



April 1, 2026

Ms. Debbie-Anne A. Reese, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Columbia Gulf Transmission, LLC**  
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Houston, TX 77002-2700

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Director, Rates & Regulatory

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Re: Columbia Gulf Transmission, LLC  
Creditworthiness Alignment  
Docket No. RP26-\_\_\_\_-000

Dear Ms. Reese:

Pursuant to Section 4 of the Natural Gas Act (“NGA”) and Part 154 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,<sup>1</sup> Columbia Gulf Transmission, LLC (“Columbia Gulf”) submits for filing revised tariff sections<sup>2</sup> to be part of Columbia Gulf’s FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”). Columbia Gulf is proposing to update its creditworthiness provisions and make general housekeeping edits within its Tariff, as further described below. Columbia Gulf respectfully requests that the Commission accept the revised tariff sections, included herein as Appendix A, to become effective May 1, 2026.

### **Correspondence**

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

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<sup>1</sup> 18 C.F.R. Part 154 (2026).

<sup>2</sup> Tariff sections are listed in Appendix A, attached hereto.

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### **Statement of Nature, Reasons and Basis for Filing**

#### ***Overview***

Columbia Gulf is proposing updates to the creditworthiness provisions in Section 3 (Request for Service), Section 9.5 (Creditworthiness of Shipper) and Section 10 (Billing and Payment) of its Tariff as further described below. The proposed revisions will mutually serve both Columbia Gulf and its Shippers through the implementation of clear and concise creditworthiness requirements that will assist in streamlining the evaluation of creditworthiness for new and existing Shippers. Further, Columbia Gulf's proposed changes are consistent with the Commission's June 16, 2005 *Policy Statement on Creditworthiness Issues for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding* issued under Docket Nos. PL05-8-000 and RM04-4-000 ("Creditworthiness Policy Statement").<sup>3</sup>

As discussed below, the proposed creditworthiness modifications: 1) modify the creditworthiness standard to an unenhanced senior unsecured debt rating of either BBB- by S&P Global Market Intelligence LLC ("S&P") or Baa3 by Moody's Investors Service, Inc. ("Moody's"); 2) remove the stable or positive outlook opinion and tangible net worth requirements 3) modify the "other information" Columbia Gulf may consider in making its creditworthiness determination; 4) update financial assurance descriptions and requirements and present such requirements for all services in an organized table format; 5) update and clarify the notice provisions for a Shipper's failure to

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<sup>3</sup> *Policy Statement on Creditworthiness Issues for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding*, 111 FERC ¶ 61,412 (2005).

meet creditworthiness; and 6) clarify and/or modify certain provisions and references affected by the foregoing creditworthiness proposal.

Columbia Gulf respectfully requests that the Commission accept the tariff sections included herein as Appendix A to become effective May 1, 2026.

### ***Section 9.5 – Creditworthiness of Shipper***

Columbia Gulf’s current creditworthiness requirements are primarily set forth in Section 9.5. In the instant filing, Columbia Gulf proposes to modify the language within Section 9.5 as part of its ongoing effort to ensure the consistent application of the objective criteria across all its affiliated pipeline assets. Each proposed subsection is described in greater detail below.

#### *Criteria for Creditworthiness Determination*

Consistent with the Creditworthiness Policy Statement, which reaffirms the Commission’s policy that “...pipelines must establish and use objective criteria for determining creditworthiness,”<sup>4</sup> Columbia Gulf proposes to modify the current objective standard for determining a Shipper’s creditworthiness within subparagraph (b)(3) of Section 9.5 based upon a minimum investment grade rating of a Shipper’s unenhanced senior unsecured debt of BBB- by S&P or Baa3 by Moody’s.<sup>5</sup> In the event a split rating occurs between the rating agencies, Columbia Gulf will rely upon the lower of the ratings. The use of S&P and Moody’s ratings has been consistently approved by the Commission in other pipeline tariffs.<sup>6</sup>

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<sup>4</sup> Creditworthiness Policy Statement, P 10.

<sup>5</sup> *Destin Pipeline, L.L.C.*, 177 FERC ¶ 61,126 at P 14 (2021) (finding a protest concerning the use of the lower of the two credit agencies’ ratings to be without merit since the Commission has provided pipelines with discretion to use the criteria they feel are most appropriate in their particular circumstances and the pipeline provided an objective criterion as required by the Commission’s Policy Statement).

<sup>6</sup> *Columbia Gas Transmission, LLC*, FERC Gas Tariff Fourth revised Volume No. 1, Section 9.6(b)(3)(i) GT&C Creditworthiness; *ANR Pipeline Company*, FERC Gas Tariff Third revised Volume No. 1, Section 6.18.5 GT&C Creditworthiness; *ANR Storage Company*, FERC Gas Tariff First revised Volume No. 1, Section 6.11.5 GT&C, Creditworthiness; *Vector Pipeline L.P.*, FERC Gas Tariff First Revised Volume No. 1, Original Sheet No. 156 – Creditworthiness; *Northern Natural Gas Company*, FERC Gas Tariff Sixth Revised Volume No. 1, Original Sheet No. 284 – Section 46 (Credit Worthiness); *Alliance Pipeline L.P.*, FERC Gas Tariff Volume No. 1, Substitute Original Sheet No. 239 – Section 22.1 Credit Requirements; *Cameron Interstate Pipeline, LLC*, FERC Gas Tariff First Revised Volume No. 1, Section 8.2.5 – Creditworthiness; *Carolina Gas Transmission Corporation*, FERC Gas Tariff First Revised Volume No. 1, Section 3.2 – Creditworthiness Determination; and *Transwestern Pipeline Company, LLC*, FERC NGA Gas Tariff Fourth Revised Volume No. 1, Section 13 – Creditworthiness.

If a Shipper does not meet the objective creditworthiness standard proposed in Section 9.5(b)(3), or if Columbia Gulf determines that further evaluation is required, proposed subparagraph 4(i) - (vii) of Section 9.5(b) provides Columbia Gulf the ability to further evaluate a Shipper's creditworthiness based upon additional information deemed relevant by Columbia Gulf in its determination. Columbia Gulf lists the seven factors<sup>7</sup> that it may consider in its further evaluation of a Shipper's creditworthiness. The factors are set forth in subparagraph (4)(i) – (vii),<sup>8</sup> and incorporate certain evaluation provisions similar to those currently included in Section 9.5(a). The proposed evaluation provisions are applicable to any requested service, regardless of whether the request is from a potential or existing Shipper. The key element to this overall flexibility is the evaluation of creditworthiness whereby Columbia Gulf shall apply “...consistent evaluation practices to all similarly situated Shippers...” that are “...based upon the level of Shipper's current and requested service(s) with [Columbia Gulf] relative to Shipper's current and future ability to meet its obligations.” The ability for such further evaluation and determination of creditworthiness is consistent with the Creditworthiness Policy Statement<sup>9</sup> as well as other FERC orders.<sup>10</sup>

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<sup>7</sup> *Great Lakes Gas Transmission Limited Partnership*, 108 FERC ¶ 61,308 at P 12, *order directing compliance*, 107 FERC ¶ 61,309, at P 11 (2004) (clarifying that the requirement for a pipeline to use objective criteria “does not impose restrictions on its ability to evaluate all factors relevant to a shipper's creditworthiness.”); *see also Gulf S. Pipeline Co.*, 107 FERC ¶ 61,273, at P 13 (2004) (discussing relevant factors that a pipeline can take into account in evaluating whether a shipper should be deemed creditworthy, should an LDC fail to meet stated credit rating requirements).

<sup>8</sup> The seven factors are summarized as follows: 1) S&P, Moody's or other credit reporting agencies' information; 2) Shipper's financial reports; 3) whether Shipper is operating under any chapter of the bankruptcy laws; 4) whether Shipper is subject to any lawsuits or outstanding judgments; 5) the nature of Shipper's business and the effect on that business of economic conditions; 6) whether Shipper has had any delinquent balances outstanding for services provided by Columbia Gulf; and 7) any other information relevant to Shipper's current and future financial strength.

<sup>9</sup> The Creditworthiness Policy Statement at P. 10 (stating that although the Commission's policy requires pipelines to “...establish and use objective criteria...” for determining a Shipper's creditworthiness, it recognizes that there “...may not be a defined set of criteria for evaluating the circumstances facing each Shipper, and that pipelines need to take into account the individual circumstances and complexities of different Shipper relationships in making their determinations.”).

<sup>10</sup> In recent orders, the Commission has approved a range of criteria for determining creditworthiness which it considers clear and objective, while allowing a service provider to exercise discretion in its determination. *See, e.g. Columbia Gas Transmission, LLC*, 184 FERC ¶ 61,133 at P 13 (2023); *ANR Storage Company*, 173 FERC ¶ 61,068 at P 11 (2020); *Gulf South Pipeline Co.*, 107 FERC ¶ 61,273 at P 20 (2004); *Tennessee Gas Pipeline Co.*, 103 FERC ¶ 61,275; *Great Lakes Gas Transmission Limited Partnership*, 108 FERC ¶ 61,308 at P 12 (2004); *Gas Transmission Northwest LLC*, Docket No. RP12-980-000 (September 21, 2012) (unpublished Director's letter order) and *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014).

### Failure to Establish or Maintain Creditworthiness

Proposed Section 9.5(c) sets forth the financial assurance arrangements a Shipper who fails to establish or maintain creditworthiness may provide to receive or continue service. Specifically, such Shipper may provide a guarantee, cash security deposit, irrevocable letter of credit, or any other financial assurance agreed upon by Columbia Gulf and the Shipper. The requirement for each type of financial assurance is summarized in the Financial Assurance Requirement Table in proposed Section 9.5(c)(3) (“Financial Assurance Requirement Table”).

Proposed Section 9.5(c) updates the description and associated elements of acceptable financial assurances, reflects the Creditworthiness Policy Statement regarding the provision of interest on cash collateral, addresses the return of Shipper’s financial assurance, and delineates a guarantee financial assurance from a collateral financial assurance (*i.e.*, letter of credit, cash security deposit).

The Commission’s policy regarding collateral “...permit(s) pipelines to require shippers that fail to meet the pipeline’s creditworthiness requirements for pipeline service to put up collateral equal to three months’ worth of reservation charges.”<sup>11</sup> Thus, the proposed Financial Assurance Requirement Table appropriately reflects the Commission’s collateral policy for existing capacity. The Commission has also held that “[a] guarantee by a parent or third party of the contractual obligation of a shipper is an alternative to the provision of collateral... the guarantee is in lieu of providing the collateral. Thus, ...[a pipeline] can require that the guarantee cover the full extent of the shipper’s obligation.”<sup>12</sup> This policy has been reiterated in other creditworthiness orders.<sup>13</sup> Therefore, as set forth in the proposed Financial Assurance Requirement Table, the Commission’s policy regarding guarantees is appropriately reflected as non-discounted contractual obligation.<sup>14</sup>

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<sup>11</sup> Creditworthiness Policy Statement at P 11.

<sup>12</sup> *PG&E Gas Transmission, Northwest Corporation*, 105 FERC ¶ 61,382 (2003) at P 80.

<sup>13</sup> See *Texas Gas Transmission, LLC*, 135 FERC ¶ 61,132 (2011) at P 35(explaining that “...in the case of a guarantee, the parent or third party is guaranteeing that in the event of a default by the shipper, the guarantor will pay the applicable charges, not just the collateral.”); *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014) at P 22 (stating that “Commission policy permits the guarantee to cover the full contractual obligations of the shipper, as they become due, for the life of the contract.”).

<sup>14</sup> *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,026 (2014) at P 25 (explaining that “In providing a guarantee, a guarantor provides no funds to the pipeline, it merely undertakes the obligation to continue the same stream of payments owed by the original shipper. Because other factors, such as mitigation, affect the current value of a guarantee, and the value of guarantee is determined through litigation, a tariff provision determining the present value of the guarantee is confusing and unnecessary.”).

The following describes each financial assurance, as enhanced, and their related requirements set forth in proposed Section 9.5(c):

- Guarantee. Columbia Gulf proposes to clearly articulate the requirements of a guarantee in part (i) from the current provision which states “*a guarantee acceptable to Transporter*” to a guarantee “*in a form satisfactory and acceptable to Transporter and for the term of the Agreement.*”<sup>15</sup> The requirements for a guarantee are set forth in Column A of the Financial Assurance Requirement Table.
- Cash Security Deposit. Currently, Section 9.5, provides that a Shipper who fails to demonstrate creditworthiness may continue receiving service, if such Shipper provides “*a cash deposit with Transporter of collateral held for security, provided that such deposit may be applied by Transporter to satisfy a delinquent account....*” As proposed, this provision is now more appropriately characterized as a “Cash Security Deposit” in part (ii) of Section 9.5(c)(1), with the amount required listed in Column B of the Financial Assurance Requirement Table. In accordance with the Creditworthiness Policy Statement, Columbia Gulf has added language within Section 9.5(c)(2) stating that Columbia Gulf will continue paying interest on cash security deposits.<sup>16</sup>
- Letter of Credit (“LC”). In proposed Section 9.5(c)(1)(iii), the LC option is updated to provide that an LC must be in a form acceptable to Columbia Gulf and issued by a bank or financial institution deemed acceptable by Columbia Gulf. Similar provisions have routinely been approved by the Commission.<sup>17</sup>

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<sup>15</sup> *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014) at P 18 (stating, “We find just and reasonable, and consistent with Commission precedent, Portland’s proposal that a guarantee cover ‘the term of the agreement.’ Under Commission policy, providing a guarantee covering payment of all applicable contract charges, when they become due, is an alternative to providing collateral.”).

