



Southern Natural Gas
Company, L.L.C.
a Kinder Morgan operated company

August 20, 2024

Ms. Debbie-Anne Reese, Acting Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D. C. 20426

Re: Southern Natural Gas Company, L.L.C.
Fuel Tracker Tariff Mechanism Modification and Rate Update Filing
Docket No. RP24-

Dear Ms. Reese:

Southern Natural Gas Company, L.L.C. (“SNG”) submits for filing and acceptance by the Federal Energy Regulatory Commission (“Commission”) an update to its transportation fuel retention rates and modifications to its transportation fuel retention mechanism to implement an Electric Power Cost tracker mechanism. SNG submits the tariff records, listed in Appendix A, to become effective October 1, 2024, as part of its FERC Gas Tariff, Eighth Revised Volume No. 1 (“Tariff”).¹

Nature, Basis, and Reasons for Proposed Tariff Changes

In addition to the bi-annual update of its transportation fuel retention rates, SNG is proposing a conversion of its current Dth-equivalent electric cost recovery mechanism, described in Sections 35.3 and 35.5 of the General Terms and Conditions (“GT&C”) of its Tariff, to an Electric Power Cost (“EPC”) tracking and true-up mechanism to address recent volatility of SNG’s fuel rate adjustments. The proposed EPC mechanism is consistent with the Commission’s Order Accepting Withdrawal of its November 2021 tariff filing where it encouraged SNG to “consider a less complicated and more transparent alternative [to the existing Dth-equivalent electric cost recovery mechanism] such as an electric cost tracker.”²

A. Background

SNG’s current fuel recovery mechanism was accepted by the Commission in an order issued on July 12, 2013 approving SNG’s pre-filed rate case settlement (“2013 Settlement”).³ The 2013 Settlement established specific summer-period (April 1 through September 30) and winter-period (October 1 through March 31) fuel filings to establish transportation fuel retention rates, each having distinct true-up and tracking mechanisms.⁴ In addition, to pay for the costs associated

¹ Certain of these tariff records were included with SNG’s Rate Case filing proposed in Docket No. RP24-744-000 with an effective date of November 1, 2024. The content of the tariff records submitted herein do not reflect or conflict with those modifications.

² *Southern Natural Gas Company, L.L.C.*, 178 FERC ¶ 61,084 (2022),

³ *Southern Natural Gas Company, L.L.C.*, 144 FERC ¶ 61,023 (2013).

⁴ SNG’s storage fuel retention rates are updated annually in each summer-period filing.

with the electric power charges on SNG’s system, the 2013 Settlement added GT&C Section 35.5 of the Tariff, Gains and Losses on Electricity, as a mechanism to carry-forward prior period losses and, also as part of the settlement, SNG agreed to share any gains with SNG’s customers on the sale of quantities retained through the fuel retention rates (the “e-Dth Mechanism”).

1. Volatility of Fuel Rates Under Current Mechanism

As shown in the table below, since the inception of the current fuel mechanism as a part of the 2013 Settlement, the change in fuel rates from one period to the next (i.e. summer-to-summer or winter-to-winter) has fluctuated greatly. Using the SNG Zone 3 rate as an example, since the inception of the current mechanism it has experienced, on average, a +/- 74.0% rate change from one period to the next in the summer and at +/- 32.4% change in the winter. There have been only two periods in the last decade where the fuel rate from one period to the next has been a single percentage digit variance.

Summer Period	Zone 3	% Change From Prior	Winter Period	Zone 3	% Change From Prior
2014	1.78%		2014/15	2.15%	
2015	2.59%	45.5%	2015/16	3.16%	47.0%
2016	4.30%	66.0%	2016/17	3.42%	8.2%
2017	3.50%	-18.6%	2017/18	1.94%	-43.3%
2018	1.38%	-60.6%	2018/19	3.31%	70.6%
2019	4.31%	212.3%	2019/20	2.86%	-13.6%
2020	3.37%	-21.8%	2020/21	4.22%	47.6%
2021	5.16%	53.1%	2021/22	2.68%	-36.5%
2022	1.39%	-73.1%	2022/23	2.52%	-6.0%
2023	3.22%	131.7%	2023/24	2.99%	18.7%
2024	5.06%	57.1%			
Average Change			32.4%		

Pursuant to GT&C Section 35.3, in determining prospective fuel retention rates, SNG includes the “Dth equivalent of the costs of electricity” used for SNG’s electric compression. The Dth-equivalent (“e-Dth”) of the costs are determined by dividing the actual monthly power costs recorded in FERC Account 855⁵ by SNG’s index price, as defined in GT&C Section 14.1 (“SNG Index Price”). This results in a quantity of gas that is intended to be “equivalent” to the incurred electric power costs. This quantity, the e-Dth, is then divided by the applicable base period throughput, summer or winter, to establish a percentage of customer’s receipt quantities of gas to be retained to recover the electric power costs on SNG’s system. This percentage represents a portion of each zone’s transportation forward haul fuel retention rates in a postage-stamp rate fashion. Once embedded in the total fuel retention rates, any under- or over-recovery against actual fuel, including Dth-equivalent quantities in the period, is trued-up within the overall fuel true-up mechanism as described in GT&C Section 35.3.

While the total volatility can be attributed to a number of items, including unique events such as the pandemic of 2020, volatility is introduced through the e-Dth conversion calculation

⁵ Under Part 201 - Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act, Account 855 - Other Fuel and Power for Compressor Stations includes the “cost of coal, oil, and other fuel, or electricity, used for the operation of transmission compressor stations, including applicable amounts of fuel stock expenses.”

which results in an uncorrelated Dth-equivalent quantity that is sold pursuant to Section 35.5 of the GT&C. The tables below illustrate the volatility introduced in the fuel mechanism due to the Dth-equivalent conversion. In each period, summer or winter, both the gas-fired fuel quantity and the electric power costs correlate relatively high to throughput, which is the desired intent of a fuel retention mechanism.⁶ However, when an uncorrelated index price factor is applied to derive the e-Dth quantity the correlation drops substantially. Thus, the mechanism attempts to collect e-Dth quantities on applicable throughput, but it, unlike the underlying electric power costs and the gas-fired fuel quantity, is uncorrelated to throughput. This leads to the volatility through over- and under-collections that SNG and its customers have experienced with the mechanism over the past decade.

Summer Period					
Summer Period	Forward Haul Throughput (MMDth)	Gas-Fired Fuel (MMDth)	Dth-equivalent Conversion		
			Electric Power Cost (\$MM)	Avg Index Price (\$/Dth)	e-Dth Quantity (MMDth)
2013	349.6	5.40	\$11.1	\$3.29	3.38
2014	388.9	5.62	\$14.0	\$4.15	3.37
2015	398.8	7.11	\$15.7	\$2.72	5.78
2016	420.4	7.57	\$17.2	\$2.56	6.72
2017	380.9	5.88	\$11.8	\$2.91	4.06
2018	443.5	8.10	\$18.5	\$2.83	6.54
2019	401.5	5.95	\$18.3	\$2.31	7.91
2020	385.0	6.20	\$17.0	\$1.81	9.41
2021	364.0	5.18	\$17.5	\$3.74	4.68
2022	445.0	7.83	\$33.8	\$8.55	3.95
2023	424.4	7.04	\$23.2	\$2.50	9.29
Correlation to Throughput		92.0%	72.6%	32.9%	32.4%

Winter Period					
Winter Period	Forward Haul Throughput (MMDth)	Non-Electric Fuel (MMDth)	Dth-equivalent Conversion		
			Electricity Cost (\$MM)	Avg Index Price (\$/Dth)	e-Dth Quantity (MMDth)
2013/14	390.8	6.79	\$11.6	\$4.32	2.68
2014/15	458.5	8.47	\$13.4	\$3.25	4.11
2015/16	426.6	7.79	\$10.6	\$2.07	5.14
2016/17	395.4	6.87	\$7.8	\$3.00	2.61
2017/18	437.6	8.06	\$13.3	\$2.96	4.50
2018/19	435.0	7.77	\$13.3	\$3.21	4.14
2019/20	420.7	7.46	\$13.3	\$2.06	6.42
2020/21	403.0	7.27	\$12.0	\$2.72	4.41
2021/22	430.4	7.59	\$17.1	\$4.84	3.52
2022/23	453.8	7.04	\$17.1	\$3.75	4.55
2023/24	435.4	7.12	\$16.0	\$2.37	6.76
Correlation to Throughput		64.5%	66.0%	-1.5%	40.1%

⁶ For simplistic illustrative purposes, forward haul throughput is being used as an indicator of overall system demand for gas-fired fuel and electric power costs correlation purposes. Generally, a correlation of 75% or greater is considered strong and a correlation of less than 50% is considered weak to no relationship.

2. Gains and Losses on Electricity under Current Mechanism

Under GT&C Section 35.5, gains and losses on electricity arise when SNG sells the e-Dth quantity of gas at a price above the SNG Index Price (gain) or at a price below the SNG Index Price (loss). If total cumulative sales activity for a respective six-month summer or winter period results in an overall gain, then SNG refunds 85% of the gain to the customers and keeps the remaining 15% as income. Any cumulative loss is carried forward to the following respective summer or winter period. Since the inception of the e-Dth Mechanism in 2014 through March 31, 2024, SNG has experienced an overall gain during the summer periods of approximately \$4.6 million, of which 85%, or approximately \$3.9 million, has been refunded to SNG's customers.⁷ Over the same period SNG has accumulated an under-recovery of approximately \$9.5 million for the winter periods.

