into subject to this Article 23, the "Shipper must have title" requirement shall be waived.
- 23.2 Third Party Charges. If COMPANY contracts with a Service Provider for COMPANY to provide service on the off-system capacity on behalf of SHIPPER, SHIPPER shall pay COMPANY those additional charges or surcharges not included in or in excess of the charges or surcharges also payable by SHIPPER under the applicable Rate Schedule herein as provided above in Section 23.1; provided, however, such additional charges shall not exceed the charges COMPANY is obligated to pay to the Service Provider(s) for the off-system capacity. Such additional charges may include, but are not limited to, reservation and/or usage charges and surcharges, fuel and power charges, retention, compression, balancing, measurement or processing fees, imbalance charges and/or other facility charges. Any additional off-system capacity charges shall be set forth in Exhibit "C" of SHIPPER's FT, FT-NN, and/or IT Service Agreement(s) or Exhibit "E" of SHIPPER's CSS Service Agreement and as separate line items on invoices rendered to SHIPPER pursuant to Article 15 above. COMPANY shall indicate in its open season posting for any off-system capacity whether any additional charges will apply to transportation or storage services provided on the off-system capacity.
- 23.3 Scheduling of Off-System Capacity. Any off-system capacity shall be scheduled and allocated by COMPANY under the terms of these General Terms and Conditions on an open access basis; provided, however, if agreed by COMPANY and SHIPPER, SHIPPER may act as COMPANY's agent in scheduling the gas for SHIPPER's use on the Service Provider's system.

Notwithstanding the foregoing, the force majeure notice requirements set forth in Section 8.3 of these General Terms and Conditions shall apply to the scheduling of any off-system capacity.

24. AGENCY SERVICE

In connection with a service rendered by COMPANY pursuant to any Rate Schedule in its FERC Gas Tariff, a third party may agree to act as agent for SHIPPER to arrange for any service (under any such Rate Schedule or otherwise) and to perform any acts (including but not limited to the receipt and payment of invoices, the giving of notices, the designation of delivery and receipt points, the scheduling of quantities for transportation and storage, and the receipt of proceeds from, or the payment of amounts due for, the monthly resolution of transportation imbalances under Section 14.1 hereof) in connection with any service so arranged. SHIPPER or its Agent shall submit agency information to COMPANY via its Interactive Website. The information provided to COMPANY shall include specifically the name of the agent, scope and term of the agency. COMPANY shall accept such agency arrangement only on condition and to the extent that a third party and SHIPPER have agreed, each acting in its sole discretion, to such service and have executed a written Agency Agreement as set forth on COMPANY's Interactive Website or agreement accepted by COMPANY prior to April 1, 2016 that specifies the acts and time frame with respect to which a third party is to act as agent for SHIPPER. Such Agency Agreement shall provide that any services arranged and any acts performed by the third party under such Agency Agreement shall be done expressly on SHIPPER's behalf, and that SHIPPER shall remain primarily responsible for the payment to COMPANY of the fees and charges for the services arranged, imbalances or penalties incurred, and the acts performed on behalf of SHIPPER. After providing at least thirty (30) days notice to SHIPPER of failure of an agent to perform, the duties set forth in the agency agreement, including, but not limited to, agent's failure to remit timely payment, COMPANY reserves the right to terminate an Agency Agreement on its Interactive Website if the third party assigned as agent fails to cure its failure to perform the services delegated under such Agency Agreement. If SHIPPER or its agent elects to terminate an agency agreement prior to the end date specified in the agency agreement, SHIPPER shall notify COMPANY on or before the effective date of such termination.

25. AFFILIATES

Information regarding any facilities that COMPANY's transmission function employees share with any marketing function employees of its affiliate(s) is available on COMPANY's Interactive Website at [pipeline.kindermorgan.com](http://pipeline.kindermorgan.com) under its Informational Postings.



26. COMPLAINTS

Company shall respond to any complaints which SHIPPER or a Transmission Customer (as defined in Section 358.3(g) of the Commission's Regulations) has regarding transportation service on COMPANY'S system within forty-eight (48) hours after receipt by COMPANY. If such complaint is not resolved within thirty (30) days after COMPANY'S receipt of the complaint, COMPANY shall respond in writing to the complaining party prior to the expiration of said thirty-day period.

27. ELECTRONIC BULLETIN BOARD

- 27.1 The use of COMPANY's Interactive Website refers to either the public website COMPANY maintains, including Informational Postings required by the Commission's Regulations, as well as a secured portion of the website containing customer-specific activity. COMPANY shall maintain an interactive bulletin board via the public internet ("Interactive Website") for the purpose of providing its SHIPPERS and third parties equal and timely access to COMPANY'S Standards of Conduct, including applicable postings, Index of Customers, information relevant to the availability of capacity on COMPANY'S system, whether the capacity is available from COMPANY or a RELEASING SHIPPER under the provisions of Section 22 hereof, and reports on COMPANY's firm and interruptible services pursuant to Section 284.13 of the Commission's Regulations. COMPANY shall also provide each SHIPPER access through COMPANY's Interactive Website to information related to activity under its agreements with COMPANY, such as nominations, estimated imbalances and storage inventory. In addition, COMPANY will provide through COMPANY's Interactive Website a daily report showing pipeline capacity, daily metered flow as applicable, and daily scheduled quantities. Furthermore, COMPANY shall administer each SHIPPER'S release of firm capacity, as more particularly described in Section 22 hereof, exclusively through COMPANY's Interactive Website and shall provide to SHIPPER other interactive capabilities such as the ability to request service, amendments, submit nominations, confirmations, and PDAs, view agent appointments under SHIPPER'S service agreement(s), and execute service agreements and amendments thereto. It is understood and agreed that COMPANY, through COMPANY's Interactive Website, shall make available to SHIPPERS or working interest owners sufficient details to support the quantities allocated to that party under the PDA method at each point.

Unless specifically provided otherwise in this FERC Gas Tariff, the generic provisions of this Tariff requiring that notices, requests, and other communications be in writing may be satisfied by SHIPPER through submission of such communications over COMPANY's Interactive Website. All forms set forth or referenced in the Tariff will also be maintained on COMPANY's Interactive Website for SHIPPER'S use. Service-agreement specific notices requiring communications to be in writing remain unchanged unless agreed to otherwise by the parties. Submission of information, communications, and execution of documents through COMPANY's Interactive Website shall be legally binding on SHIPPER.

The bulletin board feature of COMPANY's Interactive Website will display current information first, have online help, a menu of available information for ease of reference, and search functions. Any party with access to COMPANY's Interactive Website will be able to download information provided on COMPANY's Interactive Website's bulletin board. COMPANY shall maintain and retain daily back-up records of the information displayed on COMPANY's Interactive Website's bulletin board for a period of three (3) years for purposes of restoring such information to on-line availability if there is a computer malfunction or loss. Completed transactions and posted information will remain on COMPANY's Interactive Website for at least ninety (90) days. With respect to the reports posted pursuant to Section 284.13 of the Commission's Regulations, such information will remain on COMPANY's Interactive Website for at least ninety (90) days. Archived information will be available from COMPANY upon fifteen (15) day's prior written notice.

To receive access to the secured portion of COMPANY's Interactive Website, a party must execute and comply with the terms of the Direct Access Request Tracking ("DART") System License Agreement for its Interactive Website which may be requested from COMPANY or found on COMPANY's Interactive Website. SHIPPER or third parties accessing COMPANY's Interactive Website shall be responsible for providing all computer equipment necessary to access the internet and communicate with COMPANY's Interactive Website.

- 27.2 For all agreements (including all Park and Loan agreements, Park and Loan Service Request Orders, FT, FT-NN, IT, CSS, ISS and Supply Pool Balancing Agreements, and amendments to existing agreements) entered into on or after the initial effective date of this Tariff Section 27.2 (all of which shall be referred to as agreements for purposes of this Section 27.2), COMPANY and SHIPPER shall execute such agreements electronically unless SHIPPER requests a traditional paper agreement. Until such agreement is made effective by COMPANY, nominations will not be permitted. For agreements requiring filing with the Commission, COMPANY may submit either electronic or traditional paper agreements.

- (1) The agreement shall be deemed to be executed by SHIPPER when the SHIPPER accepts the agreement electronically via COMPANY's Interactive Website. The agreement shall be deemed to be executed by COMPANY when COMPANY accepts the SHIPPER's agreement using the COMPANY's Interactive Website. Upon acceptance by both SHIPPER and COMPANY, the agreement will be deemed fully executed. An agreement that is executed in this manner shall be deemed to have been "signed" and to constitute an "original" when printed from electronic files or records.
- (2) If the agreement contains provisions that must be reviewed by the Commission, and the agreement is not accepted by the Commission, then COMPANY and SHIPPER shall collaborate to remedy any deficiencies.

28. ANNUAL CHARGE ADJUSTMENT CLAUSE

28.1 Purpose:

In order to recover the annual charges assessed by the Commission under Section 382.202 of the Commission's Regulations pursuant to the provisions of the Commission's Order No. 472, this Section 28 of the General Terms and Conditions is established to be applicable to COMPANY'S transportation Rate Schedules contained in Volume No. 1 of COMPANY'S FERC Gas Tariff. Because COMPANY is electing to recover the annual charges assessed by the Commission through the operation of this Annual Charge Adjustment (ACA) Clause, COMPANY does not intend to recover any annual charges recorded in Account No. 928 in any Natural Gas Act (NGA) Section 4 rate case. For its transportation Rate Schedules, COMPANY will collect an ACA unit charge, as calculated by the Commission, for the purpose of recovering its ACA Cost. This Section establishes an ACA charge as set forth in the Currently Effective Rates section of this Tariff.

28.2 Basis for the Annual Charge Adjustment Charge:

The Rate Schedules specified in Section 28.1 hereof shall be subject to an ACA unit charge applicable to each Dth of gas transported thereunder. Such ACA unit charge, as revised annually and posted on the Commission's website<sup>1</sup>, is incorporated by reference into COMPANY's FERC Gas Tariff, Volume No. 1. The ACA unit charge shall be added to the volumetric rate of any transportation Rate Schedule.

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

29. Reserved for future use.

30. RESEARCH AND DEVELOPMENT EXPENDITURE ADJUSTMENT

30.1 Purpose:

In order to recover research and development expenditures as defined by Definition 28.B of the Commission's Uniform System of Accounts pursuant to the provisions of Federal Power Commission Order No. 483, this Section 30 of the General Terms and Conditions is established to be applicable to all of COMPANY'S Rate Schedules for the transportation of gas contained in Volume No. 1 of COMPANY'S FERC Gas Tariff.

30.2 Research and Development Expenditure Adjustment:

- (a) The unit rate set forth in Section 3.0 of this FERC Gas Tariff shall be subject to adjustment to reflect changes in COMPANY'S cost of service for research and development expenditures.
- (b) No Research and Development Expenditure Adjustment shall be made unless such adjustment, as computed under Section 30.2(c) hereof, equals or exceeds one-tenth of one mill (\$.0001) per Dth, nor shall an adjustment be placed into effect more frequently than semi-annually.
- (c) The Research and Development Expenditure Adjustment shall be the sum of: (i) research and development expenditures chargeable to operations as determined under Section 30.2(d), and (ii) return and related income taxes on research and development expenditures included in Account 188 as determined under Section 30.2(e). The effect upon transportation rates shall be the unit change (either increase or decrease) determined by dividing (i) the jurisdictional portion of the Research and Development Expenditure Adjustment by (ii) transportation volumes for the Determination Period.
- (d) Research and development expenditures chargeable to operations shall be the amount which actual research and development expenditures during the twelve month period ending three months prior to a proposed rate adjustment (Determination Period) (a) exceeds the amount allowed in COMPANY'S last rate proceeding, or the amount reflected in the last prior rate adjustment under this Section 30, or as to the initial research and development rate adjustment the average of three years research and development expenditures chargeable to operations, or (b) is less than the actual research and development expenditures in the COMPANY'S prior rate adjustment under this subsection.
- (e) For the purpose of determining the balance in Account 188 which may be tracked COMPANY shall increase such balance by the tax effect of research and development expenditures as recorded in Account 190 and shall reduce such balance by all amounts which are (i) received from others in payment for rights and/or benefits received from research and development expenditures recorded in Account 188 and received by the end of the Determination Period and not used to reduce the balance of Account 188 in any prior filing under this Section 30 and (ii) the tax effect of research and development expenditures as recorded in Account 283. The rate of return used by COMPANY to determine the rate effect of the rate base treatment of the balance in Account 188 shall be the rate of return last allowed by the Commission during the previous three year period. If there has been no such rate of return determined during the previous three year period, and, in the absence of evidence submitted to the contrary, the rate of return utilized shall be the then present interest rate used for computing refunds as specified in Section 154.501 of the Commission's Regulations under the Natural Gas Act.
- (f) Any tariff filing made by COMPANY pursuant to this section shall be made at least forty-five (45) days prior to the date on which any change in its existing rates is to become effective. Simultaneously with the above filing, the COMPANY shall furnish the Commission, jurisdictional customers, and interested State Commissions a report containing detailed computations which clearly show the derivation of the rate adjustment. Each rate adjustment shall become effective on the effective date without suspension provided that any rate increase shall be subject to reduction and refund of

any portion found after hearing to be unjustified by a final and nonappealable Commission Order.

- (g) In addition to the report provided for in Section 30.2(f), COMPANY shall submit a statement as to the anticipated scope and objective of the research and development expenditure and the relationship of such objective to the jurisdictional service for which the tracking is to apply.
- (h) COMPANY shall not be required to reduce its rates under this subsection by an increment exceeding the aggregate increase allowed hereunder.
- (i) COMPANY shall not make any adjustment to the rates set forth in the currently effective Section 3.0 pursuant to the provisions of this Section 30 which reflects its participation in Gas Research Institute's research and development programs.

31. Reserved for Future Use.



32. APPLICATION OF DISCOUNTED RATES

32.1 Discounts of Reservation Charges and Surcharges

In the event COMPANY discounts the total rate applicable on a reservation basis under a SHIPPER'S FT or FT-NN Service Agreement, it will discount the components of such total rate in the following order: (1) Reservation Charge.

32.2 Discounts of Volumetric Charges or Surcharges

In the event COMPANY discounts the total rate applicable on a volumetric basis under SHIPPER'S FT, FT-NN or IT Service Agreement, it will discount the components of such total rate in the following order: (1) Storage Cost Reconciliation Mechanism Volumetric Surcharge; (2) Transportation Charge or Small Shipper Charge, as applicable; (3) ACA Surcharge.

33. RESERVED FOR FUTURE USE.

34. NEGOTIATED RATE PROVISIONS

- 34.1 Notwithstanding anything to the contrary provided in COMPANY's FERC Gas Tariff, COMPANY and SHIPPER may negotiate a rate for transportation service under any rate schedule (Negotiated Rate). Said Negotiated Rate or Negotiated Rate formula shall be set forth on Exhibit D or Exhibit F to the applicable Service Agreement executed by COMPANY and SHIPPER. At the commencement of transportation service pursuant to any Negotiated Rate or Negotiated Rate formula or prior to such commencement, COMPANY shall file with the Commission either the contract or a revised tariff Section 2.7 setting forth the name of SHIPPER, the contract number, contract date and the Negotiated Rate or Negotiated Rate formula applicable to such agreement. The maximum rate set forth in COMPANY's rate schedules applicable to the service to which the Negotiated Rate applies (Recourse Rate) shall be available for any SHIPPER that does not desire a negotiated rate with COMPANY.

Negotiated Rate shall mean a rate for transportation service agreed upon by COMPANY and SHIPPER. Such Negotiated Rate may be greater than or less than the maximum charges stated in COMPANY's rate schedule for that service. For purposes of allocation of capacity pursuant to Section 16 of the General Terms and Conditions, SHIPPERS paying a Negotiated Rate which, when calculated on a 100% load factor basis exceeds COMPANY's maximum rate for that service, would be deemed to have paid the maximum Recourse Rate. In the event that a SHIPPER desires to exercise its right of first refusal to continue service beyond the expiration date of its firm service agreement pursuant to Section 20 of the General Terms and Conditions, the highest rate that a SHIPPER must match is the maximum rate applicable to such service as set forth in COMPANY's rate schedule for such service.

- 34.2 Notwithstanding any provision of COMPANY's effective FERC Gas Tariff to the contrary, COMPANY and SHIPPER may mutually agree in writing to rates, rate components, charges, surcharges, or credits for services that differ from those rates, rate components, charges, surcharges, or credits that are otherwise prescribed, required, established or imposed by any applicable provision of COMPANY's effective FERC Gas Tariff. If COMPANY agrees to such differing rates, rate components, charges, or credits, then the Negotiated Rate(s) shall be effective only for the period agreed upon by COMPANY. During such period, the Negotiated Rate shall govern and apply to the SHIPPER's service and the otherwise applicable rate, rate component, charge, or credit, which the parties have agreed to replace with the Negotiated Rate, shall not apply to, or be available to, the SHIPPER. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to SHIPPER. Only those rates, rate components, charges, or credits by COMPANY and SHIPPER in writing as being superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated Rate is effective; all other rates, rate components, charges, or credits prescribed, required, established or imposed by COMPANY's Tariff shall remain in effect. COMPANY shall make any filing at the FERC necessary to effectuate a Negotiated Rate.

- 34.3 Rate Treatment:

COMPANY shall have the right to seek in future general rate proceedings, discount-type adjustments in the design of its rates related to negotiated rate agreements that were converted from pre-existing discount agreements to negotiated rate agreements, provided that the type of service received by SHIPPER prior to the conversion is not altered as a result of the conversion to a negotiated rate. In those situations, COMPANY may seek a discount-type adjustment based on the greater of: (a) the negotiated rate revenues received or (b) the discounted rate revenues which otherwise would have been received. In addition, COMPANY, shall not be precluded from seeking discount recognition in future general rate proceedings for negotiated rate transactions in which the total rate to be charged under the Negotiated Rate Agreement cannot exceed the applicable maximum rate on a 100% load-factor basis. For purposes of determining whether the rates charged under any Negotiated Rate agreement constitute a discounted rate, the actual revenue generated from the transaction under all of the rate components in total will be compared to the revenue generated as though COMPANY had charged the maximum rate under the applicable rate schedule at the actual load factor at which the service under the Negotiated Rate transaction was utilized.

35. FUEL MECHANISM

35.1 Purpose

This Section 35 describes how COMPANY shall update the COMPANY's fuel retention percentages for its services on a periodic basis.

35.2 Procedures

The fuel retention rates pursuant to Section 35.4 and the Electric Power Cost ("EPC") rates, if applicable, pursuant to Section 35.5 under Rate Schedules CSS and ISS will be updated annually. The fuel retention rates pursuant to Section 35.3 and the EPC rates pursuant to Section 35.5 under Rate Schedules FT, FTNN, IT and, if applicable, under Liquefiable Transportation Agreements will be updated semiannually. The COMPANY will make a filing (with workpapers) with the FERC at least thirty days before the effective date of April 1 of each year setting forth the updated fuel retention rates and EPC rates, if applicable, to be effective April 1 through March 31 to be applicable to Rate Schedules CSS and ISS ("Storage Fuel"). These updated fuel retention rates and EPC rates will be based upon the actual data for the twelve months ended the previous December 31 ("Storage Base Period"). The COMPANY will make a filing (with workpapers) with the FERC at least 30 days before the effective date of April 1 of each year setting forth the updated fuel retention percentages and EPC rates to be effective from April 1 through September 30 to be applicable to Rate Schedules FT, FTNN, IT and, if applicable, under Liquefiable Transportation Agreements ("Summer Fuel"). The Storage Fuel filing and the Summer Fuel filing will be made together as a single filing. The updated Summer Fuel retention rates will be based on the actual data for the six months ended the previous September 30 ("Summer Base Period"). The COMPANY will make a filing (with workpapers) with the FERC at least 30 days before the effective date of October 1 of each year setting forth the updated fuel retention percentages and EPC rates to be effective from October 1 through March 31 to be applicable to Rate Schedules FT, FTNN, IT and, if applicable, under Liquefiable Transportation Agreements ("Winter Fuel"). The updated Winter Fuel retention rates and EPC rates will be based on the actual data for the six months ended the previous March 31 ("Winter Base Period"). The initial Summer Fuel and Storage Fuel filing will be effective April 1, 2014 and the initial Winter Fuel filing will be effective October 1, 2014.

35.3 Calculation For Transportation Fuel Retention Rates

The Winter Fuel and Summer Fuel retention percentages for Rate Schedules FT, FT-NN, IT and, if applicable, under Liquefiable Transportation Agreements shall be determined by dividing the sum of items 1 and 2 by item 3 as described below:

1. The actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas and, prior to October 1, 2024, the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's transmission facilities for the Winter Base Period or Summer Base Period, as applicable. Such resulting quantity shall be allocated to the various zones in accordance with the fuel allocation methods in effect on COMPANY's system.
2. Over-recovery (as a negative value) or under-recovery (as a positive value) amount associated with COMPANY's transmission facilities during the Winter Base Period or Summer Base Period, as applicable. Such amount shall be allocated to the various zones in accordance with the fuel allocation methods in effect on COMPANY's system.
3. The amount in item 1 above in this Section 35.3 plus the applicable quantity of gas delivered by COMPANY during the Winter Base Period or Summer Base Period, as applicable. Such resulting quantity shall be allocated to the various zones in accordance with the fuel allocation methods in effect on COMPANY's system.

The Dth equivalent of the costs of electricity used for electric compression shall be calculated as follows: each month's electricity costs used for electric compression shall be divided by the Index Price set forth in Section 14.1 of these General Terms and Conditions for the applicable month to derive a Dth equivalent amount for that month.

The over-recovery or under-recovery amount during the Winter Base Period or Summer Base Period, as applicable, shall be calculated as the difference between a and b as follows: (a) the quantity of gas retained by COMPANY under the applicable rate schedules during the Winter Base Period or Summer Base Period, as applicable, plus the over-recovery amount (will be an addition to the quantity of gas retained) or under-recovery amount (will be a subtraction to the quantity of gas retained) for the prior year Winter Base Period or Summer Base Period, as applicable, (prior year Winter Base Period and prior year Summer Base Period over-recovery or under-recovery amount for the initial Winter Season and initial Summer Season filings will each include 50% of the cumulative transportation fuel over-recovery or under-recovery amount as of March 31, 2013 and (b) the actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas and, for base periods prior to October 1, 2024, the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's transmission facilities during the Winter Base Period or Summer Base Period, as applicable.

The backhaul fuel retention percentage will remain at .16% without adjustment.

#### 35.4 Calculation For Storage Fuel Retention Rates

The fuel retention percentage for Rate Schedules CSS and ISS shall be determined by dividing the sum of items 1 and 2 by item 3 as described below:

1. The actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas and, prior to January 1, 2025, the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's storage facilities for the applicable Base Period;
2. Over-recovery (as a negative value) or under-recovery (as a positive value) amount associated with COMPANY's storage facilities during the Storage Base Period;
3. The amount in item 1 above in this Section 35.4 plus the quantity of gas injected and plus the quantity of gas withdrawn under Rate Schedules CSS and ISS during the Storage Base Period.

The Dth equivalent of the costs of electricity used for electric compression shall be calculated as follows: each month's electricity costs used for electric compression shall be divided by the Index Price set forth in Section 14.1 of these General Terms and Conditions for the applicable month to derive a Dth equivalent amount for that month.

The over-recovery or under-recovery amount during the Storage Base Period shall be calculated as the difference between a and b as follows: (a) the quantity of gas retained by the COMPANY under the applicable rate schedules during the Storage Base Period plus the over-recovery amount (will be an addition to the quantity of gas retained) or under-recovery amount (will be a subtraction to the quantity of gas retained) for the prior year Storage Base Period (prior year Storage Base Period over-recovery or under-recovery amount will be the cumulative storage fuel over-recovery or under-recovery amount as of December 31, 2013 for the initial filing) and (b) the actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas and, for a Storage Base Period prior to January 1, 2025, the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's storage facilities during the Storage Base Period.