<sup>16</sup> Creditworthiness Policy Statement at P 22.

<sup>17</sup> See e.g., *Northern Natural Gas Company*, 131 FERC ¶ 61,041 (2010), *Rockies Express Pipeline LLC*, 121 FERC ¶ 61,130 (2007); *Gas Transmission Northwest LLC*, Docket No. RP12-980-000 (September 21, 2012) (unpublished Director’s letter order) and *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014).

The amount required for this collateral-type of financial assurance is set forth in Column B of the Financial Assurance Requirement Table.

- Other Financial Assurances. Proposed Section 9.5(c)(1)(iv) provides for any other financial assurance mutually agreed upon by Columbia Gulf and the Shipper.

Additionally, Columbia Gulf proposes to clearly set forth the amount of financial assurance required from a Shipper, where Shipper has failed to establish or maintain creditworthiness, for interruptible and volumetric services offered by Columbia Gulf. Currently, Section 9.5 provides that a Shipper who fails to demonstrate creditworthiness when requested by Columbia Gulf to do so, may continue to receive service if Shipper deposits an amount which would be an advance payment for one (1) month of the highest usage under Shipper's Service Agreement(s) with Transporter, to be provided within five (5) business days from the day Transporter notifies Shipper that Shipper did not qualify for or has lost its creditworthiness status, and an additional two (2) highest months of estimated usage during the term of the Service Agreement(s) to be provided as collateral held for security within thirty (30) days from the day Transporter notified Shipper that Shipper has not qualified for or has lost its creditworthiness status.

The proposed Financial Assurance Requirement Table, however, reflects Columbia Gulf's current approach by providing for a financial assurance amount applicable to a Shipper's highest monthly bill for interruptible service, over the previous twelve (12) months multiplied by three (3). In addition, the Financial Assurance Requirement Table provides that the initial financial assurance requirement for interruptible service will be based upon a Shipper's anticipated usage for a three (3) month period as determined by the Shipper and Columbia Gulf.<sup>18</sup> Such initial financial assurance requirement amount will remain in place until such historical billing amounts becomes available.

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<sup>18</sup> See *Columbia Gas Transmission, LLC* tariff Section 9.6.(c)3 filed on August 1, 2023 in Docket No. RP23-494-000; *ANR Pipeline Company* tariff Section 6.18.5.3 filed on June 17, 2022 in Docket No. RP22-406-000; *ANR Storage Company* tariff Section 6.11.5.3 filed on September 18, 2020 in Docket No. RP20-1199-000; *Gas Transmission Northwest LLC* tariff Section 6.18.4.2 filed on August 31, 2012 in Docket No. RP12-980-000 and *Portland Natural Gas Transmission System ("PNGTS")* tariff Section 6.3 filed on February 28, 2014, in Docket No. RP14-556, *et al. GTN*, Docket No. RP12-980-000 (September 21, 2012) (unpublished Director's letter order) and *PNGTS*, 146 FERC ¶ 61,243 (2014).

### Loaned/Imbalance Gas Owed to Transporter

Proposed Section 9.5(d) provides Columbia Gulf the right to seek a financial assurance for the value of gas loaned by Columbia Gulf pursuant to its Parking and Lending (“PAL”) service or for imbalance gas owed to Columbia Gulf. As related to PAL lending service, the financial assurance amount would be based on the quantity of gas loaned multiplied by the Columbia Gas, Appalachia price located under the “Platts Gas Daily” (or any successor publication thereto) for the month the quantity of gas is loaned.

The inclusion of loaned or imbalance gas within Columbia Gulf’s proposed creditworthiness provisions is consistent with Commission precedent, which has indicated “...that a pipeline’s desire to cover the value of its gas is reasonable”<sup>19</sup> and is also consistent with tariff provisions previously approved by the Commission for use in other pipeline tariffs.<sup>20</sup>

### Collateral Requirements for Lateral Facilities and/or Expansion Capacity

The Creditworthiness Policy Statement states that “[i]ssues relating to collateral for construction projects should be determined in the precedent agreements at the certificate stage, and collateral requirements for new construction projects should not ordinarily be included in the pipeline’s tariff.”<sup>21</sup> With respect to lateral lines, the Creditworthiness Policy Statement states “...the Commission will allow pipelines to require collateral up to the full cost of the project” and

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<sup>19</sup> *Creditworthiness Standards for Interstate Natural Gas Pipelines*, 106 FERC ¶ 61,123 (2004) Notice of Proposed Rulemaking at P 32-37 (citing to *Gulf South Pipeline Co., LP*, 103 FERC ¶ 61,129 at P 45-46 (2003) (Gulf South); *North Baja Pipeline, LLC*, 102 FERC ¶ 61,239 at P 11, order on reh'g, 105 FERC ¶ 61,374 at P 36-37 (2003) (North Baja); and *PG&E Gas Transmission, Northwest Corp.*, 103 FERC ¶ 61,137 at P 42-44, order on reh'g, 105 FERC ¶ 61,382 at P 65-70 (2003) (GTN), as examples of the Commission permitting pipelines to impose collateral requirements for borrowed gas through imbalances (Gulf South) or lending services such as park and loan (North Baja and GTN)).

<sup>20</sup> *Northern Natural Gas Company*, FERC Gas Tariff Sixth Revised Volume No. 1, Original Sheet No. 285A – Creditworthiness, Interruptible Service Agreement and First Revised Sheet No. 264 – OBA General Terms and Conditions; *Portland Natural Gas Transmission System*, FERC Gas Tariff Third Revised Volume No. 1, Section 6.3 – Credit Requirements for Loaned/Imbalance Gas Owed To Transporter; *Gas Transmission Northwest LLC*, FERC Gas Tariff Fourth Revised Volume No. 1-A, Section 6.18.4.5 – Credit Requirements for Loaned Gas and Section 6.18.4.6 – Credit Requirements for Imbalance Gas Owed to GTN; *Gulf South Pipeline Company, LP*, FERC NGA Gas Tariff seventh Revised Volume No. 1, Section 6.5 – Creditworthiness, Security Requirements; *Texas Gas Transmission*, FERC NGA Gas Tariff Fourth Revised Volume No. 1, Section 6.5 – Creditworthiness, Imbalance & Loaned Gas and *Texas Eastern Transmission, LP*, FERC Gas Tariff Eighth Revised Volume No. 1, Section 3.3(B) – Credit Evaluation.

<sup>21</sup> Creditworthiness Policy Statement at P 18.

“Because lateral line construction policies are part of a pipeline’s tariff, collateral requirements for such projects should be included in the pipeline’s tariff.”<sup>22</sup> In accordance with the Creditworthiness Policy Statement, Columbia Gulf is proposing in the instant filing the addition of Section 9.5(e), which sets forth its collateral requirements for lateral lines consistent with the Creditworthiness Policy Statement. Again, similar collateral requirements have been approved by the Commission for inclusion into other pipeline tariffs.<sup>23</sup>

#### Notification of Failure to Meet Creditworthiness

Current Section 9.6 provides that upon notice by Columbia Gulf of a Shipper’s failure to meet Columbia Gulf’s creditworthiness requirements, such Shipper may continue to receive service if within five (5) business days such Shipper provides a deposit or good and sufficient security equal to one (1) month of service under Shipper’s Service Agreement(s) to continue service. Shipper must within thirty (30) days, provide an acceptable financial assurance, as set forth in Section 9.5 (c). Section 9.6 further provides that if such payment on account or payment security is not received within such thirty (30) day period, Columbia Gulf may suspend service immediately, where after such period, Columbia Gulf is no longer obligated to continue to provide service to Shipper. As revised, proposed Section 9.6 affords a Shipper five (5) business days to provide advance payment for one month’s service and at least thirty (30) days to provide an acceptable financial assurance, consistent with Commission policy and the Creditworthiness Policy Statement. Proposed Section 9.6 further established that Columbia Gulf will provide the Shipper, the Commission and any replacement shipper with thirty (30) days’ notice prior to terminating the Shipper’s contract.<sup>24</sup>

#### ***Other Credit-Related Modifications***<sup>25</sup>

To comport with the proposed revisions discussed above, Columbia Gulf proposes additional updates and modifications to certain tariff sections, as further discussed below:

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<sup>22</sup> *Id* at P 20.

<sup>23</sup> *ANR Pipeline Company*, Docket No. RP22-406-001 (July 5, 2022) (unpublished Director’s letter order); *Gas Transmission Northwest Corporation*, 106 FERC ¶ 61,320 (2004) at P20; *North Baja Pipeline, LLC*, Docket No. RP08-118-000 (January 8, 2008) (unpublished Director’s letter order) and *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014); *Columbia Gas Transmission, LLC* 184 FERC ¶ 61,133 (2023).

<sup>24</sup> Creditworthiness Policy Statement at PP 23 –28.

<sup>25</sup> All section names referenced in this “Other Credit-Related Modifications” reflect the currently effective section names.

Section 10 – Billing and Payment. Consistent with Commission’s Creditworthiness Policy Statement concerning suspension of service and termination,<sup>26</sup> Columbia Gulf proposes to modify Section 10.7 to provide Columbia Gulf the specific right to terminate a Shipper’s service agreement if the Shipper fails to make payment within thirty days after notice is provided to both the Commission and the Shipper. Additionally, Columbia Gulf proposes to add language in Section 10.7 that would allow Columbia Gulf to remarket capacity that is associated with an Agreement(s) that has been suspended. In the event that Columbia Gulf suspends service to a Shipper because the Shipper, for example, has ceased making payments under its Agreement(s), Columbia Gulf is currently unable to remarket the capacity that is subject to the suspension. Rather, Columbia Gulf must keep the capacity reserved for the Shipper whose service has been suspended, even though that Shipper is no longer paying for the capacity and, in accordance with Columbia Gulf’s Tariff, the Shipper is suspended from using the capacity or remarketing it, resulting in the suspended capacity being completely removed from the marketplace.<sup>27</sup> Section 10.7 is also updated to conform to the creditworthiness revisions proposed above concerning financial assurances.

### **Effective Date**

Columbia Gulf respectfully requests that the Commission accept the proposed tariff sections, included as Appendix A, to become effective May 1, 2026.

### **Other Filings Which May Affect This Proceeding**

There are no other filings before the Commission that may significantly affect the changes proposed herein.

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<sup>26</sup> Creditworthiness Policy Statement at PP 23 – 28; *see also El Paso Natural Gas Company*, 114 FERC ¶ 61,305 at PP 262 – 266 (2006) (holding that El Paso’s tariff provides for the required 30-day notification to the shipper and the Commission prior to termination of service and thus, is consistent with Commission policy).

<sup>27</sup> *Rockies Express Pipeline, LLC*, Notice of Filing Taking Effect by Operation of Law, RP21-217-000 (2020).

### **Contents of Filing**

In accordance with Section 154.7 of the Commission's regulations, Columbia Gulf is submitting the following via its electronic tariff filing:

1. This transmittal letter;
2. Clean tariff sections (Appendix A); and
3. Marked tariff sections (Appendix B).

### **Certificate of Service**

As required by Sections 154.7(b) and 154.208 of the Commission's regulations, a copy of this filing is being served upon all of Columbia Gulf's existing customers and interested state regulatory agencies. A copy of this letter, together with any attachments, is available during regular business hours for public inspection at Columbia Gulf's principal place of business.

Pursuant to Section 385.2005 of the Commission's regulations, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of her knowledge and belief. Additionally, the undersigned possesses full power and authority to sign such filing.

Respectfully submitted,

Columbia Gulf Transmission, LLC



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Kelly Griffin  
Director, Rates & Regulatory

Enclosures

# Appendix A

## Clean Tariff Records

*Columbia Gulf Transmission, LLC  
FERC Gas Tariff, Third Revised Volume No. 1*

<u>Tariff Section</u>		<u>Version</u>
VII.3	Gen. Terms & Conditions, Request for Service	6.0.0
VII.9	Gen. Terms & Conditions, Operating Conditions	8.0.0
VII.10	Gen. Terms & Conditions, Billing and Payment	5.0.0

### 3. REQUESTS FOR SERVICE

3.1 Request for Service. Valid requests for new or increased levels of service under any of Transporter's Rate Schedules shall be made by submitting a request electronically to Transporter and by otherwise complying with all of the provisions of this Section 3. A valid request must contain the following information: (1) legal company name; (2) applicable rate schedule; (3) term of service; (4) quantity data with applicable receipt and delivery points; and (5) the creditworthiness requirements as specified in Section 3.2 are satisfied. Transporter may waive all or a portion of such information in individual instances, when the information is already in the possession of Transporter. The completed request for amended Service Agreement(s) shall be forwarded to Transporter through Transporter's EBB, or other method of delivery approved by Transporter. A Shipper or prospective Shipper seeking new or increased service from Transporter, including a prospective bidder for released capacity under the provisions of Section 14 of the General Terms and Conditions, is referred to as "Requestor" in this Section 3.

