

RATE SCHEDULE FS  
FIRM STORAGE

### 5.1.1 AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Customer") for the purchase of natural gas Storage Service from ANR Storage Company (hereinafter referred to as "Seller"), when:

- (a) Seller has determined that it has sufficient available and uncommitted Storage capacity or capacity released in accordance with Section 5.1.7 of this Rate Schedule FS to perform service requested by Customer; and
- (b) Customer and Seller have executed a Service Agreement under this Rate Schedule.

## 5.1.2 APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Storage Service which is rendered by Seller for Customer pursuant to an executed Agreement under this Rate Schedule.

Storage Service rendered by Seller under this Rate Schedule shall consist of:

- (a) The receipt of Gas on behalf of Customer at the Point of Injection at daily quantities up to the Maximum Daily Injection Quantity plus Seller's Injection Use;
- (b) The Storage of Gas in quantities not to exceed the Maximum Storage Quantity, except as provided for in Section 5.1.6 of this Rate Schedule; and
- (c) The Tender of Gas for redelivery by Seller to or for the account of Customer at the Point of Withdrawal a quantity not to exceed Customer's Working Storage Gas at daily quantities up to the Maximum Daily Withdrawal Quantity reduced by Seller's Withdrawal Use.
- (d) The receipt of Gas on behalf of Customer and redelivery of Gas for the account of Customer in excess of its applicable Maximum Daily Injection Quantity and Maximum Daily Withdrawal Quantity on a best efforts basis by Seller when required to allow Customer full utilization of its Maximum Storage Quantity.
- (e) Storage Service under this Rate Schedule shall be firm up to the Maximum Storage Quantity and shall be firm up to the Maximum Daily Withdrawal Quantity and Maximum Daily Injection Quantity on any Day. The Maximum Storage Quantity, the Maximum Daily Injection Quantity, and the Storage Demand Withdrawal Quantity shall be specified in the executed Agreement.

### 5.1.3 GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff are applicable to this Rate Schedule, and are specifically incorporated herein by reference.

#### 5.1.4 RATES AND CHARGES

The amounts which shall be paid by Customer to Seller for each Month during the period of service hereunder shall include the sum of the charges due under the subsections of this Section 5.1.4 and charges under Section 5.1.5, below, that are applicable to Customer for such Month, computed by use of the applicable rates set forth in Customer's FS Service Agreement which are effective during such Month or portions thereof.

If, at initiation of service, service is provided for only a portion of a Month, any applicable reservation fee shall be prorated for the number of Days that service is provided.

5.1.4.1 Storage Charges:

(a) Reservation Charges:

- (1) The FS Deliverability Reservation Rate shall be paid each Month for each Dekatherm of Customer's Storage Demand Withdrawal Quantity.
- (2) The FS Capacity Reservation Rate shall be paid each Month for each Dekatherm of Customer's Maximum Storage Quantity.
- (3) If, due to Seller's scheduling of necessary maintenance of pipeline facilities, necessary maintenance of compression facilities and/or facility outages for tie-in of new facilities, Seller fails to Tender for redelivery or accept for Storage injection at the Point of Injection/Withdrawal for the account of Customer during any Day the quantity of Gas that Customer has so nominated for such Day up to a Customer's Maximum Daily Injection Quantity or Maximum Daily Withdrawal Quantity, as applicable, then subject to the provisions of the General Terms and Conditions of this Tariff, Customer's Monthly bill shall be reduced by an amount equal to the product of  
(a):

$$\frac{A \times B \times 12 + D \times 12}{C}$$

Where: A = Deliverability Rate  
B = Storage Demand Withdrawal Quantity  
C = Maximum Storage Quantity  
D = Capacity Charge

and (b): the difference between such quantity of Gas nominated for injection or withdrawal up to the Maximum Daily Injection Quantity or Maximum Daily Withdrawal Quantity, as applicable, and the applicable quantity actually injected or withdrawn by Seller for the account of Customer during such Day. Such reductions of Seller's Reservation Charges shall not be applicable in the event of Seller's failure to accept from Customer quantities of Gas tendered for injection during April 1 of any calendar year through October 31 of such year, if Seller and Customer agree upon and place into effect the make-up of such injection deficiency during such April through October period.

- (b) Commodity Charge: The Injection/Withdrawal Commodity Rate shall be paid each Month for Each Dekatherm Of Gas Which Is Delivered to or for the account of Customer and Each Dekatherm of Gas Customer delivers or causes to be delivered at the Point of Injection/Withdrawal during the Month. Such charges shall be applicable both on injection and on withdrawal.

5.1.4.2 Overrun Service Charge. An overrun rate shall be paid for each Dekatherm of service provided on behalf of Customer pursuant to Section 5.1.6, below. As set forth in Customer's FS Service Agreement, the Overrun Service Charge shall consist of the Overrun Service Rate for each Dekatherm of the Average Monthly Storage Volume which is stored for or on behalf of Customer during the Month greater than the Customer's Maximum Storage Quantity.