#### 35.5 Electric Power Cost Recovery

(a) Prior to October 1, 2024, for transportation and prior to January 1, 2025, for storage, COMPANY will account for gains and losses on the sale of transportation fuel retained for electricity as described below:

1. Following the end of each Winter Base Period and each Summer Base Period, respectively, COMPANY will determine the difference between the sales proceeds attributable to COMPANY's sale of the Dth equivalent of the cost of electricity used for electric compression as described in Section 35.3 and COMPANY's cost of electricity used for electric compression for the applicable Winter Base Period or Summer Base Period. If the difference is positive, the difference will be reduced by any cumulative losses existing in the Winter or Summer Deferred Electricity Losses Account, as applicable, described in item 4 below as of the beginning of the applicable Winter Base Period or Summer Base Period to determine the net difference. The positive difference will be deducted from the Winter or Summer Deferred Electricity Losses Account, as applicable, provided, however, the resulting Winter or Summer Deferred Electricity Losses Account balance, as applicable, shall never be less than zero (0). If the net difference is positive, the net difference will be shared as described in item 2 below. If the net difference is negative, such net difference will remain in the applicable Winter or Summer Deferred Electricity Losses Account and be carried over to the next applicable Summer or Winter Base Period. For the initial Summer Base Period the calculation of the difference described above will exclude sales and costs attributable to the month of April, 2013.
2. If the net difference for the applicable Winter Base Period or Summer Base Period is positive, COMPANY will provide a monetary credit on SHIPPER's bill for 85% of SHIPPER's pro rata share of such net difference based on the volume of gas retained from SHIPPER for transportation fuel to the total volume of gas retained from all SHIPPERS for transportation fuel, during the applicable Winter Base Period or Summer Base Period. The monetary credit will be applied to SHIPPER's bill within 80 days of the end of the applicable Winter Base Period or Summer Base Period. The remaining 15% of any net positive difference will be retained by COMPANY and will be taken into income.
3. If the difference is negative the difference will be added to the Winter or Summer Deferred Electricity Losses Account, as applicable, described in item 4 below and no sharing will occur for that period.
4. Any negative difference calculated as described in item 1 above for a Winter Base Period or Summer Base Period will be recorded in the Winter or Summer Deferred Electricity Losses Account, respectively, and carried over to the next Winter Base Period or Summer Base Period, as applicable.

(b) Beginning on October 1, 2024, for transportation and beginning on January 1, 2025, for storage, the COMPANY will recover electric power costs through an EPC tracking and true-up mechanism. EPC shall mean the electric power costs incurred by COMPANY which are required for the operation of COMPANY's electric compression facilities recorded in COMPANY's FERC Account 819 for storage and COMPANY's FERC Account 855 for transportation. The EPC rates, expressed in dollars per Dth, shall be stated on the Statement of Rates in COMPANY's Tariff, reflected on SHIPPER's invoice and paid by SHIPPER pursuant to the provisions of Section 15 of the General Terms and Conditions of COMPANY's Tariff.

The EPC rate for storage, if applicable, shall be determined by dividing the sum of items 1 and 2 by item 3:

1. The sum of the EPC during the Storage Base Period.
2. The EPC balance, which includes revenue received from the EPC charge during the applicable base period and any over-recovery (as a negative value) or under-recovery (as a positive value) of COMPANY'S total actual expenses and

the revenue amounts collected from the EPC rate during the applicable base period.

3. The quantity of gas injected and plus the quantity of gas withdrawn under Rate Schedules CSS and ISS during the Storage Base Period.

The EPC rates for transportation shall be determined by dividing the sum of items 1 and 2 by item 3:

1. The sum of the EPC during the applicable Winter Base Period or Summer Base Period.
2. The EPC balance, which includes revenue received from the EPC charge during the applicable Winter Base Period or Summer Base Period and any over-recovery (as a negative value) or under-recovery (as a positive value) of COMPANY'S total actual expenses and the revenue amounts collected from the EPC rates during the applicable Winter Base Period or Summer Base Period. Subject to the outcome of the proceeding in Docket No. RP24-982-000, the initial EPC balance for the Winter Base Period or Summer Base Period, as applicable, will include any negative difference calculated pursuant to Section 35.5(a)(4).
3. For transportation, the receipt quantities under all applicable transportation rate schedules during the applicable Winter Base Period or Summer Base Period.

36. DIRECT DELIVERY CONNECTIONS

- (a) As used herein, the term direct delivery connection shall refer to interconnection, measurement, and appurtenant facilities necessary to deliver gas directly to an end-user.
- (b) A SHIPPER may request a new direct delivery connection by submitting to the attention of the COMPANY'S Transportation Services Department, Post Office Box 2563, Birmingham, Alabama 35202, a written request to COMPANY in the format set out in Appendix A to these General Terms and Conditions. If SHIPPER is currently receiving natural gas services from the local distributor serving the area, or if the direct delivery connection is within the authorized service area of a local distribution company, SHIPPER shall provide a copy of its request for a direct delivery connection to such local distribution company. SHIPPER shall notify COMPANY of the date SHIPPER has complied with this notice requirement, and COMPANY shall not make the filing required by Section 157.211(a)(2) of the Commission's Regulations until thirty (30) days after the date SHIPPER notified such local distribution company of its request for a direct delivery connection.
- (c) COMPANY will add a new direct delivery connection if such direct delivery connection is operationally and economically feasible.
- (d) A direct delivery connection is operationally feasible if, with such connecting facilities, COMPANY has the existing pipeline capacity to perform the requested service through the proposed direct connection and such service will not impair the COMPANY'S ability to provide service to its existing firm customers.
- (e)
  - (1) A direct delivery connection is economically feasible if the proposed transportation service to be provided through the new direct delivery connection will produce a net revenue gain, as more particularly described in Section 6 of Rate Schedule FT, or is revenue positive or revenue neutral to COMPANY, as described in subsections (2) or (3) below.
  - (2) To the extent that the new direct delivery connection serves an end-user that has historically been served by a firm customer of COMPANY, the proposed transportation service to be provided through the new direct delivery connection will be deemed revenue positive or revenue neutral if the costs set out in Sections 36(f)(1) and (2), as applicable, are paid or reimbursed in full by the SHIPPER obtaining the direct delivery connection.
  - (3) To the extent that the new direct delivery connection serves an end-user which represents new or incremental gas transportation volumes, the proposed transportation service to be provided through the new direct delivery connection will be deemed revenue positive or revenue neutral if the costs set out in Section 36(f)(1) are either paid or reimbursed in full by the SHIPPER obtaining the direct delivery connection.
- (f) The costs referenced in Sections 36(e)(2) and (3), as applicable, are:
  - (1) All costs, including overheads and taxes, associated with construction of the required direct delivery connection facilities and with any modifications to existing facilities required to maintain service to existing firm customers.
  - (2) Any other costs which the Commission orders to be (i) allocated or assigned to SHIPPER, or (ii) paid by SHIPPER, as a result of the direct delivery connection.
- (g) After the SHIPPER requesting the direct delivery connection executes an interconnection agreement agreeing to pay or reimburse COMPANY in full for the costs set out in Sections 36(f)(1) and (2), as applicable, and COMPANY has received all necessary regulatory authorizations to construct, install, and operate the direct delivery connection facilities, COMPANY shall commence construction of the new direct delivery connection in accordance with the terms of such agreement and regulatory authorizations.



37. VERIFICATION OF DELIVERIES UNDER SMALL SHIPPER AGREEMENTS

37.1 Purpose:

This provision sets forth the requirements which must be met by a SHIPPER who pays a Small Shipper Charge for firm transportation service under Section 3(c) of Rate Schedules FT or FT-NN (hereinafter referred to as a "Small Shipper") when deliveries under other transportation agreements are made by COMPANY to the Small Shipper's Delivery Point on any day. This provision also establishes the billing consequences for SHIPPERS at the Small Shipper's Delivery Point if the requirements set forth herein are not met.

37.2 Deliveries to Small Shipper Delivery Points:

- (a) Except as set forth in Section 37.2(b) below, a Small Shipper must utilize its firm transportation agreement(s) subject to a Small Shipper Charge (hereinafter referred to as "Small Shipper Agreement") for having gas delivered to its Delivery Point(s) thereunder on any day prior to using, or causing to be used by another SHIPPER for delivery to the Small Shipper, any other type of transportation agreement.
- (b) If a Small Shipper has both a Small Shipper Agreement and an FT and/or FT-NN Service Agreement under which it pays a Reservation Charge, the Small Shipper may utilize the latter type of agreement(s), at its option, prior to utilizing its Small Shipper Agreement.
- (c) Section 37.2(a) above does not affect the ability of a third-party SHIPPER to contract with COMPANY for the transportation of gas on any day to the Small Shipper Delivery Point on behalf of an industrial customer located behind such point.

37.3 Verification Requirements:

- (a) On any day that the Small Shipper does not fully utilize its Small Shipper Agreement, and there are deliveries allocated to other transportation agreements at the Small Shipper's Delivery Point on that day (other than as allowed under Section 37.2(b) above), then COMPANY shall have the right to require the Small Shipper to submit verification for such deliveries as described below.
- (b) COMPANY shall provide to the Small Shipper a listing of the days, and relevant allocation information, on which the situation described in Section 37.3(a) occurred during the previous month, or such other time period agreed upon by the parties. COMPANY also shall provide a Verification Form with the statement which requests the Small Shipper to identify the industrial load and quantity being served. Within thirty (30) days thereafter, the Small Shipper shall fill out and return the Verification Form to COMPANY showing whether or not the quantities delivered under third-party transportation agreements were for the account of an industrial customer as allowed by Section 37.2(c) above. If the Verification Form shows that any third-party deliveries were on behalf of the Small Shipper, however, then COMPANY will have the right to adjust its previous bills as set forth below.

37.4 Right to Audit and Adjust Bills:

- (a) Upon at least fifteen (15) days prior notice to the Small Shipper, COMPANY shall have the right, but not the requirement, to audit the Small Shipper's records hereunder solely for the purpose of verifying the accuracy of the information previously provided by the Small Shipper on the Verification Form.
- (b) If the Verification Form or COMPANY'S audit shows that deliveries made to a Small Shipper Delivery Point on any day under one or more third-party transportation agreements should have been made under the Small Shipper Agreement, COMPANY shall have the right to reallocate the delivered quantities on that day such that the correct quantity is allocated to the Small Shipper Agreement (rather than other agreements) up to the Transportation Demand thereof, and to make a prior period adjustment on the subsequent bills of all SHIPPERS affected by the reallocation.

38. Reserved for Future Use.

39. TRANSPORTATION DEMAND ADJUSTMENT FOR STATE REGULATORY ACTION

- (a) If SHIPPER is a local distribution company, or a Hinshaw pipeline under Section 1(c) of the Natural Gas Act, subject to the jurisdiction of a state regulatory agency, and if said state regulatory agency issues a final order that (i) finds SHIPPER'S aggregate firm transportation quantities with all of its pipeline transporters to be excessive when compared to its requirements for firm transportation service necessary to serve all of the loads attached to its distribution system, and (ii) requires SHIPPER to reduce such aggregate firm transportation quantities, SHIPPER may reduce its Transportation Demand under any Service Agreement for firm transportation services between SHIPPER and COMPANY by the amount ordered by said state regulatory agency; provided however, that any such reduction shall be applied first to the Transportation Demand under the Service Agreement for which SHIPPER is paying the lowest transportation rate, calculated on a one hundred percent(100%)load factor basis, and then to the Transportation Demand under the Service Agreement with the shortest remaining contract term. For purposes of determining under which Service Agreement Transporter is paying the lowest rate, any seasonally adjusted contracts shall be considered to be discounted contracts, with such discounted transportation rate to be determined by dividing the annual revenues under the Service Agreement by the product of the maximum monthly Transportation Demand times 12. Such reduction shall become effective twenty-four (24) months after the date of SHIPPER'S written notice to COMPANY that it has been ordered by the state regulatory agency to reduce its Transportation Demand. SHIPPER'S right to reduce its Transportation Demand as provided in this Section 39 is conditioned upon (i) SHIPPER having provided written notice to COMPANY that its aggregate firm transportation quantities were the subject of a state regulatory proceeding so that COMPANY had a reasonable opportunity to participate in said proceeding, and (ii) SHIPPER having made a good faith effort to defend its aggregate firm transportation quantities in said proceeding.
- (b) SHIPPER's right to reduce its Transportation Demand under this Section 39 shall not apply to Service Agreements executed or extended as part of a system expansion or other transaction between COMPANY and SHIPPER where facilities on COMPANY's system are to be constructed, modified or sold after May 20, 2004, in consideration for the contract subscription or extension; provided, however, once the primary term of such Service Agreement or contract extension has expired, Section 39(a) will apply to any future evergreen periods for Service Agreements covered hereunder. Each package of capacity under SHIPPER's firm Service Agreement for which this Section 39(b) exclusion applies will be designated by the COMPANY on the Exhibit B to SHIPPER's Service Agreement.

#### 40. NAESB STANDARDS

COMPANY has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.2, which are required by the Commission in 18 CFR Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified. Notwithstanding this Section 40, COMPANY shall adhere to the NAESB WGQ Standards as modified by Order No. 587-Z.

NAESB WGQ Version 3.2 Standards not Incorporated by Reference and their Location in Tariff:

Pursuant to NAESB's Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver as adopted by the NAESB Board of Directors on April 4, 2013, COMPANY 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 COMPANY includes appropriate citations in the submission.

COMPANY has elected to reproduce only the following Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.2, that are protected by NAESB's copyright. With respect to each reproduced standard (including any minor corrections) COMPANY incorporates the following: Copyright 2017 NAESB North American Energy Standards Board, Inc., all rights reserved.

Additional Standards

Creditworthiness

Standards:

0.3.3 through 0.3.8	Inquiries and Conditions for Service, Section 4.2 – 2.1 (d), V 4.0.0
0.3.9	Inquiries and Conditions for Service, Section 4.2 - 2.1 (c), V 4.0.0
0.3.10	Inquiries and Conditions for Service, Section 4.2- 2.1 (a)(ix), V 4.0.0

Nomination Related Standards

Definitions:

1.2.1	Nominations, Section 4.12 - 12.2 (b), V 5.0.0
1.2.5	Nominations, Section 4.12 - 12.1 (j), V 5.0.0
1.2.6	Definitions, Section 4.1 (v), V 5.0.0
1.2.9	Nominations, Section 4.12 - 12.4 (b), V 5.0.0
1.2.10	Nominations, Section 4.12 - 12.4 (b), V 5.0.0
1.2.11	Nominations, Section 4.12 - 12.4 (b), V 5.0.0

Standards:

1.3.1	Definitions, Section 4.1 (b), V 7.0.0
1.3.2(i-vi)	Nominations, Section 4.12 - 12.1 (b), (c), 12.3(a), 12.4(b), V 7.0.0
1.3.3	Nominations, Section 4.12 - 12.3 (a), V 7.0.0
1.3.5	Nominations, Section 4.12- 12.1 (b), V 7.0.0
1.3.6	Nominations, Section 4.12 - 12.1 (e), V 5.0.0
1.3.8	Nominations, Section 4.12 - 12.2 (b), V 7.0.0
1.3.9	Nominations, Section 4.12 - 12.2 (b), V 7.0.0
1.3.11	Nominations, Section 4.12 - 12.2 (b), V 7.0.0
1.3.13	Nominations, Section 4.12 - 12.2 (b), V 7.0.0
1.3.15	Nominations, Section 4.12 - 12.1 (a), V 7.0.0
1.3.16	Inquiries and Conditions for Service, Section 4.2 - 2.1 (a), V 4.0.0
1.3.17	Nominations, Section 4.12 - 12.2, V 5.0.0, Form of Service Agreements, Section 6.9
1.3.20	Nominations, Section 4.12 - 12.4 (b), V 5.0.0
1.3.21	Nominations, Section 4.12 - 12.1 (a), V 5.0.0
1.3.23	Nominations, Section 4.12 - 12.1 (b), V 5.0.0
1.3.24	Nominations, Section 4.12 - 12.1 (j), V 5.0.0
1.3.25 through 1.3.26	Operational Flow Orders, Section 4.41 - 41.1 (a), V 2.0.0
1.3.28	Statement of Rates – FT Settlement, Section 2.1.1, V 6.0.0

1.3.29	Nominations, Section 4.12 - 12.1 (a), V 5.0.0
1.3.30	Statement of Rates – FT Settlement, Section 2.1.1, V 6.0.0
1.3.32	Nominations, Section 4.12 - 12.2 (b), V 5.0.0
1.3.34	Operational Flow Orders, Section 4.41, V 2.0.0
1.3.37	Nominations, Section 4.12 - 12.1 (c), 12.2 (b), 12.4 (b) V 5.0.0
1.3.40	Nominations, Section 4.12 - 12.4 (b), V 5.0.0
1.3.45	Nominations, Section 4.12 - 12.4 (b), V 5.0.0
1.3.80	Nominations, Section 4.12 - 12.3 (e), V 7.0.0

#### Flowing Gas Related Standards

##### Definitions:

2.2.1	Determination of Rec. and Del., Section 4.13 - 13.3 (a), V 1.0.0
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##### Standards:

2.3.3	Determination of Rec. and Del., Section 4.13 - 13.2 (e), V 1.0.0
2.3.4	Determination of Rec. and Del., Section 4.13 - 13.1 (b), V 1.0.0
2.3.5	Determination of Rec. and Del., Section 4.13 - 13.1 (d), V 3.0.0
2.3.6	Nominations, Section 4.12 - Section 12.1 (c), V 5.0.0
2.3.7	Measuring Equipment, Section 4.5 – 5.5, V 4.0.0
2.3.9	Definitions, Section 4.1 (d), (f), (cc) V 7.0.0
2.3.11	Measuring Equipment, Section 4.5 – 5.5, V 4.0.0
2.3.14	Measuring Equipment, Section 4.5 – 5.5, V 5.0.0
2.3.16	Determination of Rec. and Del., Section 4.13 - 13.1 (b), V 1.0.0
2.3.20	Determination of Rec. and Del., Section 4.13 - 13.1 (d), V 1.0.0
2.3.25	Allocation of Capacity, Section 4.16 – 16.2, V 3.0.0
2.3.26	Determination of Rec. and Del., Section 4.13 - 13.5, V 3.0.0
2.3.28	Billing and Payment, Section 4.15 – 15.1, V 1.0.0
2.3.29	Determination of Rec. and Del., Section 4.13 - 13.3 (a), V 1.0.0
2.3.30	Resolution of Imb. and Adj., Section 4.14 - 14.1, V 5.0.0
2.3.40	Resolution of Imb. and Adj., Section 4.14 - 14.1 (f)(1), V 8.0.0
2.3.41	Resolution of Imb. and Adj., Section 4.14 - 14.1 (f)(1), V 5.0.0
2.3.44	Resolution of Imb. and Adj., Section 4.14 - 14.1 (f)(1), V 5.0.0
2.3.47	Resolution of Imb. and Adj., Section 4.14 - 14.1 (f)(1), V 8.0.0
2.3.50	Resolution of Imb. and Adj., Section 4.14 - 14.1 (a), V 5.0.0
2.3.63	Determination of Receipts and Deliveries, Section 4.13 - 13.1 (b)(ii) and 13.2 (a), V 1.0.0

#### Invoicing Related Standards

##### Definitions:

3.2.1	Definitions, Section 4.1 (r), V 5.0.0
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##### Standards:

3.3.7	Billing and Payment, Section 4.15 – 15.1, V 3.0.0
3.3.14	Billing and Payment, Section 4.15 – 15.1, V 3.0.0
3.3.15	Billing and Payment, Section 4.5 – 5.5, V 5.0.0
3.3.17	Billing and Payment, Section 4.15 – 15.3, V 1.0.0
3.3.18	Billing and Payment, Section 4.15 – 15.2, V 1.0.0
3.3.19	Billing and Payment, Section 4.15 – 15.3, V 1.0.0

#### Capacity Release Standards

##### Definitions:

5.2.1	Definitions, Section 4.1 (s), V 5.0.0
5.2.3	Shipper Release of Firm Capacity, Section 4.22 – 22.3, V 3.0.0
5.2.4	Definitions, Section 4.1 (dd) and (ee), V 5.0.0
5.2.5	Definitions, Section 4.1 (dd), V 5.0.0

##### Standards:

5.3.1	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (a) and (e)(1), V 3.0.0
5.3.2	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (a), V 7.0.0
5.3.3	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (a) and (h), V 3.0.0
5.3.4	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (a), (c)(6) and (h), V 3.0.0
5.3.5	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (c)(13), V 3.0.0
5.3.8	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (c)(18), V 3.0.0
5.3.9	Electronic Bulletin Board, Section 4.27, V 1.0.0
5.3.10	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (d), V 3.0.0
5.3.11	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (d), V 3.0.0
5.3.13	Shipper Release of Firm Capacity, Section 4.22 – 22.4 (a), V 4.0.0
5.3.14	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (b)(3), V 4.0.0
5.3.15	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (f), V 3.0.0
5.3.16	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (b)(3), V 3.0.0
5.3.19	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(4), V 3.0.0
5.3.20	Electronic Bulletin Board, Section 4.27, V 1.0.0
5.3.26	Shipper Release of Firm Capacity, Section 4.22 – 22.5 and 22.6, V 7.0.0
5.3.28	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (c)(6), V 3.0.0
5.3.34	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (k), V 3.0.0, and Electronic Bulletin Board, Section 4.27, V 1.0.0
5.3.39	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (k), V 3.0.0
5.3.44	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 7.0.0
5.3.45	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 7.0.0
5.3.47	Notices, Section 4.18, V 1.0.0
5.3.48	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 7.0.0
5.3.49	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 7.0.0
5.3.50	Shipper Release of Firm Capacity, Section 4.22 – 22.6(c)(5)(e), V 4.0.0
5.3.51	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (c)(5), V 4.0.0
5.3.52	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 3.0.0
5.3.53	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 7.0.0
5.3.54	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 7.0.0
5.3.55	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 3.0.0
5.3.56	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 7.0.0
5.3.57	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 3.0.0
5.3.58	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 3.0.0
5.3.59	Shipper Release of Firm Capacity, Section 4.22 – 22.4 (a), V 3.0.0
5.3.60	Shipper Release of Firm Capacity, Section 4.22 – 22.3 (b)(3), V 3.0.0
5.3.62	Shipper Release of Firm Capacity, Section 4.22 – 22.6 (c)(12), V 3.0.0

NAESB WGO Version 3.2 Standards, Definitions, and Data Sets Incorporated by Reference:

Additional Standards

General

Definitions:  
 0.2.5

Standards:  
 0.3.1, 0.3.2, 0.3.16, 0.3.17

Gas/Electric Operational Communications

Definitions:  
 0.2.1, 0.2.2, 0.2.3, 0.2.4

Gas/Electric Operational Communications

Standards:

0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

0.3.18, 0.3.20, 0.3.21, 0.3.22

Location Data Download

Standards:

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

Dataset:

0.4.4

Storage Information

Dataset:

0.4.1

Operational Information

Dataset:

0.4.2, 0.4.3

Nomination Related Standards

Definitions:

1.2.2, 1.2.3, 1.2.4, 1.2.8, 1.2.12, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards:

1.3.4, 1.3.7, 1.3.14, 1.3.18, 1.3.19, 1.3.22, 1.3.27, 1.3.31, 1.3.33, 1.3.35, 1.3.36, 1.3.38, 1.3.39, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 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, 1.3.81, 1.3.82

Dataset:

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

Flowing Gas Related Standards

Definitions:

2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.8, 2.3.10, 2.3.12, 2.3.13, 2.3.15, 2.3.17, 2.3.18, 2.3.19, 2.3.21, 2.3.22, 2.3.23, 2.3.27, 2.3.31, 2.3.32, 2.3.42, 2.3.43, 2.3.45, 2.3.46, 2.3.48, 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, 2.3.64, 2.3.65, 2.3.66

Dataset:

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

Invoicing Related Standards

Standards:

3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.8, 3.3.9, 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

Dataset:

3.4.1, 3.4.2, 3.4.3, 3.4.4

Quadrant Electronic Delivery Mechanism Related Standards

Definitions:

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

Standards:

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

Capacity Release Standards

Definitions:

5.2.2

Standards:

5.3.7, 5.3.12, 5.3.18, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.40, 5.3.41, 5.3.42, 5.3.46, 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

Dataset:

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

Internet Electronic Transport Related Standards

Definitions:

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

Standards:

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

Standards for which waiver or extension of time to comply have been granted:

<u>NAESB Standard</u>	<u>Waiver or Extension of Time</u>
0.4.1	Extension of time (for EDI implementation)
2.4.1	Extension of time (for EDI implementation)
2.4.2	Extension of time (for EDI implementation)
2.4.3	Extension of time (for EDI implementation)
2.4.4	Extension of time (for EDI implementation)
3.4.1	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)
4.3.60	Waiver (to require more than a single password)

COMPANY agrees to use, and incorporates herein by reference, NAESB's Model Trading Partner Agreement for transacting business with parties who choose to use the electronic delivery mechanism standards set forth in Section 4 of the most recently published version of the NAESB Standards.

