

RATE SCHEDULES
FT - Firm Transportation Service
IT - Interruptible Transportation Service
PAL – Park and Loan Service
FT-FLEX – Limited Firm Transportation Service
HRS – Hourly Reserve Service

FT - FIRM TRANSPORTATION SERVICE

5.1.1 AVAILABILITY

This Rate Schedule FT is available for service by Transporter to any Shipper, where:

(a) Shipper has made a valid request, as defined in Section 6.3 of the General Terms and Conditions, or Shipper has obtained released capacity under Section 6.11 of the General Terms and Conditions;

(b) Shipper has satisfied Transporter's creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions;

(c) Shipper and Transporter have entered into a Gas Transportation Contract for Firm Transportation Service under this Rate Schedule;

(d) Transporter has capacity available to render the service pursuant to the General Terms and Conditions or Shipper will utilize firm capacity released under Section 6.11 of the General Terms and Conditions;

(e) all necessary contracts have been or will be entered into by or on behalf of Shipper for the acquisition of Gas, for the delivery of Gas to Transporter at one or more Receipt Points on the System, and/or the further transportation of Gas from one or more Delivery Points on the System, as applicable; and

(f) all necessary regulatory and governmental approvals to purchase and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained.

5.1.2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to firm service pursuant to a bilaterally executed Gas Transportation Contract for service under this Rate Schedule. Service rendered under this Rate Schedule shall consist of:

- (a) the receipt by Transporter of Shipper's Gas at the Receipt Point(s) specified in the executed Gas Transportation Contract;
- (b) the transportation of Gas up to Shipper's Maximum Contract Demand for the Effective Service Period on a firm Daily basis by forwardhaul, or by displacement, exchange or backhaul on a best efforts basis; and
- (c) the delivery of Gas by Transporter to or for the account of Shipper at Delivery Point(s) specified in the executed Gas Transportation Contract.
- (d) Shipper may nominate as Authorized Overrun and Transporter may schedule, pursuant to Section 6.7.4 of the General Terms and Conditions contained herein, an amount above its MDQ during any Day.

Service rendered under this Rate Schedule is not subject to curtailment or interruption during the Effective Service Period, except as provided in the General Terms and Conditions.

5.1.3. RATES AND CHARGES

5.1.3.1 Applicable Rates.

The applicable maximum and minimum FT recourse reservation rates, Seasonal recourse reservation rate, Short Term recourse reservation rate, maximum and minimum usage rates and applicable unit charges for service under this Rate Schedule are set forth in the currently effective Section 4 of this FERC Gas Tariff and are hereby incorporated herein.

5.1.3.2 Monthly Bill.

The Monthly bill shall consist of:

(a) Reservation Charge. For each Month of the Effective Service Period indicated on Schedule 1 of the FT Transportation Contract, the reservation charge payable by Shipper shall, unless otherwise agreed upon by Transporter and Shipper as provided herein, be equal to the applicable maximum recourse reservation rate or the maximum Seasonal recourse reservation rate or the maximum Short Term recourse reservation rate, as applicable, multiplied by the Shipper's Maximum Contract Demand as specified in Shipper's FT Transportation Contract.

(b) Usage Charge. For each Month, the usage charge payable by Shipper shall, subject to any discount as provided herein, be equal to the applicable maximum usage rate multiplied by the sum of the Delivery Point Scheduled Quantity or Quantities during such Month.

(c) ACA Charge. For each Month, the ACA charge payable by Shipper shall be equal to an amount obtained by multiplying the sum of the Delivery Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit charge.

(d) Authorized overrun charge. For each Month, the maximum authorized overrun charge payable by Shipper shall be equal to the applicable maximum rate for service under Rate Schedule IT, multiplied by the sum of the Authorized Overrun Scheduled Quantity or Quantities during such Month for such Shipper.

(e) Scheduling, Imbalance and Overrun Penalties. Transporter shall charge Shipper any applicable scheduling, imbalance and overrun penalties in accordance with Section 6.8 of the General Terms and Conditions.

(f) Other Charges. Any other charges as may be applicable from time to time pursuant to the General Terms and Conditions or as otherwise authorized by the FERC.

(g) Capacity Release Credits. To the extent Shipper releases capacity in any Month pursuant to Section 6.11 of the General Terms and Conditions, such Shipper shall receive a credit representing the Monthly reservation charge simultaneously billed to the Replacement Shipper, minus all applicable fees described in Section 6.11.15 of the General Terms and Conditions. Nothing in this Section 5.1.3.2(g) relieves Shipper of its obligation to pay to Transporter the full amount of the reservation charge for any Month in which the Replacement Shipper fails to pay all or any portion of the Replacement Reservation Charge.

5.1.3.3 Discounted Rates.

For purposes of administering rates under this Rate Schedule FT, Transporter shall have the right to discount the maximum reservation rate and maximum usage rate for service under this Rate Schedule FT and to charge a lower rate for some or all of the services performed under this Rate Schedule; provided, however, that in no event shall rates charged under this Rate Schedule be less than the minimum reservation rate and minimum usage rate for firm service. Transporter shall not be obligated to offer service at discount rates, however, discounted rates will not be made on an unduly discriminatory basis and will be made available to all similarly situated customers.