3.2 Credit Data. Transporter's acceptance of a request for service is subject to the Requestor satisfying Transporter's creditworthiness requirements set forth in Section 9. With respect to a request for service pursuant to 3.1, any financial assurance required by Transporter pursuant to Section 9.5 (c) shall be received by Transporter within ten (10) Business Days of Transporter's notification to Requestor unless otherwise mutually agreed by Transporter and Requestor.

3.3 Advance Determination of Creditworthiness. A Requestor shall submit the data required in this Section 3, at least fifteen (15) Business Days before bidding for or requesting new or increased service for an advance determination of creditworthiness by Transporter.

3.4 Deficient Requests. Transporter shall promptly notify a Requestor whose request for service has been rejected because of Requestor's failure to satisfy the provisions specified in this Section 3. Such notice shall identify the deficiencies that must be corrected in order to make a valid request to Transporter.

3.5 Material Changes. If any information provided by Requestor pursuant to this Section materially changes, Requestor shall provide Transporter with prompt written notification of such changes. Requestor is required to provide written notice to Transporter within two (2) days of filing a report (other than an annual or quarterly report) with the Securities and Exchange Commission ("SEC") or other equivalent foreign regulatory body that Requestor is required to file as a result of a material event or corporate change affecting its financial condition. That notice shall include a general description of the nature and reason for the filing and to the extent that report is not available electronically, Requestor shall provide Transporter with a copy of the report. Requestors that are not subject to SEC reporting requirements, but have a parent that is, shall comply with respect to any such filings by their parent.

3.6 Denial of Requests. Transporter may reject any request for service from a Requestor that fails to meet Transporter's creditworthiness requirements unless Requestor provides assurance of payment as provided in Section 3.7 below. Where service is requested under Rate Schedule

PAL, Transporter may consider the quantities that Requestor could owe Transporter and/or the value of any imbalance owed Transporter in determining the level of service for which Requestor is creditworthy. Grounds for rejection shall include, but shall not be limited to, Requestor's failure (a) to show that Requestor's obligations are being paid in a timely manner, or (b) to provide reasonable assurance that Requestor will be able to continue to pay its obligations in the future.

3.7 Financial Assurance. If Transporter denies a request for service due to a failure to satisfy Transporter's creditworthiness requirements, Requestor may obtain service if it provides Transporter with financial assurance in the manner set forth at Section 9.5 (c) of the General Terms and Conditions and otherwise complies with the ongoing creditworthiness requirements set forth in Section 9.5. If Requestor fails to tender such financial assurance within the time period set forth in Section 9.5(c) of the General Terms and Conditions, or such longer time period reasonably established by Transporter, Transporter may deny Requestor's request for service or reject any bid submitted by Requestor.

3.8 Execution of Service Agreement. Following the approval of a request for service and the award of service by Transporter, Transporter and Requestor shall enter into a new or amended Service Agreement under each appropriate Rate Schedule in accordance with the provisions of Section 5 of the General Terms and Conditions. If Requestor fails to execute such Service Agreement within fifteen (15) days after Transporter tenders it to Requestor, or within such other time period agreed to by Transporter or required by a specific provision of this Tariff, Requestor's request for service and Transporter's offer of service shall be void and of no further force or effect. Service shall not commence until Requestor returns or transmits an executed electronic or paper Service Agreement to Transporter in compliance with the provisions of this Tariff. Transporter may waive the provisions of this subsection on a nondiscriminatory basis.

3.9 Record Retention. Transporter shall maintain records of all valid requests for service and their disposition for a period of three (3) years from the date of receipt of those requests. Transporter shall not disclose such information, including information relating to bids for service, other than pursuant to the provisions of this Tariff, a Commission proceeding or valid court order.

## 9. OPERATING CONDITIONS

9.1 In General. The general operating conditions set forth in this Section supplement the terms and conditions set forth in the individual Rate Schedules and elsewhere in the General Terms and Conditions.

9.2 Uniform Rates and Quantities. Except as otherwise provided in Shipper's Service Agreement(s), Shipper shall: (i) tender gas or arrange to have gas tendered on its behalf in quantities that conform to its Scheduled Daily Receipt Quantity and that flow at uniform hourly rates throughout the Day; and (ii) take gas or cause gas to be taken on its behalf in quantities that conform to its Scheduled Daily Delivery Quantity and that flow in accordance with Section 12 (Maximum Daily Obligation at Both Delivery Points and Receipt Points) of the General Terms and Conditions, unless deviations from those receipt and delivery quantities are necessary for balancing purposes and are undertaken by Shipper at Transporter's request or following notice to, and approval by, Transporter in accordance with the applicable provisions of the General Terms and Conditions. If Shipper violates (i) the applicable flow requirements or (ii) the requirements set forth at Section 12, Transporter may install or require the installation of a flow control device to insure compliance with such requirements.

9.3 Third Party Arrangements. Shipper shall be responsible for making all necessary arrangements with third parties (i) at or upstream of the point(s) of receipt at which Shipper tenders gas to Transporter for transportation, and (ii) at or downstream of points of delivery at which Transporter delivers gas for the account of Shipper. Shipper shall be responsible for (i) insuring that any such arrangements are consistent with the terms and conditions of the applicable Rate Schedule under which it seeks to have Transporter transport the gas, and (ii) requiring such third parties to confirm all of Shipper's nominations with Transporter in a form and manner approved by Transporter. Such third-party arrangements shall be coordinated with Transporter.

9.4 Service Obligation. Transporter shall not be required to perform service under any of its Rate Schedules if any of the facilities necessary to render the requested service do not exist or are not available including periods during which facilities are being maintained or repaired, in which case, interruptions of service shall be made consistent with Section 16 (Interruptions of Service) of the General Terms and Conditions. Transporter shall not be required to construct facilities; provided, however, that shipper may request construction of facilities under the provisions of Section 35 (Construction of Laterals) of the General Terms and Conditions.

### 9.5 Creditworthiness of Shipper.

(a) Subject to the provisions of paragraphs (b) and (c) below, Transporter shall not be required to provide or to continue to provide service on behalf of any Shipper that fails, in Transporter's reasonable judgment, to demonstrate minimal creditworthiness for all or any part of the service requested, based upon Transporter's consideration of available credit data concerning Shipper and Shipper's past payment history, financial statements, and credit reports.

(b) Criteria for Creditworthiness Determination

(1) Acceptance of a Shipper's request for service and the continuance of service are contingent upon the Shipper satisfying, on an on-going basis, a credit appraisal by Transporter.

(2) Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Transporter over the term of the requested Service Agreement(s).

(3) A Shipper will establish creditworthiness if its unenhanced senior unsecured debt securities are rated at least BBB- by S&P Global Market Intelligence LLC or its successor ("S&P") or Baa3 by Moody's Investors Service, Inc. or its successor ("Moody's"); provided however, that in the event a split rating occurs between rating agencies, Transporter will rely upon the lower of the ratings. Nothing herein shall limit Transporter's ability to evaluate any factors set forth in Section 9.5(b)(4) (i) – (vii) below where Shipper's creditworthiness is established by a rating agency if such factor(s) would alter Transporter's evaluation of Shipper. If Shipper has multiple Service Agreements with Transporter, then the total of potential fees and charges of all such Service Agreement(s) shall be considered in determining creditworthiness.

Transporter reserves the right to determine in its reasonable discretion, that a Shipper who requests new service is not creditworthy to receive that service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or past Service Agreement(s) and Shipper has defaulted on those payments per the terms of the General Terms and Conditions; provided, however, this provision shall not affect amounts disputed by Shipper in good faith.

(4) If Shipper does not meet the creditworthiness standards described in Part 3(i) above then, Shipper may have the Transporter evaluate its creditworthiness based upon the level of Shipper's current and requested service(s) with Transporter relative to Shipper's current and future ability to meet its obligations. Such creditworthiness evaluation shall be based upon any or all of the following requested information in (i) through (vii) below:

(i) S&P, Moody's and other credit reporting agencies opinions, watch alerts, outlooks, and rating actions will be considered in determining creditworthiness.

(ii) Consistent financial statement analysis will be applied by Transporter to determine the acceptability of Shipper's current and future financial strength. Shipper's balance sheets, income statements, cash flow statements, and auditor's notes will be analyzed along with key ratios and trends

regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency, and profitability.

(iii) The nature of Shipper's business and the effect on that business of economic conditions, including Shipper's ability to recover the cost of Transporter's service through filings with regulatory agencies or otherwise to pass on such costs to its customers.

(iv) Shipper is not operating under any chapter of the United States Bankruptcy Code and is not subject to liquidation or debt reduction procedures under state laws and no petition for involuntary bankruptcy against Shipper is pending. Transporter may give consideration for a Shipper who is a debtor-in-possession operating under Chapter 11 of the United States Bankruptcy Code, if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future to make payment.

(v) Whether Shipper is subject to any lawsuits or outstanding judgments which could materially impact its ability to remain solvent.

(vi) Whether Shipper has or has had any delinquent balances outstanding for services provided previously by Transporter and whether Shipper is paying or has paid its account balances according to the terms established in its Service Agreement(s) (excluding amounts as to which there is a good faith dispute).

(vii) Any other information including any information provided by Shipper, that Transporter deems relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of its Service Agreement(s).

(c) Failure to Establish or Maintain Creditworthiness

(1) If Shipper fails to establish or maintain creditworthiness as described in Section 9.5 (b), Shipper has the option of receiving or continuing service under this Tariff by providing and maintaining one of the following financial assurances in accordance with the requirements as set forth below:

(i) Guarantee: Shipper may provide a guarantee of financial performance in a form satisfactory to Transporter and for the term of the Service Agreement(s) from a person or entity which meets the creditworthiness standard outlined in Section 9.5 (b) (guarantor).

(ii) Cash Security Deposit: Shipper may provide a cash security deposit for service. Transporter shall accrue simple interest on cash security deposits at the Federal Funds Rate. Upon Shipper's request, provided Shipper is not in default under any obligation to Transporter, Transporter will remit the balance of the interest to Shipper within thirty (30) days, provided, however that Transporter shall not be required to remit interest to Shipper more often than every thirty (30) days.

(iii) Letter of Credit: Shipper may post an irrevocable standby letter of credit in a form acceptable to Transporter and issued by a bank or financial institution deemed acceptable by Transporter.

(iv) Any other financial assurance mutually agreed upon by Transporter and Shipper. Such other financial assurance shall be accepted on a nondiscriminatory basis and may include, as related to interruptible service, a prepayment equal to an amount defined by Transporter. Such defined prepayment will remain in place until Shipper exhausts its prepaid balance by utilizing interruptible transportation service. At the point Shipper's prepayment is exhausted, Transporter may suspend further interruptible service. Shipper will not earn interest on defined balance prepayments, as further discussed in Section 10.11 (Prepayment of Reservation Charges).

(2) Transporter may deny subsequent requests to substitute financial assurances on a not unduly discriminatory basis and will provide Shipper with a written explanation of any denial of a request to substitute financial assurances.

Within five (5) Business Days of Transporter's notification to Shipper that Shipper has returned to creditworthiness in accordance with Section 9.5 (b) herein, Transporter will return Shipper's financial assurance held by Transporter along with any applicable interest and interest calculation reconciliations.

Upon performance in full of all Shipper's obligations under its Service Agreement(s), Transporter will return Shipper's financial assurance associated with undisputed invoice amounts within five (5) Business Days of Shipper performing all obligations in full. Any remaining financial assurance will be returned after resolving all disputed invoice amounts under the expired Service Agreement(s). In either case, Transporter will pay applicable interest and provide Shipper final billing reconciliations detailing interest calculations.

(3) Financial Assurance Requirement Table

Service	Column A: Guarantee Requirement	Column B: Cash Security or Letter of Credit Amount
Firm Service	Shipper's contractual obligation under its firm Service Agreement(s) with Transporter	Up to the value of three (3) months Reservation Charges
Interruptible/Volumetric Service	Shipper's highest monthly bill for interruptible and volumetric based service over the previous rolling twelve (12) months multiplied by three (3). Initial requirement based upon Shipper's anticipated usage for three (3) month period as determined by Shipper and Transporter.	Same under Column A
Park and Loan	The lesser of the transaction term or three (3) months value based on the transaction quantities multiplied by the rate for such transaction plus the value of loaned gas in accordance with Section 9.5(d).	Same under Column A
Imbalance Gas	In accordance with Section 9.5(d).	Same under Column A

Unless otherwise agreed, the financial assurance must at all times maintain a value specified above equal to the highest estimated charges during the term of the Service Agreement(s). Financial assurances are held for security, provided that any financial assurance may be applied or set off by Transporter to satisfy any and all delinquent account(s) or other obligations.

(d) Loaned/Imbalance Gas Owed to Transporter

For lending services PAL Rate Schedule, Transporter shall have the right to seek financial assurance for the value of gas loaned by Transporter. The amount of such financial assurance will be based on the quantity of gas loaned and the location where the loan/imbalance occurred. For a loan/imbalance of the Columbia Gulf Mainline, the amount of financial assurance will be based on the quality of gas loaned multiplied by the Columbia Gulf, mainline price located under the "Platts Gas Daily" (or any successor publication thereto) for the month the quantity of gas is loaned. For a loan/imbalance on the Columbia Gulf Onshore, the amount of financial assurance will be based on the quantity of gas loaned multiplied by the Columbia Gulf, La. Price located under the "Platts Gas Daily" (or any successor publication thereto) for the month the quantity of

gas is loaned. Transporter shall have no obligation to lend any quantity of gas beyond the financial assurance amount provided by Shipper to Transporter.