COMPANY agrees to accept and provide standardized data elements for EDI pursuant to the most recently published version of the NAESB Standards adopted and placed into effect by the Commission which are incorporated herein by reference. A copy of COMPANY'S Implementation Guide for EDI transactions is available upon request.



COMPANY agrees to use, and incorporates herein by reference, NAESB'S Funds Transfer Agent Agreement pursuant to the most recently published version of the NAESB Standards to be used to supplement COMPANY's General Terms and Conditions in order to appoint an agent for all transactions wherein there is a need for instantaneous transfer of title of gas from a seller to buyer to buyer's repurchaser.

COMPANY agrees to use, and incorporates herein by reference, NAESB's Base Contract for Sale and Purchase of Natural Gas as well as the Model Credit Support Addendum to the Base Contract pursuant to the most recently published version of the NAESB Standards in order to facilitate purchase and sale transactions of gas on a firm or interruptible basis.

#### 41. OPERATIONAL FLOW ORDERS (OFOs)

##### 41.1 Implementation of OFOs:

- (a) COMPANY shall attempt to minimize the use of OFOs and the declaration of critical periods and, when possible, to direct an OFO to the specific party(s) creating the operating condition and to the specific location of the system where the operating condition exists. Whenever COMPANY notifies affected parties that an OFO or critical period exists on its pipeline system under one of the provisions referenced below, such notice shall describe the condition and the specific responses required from the affected parties. COMPANY will release an OFO as soon as system conditions make such release feasible and COMPANY will not wait until the start of a gas day if release of the OFO is possible on an intraday basis. Each potential OFO condition set forth below contains the amount of notice COMPANY is required to give prior to implementing the OFO, if applicable, through its Interactive Website. COMPANY will not assess any penalties under the provisions set forth below on an intraday basis, even if the applicable notice becomes effective during the gas day.
- (b) The following provisions in COMPANY'S FERC Gas Tariff constitute OFOs or critical periods on COMPANY'S system:

<u>OFO Type</u>	<u>Short Description</u>	<u>Does a Penalty Apply?</u>	<u>Tariff Cite</u>
2	Hourly Market Demand Exceeds Capacity	No, but flow control can be installed	Sec. 10.3 – GT&C
3	Daily Market Demand Exceeds Capacity	Yes	Sec. 41.2 – GT&C
4	Daily Deliveries Create Imbalance That Threaten Capacity	Yes	Sec. 41.3 (a), (c), (d) - GT&C
5	Daily Receipts Create Imbalance That Threaten Capacity	Yes	Sec. 41.3 (a), (b), (d) – GT&C
6	Daily Shipper Imbalances Threaten System Integrity	Yes	Sec. 41.4 – GT&C

##### 41.2 Daily Market Demand Exceeds Capacity:

- (a) Whenever COMPANY determines in its reasonable judgment that system operations must be maintained within SHIPPERS' Daily Entitlements, consistent with the criteria set forth in Section 41.2(b) below, COMPANY shall notify SHIPPER that gas taken in excess of either (i) its Daily Entitlement for all of its Delivery Points, or (ii) the quantity of gas allocated for delivery to SHIPPER at a specific Delivery Point or group of Delivery Points at which it is a SHIPPER or a nomination agent or an operator will be subject to this Section 41.2. All SHIPPERS shall comply at any time of day with a notice to limit the taking of gas to the maximum quantity of gas permitted to be taken pursuant to the several provisions of this Section 41.2. The notices under this section shall be designated as being under one of three operating conditions: Level 1, Level 2 or Level 3 as further described below. When COMPANY implements an operational flow order under this Section or when COMPANY changes the level of the operating condition, COMPANY shall provide notice to its SHIPPERS by e-mail pursuant to Section 18 of these General Terms and Conditions and by posting such changes on its Interactive Website. Notices shall be given as soon as practicable but no shorter than the notice periods set forth below. The notice will clearly specify the Delivery Point or group of Delivery Points affected by the OFO ("OFO Group"); and, except as provided under Section 41.2(c)

below, any Delivery Points to be grouped will be grouped based on the current operating conditions on the System at the time the notice is issued.

An operational flow order under this Section 41.2 will not go into effect, however, until a notice is given as follows: (i) For Level 1 OFO notices: at least 24 hours prior to the beginning of the gas day in which the notice goes into effect; (ii) For Level 2 OFO notices: at least 20 hours prior to the beginning of the gas day in which the notice goes into effect; (iii) For Level 3 OFO notices: at least 4 hours prior to the beginning of the Gas Day in which the notice goes into effect. Such notice shall specify the beginning time of the operational flow order and such operational flow order shall remain in effect until cancelled by COMPANY. In the notice COMPANY shall specify the reason for the operational order and the expected conditions that would cause release of the order.

- (b) In order to determine an event which may give rise to an operational flow order under this Section, COMPANY shall evaluate the current status of the system, including, but not limited to, the line inventory, line pressures, equipment availability and outages, the level of inventory at the storage fields, the current imbalance status of the system, including no-notice nominations, the month to date imbalance status of the system, and the direction of change for any of these criteria. COMPANY shall then evaluate the forecasted demand and available capacity on the system based on these factors and the weather forecast for areas across the system and any other factors which could influence the level of usage or flow on the system, such as potential loss of supply, economic conditions relating to gas or oil prices and the status of competing pipelines. Based on an evaluation of current and forecasted system conditions, COMPANY shall post by 1:00 p.m. (CCT) each gas day the operating condition for the current gas day and the projected operating conditions, the likelihood of implementing an OFO under this section, and, if a likelihood exists, the criteria that will be monitored for the succeeding four gas days. Such operating conditions will be posted to be Normal, Level 1, Level 2, or Level 3. The operating conditions may be different for Delivery Points or groups of Delivery Points within the various geographic areas of Company's System. Normal Mode shall be implemented when system conditions do not warrant a correction in flow, and when no known threat to system conditions exists. A Level 1 OFO shall be implemented when system conditions warrant a correction in flow because a threat to system conditions exists such that daily entitlements may be impaired. A Level 2 OFO shall be implemented when system conditions warrant a prompt correction in flow because an imminent threat to system conditions exists such that daily entitlements may be impaired. A Level 3 OFO shall be implemented when system conditions warrant an immediate correction to flow because an event has occurred or is occurring that jeopardizes system conditions such that daily entitlements may be impaired. Under a Level 3 OFO, an event that jeopardizes system conditions shall be considered to be either (i) any mechanical or pipeline failure on the System upstream of a Delivery Point; or (ii) when a Level 2 OFO has been in a place and System conditions continue to deteriorate.
- (c) When giving a notice pursuant to Section 41.2 (a) that the quantity of gas taken in excess of the quantity of gas allocated for delivery at a specific Delivery Point or group of Delivery Points will be subject to Section 41.2(d), COMPANY shall recognize the right of a SHIPPER which owns and operates a system having multiple Delivery Points with COMPANY to take all or any portion of its Daily Entitlement at any Delivery Point or group of Delivery Points listed on the Exhibit B to its Service Agreement with COMPANY (up to the maximum meter capacity of the existing facilities and the capacity of the pipeline and laterals upstream of the meter).
- (d) All gas taken by a SHIPPER after receipt of a notice given pursuant to Section 41.2(a) under a Level 1 OFO, to the extent that the quantity of gas exceeds by both 500 dth/day and 105 percent either (i) its Daily Entitlement for all of its Delivery Points, as established either by an allocation order or orders given by the COMPANY pursuant to Section 16.2 above and/or through COMPANY'S confirmation of SHIPPER'S nominations in accordance with the provisions of Section 12 of these General Terms and Conditions, or (ii) the quantity of gas allocated for delivery to SHIPPER at a specific Delivery Point or group of Delivery Points pursuant to such procedures, shall be deemed to be Unauthorized Overrun Gas, and COMPANY shall bill and SHIPPER shall pay for such

Unauthorized Overrun Gas, in addition to the charges applicable under the respective rate schedules, a penalty of \$10.00 per Dth for quantities taken in excess of the tolerances set forth in this sentence above. All gas taken by a SHIPPER after receipt of a notice given pursuant to Section 41.2(a) under a Level 2 OFO, to the extent that the quantity of gas exceeds by both 200 dth/day and 102 percent either (i) its Daily Entitlement for all of its Delivery Points, as established either by an allocation order or orders given by the COMPANY pursuant to Section 16.2 above and/or through COMPANY'S confirmation of SHIPPER'S nominations in accordance with the provisions of Section 12 of these General Terms and Conditions, or (ii) the quantity of gas allocated for delivery to SHIPPER at a specific Delivery Point or group of Delivery Points pursuant to such procedures, shall be deemed to be Unauthorized Overrun Gas, and COMPANY shall bill and SHIPPER shall pay for such Unauthorized Overrun Gas, in addition to the charges applicable under the respective rate schedules, a penalty of \$15.00 plus the highest price published for the applicable flow date in the Natural Gas Intelligence Daily Gas Price Index in the AVG column for the following price points: (i) South Louisiana, Southern Natural, or (ii) Southeast, Transco Zone 4, or (iii) Southeast, Transco Zone 5 South ("Highest Regional Daily Price") per Dth for quantities taken in excess of the tolerances set forth in this sentence above. All gas taken by a SHIPPER after receipt of a notice given pursuant to Section 41.2(a) under a Level 3 OFO, to the extent that the quantity of gas exceeds by both 200 dth/day and 102 percent either (i) its Daily Entitlement for all of its Delivery Points, as established either by an allocation order or orders given by the COMPANY pursuant to Section 16.2 above and/or through COMPANY'S confirmation of SHIPPER'S nominations in accordance with the provisions of Section 12 of these General Terms and Conditions, or (ii) the quantity of gas allocated for delivery to SHIPPER at a specific Delivery Point or group of Delivery Points pursuant to such procedures, shall be deemed to be Unauthorized Overrun Gas, and COMPANY shall bill and SHIPPER shall pay for such Unauthorized Overrun Gas, in addition to the charges applicable under the respective rate schedules, a penalty of \$25.00 plus two times the Highest Regional Daily Price per Dth for quantities taken in excess of the tolerances set forth in this sentence above. The penalties set forth herein shall apply for any day in which the operational flow order is in effect.

It is provided, however, that if COMPANY has issued a penalty notice pursuant to Section 41.2(a) for (i) a Delivery Point where electronic measurement has not been installed or has not been installed to meter at least 75% of the volumes where the Delivery Point is comprised of more than one measurement station, or (ii) a group of Delivery Points where electronic measurement has not been installed to meter at least 75% of the volume from the Delivery Points, then the penalty assessed under this Section 41.2(d) shall be \$5.00 per Dth. For purposes of determining the 75% threshold, COMPANY shall use the volumes metered at each measurement station during the twelve-month period ending annually on March 31. Payments pursuant to this Section 41.2 shall not, under any circumstances, be considered as giving SHIPPER the right to take Unauthorized Overrun Gas; nor shall such payment exclude or limit any other remedies available to COMPANY or to another SHIPPER against SHIPPER for failure to limit its taking of gas to its Daily Entitlement.

- (e) Prior to application of the penalty set forth above in Section 41.2(d), if the total gas taken (i) at the group of Delivery Points described in Section 41.2(a) above, or (ii) by a SHIPPER or nomination agent or operator receiving service within the group of Delivery Points described in Section 41.2(a) above does not exceed the applicable tolerance set forth above, then COMPANY shall not assess the penalty for that group of Delivery Points or to that SHIPPER, respectively. Notwithstanding the above or Section 41.2(c) above, COMPANY may apply the penalty to any SHIPPER which takes gas in excess of the tolerance set forth in Section 41.2(d) above if such unauthorized takes prevent or limit another SHIPPER from receiving its scheduled and no-notice deliveries at any Delivery Point on COMPANY's system. In addition, COMPANY shall be entitled to separate any single Delivery Point from a group of Delivery Points under the notice hereunder if deliveries at the Delivery Point either (i) are consistently and materially in excess of daily entitlements after issuance of an OFO notice under this Section 41.2; or (ii) have repeatedly taken action which is contrary to the direction of an OFO issued under this Section.

41.3 Daily Receipts/Deliveries Exceed Capacity Due To Imbalances

- (a) If COMPANY is experiencing capacity constraints at certain Receipt or Delivery Points or operational difficulties because of the variance between SHIPPERS' scheduled nominations and actual receipts and/or deliveries for SHIPPERS' accounts or because the gas quality at the Receipt Point is not in conformance with the terms of Section 3.1(g) of these General Terms and Conditions, COMPANY will give SHIPPERS twenty-four (24) hours' notice prior to the start of the gas day to which the notice applies that it will assess the scheduling penalties set forth below in Sections 41.3(b) and/or 41.3(c). In such notice, COMPANY shall specify the direction in which the variance is prohibited as a result of the operational difficulty. It is provided, however that variances between SHIPPER'S nominations and actual receipts and/or deliveries which are attributable to no-notice service under Rate Schedule FT-NN shall not be subject to penalty under this Section 41.3. The notice shall list all Receipt and/or Delivery Points where the scheduling penalties will be assessed and will remain in effect until SHIPPERS are notified to the contrary.

- (b) If during any day of the month SHIPPER'S total scheduled quantities at a Receipt Point set forth in a notice given under (a) above vary by more than four (4) percent of the actual daily quantities received by COMPANY for SHIPPER'S account at the Receipt Point on that day, and such variance is in the direction prohibited in such notice, then a scheduling penalty shall be assessed; provided, however, that said scheduling penalty shall not be assessed if said variance occurs solely because of COMPANY'S inability to accept gas delivered to COMPANY for SHIPPER'S account and such inability to accept gas is not because the quality of the gas at the Receipt Point fails to meet the standards set forth in Section 3 of these General Terms and Conditions.

Notwithstanding the fact that SHIPPER's scheduled quantities and SHIPPER's actual receipts vary by more than the four (4) percent tolerance described above, if the total scheduled quantities (i) at the Receipt Point identified in the notice or (ii) at a group of Receipt Points identified in the notice set forth in Section 41.3(a) above, if applicable; or (iii) at those Receipt Points within the group of Receipt Points in (ii) above, having the same Point Operator as the Receipt Point at which SHIPPER has scheduled quantities, if applicable, do not vary by more than four (4) percent of the daily quantities received by COMPANY at the Receipt Point, the group level, or the operator level, respectively, then the scheduling penalty shall not be assessed hereunder. Subject to the provisions of Section 41.3(d) below, the scheduling penalty shall be equal to the maximum Transportation Charge under the IT Rate Schedule multiplied by the quantities in excess of the allowed variance, provided, however, that such penalty shall be waived for an interruptible SHIPPER whose scheduled quantities are bumped by a firm intra-day nomination but shall be waived only for the day that such bumping occurs.

- (c) If during any day of the month the actual quantities of gas delivered at each Delivery Point set forth in a notice given under (a) above by COMPANY for SHIPPER'S account vary by more than four (4) percent of SHIPPER's scheduled quantities, including any applicable no-notice entitlements for each Delivery Point, and such variance is in the direction prohibited in such notice, then a scheduling penalty shall be assessed. Notwithstanding the fact that SHIPPER's scheduled quantities and SHIPPER's actual deliveries vary by more than the four (4) percent tolerance described above, if the total scheduled quantities (i) at the Delivery Point identified in the notice or (ii) at a group of Delivery Points identified in the notice set forth in Section 41.3(a) above, if applicable; or (iii) at those Delivery Points within the group of Delivery Points in (ii) above, having the same Point Operator as the Delivery Point at which SHIPPER has scheduled quantities, if applicable, do not vary by more than four (4) percent of the daily quantities delivered by COMPANY at the Delivery Point, the group level, or the operator level, respectively, then the scheduling penalty shall not be assessed hereunder. Subject to the provisions of Section 41.3(d) below, the scheduling penalty shall be equal to the maximum Transportation Charge under the IT Rate Schedule multiplied by the quantities in excess of the allowed variance, provided, however, that such penalty shall be waived for an interruptible SHIPPER whose scheduled quantities are bumped by a firm intra-day nomination but shall be waived only for the day that such bumping occurs.

- (d) If COMPANY has given notice that it is assessing one of the foregoing scheduling penalties under Section 41.3(b) or (c) at a Receipt or Delivery Point on a day when it is also limiting receipts or deliveries at such point, then COMPANY shall so specify in its notice. The scheduling penalty assessed on any such day shall be equal to \$15.00 per Dth multiplied by the quantities in excess of the allowed variance under the applicable provision above.

#### 41.4 DAILY IMBALANCE PENALTIES

- (a) For Rate Schedules IT, FT-NN, FT, and Supply Pool Balancing Agreements, if COMPANY determines in its reasonable judgment that any imbalance between the gas received by COMPANY for SHIPPER'S account and delivered by COMPANY for SHIPPER'S account threatens the physical or operational integrity of its pipeline system, which includes the ability to deliver to any other SHIPPER its Daily Entitlement, COMPANY shall have the right to interrupt or limit at any time, and from time to time, the quantities of gas it will receive for transportation or deliver for SHIPPER'S account to the extent COMPANY in its reasonable judgment deems necessary in order to maintain the physical or operational integrity of its pipeline system. Any notice to interrupt or limit the quantity of gas to be received or delivered by COMPANY shall be given four (4) hours in advance, or such shorter period of time as is required to prevent physical damage to or to maintain the operational integrity of COMPANY'S pipeline system, and shall be limited to an amount COMPANY reasonably estimates does not exceed the amount of the imbalance threatening the operational integrity of COMPANY'S pipeline system. Further, to the maximum extent practicable, COMPANY shall limit the scope and duration of any action or order to interrupt or limit the receipt and/or delivery of gas so that service to SHIPPER is maintained at the highest level consistent with maintaining the physical or operational integrity of COMPANY'S pipeline system.

If SHIPPER accrues an imbalance in violation of said limitation notice given by COMPANY, SHIPPER shall pay the following applicable penalty charges. Penalties on SHIPPER's imbalance shall be based on the following percentages of SHIPPER's allocated deliveries. SHIPPER's imbalance shall be defined as the difference of SHIPPER's allocated receipts and SHIPPER's allocated deliveries. Notwithstanding the above, the following activity by SHIPPER shall not cause SHIPPER to incur a penalty under this Section: (a)no-notice storage withdrawals made under Rate Schedule FT-NN where the notice above limits receipts (supply long imbalances); or (b)no-notice storage injections where the notice above limits deliveries(supply short imbalances).

Imbalance (Percentage of Allocated Deliveries)	Penalty (Per Dth)
-----	-----
0 - 2% or < 200 Dth	No Penalty
>2 - 5%	\$1.00
>5 - 8%	\$5.00
> 8%	\$15.00

Notwithstanding the above, in the event that the COMPANY has in effect such limitation notice and the actual overall system imbalance is opposite to the direction of the said notice, SHIPPER shall not be penalized.

- (b) Insofar as practicable, when COMPANY detects the development of a system imbalance that threatens the physical or operational integrity of its pipeline system as described in 41.4(a) above, COMPANY shall endeavor to identify those SHIPPERS making a significant contribution to the imbalance and to contact such SHIPPERS in an effort to reduce the system imbalance and avoid the necessity of imposing penalties as set forth in 41.4(a)above. It is recognized, however, that such prior notification may not be possible under all circumstances, e.g., when COMPANY must act quickly in order to protect the integrity of its system.
- (c) Based on an evaluation of current and forecasted system conditions, COMPANY shall post by 2:00 p.m. (CCT) each Friday, or, if Thursday or Friday is a recognized COMPANY

holiday, then on the day before such recognized COMPANY holiday, the probability of implementing an OFO under this Section 41.4 for the succeeding Saturday, Sunday, and Monday and the Thursday and/or Friday during a recognized COMPANY holiday. If system conditions change, COMPANY shall update such posting periodically throughout the weekend.

42. Discount Terms

- 42.1 In the event COMPANY agrees to discount its rate to SHIPPER below COMPANY's maximum rate under COMPANY's Rate Schedules FT, FT-NN, IT, CSS, ISS, or PAL, the following discount terms may be reflected on the designated discount exhibit to the Service Agreement or PAL RO and will apply without the discount constituting a material deviation from COMPANY's proforma Service Agreement; provided, however, any such discount shall not be less than COMPANY's minimum rate. Such discounted rate may:
- (1) apply only to specified quantities under SHIPPER's Service Agreement(s);
  - (2) apply only if specified quantities are achieved (with maximum rates applicable to quantities above specified quantities or to all quantities if specified quantities are never achieved);
  - (3) apply only in a specified relationship to quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to the quantities actually transported);
  - (4) apply only during specified periods of the year or over specifically-defined periods of time;
  - (5) apply only to specified receipt or delivery points, zones, markets, or other defined geographical areas;
  - (6) apply only to production reserves dedicated by the SHIPPER;
  - (7) apply to quantities conditioned upon implementation and completion of a construction project or acquisition of facilities; and/or
  - (8) provide for an agreed upon overall rate, with a provision for adjusting the rate components of discounted agreements, if needed to preserve the agreed upon overall effective rate, so long as all rate components remain within the applicable minimum and maximum rates specified in the tariff. Such discounted rate may be based on published index price point differentials or arrived at by formula provided that (a) the same rate design underlying the pipeline's tariff rates is utilized, (b) the rate component (i.e., reservation charge, usage charge, or both) that is discounted is identified, and (c) to the extent the reservation charge is discounted, any formula used will produce a reservation rate per unit of contract demand.
- 42.2 If COMPANY has agreed to a discount with a SHIPPER under Rate Schedule FT or FT-NN and the discount is limited to receipts from or deliveries to a specific receipt or delivery point(s) or both, as provided in 42.1(5) above, such that there is no discount or the discount is higher for receipts or deliveries at alternate Exhibit A-1 Receipt Point(s) or Exhibit B-1 Delivery Point(s), the Reservation Charge billed to SHIPPER under SHIPPER's Service Agreement shall be prorated based on the total actual quantities allocated to the alternate receipt or delivery point(s) with the higher rate(s) relative to the total discounted MDQ under SHIPPER's applicable Service Agreement, or packages thereto.



## GENERAL TERMS AND CONDITIONS

### APPENDICES

APPENDIX A

TRANSPORTATION REQUEST FORM

Found on COMPANY'S Interactive Website

ATTACHMENT A  
TRANSPORTATION REQUEST FORM  
RECEIPT POINT INFORMATION  
FOR FIRM TRANSPORTATION

Found on COMPANY'S Interactive Website

ATTACHMENT B  
TRANSPORTATION REQUEST FORM  
DELIVERY POINT INFORMATION  
FOR FIRM TRANSPORTATION

Found on COMPANY'S Interactive Website

APPENDIX B

STORAGE SERVICE REQUEST FORM  
FOUND ON COMPANY'S INTERACTIVE WEBSITE

Appendix C  
Reserved for Future Use

Reserved for Future Use

Reserved for Future Use



Reserved for Future Use

Reserved

## APPENDIX D

EXHIBIT I

RESERVED

Reserved for Future Use.

