



December 31, 2013

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Tennessee Gas Pipeline Company, L.L.C.
Amendment to Negotiated Rate Agreement (Service Package 97126)
with Seneca Resources Corporation
Docket No. RP14-____-000

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”), Part 154 of the Regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 154, Tennessee Gas Pipeline Company, L.L.C. (“Tennessee”) hereby tenders for filing and acceptance the following Tariff records, reflecting an amendment to an existing Negotiated Rate Agreement:

- (1) Seneca Resources Corporation (“Seneca”)
(Service Package Number 97126)
 - (a) Negotiated Rate Agreement dated November 10, 2011, amended to be effective January 1, 2014.

Tennessee submits the Amended Negotiated Rate Agreement as Tariff record 4.7.3 First Amendment to Negotiated Rate Agreement, which amends the Negotiated Rate Agreement approved October 25, 2012 in Docket No. RP12-1007-000, for inclusion in its FERC Gas Tariff, First Revised Volume No. 2 (Volume No. 2). Additionally, Tennessee submits Eighth Revised Tariff Sheet No. 937 for filing and acceptance to its FERC Gas Tariff, Sixth Revised Volume No. 1 (Volume No. 1) that reflects the Amended Negotiated Rate Agreement. The proposed Tariff records are listed on Appendix A. Tennessee requests that the Amended Negotiated Rate Agreement and revised Tariff records be made effective on January 1, 2014.

Statement of Nature, Reasons, and Basis for the Filing

On October 25, 2012, the Commission accepted the Negotiated Rate Agreement between Tennessee and Seneca for transportation service on Tennessee’s Northeast Supply

Diversification (“NSD”) Project.¹ In Service Package 97126, Tennessee provides to Seneca 50,000 Dth/d of firm transportation service from a primary receipt point at Tennessee’s Springville Dehy receipt meter in Susquehanna County, Pennsylvania to a primary delivery point at Tennessee’s interconnection with TransCanada Pipe Lines Limited at Niagara, New York. In order to effectuate this transportation, Tennessee relies on capacity leased from Dominion Transmission, Inc. (“DTI”) (“Lease Capacity”) under a Capacity Lease Agreement.² In the Precedent Agreement under which Tennessee agreed to construct expansion capacity and obtain the Lease Capacity to provide service to Seneca, Seneca was offered service at a negotiated rate or at the maximum recourse rate applicable to the Project. Seneca elected the negotiated rate option and executed the Negotiated Rate Agreement with Tennessee.

To reflect the fact that the transportation service provided by Tennessee is dependent on capacity leased from DTI on DTI’s facilities over which Tennessee has no physical control, and in light of the Commission’s recent decision in *Chesapeake Energy Marketing, Inc. v. Midcontinent Express Pipeline, L.L.C.*,³ Tennessee and Seneca have agreed to amend the rate reflected in the Negotiated Rate Agreement to allocate with specificity the financial consequences associated with service outages on DTI. Specifically, the amended Negotiated Rate Agreement provides that, notwithstanding the Reservation Charge Crediting Mechanism in Article XII, Section 5 of the General Terms and Conditions (“GT&C”) of Tennessee’s Tariff, if there is an outage on DTI that affects Tennessee’s ability to provide service from Seneca’s primary receipt point to its primary delivery point, Seneca will be obligated to reimburse Tennessee for charges Tennessee is obligated to pay DTI under the Capacity Lease Agreement⁴ (“Lease Capacity Charges”) and will be obligated to pay Tennessee the negotiated rate for service on Tennessee’s facilities not including the DTI Lease Capacity. If there is a service interruption on Tennessee’s facilities, but the Lease Capacity is available, then Seneca will be entitled to reservation charge credits pursuant to GT&C Article XII, Section 5, but will be obligated to reimburse Tennessee for all Lease Capacity Charges Tennessee is obligated to pay DTI.