5.1.4.3 Seller's Use Charge. Customer shall furnish the Gas for Seller's Injection Use and Seller's Withdrawal Use in the Storage Service as set forth in Section 4.1 or Section 4.2 (as applicable) of this Tariff.

5.1.4.4 Annual Charges Clause Adjustment (ACA). Seller shall collect the ACA charge from Customer for all Gas stored hereunder, as authorized by the Commission's Orders, so that Seller may recoup the annual charges assessed by the Commission for the previous fiscal year in accordance with its final Order No. 472, issued May 29, 1987, and Order No. 472-B, issued September 16, 1987 at Docket No. RM87-3 or any superseding Commission Order. The currently effective rate for such charge shall be stated in Section 4.1 or Section 4.2 (as applicable) of this Tariff.

5.1.4.5 Rate Changes. Seller shall have the right to propose to FERC or any other governing regulatory body such changes in its rates and terms of service it deems necessary, and the Agreement executed by the parties shall be deemed to include any changes which are made effective pursuant to an order or regulation or provision of law, without prejudice to Customer's right to protest the same; provided, however, that any market-based rates negotiated between Seller and its Customer(s) shall remain in effect during the term(s) of the Agreement specifying such rates. Seller shall have the right to charge a rate that yields an economic value acceptable to Seller at any time as a condition for new service or for continuation of service under an existing Agreement unless agreed to otherwise between Seller and Customer. Whenever Seller adjusts the rate to be charged to a Customer pursuant to this Section 5.1.4.5, notice thereof shall be given to Customer not less than seventy-two (72) hours prior to the effective date of such adjustment.

### 5.1.5 ADDITIONAL CHARGES

1. Commission and Other Regulatory Fees: Customer shall reimburse Seller for all fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule including, but not limited to, filing, reporting and application fees.
2. Other Charges: Customer shall pay any other charges applicable to service hereunder authorized by the Commission or any other successor agency having jurisdiction.
3. Third Party Charges: If Customer requests, and Seller agrees, that Seller shall, to provide service to Customer, use service which Seller has contracted for with third party(s) pursuant to Section 6.20 of the General Terms and Conditions of this Tariff for the benefit of Customer, Customer shall pay Seller an amount up to the charges Seller is obligated to pay such third party(s), which charges may include, but are not limited to, reservation and/or Usage Charges and surcharges, fuel charges, compression fees, balancing or Storage fees, measurement fees, processing fees, and/or facility charges. Such charges shall be set forth as separate items on billings rendered to Customer.

#### 5.1.6 STORAGE OVERRUN SERVICE

Customer may request Seller to provide Storage Service under this Rate Schedule for quantities of Gas in excess of Customer's Maximum Storage Quantity. Service requested under this section must be nominated separately as "overrun" by Customer. Seller may provide such Overrun Service on an interruptible basis if, in Seller's judgment, it can provide the service without adverse effect on Seller's operations or on Seller's ability to meet higher priority obligations. Customer shall pay the Overrun Service Charge pursuant to Section 5.1.4.2 of this Rate Schedule FS for such overrun Storage Service.

### 5.1.7 CAPACITY RELEASE

Any Customer or Replacement Customer under Rate Schedule FS shall be entitled to release all or a portion of its capacity to Seller for resale. Additionally, Customer may release its capacity on a volumetric basis. Any Customer or Replacement Customer releasing capacity will be designated a Releasing Customer. Any person purchasing released capacity shall be designated a Replacement Customer. Any Customer that wants to release capacity must notify Seller that it wants to release capacity and the terms and conditions of such release.

5.1.7.1 Making an Offer to Release

5.1.7.1.A Procedure for Making an Offer to Release. Releasing Customer shall communicate its release notice through Seller's Internet Site. The Releasing Customer shall submit the following information, objectively stated and applicable to all potential Customers on a non-discriminatory basis:

- (1) the pricing provisions of the offer to release and whether bids should be denominated in dollars and cents or as a percentage of a rate for a non-index-based release, or the index-based formula as detailed in the capacity release offer.
- (2) the specific quantity to be released expressed in Dth; the basis for released quantity should be per Day for Storage Injection/Withdrawal, and a per release quantity for Storage capacity and total release period quantity;
- (3) the duration of release or term including any right to recall;
- (4) The terms and conditions of any recall rights. Releasing Customers may, to the extent permitted as a condition of the capacity release, recall released capacity by providing notice to the Seller in accordance with the timeline set forth below (stated in Central Clock Time). The recall notification shall show the recall quantity expressed in terms of adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity. Recalled capacity notices will indicate whether penalties will apply for the Gas Day for which quantities are reduced due to a capacity recall. Seller will support the ability for the Releasing Customer to specify, as a condition of a release, whether the Releasing Customer's recall notification must be provided exclusively on a Business Day. When capacity is recalled, it may not be reput for the same Gas Day. The deadline for notifying Seller of a reput is 8:00 a.m. to allow for the timely nominations to flow on the next Gas Day.
  - (i) Timely Recall Notification
    - (a) A Releasing Customer recalling capacity should provide notice of such recall to the Seller and the first Replacement Customer no later than 8:00 a.m. on the Day that Timely Nominations are due;
    - (b) The Seller should provide notification of such recall to all affected Replacement Customers no later than 9:00 a.m. on the Day that Timely Nominations are due;
  - (ii) Early Evening Recall Notifications:



- (a) A Releasing Customer recalling capacity should provide notice of such recall to the Seller and the first Replacement Customer no later than 3:00 p.m. on the Day that Evening Nominations are due;
  - (b) The Seller should provide notification of such recall to all affected Replacement Customers no later than 4:00 p.m. on the Day that Evening Nominations are due;
- (iii) Evening Recall Notifications:
- (a) A Releasing Customer recalling capacity should provide notice of such recall to the Seller and the first Replacement Customer no later than 5:00 p.m. on the Day that Evening Nominations are due;
  - (b) The Seller should provide notification of such recall to all affected Replacement Customers no later than 6:00 p.m. on the Day that Evening Nominations are due;
- (iv) Intraday 1 Recall Notifications:
- (a) A Releasing Customer recalling capacity should provide notice of such recall to the Seller and the first Replacement Customer no later than 7:00 a.m. on the Day that Intraday 1 Nominations are due;
  - (b) The Seller should provide notification of such recall to all affected Replacement Customers no later than 8:00 a.m. on the Day that Intraday 1 Nominations are due;
- (v) Intraday 2 Recall Notifications:
- (a) A Releasing Customer recalling capacity should provide notice of such recall to the Seller and the first Replacement Customer no later than 12:00 noon on the Day that Intraday 2 Nominations are due;
  - (b) The Seller should provide notification of such recall to all affected Replacement Customers no later than 1:00 p.m. on the Day that Intraday 2 Nominations are due; and
- (vi) Intraday 3 Recall Notifications:
- (a) A Releasing Customer recalling capacity should provide notice of such recall to the Seller and the first Replacement Customer no later than 4:00 p.m. on the Day that Intraday 3 Nominations are due;

- (b) The Seller should provide notification of such recall to all affected Replacement Customers no later than 5:00 p.m. on the Day that Intraday 3 Nominations are due.

For recall notification provided to the Seller prior to the recall notification deadline specified above and received between 7:00 a.m. and 5:00 p.m., the Seller should provide notification to all affected Replacement Customers no later than one hour after receipt of such recall notification. For recall notification provided to the Seller after 5:00 p.m. and prior to 7:00 a.m., the Seller should provide notification to all affected Replacement Customers no later than 8:00 a.m. after receipt of such recall notification. Releasing Customer may only recall such released capacity that Replacement Customer has not filled. The Releasing Customer shall make such recall by notifying Seller in writing of such recall and by submitting a nomination change to Seller, pursuant to Section 6.4.1 of the General Terms and Conditions of this Tariff;

In the event of an intra-day capacity recall, Seller will determine the allocation of capacity between the Releasing Customer and the Replacement Customer(s) based upon the Elapsed Prorata Capacity. Variations to the use of Elapsed Prorata Capacity may be necessary to reflect the nature of Seller's Tariff, services, and/or operational characteristics.

Seller will not be obligated to deliver in excess of the total daily contract quantity of the release as a result of NAESB WGQ Standard No. 5.3.55.

The amount of capacity allocated to the Replacement Customer(s) should equal the original released capacity less the recalled capacity that is adjusted based upon the Elapsed Prorata Capacity or other Seller Tariff specific variations of the Elapsed Prorata Capacity in accordance with NAESB WGQ Standard No. 5.3.56.

- (5) whether the release is on a permanent or temporary basis;
- (6) the length of time the offer to release should be posted for bidding on Seller's Internet Site;
- (7) whether there are any reput rights;
- (8) and any other conditions or contingencies of the offer to release, including nondiscriminatory provisions necessary to evaluate bids and the tie breaking criteria, provided, however, that bid evaluation methodologies that are required to be supported by the Seller and provided to Releasing

Customers as choices from which they may select and, once chosen, should be used in determining the awards from the bids(s) submitted will be limited to highest rate, net revenue and present value; other choices of bid evaluation methodology can be accorded similar timeline evaluation treatment at the discretion of the Seller; however, the Seller is not required to offer other choices or similar timeline treatment for other choices, nor, is the Seller held to the timeline should the Releasing Customer elect another method of evaluation;

- (9) the legal name of the Replacement Customer that is designated in any Pre-arranged Release ("Designated Replacement Customer");
- (10) the bid evaluation method; for index-based capacity release transactions, the Releasing Customer should provide the necessary information and instructions to support the chosen methodology;
- (11) Volumetric Release - any minimum volumetric commitment.
- (12) An indication of whether the Pre-arranged capacity release is to an asset manager as described in Section 5.1.7.1.F, and the asset manager's obligation as to volumetric level and effective time period(s) to deliver gas to, or purchase gas from the Releasing Customer.
- (13) An indication of whether the Pre-arranged capacity release is to a marketer participating in a state-regulated retail access program as described in Section 5.1.7.1.F.