B. Proposed EPC Mechanism⁸

1. EPC Tracker Mechanism

As discussed above, SNG proposes to convert the e-Dth Mechanism to an EPC surcharge that removes the conversion of the electric power costs into e-Dth quantities for collection as a part of SNG's fuel retention rates. Instead, the EPC mechanism will establish a rate based on actual electric power costs incurred during the previous period, summer or winter, divided by the applicable base period throughput⁹ to establish a dollar-per-Dth rate that would be applied to the prospective period, summer or winter. This rate would be applied in the same postage-stamp manner in which the current e-Dth equivalent quantity is applied. In other words, any transaction for which fuel is retained that has a portion for e-Dths embedded in it would pay the EPC surcharge.¹⁰ Under this proposal, the uncorrelated index price conversion will be eliminated from the mechanism and should result in less over- and under-collected quantities which, in turn, leads to less volatility from one period to the next.

2. EPC True-up Mechanism

There is also a true-up component for the EPC, which is also present with the e-Dth Mechanism. Any base period over- or under-collection of EPC amounts relative to the actual electric power costs during the applicable summer or winter period would be rolled forward into the determination of the proposed EPC rate for the forthcoming summer or winter period,

⁷ Consistent with Section 35.5(2) of the GT&C of SNG's Tariff, SNG refunded customers \$711,169 in November 2023 to distribute the summer period gain balance through September 2023.

⁸ Explanation of how the proposed tariff provisions differ from those currently in effect pursuant to Section 154.204(c) of the Commission's regulations.

⁹ The applicable base period throughput will be those transactions that are currently being assessed the e-Dth mechanism quantity, but since it will be applied on receipt quantities, just like fuel is retained at the receipt, the throughput will be receipt throughput.

¹⁰ The EPC would be assessed on all forward-haul inter-zone and intra-zone transportation. Backhaul and other no-fuel transactions (e.g. intra-zone pool-to-pool transactions) would not be assessed the EPC. Consistent with the e-Dth mechanism, intra-zone transactions would pay approximately 23.7% of the inter-zone EPC. Deliveries to storage would pay the intra-zone rate and, when withdrawn, would pay the difference between the inter-zone rate and the intra-zone rate, which is the same application for the fuel retention.

respectively. Since the current e-Dth Mechanism was agreed to by all parties in the 2013 Settlement, which specifically identified a mechanism that would share gains and allow losses to be carried forward into a subsequent period, the current balance of the e-Dth Mechanism is included as the initial EPC true-up amount to be collected and is reflected in the proposed EPC charge.

C. Transportation Fuel Retention Rates

The transportation fuel retention rates proposed for the six-month winter period beginning October 1, 2024, are based upon the actual consumption for the six-month period ending March 31, 2024, including the cumulative transportation over- or under-recovery balance that existed at the end of that same six-month period. A comparison of the currently effective rates and the proposed rates is shown below and also included in Schedule 1 of Appendix B, which includes the EPC rates for the first time. The proposed rates are to be applied to all SNG customers as applicable (i.e. there are no fuel discounts).

Transportation	Winter 2023/24 Rates	Current Summer 2024 Rates	Proposed Winter 2024/25 Rates
Zone 0/1 Delivery	1.77%	3.16%	1.32%
Zone 2 Delivery	2.49%	4.14%	2.11%
Zone 3 Delivery	2.99%	5.06%	2.55%
Intra-zone Delivery (Zones 1-3)	0.73%	1.04%	0.74%
Backhaul	0.16%	0.16%	0.16%
EPC Forward-haul Surcharge	N/A	N/A	\$0.0527
EPC Intra-zone Surcharge	N/A	N/A	\$0.0132

The transportation fuel retention rates include an under-collection of approximately 2.9 MMDth, which is further detailed on Schedule 5 of Appendix B, and primarily driven by a lowered SNG Index Price during the winter base period. In the development of the 2023/24 winter period rates, the fuel retention rates included approximately 4.6 MMDth of e-Dths which was derived from a weighted average SNG Index Price of approximately \$3.75/Dth.¹¹ However, during the 2023/24 winter period, despite the electric power cost being lower than what was included in the fuel filing by over \$1 million,¹² the weighted average of the SNG Index Price for the 2023/24 winter period was \$2.37/Dth, or nearly 40% lower than what was used to derive the e-Dth component of the fuel transportation rates. The effect of this was that the actual e-Dths to be retained were 6.7 MMDth, instead of the 4.6 MMDth, a short-fall of approximately 2.1 MMDth which represents the majority of the 2.9 MMDth under-collection being true-up in the proposed rates. The remaining variance can be explained by a slightly higher lost-and-unaccounted-for quantity and variances in actual fuel consumed per unit throughput.

¹¹ See Schedule 8 of Appendix B in SNG’s Update of Fuel Retention Rates filing in Docket No. RP23-975 (“2023/24 Winter Period Fuel Filing”). In that filing, embedded in the applicable fuel retention rates was an e-Dth rate of 0.83%, which was derived from a base period electric power cost of \$17.1 million divided by the monthly SNG Index Price to derive the 4.55 MMDth e-Dth quantity. The weighted average index price over this period was approximately \$3.75/Dth (= \$17.1 million / 4.55 MMDth e-Dth).

¹² Schedule 8 of Appendix B in the 2023/24 Winter Period Fuel Filing include \$17.1 million of electric power costs. That is compared to the \$16.0 million shown on Schedule 8 of Appendix B of this filing.

Transportation EPC Surcharge

Also shown in Schedule 1 of Appendix B, the EPC surcharge for the six-month period beginning October 1, 2024, is proposed to be \$0.0523/Dth for zone-to-zone forward haul transportation and \$0.0131/Dth for all intra-zone forward haul transportation activity. The derivation of these amounts is detailed on Schedule 8 of Appendix B. There is no EPC surcharge applicable to backhaul transactions. The EPC surcharge includes the e-Dth Mechanism loss balance of approximately \$9.5 million, which is detailed on Schedule 9 of Appendix B.

Summary of Support Schedules

Appendix B provides SNG's work papers supporting the determination of the proposed fuel retention rates as follows:

- Schedule 1: Summary of current vs. proposed fuel retention rates.
- Schedule 2: Summary of the transportation and fuel components of the fuel retention rates.
- Schedule 3: Derivation of transportation fuel amount to be recovered.
- Schedule 4: Fuel retention quantities during the base period.
- Schedule 5: Monthly detail of the transportation under- or over-recovery amounts during the base period.
- Schedule 6: System lost and unaccounted for ("LAUF") determination.
- Schedule 7: Transportation fuel consumption details during the base period.
- Schedule 8: Calculation of the EPC rates.
- Schedule 9: Historical e-Dth gains and losses balanced for the winter period.
- Schedule 10: Storage fuel allocated to transportation services as determined in RP24-497.

Appendix C provides an example showing how the existing and proposed tariff provisions operate consistent with Section 154.204(c) of the Commission's regulations.

Procedural Matters

SNG is submitting this filing pursuant to Subpart C of Part 154 of the Commission's regulations¹³ and GT&C Section 35 of SNG's Tariff.

Pursuant to the applicable provisions of Part 154.7 of the Commission's regulations, SNG submits an eTariff XML filing package containing:

1. This transmittal letter;
2. Appendix A, containing clean and marked versions of the tariff sections in PDF format;
3. Appendix B, containing supporting workpapers in PDF format; and
4. Appendix C, containing an example showing how the existing and proposed tariff provisions operate in PDF format.

¹³ See 18 C.F.R. §§ 154.201 - 154.210 (2023) (Subpart C).

SNG respectfully requests that the Commission accept the tendered tariff records for filing and permit them to become effective on October 1, 2024, which is not less than 30 days nor more than 60 days from the submission of this filing. To the extent the Commission allows the revised tariff records to go into effect without change, SNG hereby moves to place the tendered tariff records into effect at the end of any minimal suspension period specified in a Commission order.

Pursuant to Section 154.204 of the Commission's regulations, SNG states the following:

1. As shown in Appendix C, there are no cost or revenue increases as a result of this tariff change;
2. The proposed changes will not change a customer's rights to capacity in the manner in which a customer is able to use such capacity, receipt or delivery point flexibility, nominating and scheduling, curtailment, capacity release; and
3. SNG is not aware of any other filing pending with the Commission that may significantly affect this filing.¹⁴

As required by Section 154.208 of the Commission's regulations, copies of this filing are being electronically mailed to SNG's customers and interested commissions. The names, titles, and mailing addresses of the persons to whom communications concerning this filing are to be addressed and to whom service is to be made are as follows:

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¹⁴ SNG notes that it currently has a rate case proceeding in Docket No. RP24-744 but believes this filing to be distinct from the rate case so as to be separately treated.

Ms. Debbie-Anne Reese
August 20, 2024
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The undersigned hereby certifies that he has read this filing and knows (i) the contents of such filing and the attachments; (ii) that the contents as stated in the filing and in the attachments are true to the best of his knowledge and belief; and (iii) that he possesses full power and authority to sign this filing.

Respectfully submitted,

SOUTHERN NATURAL GAS COMPANY, L.L.C.

/s/ Ryan Leahy
Ryan Leahy
Director, Regulatory

Enclosures

Certificate of Service

I hereby certify that I have this day caused a copy of the foregoing document to be served upon all shippers on SNG's system, and interested state regulatory commissions, in accordance with the requirements of Section 154.208 and Section 385.2010 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure.

Dated at Birmingham, Alabama as of this 20th day of August 2024.