A Shipper with a previously negotiated rate discount limited to service at specific receipt and delivery points may request that such discounted rate apply to alternate points if Shipper chooses to release capacity or use flexible receipt and delivery point rights. There shall be a rebuttable presumption that Shipper will retain its discounted rate when utilizing such points if Transporter currently grants discounts to another Shipper receiving transportation service utilizing such points. However, Transporter can rebut this presumption by demonstrating that Shipper is not similarly situated to the Shipper receiving the discount at those points. If the discount is retained, Shipper shall pay the higher of its contractual discounted rate or the highest discounted rate being applicable to those points.

On any business day, the request to transfer the discount must be submitted at least two hours prior to the nomination that would use the discount at alternate points. Transporter shall respond to the request within two hours of receipt; however, any request received after 4:00 p.m. Central Clock Time on any Business Day shall be responded to by 9:00 a.m. Central Clock time on the following business day.

5.1.3.4 Measurement Variance

Reservation and usage charges shall be based on Shipper's applicable monthly Maximum Contract Demand and Delivery Point Scheduled Quantities, respectively, irrespective of whether the applicable monthly Measurement Variance Factor is positive or negative. Shipper shall receive in-kind adjustments to Scheduled Quantities in order to account for positive and negative Measurement Variance Quantities. Transporter shall publish the applicable monthly Measurement Variance Factor on its Interactive Internet Website. Such published Measurement Variance Factor will be bound by maximum and minimum percentages set forth on currently effective Section 4 of this tariff.

5.1.3.5 Negotiated Rates

Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper. Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, or established for service under this Rate Schedule, shall remain in effect. Transporter shall file with the Commission pursuant to its current policies and/or regulations tariff sections describing the services being provided pursuant to this Section 5.1.3.5. All services provided hereunder are available to all similarly situated Shippers on a non-discriminatory basis.

5.1.3.6 RESERVATION CHARGE CREDITING MECHANISM

(a) In the event that during a Fiscal Period, as defined in Subsection 5.1.3.6(c) below, the total revenue PNGTS collects for rendering jurisdictional services is in excess of twice the annual cost of service applicable for such period, as established in the resolution of Company's last NGA Section 4 general rate case (such difference constituting the "Excess Revenues"), then a Short Term Service Revenue Credit calculated pursuant to Subsection 5.1.3.6(b) below shall be credited by Company.

(b) Long Term FT Shippers may receive the Short Term Service Revenue Credit when such current Long Term FT Shipper has paid Company the Rate Schedule Long Term FT Maximum Recourse Reservation Charges in accordance with Section 6.16.2 of the General Terms and Conditions of PNGTS' FERC Gas Tariff during the Fiscal Period used to calculate the Short Term Service Revenue Credit. The Short Term Service Revenue Credit shall be 75% of the Excess Revenues received during an applicable Fiscal Period. No later than seventy (70) days from the end of each Fiscal Period, the Short Term Service Revenue Credit shall be reflected, in proportion to the Rate Schedule FT Long Term Maximum Recourse Reservation Charges paid by each Shipper receiving FT Long Term service, during the same subject Fiscal Period on such Shipper's invoice.

(c) For purposes of this Section 5.1.3.6, Fiscal Period shall be defined as each biennial anniversary of the first day of January following the year in which this Section 3.6 is in effect.

(d) For purposes of this Section 5.1.3.6, the phrase Long Term means an FT service agreement of greater than two years in duration.

(e) For purposes of this Section 5.1.3.6, the phrase Short Term Service means service performed under Rate Schedules IT and PAL of any duration, and FT service rendered pursuant to service agreements with a term of less than one year.

5.1.4. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to 18 C.F.R. Part 284. All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE

5.2.1. AVAILABILITY

This Rate Schedule IT is available for service by Transporter to any Shipper, where:

- (a) Shipper has made a valid request, as defined in Section 6.3 of the General Terms and Conditions;
- (b) Shipper has satisfied Transporter's creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions;
- (c) Shipper and Transporter have entered into a Gas Transportation Contract for Interruptible Transportation Service under this Rate Schedule;
- (d) Transporter has capacity available to render the service pursuant to the General Terms and Conditions;
- (e) all necessary contracts have been or will be entered into by or on behalf of Shipper for the acquisition of Gas, for the delivery of such Gas to Transporter at one or more Receipt Points on the System, and/or the further transportation of Gas from one or more Delivery Points on the System, as applicable; and
- (f) all necessary regulatory and governmental approvals to purchase and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained.

5.2.2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all interruptible service pursuant to a bilaterally executed Gas Transportation Contract for service under this Rate Schedule, whether rendered by forwardhaul or by displacement, exchange or backhaul. Service rendered under this Rate Schedule is subject to curtailment or interruption as Transporter deems necessary.

5.2.3. RATES AND CHARGES

5.2.3.1 Applicable Rates. The applicable maximum and minimum usage rates and applicable unit charges for service under this Rate Schedule are set forth in the currently effective Section 4 of this FERC Gas Tariff and are hereby incorporated herein.

5.2.3.2 Monthly Bill. The Monthly bill shall consist of:

(a) Usage Charge. For each Month, the usage charge payable by Shipper shall, unless otherwise agreed upon by Transporter and Shipper as provided herein, be equal to the applicable maximum usage rate multiplied by the sum of the Delivery Point Scheduled Quantity or Quantities during such Month.

(b) ACA Charge. For each Month, the ACA charge payable by Shipper shall be equal to an amount obtained by multiplying the sum of the Delivery Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit charge.