Tennessee submits that this amendment to the negotiated rate with Seneca is consistent with Commission policy and negotiated rate and discount provisions that the Commission has approved on other pipelines. In *Elba Express Company, L.L.C.* (“Elba”), for example, the Commission approved a negotiated rate provision that provided that the shipper would not be entitled to revenue credits under a certain article of the General Terms and Conditions of Elba’s Tariff.⁵ Although the pipeline identified the revenue crediting language as a non-conforming provision because it departed from the general terms and conditions of the tariff, the Commission found that the language was not non-conforming.⁶ The Commission noted that Elba’s negotiated rate authority in its tariff permitted it to negotiate rates that may include “credits for services that

¹ *Tennessee Gas Pipeline Co., L.L.C.*, Letter Order, Docket No. RP12-1007, Oct. 25, 2012. The underlying service agreement in Service Package 97126 contains non-conforming provisions, which were approved by the Commission. *See id.* Tennessee is not proposing any changes to the underlying service agreement in this filing.

² *See Tennessee Gas Pipeline Co., L.L.C.*, 136 FERC ¶ 61,173, at PP 33-39 (2011).

³ 145 FERC ¶ 61,041 (2013).

⁴ The Capacity Lease Agreement between DTI and Tennessee does not provide for any credits to the lease payments Tennessee is obligated to pay DTI in the event the Lease Capacity is not available.

⁵ *Elba Express Co., L.L.C.*, 143 FERC ¶ 61,092, at P 6.

⁶ *See id.* at P 8.

differ from those . . . credits that are otherwise prescribed, required, established or imposed by” the tariff.⁷ Thus, the revenue crediting provision “does not go beyond filling in blank spaces with the appropriate information allowed by Elba’s tariff.”⁸ The Commission reached a similar conclusion in *CenterPoint Energy Gas Transmission Company, LLC*, where it found “it is reasonable for reservation charge credits to be a subject of negotiation in discount agreements, because those credits relate to the rate paid for the service, rather than the quality of the service.”⁹ In *CenterPoint*, the Commission reasoned that it is reasonable to permit a pipeline and shipper to agree to different reservation charge credit provisions in a discount agreement because the shipper is always entitled to take service at the maximum tariff rate and receive reservation charge credits.¹⁰ The same reasoning applies in the context of a negotiated rate where the shipper had the option to take service at the pipeline’s maximum tariff rate.

Tennessee’s negotiated rate authority, set forth in Section 5.6 of Rate Schedule FT-A, is virtually identical to the language in Elba’s tariff. This negotiated rate authority permits Tennessee, as part of a negotiated rate, to negotiate reservation “credits, for service under this Rate Schedule that differ” from those in the GT&C of the Tariff. The amendment to the Seneca Negotiated Rate Agreement proposed in this filing is just such a negotiated rate provision, and, as the Commission found in *Elba Express*, is not a non-conforming provision. The Commission should approve the amendment to the Negotiated Rate Agreement and the Tariff records to be effective January 1, 2014.

Effective Date and Waiver

Tennessee respectfully requests that the Commission waive the 30-day notice period and accept the Amended Negotiated Rate Agreement and Tariff records to be effective January 1, 2014.

Materials Enclosed

In accordance with the applicable provisions of Part 154 of the Commission’s regulations, Tennessee provides an eTariff .xml filing package containing:

- (1) A transmittal letter in PDF format, Appendix A attached.
- (2) Revised tariff records in RTF format with metadata attached.
- (3) A clean and marked version of the tariff records in PDF format for posting on eLibrary.
- (4) A copy of the First Amendment to Service Package No. 97126 Negotiated Rate Agreement.¹¹
- (5) A copy of the entire filing in PDF format for posting on eLibrary.

⁷ *Id.*

⁸ *Id.*

⁹ 144 FERC ¶ 61,195, at P 78 (2013).

¹⁰ *Id.* at P 77.

¹¹ Tennessee provides for an entirely paperless, electronic contract system. The filed First Amendment represents a replica of the electronic agreement executed on Tennessee’s DART system.

Service and Correspondence

The undersigned certifies that a copy of this filing has been served electronically pursuant to 18 C.F.R. § 154.208 on Tennessee's customers and affected state regulatory commissions, as well as to all parties on the official service list for Docket No. CP11-30-000. A paper copy of this filing may only be served if a customer has been granted waiver of electronic service pursuant to 18 C.F.R. Part 390 of the Commission's regulations. In addition, an electronic copy of this filing is available for public inspection during regular business hours in Tennessee's office at 1001 Louisiana Street, Houston, Texas 77002.