Reserved for Future Use.

**APPENDIX E**

**SNG AND CUSTOMER CONTACT INFORMATION  
COMPLETE ALL THE REQUESTED INFORMATION.  
NOTE: CUSTOMER IS RESPONSIBLE FOR UPDATING  
CONTACT INFORMATION**

Found on COMPANY'S Interactive Website

Appendix F  
Reserved for Future Use.

Appendix G  
Reserved for Future Use.



Appendix H  
RESERVED FOR FUTURE USE

APPENDIX H  
RESERVED FOR FUTURE USE.

RESERVED FOR FUTURE USE.

RESERVED FOR FUTURE USE.

APPENDIX I  
Reserved for Future Use

APPENDIX J  
Reserved for Future Use

## FORM OF SERVICE AGREEMENTS

Service Agreement No. \_\_\_\_\_

PRO FORMA

FORM OF FIRM TRANSPORTATION SERVICE AGREEMENT  
UNDER RATE SCHEDULE FT

THIS AGREEMENT, made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Southern Natural Gas Company, L.L.C., a Delaware limited liability company, hereinafter referred to as "Company", and \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to [choose a. or b., as applicable]:

a. as "Shipper";

b. as "Agent" for \_\_\_\_\_, a \_\_\_\_\_, ("Principals"), hereinafter individually and collectively as "Shipper"; provided that (i) Principals demonstrate to Company and agree that they collectively meet the "shipper must have title" requirement in Section 2.1(a)(viii) of the General Terms and Conditions of Company's Tariff ("General Terms and Conditions"); (ii) each of the Principals provides written evidence to Company that Agent is authorized to act on their behalf and that each of the Principals is jointly and severally liable for all of the obligations of Shipper under this Agreement; and (iii) the Principals recognize and agree that they shall be treated collectively as one Shipper for nomination, billing and allocation purposes.

WITNESSETH:

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA); and

WHEREAS, Shipper has requested firm transportation pursuant to Rate Schedule FT of various supplies of gas for redelivery for Shipper's account and has submitted to Company a request for such transportation service in compliance with Section 2 of the General Terms and Conditions applicable to such Rate Schedule; and/or

WHEREAS, Shipper may acquire, from time to time, released firm transportation capacity under Section 22 of the General Terms and Conditions or continued transportation service; and

WHEREAS, Company has agreed to provide Shipper with transportation service of such gas supplies or through such acquired capacity release in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

TRANSPORTATION QUANTITY

1.1 Subject to the terms and provisions of this Agreement, Rate Schedule FT and the General Terms and Conditions thereto, Shipper agrees to deliver or cause to be delivered to Company at the Receipt Point(s) described in Exhibit A and Exhibit A-1 to this Agreement, and Company agrees to accept at such point(s) for transportation under this Agreement, an aggregate quantity of natural gas per day up to the total Transportation Demand set forth on Exhibit B hereto.

Company's obligation to accept gas on a firm basis at any Receipt Point is limited to the Receipt Points set out on Exhibit A and to the Maximum Daily Receipt Quantity (MDRQ) stated for each such Receipt Point. The sum of the MDRQ's for the Receipt Points on Exhibit A shall equal the Transportation Demand.

1.2 Subject to the terms and provisions of this Agreement, Rate Schedule FT and the General Terms and Conditions thereto, Company shall deliver a thermally equivalent quantity of gas, less the applicable fuel charge as set forth in the FT Rate Schedule, to Shipper at the Delivery Point(s) described in Exhibit B and Exhibit B-1 hereto. Company's obligation to redeliver gas at any Delivery Point on a firm basis is limited to the Delivery Points specified on Exhibit B and to the Maximum Daily Delivery Quantity (MDDQ) stated for each such Delivery Point and in no event shall Shipper be entitled to deliveries in excess of the MDDQ such that if Shipper elects to



take gas at an Exhibit B-1 Delivery Point then the MDDQ at its Exhibit B Delivery Points will be reduced proportionately. The sum of the MDDQ's for the Delivery Points on Exhibit B shall equal the Transportation Demand.

1.3 In the event Shipper is the successful bidder on released firm transportation capacity under Section 22 of Company's General Terms and Conditions, Company will promptly email and make available to Shipper the terms of the Capacity Release Transaction on its Interactive Website. Upon the issuance of the email, subject to the terms, conditions and limitations hereof and of Company's Rate Schedule FT, Company agrees to provide the released firm transportation service to Shipper under Rate Schedule FT, the General Terms and Conditions thereto, and this Agreement.

## ARTICLE II

### CONDITIONS OF SERVICE

2.1 It is recognized that the transportation service hereunder is provided on a firm basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule FT and the General Terms and Conditions thereto, which are contained in Company's FERC Gas Tariff, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and the terms of Rate Schedule FT, the terms of the Rate Schedule shall govern as to the point of conflict. Any limitation of transportation service hereunder shall be in accordance with the priorities set out in such Rate Schedule and the General Terms and Conditions thereto.

2.2 This Agreement shall be subject to all provisions of the General Terms and Conditions applicable to Company's Rate Schedule FT and such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Federal Energy Regulatory Commission ("Commission") of such provisions of the General Terms and Conditions or other matters relating to Rate Schedule FT.

2.3 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions hereto.

2.4 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement.

2.5 This Agreement is subject to the provisions of Subpart G of Part 284 of the Commission's Regulations under the NGPA and the Natural Gas Act. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the transportation of gas underway on the day of termination, to comply with the provisions of Section 14 of the General Terms and Conditions with respect to any imbalances accrued prior to termination of this Agreement, to render reports, and to make payment for all obligations accruing prior to the date of termination.

## ARTICLE III NOTICES

3.1 Except as provided in Section 8.6 herein, notices hereunder shall be given pursuant to the provisions of Section 18 of the General Terms and Conditions to the respective party at the applicable address, telephone number, or e-mail addresses provided by the parties from time to time.

## ARTICLE IV TERM

4.1 Subject to the provisions hereof, this Agreement shall be in full force and effect for the primary term(s) as set forth on Exhibit B hereto, as applicable, and shall continue and remain in force and effect for successive evergreen terms specified on Exhibit B hereto unless canceled by either party giving the required amount of written notice specified on Exhibit B to the other party prior to the end of the primary term(s) or any extension thereof. The primary term of the Agreement may commence and end as provided on Exhibit B. (If Applicable) If construction of facilities is necessary, Exhibit B may indicate that the start date coincides with the in-service date of the applicable facilities.

4.2 In the event Shipper has not contracted for firm Transportation Demand under this Agreement directly with Company, as set forth on Exhibit B hereto, then the term of this Agreement shall be effective as of the date first hereinabove written and shall remain in full force and effect for a primary term through the end of the month and month to month thereafter unless canceled by either party giving at least five (5) days written notice to the other party prior to the end of the primary term or any extension thereof, provided however, this agreement may be terminated by Company if no activity occurs hereunder during a period of 12 consecutive months. It is provided, however that this Agreement shall not terminate prior to the expiration of any Capacity Release Transaction.

#### ARTICLE V CONDITIONS PRECEDENT

5.1 Unless otherwise agreed to by the parties, the terms of Rate Schedule FT and the General Terms and Conditions thereto, shall apply to the acquisition or construction of any facilities necessary to effectuate this Agreement. Other provisions of this Agreement notwithstanding, Company shall be under no obligation to construct the facilities or commence service hereunder unless and until (1) Company has received and accepted the necessary regulatory approvals and permits to construct the facilities in a form and substance satisfactory to Company; (2) all facilities, of whatever nature, as are required by Company to permit the receipt, measurement, transportation, and delivery of natural gas hereunder have been authorized, installed, and are in operating condition; (3) (If Applicable) Company has obtained the approval of the appropriate management or management committee and/or board of directors of Company and/or its parent company to spend the capital necessary to construct the additional facilities; and (4) (If Applicable) Shipper completes the construction and places into operation, using diligent efforts, its upstream or downstream production or end use facilities required to receive or deliver gas hereunder.

#### ARTICLE VI REMUNERATION

6.1 Shipper shall pay Company monthly for the transportation services rendered hereunder the charges specified in Rate Schedule FT and under each effective Capacity Release Transaction, as applicable, including any penalty and other authorized charges assessed under the FT Rate Schedule and the General Terms and Conditions. For service requested from Company under Rate Schedule FT, Company shall notify Shipper as soon as practicable of the date services will commence hereunder, and if said date is not the first day of the month, the Reservation Charge for the first month of service hereunder shall be adjusted to reflect only the actual number of days during said month that transportation service is available. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule FT. Said discounted charges shall be set forth on Exhibit E hereto or the parties may agree to a Negotiated Rate for such services in accordance with the provisions of Rate Schedule FT. Said discounted or Negotiated Rates shall be set forth on Exhibit E or Exhibit F, respectively, hereto and shall take precedence over the charges set forth in Rate Schedule FT during the period in which they are in effect.

6.2 The rates and charges provided for under Rate Schedule FT shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper, have the right to change from time to time, all or any part of its Proforma Service Agreement, as well as all or any part of Rate Schedule FT or the General Terms and Conditions thereto, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by Company, in its reasonable judgment, to assure just and reasonable service and rates under the Natural Gas Act. It is recognized, however, that once a Capacity Release Transaction has been awarded, Company cannot increase the Reservation Charge to be paid by Shipper under that Capacity Release Transaction, unless in its bid the Replacement Shipper has agreed to pay a percentage of the maximum tariff rate in effect and the maximum tariff rate increases during the term of the Capacity Release Transaction. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 6.2, including the right to contest the transportation rates or charges for the services provided under this Agreement, from time to time, in any subsequent rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such transportation rates or charges, the Rate Schedules, or the General Terms and Conditions thereto.

#### ARTICLE VII

RESERVED

ARTICLE VIII  
MISCELLANEOUS

8.1 This Agreement constitutes the entire Agreement between the parties and no waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.

8.2 The laws of the State of \_\_\_\_\_ shall govern the validity, construction, interpretation, and effect of this Agreement, without giving effect to any conflict of laws doctrine that would apply the laws of another jurisdiction.

8.3 No modification of or supplement to the terms and provisions hereof shall be or become effective except by execution of a supplementary written agreement between the parties except that (i) a Capacity Release Transaction may be issued, and (ii) in accordance with the provisions of Rate Schedule FT and the General Terms and Conditions thereto, Receipt Points may be added to or deleted from Exhibit A and the Maximum Daily Receipt Quantity for any Receipt Point on Exhibit A may be changed upon execution by Company and Shipper of a Revised Exhibit A to reflect said change(s), and (iii) Delivery Points may be added to or deleted from Exhibit B and the Maximum Daily Delivery Quantity for any Delivery Point may be changed upon execution by Company and Shipper of a Revised Exhibit B to reflect said change(s). It is provided, however, that any such change to Exhibit A or Exhibit B must include corresponding changes to the existing Maximum Daily Receipt Quantities or Maximum Daily Delivery Quantities, respectively, such that the sum of the changed Maximum Daily Receipt Quantities equals the Transportation Demand and the sum of the Maximum Daily Delivery Quantities equals the Transportation Demand.

8.4 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Subject to the provisions of Section 22 of the General Terms and Conditions applicable hereto, either party may assign this Agreement to an affiliated company without the prior written consent of the other party, provided that the affiliated company is creditworthy pursuant to Section 2.1(d) of the General Terms and Conditions, but neither party may assign this Agreement to a nonaffiliated company without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

8.5 Exhibits A, A-1, B, B-1, and \_\_\_\_\_ attached to this Agreement constitute a part of this Agreement and are incorporated herein.

8.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement for firm transportation capacity from Company, each party shall make and diligently prosecute all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the transportation service which is the subject of this Agreement and to construct and operate any facilities necessary therefore. Each party shall have the right to seek such governmental authorizations as it deems necessary, including the right to prosecute its requests or applications for such authorization in the manner it deems appropriate. 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 paragraph. Each party shall promptly provide the other party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings.

8.7 (If applicable to local distribution companies pursuant to Article XV, Paragraph 1(b) of the Stipulation and Agreement approved in the "Order Approving Settlement" in Docket Nos. RP89-224-012, et al., dated September 29, 1995, 75 FERC ¶61,322 (1995).).

If Shipper experiences the loss of any load, by direct connection of such load to the Company's system, Shipper may reduce its Transportation Demand under this Service Agreement or any other Service Agreement for firm transportation service between Shipper and Company by giving Company 30 days prior written notice of such reduction within six (6) months of the date Company initiates direct services to the industrial customer; provided,

however, that any such reduction shall be applied first to the Transportation Demand under the Service Agreement with the shortest remaining contract term.

In order to qualify for a reduction in its Transportation Demand, Shipper must certify and provide supporting data that:

- (i) The load was actually being served by Shipper with gas transported by Company prior to November 1, 1993.
- (ii) If the load lost by Shipper was served under a firm contract, the daily contract quantity shall be provided.
- (iii) If the load lost by Shipper was served under an interruptible contract, the average daily quantities during the latest twelve months of service shall be provided.

Shipper may reduce its aggregate Transportation Demand under all its Service Agreements by an amount up to the daily contract quantity in the case of the loss of a firm customer and/or up to the average daily deliveries during the latest twelve month period in the case of the loss of an interruptible customer. Such reduction shall become effective thirty days after the date of Shipper's notice that it desires to reduce its Transportation Demand.

8.8 (If applicable) This Agreement supersedes and cancels the Service Agreement (# \_\_\_\_\_) dated \_\_\_\_\_ between the parties hereto.

8.9 (If applicable) In the event Company subscribes for off-system firm transportation capacity, Shipper shall pay the additional charges set forth on Exhibit C attached hereto, except as otherwise provided on Exhibit E or F.

IN WITNESS WHEREOF, this Agreement has been executed by the parties by their respective duly authorized officers and shall be effective as of the date first written above.

SOUTHERN NATURAL GAS COMPANY, L.L.C.

By \_\_\_\_\_

Its \_\_\_\_\_

(SHIPPER)

By \_\_\_\_\_

Its \_\_\_\_\_

Service Agreement No. \_\_\_\_\_

EXHIBIT A  
RECEIPT POINTS

<u>Package No.</u>	<u>Point Code</u>	<u>Receipt Points</u> <u>Point Name</u>	<u>MDRO (Dth) by</u> <u>Month</u>
--------------------	-------------------	--	--------------------------------------

Total Transportation Demand: \_\_\_\_\_ Dth 1/

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Effective Date: \_\_\_\_\_

1/ (Specify monthly variations if applicable)

Service Agreement No. \_\_\_\_\_

EXHIBIT A-1  
RECEIPT POINTS

All active Receipt Points on Company's contiguous pipeline system, a current list of which shall be maintained by Company on its Interactive Website.

Service Agreement No. \_\_\_\_\_

EXHIBIT B  
DELIVERY POINTS

<u>Package</u> <u>No.</u>	<u>Start</u> <u>Date</u>	<u>Primary</u> <u>Term</u>	<u>Primary Term</u> <u>Notice</u>	<u>Evergreen</u> <u>Term</u>	<u>Evergreen Term</u> <u>Notice</u>	<u>Delivery Points</u>		<u>MDDQ</u> <u>(Dth) by</u> <u>Month</u>	<u>Contract</u> <u>Pressure</u>	<u>Hourly Flow</u> <u>Rate</u> <u>Entitlement</u>
						<u>Point Code</u>	<u>Point Name</u>			

%      Dth

Total Transportation Demand: \_\_\_\_\_ Dth 1/

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Effective Date: \_\_\_\_\_

1/ (Specify monthly variations if applicable)

SHIPPER:

EXHIBIT B  
Page 2 of 2

Service Agreement No. \_\_\_\_\_  
Effective Date: \_\_\_\_\_

This supplement to Exhibit B details the meter station restrictions, hourly flow rate entitlements, and firm contract pressure underlying each Delivery Point MDDQ with multiple measurement stations to this Exhibit B.

<u>Point Name</u>	<u>Point Code</u>	<u>Meter Station Code</u>	<u>MDDQ (Dth)</u>	<u>Daily Delivery Capacity (Dth)</u>	<u>Contract Pressure</u>	<u>Hourly Flow Rate Entitlement</u>	
						<u>%</u>	<u>Dth</u>



Service Agreement No. \_\_\_\_\_

EXHIBIT B-1  
DELIVERY POINTS

All active Delivery Points on Company's contiguous pipeline system, a current list of which shall be maintained by Company on its Interactive Website.

EXHIBIT C  
OFFSYSTEM CAPACITY CHARGES

Service Agreement No. \_\_\_\_\_

The following charges shall apply to Shipper for offsystem capacity contracted under this Service Agreement.

<u>Package No.</u>	<u>Service Type</u>	<u>Pipeline</u>	<u>Charge</u>
--------------------	---------------------	-----------------	---------------

[SHIPPER]

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

SOUTHERN NATURAL GAS COMPANY, L.L.C.

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

Service Agreement No. \_\_\_\_\_

EXHIBIT E  
Discount Information

Discounted Transportation Rate: \_\_\_\_\_

Discounted Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Service Agreement No. \_\_\_\_\_

EXHIBIT F  
Negotiated Rate Information/Agreement

Negotiated Transportation Rate: \_\_\_\_\_

Negotiated Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

[if applicable, any other relevant rate provisions]

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Service Agreement No. \_\_\_\_\_

PRO FORMA  
FORM OF SERVICE AGREEMENT  
UNDER RATE SCHEDULE IT

THIS AGREEMENT, made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Southern Natural Gas Company, L.L.C., a Delaware limited liability company, hereinafter referred to as "Company", and \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to [choose a. or b., as applicable]:

a. as "Shipper";

b. as "Agent" for \_\_\_\_\_, a \_\_\_\_\_, ("Principals"), hereinafter individually and collectively as "Shipper"; provided that (i) Principals demonstrate to Company and agree that they collectively meet the "shipper must have title" requirement in Section 2.1(a)(viii) of the General Terms and Conditions of Company's Tariff ("General Terms and Conditions"); (ii) each of the Principals provides written evidence to Company that Agent is authorized to act on their behalf and that each of the Principals is jointly and severally liable for all of the obligations of Shipper under this Agreement; and (iii) the Principals recognize and agree that they shall be treated collectively as one Shipper for nomination, billing and allocation purposes.

WITNESSETH

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA); and

WHEREAS, Shipper has requested transportation pursuant to Rate Schedule IT of various supplies of gas for redelivery for Shipper's account on an interruptible basis and has submitted to Company a request for such transportation service in compliance with Section 2 of the General Terms and Conditions applicable to Rate Schedule IT; and

WHEREAS, Company has agreed to provide Shipper with transportation service in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I  
TRANSPORTATION QUANTITY

1.1 Subject to the terms and provisions of this Agreement, Rate Schedule IT and the General Terms and Conditions thereto, Shipper agrees to deliver, or cause to be delivered, to Company at the Receipt Point(s) described in Exhibit A to this Agreement, the quantity of gas (in Dth) nominated by Shipper and scheduled by Company at such point(s) for transportation under this Agreement.

Company's obligation to accept gas at any Receipt Point is limited to the Maximum Daily Receipt Quantity (MDRQ) for each Receipt Point specified in the General Terms and Conditions hereto.

1.2 Subject to the terms and provisions of this Agreement, Rate Schedule IT and the General Terms and Conditions thereto, Company shall deliver a thermally equivalent quantity of gas, less the applicable fuel charge as set forth in Rate Schedule IT, to Shipper at the Delivery Point(s), described in Exhibit B to this Agreement, nominated by Shipper and scheduled by Company under this Agreement. Company's obligation to redeliver gas at any Delivery Point is limited to the Maximum Daily Delivery Quantity (MDDQ) for each Delivery Point specified in the General Terms and Conditions.

ARTICLE II  
CONDITIONS OF SERVICE

2.1 It is recognized that the transportation service hereunder is provided on an interruptible basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule IT, and the General Terms and Conditions thereto, which are contained in Company's FERC Gas Tariff, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and Rate Schedule IT, the terms of Rate Schedule IT shall govern as to the point of conflict. Any limitation of transportation service hereunder shall be in accordance with the priorities set out in Rate Schedule IT and the General Terms and Conditions thereto.

2.2 This Agreement shall be subject to all provisions of the General Terms and Conditions applicable to Company's Rate Schedule IT as such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Federal Energy Regulatory Commission ("Commission") of such provisions of the General Terms and Conditions or other matters relating to Rate Schedule IT.

2.3 Company makes no representation, assurance or warranty that capacity will be available on Company's pipeline system at any time and Shipper agrees that Company shall bear no responsibility or liability to any person if capacity does not exist on any day to provide service hereunder.

2.4 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions hereto.

2.5 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this agreement.

2.6 This Agreement is subject to the provisions of Subpart G of Part 284 of the Commission's Regulations under the NGPA and the Natural Gas Act. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the transportation of gas underway on the day of termination, to comply with the provisions of Section 14 of the General Terms and Conditions with respect to any imbalances accrued prior to termination of this Agreement, to render reports, and to make payment for all obligations accruing prior to the date of termination.

### ARTICLE III NOTICES

3.1 Except as provided in Section 8.6 herein, notices hereunder shall be given pursuant to the provisions of Section 18 of the General Terms and Conditions to the respective party at the applicable address, telephone number or e-mail addresses provided by the parties from time to time.

### ARTICLE IV TERM

4.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first hereinabove written and shall be in full force and effect on a month to month basis unless terminated by either Party upon at least five (5) days prior written notice to the other Party. This agreement may be terminated by Company if no activity occurs hereunder during a period of 12 consecutive months.

### ARTICLE V CONDITIONS PRECEDENT

5.1 Unless otherwise agreed to by the parties, the terms of Rate Schedule IT, and the General Terms and Conditions thereto, shall apply to the acquisition or construction of any facilities necessary to effectuate this Agreement. Other provisions of this Agreement notwithstanding, Company shall be under no obligation to commence service hereunder unless and until (1) all facilities, of whatever nature, as are required by Company to permit the receipt, measurement, transportation, and delivery of natural gas hereunder have been authorized, installed, and are in operating condition, and (2) Company, in its reasonable discretion, has determined that such service would constitute transportation of natural gas authorized under all applicable regulatory authorizations and the Commission's Regulations.

### ARTICLE VI REMUNERATION

6.1 Shipper shall pay Company monthly for the transportation services rendered hereunder the charges specified in Rate Schedule IT, including any penalty and other authorized charges assessed under Rate Schedule IT and the General Terms and Conditions. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule IT or the parties may agree to a Negotiated Rate for such services in accordance with the provisions of Rate Schedule IT. Said discounted or Negotiated Rates shall be set forth on Exhibit E or Exhibit F, respectively, hereto and shall take precedence over the charges set forth in Rate Schedule IT during the period in which they are in effect.

6.2 The rates and charges provided for under Rate Schedule IT shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper, have the right to change from time to time, all or any part of this Agreement, as well as all or any part of Rate Schedule IT, or the General Terms and Conditions thereto, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by Company, in its reasonable judgment, to assure just and reasonable service and rates under the Natural Gas Act. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 6.2, including the right to contest the transportation rates or charges for the services provided under this Agreement, from time to time, in any subsequent rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such transportation rates or charges.

#### ARTICLE VII

RESERVED  
Reserved.

#### ARTICLE VIII MISCELLANEOUS

8.1 This Agreement constitutes the entire Agreement between the parties and no waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.

8.2 The laws of the State of \_\_\_\_\_ shall govern the validity, construction, interpretation, and effect of this Agreement, without giving effect to any conflict of laws doctrine that would apply the laws of another jurisdiction.

8.3 No modification of or supplement to the terms and provisions hereof shall be or become effective except by execution of a supplementary written agreement between the parties.