5.1.7.1.B Creditworthiness. Replacement Customer shall comply with Seller's creditworthiness provisions as provided for in Section 6.11.5 of the General Terms and Conditions of this FERC Gas Tariff First Revised Volume No. 1. Seller may refuse to allow a Permanent Capacity Release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Releasing Customer's request to permanently release is denied by Seller, Seller shall notify Releasing Customer in writing and shall include in the notification the reasons for such denial.

5.1.7.1.C Releasing Customer Options. Releasing Customer may withdraw any existing offer to release, if a valid bid has not been received. Releasing Customer shall be subject to the provisions of Section 5.1.8, below, prior to the commencement of the Agreement with Replacement Customer. Offers should be binding until notice of withdrawal is received by Seller on its Internet Site. Releasing Customer may withdraw its offer to release any time prior to the close of the bidding period, where unanticipated circumstances justify such withdrawal or when no bid has been received which meets the Releasing Customer's minimum conditions. Releasing Customer shall have the option to accept contingent bids which extend beyond the close of the bidding period. Releasing Customer cannot extend the original bid period or the pre-arranged deal Matching Period without posting a new release. Rerelease of Released Capacity shall be allowed on the same terms and basis as the primary release (except for volumetric releases which may not be rereleased).

5.1.7.1.D Capacity Release Timeline. The Capacity Release Timeline is applicable to all parties of the Capacity Release process; however it is only applicable if:

- (1) all information provided by parties to the transaction is valid and Replacement Customer has been determined to be credit worthy before the capacity release bid is tendered;
- (2) for index-based capacity release transactions, the Releasing Customer has provided the Seller with sufficient instructions to evaluate the corresponding bid(s) according to the Capacity Release timeline, and
- (3) there are no special terms or conditions of the release.

Further, the Seller may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions.

- (i) For biddable releases (1 year or less):
  - (1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
  - (2) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
  - (3) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
  - (4) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
  - (5) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 noon.
  - (6) The contract is issued within one hour of award posting (with a new contract number, when applicable).
  - (7) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.
- (ii) For biddable releases (more than 1 year):
  - (1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
  - (2) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
  - (3) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
  - (4) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

- (5) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 noon.
  - (6) The contract is issued within one hour of the award posting (with a new contract number, when applicable).
  - (7) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.
- (iii) For non-biddable releases:
- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard 1.3.2. The posting deadlines are:
- Timely Cycle            12:00 noon
  - Evening Cycle           5:00 p.m.
  - Intraday 1 Cycle       9:00 a.m.
  - Intraday 2 Cycle       1:30 p.m.
  - Intraday 3 Cycle       6:00 p.m.

The contract is issued within one hour of the award posting (with a new contract number, when applicable).

Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

5.1.7.1.E Competitive Bidding Procedure. Bids may be submitted by potential Replacement Customers via the Internet Site during the posting period. The bids for the given capacity release offer should adhere to the method specified by the Releasing Customer. Seller shall post the terms of each complete bid, but will not post the identity of the bidder. Posted bids will be accessible via EDM. Seller will also require all information set forth in Section 6.2 of the General Terms and Conditions of this Tariff. Upon expiration of the offer, Seller shall remove such offer of release from its Internet Site.

Potential Replacement Customers may withdraw their posted bids at any time during the bidding period via the Internet Site. Potential Replacement Customers cannot withdraw bids after the bidding period ends. Such potential Replacement Customers may not post another bid for the same capacity lower than their previous bid.

Seller will post offers and bids, including prearranged deals, upon receipt. A Releasing Customer may request a later posting time for posting of such offer, and Seller will support such request insofar as it comports with the standard Capacity Release timeline specified in Section 5.1.7.1.D, above.



5.1.7.1.F Pre-arranged Release:

- (i) Releasing Customer shall have the right to release capacity to a Pre-arranged Replacement Customer without posting an offer on the Internet Site if:
  - (1) the Replacement Customer confirms via the Internet Site the terms and conditions of the Pre-arranged Release.
  - (2) the release is less than 31 Days, or
  - (3) the release is to an asset manager that contains a condition that the Releasing Customer may call upon the Replacement Customer to deliver to, or purchase from, the Releasing Customer a volume of gas up to 100 percent of the daily contract demand of the released storage capacity, provided that, the asset manager's delivery or purchase obligation need only be up to 100 percent of the daily contract demand under the release for storage withdrawals or injections, or
  - (4) the release is to a marketer participating in a state-regulated retail access program that will be utilized by the Replacement Customer to provide the gas supply requirement of retail consumers pursuant to a retail access program approved by the state agency with jurisdiction over the local distribution company that provides delivery service to such retail consumers.