Pursuant to 18 C.F.R. § 154.385.2005 and § 385.2011(c)(5) of the Commission's regulations, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best knowledge and belief of the undersigned.

The names, titles, and mailing addresses of the persons to whom correspondence and communications concerning this filing should be directed are as follows:

*C. Todd Piczak
Assistant General Counsel
Tennessee Gas Pipeline Company, L.L.C.
1001 Louisiana Street
Houston, TX 77002
Telephone: (713) 420-3822
todd_piczak@kindermorgan.com

*H. Milton Palmer, Jr.
Director, Rates and Regulatory Affairs
Tennessee Gas Pipeline Company, L.L.C.
1001 Louisiana Street
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Telephone: (713) 420-3297
milton_palmer@kindermorgan.com

* Persons designated for service in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2013).

Any questions regarding this filing may be directed to the undersigned at (713) 420-3822.

Respectfully submitted,

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

By: /s/ C. Todd Piczak

C. Todd Piczak
Assistant General Counsel

Enclosures

Appendix A

Seneca Resources Corporation – Amended Negotiated Rate Agreement

Tariff Record/Sections

**Tennessee Gas Pipeline FERC Gas Tariff
Sixth Revised Volume No. 1
Tariff Records**

Proposed Effective Date January 1, 2014

Section Title			
Narrative Name	Record Contents Description	Tariff Record Title	Version
Eighth Revised Sheet No. 937	Sheet No. 937		8.0.0

**Tennessee Gas Pipeline FERC Gas Tariff
First Revised Volume No. 2
Tariff Sections**

Proposed Effective Date January 1, 2014

Description	Title	Version
1 Table of Contents	Table of Contents	18.0.0
4.7.3 Neg. Rate Agmt	First Amendment to Negotiated Rate Agrmt	0.0.0

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Tariff Submitter:	Tennessee Gas Pipeline Company, L.L.C.
FERC Tariff Program Name:	FERC NGA Gas Tariff
Tariff Title:	TGP Tariffs
Tariff Record Proposed Effective Date:	January 1, 2014
Tariff Record Title:	0.0.0, 4.7.3 Neg. Rate Agmt, First Amendment to Negotiated Rate Agrmt., Seneca Resources Corporation SP97126
Option Code:	A

**FIRST AMENDMENT
TO SERVICE PACKAGE NO. 97126
NEGOTIATED RATE AGREEMENT**

This First Amendment (“Amendment”), dated as of January 1, 2014, is made to that certain Negotiated Rate Agreement (“Agreement”) entered into by and between Tennessee Gas Pipeline Company, L.L.C. (“Transporter”) and Seneca Resources Corporation (“Shipper”), November 10, 2011 (the “Agreement”) as part of Service Package No. 97126. Transporter and Shipper are collectively referred to herein as the “Parties.”

WHEREAS, Transporter and Shipper wish to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, Transporter and Shipper agree to amend the Agreement as follows:

1. In the heading, replace the address of Seneca Resources Corporation with the following:

“5800 Corporate Drive, Suite 300
McCandless Corporate Center
Pittsburgh, PA 15237”

2. In the heading, replace “Attention: Jim Welch” with “Attention: Don LaFaive”.

3. In the salutation, replace “Dear Jim:” with “Dear Don:”.

4. Insert the following sentence after the first sentence of the first paragraph of the Agreement: “As part of the Project and in order to provide the firm transportation capacity under this Service Package, Transporter acquired capacity on Dominion Transmission, Inc. (“DTI”) through a capacity lease (“Off-System Capacity”).”

5. In Section 1 of the Agreement redesignate subsection “c)” as subsection “d)” and redesignate subsection “d)” as subsection “e)”.