By, _____/s/_____

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**SOUTHERN NATURAL GAS COMPANY
UPDATE OF FUEL RETENTION RATES**

APPENDIX A

PROPOSED TARIFF SECTIONS

Southern Natural Gas Company, L.L.C.
FERC Gas Tariff
Volume No. 1

Tariff Sections Proposed to be Effective October 1, 2024

Section	Description	Version
2.1	Statement of Rates – FT Contesting	39.0.1
2.1.1	Statement of Rates – FT Settlement	43.0.1
2.2	Statement of Rates – FT-NN Contesting	39.0.1
2.2.1	Statement of Rates – FT-NN Settlement	41.0.1
2.3	Statement of Rates – IT Contesting	40.0.1
2.3.1	Statement of Rates – IT Settlement	41.0.1
2.6	Statement of Rates – Liquids and Liquefiabiles Contesting	29.0.0
2.6.1	Statement of Rates – Liquids and Liquefiabiles Settlement	29.0.0
3.1	Rate Schedule - FT	8.0.1
3.2	Rate Schedule – FT-NN	9.0.1
3.3	Rate Schedule - IT	7.0.0
4.35	Section 35 – Fuel Mechanism	6.0.0

APPENDIX A

CLEAN VERSION OF TARIFF SECTIONS

CONTESTING PARTY 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:	\$5.71	\$6.45	\$9.65	\$12.77
Minimum:	\$0.00	\$0.00	\$0.00	\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/	\$1.877	\$2.121	\$3.173	\$4.198

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
Minimum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢

<u>Backhaul Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
Minimum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢

<u>Small Shipper Charge 4/</u>				
Maximum:	47.90¢	54.40¢	72.10¢	95.80¢
Minimum:	4.1¢	4.5¢	5.8¢	6.6¢

Small Shipper Backhaul
 Charge 4/

Maximum:	47.90¢	54.40¢	72.10¢	95.80¢
Minimum:	4.1¢	4.5¢	5.8¢	6.6¢

Fuel Retention (Winter Period: October – March)

Forward Haul Fuel, Used & Unaccounted For	1.32%	1.32%	2.11%	2.55%
Intrazone Fuel, Used & Unaccounted For	1.32%	0.74%	0.74%	0.74%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)

Forward Haul EPC	\$0.0527	\$0.0527	\$0.0527	\$0.0527
Intrazone EPC	\$0.0527	\$0.0132	\$0.0132	\$0.0132
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: \$(0.0074) 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 for all Contesting Parties as defined in the Settlement. 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: \$(0.0074) applicable to each Dth transported.

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

SETTLEMENT 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:	\$4.67	\$5.28	\$7.90	\$10.46
Minimum:	\$0.00	\$0.00	\$0.00	\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/	\$.1535	\$.1736	\$.2597	\$.3439
<u>2016 Expansion Reservation Charge (Dth) 1/ 5/</u>				
Maximum:				\$13.03
Minimum:				\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/				\$.4284

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	3.50¢	3.90¢	5.00¢	5.60¢
Zone 1	3.50¢	2.50¢	3.70¢	4.30¢
Zone 2	3.50¢	2.50¢	3.30¢	4.00¢
Zone 3	3.50¢	2.50¢	3.30¢	2.90¢
Minimum:				
Production Area	0.500¢	0.700¢	2.10¢	2.90¢
Zone 1	0.500¢	0.200¢	1.60¢	2.40¢
Zone 2	0.500¢	0.200¢	1.40¢	2.20¢
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢
<u>Backhaul Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	3.50¢	N/A	N/A	N/A
Zone 1	3.50¢	2.50¢	N/A	N/A
Zone 2	3.50¢	2.50¢	3.30¢	N/A
Zone 3	3.50¢	2.50¢	3.30¢	2.90¢
Minimum:				
Production Area	0.500¢	N/A	N/A	N/A

Zone 1	0.500¢	0.200¢	N/A	N/A
Zone 2	0.500¢	0.200¢	1.40¢	N/A
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢
<u>Small Shipper Charge 4/</u>				
Maximum:	39.20¢	44.50¢	59.10¢	78.50¢
Minimum:	0.500¢	0.700¢	2.10¢	2.90¢
<u>Small Shipper Backhaul Charge 4/</u>				
Maximum:	39.20¢	44.50¢	59.10¢	78.50¢
Minimum:	0.500¢	0.700¢	2.10¢	2.90¢
<u>Fuel Retention (Winter Period: October - March)</u>				
Forward Haul Fuel, Used & Unaccounted For	1.32%	1.32%	2.11%	2.55%
Intrazone Fuel, Used & Unaccounted For	1.32%	0.74%	0.74%	0.74%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%
<u>Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)</u>				
Forward Haul EPC	\$0.0527	\$0.0527	\$0.0527	\$0.0527
Intrazone EPC	\$0.0527	\$0.0132	\$0.0132	\$0.0132
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: \$(0.0074) 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 applicable to all Supporting/Non-Opposing Participants 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. RP18-556 Settlement. 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: \$(0.0074) applicable to each Dth transported

ACA Surcharge:

See Section 28 of the General Terms and
Conditions.

5/ Applicable to services provided pursuant to the expansion authorized under Docket No. CP14-493-000, et. al.

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

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Reservation Charge (Dth) 1/</u>				
Maximum:	\$5.71	\$6.45	\$9.65	\$12.77
Minimum:	\$0.00	\$0.00	\$0.00	\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/	\$.1877	\$.2121	\$.3173	\$.4198
<u>RECEIPT ZONE</u>				
	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
Minimum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
<u>Backhaul Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
Minimum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
<u>Small Shipper Charge 4/</u>				
Maximum:	47.90¢	54.40¢	72.10¢	95.80¢
Minimum:	4.1¢	4.5¢	5.8¢	6.6¢

Small Shipper Backhaul
 Charge 4/

Maximum:	47.90¢	54.40¢	72.10¢	95.80¢
Minimum:	4.1¢	4.5¢	5.8¢	6.6¢

Fuel Retention (Winter Period: October - March)

Forward Haul Fuel, Used & Unaccounted For	1.32%	1.32%	2.11%	2.55%
Intrazone Fuel, Used & Unaccounted For	1.32%	0.74%	0.74%	0.74%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)

Forward Haul EPC	\$0.0527	\$0.0527	\$0.0527	\$0.0527
Intrazone EPC	\$0.0527	\$0.0132	\$0.0132	\$0.0132
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: \$(0.0074) applicable to each Dth transported

ACA Surcharge: 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 for all Contesting Parties as defined in the Settlement. 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: \$(0.0074) applicable to each Dth transported

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

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

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Reservation Charge (Dth) 1/</u>				
Maximum:	\$4.67	\$5.28	\$7.90	\$10.46
Minimum:	\$0.00	\$0.00	\$0.00	\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/	\$.1535	\$.1736	\$.2597	\$.3439

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>RECEIPT ZONE</u>				
<u>Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	3.50¢	3.90¢	5.00¢	5.60¢
Zone 1	3.50¢	2.50¢	3.70¢	4.30¢
Zone 2	3.50¢	2.50¢	3.30¢	4.00¢
Zone 3	3.50¢	2.50¢	3.30¢	2.90¢
Minimum:				
Production Area	0.500¢	0.700¢	2.10¢	2.90¢
Zone 1	0.500¢	0.200¢	1.60¢	2.40¢
Zone 2	0.500¢	0.200¢	1.40¢	2.20¢
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Backhaul Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	3.50¢	N/A	N/A	N/A
Zone 1	3.50¢	2.50¢	N/A	N/A
Zone 2	3.50¢	2.50¢	3.30¢	N/A
Zone 3	3.50¢	2.50¢	3.30¢	2.90¢
Minimum:				
Production Area	0.500¢	N/A	N/A	N/A
Zone 1	0.500¢	0.200¢	N/A	N/A
Zone 2	0.500¢	0.200¢	1.40¢	N/A
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢

<u>Small Shipper Charge 4/</u>				
Maximum:	39.20¢	44.50¢	59.10¢	78.50¢
Minimum:	0.500¢	0.700¢	2.10¢	2.90¢

Small Shipper
 Backhaul Charge 4/

Maximum:	39.20¢	44.50¢	59.10¢	78.50¢
Minimum:	0.500¢	0.700¢	2.10¢	2.90¢

Fuel Retention (Winter Period: October – March)

Forward Haul Fuel, Used & Unaccounted For	1.32%	1.32%	2.11%	2.55%
Intrazone Fuel, Used & Unaccounted For	1.32%	0.74%	0.74%	0.74%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)

Forward Haul EPC	\$0.0527	\$0.0527	\$0.0527	\$0.0527
Intrazone EPC	\$0.0527	\$0.0132	\$0.0132	\$0.0132
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: \$(0.0074) 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 applicable to all Supporting/Non-Opposing Participants 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. RP18-556 Settlement. 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: \$(0.0074) applicable to each Dth transported

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

Contesting Party Rates 3/
 Interruptible Transportation Service

<u>RECEIPT ZONE</u>	<u>DELIVERY ZONE</u>			
	Production Area	Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/ 2/</u>				
Maximum:				
Production Area	22.90¢	25.70¢	37.60¢	48.60¢
Zone 1	22.90¢	11.20¢	23.10¢	34.20¢
Zone 2	22.90¢	11.20¢	20.50¢	31.60¢
Zone 3	22.90¢	11.20¢	20.50¢	19.30¢
Minimum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
<u>Backhaul Transportation Charge (Dth) 1/ 2/</u>				
Maximum:				
Production Area	22.90¢	N/A	N/A	N/A
Zone 1	22.90¢	11.20¢	N/A	N/A
Zone 2	22.90¢	11.20¢	20.50¢	N/A
Zone 3	22.90¢	11.20¢	20.50¢	19.30¢
Minimum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
<u>Fuel Retention (Winter Period: October - March)</u>				
Forward Haul Fuel, Used & Unaccounted For	1.32%	1.32%	2.11%	2.55%
Intrazone Fuel, Used & Unaccounted For	1.32%	0.74%	0.74%	0.74%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%
<u>Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)</u>				
Forward Haul EPC	\$0.0527	\$0.0527	\$0.0527	\$0.0527
Intrazone EPC	\$0.0527	\$0.0132	\$0.0132	\$0.0132

Backhaul EPC	\$0.0000	\$0.0000	\$0.0000	\$0.0000
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1/ The surcharges applicable to service under Rate Schedule IT and Supply Pool Balancing Agreement include:

Storage Cost Reconciliation Mechanism \$(0.0074) applicable to each Dth transported.
Volumetric Surcharge:

2/ The surcharges applicable to service under Rate Schedule IT include:

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

3/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 for all Contesting Parties as defined in the Settlement. These rates are exclusive of all surcharges.