(c) Scheduling and Imbalance Penalties. Transporter shall charge Shipper any applicable scheduling and imbalance penalties in accordance with Section 6.8 of the General Terms and Conditions.

(d) Other Charges. Any other charges as may be applicable from time to time pursuant to the General Terms and Conditions or as otherwise authorized by the Federal Energy Regulatory Commission.

5.2.3.3 Discounted Rates. For purposes of administering rates under this Rate Schedule IT, Transporter shall have the right to discount the maximum usage rates for interruptible service under this Rate Schedule IT and to charge a lower rate for some or all of the services performed under this Rate Schedule; provided, however, that in no event shall rates charged under this Rate Schedule be less than the minimum usage rate for interruptible service. Transporter shall not be obligated to offer service at discounted rates, however, discounted rates will not be made on an unduly discriminatory basis and will be made available to all similarly situated customers.

5.2.3.4 Measurement Variance. Usage charges shall be based on Shipper's applicable Delivery Point Scheduled Quantities irrespective of whether the applicable monthly Measurement Variance Factor is positive or negative. Shipper shall receive in-kind adjustments to Scheduled Quantities in order to account for positive and negative Measurement Variance Quantities. Transporter shall publish the applicable monthly Measurement Variance Factor on its Interactive Internet Website. Such published monthly Measurement Variance Factor will be bound by maximum and minimum percentages set forth on currently effective Section 4 of this tariff.

5.2.3.5 Negotiated Rates. Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper. Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, established for service under this Rate Schedule, shall remain in effect. Transporter shall make any filings with the FERC necessary to effectuate a negotiated rate(s).

5.2.4. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to 18 C.F.R. Part 284. All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

RATE SCHEDULE PAL
PARK AND LOAN SERVICE

5.3.1.AVAILABILITY

This Rate Schedule PAL is available for parking and loaning natural gas by Transporter for any Shipper, where:

(a) Shipper has made a valid request for Park and Loan Service as defined in Section 6.3 of the General Terms and Conditions and has satisfied the creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions;

(b) Shipper and Transporter have entered into a Park and Loan Service Contract;

(c) Except where Shipper is both the ultimate consumer and producer of Gas which is being parked or loaned under this Rate Schedule, contracts have been entered into by or on behalf of Shipper for the acquisition or sale of Gas, as the case may be, and for its delivery, to Transporter at one or more Receipt Points on Transporter's system;

(d) Either (i) Shipper's facilities or the facilities where the Gas is to be consumed interconnect with Transporter's transmission system at one or more Delivery Points of Transporter's Master Delivery Point List ("MDPL"), or (2) contracts have been or will be entered into on behalf of Shipper for the transportation of the Gas to and from Transporter's system to such facilities; and

(e) All necessary regulatory and governmental approvals to acquire and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained.

5.3.2 APPLICABILITY AND CHARACTER OF SERVICE

5.3.2.1 This Rate Schedule PAL and the rates established hereunder shall apply to all Park and Loan Service rendered by Transporter. Park and Loan Service is subject to the availability of capacity for the service. Park and Loan Service is subject to curtailment or interruption as Transporter deems necessary and as set forth in this Rate Schedule PAL, and in Section 6.10 of the General Terms and Conditions. Transporter shall not be obligated to add any facilities or expand the capacity of its system in any manner in order to provide Park and Loan Service. Service rendered under this Rate Schedule shall be provided for a minimum of a one day term.

5.3.2.2 Maximum Loaned Quantity. For each Shipper seeking to enter into a contract for service under this Rate Schedule, Transporter shall establish a Maximum Loaned Quantity (MLQ). The MLQ applicable to each Shipper shall be the maximum amount of gas, cumulative at all its Loan Points, that the Shipper is entitled to be loaned by Transporter pursuant to this Rate Schedule.

5.3.2.3 Park and Loan Service available under this Rate Schedule includes:

(a) Parking Service. Parking service shall consist of (i) Transporter's receipt of a Parked Quantity of gas from Shipper at the Parking Point specified in Shipper's nomination, (ii) Transporter holding such Parked Quantities on Transporter's system, and (iii) Transporter's subsequent return of the Parked Quantity to Shipper, or for Shipper's account, at the Parking Point.

(b) Loan Service. Loan Service shall consist of (i) Transporter's advancement of Loaned Quantity of gas to Shipper (up to the Maximum Loaned Quantity specified in Shipper's Park and Loan Service Contract, at the point(s) specified in Shipper's nomination); and (ii) Shipper's subsequent return of the Loaned Quantity and Transporter's acceptance of such quantity for Shipper's account at the Loan Point.

5.3.2.4 Subject to the availability of capacity, any Receipt or Delivery Point on Transporter's system may be nominated as a Parking Point or Loan Point.

5.3.3. ACCOUNT BALANCES; TRANSPORTATION; ASSIGNMENTS

5.3.3.1 Transporter shall establish an account for each Shipper using this service which reflects the Parked Quantity at each Parking Point and the Loan Quantity at each Loan Point. Whenever Transporter receives Parked Quantity from or delivers Loaned Quantity to a Shipper the quantities received or delivered will be reflected in the Shipper's account, as appropriate, for the Parking or Loan Point at which they were received or delivered. When a Parked Quantity or Loaned Quantity is returned, Transporter will credit the Shipper's account to reflect the transaction.

