

GENERAL TERMS AND CONDITIONS

6.1. DEFINITIONS

The following terms, when used in this Tariff or in an Agreement, shall have the following respective meanings:

1. The term "Account Holder" shall mean a party using the services of Company or a Third Party Account Administrator under a contract or other arrangement with the Title Transfer Tracking Service Provider. [1.2.18]
2. The term "Agreed Maximum Receipt Quantity" shall be equal to the Maximum Receipt Quantity included in the Service Agreement less the total receipt quantity released at a point pursuant to a Capacity Release Offer Agreement and Capacity Release Bid Agreement.
3. The term "Agreement" shall mean, at any time with respect to any Shipper or Buyer, an executed Agreement, Service or Transportation Agreement for firm or interruptible service under this Tariff made by and between Company and such Shipper or Buyer.
4. The term "Backhaul" shall mean transportation service that relies on the non-physical movement of gas volumes, which is available only to the extent that Forwardhaul volumes are received into Company's system on the same day upstream of or at the designated Point of Delivery and are required to be delivered out of Company's system downstream of or at the designated Point of Receipt for the backhaul such that the service can be provided.
5. The term "Balanced Point" shall mean a nominatable non-physical point on Company's system that facilitates the aggregation of quantities of gas to be delivered at a Variable Load Point with quantities of gas to be delivered at certain agreed upon physical interconnections under Rate Schedule TPB. Any operational imbalance is recognized at the Balanced Point. The Balanced Point shall be located adjacent to the farthest downstream milepost of the physical interconnection(s) which includes the Variable Load Point, as specified on Exhibit A of a Third Party Balancing Service Agreement.
6. The term "Balancing Provider" is a party performing a third-party balancing service pursuant to Rate Schedule TPB.
7. The term "Best Bid" shall mean the Bid(s) which is determined to be the best using the applicable evaluation methodology.
8. The term "Bid" shall mean the terms pursuant to which (1) a potential Replacement Shipper is willing to acquire firm capacity which has been offered or (2) a Person is willing to take uncommitted pipeline capacity.

9. The term "Bid Closing Date" shall mean the date by which a Bid must be received to be a valid Bid and included in the evaluation and awarding of Bids.
10. The term "Billing Commencement Date" shall mean the date of the Gas Day when a Shipper's service and payment obligation commences. The Billing Commencement Date for any Shipper receiving transportation as a result of placing into service the construction of new facilities shall occur when Company informs such Shipper by at least one day's notice that there is capability, to receive gas at Shipper's Point of Receipt and to make related deliveries of gas at Shipper's Point of Delivery, all in accordance with the provisions of Shipper's Service Agreement.
11. The term "billing month" shall mean the month following the Production Month and beginning at 9:00 a.m., Central Clock Time on the first day of a calendar month and ending at 9:00 a.m., Central Clock Time on the first day of the next succeeding calendar month.
12. The term "Btu" shall mean one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit from fifty-eight and one-half (58.5) degrees Fahrenheit to fifty-nine and one-half (59.5) degrees Fahrenheit. (Btu is measured on a dry basis at 14.73 psia.)
13. Reserved for future use.
14. Reserved for future use.
15. The term "business day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico.
16. The term "Buyers" shall mean, at any time, the Persons which have entered into certain Agreements for services with Company which are then in effect; and the term "Buyer" shall mean one of such Persons.
17. The term "Calendar Day" shall mean any day, excluding Federal Banking Holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico. Company shall provide advanced notification of such observed holidays.
18. The term "Calendar Month" shall mean one of the twelve named divisions of a calendar year according to the Gregorian calendar which shall commence on the first Calendar Day of such Calendar Month and end on the last Calendar Day of such Calendar Month.

19. The term "calendar year" shall mean the period from 9:00 a.m., Central Clock Time on January 1 of any year to 9:00 a.m., Central Clock Time on January 1 of the next succeeding year.
20. The term "Ccf" shall mean one hundred cubic feet of natural gas measured at Standard Reference Conditions.
21. The term "cf" shall mean one cubic foot of natural gas measured at Standard Reference Conditions.
22. The term "CCT" shall mean Central Clock Time.
23. The term "Company" shall mean Northern Border Pipeline Company, a "Service Provider" pursuant to NAESB WGQ Standards.
24. The term "Company Use Gas" for any period shall mean the total quantity of gas, including but not limited to gas used as fuel or for testing and gas lost or otherwise unaccounted for, used by Company in its gas operations during such period, as determined by Company.
25. The term "Company Use Gas Adjustment" shall be the deemed fuel percentage per Dth-mile pursuant to the provisions specified in Section 6.44.2 of the General Terms and Conditions of this Tariff.
26. The term "Company Use Gas Imbalance" shall mean the difference between actual Company Use Gas and estimated Company Use Gas for the same period.
27. The term "Confirmation Requester" shall mean a Service Provider (including a Point Operator) which is seeking to confirm a quantity of gas via the information outlined in NAESB WGQ Standard 1.4.3 with another Service Provider (the Confirming Party) with respect to a nomination at a location. [1.2.8]
28. The term "Confirming Party" shall mean a Service Provider (including a Point Operator) which provides a confirmation for a quantity of gas via the information outlined in NAESB WGQ Standard 1.4.4 to another Service Provider (the Confirmation Requester) with respect to a nomination at a location. The term "Confirming Parties" shall mean the Confirmation Requester and the Confirming Party. [1.2.9] [1.2.10]
29. The term "Contract Dekatherm-miles" relative to a Shipper's Rate Schedule T-1 or Rate Schedule T-1B Service shall mean the number calculated by (a) multiplying Shipper's Maximum Receipt Quantity by the number of miles of Company's pipeline, as shown on Exhibit A to the Service Agreement, and (b) multiplying the

product in (a) by the number of days for a respective time period (i.e. monthly, annually, or for the term of the Service Agreement).

30. The term "Customer Activities" shall mean the business function categories related to Nominations, Flowing Gas, Invoicing, Capacity Release, Contracts and other business functions on industry web sites. [4.2.10]
31. The term "Daily Contract Dekatherm-miles" shall mean the amount of Shippers Contract Dekatherm-miles on a 100 Dekatherm-miles basis per day.
32. Reserved for future use.
33. The term "Dekatherm" (Dth) shall mean a unit of heating value. The standard quantity for nominations, confirmation and scheduling is dekatherms per gas day in the United States, and gigajoules per gas day in Canada and Mexico. (For reference 1 dekatherm = 1,000,000 Btu's and 1 gigajoule = 1,000,000,000 joules.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm. The standard Btu is the International Btu, which is also called the Btu(IT); the standard joule is the joule specified in the SI system of units. (The International Btu is specified for use in the gas measurement standards of the American Gas Association, the American Petroleum Institute, the Gas Processors Association and the American Society for Testing Materials. For non-commercial purposes, these associations note that the exact conversion factor is 1.05505585262 Gigajoules per Dekatherm.) Daily Dekatherms shall be the quantity units used by Company for nominations, confirmations, scheduling, allocating, and imbalance activity. [1.3.14]
34. The term "Dekatherm-miles", relative to a Point of Receipt and Delivery for a Shipper, shall mean an amount determined by multiplying the quantity of gas received by Company from Shipper at such Point of Receipt for delivery to the designated Point of Delivery by the actual pipeline mileage between such Point of Receipt and the Point of Delivery. The term "Contract Dekatherm-miles" is defined elsewhere in this Section 6.1 and does not incorporate the "Dekatherm-miles" meaning contained herein.
35. The term "Designated Replacement Shipper" shall mean the Person who has been designated by the Releasing Shipper as the Replacement Shipper for the capacity being released.
36. The term "Elapsed Prorata Capacity" or "EPC" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intra-day recall based upon a cumulative uniform hourly use of the capacity. [5.2.3]

37. The term "elapsed-prorated-scheduled quantity" shall mean that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intra-day nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected. [1.2.12]
38. The term "Electronic Data Interchange" (EDI) shall mean the computer-to-computer exchange of business documents and information through the use of standard document formats. As a prerequisite for using EDI in place of conventional paper-based documents, user will be required to execute an EDI/EDM trading partner agreement as adopted from the NAESB WGQ EDI trading partner agreement.
39. The term "Entity" shall be a person or organization with sufficient legal standing to enter into a contract or arrangement with another such person or organization (as such legal standing shall be determined by those parties) for the purpose of conducting and/or coordinating natural gas transactions. [0.1.1]
40. The term "Federal Energy Regulatory Commission" or "FERC" shall mean the Federal Energy Regulatory Commission of the United States of America or any other tribunal or Person which may hereafter exercise the functions now exercised by that Commission with respect to Company.
41. The term "Forwardhaul" shall mean any transportation service where the gas to be delivered at Shipper's Point of Delivery is downstream on the Company's facility from location at which gas is to be received from Shipper at the Shipper's Point of Receipt.
42. The term "gas" shall mean natural gas, manufactured, artificial or synthetic gas, or any mixture or combination thereof.
43. The term "Gas Day" shall mean a period beginning and ending at 9:00 a.m., Central Clock Time. The reference date for any day shall be the date of the beginning of such day.
44. The term "General Terms and Conditions" shall mean, at any time, these General Terms and Conditions as from time to time amended or supplemented.
45. The term "gross heating value", shall mean gross heating value dry as determined by the total calorific (heating) value, in British thermal units, Btu, of the amount of any dry gas which would occupy a volume of one standard cubic foot, based on 14.73 Psia and 60 degrees F. The total, or gross, calorific value represents the Btus evolved by the complete combustion, at constant pressure, of one standard cubic foot of any dry gas with air, the temperature of the gas, air, and products of

combustion being 60 degrees F, and all water formed by the combustion reaction being condensed to the liquid state.

46. The term "Historical Flow Quantity" (HFQ) for a given Point of Interconnection shall be the lesser of the average daily scheduled quantity for the previous 15 consecutive Gas Days or the actual average daily metered flow quantity for such time period.
47. The term "Information Postings" identifies common information as specified in Standard 4.3.23. [4.2.1]
48. The term "In-Direction" shall mean a nomination line item that has a nominated flow direction in the same direction as the contractual Transportation Path.
49. The term "Interconnected Party" shall mean the Person who is directly connected to Company's facilities at a physical Point of Receipt or a physical Point of Delivery.
50. The term "IT-1 Shippers" shall mean at any time the Shippers which have entered into IT-1 Transportation Agreements with Company which are then in effect; and the term IT-1 Shipper shall mean one of such Persons.
51. The term "IT-1 Transportation Agreement" shall mean at any time with respect to any IT-1 Shipper, an executed IT-1 Transportation Agreement for service under this Tariff made by and between Company and such IT-1 Shipper which is then in effect.
52. The term "Lending Point" relative to a Buyer shall mean the Lending Points as shown or referenced on Exhibit A to such Buyer's PAL Agreement where such Buyer can borrow gas quantities on Company's system pursuant to such Agreement.
53. The term "Maximum Balancing Quantity" shall mean the maximum Dekatherms per day quantity of gas authorized by Balancing Provider to Company to deliver to the Variable Load Point on an instantaneous basis as detailed on Exhibit A of the Third Party Balancing Service Agreement.
54. The term "Maximum Commodity Rate" shall mean the Maximum Commodity Rate for each respective Rate Schedule as shown on the Statement of Rates. All tariff rates shall be adjusted to reflect a standard calculation of daily and monthly rates. [5.3.23]
55. The term "Maximum Delivery Quantity" relative to a Point of Delivery to a Shipper for any day shall mean the volume of gas shown as the Maximum Delivery Quantity stated in Dekatherms for such Point of Delivery on Exhibit A to such Shipper's Service Agreement.

56. The term "Maximum Park and Loan (PAL) Quantity" shall mean the Dekatherms of gas shown as the Maximum Park and Loan (PAL) Quantity that is relative to the Parking Points and Lending Points shown on Exhibit A to a Buyer's PAL Agreement.
57. The term "Maximum Rate" applicable to Rate Schedules T-1 and T-1B shall mean the sum of the applicable Maximum Daily Reservation Rate and the applicable Maximum Commodity Rate as shown on the Statement of Rates.
58. The term "Maximum Receipt Quantity" relative to a Point of Receipt from a Shipper for any day shall mean the volume of gas shown as the Maximum Receipt Quantity stated in Dekatherms for such Point of Receipt on Exhibit A to such Shipper's Service Agreement.
59. The term "Maximum Reservation Rate" shall mean the applicable daily maximum reservation rate for each respective Rate Schedule as shown on the Statement of Rates.
60. The term "Mcf" shall mean 1000 cubic feet of gas measured at Standard Reference Conditions.
61. The term "Measurement Party" shall mean the Person who is primarily responsible for measurement of gas volumes at a physical Point of Receipt into or a physical Point of Delivery out of Company's pipeline system.
62. The term "MMcf" shall mean 1,000,000 cubic feet of natural gas measured at Standard Reference Conditions.
63. The term "Minimum Commodity Rate" shall mean the Minimum Commodity Rate for each respective Rate Schedule as shown on the Statement of Rates.
64. The term "Minimum Rate" shall mean the Minimum Commodity Rate as shown on the Statement of Rates for the applicable Rate Schedules.
65. The term "NAESB" shall mean North American Energy Standards Board.
66. The term "Negotiated Rates" shall mean a rate or formula for computing a rate for Transportation service which may be greater than, equal to or less than the Recourse Rate, but which may not be less than the Minimum Commodity Rate set forth on the Statement of Rates. A Negotiated Rate must be mutually agreed upon by Company and Shipper for a specific time period and may be based on a rate design other than the rate design used to compute Company's currently effective Recourse Rate.

67. The term "Netting" shall describe the process of resolving imbalances for a Shipper or its Agent within an Operational Impact Area. Company shall recognize two types of Netting: summing and offsetting. Summing is the process of accumulation of all imbalances above any applicable tolerance for a Shipper or its Agent. Offsetting is the process of combining positive and negative imbalances above any applicable tolerance for a Shipper or its Agent. [2.2.3]
68. The term "Nominating Party" shall mean a Shipper, or its Nominating Agent (one who has been pre-designated by Shipper to serve in such role). If a Shipper elects to use a Nominating Agent for a given Agreement, the agent replaces the Shipper as the sender of nomination information as well as the receiver of nomination-related information from Company for such Agreement.
69. The term "Nomination Day" shall mean one day prior to Gas Day.
70. The term "Non-OBA Point" shall mean a point of receipt or delivery where no Operational Balancing Agreements are in effect.
71. The term "OBA Point" shall mean a point of receipt or delivery where an Operational Balancing Agreement is in effect between Company and the upstream or downstream pipeline to administer interconnect balancing.
72. The term "Offer" shall mean the terms pursuant to which a Releasing Shipper is willing to release firm transportation capacity.
73. The term "Operational Balancing Agreement" (OBA) shall mean the contract between Company and party which specifies the procedures to manage operating variances at an interconnect. [2.2.1]
74. The term "Operational Flow Order" (OFO) shall be an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Company's system or to maintain operations required to provide efficient and reliable service. Whenever Company experiences these conditions, any pertinent order shall be referred to as an OFO. [1.2.6]
75. The term "Operational Impact Area" shall mean the largest possible area(s) on Company's system in which imbalances have a similar operational effect. For imbalance resolution, Company shall designate its entire pipeline system as a single Operational Impact Area. [2.2.2]
76. The term "Out-of-Direction" shall mean a nomination line item that has a nominated flow direction opposite of the contracted Transportation Path direction.

77. The term "Overdelivery" shall mean the quantity of gas that results when Shipper delivers or causes to be delivered to Company a quantity of gas which, less Shipper's share of estimated Company Use Gas, is greater than the quantity of gas delivered out of Company's system for Shipper's account.
78. The term "Package ID" shall mean a NAESB WGQ defined mutually agreeable data element provided to differentiate between discrete business transactions. [1.2.5]
79. The term "Parking Point" relative to a Buyer shall mean the Parking Points as shown or referenced on Exhibit A to such Buyer's PAL Agreement where such Buyer can park gas quantities on Company's system pursuant to such Agreement.
80. The term "PDA" shall mean pre-determined allocation, which is the allocation method agreed to by the allocating and allocated parties at a point prior to gas flow.
81. The term "Person" shall mean an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or a government or political subdivision thereof; and pronouns shall have a similarly extended meaning.
82. The term "Point of Delivery" relative to a Shipper shall mean the Points of Delivery posted on Company's Informational Postings web site for delivery of gas to such Shipper.
83. The term "Point of Interconnection" shall mean those locations where Company is physically connected to an Interconnected Party.
84. The term "Point of Receipt" relative to a Shipper shall mean the Points of Receipt posted on Company's Informational Postings web site for receipt of gas from such Shipper.
85. The term "pooling" shall mean (1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or (2) the disaggregation of gas from a single physical or logical point to multiple physical and/or logical points. [1.2.3]
86. Reserved for future use.
87. The term "Production Month" shall mean the period of actual gas flow preceding the billing month and beginning at 9:00 a.m., Central Clock Time on the first day of a calendar month and ending at 9:00 a.m., Central Clock Time on the first day of the next succeeding calendar month.

- 88. The term "psia" shall mean pounds per square inch, absolute.
- 89. The term "psig" shall mean pounds per square inch, gauge.
- 90. The term "Quick Response" shall mean the initial response made by Company to recognize the receipt of an EDI-based nomination. Such response will be made in accordance with NAESB WGQ standards.