(c) Transporter may require adequate assurance of payment for any service under this Tariff requested by an insolvent or uncreditworthy Shipper. Such a Shipper may receive or continue to receive service if it provides adequate assurance of payment for service. Adequate credit assurance will be calculated as follows: (i) For firm FTS-1 or FTS-2 transportation service, the credit assurance elected must include an advance payment equal to the value of one (1) month of demand charges under Shipper's Service Agreement(s) with Transporter, to be provided within five (5) business days from the day Transporter notifies Shipper that Shipper has not qualify for or has lost its creditworthiness status, and an additional full two (2) months of demand charges to be provided as collateral held for security within thirty (30) days from the day Transporter notified Shipper that Shipper has not qualified for or has lost its creditworthiness status; (ii) For all other services provided pursuant to the Tariff, the credit assurance elected must include an advance payment equal to the value of one (1) month of the highest usage under Shipper's Service Agreement(s) with Transporter, to be provided within five (5) business days from the day Transporter notifies Shipper that Shipper did not qualify for or has lost its creditworthiness status, and an additional two (2) highest months of estimated usage during the term of the Service Agreement(s) to be provided as collateral held for security within thirty (30) days from the day Transporter notified Shipper that Shipper has not qualified for or has lost its creditworthiness status. For a new Shipper adequate credit assurance will be based on the three (3) highest months of estimated usage during the term of the Service Agreement and for an existing Shipper, adequate credit assurance will be based upon the highest three (3) months of activity for all of Shipper's active service agreements during the previous twelve months.

Adequate assurance of payment may include:

- (1) a cash deposit with Transporter of collateral held for security, provided that such deposit may be applied by Transporter to satisfy a delinquent account;
- (2) an irrevocable letter of credit that is both from a creditworthy financial institution and in a form deemed acceptable in Transporter's sole and reasonable discretion;
- (3) a guarantee that is both from a creditworthy entity and in a form deemed acceptable in Transporter's sole and reasonable discretion; or
- (4) a grant to Transporter of a security interest in collateral, the value of which is mutually agreed upon by Transporter and Shipper.

Unless otherwise agreed, the credit assurance must at all times maintain a value specified above equal to the highest estimated charges during the term of the Service Agreements. Any deposit held by Transporter pursuant to this Section shall accrue simple interest at the Federal Funds Rate. Upon Shipper's request, Transporter will remit the balance of the interest to Shipper within

thirty days, provided, however, that Transporter shall not be required to remit interest to Shipper more often than every thirty days.

Transporter has the right to seek additional financial assurance to cover the value of any imbalance owed Transporter by a non-creditworthy Shipper. The imbalances shall be valued at the "Spot Market Price" which shall be defined, for each Dth on each applicable Day on which the gas is owed, as the "Columbia Gulf, Mainline" price index for Louisiana-Onshore South as published in Gas Daily's Daily Price Survey, or any successor publication. Furthermore, Transporter has the right to seek security to cover the estimated value of a future monthly imbalance for non-creditworthy Shippers as follows: For a non-creditworthy new Shipper, a security amount equal to 10% of such Shipper's estimated monthly usage multiplied by the Estimated Imbalance Rate as described below. For a non-creditworthy existing Shipper, a security amount equal to such Shipper's largest monthly imbalance owed to Transporter over the most recent 12-month period multiplied by the Estimated Imbalance Rate. The term "Estimated Imbalance Rate" shall equal the average of the NYMEX future prices for the available 12-month period as such prices close on the day the Estimated Imbalance Rate is determined.

(e) Collateral Requirements for Lateral Facilities and/or Expansion Capacity

Notwithstanding the foregoing requirements, if Transporter constructs new facilities to accommodate a Shipper, Transporter may require financial assurance in an amount up to Shipper's proportionate share of the cost of the new facilities. This financial assurance may be requested at any time before or after the in-service date of the facilities, to the extent mutually agreed to as a condition of the construction. Financial assurance requirements for expansion capacity will be separately identified within Transporter's nondiscriminatory project precedent agreement and/or credit support agreement. As Transporter recovers the cost of these facilities through its rates, the financial assurance required will be reduced accordingly. Specifically, any financial assurance provided by a Shipper related to new facilities shall be returned to that Shipper in equal monthly amounts over the term of its Service Agreement(s) for service related to the new facilities or as otherwise mutually agreed by Transporter and Shipper. This requirement is in addition to and shall not supersede or replace any other rights that Transporter may have regarding the construction of and reimbursement for facilities.

If Shipper defaults and Transporter terminates service to Shipper, then Transporter shall draw upon and retain such financial assurance as necessary to reimburse Transporter for the unamortized cost of the facilities constructed for Shipper. The capacity underlying any terminated Service Agreement(s) shall be made available pursuant to Section 4 of these General Terms and Conditions. Within sixty (60) days of the capacity being made available, to the extent such capacity has been awarded, the financial assurance retained by Transporter from the original Shipper shall be reduced to an amount equal to the net present value of that portion of the future reservation charge

revenues of the original Shipper that would have been attributed to the cost of those facilities less the net present value of that portion of the future Reservation Charge revenues of the newly awarded Shipper that may be attributed to the cost of the facilities.

9.6 Notification of Failure to Meet Creditworthiness. Transporter shall have the right, on an ongoing basis, to review Shipper's creditworthiness and acceptability of any financial assurance, and upon Transporter's request, Shipper shall provide within three (3) Business Days, or such later date acceptable to Transporter, information in order to facilitate such review. If Shipper is found by Transporter to be non-creditworthy, Transporter will, upon request, inform Shipper in writing as to the reasons. Upon notification by Transporter of Shipper's non-creditworthy status, Shipper must, within five (5) Business Days after receipt of such notification, submit advanced payment to Transporter equal to one (1) month of service under Shipper's Service Agreement(s) to continue service. Shipper must, within thirty (30) days, provide an acceptable financial assurance, as set forth in Section 9.5 (c). For Shippers utilizing lateral facilities or expansion capacity, the financial assurance that must be provided within thirty (30) days shall be in accordance with Section 9.5 (e). If Shipper fails to provide one of the financial assurances within these time periods, Transporter may suspend service immediately (Shippers are not responsible for Reservation Charges after service is suspended) and may provide simultaneous written notice to Shipper, the Commission, and any Replacement Shipper(s) that service will be terminated in thirty (30) days. Transporter also may exercise any other remedy available to it hereunder, at law or in equity. At all times prior to termination under this Section 9.6, as applicable, Shipper may avoid such termination by providing the advance payment and financial assurance described herein. Regardless of whether Shipper is insolvent, has lost its creditworthiness status or does not desire to continue service with Transporter, Shipper shall continue to be liable for all charges due under its Service Agreement(s) and associated rate schedule. If Shipper desires to continue service with Transporter, Transporter will require Shipper to pay any outstanding balances due Transporter for services rendered and provide adequate financial assurances in accordance with 9.5 (c) above.

9.7 Requests for service which do not include all of the above-referenced information and the information required by Section 3 shall be deemed null and void.

9.8 If a Shipper has multiple Service Agreements with Transporter and defaults on one Service Agreement, Transporter may deem a default by Shipper on that one Service Agreement as a loss of creditworthiness on any other Service Agreement(s) Shipper has with Transporter; provided, however, this provision shall not affect amounts disputed by Shipper in good faith. This Section shall apply solely to Shipper that is the Service Agreement holder.

9.9 Transporter intends that section 9.5(b)(4)(iv) above shall be read in harmony, and not in conflict, with the United States Bankruptcy Code.

9.10 If Transporter has terminated service to Shipper as a result of Shipper's loss of creditworthiness or default, Transporter shall have the right to assert any liens or other interests,

consistent with applicable law, against any gas Shipper may have remaining on Transporter's system.

9.11 General Limitation of Transporter's Obligation. Transporter shall not be required to perform or continue service on behalf of any Shipper that, within five (5) days after receipt of notice from Transporter, fails to comply with any of the terms of the applicable Rate Schedule and Shipper's Service Agreement(s) with Transporter; provided, however, that Shipper's failure to comply with the billing and payment requirements of this Tariff shall be governed by the provisions of Section 10 (Billing and Payment) of the General Terms and Conditions. Other provisions of such Rate Schedule notwithstanding, Transporter shall have the right to take unilateral action to protect the integrity of its system in the event Transporter, in its reasonable discretion, determines that immediate or irreparable harm to Transporter's facilities or operations will be caused by Shipper's failure to comply with any of the terms of the applicable Rate Schedule, the terms of Shipper's Service Agreement(s) with Transporter, or the General Terms and Conditions of this Tariff.

9.12 Balancing at Termination of Service Agreement(s). Following the termination of a Service Agreement(s), shipper under that Service Agreement(s) shall be required to resolve any outstanding Cumulative Monthly Imbalance including any payments due pursuant to the provisions of Section 18.7 (Cumulative Monthly Imbalance Cash-Out Mechanism) of the General Terms and Conditions within sixty (60) days after Transporter determines and notifies Shipper of such outstanding Cumulative Monthly Imbalance. If Shipper has a Cumulative Monthly Imbalance in favor of Transporter and Shipper has outstanding balances due Transporter, Transporter may utilize any Cash-Out recovery, in addition to any financial assurances, to set off non-disputed amounts due to Transporter.

## 10. BILLING AND PAYMENT

10.1 Transporter shall render or cause to be rendered to Shipper on or before the ninth (9<sup>th</sup>) Business Day of each month an imbalance statement and an invoice (collectively "Billing Statements") setting forth the volume of gas and the Btu of the gas tendered at the Point(s) of Receipt and Point(s) of Delivery during the preceding month, the net billing rate and the amount due, together with information sufficient to explain and support any adjustments made by Transporter with respect to the quantity of gas delivered hereunder. Billing Statements shall be deemed to be rendered by Transporter when Transporter electronically posts the statements to Shipper on Transporter's EBB. If Transporter is unable to render Billing Statements through Transporter's EBB, the Billing Statements shall be deemed to be rendered when Transporter deposits the Billing Statements with the U.S. Mail for first-class delivery, or Transporter deposits the Billing Statements with an overnight courier service for delivery to Shipper. All Billing Statements shall be based on actuals (if available) or on best available data. Quantities at points where OBAs exist shall be invoiced on scheduled quantities.

10.2 When information necessary for invoice purposes for the proceeding month is in the control of Shipper, Shipper shall furnish such information to Transporter on or before the fifth (5<sup>th</sup>) day of current month.

10.3 All accounting statements, or adjustments thereto, relating to the volumes transported hereunder shall be stated in terms of adjusted metered quantities with an assumed thermal content of one thousand (1,000) Btu per cubic foot; provided, however, notwithstanding anything else contained herein to the contrary, estimated metered or allocated volumes shall be utilized as appropriate to determine the volumes on which transportation charges will be computed.

10.4 Either party shall have the right to examine at reasonable times agreed to by both parties, books, records, and charts of the other party to the extent necessary to verify the accuracy of any statement, chart, or computation made under or pursuant to provisions hereunder. The examining party shall have one year after the close of a year in which to make an audit of the other party's records for such year.

### 10.5 Payment.

(a) Shipper shall pay Transporter the amount due for the preceding Month on or before the tenth (10<sup>th</sup>) Day after the date of the invoice, except when the tenth (10<sup>th</sup>) Day after the date of the invoice is a Saturday, Sunday or federal banking holiday, in which case payment is due on the following Business Day. Payments by Shipper to Transporter shall be made in the form of wire or other electronic fund transfer of Federal Funds directed to a bank account designated by Transporter. All such payments shall be considered to have been made on the date when Transporter has use of said funds. Notwithstanding the foregoing, a Shipper whose monthly statement total amount due is less than \$5,000 may elect to make payment by check which shall be sent to the Transporter's address as stated on the invoice such that funds are available on the date payment is due. Shipper should submit any required supporting

documentation; Transporter will apply payment per the supporting documentation. All payments shall be identified by invoice number and, if a payment differs from the invoice amount, remittance detail shall be provided with the payment except when payment is made by electronic funds transfer (EFT) in which case, the remittance detail is due within two (2) Business Days of the payment due date. Payment will be applied in accordance with the remittance detail.

(b) If Transporter's rendering of a bill is delayed after the ninth (9<sup>th</sup>) Business Day, as set forth above in Section VII.10.4, then the time of payment shall be extended by the same number of days unless Shipper is responsible for the delay.

(c) If Shipper fails to pay all of the amount of any bill as herein provided, interest on the unpaid portion of the bill shall be computed at the rate set forth in Section 154.501 of the Commission's Regulations, prorated for the number of days from the due date of payment until the actual date of payment.

(d) If Shipper in good faith disputes the amount of any bill or part thereof, Transporter shall not be entitled to suspend further delivery of gas if:

(1) Shipper pays to Transporter the amounts it concedes to be correct and provides written documentation as to the basis for the dispute;

(2) within ten (10) days of a demand made by Transporter, Shipper furnishes good and sufficient financial assurance acceptable to Transporter for the disputed amount and with financial assurance satisfactory to Transporter;

(3) the financial assurance ensures payment to Transporter of the amount ultimately found due upon the bill, plus accrued interest, upon a final determination by agreement or by judgment of the courts; and

(4) Shipper does not default on the conditions of the financial assurance.