5.3.3.2 Transporter shall return Parked Quantity and accept return of Loaned Quantity only at the Parking Point where Shipper parked the Parked Quantity, or the Loan Point where Transporter advanced the Loaned Quantity to Shipper.

5.3.3.3 In the event that Shipper wishes to move a Parked Quantity or Loaned Quantity from one Parking or Loan Point to another Parking or Loan Point on Transporter's system, Shipper shall be responsible for arranging such transportation in accordance with the provisions of Rate Schedule FT or IT and the General Terms and Conditions.

5.3.3.4 Shippers may assign between themselves Parked Quantity and Loaned Quantity in accordance with the provisions of the Park and Loan Service Contract, provided that (i) the Shipper obtaining such quantities complies with the Tariff, and (ii) each Shipper submits the appropriate nomination to Transporter in accordance with the provisions of Section 6.7 of this Tariff. Transporter will assess all applicable transportation charges for such transactions.

5.3.4. RATES AND BILLING

5.3.4.1 Rates. The rates for service hereunder are set forth in the currently effective Section 4 of this FERC Gas Tariff and such rate Section is hereby incorporated herein by reference. The rates in this Rate Schedule are subject to change pursuant to Section 6.22 of Transporter's General Terms and Conditions and the PAL Service Agreement. Unless Transporter and Shipper agree in writing upon a rate for service provided hereunder, the rate applicable to a Shipper for service hereunder shall be the applicable maximum rate(s) as set forth Section 4. In the event a rate less than the applicable maximum rate(s) and not less than the applicable minimum rate(s) is agreed upon, such rate shall be applicable for the period agreed upon by Shipper and Transporter.

5.3.4.2 The Daily Charges set forth in Section 5.3.4.1 above shall not be applicable for a Day if (i) the Customer requests the delivery of parked quantities and Transporter is unable to return the gas to Customer on that Day or (ii) the Customer requests to return loaned quantities to Transporter and Transporter is unable to accept such gas on that Day. The Daily Charges will be reinstated when Transporter gives written notification to Shipper that pipeline system conditions allow the receipt or delivery of these quantities.

5.3.4.3 Customer shall pay Transporter a Monthly charge for PAL services consisting of the sum of the Daily charges. Daily charges shall be the product of the quantities of gas in Customer's PAL account (inclusive of quantities subject to Park Service and quantities subject to Loan Service) for each separate transaction and the maximum or mutually agreed upon rate for each Day during the applicable Month that service is provided by Transporter. For each transaction hereunder, charges shall commence on the first Day of the agreed upon transaction and continue until Shipper's account balance for that transaction reaches zero or until the last Day of the agreed upon term as set forth in the executed PAL Service Agreement, whichever comes first.

5.3.5. NOMINATIONS AND SCHEDULING

5.3.5.1 Availability. Park and Loan Service is subject to available Park capacity and available Loan capacity. For each Day Transporter shall project the amount of available Park capacity and available Loan capacity that Transporter's system is capable of providing and post such information on its Interactive Internet Website. As Transporter receives nominations for all services that affect the amount of available Park capacity and available Loan capacity, Transporter will update the information on its Interactive Internet Website accordingly.

5.3.5.2 Nomination. A Shipper seeking Park and Loan Service on any Day under this Rate Schedule shall submit a nomination to Transporter in accordance with Section 6.7 of Transporter's General Terms and Conditions. Customer shall nominate the agreed upon Park or Loan quantities at the Parking Point or Loan Point. Such nominated quantities shall be subject to confirmation by Transporter. The confirmed quantity shall be deemed the scheduled quantity. Transporter shall schedule the quantities nominated hereunder in accordance with Section 6.7 of Transporter's General Terms and Conditions.

5.3.5.3 Transporter intends to provide PAL service at given Parking Points and Loan Points to Shippers on a first-come, first-served basis. It is possible that Transporter will receive nominations for more Park or Loan capacity that it can make available, and can therefore not satisfy the nominations of all Shippers. When submitting a Park or Loan request, a Shipper may determine if it wishes to receive a prorated portion of the capacity for which it submitted a nomination, or alternatively, if it wishes to cancel the nomination if the entire order cannot be filled. As a default choice, if Shipper does not make such an election and Transporter cannot grant Shipper all of the Park or Loan capacity it requested, Shipper shall be allocated a prorated portion of its Park or Loan capacity request.

5.3.5.4 The Park or Loan quantity of Gas in Shipper's account for all Loan Points on any Day shall not exceed the MLQ set forth in Shipper's PAL Service Agreement. Transporter may reject any nomination if Shipper nominates quantities when the balance(s) in Shipper's account exceeds the MLQ or when giving effect to the nomination will result in a balance(s) in Shipper's account that exceeds the MLQ.

5.3.5.5 A shipper that wishes to close its Parked or Loaned position must make a nomination to close the position. Nominations to close Park or Loan positions must be in accordance with Section 6.7 of Transporter's General Terms and Conditions. Nominations to close existing Park or Loan positions shall take precedent over nominations for new Park or Loan quantities, as applicable, and the available quantities shall be adjusted accordingly prior to allocating such capacity to new requests for PAL service.