8.4 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

8.5 Exhibits A, B, and \_\_\_\_\_ attached to this Agreement constitute a part of this Agreement and are incorporated herein.

8.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement, each party shall make and diligently prosecute all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the transportation service which is the subject of this Agreement and to construct and operate any facilities necessary therefor. Each party shall have the right to seek such governmental authorizations as it deems necessary, including the right to prosecute its requests or applications for such authorization in the manner it deems appropriate. 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 paragraph. Each party shall promptly provide the other party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings.

8.7 (If applicable) This Agreement supersedes and cancels the Service Agreement (# \_\_\_\_\_) dated \_\_\_\_\_ between the parties hereto.

8.8 (If applicable) In the event Company subscribes for off-system firm transportation capacity, Shipper shall pay the additional charges set forth on Exhibit C attached hereto, except as otherwise provided on Exhibit E or F.

IN WITNESS WHEREOF, this Agreement has been executed by the parties by their respective duly authorized officers and shall be effective as of the date first written above.

SOUTHERN NATURAL GAS COMPANY, L.L.C.

By \_\_\_\_\_  
Its \_\_\_\_\_

(SHIPPER)

By \_\_\_\_\_  
Its \_\_\_\_\_



Service Agreement No. \_\_\_\_\_

EXHIBIT A  
RECEIPT POINTS

All active Receipt Points on Company's pipeline system, a current list of which shall be maintained by Company on its Interactive Website.

Service Agreement No. \_\_\_\_\_

EXHIBIT B  
DELIVERY POINTS

All active Delivery Points on Company's pipeline system, a current list of which shall be maintained by Company on its Interactive Website.

Service Agreement No. \_\_\_\_\_

EXHIBIT E  
Discount Information

Discounted Transportation Rate: \_\_\_\_\_

Discounted Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Service Agreement No. \_\_\_\_\_

EXHIBIT F  
Negotiated Rate Information/Agreement

Negotiated Transportation Rate: \_\_\_\_\_

Negotiated Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

[if applicable, any other relevant rate provisions]

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

EXHIBIT C  
OFFSYSTEM CAPACITY CHARGES

Service Agreement No. \_\_\_\_\_

The following charges shall apply to Shipper for offsystem capacity contracted under this Service Agreement.

<u>Service Type</u>	<u>Pipeline</u>	<u>Charge</u>
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[SHIPPER]

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

SOUTHERN NATURAL GAS COMPANY, L.L.C.

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

Service Agreement No. \_\_\_\_\_

PRO FORMA

FORM OF SERVICE AGREEMENT  
UNDER RATE SCHEDULE CSS

THIS AGREEMENT, made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Southern Natural Gas Company, L.L.C., a Delaware limited liability company, hereinafter referred to as "Company", and \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to [choose a. or b., as applicable]:

a. as "Shipper";

b. as "Agent" for \_\_\_\_\_, a \_\_\_\_\_, ("Principals"), hereinafter individually and collectively as "Shipper"; provided that (i) Principals demonstrate to Company and agree that they collectively meet the "shipper must have title" requirement in Section 2.1(a)(viii) of the General Terms and Conditions of Company's Tariff ("General Terms and Conditions"); (ii) each of the Principals provides written evidence to Company that Agent is authorized to act on their behalf and that each of the Principals is jointly and severally liable for all of the obligations of Shipper under this Agreement; and (iii) the Principals recognize and agree that they shall be treated collectively as one Shipper for nomination, billing and allocation purposes.

WITNESSETH

WHEREAS, Company has undertaken to provide a firm storage service under Part 284 of the Federal Energy Regulatory Commission's (Commission) Regulations and Company's Rate Schedule CSS of its FERC Gas Tariff; and

WHEREAS, Shipper has requested storage service on a firm basis pursuant to Rate Schedule CSS and has submitted to Company a request for such storage service in compliance with Section 7 of Company's Rate Schedule CSS; and/or

WHEREAS, Shipper may acquire, from time to time, released firm storage capacity under Section 22 of the General Terms and Conditions of Company's FERC Gas Tariff; and

WHEREAS, Company is willing to render firm storage service to Shipper pursuant to the provisions of Rate Schedule CSS, this Agreement and Part 284 of the Commission's Regulations.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I

QUANTITY OF SERVICE

1.1 Subject to the terms and provisions of this Agreement and Company's Rate Schedule CSS and the General Terms and Conditions applicable thereto, Shipper has the right to maintain in Company's Storage fields under the terms of this Agreement an aggregate quantity of natural gas up to the Maximum Storage Quantity set forth on Exhibit A hereto or any effective Capacity Release Transaction. Company's obligation to accept gas at the Storage Point specified on Exhibit A hereto for injection into Storage on any day is limited to the available Maximum Daily Injection Quantity (MDIQ) specified on Exhibit A or any effective Capacity Release Transaction.

1.2 Company shall redeliver a thermally equivalent quantity of gas, less the applicable fuel charge as set forth in Rate Schedule CSS, to Shipper or a third party designated by Shipper at the Storage Point described on Exhibit A hereto. Company's obligation to withdraw gas from Storage for delivery at the Storage Point on any day is limited to the available Maximum Daily Withdrawal Quantity (MDWQ) specified on Exhibit A or any effective Capacity Release Transaction and Shipper's Storage Inventory.

1.3 In the event Shipper is the successful bidder on released firm storage capacity under Section 22 of Company's General Terms and Conditions, Company will promptly finalize by means of its Interactive Website the Capacity Release Transaction. Upon the finalization of a Capacity Release Transaction, subject to the terms, conditions and limitations hereof and Company's Rate Schedule CSS, Company agrees to provide the released firm storage service to Shipper under Rate Schedule CSS, the General Terms and Conditions thereto, and this Agreement.

## ARTICLE II

### CONDITIONS OF SERVICE

2.1 It is recognized that the storage service hereunder is provided on a firm basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule CSS, and the General Terms and Conditions thereto, which are contained in Company's FERC Gas Tariff, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and Rate Schedule CSS, the terms of Rate Schedule CSS shall govern as to the point of conflict. Any limitation of storage service hereunder shall be in accordance with the priorities set out in Rate Schedule CSS.

2.2 This Agreement shall be subject to all provisions of the General Terms and Conditions specifically made applicable to Company's Rate Schedule CSS, as such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Commission of such provisions of the General Terms and Conditions or other matters relating to Rate Schedule CSS.

2.3 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions contained in Company's FERC Gas Tariff.

2.4 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement.

2.5 This Agreement is subject to the provisions of Subpart G of Part 284 of the Commission's Regulations. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the storage activities underway on the day of termination, to comply with the provisions of Section 7(f) of Rate Schedule CSS with respect to any of Shipper's gas remaining in Storage upon termination of this Agreement, to render reports, and to make payment for storage services rendered.

## ARTICLE III

### NOTICES

3.1 Except as provided in Section 6.6 herein, notices hereunder shall be given pursuant to the provisions of Section 18 of the General Terms and Conditions to the respective party at the applicable address, telephone number, or e-mail addresses provided by the parties from time to time.

## ARTICLE IV

### TERM

4.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first written above and shall be in full force and effect for the primary term(s) set forth on Exhibit A hereto, if applicable, and shall continue and remain in force and effect for successive evergreen terms specified on Exhibit A hereto unless canceled by either party giving the required amount of written notice specified on Exhibit A to the other party prior to the end of the primary term(s) or any extension thereof.

4.2 In the event Shipper has not contracted for a Maximum Storage Quantity under this Agreement directly with Company, as set forth on Exhibit A hereto, then the term of this Agreement shall be effective as of the date first hereinabove written and shall remain in full force and effect for a primary term through the end of the month and month to month thereafter unless canceled by either party giving at least five (5) days written notice to the other party prior to the end of the primary term or any extension thereof, provided however, this agreement may be terminated by Company if no activity occurs hereunder during a period of 12 consecutive months. It is provided, however that this Agreement shall not terminate prior to the expiration of the Capacity Release Transaction.

ARTICLE V  
REMUNERATION

5.1 Shipper shall pay Company monthly the charges specified in Rate Schedule CSS for the storage services rendered hereunder or under each effective Capacity Release Transaction, as applicable. For service requested from Company under Rate Schedule CSS, Company shall notify Shipper as soon as practicable of the date service will commence hereunder, and if said date is not the first day of the month, the Deliverability Charge and Capacity Charge for the first month of service hereunder shall be adjusted to reflect only the actual number of days during said month that storage service is available. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule CSS or the parties may agree to a Negotiated Rate for such services in accordance with the provisions of Rate Schedule CSS. Said discounted rates or negotiated rates shall be set forth on Exhibit C or Exhibit D, respectively, hereto and shall take precedence over the charges set forth in Rate Schedule CSS during the period in which they are in effect.

5.2 The rates and charges provided for under Rate Schedule CSS shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper have the right to change from time to time, all or any part of Rate Schedule CSS or the General Terms and Conditions applicable thereto, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by Company, in its reasonable judgment, to assure just and reasonable terms of service and rates under the Natural Gas Act. It is recognized, however, that once a Capacity Release Transaction has been awarded, Company cannot increase the Deliverability Charge or Capacity Charge to be paid by Shipper under that Capacity Release Transaction, unless in its bid the Replacement Shipper has agreed to pay a percentage of the maximum tariff rate in effect and the maximum tariff rate increases during the term of the Capacity Release Transaction. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 5.2, including the right to contest the rates or charges for the services provided under this Agreement, from time to time, in any rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such rates or charges.



ARTICLE VI

MISCELLANEOUS

6.1 This Agreement constitutes the entire Agreement between the parties and no waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.

6.2 The laws of the State of \_\_\_\_\_ shall govern the validity, construction, interpretation, and effect of this Agreement, without giving effect to any conflict of laws doctrine that would apply the laws of another jurisdiction.

6.3 No modification of or supplement to the terms and provisions hereof shall be or become effective except by execution of a supplementary written agreement between the parties.

6.4 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Subject to the provisions of Section 22 of the General Terms and Conditions applicable hereto, either party may assign this Agreement to an affiliated company without the prior written consent of the other party, provided that the affiliated company is creditworthy pursuant to Section 2.1(d) of the General Terms and Conditions, but neither party may assign this Agreement to a nonaffiliated company without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

6.5 Exhibits A and \_\_\_\_\_, attached to this Agreement constitute a part of this Agreement and are incorporated herein.

6.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement for firm storage capacity from Company, each party shall make and diligently prosecute, all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the storage service which is the subject of this Agreement. Each party shall have the right to seek such governmental authorizations, as it deems necessary, including the right to prosecute its requests or applications for such authorization in the manner it deems appropriate. 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 paragraph. Each party shall promptly provide the other party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings.

6.7 (If applicable) This Agreement supersedes and cancels the Service Agreement (# \_\_\_\_\_) dated \_\_\_\_\_ between the parties hereto.

6.8 (If applicable) In the event Company subscribes for off-system storage capacity, Shipper shall pay the additional charges set forth on Exhibit E attached hereto, except as otherwise provided on Exhibit C or D.

IN WITNESS WHEREOF, this Agreement has been executed by the parties by their duly authorized officers and shall be effective as of the date first written above.

SOUTHERN NATURAL GAS COMPANY, L.L.C.

By \_\_\_\_\_  
Its \_\_\_\_\_

(Shipper)

By \_\_\_\_\_  
Its \_\_\_\_\_

Service Agreement No. \_\_\_\_\_

EXHIBIT A

<u>Storage Point</u>	<u>Package No.</u>	<u>MSQ (Dth)</u>	<u>MDIQ (Dth)(1)</u>	<u>MDWQ (Dth)(1)</u>	<u>Start Date</u>	<u>Primary Term</u>	<u>Primary Term Notice</u>	<u>Evergreen Term</u>	<u>Evergreen Term Notice</u>
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Total Maximum Storage Quantity: \_\_\_\_\_ Dth

By: \_\_\_\_\_  
(SHIPPER)

By: \_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Effective Date: \_\_\_\_\_

(1) Shipper's MDIQ and MDWQ shall be subject to adjustment each day based on the quantity of gas Shipper has in Storage pursuant to the ratchet percentages set forth in Rate Schedule CSS.

SOUTHERN NATURAL GAS COMPANY, L.L.C.  
FERC Tariff  
Eighth Revised Volume No. 1

6.3.1.  
Form of Serv. Agreements  
CSS - Exhibit A  
2.0.0

Service Agreement No. \_\_\_\_\_

EXHIBIT C  
Discount Information

Discounted Storage Rate(s): \_\_\_\_\_

Discounted Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

\_\_\_\_\_  
(Shipper)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Service Agreement No. \_\_\_\_\_

EXHIBIT D  
Negotiated Rate Information/Agreement

Negotiated Storage Rate(s): \_\_\_\_\_

Negotiated Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

[if applicable, any other relevant rate provisions]

\_\_\_\_\_  
(Shipper)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

EXHIBIT E  
OFFSYSTEM CAPACITY CHARGES

Service Agreement No. \_\_\_\_\_

The following charges shall apply to Shipper for offsystem capacity contracted under this Service Agreement.

<u>Package No.</u>	<u>Service Type</u>	<u>Pipeline</u>	<u>Charge</u>
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[SHIPPER]

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

SOUTHERN NATURAL GAS COMPANY, L.L.C.

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

Service Agreement No. \_\_\_\_\_

PRO FORMA

FORM OF SERVICE AGREEMENT  
UNDER RATE SCHEDULE ISS

THIS AGREEMENT, made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Southern Natural Gas Company, L.L.C., a Delaware limited liability company, hereinafter referred to as "Company", and \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to [choose a. or b., as applicable]:

a. as "Shipper";

b. as "Agent" for \_\_\_\_\_, a \_\_\_\_\_, ("Principals"), hereinafter individually and collectively as "Shipper"; provided that (i) Principals demonstrate to Company and agree that they collectively meet the "shipper must have title" requirement in Section 2.1(a)(viii) of the General Terms and Conditions of Company's Tariff ("General Terms and Conditions"); (ii) each of the Principals provides written evidence to Company that Agent is authorized to act on their behalf and that each of the Principals is jointly and severally liable for all of the obligations of Shipper under this Agreement; and (iii) the Principals recognize and agree that they shall be treated collectively as one Shipper for nomination, billing and allocation purposes.

WITNESSETH:

WHEREAS, Company has undertaken to provide an interruptible storage service under Part 284 of the Federal Energy Regulatory Commission's (Commission) Regulations; and

WHEREAS, Shipper has requested storage service on an interruptible basis pursuant to Rate Schedule ISS and has submitted to Company a request for such storage service in compliance with Section 7 of Company's Rate Schedule ISS; and

WHEREAS, Company is willing to render interruptible storage service to Shipper pursuant to the provisions of Rate Schedule ISS, this Agreement and Part 284 of the Commission's Regulations.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I  
STORAGE ACCOUNT

1.1 Subject to the terms and provisions of this Agreement and Company's Rate Schedule ISS and the General Terms and Conditions applicable thereto, to the extent Shipper or a third party delivers gas for injection into Shipper's ISS storage account, Company shall credit such injection, less the applicable fuel charge set forth in Rate Schedule ISS, to Shipper's Storage Inventory.

1.2 Subject to the terms and provisions of this Agreement, Company's Rate Schedule ISS and General Terms and Conditions thereto, Company shall redeliver a thermally equivalent quantity of gas, less the applicable fuel charge as set forth in Rate Schedule ISS, to Shipper or a third party designated by Shipper at the Storage Point described in Rate Schedule ISS and shall deduct such redelivery and fuel from Shipper's Storage Inventory hereunder.

ARTICLE II  
CONDITIONS OF SERVICE

2.1 It is recognized that the storage service hereunder is provided on an interruptible basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule ISS, and the General Terms and



Conditions thereto, which are contained in Company's FERC Gas Tariff, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and Rate Schedule ISS, the terms of Rate Schedule ISS shall govern as to the point of conflict. Any limitation of storage service hereunder shall be in accordance with the priorities set out in Rate Schedule ISS. Company makes no representation, assurance or warranty that capacity will be available for service hereunder and Shipper agrees that Company shall bear no responsibility or liability to any person if capacity does not exist on any day to provide service hereunder.

2.2 This Agreement shall be subject to all provisions of the General Terms and Conditions specifically applicable to Company's Rate Schedule ISS as such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Commission of such provisions of the General Terms and Conditions or other matters relating to Rate Schedule ISS.

2.3 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions contained in Company's FERC Gas Tariff.

2.4 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement.

2.5 This Agreement is subject to the provisions of Subpart G of Part 284 of the Commission's Regulations. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the storage activities underway on the day of termination, to comply with the provisions of Section 7(f) of Rate Schedule ISS with respect to any of Shipper's gas remaining in Storage upon termination of this Agreement, to render reports, and to make payment for storage services rendered.

#### ARTICLE III

##### NOTICES

3.1 Except as provided in Section 6.6 herein, notices hereunder shall be given by both parties pursuant to the provisions of Section 18 of the General Terms and Conditions to the respective party at the applicable address, telephone number, or e-mail addresses provided by the parties from time to time.

#### ARTICLE IV

##### TERM

4.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first written above and shall be in full force and effect on a month to month basis unless terminated by either Party upon at least five (5) days prior written notice to the other Party. This agreement may be terminated by Company if no activity occurs hereunder during a period of 12 consecutive months.

#### ARTICLE V

##### REMUNERATION

5.1 Shipper shall pay Company monthly the charges specified in Rate Schedule ISS for the storage services rendered hereunder. Company may agree to from time to time to discount the rate charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule ISS or the parties may agree to a Negotiated Rate for such services in accordance with the provisions of Rate Schedule ISS. Said discount charge or Negotiated Rates shall be set forth on Exhibit C or Exhibit D, respectively, hereto and shall take precedence over the charges set forth in Rate Schedule ISS during the period in which they are in effect.

5.2 The rates and charges provided for under Rate Schedule ISS shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper have the right to change from time to time, all or any part of Rate Schedule ISS or the General Terms and Conditions applicable thereto, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by Company, in its reasonable judgment, to assure just and reasonable terms of service and rates under the Natural Gas Act. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant

to this Section 5.2, including the right to contest the rates or charges for the services provided under this Agreement, from time to time, in any rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such rates or charges.

#### ARTICLE VI

#### MISCELLANEOUS

6.1 This Agreement constitutes the entire Agreement between the parties and no waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.

6.2 The laws of the State of \_\_\_\_\_ shall govern the validity, construction, interpretation, and effect of this Agreement, without giving effect to any conflict of laws doctrine that would apply the laws of another jurisdiction.

6.3 No modification of or supplement to the terms and provisions hereof shall be or become effective except by execution of a supplementary written agreement between the parties.

6.4 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

6.5 Exhibit A, Exhibit B (if applicable), Exhibit C (if applicable), and Exhibit D (if applicable), attached to this Agreement constitute a part of this Agreement and are incorporated herein.

6.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement, each party shall make and diligently prosecute, all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the storage service which is the subject of this Agreement. Each party shall have the right to seek such governmental authorizations, as it deems necessary, including the right to prosecute its requests or applications for such authorization in the manner it deems appropriate. 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 paragraph. Each party shall promptly provide the other party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings.

6.7 (If applicable) This Agreement supersedes and cancels the Service Agreement (# \_\_\_\_\_) dated \_\_\_\_\_ between the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed by the parties by their respective duly authorized officers and shall be effective as of the date first written above.

SOUTHERN NATURAL GAS COMPANY, L.L.C.

By \_\_\_\_\_  
Its \_\_\_\_\_

(SHIPPER)

By \_\_\_\_\_  
Its \_\_\_\_\_

Service Agreement No. \_\_\_\_\_

EXHIBIT C  
Discount Information

Discounted Storage Rate(s): \_\_\_\_\_

Discounted Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Service Agreement No. \_\_\_\_\_

EXHIBIT D  
Negotiated Rate Information/Agreement

Negotiated Storage Rate(s): \_\_\_\_\_

Negotiated Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

[if applicable, any other relevant rate provisions]

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

PRO FORMA

LIQUEFIABLES TRANSPORTATION AGREEMENT

THIS AGREEMENT, made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Southern Natural Gas Company, L.L.C., a Delaware limited liability company, hereinafter referred to as "Company", and \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to as "Shipper".

WITNESSETH

WHEREAS, Company has undertaken to provide open-access transportation service under Part 284 of the Federal Energy Regulatory Commission's (Commission) Regulations; and

WHEREAS, Shipper has requested the transportation of liquefiabiles by Company pursuant to the terms of this Agreement for processing at the processing plant(a) specified herein and has submitted to Company a request for such service in compliance with Section 2 of the General Terms and Conditions contained in the current Volume No. 1 of Company's FERC Gas Tariff; and

WHEREAS, Company is willing to render such transportation service to Shipper pursuant to the provisions of this Agreement and Subpart G of Part 284 of the Commission's Regulations.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

QUANTITY OF SERVICE

1.1 Subject to the terms and provisions of this Agreement and the General Terms and Conditions applicable thereto, Shipper agrees to deliver, or cause to be delivered, to Company at the Receipt Point(s) elected by Shipper upstream of the processing plant(s) the quantity of gas (in Dth) that Company schedules at such point(s) for transportation under this Agreement. Company's obligation to accept gas at any Receipt Point specified on Exhibit A hereto is limited to the Maximum Daily Receipt Quantity (MDRQ) specified in the General Terms and Conditions hereto.

1.2 Company shall redeliver a thermally equivalent quantity of gas to Shipper at the Delivery Point(s) to the processing plants described on Exhibit A hereto. Company's obligation to redeliver gas at any Delivery Point is limited to the Maximum Daily Delivery Quantity (MDDQ) specified in the General Terms and Conditions hereto.

ARTICLE II

CONDITIONS OF SERVICE

2.1 It is recognized that the hydrocarbons Shipper desires to have processed are produced at each Receipt Point in conjunction with the gas transported by Company under separate Service Agreements under its transportation rate schedules. The transportation services performed under this Agreement must be performed in conjunction with the transportation of such gas stream. In the event Company finds it necessary to allocate capacity in the facilities utilized for Shipper's service hereunder, the allocation of capacity to Shipper's Agreement shall be dependent on the allocation of capacity Company makes, pursuant to the terms of its FERC Gas Tariff, to the transportation agreement(s) under which the gas stream associated with Shipper's liquefiabiles is being transported. Company shall not change the quantities of gas it will transport hereunder during any day of transportation except upon four (4) hours' prior notice to Shipper.

2.2 At any time the processing plant to which Company is transporting liquefiabiles on Shipper's behalf is shut down, transportation under this Agreement shall be suspended during the period of shutdown.

2.3 Company makes no representation, assurance or warranty that capacity will be available on Company's pipeline system at any time and Shipper agrees that Company shall bear no responsibility or liability to any person if capacity does not exist on any day to provide service hereunder.

2.4 This Agreement shall be subject to all provisions of the General Terms and Conditions, except for Sections 10.2, 10.3, 12.1, 12.2, 13.2, 16.3, 17, 20, 21, 22, 23, 32-35, 41.2, and 41.3 and Appendices B, C, D, and G-J, as such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Commission of such provisions of the General Terms and Conditions or other matters relating to this Agreement. In the event there is a conflict between the provisions of this Agreement and the applicable transportation rate schedule or the General Terms and Conditions, the provisions of this Agreement shall govern.

2.5 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions contained in Company's FERC Gas Tariff.

2.6 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement.

2.7 This Agreement is subject to the provisions of Subpart G of Part 284 of the Commissions' Regulations. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the transportation activities underway on the day of termination, to comply with the provisions of Section 14 of the General Terms and Conditions with respect to the resolution of any imbalances accrued prior to termination of this Agreement, to render reports, and to make payment for transportation services rendered.