If Shipper (i) has complied with all of the requirements in the immediately preceding sentence; (ii) prevails on the merits of the dispute concerning the bill by reason of a final determination by agreement or by judgment of the courts; and (iii) makes payment to Transporter in accordance with that final determination, then Transporter shall reimburse Shipper for the reasonable premium cost incurred by Shipper in obtaining the financial assurance upon Transporter's receipt from Shipper of the documentation of the premium cost.

10.6 Adjustment of Billing Errors. If it is determined that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under this Section 10 and Shipper has actually paid the bills containing the overcharge or undercharge, then Transporter shall refund the amount of any overcharge or Shipper shall pay the amount of any undercharge within thirty (30) days after final determination of the appropriate amounts. If an error is discovered in the amount billed in any statement rendered by Transporter, that error shall be adjusted within thirty

(30) days of Transporter's determination thereof, provided that claim therefore shall have been made within thirty (30) days from the date of discovery of the error but in any event within six (6) months from the date of the statement with a three (3) month rebuttal period. These time limitations shall not apply in cases of FERC required rate changes, to deliberate omissions, to misrepresentations or mutual mistake of fact. Neither Shipper's nor Transporter's other statutory or contractual rights shall be diminished by this provision.

10.7 Suspension or Termination for Nonpayment. If Shipper fails to pay Transporter the entire amount due on or before the payment due date, Transporter may suspend service under Shipper's Agreement(s) upon ten (10) days' notice of a Shipper's first instance of non-payment or five (5) days' notice to Shipper for any subsequent instances of non-payment occurring within the last six (6) months and shall have the right to seek termination of the Agreement(s) provided, however, Transporter may only suspend service to the extent the capacity is not subject to a capacity release at the time of suspension. In the event Transporter suspends service under Shipper's Agreement(s), Shipper shall not be responsible for Reservation Charges during such suspension period. At all times prior to suspension, Shipper has the right to cure such non-payment by providing payment of the past due amounts plus accrued interest or by providing financial assurance equivalent to the amounts past due.

In the event that service to a Shipper is suspended, Transporter shall have the right to remarket the capacity that is subject to suspension on a month-to-month basis with terms not to exceed thirty-one (31) days ("Interim Capacity Arrangement"). Any capacity sold pursuant this Section 10.7 shall be made available on a nondiscriminatory basis and will not be assigned on the basis of a period determined pursuant to the open season of the capacity release provisions set forth in Section 14 of the General Terms and Conditions. Capacity sold pursuant to this Section 10.7 shall not have a right of first refusal. If the Shipper whose service has been suspended remedies the deficiency that gave rise to the suspension after the capacity has been remarketed to another Shipper as part of an Interim Capacity Arrangement, service to the Shipper whose service has been suspended will resume on the first (1<sup>st</sup>) day following expiration of the Interim Capacity Arrangement. To the extent Transporter seeks to terminate a Shipper's Agreement(s), Transporter will provide written notice to Shipper, the Commission, and any Replacement Shipper(s) that has obtained temporary release capacity from Shipper, that if Shipper fails to make payment within thirty (30) days of such notice, Transporter will terminate Shipper's Agreement(s) and may exercise any other remedy available to Transporter hereunder, at law or equity. At all times prior to termination, Shipper has the right to cure such non-payment by providing payment of the past due amounts plus interest or by providing financial assurances equivalent to the amount past due. However, if Shipper in good faith disputes the amount of any bill or part thereof by providing written notice of its dispute including documentation identifying the basis of the dispute and 1) promptly pays to Transporter the undisputed amount, when due, and 2) on or before the due date of such bill, furnishes to Transporter a financial assurance acceptable to Transporter for the disputed amount then Transporter shall not be entitled to suspend or terminate service under the Agreement(s) unless and until a default is made in the conditions of the financial assurance; provided further that should Shipper prevail on the dispute,

Transporter shall reimburse Shipper up to the reasonable and customary cost of the financial assurance.

10.8 Billing Disputes. If Shipper in good faith disputes an invoice from Transporter and complies with the provisions of Section 10.5(d) above, further resolution of the dispute shall be in accordance with the provisions of Section 29 (Complaint Resolution Procedure) of the General Terms and Conditions.

10.9 Refunds. Transporter shall pay any refunds owed in excess of \$50,000 to any Shipper by wire or other electronic fund transfer of Federal Funds immediately available to Shipper at such bank account as Shipper shall designate.

10.10 Right to Set Off Unpaid Amounts. If the Shipper does not pay the full amount due Transporter in accordance with Section 10.5 hereof, then Transporter, without prejudice to any other rights or remedies it may have, shall have the right to withhold and set off payment of any amounts of monies due or owing by Transporter to Shipper, including but not limited to any cash security deposits or any other financial assurance, against any and all amounts or monies due or owing by Shipper to Transporter. In addition, if Shipper has an overtender(s) of gas on any Service Agreement(s), Transporter will have the right to net that overtender of gas against any existing undertender(s) of gas on any of Shipper's Service Agreement(s).

10.11 Prepayment of Reservation Charges. Transporter may, from time to time in a manner not unduly discriminatory, agree to accept a Shipper's prepayment of its reservation charges obligation under an existing or new firm Service Agreement. The amount of the prepayment shall be equivalent to Shipper's unpaid reservation charges obligation for the remainder of the term of an existing firm Service Agreement or the entire term of a new firm Service Agreement, as applicable. A prepayment received by Transporter or an offer of a prepayment to be made under this section will not be used in the determination of the net present value of a bid during Transporter's evaluation process to award capacity.

The prepayment shall be credited to Shipper's Service Agreement under the ordinary course of Transporter's billing process. Shipper shall not be allowed to withdraw all or part of its prepayment.

Neither this provision nor any solicitation or negotiation by Transporter under this provision shall obligate Transporter to accept any request for prepayment.

A Shipper's reservation charges will be subject to adjustments when Transporter's Recourse Rate(s) are changed pursuant to NGA Section 4 or 5 during the period for which Shipper has prepaid for service and Shipper shall agree that any prepayment does not absolve it of such future adjustments to the Recourse Rate(s). For capacity release and posting requirements, the rate to be charged will be the rate specified in the applicable firm Service Agreement.

Prepayment of a reservation charges obligation received by Transporter under this section shall not qualify as a cash security deposit under Section 9.5(c)(1)(ii) of these General Terms and Conditions for purposes of creditworthiness, nor shall a cash security deposit under Section 9.5(c)(1)(ii) of these General Terms and Conditions for purposes of creditworthiness be considered as a prepayment of a reservation charges obligation under this section.

# Appendix B

## Marked Tariff Records

*Columbia Gulf Transmission, LLC  
FERC Gas Tariff, Third Revised Volume No. 1*

<u>Tariff Section</u>		<u>Version</u>
VII.3	Gen. Terms & Conditions, Request for Service	6.0.0
VII.9	Gen. Terms & Conditions, Operating Conditions	8.0.0
VII.10	Gen. Terms & Conditions, Billing and Payment	5.0.0

### 3. REQUESTS FOR SERVICE

3.1 Request for Service. Valid requests for new or increased levels of service under any of Transporter's Rate Schedules shall be made by submitting a request electronically to Transporter and by otherwise complying with all of the provisions of this Section 3. A valid request must contain the following information: (1) legal company name; (2) applicable rate schedule; (3) term of service; ~~and~~ (4) quantity data with applicable receipt and delivery points; and (5) the creditworthiness requirements as specified in Section 3.2 are satisfied. Transporter may waive all or a portion of such information in individual instances, when the information is already in the possession of Transporter. The completed request for amended Service Agreement(s) shall be forwarded to Transporter through Transporter's EBB, or other method of delivery approved by Transporter. A Shipper or prospective Shipper seeking new or increased service from Transporter, including a prospective bidder for released capacity under the provisions of Section 14 of the General Terms and Conditions, is referred to as "Requestor" in this Section 3.

3.2 Credit Data. Transporter's acceptance of a request for service is subject to the Requestor satisfying Transporter's creditworthiness requirements set forth in Section 9. With respect to a request for service pursuant to 3.1, any financial assurance required by Transporter pursuant to Section 9.5 (c) shall be received by Transporter within ten (10) Business Days of Transporter's notification to Requestor unless otherwise mutually agreed by Transporter and Requestor.

~~— (a) — Except as provided in Section 3.2(b), Requestor shall submit with its completed request the following credit evaluation data:~~

~~— (1) — a copy of Requestor's audited financial statements and financial reports for the previous two (2) fiscal year ends certified by the Chief Financial Officer or Chief Accounting Officer of the Requestor prepared in accordance with generally accepted accounting principles or, for non-U.S.-based Requestors, prepared in accordance with the equivalent standards. The certificate must state that the financial statements and financial reports fairly present the financial condition and results of operations of the Requestor for the period it covers;~~

~~(2) — a copy of Requestor's most recent Annual Report and, if applicable, most recent Forms 10-Q and 10-K; provided that if Requestor has no Annual Report or Forms 10-Q or 10-K it must provide:~~

~~— (i) — its financial statement for the most recent period available, which may be unaudited but if unaudited, must be signed and attested to by Requestor's President and Chief Financial Officer as fairly representing the financial condition of the company;~~

~~— (ii) — any current filings with other regulatory agencies that discuss Requestor's financial conditions; and~~

~~(iii) — a detailed business description that includes Requestor's corporate form, the number of years or months it has been in business, the nature of its business, and the number of employees.~~

- ~~(3) — a list of Requestor's affiliates, including any parent and subsidiary companies;~~
- ~~(4) — the names, addresses and telephone numbers of three trade references with whom Transporter may make reasonable inquiry into Requestor's creditworthiness, and copies of any available reports from credit reporting and bond rating agencies. The results of reference checks and any credit reports submitted must show that Requestor's obligations are being paid on a reasonably prompt basis;~~
- ~~(5) — names, addresses, and telephone numbers of bank references;~~
- ~~(6) — disclosure of past or pending bankruptcy or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of Requestor;~~
- ~~(7) — written confirmation that Requestor is not operating under any chapter of the Bankruptcy Code and is not subject to liquidation or debt reduction procedures under State Laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. Transporter may make an exception for a Requestor who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the Federal Court's jurisdiction;~~
- ~~(8) — a list of owners and/or shareholders of Requestor, if Requestor is privately held; and~~
- ~~(9) — any other data Requestor desires to submit that would assist Transporter in determining creditworthiness.~~
- ~~— (b) — Transporter may waive the requirements of all or any part of Section 3.2 on a nondiscriminatory basis. A Requestor that is an existing Shipper on Transporter's system shall not be required to provide the information required by Section 3.2(a) in order to make a new request for service, provided, however, that Transporter may require an existing Shipper to furnish any information necessary to make a creditworthiness determination with respect to that Shipper/Requestor's new request for service.~~
- ~~— (c) — In lieu of submitting all or any part of the data required by this Section 3.3, a Requestor that has submitted such data to Transporter within the past twelve months may certify that all or any part of such data has not changed in any manner material to creditworthiness and update items that have materially changed.~~

3.3 Advance Determination of Creditworthiness. A Requestor shall submit the data required in this Section 3, at least fifteen (-15) bBusiness dDays before bidding for or requesting new or increased service for an advance determination of creditworthiness by Transporter.

3.4 Deficient Requests. Transporter shall promptly notify a Requestor whose request for service has been rejected because of Requestor's failure to satisfy the provisions specified in this Section 3. Such notice shall identify the deficiencies that must be corrected in order to make a valid request to Transporter.

3.5 Material Changes. If any information provided by Requestor pursuant to this Section materially changes, Requestor shall provide Transporter with prompt written notification of such changes. Requestor is required to provide written notice to Transporter within two (2) days of filing a report (other than an annual or quarterly report) with the Securities and Exchange Commission ("SEC") or other equivalent foreign regulatory body that Requestor is required to file as a result of a material event or corporate change affecting its financial condition. That notice shall include a general description of the nature and reason for the filing and to the extent that report is not available electronically, Requestor shall provide Transporter with a copy of the report. Requestors that are not subject to SEC reporting requirements, but have a parent that is, shall comply with respect to any such filings by their parent.

3.6 Denial of Requests. Transporter may reject any request for service from a Requestor that fails to meet Transporter's creditworthiness requirements unless Requestor provides assurance of payment as provided in Section 3.7 below. Where service is requested under Rate Schedule PAL, Transporter may consider the quantities that Requestor could owe Transporter and/or the value of any imbalance owed Transporter in determining the level of service for which Requestor is creditworthy. Grounds for rejection shall include, but shall not be limited to, Requestor's failure (a) to show that Requestor's obligations are being paid in a timely manner, or (b) to provide reasonable assurance that Requestor will be able to continue to pay its obligations in the future.

3.7 Financial Assurance~~Assurance of Payment~~. If Transporter denies a request for service due to a failure to satisfy Transporter's creditworthiness requirements, Requestor may obtain service if it provides Transporter with financial assurance ~~of payment~~ in the manner set forth at Section 9.5(c) of the General Terms and Conditions and otherwise complies with the ongoing creditworthiness requirements set forth in Section 9.5. If Requestor fails to tender such financial assurance ~~of payment~~ within the time period set forth in Section 9.65(c) of the General Terms and Conditions, or such longer time period reasonably established by Transporter, Transporter may deny Requestor's request for service or reject any bid submitted by Requestor.