SETTLEMENT RATES 3/
 Interruptible Transportation Service

<u>RECEIPT ZONE</u>	<u>DELIVERY ZONE</u>			
	Production Area	Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/ 2/</u>				
Maximum:				
Production Area	19.60¢	22.00¢	32.20¢	41.60¢
Zone 1	19.60¢	9.60¢	19.80¢	29.30¢
Zone 2	19.60¢	9.60¢	17.60¢	27.00¢
Zone 3	19.60¢	9.60¢	17.60¢	16.50¢
Minimum:				
Production Area	0.500¢	0.700¢	2.10¢	2.90¢
Zone 1	0.500¢	0.200¢	1.60¢	2.40¢
Zone 2	0.500¢	0.200¢	1.40¢	2.20¢
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢
<u>Backhaul Transportation Charge (Dth) 1/ 2/</u>				
Maximum:				
Production Area	19.60¢	N/A	N/A	N/A
Zone 1	19.60¢	9.60¢	N/A	N/A
Zone 2	19.60¢	9.60¢	17.60¢	N/A
Zone 3	19.60¢	9.60¢	17.60¢	16.50¢
Minimum:				
Production Area	0.500¢	N/A	N/A	N/A
Zone 1	0.500¢	0.200¢	N/A	N/A
Zone 2	0.500¢	0.200¢	1.40¢	N/A
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢
<u>Fuel Retention (Winter Period: October - March)</u>				
Forward Haul Fuel, Used & Unaccounted For	1.32%	1.32%	2.11%	2.55%
Intrazone Fuel, Used & Unaccounted For	1.32%	0.74%	0.74%	0.74%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%
<u>Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)</u>				
Forward Haul EPC	\$0.0527	\$0.0527	\$0.0527	\$0.0527
Intrazone EPC	\$0.0527	\$0.0132	\$0.0132	\$0.0132

Backhaul EPC	\$0.0000	\$0.0000	\$0.0000	\$0.0000
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1/ The surcharges applicable to service under Rate Schedule IT and Supply Pool Balancing Agreement include:

Storage Cost Reconciliation Mechanism Volumetric Surcharge: \$(0.0074) 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 applicable to all Supporting/Non-Opposing Participants 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. RP18-556 Settlement. These rates are exclusive of all surcharges.

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	1.32%
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 for all Contesting Parties as defined in the Settlement.

SETTLEMENT RATES 3/
TRANSPORTATION RATES FOR LIQUIDS AND LIQUEFIABLES

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	1.32%
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.

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, will pay the rates set forth in Section 3(c) below.

Any Existing Small Shippers that do not elect to convert to two-part firm transportation service by the Election Deadline shall execute new firm transportation agreements with COMPANY subject to the Small Shipper Charge by the Election Deadline and such agreements shall contain the following seasonal firm contract quantities. For the months of November - March, the Transportation Demand shall be the same as SHIPPER'S current Transportation Demand subject to the Small Shipper Charge. 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 last three years ending March 31, 1999, unless Southern Natural agrees otherwise. The difference between SHIPPER'S current Small Shipper Transportation Demand and its reduced Transportation Demand hereunder can be reinstated on 12 months prior written notice if and to the extent the Existing Small Shipper can provide data demonstrating its need to reinstate its Transportation Demand for any month.

- (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 and EPC charges: 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"). 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.

- (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, will pay the rates set forth in Section 3(c) below.
- Any Existing Small Shippers that do not elect to convert to two-part firm transportation service by the Election Deadline shall execute new firm transportation agreements with COMPANY subject to the Small Shipper Charge by the Election Deadline and such agreements shall contain the following seasonal firm contract quantities. For the months of November - March, the Transportation Demand shall be the same as SHIPPER'S current Transportation Demand subject to the Small Shipper Charge. 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 last three years ending March 31, 1999, unless Southern Natural agrees otherwise. The difference between SHIPPER'S current Small Shipper Transportation Demand and its reduced Transportation Demand hereunder can be reinstated on 12 months prior written notice if and to the extent the Existing Small Shipper can provide data demonstrating its need to reinstate its Transportation Demand for any month.
- (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 and EPC charges: 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"). 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.
- (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 and EPC charges: 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.

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 0.16% 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. 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.

APPENDIX A

MARKED VERSION OF TARIFF SECTIONS

CONTESTING PARTY 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:	\$5.71	\$6.45	\$9.65	\$12.77
Minimum:	\$0.00	\$0.00	\$0.00	\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/	\$1.877	\$2.121	\$3.173	\$4.198

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>RECEIPT ZONE</u>				
<u>Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
Minimum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢

<u>Backhaul Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
Minimum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢

<u>Small Shipper Charge 4/</u>				
Maximum:	47.90¢	54.40¢	72.10¢	95.80¢
Minimum:	4.1¢	4.5¢	5.8¢	6.6¢

Small Shipper Backhaul
 Charge 4/

Maximum:	47.90¢	54.40¢	72.10¢	95.80¢
Minimum:	4.1¢	4.5¢	5.8¢	6.6¢

Fuel Retention (~~Winter~~Summer Period: ~~October~~April – ~~March~~September)

Forward Haul Fuel, Used & Unaccounted For	1.323-16%	1.323-16%	2.114-14%	2.555-06%
Intrazone Fuel, Used & Unaccounted For	1.323-16%	0.741-04%	0.741-04%	0.741-04%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)

<u>Forward Haul EPC</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>
<u>Intrazone EPC</u>	<u>\$0.0527</u>	<u>\$0.0132</u>	<u>\$0.0132</u>	<u>\$0.0132</u>
<u>Backhaul EPC</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>

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

Storage Cost Reconciliation Mechanism Volumetric Surcharge: \$(0.0074) 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 for all Contesting Parties as defined in the Settlement. 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: \$(0.0074) applicable to each Dth transported.

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

SETTLEMENT 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:	\$4.67	\$5.28	\$7.90	\$10.46
Minimum:	\$0.00	\$0.00	\$0.00	\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/	\$.1535	\$.1736	\$.2597	\$.3439
<u>2016 Expansion Reservation Charge (Dth) 1/ 5/</u>				
Maximum:				\$13.03
Minimum:				\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/				\$.4284

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	3.50¢	3.90¢	5.00¢	5.60¢
Zone 1	3.50¢	2.50¢	3.70¢	4.30¢
Zone 2	3.50¢	2.50¢	3.30¢	4.00¢
Zone 3	3.50¢	2.50¢	3.30¢	2.90¢
Minimum:				
Production Area	0.500¢	0.700¢	2.10¢	2.90¢
Zone 1	0.500¢	0.200¢	1.60¢	2.40¢
Zone 2	0.500¢	0.200¢	1.40¢	2.20¢
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢
<u>Backhaul Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	3.50¢	N/A	N/A	N/A
Zone 1	3.50¢	2.50¢	N/A	N/A
Zone 2	3.50¢	2.50¢	3.30¢	N/A
Zone 3	3.50¢	2.50¢	3.30¢	2.90¢
Minimum:				
Production Area	0.500¢	N/A	N/A	N/A

Zone 1	0.500¢	0.200¢	N/A	N/A
Zone 2	0.500¢	0.200¢	1.40¢	N/A
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢

Small Shipper Charge 4/

Maximum:	39.20¢	44.50¢	59.10¢	78.50¢
Minimum:	0.500¢	0.700¢	2.10¢	2.90¢

Small Shipper Backhaul Charge 4/

Maximum:	39.20¢	44.50¢	59.10¢	78.50¢
Minimum:	0.500¢	0.700¢	2.10¢	2.90¢

Fuel Retention (~~Winter~~~~Summer~~ Period: ~~October~~~~April~~ - ~~March~~~~September~~)

Forward Haul Fuel, Used & Unaccounted For	1.323-16%	1.323-16%	2.114-14%	2.555-06%
Intrazone Fuel, Used & Unaccounted For	1.323-16%	0.741-04%	0.741-04%	0.741-04%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)

<u>Forward Haul EPC</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>
<u>Intrazone EPC</u>	<u>\$0.0527</u>	<u>\$0.0132</u>	<u>\$0.0132</u>	<u>\$0.0132</u>
<u>Backhaul EPC</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>

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

Storage Cost Reconciliation Mechanism Volumetric Surcharge: \$(0.0074) 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 applicable to all Supporting/Non-Opposing Participants 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. RP18-556 Settlement. 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: \$(0.0074) applicable to each Dth transported

ACA Surcharge:

See Section 28 of the General Terms and
Conditions.

5/ Applicable to services provided pursuant to the expansion authorized under Docket No. CP14-493-000, et. al.