If Releasing Customer exercises such right, it must notify Seller prior to the nomination of the released entitlements, and the Replacement Customer shall adhere to the contracting requirements. Seller will post the information on the Internet Site pursuant to the timeline set forth in Section 5.1.7.1.D (iii), above. The Replacement Customer shall meet any eligibility requirements under this Section 5.1.7. Pre-arranged Replacement Customer nominations possible at the earliest nomination opportunity at the time Seller receives notification of release. Seller shall issue contract within one hour of the notification of the release.

- (ii) Matching Rights. A Pre-arranged Replacement Customer shall have the right of first refusal for a time period as negotiated by the Releasing Customer and the Pre-arranged Replacement Customer ("Matching Period"). If no Matching Period has been negotiated, the Matching Period will be deemed to be one (1) hour following the time the Pre-arranged Replacement Customer has been notified of the winning bid. In the event a bid is received that more closely meets the criteria specified by the Releasing Customer, Seller shall provide the Pre-arranged Replacement Customer an opportunity during the Matching Period to match or exceed the bid that more closely meets the criteria specified by the Releasing Customer. Consistent with the guidelines set forth in Section 5.1.7.1.D,

above, the Pre-arranged Replacement Customer shall receive notification on the Internet Site of the terms and conditions of the prevailing bid, shall have the Matching Period to respond via the Internet Site, and shall post on the Internet Site its match response. Absent a response from the Replacement Customer, the capacity shall be awarded to the prevailing bidder.

5.1.7.1.G Awarding Capacity Release. Capacity will be awarded consistent with the timeline set forth in Section 5.1.7.1.D, above. The capacity will be awarded to the Replacement Customer which otherwise satisfies the requirements of this Tariff and also meets all of the conditions of the offer to release capacity. In the case of multiple bid winners, the highest ranking bid will receive the entire maximum amount of capacity bid. The next highest ranking bidder will receive the remainder of the offered capacity provided that the amount remaining is above the bidder's minimum acceptable quantity. Any remaining capacity will be given to the next highest bidder with the same provisions as above. This process will repeat until either all of the offered capacity is awarded or the remaining capacity falls below either the Releasing Customer's minimum quantity or all of the remaining bidder's acceptable quantities. Seller shall not be required to contract with parties submitting bids that do not meet the conditions of the offer to release capacity, however, subject to approval of Releasing Customer, Seller may accept bids offering a price or term less than that set forth in the release. Bids will be evaluated by the criteria provided by the Releasing Customer. If no criteria are provided by the Releasing Customer, bids will be accepted in the order of priority based upon the highest economic value offered by the competing bids as defined in Section 6.10 of the General Terms and Conditions of this Tariff. The ultimate awarding of the capacity will be posted subsequently on Seller's Internet Site consistent with the timeline set forth in Section 5.1.7.1.D above, unless bidder was a contingent bidder and the contingency did not occur. Seller will tender a numbered Agreement within one hour to the winning bidder, and the winning bidder shall enter into an Agreement with Seller pursuant to Section 5.1.7.2, below.

Seller is required to meet the Capacity Release Timeline for processing capacity releases only if the Releasing Customer's best bid methodology is either: (1) highest rate, (2) net revenue, or (3) present value. In all cases, Replacement Customers will be subject to all requirements of this Tariff. Storage Service to the Replacement Customer may commence, prior to the posting of the winning bid, if capacity has been awarded and a contract executed.

5.1.7.2 Execution of Service Agreement. Once the provisions of this Section 5.1.7 are satisfied and as a condition precedent to receiving service pursuant to a capacity release, Replacement Customer shall execute a Service Agreement with Seller.

5.1.7.3 Billing Adjustment. Releasing Customer shall remain fully obligated under the terms of its Service Agreement with Seller during any capacity release except for Usage Charges incurred by any Replacement Customer that has purchased capacity released by the Releasing Customer.

Seller shall credit the invoice of Releasing Customer each Month for the Deliverability and Capacity charges and volumetric rates invoiced, by Seller to Replacement Customer provided, however, that such credit:

- (a) shall not include any charges billed to the Replacement Customer under Section 5.1.5 of this Rate Schedule or Section 5.2.5 of Rate Schedule IS, and
- (b) shall be reduced by the amount of any marketing fee Seller is entitled to collect pursuant to Section 5.1.7.4, below.

If a Replacement Customer fails to pay, in accordance with Section 6.8.2 of the General Terms and Conditions of this Tariff, all or any part of its Deliverability and Capacity charges, then Seller may, in addition to any other remedies it may have hereunder, terminate its Agreement with the Replacement Customer, and the Replacement Customer shall be deemed to have consented to abandonment of service under the Agreement. If the Agreement with the Replacement Customer is so terminated and service abandoned, the capacity will revert to the Releasing Customer, and will be governed by the terms and conditions of its existing Agreement with Seller. If Releasing Customer pays delinquent amounts owed by Replacement Customer and Seller subsequently receives payment from Replacement Customer of some or all of such amounts, Seller will credit the amounts received from the Replacement Customer in Seller's next monthly bill to the Releasing Customer.