3.8 Execution of Service Agreement. Following the approval of a request for service and the award of service by Transporter, Transporter and Requestor shall enter into a new or amended Service Agreement under each appropriate Rate Schedule in accordance with the provisions of Section 5 of the General Terms and Conditions. If Requestor fails to execute such Service Agreement within fifteen (15) days after Transporter tenders it to Requestor, or within such other time period agreed to by Transporter or required by a specific provision of this Tariff, Requestor's request for service and Transporter's offer of service shall be void and of no further force or effect. Service shall not commence until Requestor returns or transmits an executed

electronic or paper Service Agreement to Transporter in compliance with the provisions of this Tariff. Transporter may waive the provisions of this subsection on a nondiscriminatory basis.

3.9 Record Retention. Transporter shall maintain records of all valid requests for service and their disposition for a period of three (3) years from the date of receipt of those requests. Transporter shall not disclose such information, including information relating to bids for service, other than pursuant to the provisions of this Tariff, a Commission proceeding or valid court order.

## 9. OPERATING CONDITIONS

9.1 In General. The general operating conditions set forth in this Section supplement the terms and conditions set forth in the individual Rate Schedules and elsewhere in the General Terms and Conditions.

9.2 Uniform Rates and Quantities. Except as otherwise provided in Shipper's Service Agreement(s), Shipper shall: (i) tender gas or arrange to have gas tendered on its behalf in quantities that conform to its Scheduled Daily Receipt Quantity and that flow at uniform hourly rates throughout the Day; and (ii) take gas or cause gas to be taken on its behalf in quantities that conform to its Scheduled Daily Delivery Quantity and that flow in accordance with Section 12 (Maximum Daily Obligation at Both Delivery Points and Receipt Points) of the General Terms and Conditions, unless deviations from those receipt and delivery quantities are necessary for balancing purposes and are undertaken by Shipper at Transporter's request or following notice to, and approval by, Transporter in accordance with the applicable provisions of the General Terms and Conditions. If Shipper violates (i) the applicable flow requirements or (ii) the requirements set forth at Section 12, Transporter may install or require the installation of a flow control device to insure compliance with such requirements.

9.3 Third Party Arrangements. Shipper shall be responsible for making all necessary arrangements with third parties (i) at or upstream of the point(s) of receipt at which Shipper tenders gas to Transporter for transportation, and (ii) at or downstream of points of delivery at which Transporter delivers gas for the account of Shipper. Shipper shall be responsible for (i) insuring that any such arrangements are consistent with the terms and conditions of the applicable Rate Schedule under which it seeks to have Transporter transport the gas, and (ii) requiring such third parties to confirm all of Shipper's nominations with Transporter in a form and manner approved by Transporter. Such third-party arrangements shall be coordinated with Transporter.

9.4 Service Obligation. Transporter shall not be required to perform service under any of its Rate Schedules if any of the facilities necessary to render the requested service do not exist or are not available including periods during which facilities are being maintained or repaired, in which case, interruptions of service shall be made consistent with Section 16 (Interruptions of Service) of the General Terms and Conditions. Transporter shall not be required to construct facilities; provided, however, that shipper may request construction of facilities under the provisions of Section 35 (Construction of Laterals) of the General Terms and Conditions.

### 9.5 Creditworthiness of Shipper.

(a) Subject to the provisions of paragraphs (b) and (c) below, Transporter shall not be required to provide or to continue to provide service on behalf of any Shipper that ~~(i) is or has become insolvent, (ii) has applied for bankruptcy under Chapter 11 of the Bankruptcy Code or is subject to similar proceedings under State or Federal Law, or (iii) fails, in Transporter's reasonable judgment, to demonstrate minimal creditworthiness for all or any part of the service~~

requested, based upon Transporter's consideration of available credit data concerning Shipper and Shipper's past payment history, financial statements, and credit reports.

(b) Criteria for Creditworthiness Determination

(1) Acceptance of a Shipper's request for service and the continuance of service are contingent upon the Shipper satisfying, on an on-going basis, a credit appraisal by Transporter.

(2) Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Transporter over the term of the requested Service Agreement(s).

(3) A Shipper will establish creditworthiness ~~be deemed creditworthy~~ if

~~(i) — its unenhanced senior long-term~~ unsecured debt securities are rated at least BBB- by ~~Standard & Poor's Corporation~~ S&P Global Market Intelligence LLC or its successor ("S&P") or Baa23 by Moody's Investors Service, Inc. or its successor ("Moody's"); provided however, that in the event a split rating occurs between rating agencies, Transporter will rely upon the lower of the ratings. Nothing herein shall limit Transporter's ability to evaluate any factors set forth in Section 9.5(b)(4) (i) – (vii) below where Shipper's creditworthiness is established by a rating agency if such factor(s) would alter Transporter's evaluation of Shipper. If Shipper has multiple Service Agreements with Transporter, then the total of potential fees and charges of all such Service Agreement(s) shall be considered in determining creditworthiness.

~~(ii) — Shipper's short-term and long-term outlook opinion is Stable or Positive from S&P or Moody's; and~~

~~(iii) — the net present value of the sum of reservation charge fees, utilization fees, and any other associated fees for the contract term is less than 3% of Shipper's tangible net worth.~~

~~As used herein, "tangible net worth" shall be the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs and other intangible assets. If Shipper is rated by multiple agencies, the lower rating applies. A Shipper that is not rated by S&P or Moody's may use its parent's rating if a guarantee acceptable to Transporter is provided. If the Shipper has multiple Service Agreements with Transporter, then the total of all those Service Agreements shall be considered in determining creditworthiness.~~

Transporter reserves the right to determine in its reasonable discretion, that a Shipper who requests new service is not creditworthy to receive that service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or

past Service Agreement(s) and Shipper has defaulted on those payments per the terms of the General Terms and Conditions; provided, however, this provision shall not affect amounts disputed by Shipper in good faith. ~~This Section shall apply solely to the Shipper that is the contract holder.~~

(4) If Shipper does not meet the ~~criteria~~creditworthiness standards described in Part 3(i) above then, Shipper may have the Transporter evaluate its creditworthiness based upon the level of Shipper's current and requested service(s) with Transporter relative to Shipper's current and future ability to meet its obligations-requested. ~~Such That-creditworthiness evaluation-appraisal~~ shall be based upon any or all Transporter's evaluation of the following requested information in (i) through (vii) below-and-credit criteria:

(i) S&P, ~~and~~Moody's and other credit reporting agencies opinions, watch alerts, outlooks, and rating actions will be considered in determining creditworthiness.

(ii) Consistent financial statement analysis will be applied by Transporter to determine the acceptability of Shipper's current and future financial strength. Shipper's balance sheets, income statements, cash flow statements, and auditor's notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency, and profitability.

(iii) The nature of Shipper's business and the effect on that business of economic conditions, including Shipper's ability to recover the cost of Transporter's service through filings with regulatory agencies or otherwise to pass on such costs to its customers~~Results of bank and trade reference checks and credit reports must demonstrate that a Shipper is paying its obligations in a timely manner.~~

(iv) Shipper is not operating under any chapter of the United States Bankruptcy Code and is not subject to liquidation or debt reduction procedures under ~~s~~State ~~L~~aws and no petition for involuntary bankruptcy against Shipper is pending. Transporter may give consideration-will-make-an-exception for a Shipper who is a debtor-~~in-~~possession operating under Chapter ~~11~~XI of the United States Federal Bankruptcy Code~~Aet~~, if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the ~~f~~Federal ~~c~~Court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future to make payment.

(v) Whether Shipper is subject to any lawsuits or outstanding judgments ~~outstanding~~ which ~~w~~could materially impact its seriously reflect upon the Shipper's ability to remain solvent.

(vi) Whether Shipper has or has had any delinquent balances outstanding for services provided previously by Transporter and whether Shipper is paying or has paid its account balances according to the terms established in its Service Agreement(s) ~~and whether any deductions or payments were withheld for claims not authorized by the Service Agreements~~ (excluding amounts as to which there is a good faith dispute).

(vii) Any other information including any information provided by Shipper, that Transporter deems ~~obtained that is~~ relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of its Service Agreement(s).

(c) Failure to Establish or Maintain Creditworthiness

(1) If Shipper fails to establish or maintain creditworthiness as described in Section 9.5 (b), Shipper has the option of receiving or continuing service under this Tariff by providing and maintaining one of the following financial assurances in accordance with the requirements as set forth below:

(i) Guarantee: Shipper may provide a guarantee of financial performance in a form satisfactory to Transporter and for the term of the Service Agreement(s) from a person or entity which meets the creditworthiness standard outlined in Section 9.5 (b) (guarantor).

(ii) Cash Security Deposit: Shipper may provide a cash security deposit for service. Transporter shall accrue simple interest on cash security deposits at the Federal Funds Rate. Upon Shipper's request, provided Shipper is not in default under any obligation to Transporter, Transporter will remit the balance of the interest to Shipper within thirty (30) days, provided, however that Transporter shall not be required to remit interest to Shipper more often than every thirty (30) days.

(iii) Letter of Credit: Shipper may post an irrevocable standby letter of credit in a form acceptable to Transporter and issued by a bank or financial institution deemed acceptable by Transporter.

(iv) Any other financial assurance mutually agreed upon by Transporter and Shipper. Such other financial assurance shall be accepted on a nondiscriminatory basis and may include, as related to interruptible service, a prepayment equal to an amount defined by Transporter. Such defined prepayment will remain in place until Shipper exhausts its prepaid balance by utilizing interruptible transportation service. At the point Shipper's prepayment is exhausted, Transporter may suspend further interruptible service. Shipper will not

earn interest on defined balance prepayments, as further discussed in Section 10.11 (Prepayment of Reservation Charges).

(2) Transporter may deny subsequent requests to substitute financial assurances on a not unduly discriminatory basis and will provide Shipper with a written explanation of any denial of a request to substitute financial assurances.

Within five (5) Business Days of Transporter's notification to Shipper that Shipper has returned to creditworthiness in accordance with Section 9.5 (b) herein, Transporter will return Shipper's financial assurance held by Transporter along with any applicable interest and interest calculation reconciliations.

Upon performance in full of all Shipper's obligations under its Service Agreement(s), Transporter will return Shipper's financial assurance associated with undisputed invoice amounts within five (5) Business Days of Shipper performing all obligations in full. Any remaining financial assurance will be returned after resolving all disputed invoice amounts under the expired Service Agreement(s). In either case, Transporter will pay applicable interest and provide Shipper final billing reconciliations detailing interest calculations.

(3) Financial Assurance Requirement Table

<u>Service</u>	<u>Column A: Guarantee Requirement</u>	<u>Column B: Cash Security or Letter of Credit Amount</u>
<u>Firm Service</u>	<u>Shipper’s contractual obligation under its firm Service Agreement(s) with Transporter</u>	<u>Up to the value of three (3) months Reservation Charges</u>
<u>Interruptible/Volumetric Service</u>	<u>Shipper’s highest monthly bill for interruptible and volumetric based service over the previous rolling twelve (12) months multiplied by three (3). Initial requirement based upon Shipper’s anticipated usage for three (3) month period as determined by Shipper and Transporter.</u>	<u>Same under Column A</u>
<u>Park and Loan</u>	<u>The lesser of the transaction term or three (3) months value based on the transaction quantities multiplied by the rate for such transaction plus the value of loaned gas in accordance with Section 9.5(d).</u>	<u>Same under Column A</u>
<u>Imbalance Gas</u>	<u>In accordance with Section 9.5(d).</u>	<u>Same under Column A</u>

Unless otherwise agreed, the financial assurance must at all times maintain a value specified above equal to the highest estimated charges during the term of the Service Agreement(s). Financial assurances are held for security, provided that any financial assurance may be applied or set off by Transporter to satisfy any and all delinquent account(s) or other obligations.

(d) Loaned/Imbalance Gas Owed to Transporter

For lending services PAL Rate Schedule, Transporter shall have the right to seek financial assurance for the value of gas loaned by Transporter. The amount of such financial assurance will be based on the quantity of gas loaned and the location where the loan/imbalance occurred. For a loan/imbalance of the Columbia Gulf Mainline, the amount of financial assurance will be based on the quality of gas loaned multiplied by the Columbia Gulf, mainline price located under the “Platts Gas Daily” (or any successor publication thereto) for the month the quantity of gas is loaned. For a loan/imbalance on the Columbia Gulf Onshore, the amount of financial assurance will be based on the quantity of gas loaned multiplied by the Columbia Gulf, La. Price located under the “Platts Gas Daily” ( or any successor publication thereto) for the month the quantity of

gas is loaned. Transporter shall have no obligation to lend any quantity of gas beyond the financial assurance amount provided by Shipper to Transporter.