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

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Reservation Charge (Dth) 1/</u>				
Maximum:	\$5.71	\$6.45	\$9.65	\$12.77
Minimum:	\$0.00	\$0.00	\$0.00	\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/	\$.1877	\$.2121	\$.3173	\$.4198
<u>RECEIPT ZONE</u>				
	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
Minimum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
<u>Backhaul Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
Minimum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢
<u>Small Shipper Charge 4/</u>				
Maximum:	47.90¢	54.40¢	72.10¢	95.80¢
Minimum:	4.1¢	4.5¢	5.8¢	6.6¢

Small Shipper Backhaul
 Charge 4/

Maximum:	47.90¢	54.40¢	72.10¢	95.80¢
Minimum:	4.1¢	4.5¢	5.8¢	6.6¢

Fuel Retention (WinterSummer Period: OctoberApril - MarchSeptember)

Forward Haul Fuel, Used & Unaccounted For	1.323-16%	1.323-16%	2.114-14%	2.555-06%
Intrazone Fuel, Used & Unaccounted For	1.323-16%	0.741-04%	0.741-04%	0.741-04%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)

<u>Forward Haul EPC</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>
<u>Intrazone EPC</u>	<u>\$0.0527</u>	<u>\$0.0132</u>	<u>\$0.0132</u>	<u>\$0.0132</u>
<u>Backhaul EPC</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>

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: \$(0.0074) applicable to each Dth transported

ACA Surcharge: 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 for all Contesting Parties as defined in the Settlement. 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: \$(0.0074) applicable to each Dth transported

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

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

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Reservation Charge (Dth) 1/</u>				
Maximum:	\$4.67	\$5.28	\$7.90	\$10.46
Minimum:	\$0.00	\$0.00	\$0.00	\$0.00
Maximum Daily Volumetric Capacity Release Rates 2/	\$.1535	\$.1736	\$.2597	\$.3439

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>RECEIPT ZONE</u>				
<u>Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	3.50¢	3.90¢	5.00¢	5.60¢
Zone 1	3.50¢	2.50¢	3.70¢	4.30¢
Zone 2	3.50¢	2.50¢	3.30¢	4.00¢
Zone 3	3.50¢	2.50¢	3.30¢	2.90¢
Minimum:				
Production Area	0.500¢	0.700¢	2.10¢	2.90¢
Zone 1	0.500¢	0.200¢	1.60¢	2.40¢
Zone 2	0.500¢	0.200¢	1.40¢	2.20¢
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢

	Production Area	<u>DELIVERY ZONE</u>		
		Zone 1	Zone 2	Zone 3
<u>Backhaul Transportation Charge (Dth) 1/</u>				
Maximum:				
Production Area	3.50¢	N/A	N/A	N/A
Zone 1	3.50¢	2.50¢	N/A	N/A
Zone 2	3.50¢	2.50¢	3.30¢	N/A
Zone 3	3.50¢	2.50¢	3.30¢	2.90¢
Minimum:				
Production Area	0.500¢	N/A	N/A	N/A
Zone 1	0.500¢	0.200¢	N/A	N/A
Zone 2	0.500¢	0.200¢	1.40¢	N/A
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢

<u>Small Shipper Charge 4/</u>				
Maximum:	39.20¢	44.50¢	59.10¢	78.50¢
Minimum:	0.500¢	0.700¢	2.10¢	2.90¢

Small Shipper
 Backhaul Charge 4/

Maximum:	39.20¢	44.50¢	59.10¢	78.50¢
Minimum:	0.500¢	0.700¢	2.10¢	2.90¢

Fuel Retention (WinterSummer Period: ~~OctoberApril~~ – ~~MarchSeptember~~)

Forward Haul Fuel, Used & Unaccounted For	1.323-16%	1.323-16%	2.114-14%	2.555-06%
Intrazone Fuel, Used & Unaccounted For	1.323-16%	0.741-04%	0.741-04%	0.741-04%
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)

<u>Forward Haul EPC</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>
<u>Intrazone EPC</u>	<u>\$0.0527</u>	<u>\$0.0132</u>	<u>\$0.0132</u>	<u>\$0.0132</u>
<u>Backhaul EPC</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>

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: \$(0.0074) 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 applicable to all Supporting/Non-Opposing Participants 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. RP18-556 Settlement. 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: \$(0.0074) applicable to each Dth transported

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

Contesting Party Rates 3/
 Interruptible Transportation Service

<u>RECEIPT ZONE</u>	<u>DELIVERY ZONE</u>			
	Production Area	Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/ 2/</u>				
Maximum:				
Production Area	22.90¢	25.70¢	37.60¢	48.60¢
Zone 1	22.90¢	11.20¢	23.10¢	34.20¢
Zone 2	22.90¢	11.20¢	20.50¢	31.60¢
Zone 3	22.90¢	11.20¢	20.50¢	19.30¢

Minimum:				
Production Area	4.10¢	4.50¢	5.80¢	6.60¢
Zone 1	4.10¢	2.90¢	4.30¢	5.10¢
Zone 2	4.10¢	2.90¢	3.90¢	4.70¢
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢

Backhaul Transportation Charge (Dth) 1/ 2/

Maximum:				
Production Area	22.90¢	N/A	N/A	N/A
Zone 1	22.90¢	11.20¢	N/A	N/A
Zone 2	22.90¢	11.20¢	20.50¢	N/A
Zone 3	22.90¢	11.20¢	20.50¢	19.30¢

Minimum:				
Production Area	4.10¢	N/A	N/A	N/A
Zone 1	4.10¢	2.90¢	N/A	N/A
Zone 2	4.10¢	2.90¢	3.90¢	N/A
Zone 3	4.10¢	2.90¢	3.90¢	3.40¢

Fuel Retention (WinterSummer Period: OctoberApril - MarchSeptember)

Forward Haul Fuel, Used & Unaccounted For	<u>1.323-16%</u>	<u>1.323-16%</u>	<u>2.114-14%</u>	<u>2.555-06%</u>
Intrazone Fuel, Used & Unaccounted For	<u>1.323-16%</u>	<u>0.741-04%</u>	<u>0.741-04%</u>	<u>0.741-04%</u>
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)

<u>Forward Haul EPC</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>
<u>Intrazone EPC</u>	<u>\$0.0527</u>	<u>\$0.0132</u>	<u>\$0.0132</u>	<u>\$0.0132</u>

<u>Backhaul EPC</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>
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1/ The surcharges applicable to service under Rate Schedule IT and Supply Pool Balancing Agreement include:

Storage Cost Reconciliation Mechanism \$(0.0074) applicable to each Dth transported.
Volumetric Surcharge:

2/ The surcharges applicable to service under Rate Schedule IT include:

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

3/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 for all Contesting Parties as defined in the Settlement. These rates are exclusive of all surcharges.

SETTLEMENT RATES 3/
 Interruptible Transportation Service

RECEIPT ZONE	DELIVERY ZONE			
	Production Area	Zone 1	Zone 2	Zone 3
<u>Transportation Charge (Dth) 1/ 2/</u>				
Maximum:				
Production Area	19.60¢	22.00¢	32.20¢	41.60¢
Zone 1	19.60¢	9.60¢	19.80¢	29.30¢
Zone 2	19.60¢	9.60¢	17.60¢	27.00¢
Zone 3	19.60¢	9.60¢	17.60¢	16.50¢

Minimum:				
Production Area	0.500¢	0.700¢	2.10¢	2.90¢
Zone 1	0.500¢	0.200¢	1.60¢	2.40¢
Zone 2	0.500¢	0.200¢	1.40¢	2.20¢
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢

Backhaul Transportation Charge (Dth) 1/ 2/

Maximum:				
Production Area	19.60¢	N/A	N/A	N/A
Zone 1	19.60¢	9.60¢	N/A	N/A
Zone 2	19.60¢	9.60¢	17.60¢	N/A
Zone 3	19.60¢	9.60¢	17.60¢	16.50¢

Minimum:				
Production Area	0.500¢	N/A	N/A	N/A
Zone 1	0.500¢	0.200¢	N/A	N/A
Zone 2	0.500¢	0.200¢	1.40¢	N/A
Zone 3	0.500¢	0.200¢	1.40¢	0.900¢

Fuel Retention (WinterSummer Period: OctoberApril - MarchSeptember)

Forward Haul Fuel, Used & Unaccounted For	<u>1.323-16%</u>	<u>1.323-16%</u>	<u>2.114-14%</u>	<u>2.555-06%</u>
Intrazone Fuel, Used & Unaccounted For	<u>1.323-16%</u>	<u>0.741-04%</u>	<u>0.741-04%</u>	<u>0.741-04%</u>
Backhaul Fuel, Used & Unaccounted For	0.16%	0.16%	0.16%	0.16%

Electric Power Charge (Winter Period: October - March) (\$/Dth of Receipts)

Forward Haul EPC	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>	<u>\$0.0527</u>
Intrazone EPC	<u>\$0.0527</u>	<u>\$0.0132</u>	<u>\$0.0132</u>	<u>\$0.0132</u>

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: \$(0.0074) 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/ The foregoing rates have been established pursuant to the terms of the Settlement filed in Docket No. RP18-556 applicable to all Supporting/Non-Opposing Participants 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. RP18-556 Settlement. These rates are exclusive of all surcharges.

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	3.16 1.32%
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 for all Contesting Parties as defined in the Settlement.

SETTLEMENT RATES 3/
TRANSPORTATION RATES FOR LIQUIDS AND LIQUEFIABLES

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	1.323-16%
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.

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, will pay the rates set forth in Section 3(c) below.

Any Existing Small Shippers that do not elect to convert to two-part firm transportation service by the Election Deadline shall execute new firm transportation agreements with COMPANY subject to the Small Shipper Charge by the Election Deadline and such agreements shall contain the following seasonal firm contract quantities. For the months of November - March, the Transportation Demand shall be the same as SHIPPER'S current Transportation Demand subject to the Small Shipper Charge. 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 last three years ending March 31, 1999, unless Southern Natural agrees otherwise. The difference between SHIPPER'S current Small Shipper Transportation Demand and its reduced Transportation Demand hereunder can be reinstated on 12 months prior written notice if and to the extent the Existing Small Shipper can provide data demonstrating its need to reinstate its Transportation Demand for any month.