6. In Section 1 insert the following as a new subsection c):

“c) Shipper and Transporter agree that, notwithstanding any rights Shipper may have to reservation charge credits under Article XII, Section 5 of General Terms and Conditions of Transporter’s Tariff, in the event there is an outage, interruption or other similar event on DTI affecting the availability of some or all of the Off-System Capacity and Transporter cannot provide service from Shipper’s Primary Receipt Point(s) to its Primary Delivery Point under the this Service Package, and

Transporter is obligated to pay Third Party Transportation Charges to DTI during the outage period, Shipper shall be obligated (1) to reimburse Transporter such Third Party Capacity Charges for such days, and (2) to pay Transporter all other charges under the Negotiated Rate Agreement for service on Transporter's system, not including the Off-System Capacity, that remains available under the Firm Agreement during such outage, interruption or other similar event on the Off-System Capacity, In the event there is an outage, interruption or other similar event on Transporter's system and Transporter cannot provide service from Shipper's Primary Receipt Point(s) to its Primary Delivery Point under the Firm Agreement, but the Off-System Capacity continues to be available, Shipper shall be entitled to reservation charge credits in accordance with Article XII, Section 5 of the GT&C of Transporter's Tariff, but shall remain obligated to reimburse Transporter for all Third Party Capacity Charges that Transporter is obligated to pay DTI."

7. A copy of the Agreement as amended by this First Amendment is attached hereto as Exhibit A.

8. This Amendment may be executed in two or more counterparts, each of which shall be an original, and all of which together shall constitute one and the same Agreement.

9. The Agreement is hereby ratified and affirmed and, except as expressly amended herein, all other items and provisions of the Agreement and Service Package No. 97126 remain unchanged and continue to be in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized representatives as of the date hereinabove written.

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

By: _____

Name: Laura McGuire Heckman

Title: Vice President, Business Development
Tennessee Gas Pipeline Company, L.L.C.

SENECA RESOURCES CORPORATION

By: _____

Name: John P. McGinnis

Title: Senior Vice President, Exploration and Development
Seneca Resources Corporation

Exhibit A
November 10, 2011 Negotiated Rate Agreement
As Amended effective January 1, 2014

November 10, 2011

Seneca Resources Corporation
5800 Corporate Drive, Suite 300
McCandless Corporate Center
Pittsburgh, PA 15237

Attention: Don LaFaive

Re: Negotiate Rate Agreement
Rate Schedule FT-A Service Package No. 97126 ("Service Package")

Dear Don:

Tennessee Gas Pipeline Company ("Transporter" or "Tennessee") held an open season in accordance with applicable provisions of its FERC Gas Tariff in connection with the Marcellus to Leidy and Niagara Project ("Open Season"), subsequently merged and made part of the Northeast Supply Diversification Project ("Project"). Seneca Resources Corporation ("Shipper" or "Seneca") was a successful bidder in the Open Season and elected the negotiated rate option as offered by Transporter in the Open Season. As part of the Project and in order to provide the firm transportation capacity under this Service Package, Transporter acquired capacity on Dominion Transmission, Inc. ("DTI") through a capacity lease ("Off-System Capacity"). In response to the request of Shipper, and pursuant to Section 5.6 of Transporter's FT-A Rate Schedule, Transporter hereby agrees to adjust its then applicable FT-A Transportation rate for FT-A service provided under the above-referenced Service Package as follows. Any terms that are not defined herein shall have the meaning as set forth in the Service Package.

In response to the request of Seneca and pursuant to Section 5.6 of Tennessee's Rate Schedule FT-A, Tennessee hereby agrees to adjust its then applicable Rate Schedule FT-A transportation rates for services provided under the above-referenced gas transportation agreement as follows:

1. a) If Seneca attempts to apply this Negotiated Rate Agreement to any volumes not eligible for the negotiated rate and thereby fails to pay correctly invoiced and undisputed amounts, then, if such failure is not cured within thirty days of provision of notice by Tennessee to Seneca of such failure, Tennessee shall have the right, in its sole discretion, to immediately terminate this Negotiated Rate Agreement with Seneca and/or to assess, from the date of such violation of the terms of this Negotiated Rate Agreement, the maximum daily commodity rates under Rate Schedule FT-A as well as the applicable fuel and loss charges and surcharges under Rate Schedule FT-A based on actual receipt and delivery points utilized on any transactions occurring under the Service Package for the month(s) in which such limits were exceeded.
- b) Subject to Exhibit A hereto, for the period commencing on the Commencement Date (as defined in Section 2.2 of the above referenced Service Package) and extending through the Primary Term (as defined in Section 12.1 of the Service Package), for gas delivered by Tennessee on behalf of Seneca to Niagara River, New York (Meter #021079) from the Springville Dehy (Meter #012793) under the Service Package, the applicable Rate Schedule FT-A transportation rates will be a negotiated monthly reservation rate of \$8.822 per Dth and negotiated daily commodity rate of \$0.00 per Dth, inclusive of (i) all surcharges specified in Tennessee's Tariff as of June 18, 2010, (ii) any incidental Charges referenced in Section 6.2 of the Firm Transportation

Agreement as may be modified per the Other Charges paragraph in this Agreement and (iii) the reservation and commodity charges that Tennessee is obligated to pay for Off-system Capacity ("Third Party Transportation Charges").

The negotiated reservation rate is applicable to: (i) existing and future secondary receipt points located in Zone 4 between Tennessee Compressor Stations 313 and 321; (ii) the interconnection between TGP and the Stagecoach pipeline system, and (iii) all secondary delivery points in Zones 4 and 5, including any future pooling point created for TGP Zone 4, or the Niagara Spur.

Tennessee's maximum reservation rate plus all Third Party Transportation Charges are applicable to all points not specified above.

The negotiated commodity rate is applicable to: (i) existing and future secondary receipt points located in Zone 4 between Tennessee Compressor Stations 313 and 321 behind which Shipper or its affiliates has associated production, including any production tied to a third party joint venture or third party area of mutual interest (collectively referred to as "Equity Production"); (ii) the interconnection between TGP and the Stagecoach pipeline system, and (iii) all secondary delivery points in Zones 4 and 5, including any future pooling point created for TGP Zone 4, or the Niagara Spur.

Tennessee's maximum daily commodity rate is applicable to all secondary points not specified above.

In order to qualify for the negotiated commodity rates, Seneca shall provide written notification to Transporter of the estimated monthly volume of Seneca's Equity Production at each meter to be sold to and transported by under this Agreement by Seneca or any third party to whom Seneca has released this contract no later than two (2) business days prior to the beginning of each calendar month and shall provide actual volumes to Transporter not later than thirty days after the last calendar day of each production month. Transporter reserves the right to adjust Seneca's and/or third party invoices for a period one (1) year from the date of the initial transportation invoice to reflect any differences in the estimated monthly volumes provided by Seneca and the actual volumes transported each month. This standard does not apply in the case of deliberate omission or mutual mistake of fact.

Fuel and Loss Charges:

In addition, Seneca will pay applicable fuel and lost and unaccounted for charges equal to Tennessee's general system fuel and lost and unaccounted for charges in effect and as set forth in Tennessee's Tariff based on actual receipt and delivery points utilized, as such may change from time to time. Shipper shall also pay the applicable fuel and loss and unaccounted for charges that Tennessee is obligated to pay for off-system capacity ("Third Party Fuel Charges"), for deliveries that utilized off-system capacity.

If a FERC certificate order approving the Project Facilities or a FERC order issued in a general rate case proceeding that includes costs associated with the Project Facilities requires incremental fuel and loss charges for the Project Facilities, such incremental fuel and loss charges shall be effective upon the Commencement Date or the effective date of the general rate case, if applicable.

Other Charges:

In addition, Shipper shall pay (a) any surcharges specified in Transporter's then-effective FERC Gas Tariff and (b) any other reservation, volumetric, or other surcharges or any other recovery mechanism set forth in Transporter's FERC Gas Tariff for the recovery of direct or indirect costs associated with or related to the

payment of direct or indirect costs arising under laws enacted with respect to new limitations on, or direct or indirect costs imposed with respect to, the emission of greenhouse gas or carbon emissions. In addition, Shipper shall pay any additional surcharges that Tennessee is obligated to pay for Off-System Capacity ("Third Party Surcharges"). Shipper shall have the right to oppose any filing by Transporter to establish such surcharges, including their applicability to Shipper.