### ARTICLE III

#### NOMINATIONS AND BALANCING

3.1 For purposes of nominating service hereunder, Shipper agrees that on a day when the gas stream associated with Shipper's liquefiabiles is scheduled by Company for transportation, Company will provide as a nomination on Shipper's behalf the historical quantity (in Dth) of liquefiabiles produced from the Receipt Point(s) attributable to the interest from which Shipper has retained or acquired the right to process such liquefiabiles. This historical daily volume shall be deemed to be Shipper's nomination under this Agreement for transportation to the processing plant(s) specified in Shipper's election on Exhibit A hereto until changed or adjusted by Company prospectively pursuant to an allocation of capacity under Section 2.1 above or an update of the historical plant volume reduction information utilized by Company. Shipper shall notify Company in writing, pursuant to the provisions of Section 5(b) of Rate Schedule IT, of the Receipt Points which it has dedicated to each processing plant prior to the date the gas is scheduled to flow from said Receipt Points. Such Receipt Points elected by Shipper shall constitute Exhibit A hereto from time to time.

3.2 Any imbalances accrued under this Agreement between the quantities received by Company for Shipper's account during a month and the volume of liquefiabiles processed for Shipper's account at the processing plant during a month shall be resolved pursuant to the provisions of Section 14 of the General Terms and Conditions.

### ARTICLE IV

#### NOTICES

4.1 Except as provided in Section 8.6 herein, notices hereunder shall be given pursuant to the provisions of Section 18 of the General Terms and Conditions to a party at the applicable address, telephone number, facsimile machine number or e-mail addresses provided by the parties on Appendix E to the General Terms and Conditions or such other addresses, telephone numbers, facsimile machine numbers or e-mail addresses as the parties shall respectively hereafter designate in writing from time to time.

### ARTICLE V

#### TERM

5.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first written above and shall be in full force and effect for a primary term of \_\_\_\_\_ and shall continue and remain in force and effect for successive terms of \_\_\_\_\_ each thereafter unless and until cancelled by either party giving \_\_\_\_\_ written notice to the other party prior to the end of the

primary term or any \_\_\_\_\_ extension thereof, provided however, this agreement will automatically terminate if this agreement is not utilized for processing liquefiabiles during a period of 12 consecutive months.

#### ARTICLE VI

##### REMUNERATION

6.1 For transportation services rendered for Shipper each month under this Agreement, Shipper shall pay Company monthly a sum equal to the applicable rate set forth in the currently effective Sections 3.6 or 3.6.1 multiplied by the aggregate quantities of liquefiabiles (in Dth) delivered for Shipper's account each day during the month.

6.2 In addition to the charges specified in Section 6.1 above, Shipper agrees to pay Company the following:

- a) Any volumetric charges, surcharges or fuel applicable to firm and/or interruptible transportation services as set forth in Company's FERC Gas Tariff from time to time which are made applicable to the transportation service provided hereunder;
- b) Any and all filing or other fees required in connection with transportation under this Agreement that Company is obligated to pay to the Commission or any other governmental authority having jurisdiction.

6.3 The rates and charges provided for under Agreement shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper have the right to change from time to time, all or any part of its FERC Gas Tariff, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by Company, in its reasonable judgment, to assure just and reasonable terms of service and rates under the Natural Gas Act. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 6.3, including the right to contest the rates or charges for the services provided under this Agreement, from time to time, in any rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such rates or charges.

#### ARTICLE VII

##### CREDITWORTHINESS

7.1 If at any time Shipper is or becomes insolvent, or fails to demonstrate creditworthiness, or fails to make payments pursuant to Section 15 of the General Terms and Conditions, Shipper must provide to Company one of the following forms of credit to enter into or maintain in effect this Agreement: (a) a security deposit or other good and sufficient surety, as determined by Company in its reasonable discretion, in an amount equal to the cost of performing the maximum transportation service requested by Shipper for a three (3) month period; or (b) a guarantee from a creditworthy party that said party will be responsible for payment of all charges and penalties assessed by Company but not paid by Shipper hereunder.

#### ARTICLE VIII

##### MISCELLANEOUS

8.1 This Agreement constitutes the entire Agreement between the parties and no waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.

8.2 The laws of the State of \_\_\_\_\_ shall govern the validity, construction, interpretation, and effect of this Agreement, without giving effect to any conflict of laws doctrine that would apply the laws of another jurisdiction.

8.3 No modification of or supplement to the terms and provisions hereof shall be or become effective except by execution of a supplementary written agreement between the parties.

8.4 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

8.5 Exhibit A attached to this Agreement constitutes a part of this Agreement and is incorporated herein.

8.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement, each party shall make and diligently prosecute, all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the transportation service which is the subject of this Agreement. Each party shall have the right to seek such governmental authorizations, as it deems necessary, including the right to prosecute its requests or applications for such authorization in the manner it deems appropriate. 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 paragraph. Each party shall promptly provide the other party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings. In the event all such necessary regulatory approvals have not been issued or have not been issued on terms and conditions acceptable to Company or Shipper within twelve (12) months from the date of the initial application therefor, then Company or Shipper may terminate this Agreement without further liability or obligation to the other party by giving written notice thereof at any time subsequent to the end of such twelve-month period, but prior to the receipt of all such acceptable approvals. Such notice will be effective as of the date it is delivered to the U.S. mail for delivery by certified mail, return receipt requested.

8.7 (If applicable) This Agreement supersedes and cancels the Agreement (# \_\_\_\_\_) dated \_\_\_\_\_ between the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above by the parties' respective duly authorized officers.

Attest/Witness:

SOUTHERN NATURAL GAS COMPANY, L.L.C.

\_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

Attest/Witness:

(SHIPPER)

\_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_



Service Agreement No. \_\_\_\_\_

EXHIBIT A

PROCESSING ELECTIONS

<u>Receipt Point and Source</u>	<u>Interest Owner</u>	<u>Percent of Working Interest to be Processed (if less than 100%)</u>	<u>Delivery Point/Processing Plant</u>	<u>Effective Months</u>
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Shipper verifies that all processing arrangements are in place for the gas set forth above.

\_\_\_\_\_  
(SHIPPER)

PRO FORMA  
PIPELINE BALANCING AGREEMENT

This AGREEMENT is made and entered into this 1st day of \_\_\_\_\_, 20\_\_\_\_, between Southern Natural Gas Company, L.L.C. ("Southern") and \_\_\_\_\_ ("Pipeline Operator"), collectively referred to as "Parties."

WHEREAS, the facilities operated by Southern and Pipeline Operator interconnect at the "Interconnection Point" specified on Exhibit A attached hereto; and

WHEREAS, Southern and Pipeline Operator have entered into one or more transportation agreements with various third party shippers whereby Southern receives and/or delivers gas at the Interconnection Point on behalf of such shippers and Pipeline Operator delivers and/or receives gas on behalf of such shippers at the Interconnection Point; and

WHEREAS, from time to time, gas quantities actually received and delivered at the Interconnection Point by each Party may be greater than or less than the confirmed nominated quantities scheduled for receipt and delivery at the Interconnection Point, resulting in over or under-deliveries relative to such scheduled quantities; and

WHEREAS, Southern and Pipeline Operator desire to allocate volumes transported by each Party to or from the Interconnection Point on behalf of their shippers based upon scheduled nominations and to allocate any difference between such scheduled daily nominations and actual daily receipts or deliveries at the Interconnection Point ("Pipeline Imbalance") to this Agreement; and

WHEREAS, Southern and Pipeline Operator desire to correct any Pipeline Imbalances pursuant to the procedures set forth herein; and

WHEREAS, Southern and Pipeline Operator desire to implement operating rules designed to encourage conduct that maintains a system balance on Southern and Pipeline Operator's systems and to facilitate the movement of gas for transportation by shippers.

NOW THEREFORE, the Parties agree that such Pipeline Imbalances at the Interconnection Point shall be treated in the following manner:

ARTICLE I  
NOMINATIONS AND CONFIRMATIONS

1.1 Confirmation of Nominations - Not later than 2:00 p.m. Birmingham, Alabama time on the business day prior to the beginning of the month in which service is to commence, Southern and Pipeline Operator shall confirm the quantities nominated to be received and delivered by the Parties at the Interconnection Point commencing on the first day of the month following the confirmation. Any modification or adjustment to such scheduled quantities must be confirmed by Southern and Pipeline Operator prior to the commencement of the revised service. Neither Party shall be obligated to revise the scheduled quantities in effect unless the other Party notifies it by 4:00 p.m. Birmingham, Alabama time on the day prior to the day the change in physical deliveries is to be made, unless the Parties mutually agree otherwise. Southern shall provide evidence of such scheduled quantities (in writing or by electronic means) by the day following such confirmation, unless mutually agreed to otherwise. If at any time during a month Pipeline Operator fails to respond to Southern's request to confirm the quantities to be received or delivered at the Interconnection Point, then Southern may, at its option, terminate this Agreement at the end of the current calendar month upon prior written notice to Pipeline Operator. If at any time during a month Southern fails to respond to Pipeline Operator's request to confirm the quantities to be delivered or received at the Interconnection Point, then Pipeline Operator may, at its option, terminate this Agreement at the end of the current calendar month upon prior written notice to Southern. The Parties also agree that the provisions of this Agreement apply to any scheduled deliveries or receipts by displacement at the Interconnection Point.

1.2 Allocations Based on Scheduled Nominations - The Parties intend that the volumes of natural gas actually delivered or received at the Interconnection Point will be equal to the confirmed nominations scheduled to be delivered or received. Pipeline Operator shall use all reasonable efforts to ensure that the quantities actually

delivered or received by it at the Interconnection Point are equal to the scheduled nominations. Southern shall use all reasonable efforts to ensure that the quantities actually received or delivered by it at the Interconnection Point are equal to the scheduled nominations. Each Party agrees to allocate volumes to be delivered and received at the Interconnection Point each day to each Party's respective shippers based upon the scheduled nominations set forth in Section 1.1 above.

1.3 Allocation of Variances - The sum of the daily differences between the scheduled nominations set forth in Section 1.1 above for each day and the actual quantity delivered and/or received at the Interconnection Point on each day during the calendar month shall be the Monthly Pipeline Imbalance. Any Monthly Pipeline Imbalances will be resolved in accordance with Section 2.2 herein, unless mutually agreed otherwise.

1.4 Penalties - If Southern is experiencing operational difficulties because of the variance between scheduled nominations and actual flows at the Interconnection Point, Southern will give Pipeline Operator at least twenty-four (24) hours notice prior to the start of any contract day on which Pipeline Operator shall be subject to the following scheduling penalty if it varies the flow at the Interconnection Point from the total scheduled quantities of gas at the Interconnection Point on that day. If during a day when such notice is in effect the actual metered flows at such point vary by more than four percent (4%) from the total scheduled nominations, then Southern may charge Pipeline Operator a scheduling penalty equal to the maximum interruptible transportation rate under Southern's currently effective Volume No. 1 of its FERC Gas Tariff multiplied by each Dth of gas in excess of the allowed variance. If Southern has specified in its notice that scheduled services at the Interconnection Point are subject to limitation, then the penalty assessed on any such day hereunder shall be equal to \$15.00 per Dth multiplied by each Dth of gas in excess of the allowed variance. Southern will not assess a scheduling penalty to Pipeline Operator for any day in which the variance between the scheduled quantities of gas at the Interconnection Point and the actual metered flows is caused by operational conditions existing on Southern's system.

1.5 Reports on Actual Deliveries - Actual deliveries and receipts at the Interconnection Point shall be determined by the measured volumes recorded at the Interconnection Point. Measurement of gas at the Interconnection Point shall be in accordance with the provisions of the currently effective FERC Gas Tariff of the Interconnection Point Operator set forth on Exhibit A hereto. Any gas received or delivered at the Interconnection Point shall be adjusted for variation in Btu content and shall be reported in Dth's unless the parties mutually agree otherwise. The Party that owns the primary measurement facilities at the Interconnection Point shall (a) allow the other Party to tie into such equipment to receive accurate electronic measurement data on a "real time" basis; and (b) provide to the other Party the measured volumes, adjusted for Btu content, recorded each day at the Interconnection Point within two business days thereafter, unless the Parties agree otherwise.

1.6 Capacity Constraints - Each Party shall be responsible for the scheduling and management of its respective pipeline capacity and pipeline system constraints at the Interconnection Point. In the event that a capacity constraint occurs on either Party's pipeline system which results in the curtailment or limitation of quantities through the Interconnection Point, the Party on whose system the constraint has occurred shall determine the change in scheduled quantities for its shippers. Such change in scheduled quantities shall be confirmed in writing pursuant to the provisions of Paragraph 1.1 above. If the constraint occurs at the Interconnection Point, the Party that operates the measurement facilities at the Interconnection Point shall be deemed to have the constraint on its system.

1.7 Operational Integrity - Nothing in this Agreement shall limit Southern's or Pipeline Operator's ability to mutually agree to take action as may be required to adjust deliveries or receipts of gas at the Interconnection Point in order to alleviate conditions which threaten the integrity of either pipeline system.

1.8 Hourly Rate - The Parties agree that confirmed nominations scheduled to be received and delivered will occur at a uniform hourly rate or at an hourly rate agreeable to both Parties as communicated by each Party's appropriate confirmation representative or gas dispatching department.

## ARTICLE II

### CORRECTION AND RESOLUTION OF PIPELINE IMBALANCES

2.1 Corrections in Flow Rates During A Month - Adjustments in nominations and/or scheduled deliveries or receipts at the Interconnection Point shall be made by Pipeline Operator and Southern during the transportation month, if necessary, to control imbalance levels by confirming such adjustments with the other Party pursuant to

the procedures established in Section 1.1. If either Party fails to take such corrective action, the other Party may, upon prior written notice, terminate this Agreement at the end of the current calendar month.

## 2.2 Resolution of Imbalances -

(a) Each Monthly Pipeline Imbalance shall be resolved in the following month by dividing the Monthly Pipeline Imbalance by the actual Dth's metered during the month at the Interconnection Point. Such percentage determined above shall be Pipeline Operator's Net Imbalance Percentage for the month and shall be used to resolve Pipeline Operator's Monthly Pipeline Imbalance as follows:

(i) If the Monthly Pipeline Imbalance results from either (A) the total net quantities of gas delivered by Pipeline Operator at the Interconnection Point during the month being greater than the total of scheduled nominations, or (B) the total net quantities of gas delivered by Southern at the Interconnection Point during the month being less than the total scheduled nominations, Southern shall pay Pipeline Operator for its Monthly Pipeline Imbalance (per Dth) at the following prices specified for each stated percentage level up to its Net Imbalance Percentage:

Imbalance Percentage	Percentage of Index Price
0-5%	100%
> 5 to 10%	85%
>10 to 15%	75%
>15 to 20%	60%
>20%	50%

(ii) If the Monthly Pipeline Imbalance results from either (A) the total net quantities of gas delivered by Pipeline Operator at the Interconnection Point during the month being less than the total scheduled nominations, or (B) the total net quantities of gas delivered by Southern at the Interconnection Point during the month being greater than the total scheduled nominations, Pipeline Operator shall pay Southern for Pipeline Operator's Monthly Pipeline Imbalance (per Dth) at the following prices for each stated percentage level up to its Net Imbalance Percentage:

Imbalance Percentage	Percentage of Index Price
0-5%	100%
> 5 to 10%	115%
>10 to 15%	125%
>15 to 20%	140%
>20%	150%

(a) The Index Price shall be determined pursuant to the procedures set forth in Section 14.1 of the General Terms and Conditions to Southern's FERC Gas Tariff. It is further agreed that in addition to the foregoing, Pipeline Operator shall pay Southern an amount equal to Southern's maximum transportation rate under Rate Schedule IT of its FERC Gas Tariff, plus applicable surcharges, per Dth of gas taken by Pipeline Operator during the month in excess of total scheduled nominations at the Interconnection Point.

(b) It is agreed that in the event Southern owes Pipeline Operator any payments under Section 2.2(a)(i) above from a previous month which are past due, Pipeline Operator shall have the right hereunder to offset payments it owes to Southern under Section 2.2(a)(ii) above by such past due amounts (inclusive of interest). It is agreed that in the event Pipeline Operator owes Southern any payments under Section 2.2(a)(ii) above from a previous month which are past due, Southern shall have the right hereunder to offset payments it owes to Pipeline Operator under Section 2.2(a)(i) above by such past due amounts (inclusive of interest).

(c) The Parties agree that \_\_\_\_\_ will be responsible for billing the "cash out" amounts under this Agreement. Actual metered volumes, adjusted for actual Btu content, shall be used for purposes of determining the Monthly Pipeline Imbalance at the Interconnection Point. Along with the invoice, \_\_\_\_\_ shall tender to the other Party a Monthly Pipeline Imbalance Statement that contains information substantially similar to that shown in Exhibit B attached hereto.

2.3 Corrections in Subsequent Periods - If either Party discovers any measurement errors in the actual metered quantities of gas delivered and received at the Interconnection Point which are required to be corrected by the measuring Party's FERC Gas Tariff, then such error shall be corrected in the current calendar month by adding to the Monthly Pipeline Imbalance Statement an adjustment reflecting the measurement errors. Such adjustment in volumes resulting from such measurement errors shall be cashed out by multiplying the adjustment by the lesser of (i) 100% of the Index Price for the month in which the measurement error occurred, or (ii) 100% of the Index Price for the month in which the measurement error was discovered. The correction of such measurement error on Pipeline Operator's Monthly Imbalance Statement also will reflect any transportation charges owed by Pipeline Operator under Section 2.2(b) above or credits owed by Southern to Pipeline Operator to correct previous transportation charges. No adjustments of actual metered quantities shall be made after two (2) years from the month in which they were measured unless otherwise agreed to by the Parties.

### ARTICLE III

#### TERM

3.1 Duration of Agreement - Subject to the other termination rights provided herein, this Agreement shall be in full force and effect from the date hereof for a primary term through \_\_\_\_\_, and shall continue thereafter on a month-to-month basis unless cancelled by either Party upon at least forty-eight (48) hours prior written notice to the other Party prior to the end of the primary term or any month thereafter with any such termination to be effective at the end of a calendar month.

3.2 Continuing Obligations - Following the termination of this Agreement, any remaining Monthly Pipeline Imbalance accrued during the term of the Agreement shall be corrected by the imbalance resolution procedures set forth in Section 2.2 above.

### ARTICLE IV

#### MISCELLANEOUS

4.1 Warranties - Pipeline Operator warrants (i) that it has the right to allocate all receipts and/or deliveries at the Interconnection Point(s) in accordance with this Agreement, and (ii) that it will indemnify and save Southern harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas or to royalties, overriding royalties, taxes, or other charges thereon or with regard to the allocation of gas on Pipeline Operator's system hereunder. Southern warrants (i) that it has the right to allocate all deliveries and/or receipts at the Interconnection Point(s) in accordance with this Agreement, and (ii) that it will indemnify and save Pipeline Operator harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas or to royalties, overriding royalties, taxes, or other charges thereon or with regard to the allocation of gas on Southern's system hereunder.

4.2 Governing Bodies - This agreement shall be subject to all applicable laws, Federal or State, and to all applicable rules, orders, statutes and regulations of any duly authorized Federal, State or other government agency having jurisdiction.

4.3 Waivers - No waiver by either Party of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

4.4 Billings and Payments - Bills and payments which are due hereunder shall be tendered in accordance with the billing and payment terms of the billing Party's FERC Gas Tariff, unless the Parties agree otherwise.

4.5 Third Party Beneficiaries - No person, firm or corporation which is not a party hereto shall have any legal or equitable right, remedy or claim under this Agreement or any provision herein. Nothing herein is intended to or shall establish any third party beneficiaries to this Agreement.

4.6 Pipeline Operations - Neither Party shall have any obligation to alter its pipeline pressures, provide compression or modify its pipeline operations to eliminate any Pipeline Imbalance hereunder.

4.7 Incorporation of Tariff - Unless otherwise stated herein, the General Terms and Conditions specified in the currently effective Volume No. 1 of Southern's FERC Gas Tariff shall be incorporated as part of this Agreement. Notwithstanding anything in this Agreement to the contrary, this Agreement is not intended to modify or waive any rights or obligations either Party may have under its FERC Gas Tariff, as such may be revised from time to time.

4.8 Creditworthiness - Southern or Pipeline Operator may make an inquiry into the other Party's creditworthiness and obtain adequate assurances of each's solvency and ability to perform under this Agreement. In this regard, upon request, Pipeline Operator and Southern agree to supply each other with credit information from time to time including, but not limited to, three (3) credit references and either their most recent audited or otherwise verified financial statement, annual report, Form 10-K or alternate credit information sufficient to demonstrate that they will be able to meet their financial obligations under this Agreement. The Parties acknowledge that Southern or Pipeline Operator may terminate this Agreement at the end of the current calendar month upon prior written notice to the other Party hereto if they do not receive the information sought by the requesting Party which assures that Party of Pipeline Operator's or Southern's solvency and ability to continue to perform its obligations under this Agreement.

4.9 Assignability - This Agreement shall not be assignable by either Party.

4.10 Governing Law - The validity and interpretation of this Agreement shall be governed by the laws of the State of \_\_\_\_\_, without giving effect to any conflict of laws doctrine that would apply the laws of another jurisdiction.

4.11 Superseding Agreement - The terms of this Agreement shall supersede the terms of any other balancing agreement between Southern and Pipeline Operator with regard to the allocation of gas at the Interconnection Point and the resolution of the Monthly Pipeline Imbalance. No modifications or amendments to this Agreement shall be valid or enforceable unless such modifications or amendments are stated in writing and validly executed by both Parties.

4.12 Exhibits - Exhibits A and B attached hereto constitute part of this Agreement and are incorporated herein by reference.

4.13 Notices - Except as otherwise provided herein or in the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be given to the respective party as provided on Appendix E to the General Terms and Conditions, or such other address as either Party may later designate in writing.

The Parties' respective signatures below hereby evidence their agreement to this Pipeline Balancing Agreement as of the date first written above.

Witness:

\_\_\_\_\_

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

Witness:

SOUTHERN NATURAL GAS COMPANY, L.L.C.

\_\_\_\_\_

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

EXHIBIT A

Interconnection Point(s) (Description)	Southern's Point Code(s)	Pipeline Operators Point Code(s)
	<hr/>	<hr/>
Interconnection Point Operator:	<hr/>	<hr/>
	<hr/>	<hr/>
Interconnection Point Owner	<hr/>	<hr/>
	<hr/>	<hr/>

Monthly Pipeline Imbalance Statement  
Pipeline Balancing Agreement  
Dated: \_\_\_\_\_

SOUTHERN NATURAL GAS COMPANY, L.L.C.

Phone No.: \_\_\_\_\_

Effective on: August 1, 2011



Service Agreement No. \_\_\_\_\_

FORM OF SERVICE AGREEMENT  
Under Rate Schedule PAL  
Park and Loan Service

THIS AGREEMENT entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between SOUTHERN NATURAL GAS COMPANY, L.L.C., a Delaware limited liability company, hereinafter referred to as "Company," first party, and \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to [choose a. or b., as applicable]:

a. as "Shipper", second part;

b. as "Agent" for \_\_\_\_\_, a \_\_\_\_\_, ("Principals"), hereinafter individually and collectively as "Shipper"; provided that (i) Principals demonstrate to Company and agree that they collectively meet the "shipper must have title" requirement in Section 2.1(a)(viii) of the General Terms and Conditions of Company's Tariff ("General Terms and Conditions"); (ii) each of the Principals provides written evidence to Company that Agent is authorized to act on their behalf and that each of the Principals is jointly and severally liable for all of the obligations of Shipper under this Agreement; and (iii) the Principals recognize and agree that they shall be treated collectively as one Shipper for nomination, billing and allocation purposes.