- (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 and EPC charges: 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"). 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.

- (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, will pay the rates set forth in Section 3(c) below.
- Any Existing Small Shippers that do not elect to convert to two-part firm transportation service by the Election Deadline shall execute new firm transportation agreements with COMPANY subject to the Small Shipper Charge by the Election Deadline and such agreements shall contain the following seasonal firm contract quantities. For the months of November - March, the Transportation Demand shall be the same as SHIPPER'S current Transportation Demand subject to the Small Shipper Charge. 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 last three years ending March 31, 1999, unless Southern Natural agrees otherwise. The difference between SHIPPER'S current Small Shipper Transportation Demand and its reduced Transportation Demand hereunder can be reinstated on 12 months prior written notice if and to the extent the Existing Small Shipper can provide data demonstrating its need to reinstate its Transportation Demand for any month.
- (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 and EPC charges: 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"). 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.
- (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 and EPC charges: 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.

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 0.16% 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~~Gains and Losses on Electricity~~

(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. 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.

**SOUTHERN NATURAL GAS COMPANY
UPDATE OF FUEL RETENTION RATES**

APPENDIX B

SUPPORTING WORKPAPERS

Southern Natural Gas Company, L.L.C.
Summary of Proposed Rates
For the 6-Month Period Beginning October 1, 2024

Line No.	Transportation (a)	Current Rates 2/ (b)	Winter 2023/24 Rates 3/ (c)	Proposed Rates (d)	Reference (e)
1	Zone 0 Delivery	3.16%	1.77%	1.32%	Sch 2, Row 1, col (e)
2	Zone 1 Delivery	3.16%	1.77%	1.32%	Sch 2, Row 2, col (e)
3	Zone 2 Delivery	4.14%	2.49%	2.11%	Sch 2, Row 3, col (e)
4	Zone 3 Delivery	5.06%	2.99%	2.55%	Sch 2, Row 4, col (e)
5	0-0 Intrazone	3.16%	1.77%	1.32%	Sch 2, Row 5, col (e)
6	1-1 Intrazone	1.04%	0.73%	0.74%	Sch 2, Row 6, col (e)
7	2-2 Intrazone	1.04%	0.73%	0.74%	Sch 2, Row 7, col (e)
8	3-3 Intrazone	1.04%	0.73%	0.74%	Sch 2, Row 8, col (e)
9	Backhaul 1/	0.16%	0.16%	0.16%	Sch 2, Row 9, col (e)
10	Liquefiable Transportation	3.16%	1.77%	1.32%	Sch 2, Row 10, col (e)
11	EPC Forward Haul Surcharge			\$0.0527	Sch 8, Row 22, col (f)
12	EPC Intrazone Surcharge			\$0.0132	Sch 8, Row 23, col (f)

Notes:

- 1 - Per the terms of GT&C Section 35.3, the backhaul fuel retention percentage will remain at 0.16% without adjustment.
- 2 - See Docket No. RP24-497.
- 3 - See Docket No. RP23-975.

Southern Natural Gas Company, L.L.C.
Determination of Total Fuel Rate (inclusive of LAUF)

Line No.	Transportation	Proposed Transportation Fuel Retention Rate	Reference	LAUF 2/ (d)	Total Fuel Retention Rate (e)
	(a)	(b)	(c)		
1	Zone 0 Delivery	1.20%	Sch 3, row 34, col (c)	0.12%	1.32%
2	Zone 1 Delivery	1.20%	Sch 3, row 34, col (c)	0.12%	1.32%
3	Zone 2 Delivery	1.99%	Sch 3, row 34, col (d)	0.12%	2.11%
4	Zone 3 Delivery	2.43%	Sch 3, row 34, col (f)	0.12%	2.55%
5	0-0 Intrazone	1.20%	Sch 3, row 34, col (c)	0.12%	1.32%
6	1-1 Intrazone	0.62%	Sch 3, row 11, col (e)	0.12%	0.74%
7	2-2 Intrazone	0.62%	Sch 3, row 11, col (e)	0.12%	0.74%
8	3-3 Intrazone	0.62%	Sch 3, row 11, col (e)	0.12%	0.74%
9	Backhaul 1/	0.16%	GT&C Section 35.3	0.00%	0.16%
10	Liquefiable Transportation	1.20%	Sch 3, row 34, col (c)	0.12%	1.32%

Notes:

- 1 - Per the terms of GT&C Section 35.3, the backhaul fuel retention percentage will remain at 0.16% without adjustment.
- 2 - From Schedule 6

Southern Natural Gas Company, L.L.C.
Allocation of Fuel to be Recovered To Zones

Line No.	Particular	Reference/Calculation	Zones 0 & 1	Zone 2	Zone 3	Total	(g)	(h)
	(a)	(b)	(c)	(d)	(e)	(f)		
1	Forward Haul and Intrazone Fuel Allocation							
2	Fuel Used during Base Period	Schedule 7-1	3,587,928	2,424,494	1,108,608	7,121,030		
3	Less Backhaul Fuel at Fixed 0.16%	Schedule 4, cols (q) - (u)	2,379	916	34,187	37,482		
4	Fuel For All Forward Haul Transactions	row 2 - row 3	3,585,549	2,423,578	1,074,421	7,083,548		
5	Percent Fuel by Zone	row 4 item / row 4 total	50.62%	34.21%	15.17%	100.00%		
6	Under/(Over)-Recovery Allocation to Zones	Total from Sch 5, Row 8, Col (aa)	1,475,099	997,063	442,018	2,914,180		
7	Fuel to be Allocated	row 4 + row 6	5,060,648	3,420,641	1,516,439	9,997,728		
8	Zone 1, 2, and 3 Intrazone Fuel Retention Rate Determination							
9	Intrazone Zone 3 Deliveries	Sch 4, row 34, col (o)			244,015,155			
10	Intrazone Fuel For Zone 3	row 7, col (e)			1,516,439			
11	Fuel Rate for Zones 1, 2 and 3 Intrazone	row 9 / (row 9 + row 10)			0.62%			
12	Forward Haul Transportation Fuel Retention Rate Determination		Zone 1	Zone 2	Zone 3	Total		
13	Intrazone Zone 1, 2, and 3 Deliveries	Sch 4, row 34, cols (h), (i), (j)	14,361,251	18,350,293	45,100,300	77,811,844		
14	Intrazone Fuel Retention Rate	row 11, col (e)	0.618%	0.618%	0.618%			
15	Fuel for Intrazone Transactions	row 13 / (row 13 + row 14)	89,248	114,038	280,277	483,564		
16	Fuel for Forward Haul Transactions	row 7 - row 15	4,971,399	3,306,603	1,236,162	9,514,164		
17	Storage Fuel Allocated to Transportation	Sch 10, row 5, col (b)	55,975			55,975		
18	Total Fuel for Forward Haul Transactions	row 16 + row 17	5,027,374	3,306,603	1,236,162	9,570,139		
Fuel Allocation to Forward Haul Transactions by Zone								
			Zone 0 & 1 FH					
			(incl Zone 0					
			Intrazone)	Zone 2 FH	Zone 3 FH	Total		
19	Zone 0 & 1 Fuel Allocation							
20	Total Deliveries	Sch 4, row 34, cols (g)+ (l)+ (m), (n), (o)	49,306,545	121,032,364	244,015,155	414,354,064		
21	Percent Allocation	row 21 item / row 21 total	11.9%	29.2%	58.9%	100.0%		
22	Zone 0/1 Fuel Allocation	row 18, col (c) x row 21	598,238	1,468,490	2,960,646	5,027,374		
23	Zone 2 Fuel Allocation			Zone 2 From	Zone 3 From	Total		
24	Total Deliveries	Sch 4, row 34, cols (n), (d), (o), (e)		121,032,364	12,201,864	244,015,155	26,310,883	403,560,266
25	Percent Allocation	row 24 item / row 24 total		30.0%	3.0%	60.5%	6.5%	100.0%
26	Zone 2 Fuel Allocation	row 18, col (d) x row 28		991,688	99,977	1,999,357	215,580	3,306,603
27	Zone 3 Fuel Allocation				Zone 3 From	Total		
28	Total Deliveries	Sch 4, row 34, cols (o), (e)			244,015,155	26,310,883	270,326,038	
29	Percent Allocation	row 28 item / row 28 total			90.3%	9.7%	100.0%	
30	Zone 3 Fuel Allocation	row 18, col (d) x row 29			1,115,846	120,316	1,236,162	
31	Total Fuel Allocation	row 22 + row 26 + row 30	598,238	2,460,179	6,075,849			
32	Total Deliveries	row 20	49,306,545	121,032,364	244,015,155			
33	Required Receipts	row 31 + row 32	49,904,783	123,492,543	250,091,004			
34	Fuel Retention Rate (Rounded)	row 31 / row 33	1.20%	1.99%	2.43%			

Southern Natural Gas Company, L.L.C.
Transportation Fuel True-Up Determination

Line No.	Particular	PPA 1/	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Prior Balance 6/	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Total Retained Fuel (dth) 2/		1,803,885	1,997,517	2,265,640	2,436,890	2,132,979	1,884,023	(754,917)	11,766,017
2	Fuel Used (dth) 3/	4,469	871,277	1,083,483	1,383,925	1,584,450	1,344,791	853,104		7,125,499
3	LAUF (dth) 4/		81,683	77,928	103,796	315,577	139,101	73,998	-	792,083
4	Net Over/(Under) Collection (dth) (line 1 minus line 2 minus line 3)	(4,469)	850,925	836,106	777,919	536,863	649,087	956,921	(754,917)	3,848,435
5	Electric Costs 5/		\$2,305,524	\$2,743,293	\$2,727,965	\$3,738,235	\$2,743,212	\$1,777,298		\$16,035,526
6	SNG Index Price 5/		\$2.95	\$2.71	\$2.61	\$2.94	\$1.85	\$1.52		
7	Electric Costs in Dth (Fuel Use)		781,533	1,012,285	1,045,197	1,271,508	1,482,817	1,169,275		6,762,615
8	Total Transp. Over (Under) Collection With Electricity Included (dth) (line 4 minus line 7)		69,392	(176,179)	(267,278)	(734,645)	(833,730)	(212,354)	(754,917)	(2,914,180)

Notes:

1 - Reflects PPA's booked after March 2023 applicable to period October 2022 through March 2023.