In addition, Company shall recognize the receipt of non-EDI delivered nominations; EBB-based, fax, or telephone, at the time they are fully transmitted. A transmission failure shall be the Nominating Party's indication that the non-EDI nomination has not been fully delivered to Company.

- 91. The term "rate commitment" shall mean the revenue committed to Company for each separate transaction for the term of the effective PAL service option.
- 92. The term "Rate Schedules" shall mean all of the Rate Schedules of Company on file with the Federal Energy Regulatory Commission and in effect.
- 93. The term "Recourse Rate" shall mean the stated maximum reservation charge and/or maximum commodity rate applicable to each respective Rate Schedule set forth on the Statement of Rates.
- 94. The term "Releasing Shipper" shall mean a Shipper who has firm contractual rights to capacity on Company's system and is offering to release or has released its firm capacity.
- 95. The term "Replacement Shipper" shall mean a Person who has obtained firm capacity from a Releasing Shipper.
- 96. The term "Service Agreement" shall mean, at any time with respect to any Shipper, an executed firm Service Agreement for service under this Tariff made by and between Company and such Shipper.
- 97. The term "Service Requester" shall mean Nominating Party.
- 98. The term "Shipper Imbalance" shall mean the difference between the quantity of gas received by Company for transportation for such Shipper, adjusted for Shipper's share of estimated Company Use Gas, and the quantity of gas delivered by Company for such Shipper's account.
- 99. The term "Shippers" shall mean, at any time, the Persons which have entered into transportation Agreements with Company which are then in effect; and the term "Shipper" shall mean one of such Persons.

100. The term "Stranded Allocated Capacity" shall mean pipeline and/or point capacity that has been allocated by Company to a given Shipper in a supported nomination and scheduling cycle that was not fully confirmed by the upstream and/or downstream confirming party(ies).
101. The term "Tariff" shall mean the compilation on file with the Federal Energy Regulatory Commission of Company's Rate Schedules, General Terms and Conditions and related forms of Agreements from time to time in effect.
102. The term "tendered" relative to a quantity of gas and a Shipper shall mean that all of the following conditions have been fulfilled:
- (1) such Shipper has informed Company that it plans to deliver a quantity of gas which such Shipper is entitled to deliver to Company pursuant to such Shipper's Agreement at a specified Point of Receipt on a specified day;
 - (2) either
 - (a) (1) relative to an OBA Point, the upstream pipeline has verified that the quantity of gas Shipper has nominated for delivery to Company is in fact the quantity of gas that can be delivered to Company at such Point of Receipt or
 - (a) (2) relative to a non-OBA Point such Shipper in fact could cause delivery of such quantity to Company at such Point of Receipt on such day, or
 - (b) to the extent Company refuses to receive such gas in the quantity described in Section 6.1 paragraph 102(2)(a)(1) or (2)(a)(2) above at such Point of Receipt on such day, such Shipper is in fact ready, willing and able to so deliver the quantity so refused or would have been able to do so had Company not so refused; and
 - (3) such Shipper is in fact, ready, willing and able to accept delivery from Company on such day of the related quantity of gas in accordance with such Shipper's Agreement. The term "tender" shall have a corresponding meaning.
103. The term "Third Party Account Administrator" is a Title Transfer Tracking Service Provider other than Company. [1.2.17]
104. The term "Title" shall be the term used to identify the ownership of gas. [1.2.13]
105. The term "Title Transfer" shall be the term used to reflect the change of Title to gas between parties at a location. [1.2.14]

106. The term "Title Transfer Agreement" shall mean an executed Title Transfer Agreement for service under this Tariff made between Company and Account Holder and specifically shall include the form of agreement available on Company's Internet web site.
107. The term "Title Transfer Nomination" shall mean a nomination line item requesting the service of Title Transfer Tracking and is sent by an Account Holder to a Title Transfer Tracking Service Provider. [1.2.19]
108. The term "Title Transfer Tracking" shall be the process of accounting for the progression of Title changes from party to party that does not affect a physical transfer of gas. [1.2.15]
109. The term "Title Transfer Tracking Service Provider" shall be a party conducting the title transfer tracking activity. [1.2.16]
110. The term "Total Interruptible Receipt Quantity" relative to any IT-1 Shipper for any day shall mean the Total Interruptible Receipt Quantity, stated in Dekatherms, shown on Exhibit A to such IT-1 Shipper's IT-1 Transportation Agreement.
111. The terms "Trade" or "Trading" shall describe the process of resolving Shipper Imbalances between two or more Shippers or their Agents within an Operational Impact Area.
112. The term "Transfer Point" shall be used to describe a point on Company's system where, for purposes of scheduling and nominations, in-line transfers of gas shall occur from one transportation agreement to another or from a compression agreement or PAL agreement to a transportation agreement.
- Transfer Points will be nominated accordingly and will be considered secondary points for scheduling purposes.
113. The term "Transportation Path" shall mean for each Service Agreement the pipeline path and flow direction from and including the farthest Point of Receipt to and including the farthest Point of Delivery a Shipper has contracted for on Company's system. One of the units of measurement for a Shipper's Transportation Path shall be Contract Dekatherm-Miles.
114. The term "Underdelivery" shall mean the quantity of gas that results when Shipper takes or causes to be taken from Company for its account a quantity of gas which is greater than the quantity of gas tendered by Shipper to Company less Shipper's share of estimated Company Use Gas.

115. The term "U.S. Shippers" shall mean, at any time, the Shippers which have entered into U.S. Shippers Service Agreements with the Company which are then in effect; and the term "U.S. Shipper" shall mean one of such Persons.
116. The term "Variable Load Point" shall be defined as a physical delivery point of interconnection on Company's system directly supplying an end-use market whose load requirements are expected to fluctuate widely during the day, month, or year. An OBA must be executed at a Variable Load Point.
117. The term "Variable Load Point Customer" is a party receiving balancing services from a Balancing Provider under Rate Schedule TPB.
118. The term "WGQ" shall mean Wholesale Gas Quadrant.

6.2 PRESSURE AND TEMPERATURE

1. Receipt Pressure.

Shipper shall deliver gas to Company at each of Shipper's Points of Receipt at a pressure sufficient to cause such gas to flow into Company's facilities, provided that Shipper shall not be required to deliver gas to Company at any Point of Receipt at a pressure in excess of the Maximum Pressure specified with respect to such Point of Receipt.

2. Delivery Pressure.

Company shall deliver gas to Shipper at each of Shipper's Points of Delivery at the pressure existing in Company's pipeline at such Point of Delivery, provided that Shipper shall not be required to receive gas from Company at any Point of Delivery at a pressure less than the Minimum Pressure specified with respect to such Point of Delivery.

3. Maximum Receipt Temperature.

The temperature of gas delivered by Shipper to Company at a Point of Receipt shall not exceed the Maximum Receipt Temperature of 120 degrees F.

4. Minimum Delivery Temperature.

The temperature of gas delivered by Company to Shipper at a Point of Delivery shall not be below the Minimum Delivery Temperature of 32 degrees F.

5. Operating Conditions.

Subject to the provisions of Section 6.2 paragraphs 1, 2, 3 and 4 hereof, the temperature and pressure of gas delivered to Company by Shipper, and of gas delivered to Shipper by Company, shall, at each of Shipper's Points of Receipt and Points of Delivery, be consistent with the overall operating conditions of Company's pipeline system. Company shall use care and diligence to deliver gas to Shipper at such uniform pressure as is consistent with the operating conditions of Company's pipeline system.

6.3 MEASURING EQUIPMENT

6.3.1 Company's Measuring Equipment.

Unless otherwise agreed by Company and Shippers, at each Point of Receipt, and at each Point of Delivery, of a Shipper, Company shall cause to be furnished, installed, maintained, and operated all equipment, devices and material necessary to determine gas volume, pressure, temperature, gross heating value, quality, specific gravity and supercompressibility.

1. When orifice meters are used, the manufacture, installation, operation and maintenance thereof shall be consistent with the recommendations and specifications contained in the latest edition of "Orifice Metering of Natural Gas-- Gas Measurement Committee Report No. 3," including any appendices and amendments thereto, published by the American Gas Association, at the time the meters are manufactured or installed.
2. Measuring equipment other than orifice meter, if used, shall be of a type acceptable to Company and Shippers. Such meters may also be equipped with a device for recording flow rate and/or a device for integrating the product of the volume of gas measured multiplied by pressure and temperature corrections, and indicating the volume of gas received or delivered.
3. Gas chromatographs shall be of a standard type acceptable to Company and Shippers.
4. Recording specific gravity instruments shall be of a standard manufacture acceptable to Company and Shippers, and shall be installed so as to properly record the specific gravity of the gas. Any such instrument shall be checked at least once each month by the use of an Edwards balance, or by any other method agreed upon by Company and Shippers.

6.3.2 Check Measuring Equipment.

At each Point of Receipt, and at each Point of Delivery, of a Shipper, the Shipper or Shippers affected, at its or their own expense, may cause to be furnished, installed, maintained and operated check measuring equipment, provided, however, that such equipment does not interfere with the operations of the measuring equipment caused to be installed by Company.

6.3.3 Right of Access.

Company and the Shipper or Shippers affected, in the presence of each other, shall each have access to the other's measuring equipment at all reasonable times, but the reading, calibrating and adjusting thereof shall be done only by the Person which has installed such equipment, unless otherwise agreed upon. Both Company and the Shipper or Shippers affected shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment. The records from such measuring equipment shall remain the property of the Person installing such equipment, but, upon request, each will submit to the other its measurement records, together with calculations therefrom, for inspection, subject to return within 30 days after receipt thereof.

6.3.4 Reasonable Care.

Company shall exercise reasonable care in the installation, maintenance and operation of its measuring equipment so as to avoid any inaccuracy in the determination of the volume and other attributes of gas received and delivered.

6.3.5 Testing Measuring Equipment.

Company shall conduct tests to verify the accuracy of its measuring equipment using means and methods acceptable to Company and the Shipper or Shippers affected, at least once each quarter, or at such other interval as may be mutually agreed upon and at other times upon request of Shipper or Shippers. Notice of the time and nature of each test shall be given by Company to such Shipper or Shippers in advance to permit convenient arrangement for the presence of the other's representatives. If, after notice, a Shipper fails to have a representative present, the results of the test shall nevertheless be considered accurate until the next test. All tests of such measuring equipment shall be made at the expense of the Company, except that Shipper or Shippers requesting a test shall bear the expense of such test if the inaccuracy is found not to exceed two percent, at a reading corresponding to the average hourly rate of flow.

6.3.6 Correction and Adjustment.

If, upon test, any measuring equipment is found to be registering inaccurately by not more than two percent, at a reading corresponding to the average hourly rate of flow, then readings of such equipment since the time of the last test thereof shall be considered accurate in computing deliveries of gas. If, upon test, any measuring equipment is found to be registering inaccurately by more than two percent, at a reading corresponding to the average hourly rate of flow, then readings of such equipment shall be corrected to zero error for any past period definitely known, or agreed, to have been inaccurate, or if the inaccuracy during all or part of the period of time since the last test of such equipment is not so known or agreed upon, for a period of sixteen days, or one-half of the elapsed time since such last test, whichever is the shorter period. Any recording equipment found to be registering inaccurately shall be immediately adjusted to register accurately.

6.3.7 Failure of Measuring Equipment.

If Company's measuring equipment at any Point of Receipt or Point of Delivery of a Shipper is out of service for any period, the measurement determinants for such Point of Receipt or Point of Delivery during such period shall be determined:

1. By using the data recorded by any check measuring equipment accurately registering; or
2. If such check measuring equipment is not registering accurately but the percentage of error is ascertainable by a calibration test, by using the data recorded, corrected to zero error; or
3. If neither of the methods provided in Section 6.3.7 paragraphs 1 and 2 above can be used, by estimating the necessary determinants by reference to receipts or deliveries under similar conditions.

6.3.8 Preservation of Records.

Both Company and the Shipper or Shippers affected shall preserve for a period of at least three years, or such longer period as may be required by public authority, all test data and measurement records.

6.4 MEASUREMENT REPORTING

6.4.1 Physical Volume.

1. Standard Reference Conditions.

The standardized reporting basis for gas volumes is cubic foot at standard conditions of 14.73 psia, 60 degrees F, and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry. [2.3.9]

2. Reporting/Calculation Accuracy.

For reporting purposes, pressure base conversion factors shall be reported to not less than 6 decimal places. For calculation purposes, not less than 6 decimal places shall be used.

3. Volumetric Unit of Measurement.

The standard reporting unit for natural gas volume used by Company will be thousands of cubic feet (Mcf) of gas at Standard Reference Conditions.

4. Data Elements.

Company and its trading partners shall accept all standard measurement data elements as specified by NAESB WGQ and adopted by FERC. Such data elements and their usage are detailed in Section 6.35 of the General Terms and Conditions.

5. Metric Conversion for Volumes.

The Metric reporting unit for natural gas volume is thousands of cubic meters (10E3 M3) at standard reference temperature and pressure conditions of 15 degrees C and an absolute pressure of 101.325 kPa respectively. The conversion factor to convert cubic feet (at Standard Reference Conditions) to cubic meters is:

$$(\text{cubic feet}) \times 0.02832784 = (\text{cubic meters})$$

6. Supercompressibility.

Measured gas volumes shall be corrected for supercompressibility (deviation of the gas from the laws of ideal gases) at the pressures and temperatures at which the gas is measured. Except as otherwise agreed by Company and Shippers, the factors for such corrections shall be obtained from data contained in the A.G.A. Manual for the Determination of Supercompressibility Factors for Natural Gas developed under P.A.R. Research Project NX-19 completed in December 1962, or any subsequent revision or replacement thereof.

6.4.2 Computation of Volume from Meter Readings and Registrations.

1. Company and Shipper shall endeavor to agree upon methods so that the quantity of gas received and delivered under Shipper's Agreement shall be computed in accordance with the latest approved methods in use in the industry generally.
2. When orifice meters are used, gas volumes shall be computed in accordance with the specifications prescribed in the latest edition of "Orifice Metering of Natural Gas-- Gas Measurement Committee Report No. 3" published by the American Gas Association, including any appendices and amendments thereto.
3. If positive displacement or turbine meters are used, measurements of the volumes received or delivered at flowing pressures and temperatures shall be corrected to the volumetric measurement base by the application of proper correction factors for (a) absolute static pressure, (b) flowing temperature and (c) supercompressibility. If an integrating device is used, correction for the deviation from Boyle's Law may be built into the device; otherwise such correction shall be applied to the volume of gas indicated.

6.4.3 Energy Quantity.

1. Standard Reference Conditions.

The standardized reporting basis for BTU is 14.73 dry psia and 60 degrees F (101.325 kPa and 15 degrees C, and dry). The standardized reporting basis for gigacalorie is 1.035646 Kg/cm² and 15.6 degrees C and dry. [2.3.9]

2. Calculation of Energy Quantity.

The energy quantity, based on Standard Reference Conditions, is the product of the physical volume measured, in thousands of cubic feet (Mcf) and the gross heating value of the measured gas (Btu/cf).

3. Reporting/Calculation Accuracy.

For reporting purposes, BTU conversion factors shall be reported to not less than 3 decimal places. For calculating purposes, not less than 6 decimal places shall be used. [2.3.10]

4. Energy Unit of Measurement.

The reporting unit for energy quantity used by Company will be Dekatherms (Dth) at Standard Reference Conditions.

5. Data Elements.

All records of energy quantities of natural gas provided to or from Company shall be reported using the current measurement standard data elements as determined by NAESB WGQ and adopted by FERC.

6. Metric Conversion for Energy.

The Metric reporting unit for energy quantity is gigajoules (GJ) at Standard Reference Conditions of 15 degrees C, an absolute pressure of 101.325 kPa, dry, and Btu 58.5 degrees F/59.5 degrees F. The conversion factor to convert Dekatherms (at Standard Reference Conditions) to gigajoules is:

$$(\text{dekatherms}) \times 1.055056 = (\text{gigajoules})$$

[1.3.14]

7. Gross Heating Value.

The gross heating value of the gas shall be determined by use of a gas chromatograph as specified in Section 6.3.1 paragraph 3 hereof or other device acceptable to Company and Shippers.

6.4.4 Flowing Temperature.

The flowing temperatures of the gas shall be determined by the use of standard continuously recording temperature indicators.

6.4.5 Specific Gravity.

The specific gravity of the gas shall be determined by a recording specific gravity instrument as specified in Section 6.3.1 paragraph 4 hereof.

6.4.6 Atmospheric Pressure.

For purposes of measurement, the absolute atmospheric (barometric) pressure at each measuring station shall be assumed to be the pressure corresponding to the elevation at such station, and shall be stated in pounds per square inch.

6.4.7 Measurement Responsibility.

Subject to the provisions of Sections 6.3.6 and 6.3.7 hereof, measurement of gas volumes and gross heating values shall, for all purposes of this Tariff, be as recorded on or computed from the measuring equipment and devices Company shall cause to be furnished, installed, maintained, and operated.