Segmentation:

Total daily deliveries, exclusive of Authorized Overrun, up to 150% of Seneca's MDQ shall be subject to (i) the negotiated commodity rate, (ii) the applicable Tennessee fuel and lost and unaccounted for charges and applicable surcharges under Rate Schedule FT-A based on actual receipt and delivery points utilized, and (iii) the applicable Third Party Fuel Charges and Third Party Surcharges.

Total daily deliveries, exclusive of Authorized Overrun, between 150% and 200% of Shipper MDQ shall be subject to (i) a \$0.02 daily commodity rate, (ii) the applicable Tennessee fuel and loss surcharges under Rate Schedule FT-A based on actual receipt and delivery points utilized, and (iii) the applicable Third Party Fuel Charges and Third Party Surcharges.

Total daily deliveries, exclusive of Authorized Overrun, in excess of 200% of Seneca's MDQ shall be subject to (i) TGP's maximum daily commodity rate under Rate Schedule FT-A, (ii) the applicable Tennessee fuel and loss and surcharges under Rate Schedule FT-A based on actual receipt and delivery points utilized, and (iii) the applicable Third Party Fuel Charges and Third Party Surcharges.

- c) Shipper and Transporter agree that, notwithstanding any rights Shipper may have to reservation charge credits under Article XII, Section 5 of General Terms and Conditions of Transporter's Tariff, in the event there is an outage, interruption or other similar event on DTI affecting the availability of some or all of the Off-System Capacity and Transporter cannot provide service from Shipper's Primary Receipt Point(s) to its Primary Delivery Point under the this Service Package, and Transporter is obligated to pay Third Party Transportation Charges to DTI during the outage period, Shipper shall be obligated (1) to reimburse Transporter such Third Party Capacity Charges for such days, and (2) to pay Transporter all other charges under the Negotiated Rate Agreement for service on Transporter's system, not including the Off-System Capacity, that remains available under the Firm Agreement during such outage, interruption or other similar event on the Off-System Capacity, In the event there is an outage, interruption or other similar event on Transporter's system and Transporter cannot provide service from Shipper's Primary Receipt Point(s) to its Primary Delivery Point under the Firm Agreement, but the Off-System Capacity continues to be available, Shipper shall be entitled to reservation charge credits in accordance with Article XII, Section 5 of the GT&C of Transporter's Tariff, but shall remain obligated to reimburse Transporter for all Third Party Capacity Charges that Transporter is obligated to pay DTI.
- d) If Shipper elects to extend the term of the Service Package pursuant to Section 12.1 of the Service Package, the applicable FT-A rates for service shall be at the then-effective negotiated rate for the Firm Agreement and consistent with the terms and conditions in this Negotiated Rate Agreement.
- e) Unless otherwise specified below or agreed to by Transporter and any replacement shipper or assignee, capacity temporarily released or assigned by Shipper to third parties, pursuant to Transporter's FERC Gas Tariff, will result in third parties being billed at the general system maximum commodity rates under Rate Schedule FT-A

plus the general system applicable fuel and lost and unaccounted for charges based on actual receipt and delivery points utilized and pursuant to Transporter's FERC Gas Tariff, as amended from time to time, plus any Third Party Charges; provided however, to the extent Shipper temporarily releases or assigns capacity to third parties, for any amount up to one-hundred percent of Shipper's TQ, from Shipper's Primary Receipt Points, the third parties will be billed the negotiated commodity rate, the applicable fuel and loss charges, and the applicable Third Party Charges as specified in Section 1(b) above, based on actual receipt and delivery points utilized and pursuant to Transporter's FERC Gas Tariff, as amended from time to time.