2 - See Schedule 4 for support

3 - See Schedule 7 for support

4 - See Schedule 6 for support

5 - See Schedule 8 for support

6 - Under-recovery amount from last winter's fuel filing in Docket No. RP23-975, Schedule 5; included in total retained amount per calculation specified in Section 35.3 of Southern Natural's General Terms and Conditions (i.e. similar to a deferred account)

Southern Natural Gas Company, L.L.C.
Support For LAUF Calculation

Line No.	Month	Total Receipts 1/	Total Deliveries 2/	Lost and Unaccounted For (LAUF) Loss/(Gain)
	(a)	(b)	(c)	(d) (b) - (c)
1	Oct-23	97,928,755	97,847,071	81,683
2	Nov-23	102,152,397	102,074,468	77,928
3	Dec-23	116,739,555	116,635,759	103,796
4	Jan-24	131,128,627	130,813,050	315,577
5	Feb-24	104,983,416	104,844,315	139,101
6	Mar-24	99,909,124	99,835,126	73,998
7	Total	652,841,873	652,049,789	792,084
8	LAUF Billing Determinants (Schedule 4, row 34; col (w) - col (b) - col(c))			636,952,850
9	LAUF Retention Percentage (col (d); row 7/(row 7 + row 8))			0.12%

Notes:

1 - From schedule 4

2 - Includes all storage activity whether customer activity or activity related to Southern's working storage, changes to line inventory, and compressor fuel consumed for operations.

Southern Natural Gas Company, L.L.C.
Compressor Fuel and Other Company Used Gas by Station and Zone
Base Period of October 1, 2023 through March 31, 2024

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Line No.	Zone	Compressor Location	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	0/1	Bay Springs	76,138	77,360	122,726	136,401	112,080	25,630	550,335
2	0/1	Bienville	8,732	9,033	9,189	9,030	8,432	8,715	53,131
3	0/1	Franklinton	37,226	36,404	45,417	49,996	49,659	41,805	260,507
4	0/1	Gwinville	81,533	92,396	99,077	104,518	94,031	70,921	542,476
5	0/1	Louisville	19,520	17,837	26,194	26,939	29,350	28,544	148,384
6	0/1	Onward	6,177	4,560	9,237	18,036	12,822	7,037	57,869
7	0/1	Pearl River	7,357	15,408	37,367	49,029	58,147	1,268	168,576
8	0/1	Pickens	14,362	14,821	17,187	16,151	13,995	3,077	79,593
9	0/1	Rankin	15,074	16,291	18,503	13,728	14,746	3,110	81,452
10	0/1	SESH: Delhi & Gwinville	123,946	136,262	144,808	134,380	120,511	181,081	840,988
11	0/1	Shadyside	23,176	19,018	18,397	23,455	21,429	23,864	129,339
12	0/1	Toca	19,963	24,409	38,011	30,167	28,668	12,193	153,411
13	0/1	White Castle	50,909	51,679	57,985	60,076	54,181	52,161	326,991
14	0/1	Leaf/MS Hub Fuel	20,977	4,071	12,835	12,447	15,457	6,785	72,572
15	0/1	Fugitive Emissions	8,993	9,535	10,044	9,527	9,518	9,545	57,163
16	0/1	Other Company Used Gas	8,212	9,550	7,613	7,290	24,943	7,533	65,141
17		Total Zone 0 & 1	522,295	538,634	674,590	701,170	667,969	483,269	3,587,928
18	2	Auburn	21,774	57,041	68,843	75,678	62,638	21,630	307,604
19	2	Bell Mills	5,900	11,136	10,622	18,505	10,080	8,813	65,056
20	2	Dearmanville	11,620	14,034	16,563	27,122	16,383	14,473	100,195
21	2	Duncanville	19	8	10	21	215	605	878
22	2	Elmore	846	12,621	23,133	35,463	16,748	2,869	91,680
23	2	Enterprise	111,572	131,539	143,020	150,163	127,378	117,579	781,251
24	2	Gallion	1,057	15,373	24,023	31,029	20,723	3,780	95,985
25	2	McConnells	0	0	8,970	14,902	2,974	6	26,852
26	2	Pell City	86	421	2	375	1	2	887
27	2	Providence	0	2,065	7,448	23,817	9,515	2,081	44,926
28	2	Reform	1,555	12,791	37,258	60,806	34,502	9,488	156,400
29	2	Selma	1,489	31,109	56,813	96,754	62,271	12,067	260,503
30	2	Tarrant	20,347	21,066	27,289	34,314	22,529	21,090	146,635
31	2	York	3,713	46,847	71,512	89,825	53,368	13,554	278,819
32	2	Fugitive Emissions	4,540	4,814	5,071	4,809	4,805	4,819	28,857
33	2	Other Company Used Gas	4,082	5,740	7,349	8,564	7,740	4,491	37,966
34		Total Zone 2	188,600	366,605	507,926	672,147	451,870	237,347	2,424,494
35	3	Albany	9,892	9,261	9,881	9,637	11,850	9,468	59,989
36	3	Brookman	0	0	0	0	0	0	0
37	3	Elba Express	12,484	5,172	905	0	1,307	1,398	21,266
38	3	Ellerslie	11,113	14,365	17,486	31,484	22,995	14,377	111,820
39	3	Hall Gate	16,567	21,510	16,769	12,667	24,062	10,807	102,382
40	3	Hilliard	846	0	0	0	0	1	847
41	3	Holy Trinity	6,488	4,182	8,144	7,677	9,262	7,605	43,358
42	3	Ocmulgee	34,936	38,465	35,955	34,523	33,850	32,561	210,290
43	3	Pavo	98	99	69	104	3,647	370	4,387
44	3	Riceboro	5,740	732	0	0	256	3	6,731
45	3	Rome	9	3,591	1,467	12,680	4	0	17,751
46	3	Thomaston	26,051	42,521	71,212	74,282	72,685	33,421	320,172
47	3	Wrens	20,407	24,624	25,169	11,071	14,545	8,815	104,631
48	3	Fugitive Emissions	4,643	4,923	5,185	4,918	4,914	4,928	29,511
49	3	Other Company Used Gas	11,108	8,799	9,167	12,090	25,575	8,734	75,473
50		Total Zone 3	160,382	178,244	201,409	211,133	224,952	132,488	1,108,608
51		Total Fuel	871,277	1,083,483	1,383,925	1,584,450	1,344,791	853,104	7,121,030

Southern Natural Gas Company, L.L.C.
Breakdown of Other Company Used Gas by Zone
Base Period of October 1, 2023 through March 31, 2024