6.5 QUALITY OF GAS

1. Quality Standards of Gas Received by Company.

Company may refuse to accept gas which does not conform to the following specifications:

- (a) The gas shall not contain sand, dust, gums, crude oil, impurities or other objectionable substances which may be injurious to pipelines or may interfere with the transmission of the gas.
- (b) The gas shall have a hydrocarbon dew-point less than -5 degrees F at 800 psia, -10 degrees F at 1000 psia, or -18 degrees F at 1100 psia, or such higher dew point approved by Company as, without treatment by Company, may be compatible with the operating conditions of Company's pipeline.
- (c) The gas shall not contain more than 0.3 grains of hydrogen sulphide per Ccf.
- (d) The gas shall not contain more than 2 grains of total sulphur per Ccf.
- (e) The gas shall contain not more than 0.3 grains of mercaptan sulphur per Ccf, or such higher content as, in Company's judgment, will not result in deliveries by Company to Shippers of gas containing more than 0.3 grains of mercaptan sulphur per Ccf.
- (f) The gas shall not contain more than 2 percent by volume of carbon dioxide.
- (g) The gas shall not have a water vapor content in excess of 4 pounds per MMcf.
- (h) The gas shall be as free of oxygen as it can be kept through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 percent by volume of oxygen.
- (i) The gas shall have a gross heating value of not less than 967 Btu per cf.

2. Quality Tests.

At each Point of Receipt of a Shipper, Company shall cause tests to be made, by approved standard methods in general use in the gas industry, to determine whether the gas conforms to the quality specifications set out in Section 6.5 paragraph 1 hereof. Such tests shall be made at such intervals as Company may deem reasonable, and at other times, but not more often than once per day, at the request of any Shipper.

3. Failure to Conform.

If gas delivered by a Shipper does not comply with the quality specifications set out in Section 6.5 paragraph 1 hereof, Company shall have the right, in addition to all other remedies available to it by law, to refuse to accept any such gas through the issuance of an OFO. Company may, at its option and upon notice to Shipper, accept receipt of gas not complying with the quality specifications set out in Section 6.5 paragraph 1 hereof provided Company, at the expense of such Shipper, makes all changes necessary to bring such gas into compliance with such specifications; provided, however, that nothing herein shall be inconsistent with FERC Order No. 45. Any change in the gross heating value of gas treated by Company pursuant to this Section 6.5 paragraph 3 shall, for purposes of Section 6.13 hereof, be appropriately reflected in the total Btu content of gas received by Company from the Shipper whose gas is so treated.

4. Quality Standards of Gas Transported by Company.

Company shall use reasonable diligence to deliver gas under a Shipper's Agreement which shall meet the quality specifications set out in Section 6.5 paragraph 1 hereof, but shall only be obligated to deliver gas of the quality which results from the commingling of the gas received by Company from Shippers and, except as Company may choose to do so pursuant to Section 6.5 paragraph 3 hereof, shall not be required to treat any gas delivered to it by a Shipper. Company may treat any gas delivered to it by a Shipper to the extent required, in Company's opinion, to prevent damage to or interference with the efficient operation of Company's facilities, provided it determines, except in the case of treatment pursuant to Section 6.5 paragraph 3 hereof, that the gross heating value of such gas will not be materially reduced, or the other quality standards of such gas materially adversely affected, thereby.

5. Posting of Gas Quality Data.

(a) Required Posting.

Company shall provide on its Informational Postings web site daily average gas quality information for prior Gas Day(s), to the extent available, for location(s) that are representative of mainline gas flow.

The following are examples of gas quality attributes that could be included in the posting for the applicable Gas Day(s) and location(s):

- Heating Value
- Hydrocarbon Components (% of C1 - Cnn)
- Specific Gravity

- Water
- Nitrogen
- Carbon Dioxide
- Oxygen
- Hydrogen
- Helium
- Total Sulfur
- Hydrogen Sulfide
- Carbonyl Sulfide
- Mercaptans
- Mercury and/or other contaminants being measured

In any event, compliance with gas quality requirements is in accordance with Section 6.5 paragraph 1 of the General Terms and Conditions of Company's FERC Gas Tariff. [4.3.90]

Data provided pursuant to NAESB WGQ Standard 4.3.90 shall be made available on Company's Informational Postings web site for the most recent three-month period. Beyond the initial three-month period, the historical data shall be made available offline in accordance with regulatory requirements. [4.3.91]

(b) Discretionary Posting.

For any location(s), Company may, at its discretion, elect to provide gas quantity information in addition to the items specified in NAESB WGQ Standard 4.3.90. Company may choose how to provide the information. [4.1.40]

6.6 BILLING AND PAYMENT

6.6.1 General.

The billing and payment of an invoice rendered to customer as a result of service performed under any of the Rate Schedules in this Tariff shall be made pursuant to the procedures set forth in this Section 6.6.

For purposes of this Section 6.6, customer shall be defined as any payor who is rendered an invoice under any of Company's Rate Schedules contained in this Tariff.

Company and its trading partners shall accept all data elements as specified by NAESB WGQ and adopted by FERC. Such data elements and their usage are detailed in Section 6.35 of the General Terms and Conditions.

6.6.2 Billing.

On or before the 9th business day after the end of the Production Month, Company shall render to customer an invoice for such Production Month. The imbalance statement should also be rendered prior to or with the invoice. Rendered is defined as postmarked, time-stamped, and delivered to the designated site. [3.3.14]

Such invoice shall reflect in addition to the charges set forth in the applicable Rate Schedule, interest or other charges or credits to Shipper under Section 6.6.

Subject to regulatory and/or contractual consideration for standardizing billing units on invoices, Company shall use dekatherms only on invoices to be consistent with standards proposed for nominations. [3.3.3]

Invoices shall be based on actuals (if available) or best available data. Quantities at points where OBAs exist shall be invoiced based on scheduled quantities. [3.3.9]

6.6.3 Payment.

- (a) Customer shall pay to Company all invoices rendered pursuant to Section 6.6.2 within ten (10) calendar days of the issuance of such invoice, for service billed by Company pursuant to the provisions of this Tariff.

The effective payment due date of an invoice when such date does not fall upon a business day (as defined in NAESB WGQ Standard 3.2.1) shall be the first business day following the due date. [3.3.25]

If the effective payment due date falls on a day that the designated depository is not open in the normal course of business to receive customer's payment, then customer's payment shall be made on or before the first business day after the effective payment date that such depository is available.

If invoice is in dispute, customer shall pay portion not in dispute and provide documentation identifying basis for the dispute. [3.3.19]

When a customer disputes an invoice, the remittance statement will communicate details of the dispute to Company, shall include the appropriate supporting data, and shall reference the invoice code and invoice detail line numbers of the items disputed.

Customer shall not be entitled to any abatement of such payments or any set-off against them, including, but not limited to, abatement or set-off due or alleged to be due by reason of any past, present or future claims of customer against Company under customer's Agreement or otherwise. Customer's payments shall be made in immediately available U.S. funds on or before the due date to a depository designated by Company.

The statement of account is used by Company to indicate payment status of customer's invoice(s), and when provided shall summarize the amounts Company has invoiced, the amounts customer has paid, prior period adjustments that have been made, and the remaining amounts owed.

- (b) Nonpayment.

If customer fails to pay in full the amount of any invoice rendered by Company by the payment due date, Company will provide customer with a thirty (30) day notice of suspension of service, except as provided in Section 6.6.3(a). Such suspension of service for nonpayment will occur only in situations where other attempts to obtain payment for past due accounts from customer have failed, where a customer has filed for bankruptcy, or where customer has failed to provide a credit alternative as described in Section 6.40.

Company may terminate the Agreement with customer, subject to the terms of the applicable Rate Schedule. If after the thirty (30) day notice of service suspension, customer has not paid in full the invoice amount due, Company may then give notice to customer and the FERC that if full payment of the invoice amount due is not received within 15 days, Company will terminate the Agreement.

6.6.4 Delinquency Charge.

Should customer fail to pay all of the amount of any invoice when such amount is due, interest on the unpaid portion of such amount shall accrue at the rate of interest set forth in Section 154.501 of FERC's regulations from the date when the payment was due until the date payment is made. Interest applicable to such bill will be invoiced to customer, in accordance with Section 6.6.2 hereof, to the extent that the amount of interest is \$25 or more.

If any portion of an amount so paid to Company by customer is finally determined to be repayable to customer, Company shall pay or credit such amount to customer, together with interest thereon computed at the rate of interest set forth in Section 154.501 of FERC's regulations and accrued from the date payment thereof was made by customer to Company to the date payment or credit thereof is made by Company.

6.6.5 Late Billing.

If the rendering of an invoice to customer is delayed beyond the date provided in Section 6.6.2 hereof, then the time for payment shall be extended correspondingly unless customer is responsible for such delay.

6.6.6 Billing Error/Prior Period Adjustments.

In the event an error is discovered in the amount billed in any statement rendered by Company, such error shall be adjusted within 30 days of the determination thereof.

Prior period adjustment time limits shall be 6 months from the date of the initial transportation invoice with a 3-month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods. [3.3.15]

6.6.7 Reservation Charge Credits.

1. Force Majeure Events.

As used in this Section 6.6.7, Firm Daily Volume shall mean the volume of gas which Company is obligated to deliver on a firm basis at Shipper's primary firm delivery point(s) on a Gas Day based on nominations for firm service within Shipper's Maximum Receipt Quantity and confirmed by upstream and downstream operators. If, due to an event of Force Majeure as defined in Section 6.9 of the General Terms and Conditions of this FERC Gas Tariff, Company is unable to schedule or deliver any portion of Shipper's Firm Daily Volume for a period greater than ten (10) consecutive days, then for each day beyond ten (10) days that Company fails to provide service, the applicable reservation charges including applicable reservation-based surcharges shall not apply to the quantity of gas not scheduled or delivered by Company within the Shipper's Firm Daily Volume; provided, however that these charges shall not be eliminated to the extent that the Shipper utilizes secondary point service.

Notwithstanding the foregoing, the credit applicable to volumes released to an asset manager, as defined in 18 C.F.R. § 284.8(h)(3), shall be calculated based on the Releasing Shipper's currently effective reservation charge, including applicable reservation-based surcharges, and shall be payable to the Releasing Shipper, unless otherwise agreed to in writing by the Replacement Shipper and the Releasing Shipper.

Except as provided for in Section 6.6.7 paragraph 2 below, this reservation charge credit is Shipper's sole remedy for nondelivery of gas by Company.

2. Non-Force Majeure Events.

Except as provided for in Section 6.6.7 paragraph 1 above, in the event Company fails to schedule or deliver any portion of Shipper's Firm Daily Volume on any Gas Day under any firm contract, then the applicable reservation charges including applicable reservation-based surcharges shall not apply to the quantity of gas not scheduled or delivered by Company within the Shipper's Firm Daily Volume; provided, however, that these charges shall not be eliminated to the extent that the Shipper utilizes secondary point service.

Notwithstanding the foregoing, the credit applicable to volumes released to an asset manager, as defined in 18 C.F.R. § 284.8(h)(3), shall be calculated based on the Releasing Shipper's currently effective reservation charge, including applicable reservation-based surcharges, and shall be payable to the Releasing Shipper, unless otherwise agreed to in writing by the Replacement Shipper and the Releasing Shipper.

Except as provided for in Section 6.6.7 paragraph 1 above, this reservation charge credit is Shipper's sole remedy for nondelivery of gas by Company.

3. Exceptions.

Section 6.6.7 paragraphs 1 and 2 hereof shall not apply to any failure of Company to take receipt from Shipper of any gas tendered by Shipper pursuant to Article 1 of Shipper's Service Agreement if such failure is caused solely by the conduct of others not controlled by Company.

4. Subject to Section 6.6.7 paragraph 3, if Company fails to schedule Shipper's nominated and confirmed quantities pursuant to Section 6.6.7 paragraph 4(a), Shipper shall receive a reservation charge adjustment unless such failure to schedule results from application of the scheduling priorities described in Section 6.10.4 of the General Terms and Conditions.

(a) Reservation charge adjustments shall be based on the quantity Company fails to schedule up to Shipper's MDQ by the close of the Evening Nomination Cycle ("Cycle 2"), provided that Shipper's nominated, confirmed and scheduled quantities at the close of Intraday 2 Nomination Cycle ("Cycle 4") have not increased above Cycle 2 scheduled quantity levels. Should Shipper's nominated, confirmed and scheduled quantities at the end of the Cycle 4 increase above Shipper's Cycle 2 nominated, confirmed and scheduled quantities, reservation charge credits will be reduced, based on Shipper's nominated, confirmed and scheduled quantities at the end of Cycle 4.

(b) Subject to Section 6.6.7 paragraph 4(b)(i), in the event Shipper's nominated and confirmed quantities are reduced by Company in the Timely Nomination Cycle ("Cycle 1") (creating "Un-Scheduled Gas," i.e., the difference between the quantity of gas nominated and confirmed and the quantity of gas Company was able to schedule), and, based upon Company's inability to provide primary firm service for such Un-Scheduled Gas, Shipper nominates any amount of the Un-Scheduled Gas on a third-party pipeline ("Third Party Service"), such Shipper's otherwise applicable reservation charge adjustment for Un-Scheduled Gas shall not be diminished by such Third Party Service. Shipper shall not be required to re-submit a nomination to Company in Cycle 2 to receive such reservation charge adjustment in that event. Should Shipper's Un-Scheduled Gas quantities be transported by Company in a subsequent intraday cycle, such Shipper's reservation charge adjustment will appropriately be reduced.

- (i) Shipper shall provide a representation to Company that it nominated in good faith on a third-party pipeline its Third Party Service as the result of Company's inability to provide primary firm service.

6.7 OPERATING INFORMATION TO BE SUBMITTED

Upon request of Company, Shipper shall from time to time give Company written notice, as far in advance as operating conditions will permit, of the estimated daily, monthly and annual quantities of gas Shipper intends to deliver to Company pursuant to its Agreement.

Company shall from time to time give Shipper written notice, as far in advance as operating conditions will permit, of the estimated daily, monthly and annual quantities of gas Company expects to be able to receive and deliver pursuant to Shipper's Agreements.

Shipper and Company shall use their best judgment and experience in arriving at such estimates, but shall not be bound thereby nor limited to the quantities thereof. Each shall promptly notify the other or others of any significant known or reasonably anticipated modification to the estimates last furnished.

6.8 INDEMNITY

Company and Shipper shall each indemnify and save harmless the other from all liability, damages, costs, losses and charges of every character resulting from or arising out of any claim made against such other by any Person for injury or death to Persons, or damage to property, in any way connected with the property and equipment of the indemnitor or the presence of gas deemed hereby to be the responsibility of the indemnitor, unless such injury, death or damage is caused by the negligence of the indemnitee or any Person for whose actions the indemnitee is responsible in law; provided that neither Company nor Shipper shall be liable to indemnify the other unless the Person requesting indemnification shall have promptly notified the other in writing of any claim, suit or action for or in respect of which indemnification is to be claimed. The Person receiving such notification shall be entitled to participate in any such suit or action, and, to the extent that it may wish, assume the defense thereof with counsel who shall be to the reasonable satisfaction of the Person requesting indemnification, and after notice from the indemnitor to the indemnitee of its election so to assume the defense thereof, the indemnitor will not be liable to the indemnitee for any legal or other expenses incurred by the indemnitee in connection with the defense thereof. An indemnitor shall not be liable to indemnify an indemnitee on account of any settlement of any claim, suit or action effected without the consent of such indemnitor. Claims made under this Section 6.8 with respect to injury or death to Persons or damage to property occurring during the term of a Shipper's Agreement shall survive the termination thereof.

6.9 FORCE MAJEURE

1. Neither Company nor Shipper shall be liable in damages to the other for any act, omission or circumstance which shall be caused, in whole or substantial part, by a condition of force majeure. The term "force majeure" as used herein, shall mean any acts of God, strikes, lockouts or other labor disputes or industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, other storms, floods, washouts or other act of nature, civil disturbances, explosions, breakage, accident or unplanned (*i.e.*, actions in response to unanticipated, non-routine events) repairs to machinery or lines of pipe, temporary or permanent failure of gas supply, inability to obtain or unavoidable delay in obtaining pipe, materials or other equipment, acts or binding orders of any court or other governmental authority whether or not having jurisdiction, and any other cause, whether similar or dissimilar to any above enumerated, not reasonably within the control of the Person claiming relief from liability and which such Person was or would have been unable to prevent by the exercise of due diligence. Failure to prevent or settle any strike or strikes or any dispute leading to a lockout shall not be considered to be a matter within the control of the Person claiming relief. Force majeure affecting the performance by either Shipper or Company of any of its obligations under Shipper's Agreement shall not relieve the Person seeking relief from liability in respect of any period when the continuance of its inability to perform such obligations is due to its failure to use reasonable efforts to remedy the situation in a reasonable manner and with reasonable dispatch, nor shall force majeure regardless of the circumstances thereof, affect in any way the obligations of Company or Shipper to make payments under Shipper's Agreement, except to the extent provided in Section 6.6.7. The Person claiming relief from liability by reason of force majeure shall give prompt notice to the other of the occurrence and cessation of such force majeure.

6.10 NOMINATIONS/CONFIRMATIONS/SCHEDULING/INTERRUPTION OF SERVICE

6.10.1 Nomination.

1. Definition.

A nomination is a request for service by a Nominating Party to Company. Services nominated are provided under Company's Rate Schedules.

2. Use of Data Elements.

Nominating Party must supply nominations to Company using the pathed nomination model consistent with NAESB WGQ Standards.