5.1.7.4 Marketing Fee. Seller may negotiate with Releasing Customer to market all or a portion of the released capacity to potential Replacement Customers who, as a result of such marketing activity, bid for such capacity during the competitive bidding procedure. If Seller contracts with a Replacement Customer found by Seller, Seller shall be entitled to a marketing fee which will be negotiated between Seller and Releasing Customer, such marketing fee to be deducted monthly from credits due Releasing Customer with respect to each Dth of capacity purchased by the Replacement Customer. Each Replacement Customer found by Seller shall submit with its bid a statement attesting to Seller's marketing efforts in connection with such Replacement Customer's decision to purchase released capacity. Such statement shall constitute conclusive evidence of Seller's proactive marketing effort entitling Seller to a marketing fee.

5.1.7.5 Term. Any release under this Section 5.1.7 for service under Rate Schedule FS shall be for a maximum term not longer than the remaining term of the underlying FS Service Agreement. If capacity is released and the Replacement Customer takes service under Rate Schedule IS, the minimum term shall be one Month.

5.1.7.6 Volumetric Release. Customer may release capacity on a volumetric basis, provided that:

- (a) all requirements and conditions of the release be specified by the Releasing Customer in the release notice, including any minimum Storage volume requirement, and
- (b) the requirements and conditions specified by Releasing Customer must meet all of the requirements and conditions of Seller's Tariff, and
- (c) Seller will bill the Volumetric Rate for Release for volumes actually injected into Storage by Seller for the account of Replacement Customer or the minimum Storage volume requirement if actual injected volumes are less than the required minimum Storage volume requirement, and
- (d) Replacement Customer shall remain fully responsible for all Usage Charges incurred.



5.1.7.7 Notice. Notice of releases made under Section 5.1.7.1.F shall be posted on Seller's Internet Site not later than the first nomination after the release transaction commences.

Reserved for Future Use

5.1.7.9 Releases of 31 Days or Less. Releasing Customer shall not re-release firm entitlements that were previously released pursuant to Section 5.1.7.1.F to the same Replacement Customer until twenty-eight (28) days after the first release period has ended. The 28-Day hiatus does not apply to any re-release to the same Replacement Customer that is posted for bidding or that qualifies for any of the exemptions from posting under Section 5.1.7.1.F.

Section 5.1.7.1.F paragraphs (i)(2), (i)(4), and (i)(5) releases can be rolled-over for subsequent periods without bidding.

- 5.1.7.10 Posting Offers to Purchase Released Capacity – A Customer desiring released capacity may submit a request to Seller in writing. Such request for capacity shall specify the terms and conditions pursuant to which capacity will be accepted. Such a request shall be posted on Seller’s public Internet Site for no less than thirty (30) Days on an informational basis.

#### 5.1.8 GAS IN STORAGE AFTER TERMINATION OF AGREEMENT

If a Customer which has not renewed its FS Agreement, prior to the end of the term of such Agreement, fails to withdraw all of its Working Storage Gas by the end of the date such FS Agreement terminates, then, at Seller's option, and upon forty-eight (48) hours notice, Customer will be deemed to have agreed to the Storage of such remaining Working Storage Gas under Rate Schedule IS or at Seller's option, Seller may retain any remaining quantities of Working Storage Gas free and clear of any adverse claims; provided however, that Seller will notify Customer in writing seven Months prior to termination of its FS Agreement of the quantity of Storage Volumes being held by Seller for Customer's account and the above options available to Seller in the event Customer fails to withdraw all of its Working Storage Gas by the end of said Storage Contract Year. In the event Seller is unable to withdraw Customer's properly nominated volumes, up to the Customer's Maximum Daily Withdrawal Quantity, on any Day during the last Storage Contract Year prior to the expiration of the Agreement, then the term of the Agreement shall be extended by the number of Days Seller is unable to Tender quantities of Gas for redelivery.

### 5.1.9 DEFINITIONS

1. The term "Storage Demand Injection Quantity" shall mean:
  - (a) Fifty Percent (50%) of Customer's Storage Demand Withdrawal Quantity when Customer's Storage Demand Withdrawal Quantity is greater than or equal to 1/30th of the Maximum Storage Quantity.
  - (b) Unless otherwise agreed by Customer and Seller, 1/130 of Customer's Maximum Storage Quantity when Customer's Storage Demand Withdrawal Quantity is less than 1/30th of the Maximum Storage Quantity.
2. The term "Maximum Daily Injection Quantity" shall mean:
  - (a) Storage Demand Injection Quantity as long as Customer's Working Storage Gas is equal to or less than fifty-five percent (55%) of the Maximum Storage Quantity.
  - (b) Seventy-five Percent (75%) of the Storage Demand Injection Quantity as long as Customer's Working Storage Gas is greater than fifty-five (55%) of the Maximum Storage Quantity, but equal to or less than eighty percent (80%) of the Maximum Storage Quantity.
  - (c) Sixty-five Percent (65%) of the Storage Demand Injection Quantity as long as Customer's Working Storage Gas is greater than eighty (80%) of the Maximum Storage Quantity.
3. The term "Storage Demand Withdrawal Quantity" shall mean a number of Dths that cannot be greater than 1/10 of the Maximum Storage Quantity nor less than 1/126 of the Maximum Storage Quantity reduced by the Dths required for Seller's Withdrawal Use, as set forth on Exhibit A of this Agreement, unless otherwise agreed by Customer and Seller.
4. The term "Maximum Daily Withdrawal Quantity" shall mean:
  - (a) Storage Demand Withdrawal Quantity as long as Customer's Storage Demand Withdrawal Quantity is greater than or equal to 1/30 of the Maximum Storage Quantity, otherwise.
  - (b) Storage Demand Withdrawal Quantity as long as Customer's Working Storage Gas is equal to or greater than twenty percent (20%) of the Maximum Storage Quantity.