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Line No.	Zone	Description	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	00	SNG DOMESTIC NATCHITOCHE BIENVILLE	312	302	312	313	292	313	1,844
2	00	SNG DOMESTIC TOCA JEFFERSON	156	150	156	157	145	157	921
3	00	SNG/SNG BIENVILLE COMPRESSOR BLOWDOWN	4	12	2	4	16	2	40
4	00	SNG/SNG BIENVILLE COMPRESSOR ESD BI		14					14
5	00	SNG/SNG FRANKLINTON COMPRESSOR BLOW	1,499	2,008	807	213	553	833	5,913
6	00	SNG/SNG LOGANSPORT COMPRESSOR BLOWD			25	2			25
7	00	SNG/SNG LOGANSPORT COMPRESSOR ESD D							2
8	00	SNG/SNG PIPELINE LOSS O&M 132 TOCA	80	76	119	88	83	110	556
9	00	SNG/SNG SHADYSIDE COMPRESSOR BLOWDOWN	21	44	45	52	44	50	256
10	00	SNG/SNG TOCA COMPRESSOR BLOWDOWNWN ST	92	131	206	192	28	73	722
11	00	SNG/SNG WHITE CASTLE COMPRESSOR BLO	81	21	24	70	9	61	266
12		Total for Zone 0	2,245	2,758	1,696	1,091	1,170	1,599	10,559
13	01	SNG DOMESTIC COLUMBUS WINSTON	95	91	94	94	88	94	556
14	01	SNG DOMESTIC HEIDELBERG JASPER	3,381	3,275	3,385	3,379	3,156	3,374	19,950
15	01	SNG DOMESTIC PERRYVILLE OUACHITA		1	3	8	6	2	20
16	01	SNG/SNG BAY SPRINGS COMPRESSOR BLOW	207	719	914	643	229	330	3,042
17	01	SNG/SNG BAY SPRINGS COMPRESSOR ESD						354	354
18	01	SNG/SNG ENTERPRISE COMPRESSOR BLOWD	1,535	1,096	932	1,074	1,301	1,087	7,025
19	01	SNG/SNG GWINVILLE COMPRESSOR BLOWDOWN	340	245	170	501	240	330	1,826
20	01	SNG/SNG GWINVILLE COMPRESSOR ESD JE					403		403
21	01	SNG/SNG LOUISVILLE COMPRESSOR BLOWD	124	99	137	118	128	114	720
22	01	SNG/SNG LOUISVILLE COMPRESSOR ESD W		1,023					1,023
23	01	SNG/SNG ONWARD COMPRESSOR BLOWDOWN	3	22	16	4	19	10	74
24	01	SNG/SNG P/L LOSS O&M 130 HEIDELBERG					6,188		6,188
25	01	SNG/SNG PEARL RIVER COMPRESSOR BLOW	4	25	47	80	30	8	194
26	01	SNG/SNG PEARL RIVER COMPRESSOR ESD					11,686		11,686
27	01	SNG/SNG PICKENS COMPRESSOR BLOWDOWN	17	14	28	30	12	17	118
28	01	SNG/SNG PIPELINE LOSS O&M 020 COLUM	4					97	101
29	01	SNG/SNG PIPELINE LOSS O&M 030 COLUM			4				4
30	01	SNG/SNG RANKIN COMPRESSOR BLOWDOWN	257	182	187	268	287	117	1,298
31		Total for Zone 1	5,967	6,792	5,917	6,199	23,773	5,934	54,582
32	02	SNG DOMESTIC BIRMINGHAM JEFFERSON	2,508	2,423	2,503	2,506	2,346	2,509	14,795
33	02	SNG DOMESTIC MONTGOMERY ELMORE	64	62	64	64	60	64	378
34	02	SNG/SNG AUBURN COMPRESSOR BLOWDOWNWN	353	402	534	538	323	232	2,382
35	02	SNG/SNG BELL MILLS COMPRESSOR BLOWD	20	11	2	10	5	6	54
36	02	SNG/SNG DEARMANVILLE COMPRESSOR BLO	573	741	263	682	635	187	3,081
37	02	SNG/SNG ELMORE COMPRESSOR BLOWDOWNWN	142	397	910	874	1,646	240	4,209
38	02	SNG/SNG GALLION COMPRESSOR BLOWDOWNWN	105	545	839	1,184	720	285	3,678
39	02	SNG/SNG HOLY TRINITY COMPRESSOR BLO	24	12		9	8	14	67
40	02	SNG/SNG MCCONNELLS COMPRESSOR BLOWD			31	124	31	21	207
41	02	SNG/SNG PELL CITY COMPRESSOR BLOWDOWN	57	77		37		64	235
42	02	SNG/SNG PROVIDENCE COMPRESSOR BLOWD		143	170	345	254	84	996
43	02	SNG/SNG REFORM COMPRESSOR BLOWDOWNWN	55	457	666	603	885	328	2,994
44	02	SNG/SNG SELMA COMPRESSOR BLOWDOWNWN D	135	279	844	942	424	179	2,803
45	02	SNG/SNG TARRANT COMPRESSOR BLOWDOWNWN		4		26	35	81	146
46	02	SNG/SNG YORK COMPRESSOR BLOWDOWNWN SU	46	187	523	620	368	197	1,941
47		Total for Zone 2	4,082	5,740	7,349	8,564	7,740	4,491	37,966
48	03	SNG CHATTANOOGA HEATER FUEL HAMILTO	192	247	285	308	285	295	1,612
49	03	SNG DOMESTIC THOMASVILLE DOUGHERTY	1,055	1,023	1,057	1,056	988	1,053	6,232
50	03	SNG PLANT BRANDY BRANCH HEATER FUE	6,436	4,757	3,958	5,390	5,668	2,615	28,824
51	03	SNG/SNG ALBANY COMPRESSOR BLOWDOWNWN	28	37	33	15	152	37	302
52	03	SNG/SNG BROOKMAN COMPRESSOR BLOWDOWNWN	20		49			7	76
53	03	SNG/SNG ELLERSLIE COMPRESSOR BLOWDOWN	443	552	1,353	1,204	1,487	796	5,835
54	03	SNG/SNG FAIRBURN COMPRESSOR BLOWDOWNWN		39	48		15	140	242
55	03	SNG/SNG HALL GATE COMPRESSOR BLOWDOWN	763	613	958	1,184	819	925	5,262
56	03	SNG/SNG HILLIARD COMPRESSOR BLOWDOWNWN	81						81
57	03	SNG/SNG OCMULGEE COMPRESSOR BLOWDOWNWN	431	479	352	680	647	333	2,922
58	03	SNG/SNG PAVO COMPRESSOR BLOWDOWNWN BR	10	13	26	24	25	11	109
59	03	SNG/SNG PIPELINE LOSS O&M 060 ATLAN	582						582
60	03	SNG/SNG PIPELINE LOSS O&M 160 SAVAN		7		316	12,817		13,140
61	03	SNG/SNG RICEBORO COMPRESSOR BLOWDOWNWN	100	57			61	2	220
62	03	SNG/SNG ROME COMPRESSOR BLOWDOWNWN FL		44	23	99			166
63	03	SNG/SNG SAVANNAH REG HTR FUEL CHATH	386	364	382	1,002	2,232	2,177	6,543
64	03	SNG/SNG THOMASTON COMPRESSOR BLOWDOWN	230	352	355	240	12	222	1,411
65	03	SNG/SNG WRENS COMPRESSOR BLOWDOWNWN J	351	215	288	572	367	121	1,914
66		Total for Zone 3	11,108	8,799	9,167	12,090	25,575	8,734	75,473

Southern Natural Gas Company, L.L.C.
Electric Power Charge (EPC)

Line No.	Item	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Compressor Station							
2	Auburn	\$381,609	\$512,286	\$441,100	\$521,036	\$422,066	\$259,763	\$2,537,859
3	Brookman	\$49,503	\$5,395	\$5,320	\$5,968	\$5,084	\$5,071	\$76,341
4	Ellerslie	\$145,523	\$145,349	\$155,846	\$488,431	\$120,041	\$73,378	\$1,128,567
5	Elmore	\$511,289	\$410,353	\$448,751	\$597,578	\$476,544	\$326,349	\$2,770,863
6	Fairburn	\$182,894	\$180,962	\$205,968	\$245,282	\$163,729	\$37,448	\$1,016,283
7	Gallion	\$517,029	\$386,047	\$460,907	\$618,530	\$488,747	\$354,083	\$2,825,343
8	Pell City	\$3,506	\$3,552	\$3,556	\$3,732	\$3,638	\$3,747	\$21,731
9	Selma	\$286,365	\$551,177	\$505,694	\$547,163	\$454,801	\$307,568	\$2,652,768
10	Wrens	\$13,972	\$15,157	\$26,511	\$166,325	\$152,872	\$159,810	\$534,648
11	York	\$213,834	\$533,015	\$474,311	\$544,189	\$455,691	\$250,082	\$2,471,122
12	Total	\$2,305,524	\$2,743,293	\$2,727,965	\$3,738,235	\$2,743,212	\$1,777,298	\$16,035,526

Electric Power Cost for EPC Tracker

13	Total Electric Power Costs	\$16,035,526	row 12, col (h)
14	e-Dth Balance to be recovered	\$9,492,114	Schedule 9, row 77, col (g)
15	Total Electric Power Cost for Rate	\$25,527,640	

Receipts for EPC Rate Determination

16	Total Receipts	652,841,873	sch 4, row 32, col (w)
17	Less No-Fuel Pooling Transactions	(82,855,865)	sch 4, row 32, col (v)
18	Less Zone 0/1 Quantities Received from Storage	(3,368,089)	sch 4, row 32, cols (b) + (c)
19	Less Backhaul Receipts	(23,455,812)	sch 4, row 32, col (u)
20	Less Intra-Zone 1,2, and 3 Receipts	(78,383,744)	sch 4, row 32, cols (h) + (i) + (j)
21	Receipts for EPC Rate 1/	464,778,363	

	EPC Rate Determination	Total Receipts	Adjusted Receipts 2/	EPC Allocation Ratio	EPC Allocation	EPC Rate
22	EPC Surcharge - Inter-zone Forward haul	464,778,363	464,778,363	96.0%	\$24,494,889	\$0.0527
23	EPC Surcharge - Intra-Zone 1,2, and 3 Receipts	78,383,744	19,595,936	4.0%	\$1,032,751	\$0.0132
	Total	543,162,107	484,374,299	100.0%	\$25,527,640	

Notes:

1 - Same transaction set that would have been applicable to e-Dth mechanism.

2 - 23.7% of EPC throughput to be consistent with methodology used for intra-zone rate in RP09-427 settlement and subsequent fuel filings.

Southern Natural Gas Company, L.L.C.
Determination of Storage Fuel Allocated to Transportation Services
(From Summer Fuel Filing in Docket No. RP24-497)

Line No.	Item		Quantity
	(a)		(b)
1	Storage fuel used for 12 months ending 12/23	RP24-497, App B, Sch 14, Row 1	700,435
2	Storage over-collection from 1/23 -12/23	RP24-497, App B, Sch 14, Row 2	141,297
3	Total storage fuel	row 1 + row 2	841,732
4	Fuel Allocated to Transportation Services	RP24-497, App B, Sch 14, Row 4	(111,950)
5	Allocation to transportation services - Winter	row 4 x 50%	(55,975)

APPENDIX C

EXAMPLE SHOWING HOW THE EXISTING AND PROPOSED TARIFF PROVISIONS OPERATE

Southern Natural Gas Company, L.L.C.
Example of Conversion from e-Dth to EPC

Current e-Dth Mechanism		
1	Electric Power Costs	\$18,000,000
2	Average Index Price	\$2.50
3	Dth-Equivalent	row 1 / row 2 7,200,000
4	Billing Determinants for e-Dth	450,000,000
5	e-Dth Retention Rate	row 2 / row 4 1.60%
6	Effective Cost to Shipper per Dth	row 3 x row 5 \$0.040
Proposed EPC Mechanism		
7	Electric Power Costs	18,000,000
8	Billing Determinants for e-Dth	450,000,000
9	EPC Cost to Shipper per Dth	row 7 / row 8 \$0.040
10	Difference in Cost to Shipper	row 6 - row 9 \$0.000