(c) Transporter may require adequate assurance of payment for any service under this Tariff requested by an insolvent or uncreditworthy Shipper. Such a Shipper may receive or continue to receive service if it provides adequate assurance of payment for service. Adequate credit assurance will be calculated as follows: (i) For firm FTS-1 or FTS-2 transportation service, the credit assurance elected must include an advance payment equal to the value of one (1) month of demand charges under Shipper's Service Agreement(s) with Transporter, to be provided within five (5) business days from the day Transporter notifies Shipper that Shipper has not qualify for or has lost its creditworthiness status, and an additional full two (2) months of demand charges to be provided as collateral held for security within thirty (30) days from the day Transporter notified Shipper that Shipper has not qualified for or has lost its creditworthiness status; (ii) For all other services provided pursuant to the Tariff, the credit assurance elected must include an advance payment equal to the value of one (1) month of the highest usage under Shipper's Service Agreement(s) with Transporter, to be provided within five (5) business days from the day Transporter notifies Shipper that Shipper did not qualify for or has lost its creditworthiness status, and an additional two (2) highest months of estimated usage during the term of the Service Agreement(s) to be provided as collateral held for security within thirty (30) days from the day Transporter notified Shipper that Shipper has not qualified for or has lost its creditworthiness status. For a new Shipper adequate credit assurance will be based on the three (3) highest months of estimated usage during the term of the Service Agreement and for an existing Shipper, adequate credit assurance will be based upon the highest three (3) months of activity for all of Shipper's active service agreements during the previous twelve months.

Adequate assurance of payment may include:

- (1) a cash deposit with Transporter of collateral held for security, provided that such deposit may be applied by Transporter to satisfy a delinquent account;
- (2) an irrevocable letter of credit that is both from a creditworthy financial institution and in a form deemed acceptable in Transporter's sole and reasonable discretion;
- (3) a guarantee that is both from a creditworthy entity and in a form deemed acceptable in Transporter's sole and reasonable discretion; or
- (4) a grant to Transporter of a security interest in collateral, the value of which is mutually agreed upon by Transporter and Shipper.

Unless otherwise agreed, the credit assurance must at all times maintain a value specified above equal to the highest estimated charges during the term of the Service Agreements. Any deposit held by Transporter pursuant to this Section shall accrue simple interest at the Federal Funds Rate. Upon Shipper's request, Transporter will remit the balance of the interest to Shipper within

thirty days, provided, however, that Transporter shall not be required to remit interest to Shipper more often than every thirty days.

Transporter has the right to seek additional ~~financial assurance~~security to cover the value of any imbalance owed Transporter by a non-creditworthy Shipper. The imbalances shall be valued at the "Spot Market Price" which shall be defined, for each Dth on each applicable Day on which the gas is owed, as the "Columbia Gulf, Mainline" price index for Louisiana-Onshore South as published in Gas Daily's Daily Price Survey, or any successor publication. Furthermore, Transporter has the right to seek security to cover the estimated value of a future monthly imbalance for non-creditworthy Shippers as follows: For a non-creditworthy new Shipper, a security amount equal to 10% of such Shipper's estimated monthly usage multiplied by the Estimated Imbalance Rate as described below. For a non-creditworthy existing Shipper, a security amount equal to such Shipper's largest monthly imbalance owed to Transporter over the most recent 12-month period multiplied by the Estimated Imbalance Rate. The term "Estimated Imbalance Rate" shall equal the average of the NYMEX future prices for the available 12-month period as such prices close on the day the Estimated Imbalance Rate is determined.

(e) Collateral Requirements for Lateral Facilities and/or Expansion Capacity

Notwithstanding the foregoing requirements, if Transporter constructs new facilities to accommodate a Shipper, Transporter may require ~~financial credit~~financial assurance in an amount up to Shipper's proportionate share of the cost of the new facilities. This ~~financial credit~~financial assurance may be requested at any time before or after the in-service date of the facilities, to the extent mutually agreed to as a condition of the construction. Financial assurance requirements for expansion capacity will be separately identified within Transporter's nondiscriminatory project precedent agreement and/or credit support agreement. As Transporter recovers the cost of these facilities through its rates, the ~~credit~~financial assurance required will be reduced accordingly. Specifically, any ~~financial credit~~financial assurance provided by a Shipper related to new facilities shall be returned to that Shipper in equal monthly amounts over the term of its Service Agreement(s) for service related to the new facilities or as otherwise mutually agreed by Transporter and Shipper. This requirement is in addition to and shall not supersede or replace any other rights that Transporter may have regarding the construction of and reimbursement for facilities.

If Shipper defaults and Transporter terminates service to Shipper, then Transporter shall draw upon and retain such ~~financial assurance collateral~~financial as necessary to reimburse Transporter for the unamortized cost of the facilities constructed for Shipper. The capacity underlying any terminated Service Agreement(s) shall be made available pursuant to Section 4 of these General Terms and Conditions. Within sixty (60) days of the capacity being made available, to the extent such capacity has been awarded, the ~~credit~~financial assurance retained by Transporter from the original Shipper shall be

reduced to an amount equal to the net present value of that portion of the future reservation charge revenues of the original Shipper that would have been attributed to the cost of those facilities less the net present value of that portion of the future ~~R~~Reservation ~~C~~harge revenues of the newly awarded Shipper that may be attributed to the cost of the facilities.

9.6 Notification ~~Loss~~ of Failure to Meet Creditworthiness.

~~(a)~~ Transporter shall have the right, on an ongoing basis, to review Shipper's creditworthiness and acceptability of any financial assurance, and upon Transporter's request, Shipper shall provide within three (3) Business Days, or such later date acceptable to Transporter, information in order to facilitate such review. If Shipper is found by Transporter to be non-creditworthy, Transporter will, upon request, inform Shipper in writing as to the reasons. Upon notification by Transporter of Shipper's non-creditworthy status, Shipper must, within five (5) Business Days after receipt of such notification, submit advanced payment to Transporter equal to one (1) month of service under Shipper's Service Agreement(s) to continue service. Shipper must, within thirty (30) days, provide an acceptable financial assurance, as set forth in Section 9.5 (c). For Shippers utilizing lateral facilities or expansion capacity, the financial assurance that must be provided within thirty (30) days shall be in accordance with Section 9.5 (e). If Shipper fails to provide one of the financial assurances within these time periods, Transporter may suspend service immediately (Shippers are not responsible for Reservation Charges after service is suspended) and may provide simultaneous written notice to Shipper, the Commission, and any Replacement Shipper(s) that service will be terminated in thirty (30) days. Transporter also may exercise any other remedy available to it hereunder, at law or in equity. At all times prior to termination under this Section 9.6, as applicable, Shipper may avoid such termination by providing the advance payment and financial assurance described herein. Regardless of whether Shipper is insolvent, has lost its creditworthiness status or does not desire to continue service with Transporter, Shipper shall continue to be liable for all charges due under its Service Agreement(s) and associated rate schedule. If Shipper desires to continue service with Transporter, Transporter will require Shipper to pay any outstanding balances due Transporter for services rendered and provide adequate financial assurances in accordance with 9.5 (c) above. ~~may at any time re-evaluate the creditworthiness of Shipper and demand adequate assurance of payment or additional adequate assurances of payment if Transporter determines that Shipper has in any respect become uncreditworthy. Circumstances under which Transporter may re-evaluate Shipper's creditworthiness include, but are not limited to, a filing by Shipper for bankruptcy or a submission to bankruptcy or similar federal or state proceedings, an adverse change in Shipper's payment practices, a reorganization of Shipper's business structure, an assignment of Shipper's Service Agreements, or a request by Shipper for increased service. If Transporter, following such a re-evaluation, makes an adverse preliminary creditworthiness determination, and Shipper is current in its payments to Transporter and otherwise has a good credit history with Transporter, Shipper will be given notice of such adverse determination and be allowed 10 days to submit data demonstrating its continued creditworthiness before Transporter will make a final determination of creditworthiness and, if adverse, demand adequate~~

~~assurance of payment. Transporter may at any time withdraw or revise its demand for adequate assurance of payment or extend its due date.~~

~~(b) If Transporter requests additional information to be used for credit evaluation after the initiation of service, Transporter, contemporaneous with the request, will provide its reason(s) for requesting the additional information to Shipper and designate to whom the response should be sent. Transporter and Shipper may mutually agree to waive the requirements of this provision.~~

~~(c) Upon receipt of either an initial or follow-up request from Transporter for information to be used for creditworthiness evaluation, Shipper's authorized representative(s) should acknowledge receipt of Transporter's request. Transporter and Shipper may mutually agree to waive the requirements of this provision.~~

~~(d) Shipper's authorized representative(s) should respond to Transporter's request for credit information on or before the due date specified in the request. Shipper should provide all the credit information requested by Transporter or provide the reason(s) why any of the requested information was not provided.~~

~~(e) Upon receipt from Shipper of all credit information provided pursuant to the applicable NAESB WGQ standards or this Tariff, Transporter will notify Shipper's authorized representative(s) that it has received such information. Transporter and Shipper may mutually agree to waive the requirements of this provision.~~

~~(f) Shipper should designate up to two representatives who are authorized to receive notices regarding Shipper's creditworthiness, including requests for additional information, pursuant to the applicable NAESB WGQ standards and should provide to Transporter the Internet E-mail addresses of such representatives prior to the initiation of service. Written requests and responses should be provided via Internet E-mail, unless otherwise agreed to by the parties. The obligation of Transporter to provide creditworthiness notifications is waived until the above requirement has been met. Shipper should manage internal distribution of any creditworthiness notices that are received.~~

~~Transporter will designate on its Internet website or in written notices to Shipper, the Internet E-mail addresses of up to two representatives who are authorized to receive notices regarding Shipper's creditworthiness. Shipper's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives and Transporter will manage internal distribution of any such confirmations.~~

~~(g) At any time after Shipper is determined to be non-creditworthy by Transporter, Shipper may initiate a creditworthiness re-evaluation by Transporter. As part of Shipper's re-evaluation request, Shipper may either update or confirm in writing the prior information provided to Transporter related to Shipper's creditworthiness. Such update will include any event(s) that Shipper believes could lead to a material change in Shipper's creditworthiness.~~

~~(h) After Transporter's receipt of a Shipper's request for re-evaluation, including all required information pursuant to NAESB WGQ Standard 0.3.8 ("Shipper's Request"), within five (5) Business Days, Transporter will provide a written response to Shipper's Request. Such written response will include either a determination of creditworthiness status, clearly stating the reason(s) for Transporter's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of Shipper's Request unless specified in this Tariff or if the parties mutually agree to some later date.~~

~~(i) In complying with the creditworthiness-related notifications pursuant to the applicable NAESB WGQ standards, Shipper and Transporter may mutually agree to other forms of communication in lieu of Internet E-mail notification.~~

~~(j) If a Shipper becomes insolvent or loses its creditworthiness status after service commences on Transporter's system, Transporter will notify Shipper via Internet E-mail and facsimile stating that Shipper has lost its creditworthiness status. If Shipper is a Replacement Shipper, simultaneous notice will also be sent to the Releasor via Internet E-mail and facsimile. Within ten (10) days of that notice, Transporter will provide the non-creditworthy Shipper a detailed written explanation of the reasons for the loss of creditworthiness and provide a recourse for Shipper to challenge that determination.~~

~~(k) Regardless of whether Shipper is insolvent, has lost its creditworthiness status or does not desire to continue service with Transporter, Shipper shall continue to be liable for all charges due under its Service Agreement and associated rate schedule. If Shipper desires to continue service with Transporter, Transporter will require Shipper to pay any outstanding balances due Transporter for services rendered and provide adequate credit assurances in accordance with Section 9.6(c) above.~~

~~(l) If Shipper fails to provide the credit assurance within the specified time period, Transporter may (i) immediately suspend service to Shipper, and/or (ii) terminate Shipper's Service Agreement upon at least thirty (30) days written notice to Shipper, Releasor, if any, and the Commission that it will terminate service to Shipper if Shipper fails to pay the outstanding balance and/or provide the required credit assurance. Any termination shall be without waiver of any rights Transporter may otherwise have under any and all Service Agreements with Shipper including, but not limited to, the right to sue Shipper for unmitigated damages resulting from Shipper's breach of contract. If Transporter terminates the service of a Replacement Shipper, Transporter shall provide simultaneous notice to the Replacement Shipper and Releasor via Internet E-mail and facsimile.~~

9.7 Requests for service which do not include all of the above-referenced information and the information required by Section 3 shall be deemed null and void.

9.8 If a Shipper has multiple Service Agreements with Transporter and defaults on one Service Agreement, Transporter may deem a default by Shipper on that one Service Agreement as a loss of creditworthiness on any other Service Agreement(s) Shipper has with Transporter; provided, however, this provision shall not affect amounts disputed by Shipper in good faith. This Section shall apply solely to Shipper that is the Service Agreement holder.

9.9 Transporter intends that section 9.65(b)(4)(iv) above shall be read in harmony, and not in conflict, with the [United States](#) Bankruptcy Code.

9.10 If Transporter has terminated service to Shipper as a result of Shipper's loss of creditworthiness or default, Transporter shall have the right to assert any liens or other interests, consistent with applicable law, against any gas Shipper may have remaining on Transporter's system.

9.11 General Limitation of Transporter's Obligation. Transporter shall not be required to perform or continue service on behalf of any Shipper that, within ~~five (5)~~ 10 days after receipt of notice from Transporter, fails to comply with any of the terms of the applicable Rate Schedule and Shipper's Service Agreement(s) with Transporter; provided, however, that Shipper's failure to comply with the billing and payment requirements of this Tariff shall be governed by the provisions of Section 10 (Billing and Payment) of the General Terms and Conditions. Other provisions of such Rate Schedule notwithstanding, Transporter shall have the right to take unilateral action to protect the integrity of its system in the event Transporter, in its reasonable discretion, determines that immediate or irreparable harm to Transporter's facilities or operations will be caused by Shipper's failure to comply with any of the terms of the applicable Rate Schedule, the terms of Shipper's Service Agreement(s) with Transporter, or the General Terms and Conditions of this Tariff.