Company shall recognize an industry supported standard nomination key. A standard nomination key is the data element subset used to identify a unique nomination.

3. Use of Common Codes.

When submitting a nomination, the Nominating Party shall use common codes for location points and legal entities.

4. Original Nominations.

When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only. [1.3.6]

5. Nomination Principles/Standards.

Company supports the NAESB WGQ nomination related Principles by reference as detailed in Section 6.35 of the General Terms and Conditions.

The results of the in-kind fuel reimbursement calculations for the nomination process shall be rounded to the nearest dekatherm. The mathematical effect of rounding can yield a result of zero. Company shall not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth. [1.3.15]
[1.3.29]

The transportation priority for fuel shall be the same as the level of service as the transaction to which it applies. [1.3.31]

Company does not support overrun service.

A party to a transaction shall nominate, or otherwise communicate in a mutually agreeable manner, the identity of their transaction counterparty along with the applicable, associated nominations-related information to the appropriate Confirming Party or Title Transfer Service Provider. Failure to so act can result in the failure of the subject transaction to be communicated to and scheduled by Company. [1.3.74]

6. Confirmation.

A Confirming Party may communicate with its party and/or the immediate counterparty as to the existence and nature of a failure to communicate a transaction on the part of the applicable party. A Title Transfer Tracking Service Provider may communicate with its Account Holder(s) and/or its Account Holder(s)' immediate counterparty(ies) as to the existence and nature of a failure to communicate a transaction on the part of the applicable party. [1.3.74]

7. Company Supported Nomination Classifications.

(a) Timely Nominations.

A timely nomination is a nomination, effective for an upcoming Gas Day(s), that is received prior to the timely nomination deadline for the first effective Gas Day nominated.

If a timely nomination does not meet the definition of a nomination because it contains an identifiable error or an element is missing, such timely nomination will be voided by Company.

(b) Intraday.

Company shall allow for intraday nominations. [1.3.8]

An intraday nomination is a nomination submitted after the (timely) nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day. [1.2.4]

For services that provide for intraday nomination and scheduling, there are no limitations as to the number of intraday nominations (line items as per NAESB WGQ Standard 1.2.1) which a Service Requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. [1.3.32]

Intraday nominations can be made at any Point of Receipt or Point of Delivery on Company's system.

Intraday nominations do not rollover (i.e. intraday nominations span one Gas Day only). Intraday nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if an intraday nomination modifies an existing nomination. [1.3.13]

An intraday nomination which requests an effective period for more than one Gas Day will be voided by Company.

Intraday nominations can be used to request increases or decreases in total flow, changes in receipt points, or changes to delivery points of scheduled gas. [1.3.11]

Intraday nominations may be used to nominate new supply or market. [1.3.33]

Intraday nomination shall include an effective date and time. [1.3.9]

The interconnected parties (Company and Interconnected Party) shall agree on the hourly flows of the intraday nomination, if not otherwise addressed in Transporter's (Company's) contract or tariff. [1.3.9]

When Company reports intraday scheduled quantities, "provide" shall mean, for transmittals pursuant to Standards 1.4.X, receipt at the designated site, and for the purposes of other forms of transmittal, it shall mean send or post. [1.3.2]

(c) Emergency Intraday Requests.

In addition to the grid-wide intraday nomination opportunities, Company shall accept, process, and attempt to schedule emergency intraday requests on a best efforts basis.

To be classified as emergency intraday request, such requests must: (1) not impact grid scheduled activity, (2) not result in a bumping event, and (3) not require a formal confirmation process with the interconnected systems.

8. Company Supported Grid-Wide Intraday Nomination Cycles. [1.3.2]

No bumping shall occur at the final grid-wide intraday 3 nomination cycle of the Gas Day, which shall be effective at 10:00 p.m. (CCT).

Scheduled quantities resulting from intraday 1 nominations shall be effective at 2:00 p.m. (CCT) on Gas Day.

Scheduled quantities resulting from intraday 2 nominations shall be effective at 6:00 p.m. on Gas Day.

6.10.2 Nomination and Scheduling Timeline.

Company shall support the following standard nomination cycles pursuant to NAESB WGQ 1.3.2 (all times are CCT pursuant to NAESB WGQ Standard 0.3.17). Such nomination, confirmation, and scheduling timeline governs first Gas Day of the calendar month activity. [1.3.2] [1.1.1]

1. Timely Nominations.

On the day prior to gas flow:

(a) Service Requester Delivery of Timely Nominations.

The deadline for nominations leaving control of the Service Requester is 1:00 p.m. on the day prior to flow.

(b) Company Receipt of Timely Nominations.

The time for receipt of nominations by Company is 1:15 p.m. on the day prior to flow.

(c) Quick Response to Timely Nominations.

Company shall send the Quick Response to the Service Requester by 1:30 p.m. on the day prior to flow.

(d) Confirmation of Timely Nominations.

The deadline for receipt of completed confirmations by Company from Confirming Parties is 4:30 p.m. on the day prior to flow.

(e) Scheduled Timely Nominations Quantity Summary - Service Requester.

Service Requester shall receive a scheduled nomination summary by 5:00 p.m. on the day prior to flow.

(f) Scheduled Timely Nominations Quantity Summary - Point Operator.

Point Operator shall receive a scheduled nomination summary by 5:00 p.m. on the day prior to flow.

The effective time of a Timely Nomination shall be no earlier than 9:00 a.m., the start of the next Gas Day.

2. Evening Nomination Cycle.
On the day prior to gas flow:

(a) Service Requester Delivery of Evening Nominations.

The deadline for nominations leaving control of the Service Requester is 6:00 p.m. on the day prior to flow.

(b) Company Receipt of Evening Nominations.

The time for receipt of nominations by Company is 6:15 p.m. on the day prior to flow.

(c) Quick Response to Evening Nominations.

Company shall send the Quick Response to the Service Requester by 6:30 p.m. on the day prior to flow.

(d) Confirmation of Evening Nominations.

The deadline for receipt of completed confirmations by Company from Confirming Parties is 8:30 p.m. on the day prior to flow.

(e) Scheduled Evening Nominations Quantity Summary - Affected Service Requester.

Company shall provide an affected Service Requester a scheduled quantity summary by 9:00 p.m. on the day prior to flow.

(f) Scheduled Evening Nominations Quantity Summary - Point Operator.

Company shall provide an affected Point Operator a scheduled quantity summary by 9:00 p.m. on the day prior to flow.

(g) Scheduled Evening Nominations Quantity Summary - Bumped Parties (Notice to Bumped Parties).

A Bumped Party shall be provided a scheduled quantity summary by 9:00 p.m. on the day prior to flow.

The effective time of an Evening Nomination shall be no earlier than 9:00 a.m., the start of the Gas Day.

All intraday nominations for the upcoming Gas Day received during the period from the Timely Nomination deadline to the Evening Nomination deadline will be batched and treated by Company as if they were received contemporaneously.

3. Intraday 1 Nomination Cycle.

On the current Gas Day:

(a) Service Requester Delivery of Intraday 1 Nominations.

The deadline for nominations leaving control of the Service Requester is 10:00 a.m. on the Gas Day.

(b) Company Receipt of Intraday 1 Nominations.

The time for receipt of nominations by Company is 10:15 a.m. on the Gas Day.

(c) Quick Response to Intraday 1 Nominations.

Company shall send the Quick Response to the Service Requester by 10:30 a.m. on the Gas Day.

(d) Confirmation of Intraday 1 Nominations.

The deadline for receipt of confirmations by Company from the Confirming Parties is 12:30 p.m. on the Gas Day.

(e) Scheduled Intraday 1 Quantity Summary - Affected Service Requester.

Company shall provide an affected Service Requester a scheduled quantity summary by 1:00 p.m. on the Gas Day.

(f) Scheduled Quantity Summary - Point Operator.

Company shall provide an affected Point Operator a scheduled quantity summary by 1:00 p.m. on the Gas Day.

(g) Scheduled Intraday 1 Quantity Summary - Bumped Parties (Notice to Bumped Parties).

A bumped party shall be provided a scheduled quantity summary by 1:00 p.m. on the Gas Day.

The effective time of an Intraday 1 Nomination shall be no earlier than 2:00 p.m. on the Gas Day.

All Intraday 1 Nominations for the current Gas Day received during the period from the Evening Nomination deadline to the Intraday 1 Nomination deadline will be batched and treated by Company as if they were received contemporaneously.

4. Intraday 2 Nomination Cycle.
On the current Gas Day:

(a) Service Requester Delivery of Intraday 2 Nominations.

The deadline for nominations leaving control of the Service Requester is 2:30 p.m. on the Gas Day.

(b) Company Receipt of Intraday 2 Nominations.

The time for receipt of nominations by Company is 2:45 p.m. on the Gas Day.

(c) Quick Response to Intraday 2 Nominations.

Company shall send the Quick Response to the Service Requester by 3:00 p.m. on the Gas Day.

(d) Confirmation of Intraday 2 Nominations.

The deadline for receipt of confirmations by Company from the Confirming Parties is 5:00 p.m. on the Gas Day.

(e) Scheduled Intraday 2 Quantity Summary – Affected Service Requester.

Company shall provide an affected Service Requester a scheduled quantity summary by 5:30 p.m. on the Gas Day.

(f) Scheduled Quantity Summary – Point Operator.

Company shall provide an affected Point Operator a scheduled quantity summary by 5:30 p.m. on the Gas Day.

(g) Scheduled Intraday 2 Quantity Summary – Bumped Parties (Notice to Bumped Parties).

A bumped party shall be provided a scheduled quantity summary by 5:30 p.m. on the Gas Day.

The effective time of an Intraday 2 Nomination shall be no earlier than 6:00 p.m. on the Gas Day.

All Intraday 2 Nominations for the current Gas Day received during the period from the Intraday 1 Nomination deadline to the Intraday 2 Nomination deadline will be batched and treated by Company as if they were received contemporaneously.

5. Intraday 3 Nomination Cycle.
On the current Gas Day:

(a) Service Requester Delivery of Intraday 3 Nominations.

The deadline for Intraday 3 Nominations leaving control of the Service Requester is 7:00 p.m. on the Gas Day.

(b) Company Receipt of Intraday 3 Nominations.

The time for receipt of nominations by Company is 7:15 p.m. on the Gas Day.

(c) Quick Response to Intraday 3 Nominations.

Company shall send the Quick Response to the Service Requester by 7:30 p.m. on the Gas Day.

(d) Confirmation of Intraday 3 Nominations.

The deadline for receipt of completed confirmations by Company from the Confirming Parties is 9:30 p.m. on the Gas Day.

(e) Scheduled Intraday 3 Nominations Quantity Summary - Affected Service Requester.

Company shall provide an affected Service Requester a quantity summary by 10:00 p.m. on the Gas Day.

(f) Scheduled Intraday 3 Nominations Quantity Summary - Affected Point Operator.

Company shall provide an affected Point Operator a scheduled quantity summary by 10:00 p.m. on the Gas Day.

The effective time of an Intraday 3 Nomination shall be no earlier than 10:00 p.m. on the Gas Day.

All Intraday 3 Nominations for the current Gas Day received during the period from the Intraday 2 Nomination deadline to the Intraday 3 Nomination deadline will be batched and treated by Company as if they were received contemporaneously.

6. For purposes of NAESB WGQ Standard 1.3.2(ii), (iii), (iv), and (v), the word “provides” shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post. [1.3.2 (vi)]

At the end of each Gas Day Company should provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, the Company should send an end of Gas Day Scheduled Quantity (NAESB WGQ Standard 1.4.5) and Scheduled Quantity for Operator (NAESB WGQ Standard 1.4.6). A receiver of either of documents can waive the Company’s requirement to send such documents. [1.3.3]

7. Emergency Intraday Requests.

A majority of the time period in which an emergency intraday request can be submitted to Company is during non-traditional business hours. Consequently, it is the responsibility of the Nominating Party to see that Company has been notified that an emergency intraday nomination has been transmitted.

Emergency intraday requests will be processed using first come, first served, and will be confirmed and scheduled, if capacity is available on Company's system, on a best efforts basis.

If an emergency intraday request can be accepted and processed, Company will produce a quick response on a timely basis.

Scheduled quantity summaries reflecting scheduled emergency intraday requests will be generated and delivered to the appropriate parties on a timely basis.

8. Departure from Nomination and Scheduling Deadlines.

The sending party shall adhere to the nomination, confirmation, and scheduling deadlines. It is the party receiving the request who has the right to waive the deadline. [1.3.21]

With the exception of otherwise stated NAESB WGQ nomination deadlines, when Company receives a Nomination document from a Service Requester by the conclusion of a given quarter hour period, Company will send to the Service Requester's designated site a corresponding Quick Response document by the conclusion of the subsequent quarter hour period. [1.3.37]

The quarter hour periods are defined to begin on the hour and at 15, 30, and 45 minutes past the hour. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour. [1.3.37]

9. Accessibility of Nomination and Scheduling Staff.

All parties, including Company, shall support a seven-days-a-week, twenty-four-hours-a-day nominations process. [1.3.4]

Company shall post when its scheduling staff will be at their normal work site.

It is recognized that the success of seven days a week, twenty-four hours a day nomination process is dependent on the availability of affected parties' scheduling personnel on a similar basis. [1.3.4]

Party contacts (including Company's scheduling personnel) need not be at their ordinary work sites but shall be available by telephone or other electronic means. [1.3.4]

Detailed instructions on how to reach Company's scheduling staff will be posted.

6.10.3 Nomination Validation.

Company shall validate all nominations once they are received. Such validation will include verifying the nomination elements that are part of the Quick Response, verifying the existence of Agreements and amendments.

A Nomination which cannot be validated shall be voided by Company.

6.10.4 Capacity Allocation and Confirmation Process.

To effectuate the confirmation of the Company's pipeline, point, and compression service capacity on a non-discriminatory basis, when a constraint exists, Company shall utilize Section 6.10.4 paragraphs 1, 2, and 3 to allocate nominated quantities of gas.

A nomination line item that has (1) its Point of Receipt and its Point of Delivery within the Transportation Path and (2) its nominated flow direction is in the Transportation Path direction shall be referred to as an In-Path, In-Direction (IPID) nomination line item.

A nomination line item that has (1) its Point of Receipt and/or its Point of Delivery outside the Transportation Path and (2) its nomination flow direction is in the Transportation Path direction shall be referred to as an Out-of-Path, In-Direction (OPID) nomination line item.

A nomination line item that has (1) its Point of Receipt and its Point of Delivery within the Transportation Path and (2) its nominated flow direction is opposite of the Transportation Path direction shall be referred to as an In-Path, Out-of-Direction (IPOD) nomination line item.

A nomination line item that has (1) its Point of Receipt and/or its Point of Delivery outside of the Transportation Path and (2) its nomination flow direction is opposite of the Transportation Path direction shall be referred to as an Out-of-Path, Out-of-Direction (OPOD) nomination line item.

1. Allocation of Constrained Pipeline Capacity.

In those instances in which the aggregate quantity of all validated nominations exceed the physical capacity of Company's system at a specific pipeline location or segment, Company will allocate capacity to the validated nominations at the constrained pipeline location in the following order:

(a) IPID Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

(b) IPOD Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (c) OPID Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (d) OPOD Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (e) Rate Schedule IT-1 and ITL-1 interruptible nominations.

Company shall prioritize nominations within this nomination class on the basis that the Shipper paying the higher interruptible transportation rate shall receive a higher queue position than those paying a lower interruptible transportation rate.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity.

2. Allocation of Point Capacity.

In those instances in which the aggregate net quantity of all validated nominations exceed Company's physical capacity to receive gas at a specific Point of Receipt or deliver gas at a specific Point of Delivery, Company will allocate capacity to the validated nominations at the constrained point location in the following order:

- (a) Primary Scheduling Rights Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's primary scheduling rights at such location.

- (b) Secondary In-Path (SIP) Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's secondary scheduling rights at such location.

- (c) Secondary Out-of-Path (SOP) Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's secondary scheduling rights at such location.

(d) Operational Purchases and Sales of Gas.

If required, Company shall prioritize nominations within this nomination class on the basis that (1) the lowest price paid by Company for operational gas will receive a higher queue position than the price paid by Company at a higher rate and (2) the highest price sold by Company for operational gas will receive a higher queue position than the price sold by Company at a lower rate.

Pro rata allocation of capacity within this nomination class for two or more parties at an equal rate, based on validated quantities.

(e) Interruptible Nominations.

If required, Company shall prioritize nominations within the nomination class on the basis that the Shipper paying the higher interruptible transportation rate shall receive a higher queue position than those paying a lower interruptible transportation rate.

Pro rata allocation of capacity within this nomination class for two or more Shippers at an equal rate, if necessary, will be based on Shipper's validated nominated quantity.

3. Allocation of Compression Service Capacity.

In those instances, in which the aggregate quantity of all validated nominations exceed the physical capacity of a compressor station rendering service under a specific compression rate schedule set forth in Company's Tariff, Company will allocate capacity to the validated nominations at the constrained compressor in the following order:

(a) Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, shall be based upon Shipper's Maximum Receipt Quantity at such compressor station as set forth in Exhibit A of the applicable compression service agreement.

(b) Interruptible Nominations.