- (c) Seventy Percent (70%) of the Storage Demand Withdrawal Quantity as long as Customer's Working Storage Gas is less than twenty percent (20%), but equal to or greater than ten percent (10%) of the Maximum Storage Quantity.
  - (d) Forty Percent (40%) of the Storage Demand Withdrawal Quantity as long as Customer's Working Storage Gas is less than ten percent (10%) of the Maximum Storage Quantity.
5. Unless otherwise agreed by Customer and Seller, the term "Storage Contract Year" shall mean the period from April 1 of the calendar year through March 31 of the following calendar year.
6. The term "Permanent Capacity Release" shall mean the release of some or all of its capacity by the Customer for the remaining term of its Agreement with Seller. Releasing Customer shall not be liable for any charges incurred by the Replacement Customer after the Permanent Capacity Release. Replacement Customer shall be subject to all terms of this Tariff.

RATE SCHEDULE IS  
INTERRUPTIBLE STORAGE



### 5.2.1 AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Customer") for the purchase of natural gas Storage Service from ANR Storage Company (hereinafter referred to as "Seller"), when Customer and Seller have executed a Service Agreement under this Rate Schedule.

## 5.2.2 APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Storage Service which is rendered by Seller for Customer pursuant to an executed Agreement under this Rate Schedule.

Storage Service rendered by Seller under this Rate Schedule shall consist of:

- (a) The receipt of Gas on behalf of Customer at the Point of Injection up to the Maximum Storage Quantity plus Seller's Injection Use at daily quantities up to the Maximum Daily Injection Quantity plus Seller's Injection Use;
- (b) The Storage of Gas in quantities not to exceed the Maximum Storage Quantity; and
- (c) The Tender of Gas to or for the account of Customer at the Point of Withdrawal a quantity not to exceed Customer's Working Storage Gas reduced by Seller's Withdrawal Use at daily quantities up to the Maximum Daily Withdrawal Quantity reduced by Seller's Withdrawal Use.

Storage Service rendered under this Rate Schedule shall be interruptible, and shall be available only when capacity is not being used for injection, Storage and withdrawal of higher priority services. Such interruptible service shall be offered in accordance with the provisions established in the General Terms and Conditions of this Tariff.

Seller may, if Storage capacity is required by Customers having a higher priority, require Customer to withdraw quantities held in Storage by Seller for or on behalf of Customer under Rate Schedule IS within forty-five (45) Days of the date notice is provided to Customer by Seller, provided however, if capacity contracted under Rate Schedule IS interferes with Seller's ability to provide firm service under any Rate Schedule FS Service Agreement, such forty-five (45) Day period shall be reduced to five (5) Days.

### 5.2.3 GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff are applicable to this Rate Schedule and are specifically incorporated herein by reference.

#### 5.2.4 RATES AND CHARGES

The amounts which shall be paid by Customer to Seller for each Month during the period of service hereunder shall include the sum of the amounts due under the subsections of this Section 5.2.4 and charges under Section 5.2.5 that are applicable to Customer for such Month, computed by use of the applicable rates set forth in Customer's IS Service Agreement which are effective during such Month or portions thereof.

5.2.4.1 Interruptible Service Commodity Charge. A Storage Commodity Rate shall be paid for each Dekatherm of the Average Monthly Storage Volume which is stored for or on behalf of Customer during the Month.

5.2.4.2 Seller's Use Charge. Customer shall furnish the Gas for Seller's Injection Use and Seller's Withdrawal Use in the Storage Service as set forth in Section 4.1 or Section 4.2 (as applicable) of this Tariff.

5.2.4.3 Annual Charges Clause Adjustment (ACA). Seller shall collect the ACA charge from Customer for all Gas stored hereunder, as authorized by the Commission's Orders, so that Seller may recoup the annual charges assessed by the Commission for the previous fiscal year in accordance with its final Order No. 472, issued May 29, 1987, and Order No. 472-B, issued September 16, 1987 at Docket No. RM87-3 or any superseding Commission Order. The currently effective rate for such charge shall be stated in Section 4.1 or Section 4.2 (as applicable) of this Tariff.