Notwithstanding the foregoing, an agent or asset manager engaged to manage for any amount up to one-hundred percent of Shipper's TQ, Shipper's utilization of the above referenced Service Package shall pay the same negotiated commodity rates, surcharges, applicable fuel and lost and unaccounted for charges, and Third Party Charges as specified in Section 1(b) above that would be paid by Shipper hereunder; however, such agent's or asset manager's management of the Service Package shall be subject to all of the terms and conditions of the Service Package, this Negotiated Rate Agreement, and Transporter's FERC Gas Tariff; provided, however, that engagement of an asset manager to manage Shipper's utilization of the above referenced Service Package must qualify as a release of capacity to an asset manager as defined in 18 C.F.R. § 284.13(h)(3), as may be amended from time-to-time.

2. Subsequent to the Commencement Date, Shipper will have the right to amend its primary receipt points to any points in Zone 4 located between Transporter's Stations 313 and 321 without a change in the negotiated rates, subject to availability of generally available capacity to and at such primary receipt points and the terms and conditions of Transporter's FERC Gas Tariff. In addition, subsequent to the Commencement Date, Shipper shall have the right to amend the primary delivery point to any point(s) within Zone 5 located upstream (west) of Shipper's Primary Delivery Points specified in this Agreement without a change in the negotiated rates, subject to availability of generally available capacity to and at such primary delivery point(s) and the terms and conditions of Transporter's FERC Gas Tariff. Shipper will be billed the negotiated rates for use of these secondary points and/or any amended primary receipt and delivery points.
3. Extended Delivery Service: For a volume up to fifty percent of the TQ per day subject to conditions set forth in Section 4.9 of Rate Schedule FT-A, Tennessee hereby adjusts the Base Daily Reservation Rate as follows for a period of five years from the Commencement Date:

\$0.07/Dth when Extended Delivery Service is provided to effectuate deliveries to any Zone 1 delivery point when receiving from any Zone 4 receipt point located between Tennessee Compressor Stations 313 and 321 behind which Shipper has Equity Production.

Except as expressly provided, the Base Daily Reservation Rates shall apply when Extended Delivery Service is provided and shall be additive to the Monthly Reservation Rate referenced herein.

Tennessee's applicable Minimum Commodity Rate will apply when Extended Delivery Service is provided to effectuate deliveries to any Zone 1 delivery point when receiving from any Zone 4 receipt point located between Tennessee Compressor Stations 313 and 321 behind which Shipper has Equity Production. The commodity rate will be calculated based on the combination of the receipt/extended receipt zone of origin to the delivery/extended delivery zone.

The above-described Extended Delivery Service rates shall only apply to the volumes scheduled for Extended Delivery Service pursuant to the conditions contained herein.

4. This Negotiated Rate Agreement shall be filed with and is subject to approval by the Federal Energy Regulatory Commission.
5. If any terms of this Negotiated Rate Agreement are disallowed by any order, rulemaking, regulation, or policy of the Federal Energy Regulatory Commission, Tennessee may immediately terminate this Negotiated Rate Agreement. If so terminated, the parties shall negotiate for a period of no more than thirty days in an effort, without obligation, to agree on a replacement negotiated rate agreement that is consistent with the terms stated herein taking into account such disallowance by FERC. If any terms of this Negotiated Rate Agreement are in any way modified by order, rulemaking, regulation, or policy of the Federal Energy Regulatory Commission, Tennessee and Seneca may mutually agree to amend this Negotiated Rate Agreement to ensure that the original commercial intent of the parties is preserved. If the parties cannot achieve mutual agreement, Tennessee reserves the right to immediately terminate this Negotiated Rate Agreement.

If Seneca is interested in entering into this Negotiated Rate Agreement for firm capacity in accordance with the terms proposed above, please have the authorized representative of Seneca execute this Negotiated Rate Agreement, and return to the undersigned. This Negotiated Rate Agreement will become binding upon the parties only after it then is accepted and executed by Tennessee's authorized representative on the below "Agreed to and Accepted" portion. One fully executed copy will be returned for your records.

Sincerely,

H. Preston Troutman
Tennessee Gas Pipeline

TENNESSEE GAS PIPELINE COMPANY, L.L.C
.AGREED TO AND ACCEPTED
This ____ Day of _____, _____

By: _____

Name: _____

Title: _____

SENECA RESOURCES CORPORATION
AGREED TO AND ACCEPTED
This ____ Day of _____, _____

By: _____

Name: _____

Title: _____

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