If required, Company shall prioritize nominations within the nomination class on the basis that the Shipper paying the higher interruptible

compression rate shall receive a higher queue position than those paying a lower interruptible compression rate.

Pro rata allocation of capacity within this nomination class for two or more Shippers at an equal rate, if necessary, will be based on Shipper's validated nominated quantity.

4. Confirmation Principles/Standards.

With respect to the timely nomination/confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the scheduled quantity for the Timely Nomination Cycle of the previous Gas Day shall be the new confirmed quantity. [1.3.22]

With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the scheduled quantity for the previous nomination cycle for the subject Gas Day shall be the new confirmed quantity. [1.3.22]

With respect to the processing of requests for decreases during the intraday nomination/confirmation process, in the absence of an agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity shall be the new confirmed quantity. [1.3.22]

With respect to the above confirmation rules, if there is no response to a Request for Confirmation or an unsolicited Confirmation Response, Company shall provide the Service Requester with the following information to explain why the nomination failed, as applicable:

- (i) Company did not conduct the confirmation;
- (ii) The upstream Confirming Party did not conduct the confirmation;
- (iii) The upstream Service Requester did not have the gas or submit the nomination;
- (iv) The downstream Confirming Party did not conduct the confirmation;

- (v) The downstream Service Requester did not have the market or submit the nomination.

This information shall be imparted to the Service Requester on the Scheduled Quantity document. [1.3.22]

Ranking shall be included in the list of data elements. Company shall use Service Requester provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules. [1.3.23]

The Explicit Confirmation process requires that the Confirming Party respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default methodology. [1.3.40]

5. Initiation of Confirmation.

The receiver of a nomination initiates the confirmation process. The party that would receive a Request for Confirmation or an unsolicited Confirmation Response may waive the obligation for the sender to send. [1.3.20]

For request to confirm and confirmation response processes, all parties will seek to confirm by means of communicating at the applicable detail/summary level all transactions with respect to a location. [1.3.35]

6. Timing of Confirmation.

When a Confirmation Requester receives a Confirmation Response document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party's designated site a corresponding Confirmation Quick Response document by the conclusion of the subsequent quarter hour period. [1.3.45]

The quarter hour periods will be defined to begin on the hour and at 15, 30 and 45 minutes past the hour. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour. [1.3.45]

7. Departure from Confirmation Deadlines.

Confirming Parties' nightly processing and routine maintenance occurring outside normal business hours are apt to interrupt the normal schedule of confirmations/quick response turnaround stated in NAESB WGQ Standard 1.3.45 (see 10.46). Such delays shall be kept to a minimum. The normal schedule shall

be resumed at the earliest opportunity and no later than the start of normal working hours the following day, seven days per week. [1.3.46]

8. Stranded Nomination.

A nomination at an in-line Transfer Point may become isolated from its supply or market component as part of the confirmation process.

Company will attempt to contact the Nominating Party who has a stranded nomination to see if the Transfer Point requested can be changed to its corresponding physical point (no increase in transportation mileage). If such a nomination change cannot be made and confirmed in a timely manner, the stranded nomination will not be scheduled.

6.10.5 Scheduling.

Once Company and Interconnected Party have completed the confirmation process, and both parties agree to the confirmation results, the confirmed nominations are deemed scheduled. The scheduling results will be communicated to both the Interconnected Party and Nominating Party pursuant to the NAESB WGQ standard scheduling timeline.

When a previously confirmed and scheduled quantity is altered, notification of such alteration shall be provided to all of the parties below that are affected:

- (i) Confirmation Requester in a Confirmation Response (or unsolicited Confirmation Response as applicable) document by the Confirming Party;
- (ii) Confirming Party in a Request for Confirmation document by the Confirmation Requester;
- (iii) Service Requester(s) in a Scheduled Quantity document by the applicable Confirming Party or Confirmation Requester on whose system the Service Requester(s) nomination(s) were made.

Applicable notification(s) of such alterations shall be provided to the affected parties reasonably proximate in time to the time during which the event causing the alteration was acted upon by the Confirmation Requester or Confirming Party, respectively. With respect to the implementation of the process via the 1.4.X standards, Confirming Parties shall send the applicable document(s) to the applicable party(ies) no later than the next time they are slated to communicate confirmations or scheduled quantities (as applicable).

[1.3.44]

6.10.6 Interruption of Service.

Company shall at all times attempt to operate, or cause to be operated, its pipeline system in a manner designed to make possible, as nearly as practicable, continuous receipt of gas from, and delivery of gas to, Shipper in the respective quantities provided for in Shipper's Agreement.

1. Full Interruption of Service.

A full interruption of service occurs when all or a portion of Company's pipeline system capacity (mainline and/or point) is unavailable for scheduling as a result of force majeure or non-routine maintenance, repairs, and/or cause, whether similar or dissimilar. All capacity shall be interrupted within the affected portion of Company's pipeline system.

2. Partial Curtailment of Service.

A partial curtailment of service occurs when Company's pipeline system capacity (mainline and/or point) is reduced as a result of force majeure or non-routine maintenance, repairs, and/or other cause, whether similar or dissimilar.

Reduced capacity shall, during the period of the restriction, be curtailed within the affected portion of Company's pipeline system capacity first to the last priority classification scheduled pursuant to the capacity priority queue as detailed in Section 6.10.4 paragraph 2 hereof, and the sequentially in reverse order.

Once scheduled, Shippers with secondary capacity scheduling rights at a given point shall be considered to have an equal curtailment allocation priority with Shippers with primary capacity scheduling rights at such point.

3. Service Reduction Due to an Operational Flow Order.

(a) Circumstances Warranting Issuance of an OFO.

Company shall have the right to issue an OFO, requiring actions by Shippers in order (1) to alleviate conditions that threaten the integrity of Company's system, (2) to maintain pipeline operations at pressures required to provide efficient and reliable transportation service, (3) to have adequate system line pack, and (4) to maintain service to all firm Shippers.

Specific conditions that could prompt Company issuance of an OFO include:

- (i) The inability of Company to receive scheduled gas at a Point of Receipt or to deliver scheduled gas at a Point of Delivery due to an operational condition on the associated interconnected system.
 - (ii) The receipt of gas that does not conform to Company's quality standards, as specified in Section 6.5 paragraph 1 of the General Terms and Conditions.
 - (iii) The receipt of gas that does not conform to the maximum and minimum temperatures as specified in Section 6.2 paragraphs 3 and 4 of the General Terms and Conditions.
 - (iv) Shippers utilizing a pressure controlled point on Company's system who fail to adjust their nominated quantities within a Gas Day to reflect the actual load pattern, plus or minus the mutually agreed upon and posted tolerance level for such location. In the event there is no mutually agreed upon tolerance level, then the tolerance level shall be 5% of Historical Flow Quantity at such point.
- (b) Applicability of OFO.

Company shall make an OFO as localized as is reasonably practicable based on Company's reasonable judgment concerning the situations requiring remediation. Furthermore, Company will tailor the OFO to match the severity of the known or anticipated operational problem requiring remediation.

- (c) Action Taken by Company Prior to Issuance of OFO.

Company shall first attempt to isolate the impact of the operational problem by utilizing an OBA(s) at or in the area of Company's system where the problem is occurring. However, if the actions taken fail to isolate the impact and correct the operational problem, Company shall then issue an OFO watch for such location.

Affected parties shall be directly notified of the issuance of an OFO watch.

An OFO watch will state a period of time affected Shipper(s) have to address such condition with the Interconnected Party(ies) and/or prepare alternative arrangements in the event an OFO is issued.

(d) Issuance of OFO.

If Company determines that the operational problem detailed in the OFO watch has not been adequately addressed within the time period specified in such watch, Company shall then have the right to issue an OFO.

An OFO can be issued to effect either the curtailment of interruptible services and/or the forced balancing of nominations and actual flows, such that receipts and deliveries fall within the tolerance level designated within the OFO watch, or that gas is received and delivered in uniform hourly quantities during the Gas Day.

Company shall not issue an OFO to create displacement capacity for service under any Rate Schedule in this Tariff.

(e) Shipper Compliance.

The Shipper shall make a good faith effort to comply with any such OFO, including seeking waivers of any contractual limits with third parties or modifications of operating conditions on third party systems. However, Shipper cannot be required by Company to physically transport gas quantities to alleviate an OFO condition.

(f) Treatment of Shipper Imbalances.

At the time an OFO is issued, affected Shippers will be notified of any imbalances that require immediate resolution pursuant to one of Company's imbalance resolution methods as detailed in Section 6.23 paragraph 3(2) of the General Terms and Conditions of this Gas Tariff.

Due to the immediate corrective nature of the OFO, the 45-day imbalance correction period discussed in Section 6.23 paragraph 3(2) does not apply.

Quantities parked and loaned under Rate Schedule PAL may be utilized by Shipper to net or trade against to facilitate the immediate elimination of imbalances.

(g) Failure to Comply.

In the event that Shipper (1) does not respond to an OFO, or (2) the actions taken are insufficient to correct the system problem for which the OFO was issued, or (3) there is insufficient time to carry out the procedures with respect to OFOs, Company may periodically take unilateral action including

the curtailment of firm service, to maintain the operational integrity of Company's system (or any portion thereof).

(h) Charge for Failure to Comply.

If a Shipper fails to comply with an OFO it will be subject to a daily Failure to Comply OFO Charge for each Dekatherm of gas by which it deviated from the requirements of the OFO. The daily Failure to Comply OFO Charge shall be computed based on a price per Dekatherm equal to three times the midpoint of the range of prices reported for "Chicago city-gates" as published in the Daily price survey in Platts Gas Daily for the flow day on which the OFO is issued.

(i) A Shipper shall not incur any charges or penalties if such charges or penalties resulted from Shipper's compliance with an OFO, including any preliminary action taken by Shipper in response to an OFO watch issued by Company as a precondition to an OFO. Shipper shall not incur any charges or penalties if Shipper was not given reasonable time to comply with the OFO.

(ii) Net penalty revenue will be credited to all Shippers, except to any offending Shippers, in the Billing Month corresponding to the Production Month in which the penalty was incurred. Such credit shall be allocated on the basis of the Dekatherm-miles transported for the Production Month in which the penalty occurred.

(i) Liability of Company.

Company shall not be liable for any costs incurred by Shipper in complying with an OFO. Company shall not be responsible for any damages that result from any interruption in Shipper's service that is a result of a Shipper's failure to comply promptly and fully with an OFO, and the noncomplying Shipper shall indemnify Company against any claims of responsibility. However, Company shall use reasonable efforts to minimize any such costs or damages, and nothing herein shall exempt Company from liability in the event of Company's negligence or willful misconduct.

4. Notice of Service Interruption.

If a full interruption, partial curtailment, or reduction of service due to an OFO shall become necessary, Company shall directly notify affected Shipper(s) and post, as soon as possible, a summary of the service interruption. The posting shall contain information about the status of the operational variables that (1) prompted such service interruption and (2) the estimated effective period that the interruption

will be in effect. In addition, Company shall post routine status updates throughout the interruption period. Following the end of the OFO, Company shall post on the Internet web site a report detailing all circumstances leading to the issuance of the OFO and its subsequent lifting of such OFO.

Company shall provide an estimate of the quantity of gas it will be able to transport for the affected Shippers during the service interruption period and shall give like notice of the cessation of such interruption.

6.11 WAIVERS

No waiver by either Company or Shipper of any one or more defaults by the other in the performance of any provisions of Shipper's Agreement shall operate or be construed as a waiver of any subsequent or other default or defaults, whether of a like or of a different character.

Company may waive any rights hereunder or any obligations of Shipper applicable to any specific default that has already occurred, or case-by-case in advance of any specific, temporary operational problem, on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.

6.12 SEPARATE LIABILITY OF SHIPPER

The execution of an Agreement by Shipper shall result in Shipper undertaking obligations of a separate nature, and shall not be deemed to cause a joint, or joint and several, obligation vis a vis any one or more other Shippers.

6.13 DELIVERIES OF GAS

1. Delivery of Commingled Gas.

It is recognized that the gas delivered by Shipper to Company under Shipper's Agreement will be commingled in Company's pipeline with gas received by Company from other Shippers under their Agreements, and that the gas which Company will deliver to Shipper may not be the identical gas which Shipper shall deliver to Company. So long as the gas delivered by Company to Shipper meets the specifications set forth in the General Terms and Conditions, such gas may be gas from any other source in lieu of all or any part of said gas delivered by Shipper to Company.

2. Delivery Obligation.

Beginning on Shipper's Billing Commencement Date and ending on the termination date set forth in the Agreement, Company shall deliver to Shipper a quantity of gas which has an aggregate Btu content equal to all gas received by Company from Shipper pursuant to Article 1 of Shipper's Agreement minus Shipper's share of estimated Company Use Gas.

In the alternative, Shipper may elect to purchase its share of estimated Company Use Gas from another Person. The Person shall cause delivery of such gas volumes to Company for the account of the Shipper making such an election at a point(s) agreed to by Company. When a Shipper elects to purchase all or part of its share of estimated Company Use Gas, delivery of gas volumes by Company to Shipper as described above shall not be reduced accordingly.

T-1B Shippers nominating quantities in a Backhaul direction shall be excluded from contributing Company Use Gas in accordance with the Company Use Gas Adjustment in Section 6.44.2.

3. Beginning of Delivery Obligation.

Company shall have no obligation to deliver gas to Shipper prior to Shipper's Billing Commencement Date.

4. Daily Deliveries.

Company, subject to operating conditions affecting Shipper and Company and the available capacity of their respective facilities, shall endeavor to deliver to Shipper on each day beginning with Shipper's Billing Commencement Date that quantity of gas computed as provided in Section 6.13 paragraph 2 hereof. It is recognized, however, that Company may not deliver to Shipper on each or any day the exact

quantity provided for above. Company shall allocate deviations from such quantity among Shippers based on existing conditions and consultation with the Shippers concerned. If Company, on any day, delivers to Shipper a quantity of gas different from that described in the first sentence of this Section 6.13 paragraph 4, Company shall, as soon as practicable thereafter, make adjustment for the Btu content of such difference by appropriately increasing or decreasing the quantity of gas delivered to Shipper on one or more subsequent days.

5. Allocation of Deliveries.

If Shipper has more than one Point of Delivery, it shall each day designate the portion of the gas to be delivered to it on such day which it desires to receive at each such Point of Delivery and Company shall endeavor to make deliveries in accordance with such designation; provided that Company shall not be obliged to deliver to Shipper, or Shipper to receive from Company, at any of such Points of Delivery on any day a quantity of gas in excess of Shipper's Maximum Delivery Quantity for such Points of Delivery for such day.

6.14 WARRANTY AS TO DELIVERY RIGHT

Shipper warrants (1) its right to deliver to Company pursuant to and for the purposes described in Shipper's Agreement, all gas that Company receives from Shipper, (2) that it shall have good title to all gas delivered to Company and (3) it shall indemnify and save harmless Company against claims, liability, loss or damage which Company may incur or suffer as a result of the lack of such right or other breach of such warranty or any claim made against Company by any Person asserting an interest in such gas.

6.15 RESPONSIBILITY FOR GAS

As between Shipper and Company, Company shall be responsible for all gas delivered to it by Shipper between the time such gas is received by it from Shipper at any Point of Receipt and the time gas is delivered to Shipper by Company at any Point of Delivery, and at no other time.

1. Point of Receipt.

The point of custody transfer at each Point of Receipt shall be on the inlet side of the measurement station at such Point of Receipt or at such other point as may be agreed between Company and Shipper, or all Shippers who utilize such Point of Receipt.

2. Point of Delivery.

The point of custody transfer at each Point of Delivery shall be on the outlet side of the measurement station at such Point of Delivery or at such other point as may be agreed upon between Company and Shipper, or all Shippers who utilize such Point of Delivery.

6.16 FERC ANNUAL CHARGE ADJUSTMENT PROVISION

1. Pursuant to Section 3401 of the Omnibus Budget Reconciliation Act of 1986, the FERC instituted a program of assessing annual charges to facilitate recovery of FERC costs incurred each fiscal year. Pursuant to Part 154.402 of the FERC's Regulations, Company intends to recover the charges assessed by the FERC through this Annual Charge Adjustment (ACA) provision and not through an NGA Section 4(e) rate filing. This Section 6.16 provides for a charge applicable to transportation deliveries, under a Shipper's transportation Agreement pursuant to Company's Rate Schedules, of gas made by Company at Company's physical delivery points.

This Section 6.16 paragraph 1 provides for the calculation of an ACA Charge on a monthly basis. Company shall compute the Shipper's monthly ACA Charge in the following manner:

- (a) Company's total transportation deliveries in Dekatherms for the Production Month, multiplied by the FERC ACA charge factor as shown on the Statement of Rates. The result is Company's total FERC ACA charge for such Production Month.
 - (b) Company shall calculate each Shipper's ACA Charge for a Production Month by multiplying the Company's total FERC ACA charge for such Production Month by a fraction, the numerator of which is Shipper's actual Dekatherm-miles transported for such Production Month and the denominator of which is Company's total Dekatherm-miles for all transportation rate schedules for such Production Month.
2. FERC Annual Charge Adjustment: Such charge shall be that ACA unit charge amount authorized from time to time by the FERC for such purposes. The ACA charge shall be effective on the applicable adjustment date provided in Section 6.16 paragraph 3 hereof without suspension, reduction or refund obligations.
3. Adjustment Date: The adjustment date under this Section 6.16 shall be the date permitted by the FERC. On and after the adjustment date, Company shall, in accordance with the provisions of this Section 6.16, increase or decrease the charge applicable to each affected Rate Schedule so as to include the approved ACA charge factor that shall be used to calculate the amount to be collected during the period preceding the next adjustment date.