5.3.6. INTERRUPTION AND CURTAILMENT OF SERVICE

5.3.6.1 In the event that Transporter determines, in its sole discretion, that some or all Park and Loan services must be interrupted or curtailed in order to satisfy Transporter's obligations to other Shippers consistent with Section 6.10 of the General Terms and Conditions, or that such interruption or curtailment is otherwise necessary or appropriate to avoid adverse impact on the operation of Transporter's system, or if a Shipper has a Parked Quantity or a Loan Quantity of less than 50 Dth, Transporter will notify, by telephone, email or other means, any affected Shippers receiving Park or Loan service that they must eliminate or reduce their existing Parked Quantity and/or Loan Quantity, as applicable, over the period specified in Transporter's notice. Such notices shall be issued to Shippers in the order based upon the Net Present Value for each Shipper's outstanding Parked Quantities or Loan Quantities at all Parking and Loan Points beginning with the lowest Net Present Value first. Such notices must be given by Transporter with at least one Day notice.

5.3.6.2 If Shipper fails to comply with a notice given in accordance with Section 5.3.6.1 above, Transporter shall cash out the Parked Quantity that Shipper was advised, but failed, to reduce or eliminate at the replacement cost of gas less ten percent (10%), in order to recover Transporter's administrative costs. The cash-out price of gas shall be computed as follows: (i) all volumes subject to cash-out on a particular Day will be aggregated and offered for sale in one lump sum; (ii) all revenues received from the sale of such volumes will be aggregated for such Day; and, (iii) the aggregate revenues, less 10%, for each Day will be applied pro rata to the aggregate cash-out volumes for each Day. All quantities of Gas offered for sale pursuant to this section will be posted on Transporter's Interactive Internet Website in a notice stating the quantity of Gas offered for sale and the deadline for making bids. Such volumes will be sold on a best bid basis, beginning with the highest bid.

5.3.6.3 If Shipper fails to repay its Loan Quantity to Transporter, or fails to comply with a notice given by Transporter in accordance with Section 5.3.6.1 above, Transporter shall cash out Shipper's Loan Quantity at 115% of the price of gas as reported by Gas Daily for Tennessee Gas Pipeline, Zone 6 (Delivered) on the Day following the expiration of the period specified in Transporter's curtailment notice provided pursuant to Section 5.3.6.1 above, multiplied by the Loan Quantity remaining on the Day the Loan Quantity was originally due.

5.3.7. CONTRACT TERMINATION

The Park and Loan Service Contract may be terminated by either party on 30 days notice, or terminated by the Transporter on shorter notice, in its sole discretion, if the Shipper has not complied with the terms of the tariff, including the creditworthiness requirements as set forth in Section 6.3.4 of Transporter's General Terms and Conditions. Unless a shorter period of time is imposed in a notice issued in accordance with this Section 5.3.7, Shipper shall eliminate any outstanding Parked Quantity or Loan Quantity within five (5) days of termination of its Park and Loan Service Contract. If Shipper fails to eliminate such balance, Transporter shall cash out any quantity remaining after five (5) days at the replacement cost of gas plus fifteen percent (15%) for Loan Quantity or the sale price of the gas less ten percent (10%) for Parked Quantity. For such purposes, the replacement cost and sale price of gas shall be computed as described in Section 5.3.6 above.

5.3.8. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet Transporter's obligations pursuant to 18 C.F.R. Part 284. Unless stated otherwise, all of the General Terms and Conditions of Transporter's FERC Tariff, and any revisions thereof that may be proposed and made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

Portland Natural Gas Transmission System
FERC Gas Tariff
Third Revised Volume No. 1

PART 5.4
Part 5.4 Rate Sch FT FLEX
FT FLEX - Limited Firm Transportation Service
v.0.0.0

RATE SCHEDULE FT-FLEX
LIMITED FIRM TRANSPORTATION SERVICE

Issued: September 30, 2010
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Accepted: November 18, 2010

5.4.1. AVAILABILITY

This Rate Schedule FT-FLEX is available for service by Transporter to any Shipper, where:

- a) Shipper has made a valid request, as defined in Section 6.3 of the General Terms and Conditions, or Shipper has obtained released capacity under Section 6.11 of the General Terms and Conditions;
- b) Shipper has satisfied Transporter's creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions;
- c) Shipper and Transporter have entered into a Gas Transportation Contract for FT-FLEX Limited Firm Transportation Service under this Rate Schedule;
- d) All necessary contracts have been or will be entered into by or on behalf of Shipper for the acquisition of Gas, for the delivery of Gas to Transporter at one or more Receipt Points on the System, and/or the further transportation of Gas from one or more Delivery Points on the System, as applicable; and
- (e) All necessary regulatory and governmental approvals to purchase and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained.

5.4.2. APPLICABILITY AND CHARACTER OF SERVICE

Service rendered under this Rate Schedule shall consist of:

- a) the receipt by Transporter of Shipper's Gas at the Receipt Point(s) specified in the executed Gas Transportation Contract;
- b) the transportation of Gas up to Shipper's Maximum Contract Demand by forwardhaul, or by displacement, exchange or backhaul on a best efforts basis; and
- c) the delivery of Gas by Transporter to or for the account of Shipper at Delivery Point(s) specified in the executed Gas Transportation Contract; and
- d) the transportation service rendered under this Rate Schedule shall be firm between the Receipt Point(s) and Delivery Point(s) set forth in the executed agreement, except that Transporter has the right to not schedule service, in whole or in part, during any Daily Nomination Cycle except as prohibited by Section 6.7.2(iv) of the General Terms and Conditions of Transporter's FERC Gas Tariff. The maximum number of Days in any Month on which Transporter may decline to schedule is 10 Days.