5.2.4.4 Rate Changes. Seller shall have the right to propose to FERC or any other governing regulatory body such changes in its rates and terms of service it deems necessary, and the Agreement executed by the parties shall be deemed to include any changes which are made effective pursuant to an order or regulation or provision of law, without prejudice to Customer's right to protest the same; provided however, that any market-based rates negotiated between Seller and its Customer(s) shall remain in effect during the term(s) of the Agreement specifying such rates. Seller shall have the right to charge a rate that yields an economic value acceptable to Seller at any time as a condition for new service or for continuation of service under an existing Agreement. Whenever Seller adjusts the rate to be charged to a Customer pursuant to this Section 5.2.4.4, notice thereof shall be given to Customer not less than seventy-two (72) hours prior to the effective date of such adjustment.



5.2.4.5 Overrun Service Charge. An overrun rate shall be paid for each Dekatherm of service provided on behalf of Customer pursuant to Section 5.2.6, below. As set forth in Customer's IS Service Agreement, the Overrun Service Charge shall consist of the Storage Commodity Rate for each Dekatherm of the Average Monthly Storage Volume which is stored for or on behalf of Customer during the Month greater than the Customer's Maximum Storage Quantity.

#### 5.2.5 ADDITIONAL CHARGES

1. Commission and Other Regulatory Fees. Customer shall reimburse Seller for all fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule including, but not limited to, filing, reporting and application fees.
2. Other Charges. Customer shall pay any other charges applicable to service hereunder authorized by the Commission or any successor agency having jurisdiction.

## 5.2.6 STORAGE OVERRUN SERVICE

Customer may request Seller to provide Storage Service under this Rate Schedule for quantities of Gas in excess of Customer's Maximum Storage Quantity. Service requested under this section must be nominated separately as "overrun" by Customer. Seller may provide such Overrun Service on an interruptible basis if, in Seller's judgment, it can provide the service without adverse effect on Seller's operations or on Seller's ability to meet higher priority obligations. Customer shall pay the Overrun Service Charge pursuant to Section 5.2.4.5, above, for such overrun Storage Service.

## 5.2.7 WITHDRAWAL PENALTY

If Customer fails to withdraw all Working Storage Gas quantities held in Storage by Seller for or on behalf of Customer by the end of the applicable withdrawal period set forth in Section 5.2.2 above, or by the date the IS Agreement terminates, then Seller may retain such remaining quantities of Working Storage Gas free and clear of any adverse claims, unless such failure to withdraw was due to Seller's inability to withdraw the quantities nominated by Customer, in which event such applicable withdrawal period shall be extended by the number of Days Seller is unable to Tender quantities of Gas for redelivery.

## 5.2.8 DEFINITIONS

1. The term "Maximum Daily Injection Quantity" shall mean one thirtieth (1/30) of the Maximum Storage Quantity.
2. The term "Maximum Daily Withdrawal Quantity" shall mean the greater of one thirtieth (1/30) of the Working Storage Gas as of the last Day of the prior Month or one thirtieth (1/30) of the Working Storage Gas as of the date that Seller notifies Customer that it must withdraw all of its Working Storage Gas within forty-five (45) Days or one fifth (1/5) of the Working Storage Gas as of the date that Seller notifies Customer that it must withdraw all of its Working Storage Gas within five (5) Days.

RATE SCHEDULE MS  
MERCHANT SALES

### 5.3.1 APPLICABILITY

This Rate Schedule MS shall be applicable to all firm and interruptible sales services rendered by ANR Storage Company ("Seller") under the blanket certificate of public convenience and necessity granted to Seller pursuant to 18 C.F.R. Section 284.284(a) and Order 636.

### 5.3.2 AVAILABILITY

Service under this Rate Schedule shall be available, pursuant to the term of Seller's blanket sales certificate, to any Gas purchaser ("Buyer") which has executed a Sales Service Agreement with Seller.



### 5.3.3 SALES SERVICE AGREEMENT

Sales service under this Rate Schedule shall be available only on the condition and to the extent that Seller and Buyer have agreed to such service and have executed a written Sales Service Agreement that contains the terms, conditions, rates and fees applicable to such service. Seller shall have no obligation to provide sales service for any quantity of Gas in excess of that specifically agreed to in the Sales Service Agreement and such obligation shall be coextensive with the term of the agreement. In accord with 18 C.F.R. Section 284.285, Seller is authorized to abandon the sales service to which the Sales Service Agreement relates upon termination of such agreement without obtaining any additional approval of the Federal Energy Regulatory Commission for such abandonment.

#### 5.3.4 TERMS, CONDITIONS, RATES AND FEES

The terms, conditions, rates and fees applicable to service under this Rate Schedule shall be those terms, conditions, rates and fees to which Seller and Buyer have agreed in their Sales Service Agreement.

### 5.3.5 POINT OF SALE

The point of sale for all Gas sold by Seller to Buyer under this Rate Schedule shall be (a) any point at which the Gas enters Seller's system, or (b) any point at which Seller's system interconnects with that of another pipeline.

### 5.3.6 TRANSPORTATION

Gas purchased by Buyer from Seller under this Rate Schedule shall be transported pursuant to the terms of separate transportation agreements.