6.17 RECEIPT AND DELIVERY POINT FLEXIBILITY/SEGMENTATION

6.17.1 Flexible Point Rights.

A Shipper, or its agent, may, pursuant to its Service Agreement, nominate any Point of Receipt or Delivery (physical, logical or transfer point) on Company's pipeline system.

All Points of Receipt and Delivery within a Shipper's Transportation Path are granted a higher capacity allocation priority than Points of Receipt and Delivery outside a Shipper's Transportation Path.

The portion of a scheduled nomination outside of a Shipper's Transportation Path shall be subject to an incremental Out of Transportation Path Charge pursuant to the terms of the applicable Rate Schedule.

6.17.2 Point Capacity Scheduling Rights Under Service Agreements.

1. Primary Capacity Scheduling Rights.

Shipper's primary capacity scheduling rights will be initially located at the Point of Receipt and Point of Delivery that define such Shipper's Transportation Path.

Shipper shall receive primary capacity scheduling rights for a quantity of gas equal to such Shipper's Total/Agreed Maximum Receipt Quantity.

2. Relocation and/or Addition of Primary Capacity Scheduling Rights.

Subject to the availability of firm point capacity on Company's system, a Shipper shall have the ability to relocate or add primary capacity scheduling rights at one or more Points of Receipt or Delivery within its Transportation Path up to a quantity of gas equal to the Shipper's Total/Agreed Maximum Receipt Quantity.

Shipper may submit a request to Company to relocate or add its primary capacity scheduling rights within its Transportation Path. The term of the relocation period will be included in the request. Such request must be made no later than 1:00 p.m. CCT on the day before nominations are due.

Company shall relocate or add the primary capacity scheduling rights to the extent firm point capacity exists at the Point(s) of Receipt or Delivery requested by Shipper. If on any day a timely request(s) is made to relocate and/or add the requested Point of Receipt or Delivery and insufficient firm capacity exists at such Point of Receipt or Delivery, the available capacity at such requested point will be allocated pro rata to the requesting Shipper(s) based on Total/Agreed Maximum Receipt Quantity. Company shall notify Shipper of its ability or inability to relocate primary scheduling rights. Such notification of Company's ability or inability to relocate primary scheduling rights, which will detail the reason for the request not being implemented, shall be made at least one hour before the timely cycle nominations are due.

Shipper retains the option to return to its initial primary capacity scheduling rights position at the end of the relocation period.

During the term of the relocation of primary capacity scheduling rights, Company reserves the right to sell the remaining capacity for the term of the relocation period.

3. Obligations Under Relocation and/or Addition of Primary Capacity Scheduling Rights.

Shipper's charges, as determined in accordance with the terms of its Service Agreement and applicable Rate Schedule, shall not be affected by the relocation and/or addition of primary capacity scheduling rights.

However, if a Shipper requests a permanent relocation of primary capacity scheduling rights outside of its currently effective Transportation Path, such a requested permanent change in primary capacity scheduling rights is subject to available capacity, executing an amendment to its Service Agreement and meeting the requirements under their applicable Rate Schedules in order to effectuate a permanent change in its Transportation Path. The amended Service Agreement will encompass any resulting additional transportation charge associated with the permanent change.

The relocation of primary capacity scheduling rights within Shipper's Transportation Path shall not result in either an increase or decrease in Shipper's contracted rights.

The Points of Receipt and Delivery within a Shipper's Transportation Path that do not have primary capacity scheduling rights are automatically assigned Secondary, In-Path (SIP) capacity scheduling rights by Company.

The Points of Receipt and Delivery outside of a Shipper's Transportation Path are automatically assigned Secondary, Out-of-Path (SOP) capacity scheduling rights by Company.

6.17.3 Segmentation Rights.

1. Segmentation via Nomination.

A Shipper, or its Agent, may segment its Transportation Path into separate parts for its own use through the nomination process, to the extent such segmentation is operationally feasible.

Company will not permit a Shipper, or its Agent, to segment capacity via the nomination process when the nominations by such party exceed the Total/Agreed Maximum Receipt Quantity of the underlying Service Agreement at a pipeline location, within or outside of its Transportation Path. However, a segmented nomination consisting of a forwardhaul and backhaul to the same Point of Receipt or Delivery for a given nomination cycle may exceed the Total/Agreed Maximum Receipt Quantity of the underlying Service Agreement.

2. Segmentation via Capacity Release.

A Shipper may segment its Transportation Path for the purpose of releasing capacity in accordance with Section 6.27 of the General Terms and Conditions of Company's FERC Gas Tariff to the extent such segmentation is operationally feasible.

Subject to the availability of firm point capacity on Company's system in the direction of flow specified in a Releasing or Replacement Shipper's Transportation Path resulting from a capacity release, such Shipper shall have the ability to elevate the scheduling rights from secondary to primary at one or more Points of Receipt or Delivery within its Transportation Path up to a total quantity of gas equal to the Releasing Shipper's or Replacement Shipper's Total/Agreed Maximum Receipt Quantity.

Such Shipper may submit a request to Company to elevate its scheduling rights no later than 1:00 p.m. CCT on the day before nominations are due.

Company shall elevate the secondary capacity rights to primary capacity scheduling rights to the extent that firm point capacity exists at the Point(s) of Receipt or Delivery requested by Replacement or Releasing Shipper pursuant to Section 6.17.2 paragraph 2. Company shall notify Replacement/Releasing Shipper of its ability or inability to elevate the scheduling rights. Such notification shall be made at least one hour before the timely cycle nominations are due.

The use of segmentation shall not result in an increase in Shipper's contracted rights.

Company will not permit a Shipper to segment capacity via the capacity release process when the Transportation Path segments requested by the Shipper exceed the Total/Agreed Maximum Receipt Quantity of the underlying Service Agreement at a pipeline location, within or outside of its Transportation Path. However, a segmented transaction consisting of a forwardhaul and backhaul to the same Point of Receipt or Delivery may exceed the Total/Agreed Maximum Receipt Quantity of the underlying Service Agreement.

6.18 COORDINATION

Company shall make such arrangements with all Persons, including the Nominating Party and the Interconnected Party(ies), as may be required to ensure proper coordination of the gas control and other operations of Company and interconnecting facilities and as may be desirable to promote the efficient operation of Company's pipeline system. Such arrangements may include provisions for consultation among Company and such Persons and mutual inspection of relevant records.

6.19 FACILITIES POLICY

Unless otherwise agreed to by the parties, Company will not be required to build, modify, operate, own, or contribute to the cost of building or operating any facilities including but not limited to pipeline facilities, taps, metering facilities, valves, looping and/or compression facilities, to Shippers or other Persons, which are not operationally or economically feasible. In the event, Company agrees to either build, operate, own, or contribute to the cost of building any such facilities, Company shall do so on a not unduly discriminatory basis.

1. Unless otherwise agreed to by Company, Shipper will be required to reimburse Company, on mutually agreeable terms, for costs associated with constructing and operating the facilities. Such mutually agreed upon reimbursement may be in the form of an incremental rate, an operations fee, a lump sum payment, or a mutually agreed upon method, including reimbursement for any associated tax effects. Company may waive this requirement on a not unduly discriminatory basis.
2. Company may pay or contribute to the cost of building or operating facilities requested by Shippers or other Persons when Company determines that by doing so, it will result in an economic benefit, or determines that the project is economically neutral to Company. Company may conclude that a portion of the facilities are economically beneficial. Company will evaluate each prospective project under this policy based upon the incremental cost of service and the incremental revenues which Company estimates will be generated as a result of the project. When estimating incremental revenues to be generated, Company will base those revenues upon transportation rates it expects to be able to charge, net of any surcharges, and the incremental volumes or firm service contracts that will result from the project. Company may consider volumes or firm service contracts to be incremental if the volumes or firm service contracts that will be transported or provided respectively would not otherwise flow through, or be contracted for firm service on Company's system.
3. Company will construct and operate facilities subject to the ability to obtain all necessary permits and government approvals. Nothing in this policy statement shall require Company to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act at the request of a Shipper or other Person. Nothing in this policy statement, further, shall prevent Company from contesting an application for service filed pursuant to Section 7(a).

6.20 NOTICES

1. Contractual Notices.

Any notice or other communication required to be given or made in writing under an Agreement shall be sufficiently given if reduced to writing and delivered, mailed by prepaid mail, or other mechanical or electronic means of transmitting written messages, to the Person to which it is to be given or made at the address of such Person provided for in Exhibit A to such Agreement or at such other address as shall have last been notified by such Person to the other in the manner provided in this Section 6.20. Any such notice or other communication which is mailed or sent as aforesaid shall only be considered to be given or made when it is actually received by the Person to which it is given or made.

2. System-Wide Notices.

System-wide notices have a separate category for notices that are not critical. [5.3.18]

Company shall post system-wide notices. Such notices shall use the standard data elements dictated by the NAESB WGQ and adopted by FERC.

3. Critical Notices.

Critical notices shall be defined to pertain to information on Company conditions that affect scheduling or adversely affect scheduled gas flow. [5.2.1]

Company shall post critical notices. Such notices shall use the standard data elements dictated by the NAESB WGQ and adopted by FERC.

Notices shall describe the conditions and the specific responses required from the affected parties.

4. Intraday Bump Notices.

Intraday bump notices shall contain at least the affected Service Requester Contract, Receipt and/or Delivery Location, and Receipt and/or Delivery Point Quantity from the Scheduled Quantity (NAESB WGQ Standard 1.4.5). [5.3.40]

Intraday bump notices shall indicate whether daily penalties apply for the Gas Day for which quantities are reduced. [1.3.51]

5. Electronic Notice Delivery.

Electronic notice delivery is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM. [5.2.2]

Company shall support the concurrent sending of electronic notification of intraday bumps, operational flow orders and other critical notices to two Internet E-mail addresses for each affected party. [5.3.36]

Unless the affected party and Company have agreed to exclusive notification via EDI/EDM, the affected party shall provide Company one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. Company's obligation to provide notification is waived until the above requirement has been met. [5.3.35]

6.21 DEFAULTS

No default in the performance of any of the obligations of Company or Shipper under this Tariff or Shipper's Agreement, nor any action, non-action, concession or indulgence by Company or Shipper shall operate to terminate, cancel, repudiate or surrender this Tariff or Shipper's Agreement, or except as specifically provided in such Agreement, to relieve Company or such Shipper from due and punctual compliance with its obligations thereunder.

6.22 FORM OF SERVICE AGREEMENTS

Company shall not be obliged to enter into an Agreement with any Person in a form other than the form of Agreement forming part of the Tariff.

6.23 FLOWING GAS

Company and its trading partners shall accept all standard data elements as specified by NAESB WGQ and adopted by FERC. Such data elements and their usage are detailed in Section 6.35 of the General Terms and Conditions.

1. Pre-Determined Allocations (PDA)/Quick Response.

Natural gas is allocated among producers, operators, transporters, shippers, and others after gas flows, using various methodologies to allocate actual quantities. In order to manage the impact of actual quantities variance from scheduled quantities, the specification of the method to be used in allocating actual quantities prior to gas flow is imperative. PDAs accomplish this goal, by securing the agreement of the allocating -- and the allocated -- parties as to the method to be used for computing the allocation, relating scheduled quantities to actual physical flow. The implementation of a PDA clarifies all parties' expectations and responsibilities prior to gas flow.

The PDA Quick Response process shall perform two main functions: (1) to validate the requested allocation methodology, and (2) to quickly report back to the party submitting the PDA whether the requested allocation methodology has been accepted and approved. The Quick Response to the PDA, which will occur electronically, will include any error or warning messages related to the validation of the PDA data elements.

2. Allocation Statements.

The determination of the entitlement rights for each particular party of the actual flowing gas moving across any location is accomplished by allocating the actual flow among the parties. Allocations are performed by the operator of the affected location, using the pre-determined allocation method agreed to by the parties involved. The allocation statement is used to communicate the allocation information to the parties involved.

Company shall support daily allocations.

The list of allocation methodology types agreed upon: Ranked, Pro Rata, Percentage, Swing, and Operator Provided Value. [2.3.16]

The types of allocation methodologies is a list from which two parties may agree. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations shall be used as the default method. The party responsible for custody transfer (the party performing the measurement function) shall provide the allocation. [2.3.18]

Company shall support single-tier allocations.

The time limitation for disputes of allocations should be 6 months from the date of the initial month-end allocation with a 3-month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods. [2.3.26]

3. Shipper Imbalances.

(1) Shipper Imbalance Statements.

Allocation information at a contract and point level is provided in the imbalance statement. Imbalance statements shall be generated at the same time or prior to the generation of the transportation invoice.

In the event of a Shipper Imbalance, the imbalance statement shall serve as written notice to the Shipper that such an imbalance exists at the identified location(s).

(2) Shipper Imbalance Resolution.

Resolution to correct Shipper Imbalances shall be required. Shipper Imbalances at differing physical locations on Company's system will be discharged through transportation.

In the event of a Shipper Imbalance, Shipper or its Agent will have 45 days within which to correct such imbalance.

Company shall support the following methods of Shipper Imbalance resolution:

(a) In-kind.

To resolve a Shipper Imbalance due Company, a Shipper, or its Agent, may elect to deliver gas into Company's system at any Point of Receipt.

To resolve a Shipper Imbalance due Shipper, a Shipper, or its Agent, may elect to accept gas from Company's system at any Point of Delivery.

If Shipper creates and discharges an imbalance at the same point, there will be no associated charge for transportation or Company Use Gas.

(b) Netting.

Company shall allow a Shipper, or its Agent, to net Shipper Imbalances within the same Operational Impact Area on and across Agreements with such Shipper. [2.3.30]

(c) Trading.

Company shall allow a Shipper, or its Agent, to Trade Shipper Imbalances within the same Operational Impact Area on and across Agreements. [2.3.30]

Company shall provide the ability to post and Trade Shipper Imbalances until at least the close of the 19th business day of the month. [2.3.41]

An Authorization to post Imbalances (pursuant to NAESB WGQ Standard 2.4.9) that is received by Company by 11:45 a.m. shall be effective at 8:00 a.m. the next business day. An imbalance that is previously authorized for posting shall be posted on or before the ninth business day of the month. [2.3.40]

An imbalance trade can only be withdrawn by the initiating trader and only prior to the confirming trader's confirmation of the Trade. [2.3.47]

An imbalance trade is considered final when confirmed by the confirming trader and effectuated by Company. [2.3.47]

(d) Underdelivery Cashout.

To resolve a Shipper Imbalance due Company, Shipper may elect to reimburse Company for such Underdelivery.

Shipper must provide written notice to Company, within the resolution period, of its desire to cashout all or a portion of the Underdelivery quantity. At such time, Company will post an offer to buy working gas equal to the Underdelivery quantity specified by Shipper to resolve. Company shall select the lowest bid received from qualified bid parties and will facilitate the delivery of such working gas into its system. Company shall post all bids received from qualified bidding parties and select the lowest qualified bid. If the lowest qualified bid is not chosen, explanation and justification of the selected bid will also be posted.

Company shall invoice Shipper for the total cost of the working gas purchased to reduce or eliminate the Underdelivery at the time such working gas is received into Company's system.

To account for any Shipper Imbalance remaining after cashout, a Shipper and Company shall agree to designate one of the Shipper's Agreement(s) in the Operational Impact Area where the original Shipper Imbalance occurred, for such purpose.

(e) Underdelivery Penalty.

If a noticed Shipper imbalance has not been resolved during the resolution period, and the remaining Shipper Imbalance reflects an Underdelivery, Company will invoice Shipper for an amount equal to the quantity of the Underdelivery times 150% of the actual price.

Amounts received by Company in the Production Month for settlement of Underdelivery Shipper Imbalances will be credited net of costs, to all Shippers except for the offending Shipper(s). Net penalty revenues shall be credited to all non-offending Shippers in the Billing Month for the corresponding Production Month in which the penalty was incurred. Such credit shall be allocated on the Dekatherm-miles transported for the Production Month in which the penalty occurred excluding the Dekatherm-miles of the offending Shipper(s). The credit shall be all penalty revenue net of costs.

(f) Overdelivery Retention.

If a noticed Shipper Imbalance has not been resolved during the resolution period, and the remaining Shipper Imbalance reflects an Overdelivery, Company shall retain the quantity of gas in excess and use it to reduce Company Use Gas.

6.24 SEVERABILITY

If any provision of a Shipper's Agreement shall be contrary to or prohibited by applicable law, such provision shall be severable from the remaining provisions of such Agreement and shall be deemed to be deleted therefrom, and all of the provisions of such Agreement which are not contrary to or prohibited by applicable law shall, notwithstanding such deletion, remain in full force and effect. If Section 6.6.4 hereof requires the payment of interest at a rate which exceeds the rate which the Person to whom such interest is required to be paid is permitted under applicable law to receive, or which the Person required to pay such interest is permitted under applicable law to pay, such rate shall be reduced to the highest rate which is permitted under applicable law.