Following Transporter's non-scheduling of a nomination by Shipper on one of the Days on which Transporter does not schedule Shipper's nomination under this Rate Schedule, Shipper is entitled to resubmit the nomination with other receipt and/or delivery points or as a request for service pursuant to any other Rate Schedule in one of Transporter's other Nomination Cycles, provided that Shipper has executed a service contract under such Rate Schedule.

- e) Shipper may nominate as Authorized Overrun and Transporter may schedule, pursuant to Section 6.7.4 of the General Terms and Conditions contained herein, an amount above its MDQ during any Day.

5.4.3. RATES AND CHARGES

5.4.3.1 Applicable Rates. The applicable maximum and minimum reservation rates, maximum and minimum usage rates and applicable unit charges for service under this Rate Schedule are set forth in the currently effective rates of this FERC Gas Tariff and are hereby incorporated herein.

5.4.3.2 Monthly Bill. The Monthly bill shall consist of:

i) Reservation Charge. For each Month, the reservation rate payable by Shipper shall, subject to any discounted or negotiated rate as provided herein, be equal to the applicable maximum reservation rate, multiplied by the Shipper's Maximum Contract Demand as specified in Shipper's Gas Transportation Contract.

ii) Usage Charge. For each Month, the usage rate payable by Shipper shall, subject to any discounted or negotiated rate as provided herein, be equal to the applicable maximum usage rate multiplied by the sum of the Delivery Point Scheduled Quantity or Quantities during such Month.

iii) ACA Charge. For each Month, the ACA rate payable by Shipper shall be equal to an amount obtained by multiplying the sum of the Delivery Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit rate.

iv) Scheduling, Imbalance and Overrun Penalties. Transporter shall charge Shipper any applicable scheduling, imbalance and overrun penalties in accordance with Section 6.8 of the General Terms and Conditions.

v) Authorized overrun charge. For each Month, the maximum authorized overrun charge payable by Shipper shall be equal to the applicable maximum rate for service under Rate Schedule IT, multiplied by the sum of the Authorized Overrun Scheduled Quantity or Quantities during such Month for such Shipper.

vi) Other Charges. These include any other charges as may be applicable from time to time pursuant to the General Terms and Conditions or as otherwise authorized by the FERC.

vii) Capacity Release Credits. To the extent Shipper releases capacity in any Month pursuant to Section 6.11 of the General Terms and Conditions, Shipper shall receive a credit representing the Monthly reservation charge simultaneously billed to the Replacement Shipper, minus all applicable fees described in Section 6.11.15 of the General Terms and Conditions. Nothing in this Section 5.4.3.2(vii) relieves Shipper of its obligation to pay to Transporter the full amount of the reservation charge for any Month in which the Replacement Shipper fails to pay all or any portion of the Replacement Reservation Charge.

5.4.3.3 Discounted Rates. Transporter shall have the right to discount the maximum reservation rate and maximum usage rate for service under this Rate Schedule and to charge a lower rate for some or all of the services performed under this Rate Schedule; provided, however, that in no event shall rates charged under this Rate Schedule be less than the minimum reservation rate and minimum usage rate for FT-FLEX service. Transporter is not obligated to offer service at discounted rates; however, rates will not be discounted on an unduly discriminatory basis and discounts will be made available to all similarly situated customers.

A Shipper with a previously negotiated rate discount limited to service at specific receipt and delivery points may request that such discounted rate apply to alternate points if Shipper chooses to release capacity or use flexible receipt and delivery points rights. There shall be a rebuttable presumption that Shipper will retain its discounted rate when utilizing such points if Transporter currently grants discounts to another Shipper receiving transportation service utilizing such points. However, Transporter can rebut this presumption by demonstrating that Shipper is not similarly situated to the Shipper receiving the discount at those points. If the discount is retained, Shipper shall pay the higher of its contractual discounted rate or the highest discount rate being applicable to those points.

On any Business Day, the request to transfer the discount must be submitted at least two hours prior to the nomination that would use the discount at alternate points. Transporter shall respond to the request within two hours of receipt; however, any request received after 4:00 p.m. Central Clock Time on any Business Day shall be responded to by 9:00 a.m. Central Clock Time on the following Business Day.

5.4.3.4 Measurement Variance. Reservation and usage charges shall be based on Shipper's applicable monthly Maximum Contract Demand and Delivery Point Scheduled Quantities, respectively, irrespective of whether the applicable monthly Measurement Variance Factor is positive or negative. Shipper shall receive in-kind adjustments to Scheduled Quantities in order to account for positive and negative Measurement Variance Quantities. Transporter shall publish the applicable monthly Measurement Variance Factor on its Interactive Internet Website. Such published Measurement Variance Factor will be bound by maximum and minimum percentages set forth in Section 4 of this Tariff.

5.4.3.5 Negotiated Rates. Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper. Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, or established for service under this Rate Schedule, shall remain in effect. Transporter shall make any filings with the FERC necessary to effectuate a negotiated rate(s).