W I T N E S S E T H:

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA); and

WHEREAS, Company has agreed to provide Shipper with park and loan service in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I  
PARK AND LOAN SERVICE

- 1.1 PARKS - Subject to the terms and provisions of this agreement, the associated Park and Loan Service Request Order(s) ("PAL RO"), and Company's Rate Schedule PAL, Shipper agrees to deliver or cause gas to be delivered to Company and Company agrees to (a) the receipt of a quantity of gas (Parked Quantity), on behalf of Shipper at the applicable Point of Transaction (PT) on Company's system; (b) hold the Parked Quantity on Company's system; and (c) deliver, upon nomination by Shipper, the Parked Quantity to Shipper at the same PT. Shipper shall receive or deliver gas from or to Company at the PT. Shipper shall make any necessary arrangements with Company or third parties to receive gas from or deliver gas to Company at the PT; provided, however, that such arrangements shall be compatible with the operating conditions of Company's pipeline system and shall provide for coordinated scheduling with Company.
- 1.2 LOANS - Subject to the terms and conditions of this agreement, the associated Park and Loan Service Request Order(s) ("PAL RO"), and Company's Rate Schedule PAL, Company shall make available to Shipper at the specified PT on an interruptible basis a quantity of gas to be loaned to Shipper for a time period as specified in the PAL RO. Shipper shall pay back the loaned quantities of gas to Company at the PT where Shipper received the loaned gas. Shipper shall make any necessary arrangements with Company or third parties to receive gas from or deliver gas to Company at the PT; provided, however, that such arrangements shall be compatible with the operating conditions of Company's pipeline system and shall provide for coordinated scheduling with Company.
- 1.3 Service rendered hereunder shall be interruptible, which shall be subject to limitation or interruption at Company's reasonable discretion. In the event Company is unable to provide the level of Park or Loan Service requested by all Shippers under Rate Schedule PAL, then Company

shall allocate available Park or Loan Service among such Shippers in accordance with Section 5.1 of Company's Rate Schedule PAL.

- 1.4 Company and Shipper shall execute a new PAL RO for each park or loan service agreed to hereunder. Each PAL RO shall set forth a deal number for each transaction, which Shipper shall use when nominating its service thereunder.

## ARTICLE II TERM OF AGREEMENT

- 2.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first hereinabove written and shall be in full force and effect on a month to month basis unless terminated by either Party upon at least five (5) days prior written notice to the other Party. This agreement may be terminated by Company if no activity occurs hereunder during a period of 12 consecutive months. It is provided, however that this Agreement shall not terminate prior to the ending date of any underlying PAL RO.
- 2.2 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions hereto.

## ARTICLE III RATE SCHEDULE AND PRICE

- 3.1 RATES - Shipper shall pay Company for service hereunder in accordance with Company's Rate Schedule PAL and the applicable provisions of the General Terms and Conditions of Company's FERC Gas Tariff as filed with the Federal Energy Regulatory Commission, and as the same may be legally amended or superseded from time to time. Such Rate Schedule and General Terms and Conditions are by this reference made a part hereof. Except as provided to the contrary in any written or electronic agreement(s) between Company and Shipper in effect during the term of this Agreement, Shipper shall pay Company the applicable maximum rate(s) and all other applicable charges and surcharges specified in the Summary of Rates in Company's FERC Gas Tariff and in this Rate Schedule. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder or Company may agree to a negotiated rate. Such discounted or negotiated charges shall be set forth on the PAL RO and shall take precedence over the charges set forth in Rate Schedule PAL during the period in which they are in effect.

Shipper shall elect either the Daily Rate or Term Rate PAL service option:

- (a) Daily Rate PAL services: Exhibit A
- (b) Term Rate PAL services: Exhibit B

Any discounted rate granted by Company hereunder shall be a rate between the applicable minimum and maximum rate.

- 3.2 INCIDENTAL CHARGES - Shipper agrees to reimburse Company for any filing or similar fees, which have not been previously paid by Shipper, which Company incurs in rendering service hereunder.
- 3.3 CHANGES IN RATES AND CHARGES - Shipper agrees that Company shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the rates and charges applicable to service pursuant to Company's Rate Schedule PAL, (b) the rate schedule pursuant to which service hereunder is rendered, or (c) any provision of the General Terms and Conditions applicable to such rate schedule. Company agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Company's existing FERC Gas Tariff as may be found necessary to assure Company just and reasonable rates.

ARTICLE IV  
BILLINGS AND PAYMENTS

Company shall bill and Shipper shall pay all rates and charges in accordance with Section 15 of the General Terms and Conditions of Company's FERC Gas Tariff.

ARTICLE V  
GENERAL TERMS AND CONDITIONS

This Agreement shall be subject to the effective provisions of Company's Rate Schedule PAL and to the General Terms and Conditions incorporated therein, as the same may be changed or superseded from time to time in accordance with the rules and regulations of the FERC.

ARTICLE VI  
REGULATION

This Agreement shall be subject to all applicable and lawful governmental statutes, orders, rules and regulations and is contingent upon the receipt and continuation of all necessary regulatory approvals or authorizations upon terms acceptable to Company. This Agreement shall be void and of no force and effect if any necessary regulatory approval is not so obtained or continued. All Parties hereto shall cooperate to obtain or continue all necessary approvals or authorizations, but no Party shall be liable to any other Party for failure to obtain or continue such approvals or authorizations.

ARTICLE VII  
RESPONSIBILITY DURING PAL

Except as herein specified, the responsibility for gas for the duration of the park or loan service shall be as stated in the General Terms and Conditions of Company's FERC Gas Tariff Volume No. 1.

ARTICLE VIII  
WARRANTIES

- 8.1 In addition to the warranties set forth in Section 9 of the General Terms and Conditions of Company's FERC Gas Tariff, Shipper warrants the following: (a) Shipper warrants that all upstream and downstream pooling and transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised, if necessary, the upstream and downstream parties of this Agreement and any quantity limitations for each PT. Shipper agrees to indemnify and hold Company harmless for refusal to provide parking service hereunder in the event any upstream or downstream party fails to receive or deliver gas as contemplated by this Agreement; (b) Shipper agrees to indemnify and hold Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses (including reasonable attorneys fees) arising from or out of breach of any warranty by Shipper herein.
- 8.2 Company shall not be obligated to provide or continue service hereunder in the event of any breach of warranty.

ARTICLE IX  
NOTICE

Except as otherwise provided in the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be given to the respective party at the applicable address, telephone number, or e-mail addresses provided by the parties pursuant to Section 18 of the General Terms and Conditions.

ARTICLE X  
ASSIGNMENT

Any person which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of either Party hereto shall be entitled to the rights and shall be subject to the obligations of its predecessor in interest under this Agreement. Otherwise, this Agreement shall not be assigned.

ARTICLE XI  
MISCELLANEOUS

- 12.1 THE INTERPRETATION AND PERFORMANCE OF THIS CONTRACT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF \_\_\_\_\_, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAWS DOCTRINE THAT WOULD APPLY THE LAWS OF ANOTHER JURISDICTION.
- 12.2 If any provision of this Agreement is declared null and void, or voidable, by a court of competent jurisdiction, then that provision will be considered severable at either Party's option; and if the severability option is exercised, the remaining provisions of the Agreement shall remain in full force and effect.
- 12.3 Unless otherwise expressly provided in this Agreement or Company's FERC Gas Tariff, no modification of or supplement to the terms and provisions stated in this Agreement shall be or become effective, until Shipper has submitted a request for change and Company has agreed to such change.

IN WITNESS WHEREOF, this Agreement has been executed by the parties by their respective duly authorized officers and shall be effective as of the date first written above.

SOUTHERN NATURAL GAS COMPANY, L.L.C.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

[SHIPPER]

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

PAL SERVICE REQUEST ORDER – DAILY

Service Agreement No. \_\_\_\_\_

Reference is made to that PAL Service Agreement by and between Company and \_\_\_\_\_ (Shipper), dated \_\_\_\_\_, \_\_\_\_\_.

Company and Shipper, pursuant to the referenced service agreement, agree to the following terms:

Term of PAL Agreement\*:

Service beginning on \_\_\_\_\_,  
Service ending on \_\_\_\_\_.

Daily Rate Charge:

Point of Transaction \_\_\_\_\_  
Total Quantity \_\_\_\_\_

Schedule for Service\*\*:

		<u>Daily Quantity Delivered to</u>	<u>Daily Quantity Received from</u>
		<u>Company (Dth)</u>	<u>Company (Dth)</u>
<u>Beginning Date</u>	<u>Ending Date</u>		
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Special terms and conditions:  
\_\_\_\_\_

\* If SHIPPER's account balance is not zero on the last day of the agreed upon term as set forth in this PAL Agreement and it is operationally feasible, COMPANY and SHIPPER may mutually agree to extend the agreed upon term in order to reach a zero balance.

\*\*The daily quantity of gas delivered to or from COMPANY on a daily basis shall equal the agreed upon daily quantity of gas set forth in this PAL Agreement unless otherwise mutually agreed upon by both COMPANY and SHIPPER.

If you are in agreement, please indicate by executing below.

SOUTHERN NATURAL GAS COMPANY, L.L.C.  
(Company)

By \_\_\_\_\_

Its \_\_\_\_\_

\_\_\_\_\_  
(Shipper)

By \_\_\_\_\_

Its \_\_\_\_\_

PAL SERVICE REQUEST ORDER – TERM

Service Agreement No. \_\_\_\_\_

Reference is made to that PAL Service Agreement by and between Company and \_\_\_\_\_ (Shipper), dated \_\_\_\_\_, \_\_\_\_\_.

Company and Shipper, pursuant to the referenced service agreement, agree to the following terms:

Term of PAL Agreement\*:

Service beginning on \_\_\_\_\_,  
Service ending on \_\_\_\_\_.

Term Rate Charge:

Point of Transaction \_\_\_\_\_  
Total Quantity \_\_\_\_\_

Schedule for Service\*\*:

		<u>Daily Quantity Delivered to</u>	<u>Daily Quantity Received from</u>
		<u>Company (Dth)</u>	<u>Company (Dth)</u>
<u>Beginning Date</u>	<u>Ending Date</u>		
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Special terms and conditions:  
\_\_\_\_\_

\* COMPANY and SHIPPER may mutually agree to extend the agreed upon term pursuant to Section 4.3(b) of Rate Schedule PAL.

\*\*The daily quantity of gas delivered to or from COMPANY on a daily basis shall not exceed the agreed upon daily quantity of gas set forth in this PAL Agreement unless otherwise mutually agreed upon by both COMPANY and SHIPPER.

If you are in agreement, please indicate by executing below.

SOUTHERN NATURAL GAS COMPANY, L.L.C.  
(Company)

By \_\_\_\_\_

Its \_\_\_\_\_

\_\_\_\_\_  
(Shipper)

By \_\_\_\_\_

Its \_\_\_\_\_



Service Agreement No. \_\_\_\_\_

PRO FORMA

FORM OF FIRM TRANSPORTATION SERVICE AGREEMENT  
UNDER RATE SCHEDULE FT-NN

THIS AGREEMENT, made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Southern Natural Gas Company, L.L.C., a Delaware limited liability company, hereinafter referred to as "Company", and \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to [choose a. or b., as applicable]:

a. as "Shipper";

b. as "Agent" for \_\_\_\_\_, a \_\_\_\_\_, ("Principals"), hereinafter individually and collectively as "Shipper"; provided that (i) Principals demonstrate to Company and agree that they collectively meet the "shipper must have title" requirement in Section 2.1(a)(viii) of the General Terms and Conditions of Company's Tariff ("General Terms and Conditions"); (ii) each of the Principals provides written evidence to Company that Agent is authorized to act on their behalf and that each of the Principals is jointly and severally liable for all of the obligations of Shipper under this Agreement; and (iii) the Principals recognize and agree that they shall be treated collectively as one Shipper for nomination, billing and allocation purposes.

WITNESSETH:

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA); and

WHEREAS, Shipper has requested firm transportation pursuant to Rate Schedule FT-NN of various supplies of gas for redelivery for Shipper's account and has submitted to Company a request for such transportation service in compliance with Section 2 of the General Terms and Conditions applicable to such Rate Schedule; and/or

WHEREAS, Shipper may acquire, from time to time, released firm transportation capacity under Section 22 of the General Terms and Conditions or continued transportation service; and

WHEREAS, Company has agreed to provide Shipper with transportation service of such gas supplies or through such acquired capacity release in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

TRANSPORTATION QUANTITY

1.1 Subject to the terms and provisions of this Agreement, Rate Schedule FT-NN and the General Terms and Conditions thereto, Shipper agrees to deliver or cause to be delivered to Company at the Receipt Point(s) described in Exhibit A and Exhibit A-1 to this Agreement, and Company agrees to accept at such point(s) for transportation under this Agreement, an aggregate quantity of natural gas per day up to the total Transportation Demand set forth on Exhibit B hereto.

Company's obligation to accept gas on a firm basis at any Receipt Point is limited to the Receipt Points set out on Exhibit A and to the Maximum Daily Receipt Quantity (MDRQ) stated for each such Receipt Point. The sum of the MDRQ's for the Receipt Points on Exhibit A shall equal the Transportation Demand.

1.2 Subject to the terms and provisions of this Agreement, Rate Schedule FT-NN, and the General Terms and Conditions thereto, Company shall deliver a thermally equivalent quantity of gas, less the applicable fuel charge as set forth in the applicable FT-NN Rate Schedule, to Shipper at the Delivery Point(s) described in Exhibit B and Exhibit B-1 hereto. Company's obligation to redeliver gas at any Delivery Point on a firm basis is limited to the Delivery Points specified on Exhibit B and to the Maximum Daily Delivery Quantity (MDDQ) stated for each such Delivery Point and in no event shall Shipper be entitled to deliveries in excess of the MDDQ such that if Shipper

elects to take gas at an Exhibit B-1 Delivery Point then the MDDQ at its Exhibit B Delivery Points will be reduced proportionately. The sum of the MDDQ's for the Delivery Points on Exhibit B shall equal the Transportation Demand.

1.3 In the event Shipper is the successful bidder on released firm transportation capacity under Section 22 of Company's General Terms and Conditions, Company will promptly email and make available to Shipper the terms of the Capacity Release Transaction on its Interactive Website. Upon the issuance of the email, subject to the terms, conditions and limitations hereof and of Company's Rate Schedules FT-NN, Company agrees to provide the released firm transportation service to Shipper under Rate Schedule FT-NN, the General Terms and Conditions thereto, and this Agreement.

## ARTICLE II

### CONDITIONS OF SERVICE

2.1 It is recognized that the transportation service hereunder is provided on a firm basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule FT-NN, and the General Terms and Conditions thereto, which are contained in Company's FERC Gas Tariff, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and the terms of the applicable Rate Schedule, the terms of the Rate Schedule shall govern as to the point of conflict. Any limitation of transportation service hereunder shall be in accordance with the priorities set out in such Rate Schedule and the General Terms and Conditions thereto.

2.2 This Agreement shall be subject to all provisions of the General Terms and Conditions applicable to Company's Rate Schedule FT-NN and such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Federal Energy Regulatory Commission ("Commission") of such provisions of the General Terms and Conditions or other matters relating to Rate Schedule FT-NN.

2.3 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions hereto.

2.4 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement.

2.5 This Agreement is subject to the provisions of Subpart G of Part 284 of the Commission's Regulations under the NGPA and the Natural Gas Act. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the transportation of gas underway on the day of termination, to comply with the provisions of Section 14 of the General Terms and Conditions with respect to any imbalances accrued prior to termination of this Agreement, to render reports, and to make payment for all obligations accruing prior to the date of termination.

## ARTICLE III NOTICES

3.1 Except as provided in Section 8.6 herein, notices hereunder shall be given pursuant to the provisions of Section 18 of the General Terms and Conditions to the respective party at the applicable address, telephone number, or e-mail addresses provided by the parties from time to time.

## ARTICLE IV TERM

4.1 Subject to the provisions hereof, this Agreement shall be in full force and effect for the primary term(s) as set forth on Exhibit B hereto, as applicable, and shall continue and remain in force and effect for successive evergreen terms specified on Exhibit B hereto unless canceled by either party giving the required amount of written notice specified on Exhibit B to the other party prior to the end of the primary term(s) or any extension thereof. The primary term of the Agreement may commence and end as provided on Exhibit B. (If Applicable) If construction of facilities is necessary, Exhibit B may indicate that the start date coincides with the in-service date of the applicable facilities.

4.2 In the event Shipper has not contracted for firm Transportation Demand under this Agreement directly with Company, as set forth on Exhibit B hereto, then the term of this Agreement shall be effective as of the date first hereinabove written and shall remain in full force and effect for a primary term through the end of the month and month to month thereafter unless canceled by either party giving at least five (5) days written notice to the other party prior to the end of the primary term or any extension thereof, provided however, this agreement may be terminated by Company if no activity occurs hereunder during a period of 12 consecutive months. It is provided, however that this Agreement shall not terminate prior to the expiration of any Capacity Release Transaction.

#### ARTICLE V CONDITIONS PRECEDENT

5.1 Unless otherwise agreed to by the parties, the terms of Rate Schedule FT-NN, and the General Terms and Conditions thereto, shall apply to the acquisition or construction of any facilities necessary to effectuate this Agreement. Other provisions of this Agreement notwithstanding, Company shall be under no obligation to construct the facilities or commence service hereunder unless and until (1) Company has received and accepted the necessary regulatory approvals and permits to construct the facilities in a form and substance satisfactory to Company; (2) all facilities, of whatever nature, as are required by Company to permit the receipt, measurement, transportation, and delivery of natural gas hereunder have been authorized, installed, and are in operating condition; (3) (If Applicable) Company has obtained the approval of the appropriate management or management committee and/or board of directors of Company and/or its parent company to spend the capital necessary to construct the additional facilities; and (4) (If Applicable) Shipper completes the construction and places into operation, using diligent efforts, its upstream or downstream production or end use facilities required to receive or deliver gas hereunder.

#### ARTICLE VI REMUNERATION

6.1 Shipper shall pay Company monthly for the transportation services rendered hereunder the charges specified in Rate Schedule FT-NN, and under each effective Capacity Release Transaction, as applicable, including any penalty and other authorized charges assessed under the FT-NN Rate Schedule and the General Terms and Conditions. For service requested from Company under Rate Schedule FT-NN, Company shall notify Shipper as soon as practicable of the date services will commence hereunder, and if said date is not the first day of the month, the Reservation Charge for the first month of service hereunder shall be adjusted to reflect only the actual number of days during said month that transportation service is available. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule FT-NN. Said discounted charges shall be set forth on Exhibit E hereto or the parties may agree to a Negotiated Rate for such services in accordance with the provisions of Rate Schedule FT-NN. Said discounted or Negotiated Rates shall be set forth on Exhibit E or Exhibit F, respectively, hereto and shall take precedence over the charges set forth in Rate Schedules FT-NN during the period in which they are in effect.

6.2 The rates and charges provided for under Rate Schedule FT-NN shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper, have the right to change from time to time, all or any part of its Proforma Service Agreement, as well as all or any part of Rate Schedule FT-NN, or the General Terms and Conditions thereto, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by Company, in its reasonable judgment, to assure just and reasonable service and rates under the Natural Gas Act. It is recognized, however, that once a Capacity Release Transaction has been awarded, Company cannot increase the Reservation Charge to be paid by Shipper under that Capacity Release Transaction, unless in its bid the Replacement Shipper has agreed to pay a percentage of the maximum tariff rate in effect and the maximum tariff rate increases during the term of the Capacity Release Transaction. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 6.2, including the right to contest the transportation rates or charges for the services provided under this Agreement, from time to time, in any subsequent rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such transportation rates or charges, the Rate Schedules, or the General Terms and Conditions thereto.

#### ARTICLE VII RESERVED

#### ARTICLE VIII

#### MISCELLANEOUS

8.1 This Agreement constitutes the entire Agreement between the parties and no waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.

8.2 The laws of the State of \_\_\_\_\_ shall govern the validity, construction, interpretation, and effect of this Agreement, without giving effect to any conflict of laws doctrine that would apply the laws of another jurisdiction.

8.3 No modification of or supplement to the terms and provisions hereof shall be or become effective except by execution of a supplementary written agreement between the parties except that (i) a Capacity Release Transaction may be issued, and (ii) in accordance with the provisions of Rate Schedule FT-NN, and the General Terms and Conditions thereto, Receipt Points may be added to or deleted from Exhibit A and the Maximum Daily Receipt Quantity for any Receipt Point on Exhibit A may be changed upon execution by Company and Shipper of a Revised Exhibit A to reflect said change(s), and (iii) Delivery Points may be added to or deleted from Exhibit B and the Maximum Daily Delivery Quantity for any Delivery Point may be changed upon execution by Company and Shipper of a Revised Exhibit B to reflect said change(s). It is provided, however, that any such change to Exhibit A or Exhibit B must include corresponding changes to the existing Maximum Daily Receipt Quantities or Maximum Daily Delivery Quantities, respectively, such that the sum of the changed Maximum Daily Receipt Quantities equals the Transportation Demand and the sum of the Maximum Daily Delivery Quantities equals the Transportation Demand.

8.4 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Subject to the provisions of Section 22 of the General Terms and Conditions applicable hereto, either party may assign this Agreement to an affiliated company without the prior written consent of the other party, provided that the affiliated company is creditworthy pursuant to Section 2.1(d) of the General Terms and Conditions, but neither party may assign this Agreement to a nonaffiliated company without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

8.5 Exhibits A, A-1, B, B-1, and \_\_\_\_\_ attached to this Agreement constitute a part of this Agreement and are incorporated herein.

8.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement for firm transportation capacity from Company, each party shall make and diligently prosecute all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the transportation service which is the subject of this Agreement and to construct and operate any facilities necessary therefore. Each party shall have the right to seek such governmental authorizations as it deems necessary, including the right to prosecute its requests or applications for such authorization in the manner it deems appropriate. 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 paragraph. Each party shall promptly provide the other party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings.

8.7 (If applicable to local distribution companies pursuant to Article XV, Paragraph 1(b) of the Stipulation and Agreement approved in the "Order Approving Settlement" in Docket Nos. RP89-224-012, et al., dated September 29, 1995, 75 FERC ¶61,322 (1995).).

If Shipper experiences the loss of any load, by direct connection of such load to the Company's system, Shipper may reduce its Transportation Demand under this Service Agreement or any other Service Agreement for firm transportation service between Shipper and Company by giving Company 30 days prior written notice of such reduction within six (6) months of the date Company initiates direct services to the industrial customer; provided, however, that any such reduction shall be applied first to the Transportation Demand under the Service Agreement with the shortest remaining contract term.

In order to qualify for a reduction in its Transportation Demand, Shipper must certify and provide supporting data that:

- (i) The load was actually being served by Shipper with gas transported by Company prior to November 1, 1993.
- (ii) If the load lost by Shipper was served under a firm contract, the daily contract quantity shall be provided.
- (iii) If the load lost by Shipper was served under an interruptible contract, the average daily quantities during the latest twelve months of service shall be provided.

Shipper may reduce its aggregate Transportation Demand under all its Service Agreements by an amount up to the daily contract quantity in the case of the loss of a firm customer and/or up to the average daily deliveries during the latest twelve month period in the case of the loss of an interruptible customer. Such reduction shall become effective thirty days after the date of Shipper's notice that it desires to reduce its Transportation Demand.

8.8 (If applicable) This Agreement supersedes and cancels the Service Agreement (# \_\_\_\_\_) dated \_\_\_\_\_ between the parties hereto.

8.9 (If applicable) In the event Company subscribes for off-system firm transportation capacity, Shipper shall pay the additional charges set forth on Exhibit C attached hereto, except as otherwise provided on Exhibit E or F.

IN WITNESS WHEREOF, this Agreement has been executed by the parties by their respective duly authorized officers and shall be effective as of the date first written above.

SOUTHERN NATURAL GAS COMPANY, L.L.C.

By \_\_\_\_\_

Its \_\_\_\_\_

[SHIPPER]

By \_\_\_\_\_

Its \_\_\_\_\_

Service Agreement No. \_\_\_\_\_

EXHIBIT A  
RECEIPT POINTS

<u>Package No.</u>	<u>Point Code</u>	<u>Receipt Points</u> <u>Point Name</u>	<u>MDRO (Dth) by</u> <u>Month</u>
--------------------	-------------------	--	--------------------------------------

Total Transportation Demand: \_\_\_\_\_ Dth 1/

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Effective Date: \_\_\_\_\_

1/ (Specify monthly variations if applicable)

Service Agreement No. \_\_\_\_\_

EXHIBIT A-1  
RECEIPT POINTS

All active Receipt Points on Company's contiguous pipeline system, a current list of which shall be maintained by Company on its Interactive Website.