6.25 SURVIVAL OF OBLIGATION

Notwithstanding the termination of Shipper's Agreement, Shipper and Company shall have the following obligations as such obligations relate to activities undertaken prior to the date Shipper Agreement terminates:

- (a) Shipper shall remain liable thereafter to pay all invoices rendered by Company to it under Section 6.6 hereof in the manner contemplated, and subject to Shipper's rights in respect of such payments provided in such section;
- (b) Company shall remain liable thereafter to make all payments to Shipper required to be made under Section 6.6 hereof;
- (c) Company and Shipper shall remain liable thereafter to indemnify each other as provided in Section 6.8 hereof with respect to events taking place prior to such termination;
- (d) Company shall remain liable thereafter to deliver gas to Shipper to the extent necessary to discharge Company's undischarged obligations under Section 6.13 hereof; and
- (e) Shipper and Company shall remain liable thereafter to discharge all other obligations to the date of such termination.

With all reasonable dispatch after the giving of a notice of termination as may be required under Shipper's Agreement, Company and Shipper shall enter into such arrangements as may be reasonably necessary to ensure performance of the foregoing obligations and otherwise as may be necessary or desirable in connection with such termination.

6.26 AWARDING OF AVAILABLE AND PLANNED PIPELINE CAPACITY

6.26.1 Posting of Planned Capacity.

Company shall post a notice of planned expansion and/or extension of Company's pipeline system. The notice shall specify, as applicable, the anticipated quantity (Dth), Point(s) of Receipt, Point(s) of Delivery, Bid evaluation method, term, Bid terms, and deadline for resolution of Bid contingency as set forth in Section 6.26.3(b).

6.26.2 Posting of Available Firm Capacity.

- (a) For capacity for a term of one (1) year or more, that is generally available ninety-five (95) days or less from the Billing Commencement Date or the termination date of a Service Agreement for such capacity and is no longer subject to Section 5.1.4 of Rate Schedule T-1 (long-term available capacity), the following criteria and procedures shall apply:
 - (i) Company will post such capacity on its Informational Postings web site, the criteria for an acceptable Bid, the method for determining the Best Bid as referenced in Section 6.26.4(a), and the Bid Closing Date. The identity of the bidder shall be kept confidential. The Bid Closing Date for long-term available capacity will be a minimum of five (5) business days after such capacity is posted for Bid. Company reserves the right not to accept a Bid for such capacity at (1) a rate less than the Maximum Rate; and/or (2) a path within but shorter than the path criteria set forth in the posting, and/or (3) a term less than one (1) year. Acceptable Bids will be posted within one (1) business day of receipt of Bid.
 - (ii) If no acceptable Bids are received during a bid period, Company will post the capacity as available on a long-term basis on its web site in order that it may be awarded on a first-come, first-served basis at a mutually agreed upon rate under the appropriate firm Rate Schedule. Shippers must submit a Bid for such capacity to Company's Marketing Department. The time the Bid is received will be used to determine the sequence of Bids. From ninety (90) days or more prior to the commencement of service date, Company reserves the right not to accept a Bid for such long-term capacity at (1) a rate less than the Maximum Rate, or (2) a path within but shorter than the path criteria set forth in the posting, or (3) a term less than one (1) year.
 - (iii) Company shall not award such capacity at less than the Maximum Rate to a marketing affiliate as defined by Part 358 of the Commission's regulations unless a request for a discount from an affiliate is first posted for competitive Bid pursuant to the time frame outlined in this subsection and no other competitive Bids are determined to be the Best Bid as a result of such posting.
- (b) For capacity, which is or will be no longer contracted under an existing Service Agreement, that is either (a) generally available capacity for a term of less than one (1) year that is generally available ninety-five (95) days or less from the Billing Commencement Date or (b) operationally available within ninety-five (95) days or less prior to the Billing Commencement Date, the following criteria and procedures shall apply as follows:

- (i) Company will post on its Informational Postings web site the criteria for an acceptable Bid, the method for determining the Best Bid as referenced in Section 6.26.4(a), and the Bid Closing Date. The identity of a bidder shall be kept confidential. After firm capacity is posted for Bid pursuant to this subsection, the Bid Closing Date shall be a minimum of three (3) business days after such posting for available capacity posted for a term of a Calendar Month or greater. Bids at the Maximum Rate for such posted capacity, but for a shorter path than the posted path will be accepted on a consecutive Calendar Month basis for a term up to and including five (5) years. Bids with a term of a Calendar Month or consecutive Calendar Months at the Maximum Rate for the posted path will be accepted. Provided, however, Company shall not be required to accept Bids for available capacity with a term of less than a Calendar Month earlier than four (4) business days prior to the requested commencement of service date of the Bid. Company may post for Bid available capacity of less than a Calendar Month for a minimum of one (1) hour and up to twenty-four (24) hours. If such capacity is not posted for Bid, then it shall be posted as available capacity pursuant to the first-come, first-served process contained herein below. Company reserves the right not to accept a Bid for posted capacity at a rate less than the Maximum Rate. Acceptable Bids will be posted within one (1) business day of receipt of Bid.
- (ii) If no acceptable Bids are received during a bid period, Company will post the capacity as available on its web site in order that it may be awarded on a first-come, first-served basis at a mutually agreed upon rate under the appropriate firm Rate Schedule. Shippers must submit a Bid for such capacity to Company's Marketing Department. The time the Bid is received will be used to determine the sequence of the Bids. Bids received in accordance with this Section 6.26 first-come, first served process at the Maximum Rate for capacity for a shorter path than the posted path will be accepted on a consecutive Calendar Month basis for a term up to and including five (5) years. Bids at the Maximum Rate for the posted path will be accepted on a consecutive Calendar Month(s) basis for a term of greater than or equal to a Calendar Month. Within three (3) business days prior to the first day of a Calendar Month or within a Calendar Month in which the requested commencement of service date of a Maximum Rate Bid for available capacity falls, Company will accept such Bid for a term of less than but within such Calendar Month and for subsequent consecutive Calendar Months. Company reserves the right not to make a first-come, first-served capacity award at less than the Maximum Rate.
- (iii) Company shall not award such capacity at less than the Maximum Rate to a marketing affiliate as defined by Part 358 of the Commission's regulations

unless a request for a discount from an affiliate is first posted for competitive Bid pursuant to the time frames outlined in this subsection and no other competitive Bids are determined to be the Best Bid as a result of such posting.

6.26.3 Bid Procedures.

- (a) Any Person desiring to submit a Bid for firm capacity in accordance with this section must satisfy the requirements of the applicable firm Rate Schedule and execute an associated Service Agreement. A Person's Bid for firm capacity which exceeds its qualified level of credit worthiness shall not be accepted.
- (b) The Company will allow Bids for capacity which are contingent upon the bidder obtaining capacity on another pipeline(s). The Bid must specify the contingency. In those instances where such a contingent Bid(s) is determined to be the Best Bid, the allocation of capacity may be delayed pending satisfaction of the contingency under the following timeline for clearing the contingency:
 - (i) for service of more than one day and up to one month, the contingency must be cleared within 24 hours of the Bid;
 - (ii) for service greater than one month but less than one year, the contingency must be cleared within 3 business days;
 - (iii) for service for one year or more, the contingency must be cleared within the time frame specified in Company's posting pursuant to Section 6.26.2 of these General Terms and Conditions, but in no event shall the specified time frame be less than five business days or greater than forty-five (45) calendar days.
- (c) If a Bid is received which contains conditions, other than those allowed in Section 6.26.3(b), that are not satisfied at Bid Closing Date, such Bid shall not be accepted.
- (d) A bidder may withdraw its Bid prior to the Bid Closing Date upon written notice to Company.
- (e) The winning Bid(s), including the identity of the bidder(s), will be posted on Company's Internet web site.
- (f) The NPV analysis used to determine the successful bidder(s) will be posted on Company's Internet web site.

6.26.4 Selection of Best Bid.

- (a) For purposes of determining the Best Bid(s), Company shall evaluate Bids using net present value (“NPV”), taking into account the price, term, and any other criteria specified in the posting. Company shall award capacity to Shippers whose bids, based upon Company’s determination, have the highest NPV.
 - (i) The NPV is the discounted cash flow of incremental revenues to Company produced, lost or affected by the request for service and may be based upon such factors as the term, quantity, the date on which the requested service is requested to commence, the cost of facilities required by Company to provide the service, and other factors determined to be relevant by Company. All determinative factors will be defined in the posting. The NPV shall also include only revenues generated by the reservation charge, or other form of revenue guarantee, as proposed by bidder(s).
 - (ii) For purposes of its NPV evaluation and as defined in the posting, Company may aggregate two or more Bids for one or more bid packages. For bidders proposing a reservation charge or other form of revenue guarantee which exceeds the Recourse Rate during all or any portion of the term proposed by the bidder, the NPV calculated for the Bid may not exceed an NPV that is calculated assuming that the Recourse Rate shall be in effect during the full term proposed by the bidder, in place of the reservation charge(s) or other revenue guarantee(s) proposed by the bidder.
- (b) Company will evaluate Bids received and allocate capacity to the Best Bid(s) no later than the business day following the Bid Closing Date except as noted in Section 6.26.3(b) above.
- (c) The posting will define the method for allocating capacity to be employed in the event there is more than one Best Bid.

6.26.5 Reservation of Capacity for Company's Expansion/Extension Projects.

Company may elect to reserve capacity required for a future expansion/extension project out of unsubscribed capacity or capacity under expiring Service Agreements where such Agreements do not have a right of first refusal or Shipper does not exercise its right of first refusal. Company may only reserve capacity for a future expansion/extension project for which an open season has been or will be held within one year of the date that Company posts such capacity as being reserved. Prior to reserving capacity for an expansion/extension project, Company shall first post for bid all of its available capacity on its web site as set forth in Section 6.26.2 and award such capacity in accordance with Sections 6.26.2 through 6.26.6.

Capacity may be reserved for expansion/extension projects only during a 12-month period prior to Company filing for certificate approval for construction of proposed expansion/extension facilities, and following the certificate filing, only until all expansion/extension facilities related to the certificate filing are placed into service.

If Company reserves capacity for an expansion/extension project, it will notify Shippers of its intent as part of Company's posting of capacity on its Internet web site. Company's posting for reserved capacity for future expansion/extension projects shall include the following information: (a) a description of the project for which the capacity will be reserved; (b) the total quantity of capacity to be reserved; (c) the location of the proposed reserved capacity on the pipeline system; (d) whether, and if so when, Company anticipates that an open season for the capacity will be held or the reserved capacity will otherwise be posted for bids; (e) the projected in-service date of new facilities; and (f) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a right of first refusal. Company will make reasonable efforts to update the reservation posting up to the in-service date of the project to reflect any material changes in the scope of the project. If capacity, that has been posted pursuant to Section 6.26.2(a) above, remains unsubscribed after the posting for bid, and if such unsubscribed capacity is insufficient to serve the expansion/extension project, the reservation posting or open season will include a non-binding solicitation for turnback capacity from Company's existing Shippers to serve the expansion/extension project. Company shall post a non-binding solicitation for expansion project related turnback capacity no later than 90 days after the close of an expansion project's open season that is posted in accordance with Section 6.26.1, specifying the minimum terms for a response to the solicitation.

Any capacity reserved under this subsection will be made available for transportation service pursuant to Company's FERC Gas Tariff on a limited-term basis up to the in-service date of the expansion/extension project. Company reserves the right to limit any extension rights provided in such Service Agreement(s), pursuant to Section 5.1.4 - Right of First Refusal of Rate Schedule T-1 - commensurate with the proposed in-service date of any facilities. Any capacity reserved for a project that does not go

forward for any reason shall be reposted as generally available within 30 days of the date the capacity becomes available. The previously reserved capacity will become available when the Company posts the capacity on its Informational Postings web site under Section 6.26.2(a).

6.26.6 Future Sales of Capacity.

- (a) Company may sell firm capacity with a Billing Commencement Date more than 95 days in the future, when such capacity is either available unsubscribed capacity or capacity that will become available and is not subject to a right of first refusal, by either conducting an open season or by selling such capacity on a pre-arranged basis.
- (b) If Company conducts an open season, it will post notice of the open season on its Internet web site for at least five (5) business days to afford all potential shippers an opportunity to acquire the capacity. Any potential shippers wishing to acquire capacity may request an immediate or future Billing Commencement Date (if the capacity is currently available) or a future Billing Commencement Date (if the capacity will become available in the future). Company will award capacity in accordance with the bid procedures of Section 6.26.3 and on an NPV basis consistent with Section 6.26.4 of these General Terms and Conditions.
- (c) If Company sells capacity on a pre-arranged basis, Company will post the terms of the pre-arranged transaction and other parties will have an opportunity to bid on the capacity. At the time Company enters into a pre-arranged transaction, Company will post a notice on its Internet web site indicating that the pre-arranged capacity will be subject to an open season bidding process for a minimum of five (5) days permitting bids for service to start immediately (if the capacity is currently available) or anytime in the future (if the capacity will become available in the future), even if such capacity has already been subject to an open season bidding process and is currently posted as available capacity. If one or more parties submit a bid with a higher NPV than the entire pre-arranged transaction, as defined in Section 6.26.4, the pre-arranged Shipper will have a one-time right to match the highest bid within five (5) business days of notification in order to retain the capacity. If the pre-arranged Shipper elects not to match the highest competing bid, the capacity will be awarded to the creditworthy bidder bidding the highest NPV. If there is an open season ongoing for certain capacity, Company will not enter into a pre-arranged deal for that capacity during the open season. Company will not enter into any pre-arranged transactions for capacity that has not previously been posted on its Internet website.

6.26.7 Interim Sales of Capacity.

Capacity that has been awarded pursuant to this Section 6.26 with a future Billing Commencement Date shall be made available to Shippers on an interim basis. For capacity that has been awarded with a Billing Commencement Date more than one year in the future, and where the available interim capacity would otherwise be eligible for rights pursuant to the provisions of Section 5.1.4 of Rate Schedule T-1 or under Company's Tariff, Company shall limit any such rights to not extend beyond the future Billing Commencement Date of firm capacity sold. If any such rights are limited, the applicable Service Agreement shall note such limitation.

6.27 RELEASE OF FIRM CAPACITY

6.27.1 Rights and Obligations of Shipper.

1. Permanent Release.

Unless otherwise specified in a specific firm rate schedule, a Releasing Shipper may release its firm capacity under its Service Agreement, in whole or part, for the remaining term of the Releasing Shipper's Service Agreement to a Person desiring such service and such release shall be referred to as a permanent release. The Replacement Shipper acquiring the capacity under the permanent release shall satisfy the conditions of the associated rate schedule and execute the respective Service Agreement which shall contain the terms and conditions of the Offer and awarded Bid.

In order for a Releasing Shipper to effectuate a permanent release of all or part of its contracted capacity, it shall enter into a Service Agreement amendment with Company which will provide for the termination of the Releasing Shipper's existing Service Agreement for the permanent released capacity. In such event, the Releasing Shipper shall thereafter be relieved of its obligations for the permanent released capacity under the Service Agreement, subject to the provisions of Section 6.25 of these General Terms and Conditions.

Company may refuse to allow a permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied, Company shall notify the Releasing Shipper and the Replacement Shipper in writing of the reason(s) for such denial.

2. Temporary Release.

A Shipper may temporarily release its firm capacity, in whole or in part, to a Person desiring such service which shall be referred to as a temporary release. If a Shipper elects to temporarily release its capacity, the obligations associated with the released capacity remain with the original Releasing Shipper. At the end of the term of the temporary release, all contractual rights and obligations remain with the original Releasing Shipper.

A Replacement Shipper acquiring capacity under a temporary release shall be required to enter into the applicable Service Agreement with Company for the capacity acquired which shall incorporate the terms and conditions of the Offer and awarded Bid.

3. Capacity Release Offer Agreement.

Prior to posting an Offer, the Releasing Shipper must execute a Capacity Release Offer Agreement which is available on Company's Internet web site.

4. Early Termination of Service Agreements.

Company may, in a not unduly discriminatory manner, agree with Shipper to terminate its Service Agreement prior to its expiration date. The situations in which Company may agree to terminate such a Service Agreement include, without limitation, the following:

- (a) where Shipper responds to a solicitation for capacity release offers in a reverse open season for capacity requiring the construction of new facilities and the conditions set forth in the solicitation have been satisfied;
- (b) where Shipper agrees to pay an exit fee that is sufficient, taking into account the remaining term of the Service Agreement and the value and liquidity of the capacity subscribed under the Service Agreement being terminated, to make the termination financially beneficial to Company, in Company's reasonable judgment. Company may waive the exit fee where Shipper's Service Agreement provides for a discounted or negotiated rate and Company concludes that the capacity subscribed thereunder would be sold at a higher rate for the full remaining term of the Service Agreement, or where other arrangements produce a financial benefit to Company.

An agreement to terminate a Service Agreement hereunder shall not constitute a material deviation from the applicable form of service agreement.

6.27.2 Offer Requirements.

A Releasing Shipper who elects to release its firm capacity on either a permanent basis or a temporary basis, must specify the terms and conditions upon which it will release its capacity in an Offer.