5.4.4. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

RATE SCHEDULE HRS
Hourly Reserve Service

5.5.1. AVAILABILITY

This Rate Schedule HRS is available for service by Transporter to any Shipper, where:

- a) Transporter has determined that it has sufficient available and uncommitted capacity to perform service requested by shipper; and
- b) Shipper has made a valid request, as defined in Section 6.3 of the General Terms and Conditions, or Shipper has obtained released capacity under Section 6.11 of the General Terms and Conditions; and
- c) Shipper has satisfied Transporter's creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions; and
- d) Shipper and Transporter have entered into a Gas Transportation Contract for HRS Service under this Rate Schedule; and
- e) All necessary contracts have been or will be entered into by or on behalf of Shipper for the acquisition of Gas, for the delivery of Gas to Transporter at one or more Receipt Points on the System, and/or the further transportation of Gas from one or more Delivery Points on the System, as applicable; and
- f) All necessary regulatory and governmental approvals to purchase and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained; and
- g) Transporter is not already providing service under Rate Schedule HRS at the desired Primary Delivery Point.

5.5.2 APPLICABILITY AND CHARACTER OF SERVICE

- a) This Rate Schedule shall apply to all Transportation Service rendered by Transporter for Shipper pursuant to the executed Gas Transportation Contract under this Rate Schedule.
- b) Transportation Service under this Rate Schedule shall consist of: (1) the receipt of Gas on behalf of Shipper, (2) the Transportation of Gas, and (3) the Tender of Gas for delivery by Transporter to Shipper, or for Shipper's account up to Shipper's MDQ, at hourly rates up the Shipper's MHQ.
- c) Transportation Service rendered under this Rate Schedule shall be firm, up to the Primary Delivery Point MDQs and MHQs specified in the executed Agreement. Transporter shall enter into no more than one agreement for Rate Schedule HRS Service at any Primary Delivery Point on the system. Transportation service under this rate schedule at secondary points shall be firm, up to the shipper's MDQ at an MHQ equal to the Shipper's MDQ divided by 24, provided, however, that Transporter shall honor Shipper's MHQ at a Secondary Delivery Point if doing so will not interfere with the provision of any other service request on the system.
- d) Shipper shall be deemed to be within its contract entitlement to the extent the actual flow rate during any hour is less than the combined scheduled hourly flow rates at the primary point pursuant to Section 6.7.10 of the General Terms and Conditions contained in Transporter's FERC Gas Tariff and within its MDQ during any Gas Day.
- e) Shipper may nominate as Authorized Overrun and Transporter may schedule, pursuant to Section 6.7.4 of the General Terms and Conditions contained herein, an amount above its MDQ during any Day and/or above its MHQ during any hour. Shipper may nominate an MHQ overrun for a limited number of hours during any day but no less than one hour of service overrun may be nominated.

5.5.3. RATES AND CHARGES

5.5.3.1 Reservation Rates shall consist of:

- a) A Capacity Reservation Rate, as stated on Section 4.3, paid each month. The Capacity Reservation Charge shall be the product of Shipper's MDQ (in Dekatherms) multiplied by the rate shown in Section 4.3 (or such discounted/negotiated rate as may be established under Section 5.3.3.3 of Rate Schedule HRS), and
- b) A Deliverability Reservation Rate, as stated in Section 4.3, paid each Month. The Deliverability Reservation Charge shall be the product of Shipper's MDQ (in Dekatherms), times the rate shown on Section 4.3 applicable to the Maximum Hourly Flow Rate selected by Shipper and agreed to by Transporter which appears on Schedule 1 of Shipper's service agreement (or such discounted/negotiated rate as may be established under Section 5.5.3.3 of Rate Schedule HRS).

5.5.3.2 Usage Rates

- a) On a monthly basis, the Usage-1 Rate, as stated in Section 4.3, will be multiplied by that portion of the total quantity of Gas deliveries on any Day during the month, pursuant to the Shipper's Agreement which is not in excess of the lower of (i) 105% of the scheduled quantities of Gas under the Agreement for such Day or (ii) the MDQ in effect under the Agreement for such Day.
- b) On a monthly basis, the Usage-2 Rate, as stated in Section 4.3, will be multiplied by that portion of the total quantity of Gas scheduled as Authorized Overrun on any Day during the month, which Shipper nominates and Transporter schedules pursuant to Section 6.7.4 of the General Terms and Conditions contained herein.
- c) ACA Charge. For each month, the ACA rate payable by the Shipper shall be equal to an amount obtained by multiplying the sum of the Delivery Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit rate.
- d) Scheduling, Imbalance and Overrun Penalties. Transporter shall charge Shipper any applicable scheduling, imbalance or overrun penalties in accordance with Section 6.8 of the General Terms and Conditions.
- e) Other Charges. These include any other charges as may be applicable from time to time pursuant to the General Terms and Conditions or as otherwise authorized by the FERC.
- f) Capacity Release Credits. To the extent Shipper releases capacity in any Month pursuant to Section 6.11 of the General Terms and Conditions, Shipper shall receive a credit representing the Monthly reservation charge simultaneously billed to the Replacement Shipper, minus all applicable fees described in Section 6.11.15 of the General Terms and Conditions. Nothing in this Section 5.3.3.2(f) relieves Shipper of its obligation to pay to Transporter the full amount of the reservation charge for any Month in which the Replacement Shipper fails to pay all or any portion of the Replacement Reservation Charge.