9.12 Balancing at Termination of Service Agreement(s). Following the termination of a Service Agreement(s), shipper under that Service Agreement(s) shall be required to resolve any outstanding Cumulative Monthly Imbalance including any payments due pursuant to the provisions of Section 18.7 (Cumulative Monthly Imbalance Cash-Out Mechanism) of the General Terms and Conditions within sixty (60) days after Transporter determines and notifies Shipper of such outstanding Cumulative Monthly Imbalance. If Shipper has a Cumulative Monthly Imbalance in favor of Transporter and Shipper has outstanding balances due Transporter, Transporter may utilize any Cash-Out recovery, in addition to any financial assurances, to set off non-disputed amounts due to Transporter. ~~In the event that at the end of the term of the Transportation Service Agreement hereunder, receipts and deliveries, as the case may be, are not in balance, same shall be adjusted promptly so as to create a zero (0) balance.~~

## 10. BILLING AND PAYMENT

10.1 Transporter shall render or cause to be rendered to Shipper on or before the ninth (9<sup>th</sup>) Business Day of each month an imbalance statement and an invoice (collectively "Billing Statements") setting forth the volume of gas and the Btu of the gas tendered at the Point(s) of Receipt and Point(s) of Delivery during the preceding month, the net billing rate and the amount due, together with information sufficient to explain and support any adjustments made by Transporter with respect to the quantity of gas delivered hereunder. Billing Statements shall be deemed to be rendered by Transporter when Transporter electronically posts the statements to Shipper on Transporter's EBB. If Transporter is unable to render Billing Statements through Transporter's EBB, the Billing Statements shall be deemed to be rendered when Transporter deposits the Billing Statements with the U.S. Mail for first-class delivery, ~~as evidenced by the postmark date~~, or Transporter deposits the Billing Statements with an overnight courier service for delivery to Shipper. All Billing Statements shall be based on actuals (if available) or on best available data. Quantities at points where OBAs exist shall be invoiced on scheduled quantities.

10.2 When information necessary for invoice purposes for the proceeding month is in the control of Shipper, Shipper shall furnish such information to Transporter on or before the fifth (5<sup>th</sup>) day of current month.

10.3 All accounting statements, or adjustments thereto, relating to the volumes transported hereunder shall be stated in terms of adjusted metered quantities with an assumed thermal content of one thousand (1,000) Btu per cubic foot; provided, however, notwithstanding anything else contained herein to the contrary, estimated metered or allocated volumes shall be utilized as appropriate to determine the volumes on which transportation charges will be computed.

10.4 Either party shall have the right to examine at reasonable times agreed to by both parties, books, records, and charts of the other party to the extent necessary to verify the accuracy of any statement, chart, or computation made under or pursuant to provisions hereunder. The examining party shall have one year after the close of a year in which to make an audit of the other party's records for such year.

### 10.5 Payment.

(a) Shipper shall pay Transporter the amount due for the preceding Month on or before the tenth (10<sup>th</sup>) Day after the date of the invoice, except when the tenth (10<sup>th</sup>) Day after the date of the invoice is a Saturday, Sunday or federal banking holiday, in which case payment is due on the following Business Day. Payments by Shipper to Transporter shall be made in the form of wire or other electronic fund transfer of Federal Funds directed to a bank account designated by Transporter. All such payments shall be considered to have been made on the date when Transporter has use of said funds. Notwithstanding the foregoing, a Shipper whose monthly statement total amount due is ~~for amounts equal to or greater than \$50,000 such that funds are available on the date payment is due. Payments of amounts~~ less than \$50,000 may elect to make payment by check which shall be sent to the Transporter's address as stated on the

~~invoice such that funds are available on the date payment is due. by Shipper to Transporter shall be made at Shipper's election in the form of wire or other electronic fund transfer of Federal Funds directed to a bank account designated by Transporter, or by check which shall be sent by U.S. Mail, First Class delivery and postmarked on or before the Invoice due date.~~ Shipper should submit any required supporting documentation; Transporter will apply payment per the supporting documentation. All payments shall be identified by invoice number and, if a payment differs from the invoice amount, remittance detail shall be provided with the payment except when payment is made by electronic funds transfer (EFT) in which case, the remittance detail is due within two (2) Business Days of the payment due date. Payment will be applied in accordance with the remittance detail.

(b) If Transporter's rendering of a bill is delayed after the ninth (9<sup>th</sup>) Business Day, as set forth above in Section VII.10.4, then the time of payment shall be extended by the same number of days unless Shipper is responsible for the delay.

(c) If Shipper fails to pay all of the amount of any bill as herein provided, interest on the unpaid portion of the bill shall be computed at the rate set forth in Section 154.501 of the Commission's Regulations, prorated for the number of days from the due date of payment until the actual date of payment.

(d) If Shipper in good faith disputes the amount of any bill or part thereof, Transporter shall not be entitled to suspend further delivery of gas if:

(1) Shipper pays to Transporter the amounts it concedes to be correct and provides written documentation as to the basis for the dispute;

(2) within ~~ten (10)~~30 days of a demand made by Transporter, Shipper furnishes good and sufficient financial assurance acceptable to Transporter for the disputed ~~surety bond in an~~ amount and with financial assurance~~surety~~ satisfactory to Transporter;

(3) the financial assurance ensures ~~surety bond guarantees~~ payment to Transporter of the amount ultimately found due upon the bill, plus accrued interest, upon a final determination by agreement or by judgment of the courts; and

(4) Shipper does not default on the conditions of the financial assurance~~bond~~.

If Shipper (i) has complied with all of the requirements in the immediately preceding sentence; (ii) prevails on the merits of the dispute concerning the bill by reason of a final determination by agreement or by judgment of the courts; and (iii) makes payment to Transporter in accordance with that final determination, then Transporter shall reimburse Shipper for the reasonable premium cost incurred by Shipper in obtaining the financial assurance~~surety bond~~ upon Transporter's receipt from Shipper of the documentation of the premium cost.

10.6 Adjustment of Billing Errors. If it is determined that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under this Section 10 and Shipper has actually paid the bills containing the overcharge or undercharge, then Transporter shall refund the amount of any overcharge or Shipper shall pay the amount of any undercharge within thirty (30) days after final determination of the appropriate amounts. If an error is discovered in the amount billed in any statement rendered by Transporter, that error shall be adjusted within thirty (-30) days of Transporter's determination thereof, provided that claim therefore shall have been made within thirty (30) days from the date of discovery of the error but in any event within six (6) months from the date of the statement with a three (3) month rebuttal period. These time limitations shall not apply in cases of FERC required rate changes, to deliberate omissions, to misrepresentations or mutual mistake of fact. Neither Shipper's nor Transporter's other statutory or contractual rights shall be diminished by this provision.

10.7 Suspension or Termination for Nonpayment. ~~If Shipper under any Rate Schedule becomes delinquent by 10 days in the payment of any invoice, then Shipper shall provide adequate assurance of payment to Transporter within 10 days of the date of Transporter's written notice of delinquency. If Shipper does not, within that 10 day period, pay the invoice together with accrued interest, or does not provide adequate assurance of payment in accordance with the provisions of Section 3 (Requests for Service) of the General Terms and Conditions, Transporter, in addition to any other remedies it may have, may commence suspension of service procedures by: (a) sending a first written notice to Shipper and the Commission informing Shipper that its service will be suspended and its Service Agreement with Transporter will be terminated in 30 days ("suspension date") if payment is not received; and (b) sending a second written notice to Shipper and the Commission 10 days before the suspension date informing Shipper that its service will be suspended and its Service Agreement with Transporter will be terminated on the suspension date if payment is not received before that date. Shipper's service will be suspended and its Service Agreement terminated if full payment is not received by Transporter before the suspension date. Termination of the Service Agreement shall not excuse payments of the amounts then due or any other existing obligation of Shipper. Transporter shall not be entitled to suspend service or terminate Shipper's Service Agreement pending resolution of an invoice disputed in good faith by Shipper if Shipper complies with the provisions of paragraph 10.5(d) above fails to pay Transporter the entire amount due on or before the payment due date, Transporter may suspend service under Shipper's Agreement(s) upon ten (10) days' notice of a Shipper's first instance of non-payment or five (5) days' notice to Shipper for any subsequent instances of non-payment occurring within the last six (6) months and shall have the right to seek termination of the Agreement(s) provided, however, Transporter may only suspend service to the extent the capacity is not subject to a capacity release at the time of suspension. In the event Transporter suspends service under Shipper's Agreement(s), Shipper shall not be responsible for Reservation Charges during such suspension period. At all times prior to suspension, Shipper has the right to cure such non-payment by providing payment of the past due amounts plus accrued interest or by providing financial assurance equivalent to the amounts past due.~~

In the event that service to a Shipper is suspended, Transporter shall have the right to remarket the capacity that is subject to suspension on a month-to-month basis with terms not to exceed

thirty-one (31) days (“Interim Capacity Arrangement”). Any capacity sold pursuant this Section 10.7 shall be made available on a nondiscriminatory basis and will not be assigned on the basis of a period determined pursuant to the open season of the capacity release provisions set forth in Section 14 of the General Terms and Conditions. Capacity sold pursuant to this Section 10.7 shall not have a right of first refusal. If the Shipper whose service has been suspended remedies the deficiency that gave rise to the suspension after the capacity has been remarketed to another Shipper as part of an Interim Capacity Arrangement, service to the Shipper whose service has been suspended will resume on the first (1<sup>st</sup>) day following expiration of the Interim Capacity Arrangement. To the extent Transporter seeks to terminate a Shipper’s Agreement(s), Transporter will provide written notice to Shipper, the Commission, and any Replacement Shipper(s) that has obtained temporary release capacity from Shipper, that if Shipper fails to make payment within thirty (30) days of such notice, Transporter will terminate Shipper’s Agreement(s) and may exercise any other remedy available to Transporter hereunder, at law or equity. At all times prior to termination, Shipper has the right to cure such non-payment by providing payment of the past due amounts plus interest or by providing financial assurances equivalent to the amount past due. However, if Shipper in good faith disputes the amount of any bill or part thereof by providing written notice of its dispute including documentation identifying the basis of the dispute and 1) promptly pays to Transporter the undisputed amount, when due, and 2) on or before the due date of such bill, furnishes to Transporter a financial assurance acceptable to Transporter for the disputed amount then Transporter shall not be entitled to suspend or terminate service under the Agreement(s) unless and until a default is made in the conditions of the financial assurance; provided further that should Shipper prevail on the dispute, Transporter shall reimburse Shipper up to the reasonable and customary cost of the financial assurance.

10.8 Billing Disputes. If Shipper in good faith disputes an invoice from Transporter and complies with the provisions of Section 10.5(d) above, further resolution of the dispute shall be in accordance with the provisions of Section 29 (Complaint Resolution Procedure) of the General Terms and Conditions.

10.9 Refunds. Transporter shall pay any refunds owed in excess of \$50,000 to any Shipper by wire or other electronic fund transfer of Federal Funds immediately available to Shipper at such bank account as Shipper shall designate.

10.10 Right to Set Off Unpaid Amounts. If the Shipper does not pay the full amount due Transporter in accordance with Section 10.5 hereof, then Transporter, without prejudice to any other rights or remedies it may have, shall have the right to withhold and set off payment of any amounts of monies due or owing by Transporter to Shipper, including but not limited to any cash security deposits or any other financial assurance, against any and all amounts or monies due or owing by Shipper to Transporter ~~for services performed by Transporter for Shipper~~. In addition, if Shipper has an overtender(s) of gas on any Service Agreement(s), Transporter will have the right to net that overtender of gas against any existing undertender(s) of gas on any of Shipper's Service Agreement(s).

10.11 Prepayment of Reservation Charges. Transporter may, from time to time in a manner not unduly discriminatory, agree to accept a Shipper's prepayment of its reservation charges obligation under an existing or new firm Service Agreement. The amount of the prepayment shall be equivalent to Shipper's unpaid reservation charges obligation for the remainder of the term of an existing firm Service Agreement or the entire term of a new firm Service Agreement, as applicable. A prepayment received by Transporter or an offer of a prepayment to be made under this section will not be used in the determination of the net present value of a bid during Transporter's evaluation process to award capacity.

The prepayment shall be credited to Shipper's Service Agreement under the ordinary course of Transporter's billing process. Shipper shall not be allowed to withdraw all or part of its prepayment.

Neither this provision nor any solicitation or negotiation by Transporter under this provision shall obligate Transporter to accept any request for prepayment.

A Shipper's reservation charges will be subject to adjustments when Transporter's Recourse Rate(s) are changed pursuant to NGA ~~s~~Section 4 or 5 during the period for which Shipper has prepaid for service and Shipper shall agree that any prepayment does not absolve it of such future adjustments to the Recourse Rate(s). For capacity release and posting requirements, the rate to be charged will be the rate specified in the applicable firm Service Agreement.

Prepayment of a reservation charges obligation received by Transporter under this section shall not qualify as a cash security deposit under Section ~~VII~~.9.5(c)(1)(ii) of these General Terms and Conditions for purposes of creditworthiness, nor shall a cash security deposit under Section ~~VII~~.9.5(c)(1)(ii) of these General Terms and Conditions for purposes of creditworthiness be considered as a prepayment of a reservation charges obligation under this section.