Service Agreement No. \_\_\_\_\_

EXHIBIT B  
DELIVERY POINTS

<u>Package No.</u>	<u>Start Date</u>	<u>Primary Term</u>	<u>Primary Term Notice</u>	<u>Evergreen Term</u>	<u>Evergreen Term Notice</u>	<u>Delivery Points</u>		<u>MDDQ (Dth) by Month</u>	<u>Contract Pressure</u>	<u>Hourly Flow Rate Entitlement</u>	
						<u>Point Code</u>	<u>Point Name</u>			<u>%</u>	<u>Dth</u>

Total Transportation Demand: \_\_\_\_\_ Dth 1/

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Effective Date: \_\_\_\_\_

1/ (Specify monthly variations if applicable)



SHIPPER:

EXHIBIT B  
Page 2 of 2

Service Agreement No. \_\_\_\_\_  
Effective Date: \_\_\_\_\_

This supplement to Exhibit B details the meter station restrictions, hourly flow rate entitlements, and firm contract pressure underlying each Delivery Point MDDQ with multiple measurement stations to this Exhibit B.

<u>Point</u> <u>Name</u>	<u>Point</u> <u>Code</u>	<u>Meter</u> <u>Station</u> <u>Code</u>	<u>MDDQ</u> <u>(Dth)</u>	<u>Daily Delivery</u> <u>Capacity</u> <u>(Dth)</u>	<u>Contract</u> <u>Pressure</u>	<u>Hourly Flow</u> <u>Rate</u> <u>Entitlement</u>
						<u>%</u> <u>Dth</u>

Service Agreement No. \_\_\_\_\_

EXHIBIT B-1  
DELIVERY POINTS

All active Delivery Points on Company's contiguous pipeline system, a current list of which shall be maintained by Company on its Interactive Website.

EXHIBIT C  
OFFSYSTEM CAPACITY CHARGES

Service Agreement No. \_\_\_\_\_

The following charges shall apply to Shipper for offsystem capacity contracted under this Service Agreement.

<u>Package No.</u>	<u>Service Type</u>	<u>Pipeline</u>	<u>Charge</u>
--------------------	---------------------	-----------------	---------------

[SHIPPER]

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

SOUTHERN NATURAL GAS COMPANY, L.L.C.

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

Service Agreement No. \_\_\_\_\_

EXHIBIT E  
Discount Information

Discounted Transportation Rate: \_\_\_\_\_

Discounted Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

\_\_\_\_\_  
(SHIPPER)

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Service Agreement No. \_\_\_\_\_

EXHIBIT F  
Negotiated Rate Information/Agreement

Negotiated Transportation Rate: \_\_\_\_\_

Negotiated Rate Effective From \_\_\_\_\_ to \_\_\_\_\_

[if applicable, any other relevant rate provisions]

\_\_\_\_\_  
[SHIPPER]

\_\_\_\_\_  
SOUTHERN NATURAL GAS COMPANY, L.L.C.

Agreement No. \_\_\_\_\_

PRO FORMA

FORM OF SUPPLY POOL  
BALANCING AGREEMENT

THIS AGREEMENT, made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Southern Natural Gas Company, L.L.C., a Delaware limited liability company, hereinafter referred to as "Company", and \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to [choose a. or b., as applicable]:

a. as "Shipper";

b. as "Agent" for \_\_\_\_\_, a \_\_\_\_\_, ("Principals"), hereinafter individually and collectively as "Shipper"; provided that (i) Principals demonstrate to Company and agree that they collectively meet the "shipper must have title" requirement in Section 2.1(a)(viii) of the General Terms and Conditions of Company's Tariff ("General Terms and Conditions"); (ii) each of the Principals provides written evidence to Company that Agent is authorized to act on their behalf and that each of the Principals is jointly and severally liable for all of the obligations of Shipper under this Agreement; and (iii) the Principals recognize and agree that they shall be treated collectively as one Shipper for nomination, billing and allocation purposes.

WITNESSETH

WHEREAS, Company, an interstate pipeline as defined in Section 2(15) of the Natural Gas Policy Act of 1978 ("NGPA"), performs transportation services pursuant to Part 284 of the Regulations of the Federal Energy Regulatory Commission ("Commission"); and

WHEREAS, Shipper has requested the ability under Company's FERC Gas Tariff to nominate gas from an aggregate of Receipt Points on Company's system for sale at one or more eligible Pool Locations established by Company at designated geographic locations on its system; and/or

WHEREAS, Company has agreed to provide Shipper the opportunity to transfer title to aggregated gas supplies at the Pool Location(s) for ultimate delivery to shippers' transportation service agreements under Rate Schedule FT, FT-NN and/or IT ("Service Agreements") on Company's interstate pipeline system, subject to the terms and conditions of this Agreement as well as the subject Service Agreements, and any applicable Commission Regulations under the NGPA or Natural Gas Act.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

BALANCING TERMS AND CONDITIONS

- 1.1 Subject to the terms and provisions of this Agreement, the parties agree that to the extent Company is able to confirm and schedule the nominations made by Shipper for receipt of gas under this Supply Pool Balancing Agreement ("SPBA"), and the quantities of gas nominated by Shipper for delivery to an eligible Pool Location for sale to various third parties at the Pool Location, then such scheduled nominations shall be deemed to have been delivered to such third parties by Shipper at such Pool Location. The aggregate quantity of gas Shipper can nominate for delivery to a Pool Location on any day shall not exceed the confirmed and scheduled receipt quantity under the SPBA. To the extent the quantities of gas actually received and allocated at the Receipt Points to Shipper's SPBA each day are less than or greater than the daily quantities of gas scheduled for Shipper's account at said Receipt Points, such variance shall constitute an imbalance between Shipper and Company under the terms of this Agreement ("Imbalance").
- 1.2 The parties recognize that this Agreement is to be used to account for the inadvertent over-deliveries and under-deliveries for Shipper's account which may occur on a daily basis relative to the quantities of gas scheduled hereunder on a daily and monthly basis. Accordingly, Shipper recognizes and agrees that this Agreement in no manner waives Shipper's obligation to use its best efforts to ensure that the quantities of

gas received by Company for Shipper's account under this Agreement remain in balance on a daily and monthly basis with those quantities nominated and scheduled for delivery to the Pool Locations.

- 1.3 Any Imbalances accrued under this Agreement shall be resolved pursuant to the provisions of Section 14 of the General Terms and Conditions. This Agreement specifically shall be subject to the penalty provisions applicable to shippers under Section 41.4 of the General Terms and Conditions with respect to both current and payback activity under this Agreement which provisions and any future revisions thereto are incorporated herein by reference.
- 1.4 As prescribed by Section 14.2 of the General Terms and Conditions, as said charge may be changed from time to time, Shipper shall pay each month under this Service Agreement Company's Storage Cost Reconciliation Mechanism (SCRM) Surcharge. The SCRM Surcharge shall be applied as either a credit or a debit to the applicable Transportation Volumes as defined in Section 14.2.

## ARTICLE II

### NOMINATIONS

- 2.1 Shipper shall nominate gas for receipt into this Agreement at Receipt Points and delivery out of this Agreement at an eligible Pool Location pursuant to the procedures of Section 12 of the General Terms and Conditions with such nominations submitted in the format set forth on Company's Interactive Website. Shipper's nominations at the Pool Location(s) shall be used to confirm nominations for receipts under Service Agreements at the Pool Location(s) or to a TTT nomination to buy gas, provided that each party's nomination reflects the identity of the other party for purposes of matching nominations at the Pool Location. Shipper's nominations at the Receipt Points shall be subject to the scheduling provisions of Section 12.3 of the General Terms and Conditions and the prior notice scheduling penalty set forth in Section 41.3 (a-b) of the General Terms and Conditions.
- 2.2 Reserved.
- 2.3 Reserved.
- 2.4 Pursuant to the provisions of Section 12 of the General Terms and Conditions, Shipper may provide a downstream nomination rank for the transportation Service Agreements and/or other third party TTT nominations and associated quantities served by Shipper at the Pool Location to be used by Company to limit the downstream parties served by such Shipper's supplies scheduled hereunder in the event of an interruption or reduction in such supplies.
- 2.5 Pursuant to the provisions of Section 12 of the General Terms and Conditions, Shipper may also provide an upstream nomination rank for the Receipt Points at which Shipper is nominating hereunder to be used to limit the receipts of gas into Shipper's SPBA in the event of an interruption or reduction in the downstream markets that Shipper is supplying at the Pool Location.
- 2.6 Reserved.
- 2.7 Shipper shall exercise due diligence in monitoring the gas supply serving its SPBA and make nomination adjustments as needed.

## ARTICLE III

### CREDITWORTHINESS

- 3.1 If at any time Shipper is or becomes insolvent or fails to demonstrate creditworthiness, Shipper must provide Company one of the following forms of credit to enter into or maintain in effect this Agreement: (a) a security deposit or other good and sufficient surety, as determined by Company in its reasonable discretion, in an amount equal to the current Index Price under Section 14 of the General Terms and Conditions multiplied by Shipper's estimated maximum nominated quantity for a three (3) month period multiplied by up to five percent (5%); or (b) a guarantee from a creditworthy party that said creditworthy party will be responsible for payment of all charges or penalties assessed by Company but not paid by Shipper hereunder.

## ARTICLE IV

### NOTICES

- 4.1 Except as provided in Section 6.1 herein, notices hereunder shall be given pursuant to the provisions of Section 18 of the General Terms and Conditions to a party at the applicable address, telephone number, or e-mail addresses provided by the parties in writing or through Company's Interactive Website from time to time.

#### ARTICLE V

##### TERM

- 5.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first written above, and shall remain in full force and effect on a month to month basis unless and until terminated by either Party upon at least five (5) days prior written notice to the other Party. This agreement may be terminated by Company if no activity occurs hereunder during a period of 12 consecutive months. In addition, the provisions for correcting imbalances or paying penalties which accrue prior to the termination date of this Agreement shall survive the termination of this Agreement.

#### ARTICLE VI

##### CONDITIONS OF SERVICE

- 6.1 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body having or asserting jurisdiction herein. After the execution of this Agreement, each party shall make and diligently prosecute, 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 this Agreement. In the event all necessary regulatory approvals are not issued on terms and conditions acceptable to Company and Shipper, either party may terminate this Agreement without further liability or obligation to the other party by giving written notice within thirty (30) days after receipt of the unacceptable authorization. Such notice will be effective as of the date it is delivered to the U.S. mail for delivery by certified mail, return receipt requested.
- 6.2 This Agreement is entered into by the Parties hereto with the understanding that the terms and provisions hereof and any services provided hereunder are subject to the provisions of the Natural Gas Act. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the activities underway on the date of termination, to comply with the provisions of Section 14 of the General Terms and Conditions with respect to any imbalance accrued prior to the termination of this Agreement, to render reports and to make any payments accruing as of the date of termination.
- 6.3 This Agreement is subject to the provisions of the General Terms and Conditions contained in Company's FERC Gas Tariff, currently effective Volume No. 1, and any future modifications, additions or deletions thereto, except for any provisions which are specifically intended to apply only to services under Rate Schedule FT, FT-NN, or IT.
- 6.4 Shipper agrees that Company shall, without any further agreement by Shipper, have the right to change from time to time all or any part of this Agreement, as well as all or any part of Rate Schedule IT, or the General Terms and Conditions applicable hereto. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 6.4.
- 6.5 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement.

#### ARTICLE VII

##### MISCELLANEOUS

- 7.1 No waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.



- 7.2 The laws of the State of \_\_\_\_\_ shall govern the validity, construction, interpretation and effect of this Agreement, without giving effect to any conflict of laws doctrine that would apply the laws of another jurisdiction.
- 7.3 Reserved.
- 7.4 No modification of or supplement to the terms and provisions hereof shall become effective except by execution of a supplementary written agreement between the parties.
- 7.5 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

IN WITNESS WHEREOF, this Agreement has been executed by the parties by their respective duly authorized officers and shall be effective as of the date first written above.

SOUTHERN NATURAL GAS COMPANY, L.L.C.

By \_\_\_\_\_  
Its \_\_\_\_\_

(Shipper)

By \_\_\_\_\_  
Its \_\_\_\_\_

# Index

<u>Eighth Revised Volume No. 1</u>	<u>4.0.0</u>	<u>November 1, 2024</u>
<u>1. TOC, Preliminary Statement, Maps</u>	<u>1.0.0</u>	<u>August 1, 2011</u>
<u>1.1. Table of Contents</u>	<u>15.0.0</u>	<u>November 1, 2024</u>
<u>1.2. Preliminary Statement</u>	<u>4.0.0</u>	<u>March 1, 2019</u>
<u>1.3. Maps</u>	<u>3.0.0</u>	<u>September 1, 2016</u>
<u>1.3.1. Reserved</u>	<u>4.0.0</u>	<u>May 1, 2015</u>
<u>1.3.2. Reserved</u>	<u>5.0.0</u>	<u>May 1, 2015</u>
<u>1.3.3. Reserved</u>	<u>6.0.0</u>	<u>May 1, 2015</u>
<u>1.3.4. Reserved</u>	<u>5.0.0</u>	<u>May 1, 2015</u>
<u>1.3.5. Reserved</u>	<u>6.0.0</u>	<u>May 1, 2015</u>
<u>1.3.6. Reserved</u>	<u>5.0.0</u>	<u>May 1, 2015</u>
<u>1.3.7. Reserved</u>	<u>5.0.0</u>	<u>May 1, 2015</u>
<u>1.3.8. Reserved</u>	<u>4.0.0</u>	<u>May 1, 2015</u>
<u>1.3.9. Reserved</u>	<u>6.0.0</u>	<u>May 1, 2015</u>
<u>1.3.10. Reserved</u>	<u>5.0.0</u>	<u>May 1, 2015</u>
<u>2. Statement of Rates</u>	<u>2.0.0</u>	<u>March 1, 2019</u>
<u>2.1. Reserved</u>	<u>40.0.0</u>	<u>November 1, 2024</u>
<u>2.1.1. FT</u>	<u>50.0.0</u>	<u>April 1, 2025</u>
<u>2.2. Reserved</u>	<u>40.0.0</u>	<u>November 1, 2024</u>
<u>2.2.1. FT-NN</u>	<u>48.0.0</u>	<u>April 1, 2025</u>
<u>2.3. Reserved</u>	<u>41.0.0</u>	<u>November 1, 2024</u>
<u>2.3.1. IT Settlement</u>	<u>48.0.0</u>	<u>April 1, 2025</u>
<u>2.4. Reserved</u>	<u>18.0.0</u>	<u>November 1, 2024</u>
<u>2.4.1. CSS Settlement</u>	<u>22.0.0</u>	<u>April 1, 2025</u>
<u>2.5. Reserved</u>	<u>18.0.0</u>	<u>November 1, 2024</u>
<u>2.5.1. ISS Settlement</u>	<u>22.0.0</u>	<u>April 1, 2025</u>
<u>2.6. Liquids and Liquefiabiles Contesting</u>	<u>31.0.0</u>	<u>April 1, 2025</u>
<u>2.6.1. Liquids and Liquefiabiles Settlement</u>	<u>31.0.0</u>	<u>April 1, 2025</u>
<u>2.7. Negotiated Rates</u>	<u>38.0.0</u>	
<u>2.8. Non-Conforming</u>	<u>2.0.0</u>	<u>September 1, 2016</u>
<u>2.9. Reserved</u>	<u>4.0.0</u>	<u>November 1, 2024</u>

**Southern Natural Gas Company  
Eighth Revised Volume No. 1  
Tariff**

2.9.1. PAL	8.0.0	February 1, 2025
3. Rate Schedules	2.0.0	March 1, 2019
3.1. FT	9.0.0	November 1, 2024
3.2. FT-NN	10.0.0	November 1, 2024
3.3. IT	7.0.1	October 1, 2024
3.4. CSS	7.0.0	January 1, 2025
3.5. ISS	6.0.0	January 1, 2025
3.6. Reserved	3.0.0	August 1, 2011
3.7. PAL	5.0.0	November 1, 2024
4. Gen. Terms & Conditions	1.0.0	August 1, 2011
4.1. Definitions	8.0.0	August 28, 2018
4.2. Inquiries and Cond. for Svc.	8.0.0	November 1, 2024
4.3. Quality	5.0.0	April 1, 2016
4.4. Measurement	5.0.0	May 1, 2012
4.5. Measuring Equipment	6.0.0	March 1, 2019
4.6. Receipt and Delivery Pts.	2.0.0	April 1, 2016
4.7. Pressure	2.0.0	January 1, 2014
4.8. Liability of Shipper and Co.	4.0.0	April 1, 2016
4.9. Warranty of Title	1.0.0	August 1, 2011
4.10. Hourly Rates of Flow	2.0.0	April 1, 2016
4.11. Installation of Flow Control	1.0.0	August 1, 2011
4.12. Nominations	8.0.0	September 1, 2016
4.13. Determin. of Rec. and Del.	4.0.0	November 1, 2024
4.14. Resolution of Imb. and Adj.	9.0.0	September 1, 2019
4.15. Billing and Payment	4.0.0	November 1, 2024
4.16. Allocation of Capacity	5.0.0	November 1, 2024
4.17. Penalties	4.0.0	December 1, 2018
4.18. Notices	2.0.0	April 1, 2016
4.19. Transp. of Liq. and Liquefiabiles	1.0.0	August 1, 2011
4.20. Pregranted Abandonment	5.0.0	September 1, 2016
4.21. Assignment of Firm on Upstream	2.0.0	April 1, 2016
4.22. Shipper Release of Firm Cap.	7.0.0	April 1, 2016
4.23. Off-System Capacity	4.0.0	April 1, 2016
4.24. Agency Service	2.0.0	April 1, 2016
4.25. Affiliates	2.0.0	April 1, 2016
4.26. Complaints	1.0.0	August 1, 2011

**Southern Natural Gas Company  
Eighth Revised Volume No. 1  
Tariff**

- 4.27. EBB 2.0.0 April 1, 2016
- 4.28. ACA Clause 2.0.0 October 1, 2013
- 4.29. GRI Charge Adj. 2.0.0 May 1, 2012
- 4.30. R and D Expenditure Adj. 1.0.0 August 1, 2011
- 4.31. Reserved 1.0.0 August 1, 2011
- 4.32. Application of Disc. Rates 2.0.0 May 1, 2012
- 4.33. Reserved 2.0.0 August 28, 2018
- 4.34. Negotiated Rate Provisions 2.0.0 September 1, 2016
- 4.35. Fuel Mechanism 7.0.0 October 1, 2024
- 4.36. Direct Delivery Connections 2.0.0 August 28, 2018
- 4.37. Verification of Delivers - SS 2.0.0 April 1, 2016
- 4.38. Reserved 1.0.0 August 1, 2011
- 4.39. Transp. Demand Adj. 1.0.0 August 1, 2011
- 4.40. NAESB Standards 8.0.0 June 1, 2022
- 4.41. OFOs 5.0.0 December 1, 2018
- 4.42. Discount Terms 4.0.0 April 1, 2016
- 5. Appendices 1.0.0 August 1, 2011
- 5.1. Transp. Req. Form 3.0.0 April 1, 2016
- 5.1.1. Attachment A 3.0.0 April 1, 2016
- 5.1.2. Attachment B 3.0.0 April 1, 2016
- 5.2. Storage Svc. Req. Form 3.0.0 April 1, 2016
- 5.3. Reserved for Future Use 2.0.0 April 1, 2016
- 5.3.1. Reserved for Future Use 2.0.0 March 1, 2019
- 5.3.2. Reserved for Future Use 2.0.0 March 1, 2019
- 5.3.3. Reserved for Future Use 2.0.0 March 1, 2019
- 5.4. Reserved 4.0.0 April 1, 2016
- 5.4.1. Reserved 2.0.0 April 1, 2016
- 5.4.1.1. Reserved 2.0.0 April 1, 2016
- 5.4.1.2. Reserved 2.0.0 April 1, 2016
- 5.5. Contact Information 3.0.0 April 1, 2016
- 5.6. Reserved 1.0.0 August 1, 2011
- 5.7. Reserved 1.0.0 August 1, 2011
- 5.8. Reserved 2.0.0 March 1, 2019
- 5.8.1. Reserved 2.0.0 April 1, 2016
- 5.8.2. Reserved 2.0.0 April 1, 2016
- 5.8.3. Reserved 2.0.0 April 1, 2016

**Southern Natural Gas Company  
Eighth Revised Volume No. 1  
Tariff**

5.9. Reserved for Future Use	2.0.0	April 1, 2016
5.10. Reserved for Future Use	3.0.0	April 1, 2016
6. Form of Serv. Agreements	1.0.0	August 1, 2011
6.1. FT	6.0.0	March 1, 2019
6.1.1. FT Exhibit A	5.0.0	September 1, 2016
6.1.2. FT Exhibit A-1	2.0.0	April 1, 2016
6.1.3. FT Exhibit B	5.0.0	September 1, 2016
6.1.4. FT Exhibit B-1	2.0.0	April 1, 2016
6.1.5. FT Exhibit C	2.0.0	April 1, 2016
6.1.6. FT Exhibit E	2.0.0	September 1, 2016
6.1.7. FT Exhibit F	2.0.0	September 1, 2016
6.2. IT	6.0.0	March 1, 2019
6.2.1. IT Exhibit A	2.0.0	April 1, 2016
6.2.2. IT Exhibit B	2.0.0	April 1, 2016
6.2.3. IT Exhibit E	1.0.0	August 1, 2011
6.2.4. IT Exhibit F	2.0.0	September 1, 2016
6.2.5. IT Exhibit C	1.0.0	September 1, 2016
6.3. CSS	5.0.0	September 1, 2016
6.3.1. CSS – Exhibit A	2.0.0	April 1, 2016
6.3.2. CSS – Exhibit C	1.0.0	August 1, 2011
6.3.3. CSS – Exhibit D	2.0.0	September 1, 2016
6.3.4. CSS – Exhibit E	2.0.0	April 1, 2016
6.4. ISS	5.0.0	September 1, 2016
6.4.1. ISS – Exhibit C	1.0.0	August 1, 2011
6.4.2. ISS – Exhibit D	2.0.0	September 1, 2016
6.5. Liquefiabiles	3.0.0	August 1, 2011
6.5.1. Liquefiabiles – Exhibit A	1.0.0	August 1, 2011
6.6. Pipeline Balancing Agreement	2.0.0	September 1, 2016
6.6.1. Pipeline Balancing Agreement – Exhibit A	1.0.0	August 1, 2011
6.6.2. Pipeline Balancing Agreement – Exhibit B	1.0.0	August 1, 2011
6.7. PAL	6.0.0	November 1, 2024
6.7.1. PAL - Exhibit A	3.0.0	November 1, 2024
6.7.2. PAL - Exhibit B	0.0.0	November 1, 2024
6.8. FT-NN	2.0.0	March 1, 2019
6.8.1. FT-NN Exhibit A	1.0.0	September 1, 2016
6.8.2. FT-NN Exhibit A-1	0.0.0	April 1, 2016

**Southern Natural Gas Company  
Eighth Revised Volume No. 1  
Tariff**

**6.8.3. FT-NN Exhibit B 1.0.0 September 1, 2016**

**6.8.4. FT-NN Exhibit B-1 0.0.0 April 1, 2016**

**6.8.5. FT-NN Exhibit C 0.0.0 April 1, 2016**

**6.8.6. FT-NN Exhibit E 0.0.0 April 1, 2016**

**6.8.7. FT-NN Exhibit F 1.0.0 September 1, 2016**

**6.9. Supply Pool Balancing 1.0.0 September 1, 2016**