5.5.3.3 Discounted Rates

Transporter shall have the right to discount the maximum reservation rate and maximum usage rate for the service under this Rate Schedule and to charge a lower rate for some or all of the services performed under this Rate Schedule; provided, however, that in no event shall rates charged under this Rate Schedule be less than the minimum reservation rate and minimum usage rate for firm service. Transporter is not obligated to offer service at discounted rates; however, rates will not be discounted in an unduly discriminatory manner and comparable discounts will be made available to all similarly situated customers.

A Shipper with a previously negotiated rate discount limited to service at specific receipt and delivery points may request that such discounted rate apply to alternate points if Shipper chooses to release capacity or use flexible receipt and delivery points rights. There shall be a rebuttable presumption that Shipper will retain its discounted rate when utilizing such points if Transporter currently grants discounts to another Shipper receiving transportation service utilizing such points. However, Transporter can rebut this presumption by demonstrating that Shipper is not similarly situated to the Shipper receiving the discount at those points. If the discount is withheld, Shipper shall pay the higher of its contractual discounted rate or the highest discount rate being applicable to those points.

On any Business Day, the request to transfer the discount must be submitted at least two hours prior to the nomination that would use the discount at alternate points. Transporter shall respond to the request within two hours of receipt; however, any request received after 4:00 p.m. Central Clock Time on any Business Day shall be responded by 9:00 a.m. Central Clock Time on the following Business Day.

5.5.3.4 Measurement Variance

Subject to the terms of Sections 5.5.3.1 and 5.5.3.2 of this Section 5.5, reservation and usage charges shall be based on Shipper's applicable monthly Maximum Contract Demand and Delivery Point Scheduled Quantities, respectively, irrespective of whether the applicable monthly Measurement Variance Factor is positive or negative. Shipper shall receive in-kind adjustments to Scheduled Quantities in order to account for positive and negative Measurement Variance Quantities. Transporter shall publish the applicable monthly Measurement Variance Factor on its Interactive Internet Website. Such published Measurement Variance Factor will be bound by maximum and minimum percentages set forth on currently effective Section 4 of this Tariff.

5.5.3.5 Negotiated Rates

Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper.

Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, or established for service under this Rate Schedule, shall remain in effect. Transporter shall make any filings with the FERC necessary to effectuate a negotiated rate(s).

5.5.4 RECEIPT AND DELIVERY POINTS

5.5.4.1 The Receipt Point(s) at which Transporter shall receive Gas for Transportation hereunder shall be those listed in Schedule 1 appended to each Gas Transportation Contract and such Schedule shall designate all of Shipper's potential Receipt Point(s) and shall further designate Shipper's Primary Receipt Point(s).

5.5.4.2 Shipper shall have the right to redesignate any points listed on Schedule 1 appended to each Gas Transportation Contract as Primary Receipt Point(s), subject to available capacity and provisions of the General Terms and Conditions. Furthermore, Shipper shall have the right to utilize all other Receipt Point(s) as Secondary Receipt Point(s), subject to available capacity and the provisions of the General Terms and Conditions.

5.5.4.3 Shipper shall have a single Primary Delivery Point listed in Schedule 1 to its Gas Transportation Contract. Shipper shall have the right to utilize all other Delivery Points as Secondary Delivery Points, except that a request for service at a Secondary Delivery Point shall be scheduled as a request for service at an uniform hour flow rate without regard to Shipper's MHQ; provided, however, that Transporter shall honor Shipper's MHQ at a Secondary Delivery Point if doing so will not interfere with the provision of any other service request on the system.

5.5.4.4 Shipper shall have the right to redesignate any point listed on Schedule 1 appended to each Gas Transportation Contract as Primary Delivery Point, subject to available capacity and the provisions of the General Terms and Conditions; provided, however, if Shipper is paying a Negotiated Rate for service under the Agreement and requests to change its Primary Delivery Point under the Agreement, then unless otherwise agreed to in writing by Shipper and Transporter the rate applicable for service to such new Primary Delivery Point shall be the maximum Recourse Rate. Furthermore, Shipper shall have the right to utilize all other Delivery Points as Secondary Delivery Points, except that a request for service at a Secondary Delivery Point shall be scheduled as a request for service at an uniform hour flow rate without regard to Shipper's MHQ; provided, however, that Transporter shall honor Shipper's MHQ at a Secondary Delivery Point if doing so will not interfere with the provision of any other service request on the system.

5.5.4.5 Shipper shall elect the MHQ for Shipper's Gas at the Primary Delivery Point at the time its request for Transportation Service is submitted to Transporter pursuant to Section 6.3 of the General Terms and Conditions. Such election may not include more than one MHQ at a Primary Delivery Point. Such MHQ shall reflect deliveries at Maximum Hourly Flow Rates of 1/24th, 1/20th, 1/16th, 1/14th, or 1/12th of MDQ. Such election by Shipper will be set forth in the Agreement. Shipper shall have the right to utilize all other Delivery Points as Secondary Delivery Points, except that a request for service at a Secondary Delivery Point shall be scheduled as a request for service at an uniform hour flow rate without regard to Shipper's MHQ; provided, however, that Transporter shall honor Shipper's MHQ at a Secondary Delivery Point if doing so will not interfere with the provision of any other service request on the system.

5.5.5. COMMISSION AND OTHER REGULATORY FEES

Shipper will reimburse Transporter for any separately stated fees required by the Commission or any other federal or state regulatory body.

5.5.6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter shall apply to and are made a part of this Rate Schedule.