A release of firm capacity is not subject to Bid if (1) the release is at the Maximum Rate for a term of more than one year or (2) the release period is 31 days or less and the Releasing Shipper elects not to make the release biddable or (3) the release is to an asset manager under an Asset Management Arrangement (AMA) as defined in 18 CFR 284.8(h)(3) or to a marketer participating in a state-regulated retail access program as defined in 18 CFR 284.8(h)(4) (AMA Release).

Except for capacity released to an AMA or marketer participating in a state-regulated access program, a Releasing Shipper may not roll over, extend or in any way continue a release to the same Designated Replacement Shipper that obtained capacity for a term of thirty-one days or less through a release which was not subject to Bid, until a minimum of twenty-eight days after the first release period has ended. However, the twenty-eight day waiting period is not applicable to a re-release of capacity to the same Designated Replacement Shipper if the Releasing Shipper posts such capacity for Bid or the re-release is otherwise exempt from bidding as detailed above.

An Offer must conform to the parameters set forth herein in Section 6.27.4.

The terms and conditions included in the Offer shall be objectively stated and be applicable to all potential bidders on a non-discriminatory basis.

Releasing Shipper may submit an Offer to Company in writing or electronically for posting.

An Offer expires on the Bid Closing Date if no Bid is received.

Offers will be binding until notice of withdrawal is received by Company on its Customer Activities web site. [5.3.14]

Upon the award of a successful Bid(s) the Offer underlying the successful Bid(s) will become an addendum to the Capacity Release Offer Agreement.

1. Withdrawal of Offer.

A Releasing Shipper has the right to withdraw its Offer during the Bid period, where unanticipated circumstances justify and no minimum Bid has been made. [5.3.16]

A notice of withdrawal of an Offer will be posted upon receipt.

6.27.3 Bid Requirements.

1. Satisfaction of Credit Requirements.

Any Person desiring to submit a Bid for firm capacity must have executed a Capacity Release Bid Agreement which is available on Company's Internet web site and must have satisfied the requirements of Section 6.40 of these General Terms and Conditions. A Person's Bid for firm capacity which exceeds its qualified level of credit worthiness shall not be awarded.

2. Term of Bid.

Company shall not accept a Bid for a term longer than the term set forth in the Offer.

3. Bid Conditions.

If a Bid is received which contains conditions other than those allowed in the Offer, such Bid shall not be accepted.

4. Withdrawal of Bid.

Bids shall be binding until notice of withdrawal is received by Company on its Customer Activities web site. [5.3.13] Provided however, the bidder may not submit a new Bid at a lower rate for such offered capacity.

Bids cannot be withdrawn after the Bid period ends. [5.3.15]

6.27.4 Parameters for Capacity Release Transactions.

1. Quantity.

Release quantity shall be expressed as a numeric quantity only. [5.3.28]

There is no minimum quantity.

2. Term.

The maximum term for which capacity can be released is the remaining term of Releasing Shipper's firm Service Agreement. There is no minimum term.

3. Rate.

The rate charged the Replacement Shipper for any release of capacity for a term of more than one year may not exceed the applicable Maximum Rate. There are no rate limitations applicable to any release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Company is notified of the release.

Payments or other consideration exchanged between the Releasing Shipper and the Replacement Shipper in an AMA Release are not subject to the applicable Maximum Rate.

4. Right to Recall Capacity on Temporary Release.

A Releasing Shipper shall describe fully in its Offer any rights to recall the capacity being released on a temporary basis and under what conditions the capacity shall be reput to the Replacement Shipper following any such recall.

The amount of capacity allocated to the Replacement Shipper(s) shall equal the original released capacity less the recalled capacity.

Reput method and rights shall be specified at the time of the deal. Reput method and rights are individually negotiated between the Releasing Shipper and Replacement Shipper. [5.3.8]

When capacity is recalled, it may not be reput for the same Gas Day. [5.3.53]

5. Re-release of Capacity.

A Shipper who has obtained capacity under a temporary release may re-release its capacity, in whole or in part, except in those instances where a re-release was

prohibited by the prior Releasing Shipper. Company shall allow re-releases on the same terms and basis as the original release (except as prohibited by regulations).

A Replacement Shipper acquiring capacity under a temporary release can not re-release such capacity under a permanent release. However, a Replacement Shipper acquiring capacity under a temporary release may re-release such capacity under a temporary release.

6. Prearranged Release of Capacity.

A Releasing Shipper may identify in an Offer a Designated Replacement Shipper for released capacity under a permanent release or a temporary release which shall be referred to as a prearranged release.

If an Offer containing a Designated Replacement Shipper is made biddable by the Releasing Shipper, a Designated Replacement Shipper will, in the event that a "better bid" for released capacity is received, have the option to match the "better bid" in accordance with Section 6.27.7 hereof and acquire the released capacity.

A Designated Replacement Shipper acquiring capacity pursuant to this Section 6.27.4 paragraph 6 shall be required to execute the applicable Service Agreement with Company for the capacity acquired which shall contain the terms and conditions of the Offer and awarded Bid.

7. Non-Prearranged Release.

In the event the Releasing Shipper does not specify a Designated Replacement Shipper, the Offer submitted by the Releasing Shipper shall be subject to the Bid procedures set forth in Section 6.27.5 hereof.

8. Volumetric Release.

The Replacement Shipper acquiring capacity under a volumetric release shall pay the agreed to volumetric rate for all the volumes transported up to the total volume contracted for during a Production Month and shall pay the rate in accordance with the applicable rate schedule underlying such capacity release for any gas transported in excess of the total volume contracted for such Production Month.

Re-release by a Replacement Shipper paying a volumetric rate is prohibited.

9. Releases Involving Integrated Capacity.

A Releasing Shipper can submit an Offer to release capacity which is integrated with an offer to release capacity on another pipeline. It is the responsibility of the

Releasing Shipper to design a release for "integrated" capacity under terms acceptable to the Releasing Shipper.

Company will allow Bids for capacity which are contingent upon the bidder obtaining capacity on another pipeline(s). However, removal of such contingency shall not conflict with the capacity release timeline observed by Company as set forth in Section 6.27.7 hereof.

10. Tie-Breaker of Best Bids

A Releasing Shipper may select either of the following tie-breaker methods: (1) pro rata or (2) order of submission (first-come, first-served). If neither is selected, the system defaults to the pro-rata method.

6.27.5 Posting of Offers, Bids, and Awarded Transactions.

Offers and Bids shall comply with the capacity release timeline as set forth in Section 6.27.7.

Company shall post a complete Offer upon receipt, as set forth in Section 6.27.7 hereof, unless Releasing Shipper requests otherwise. If a Releasing Shipper requests a posting time, the Company shall support such request insofar as it comports with the capacity release timeline set forth in Section 6.27.7 hereof.

A Releasing Shipper shall not be able to specify an extension of the original Bid period or the prearranged deal match period, without posting a new release. [5.3.25]

Company may invalidate any Bid or Offer subsequent to its posting on Company's Internet web site that does not comply with the terms and conditions of Company's Tariff.

The Company shall post all complete Bids upon receipt.

The identity of the bidder shall be kept confidential until the capacity has been awarded.

No later than the first nomination under a capacity release transaction, Company shall post all awarded capacity release transactions including the name(s) and Bid information of all Replacement Shippers.

6.27.6 Selection of Best Bid.

The Best Bid for capacity releases shall be selected by use of one of the methods set forth in Section 6.27.6 paragraph 1 hereof. The Releasing Shipper shall specify the Bid evaluation method in its Offer.

Company shall eliminate all Bids which do not satisfy the minimum criteria specified by the Releasing Shipper in its Offer, if any. When an Offer includes a volumetric rate component, only the reservation charge component will be considered in the Bid evaluation and determination of Best Bid. Bids will be assigned a ranking based on the evaluation method specified by the Releasing Shipper.

1. Company's Bid Evaluation Methods.

- (a) Method A - Present Value of Bids for Capacity Under Rate Schedule(s) T-1 and T-1B.

$$\text{Present Value per unit} = \left[\frac{(R_1 * D_1)}{1} + \frac{(R_2 * D_2)}{2} \right] * \frac{[1 - (1 + i)^{-n}]}{i}$$

Method A - Present Value of Bids for Capacity Under Rate Schedule FCS-DP and FLT-1

$$\text{Present Value} = \frac{[R_3]}{3} * \frac{[1 - (1 + i)^{-n}]}{i}$$

Where:

R₁ = Reservation Rate in the Bid per 100 Dekatherm-miles - Port of Morgan, MT (POM) to Ventura, IA.

R₂ = Reservation Rate in the Bid per 100 Dekatherm-miles - Ventura, IA to North Hayden, IN.

R₃ = Reservation Rate in the Bid.

D₁ = Distance in miles of that portion (if any) of the Bid distance between POM and Ventura, IA that lies between the Primary Receipt Point and Primary Delivery Point divided by 100.

D_2 = Distance in miles of that portion (if any) of the Bid distance between Ventura, IA and North Hayden, IN that lies between the Primary Receipt Point and the Primary Delivery Point divided by 100.

i = FERC's annual discount rate divided by 365 days or 366 days during leap year.

n = Bid term (days) not to exceed the number of days posted.

The higher the present value, the higher the ranking.

- (b) Method B - Highest Rate of Bids for Capacity Under Rate Schedule(s) T-1 and T-1B.

$$\text{Highest Rate} = (R_1 * D_1) + (R_2 * D_2)$$

Method B - Highest Rate of Bids for Capacity Under Rate Schedule FCS-DP and FLT-1

$$\text{Highest Rate} = R_3$$

Where:

R_1 = Reservation Rate in the Bid per 100 Dekatherm-miles - POM to Ventura, IA.

R_2 = Reservation Rate in the Bid per 100 Dekatherm-miles - Ventura, IA to North Hayden, IN.

R_3 = Reservation Rate in the Bid.

D_1 = Distance in miles of that portion (if any) of the Bid distance between POM and Ventura, IA that lies between the Primary Receipt Point and Primary Delivery Point divided by 100.

D_2 = Distance in miles of that portion (if any) of the Bid distance between Ventura, IA and North Hayden, IN that lies between the Primary Receipt Point and the Primary Delivery Point divided by 100.

Rate per Dth Bid regardless of term. The higher the rate, the higher the ranking.

- (c) Method C - Net Revenue of Bids for Capacity Under Rate Schedule(s) T-1 and T-1B.

$$\text{Net Revenue} = Q * [(R_1 * D_1) + (R_2 * D_2)] * n$$

Method C - Net Revenue of Bids for Capacity Under Rate Schedule FCS-DP and FLT-1

$$\text{Net Revenue} = Q * R_3 * n$$

Where:

Q = Bid Quantity (Dth)

R₁ = Reservation Rate in the Bid per 100 Dekatherm-miles - POM to Ventura, IA.

R₂ = Reservation Rate in the Bid per 100 Dekatherm-miles - Ventura, IA to North Hayden, IN.

R₃ = Reservation Rate in the Bid.

D₁ = Distance in miles of that portion (if any) of the Bid distance between POM and Ventura, IA that lies between the Primary Receipt Point and Primary Delivery Point divided by 100.

D₂ = Distance in miles of that portion (if any) of the Bid distance between Ventura, IA and North Hayden, IN that lies between the Primary Receipt Point and the Primary Delivery Point divided by 100.

n = Bid term (days), not to exceed the number of days offered by the Releasing Shipper.

The higher the net revenue, the higher the ranking.

(d) Method D - Releasing Shipper's Bid Evaluation Methodology.

The Releasing Shipper may establish a method for evaluation of the Best Bid. The Releasing Shipper must specify the evaluation method and provide an example of the evaluation method with the Offer. In this event, the Company shall evaluate the Bids in accordance with the Releasing Shipper's method and allocate the capacity to the Best Bid. The Releasing Shipper's Bid evaluation methodology must be objective and non-discriminatory.

(e) Best Bid.

When the Company makes awards of capacity for which there have been multiple Bids meeting minimum conditions, the Company will award Bids, Best Bid first, until all offered capacity is awarded. [5.3.4]

(f) Pro Rata Tie Breaker

To the extent there is more than one Best Bid and the Releasing Shipper designated that capacity would be allocated on a pro rata basis, such allocation of capacity is subject to the condition that potential Replacement Shipper(s) must specify when making its Bid whether it is willing to accept a pro rata portion of its Bid capacity. If a Best Bid does not specify the Bidder's willingness to accept a pro rata allocation of the capacity and it is necessary to allocate capacity on a pro rata basis, then no capacity will be awarded to such Best Bid.

6.27.7 Capacity Release Timeline.

The capacity release timeline is applicable to all parties involved in the capacity release process. However, it is only applicable if (1) all information provided by the parties to the transaction is valid, and the acquiring Shipper has been determined to be credit-worthy before the capacity release Bid is tendered and (2) there are no special terms or conditions of the release. [5.3.1]

The capacity release timeline, stated in CCT, is as follows [5.3.2]:

(a) For biddable releases (one year or less):

- (i) Offers shall be tendered such that they can be posted by 9:00 a.m. on a business day;
- (ii) Open season ends at 10:00 a.m. on the same or a subsequent business day.
- (iii) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of Best Bid is made, and ties are broken.
- (iv) If no match is required, evaluation period ends and the award is posted by 11:00 a.m.
- (v) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 noon.
- (vi) The contract is issued within one hour of award posting (with a new contract number, when applicable).
- (vii) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(b) For biddable releases (more than one year):

- (i) Offers shall be tendered such that they can be posted by 9:00 a.m. on a business day.
- (ii) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive business days.
- (iii) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of Best Bid is made, and ties are broken.

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

For the capacity release business process timing model, only the following methodologies are required to be supported by Company and provided to releasing shippers as choices from which they may select and, once chosen, shall be used in determining the awards from the bid(s) submitted. They are: (1) highest rate, (2) net revenue, and (3) present value. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. [5.3.3]

- (e) Methodologies Not Supported by Capacity Release Standard Timeline.

Other choices of bid evaluation methodologies (including other releasing shipper defined evaluation methodologies) shall be accorded similar timeline evaluation

treatment at the discretion of Company. However, Company is not required to offer other choices or similar timeline treatment for other choices, nor, is Company held to the timeline should the releasing shipper elect another method of evaluation. [5.3.3]

6.27.8 Standard Recall Notification Periods.

Company shall support the following recall notification periods, stated in CCT, for all released capacity subject to recall rights [5.3.44]:

(a) Timely Recall Notification.

- (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 8:00 a.m.
- (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m.

(b) Early Evening Recall Notification.

- (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 3:00 p.m.
- (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m.

(c) Evening Recall Notification.

- (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 5:00 p.m.
- (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m.

(d) Intraday 1 Recall Notification.

- (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 7:00 a.m.
- (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m.

(e) Intraday 2 Recall Notification.

- (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 12:00 p.m.
- (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m.

(f) Intraday 3 Recall Notifications.

- (i) A Releasing Shipper recalling capacity should provide notice of such recall to the Company and the first Replacement Shipper no later than 4:00 p.m.
- (ii) The Company should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m.

For recall notifications provided to Company prior to the recall notification deadlines above (NAESB WGQ Standard 5.3.44) and received between 7:00 a.m. and 5:00 p.m., Company shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. [5.3.45]

For recall notification provided to Company after 5:00 p.m. and prior to 7:00 a.m., Company shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. [5.3.45]

The Releasing Shipper shall provide capacity recall notification to its affected Replacement Shipper(s) at the same time it provides notification to Company. The mode of notification shall be mutually agreed between the Releasing Shipper and its Replacement Shipper(s). [5.1.2]

In the event of an intraday capacity recall, Company shall determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity (EPC). Variations to the use of EPC may be necessary to reflect the nature of Company's tariff, services, and/or operational characteristics. [5.3.56]

6.27.9 Deadline for Reput

The deadline for notifying Company of a reput is 8:00 a.m. (CCT) to allow for timely nominations to flow on to the next Gas Day. [5.3.54]

6.27.10 Company's Right to Terminate a Temporary Capacity Release.

Company may elect to terminate a temporary capacity release transaction to a Replacement Shipper under the following conditions:

- (a) The Replacement Shipper has not executed the respective Service Agreement underlying the awarded Bid prior to the first nomination under such capacity release transaction; or
- (b) The Releasing Shipper has failed to maintain credit in accordance with Section 6.40 of these General Terms and Conditions and Company has provided the Replacement Shipper with 30 days written notice of its intent to terminate its capacity release transaction ("Termination Notice Period"), unless Replacement Shipper agrees to retain its capacity for the remainder of the term of the respective Replacement Shipper capacity release transaction at a rate that is no lower than the lesser of the Releasing Shipper's rate or the applicable Maximum Rate. Replacement Shipper shall have ten (10) business days from the date of written notice to advise Company in writing of its decision. If Replacement Shipper does not exercise its option to retain the capacity, then the Replacement Shipper's capacity release transactions shall terminate at the end of the Termination Notice Period.

6.27.11 Offers to Purchase Capacity Release.

A Person desiring released capacity may submit a request to Company in writing. Such request for capacity shall specify the terms and conditions pursuant to which capacity will be accepted. Such a request shall be posted on Company's Internet web site for no less than thirty (30) days on an informational basis.

6.27.12 Marketing of Capacity Release.

Company shall have no obligation to market any capacity available by a Releasing Shipper. Company, however, may agree to market capacity for a Releasing Shipper and may negotiate a fee with the Releasing Shipper for such service.

6.27.13 Reservation Charge Revenue Credits.

For releases and re-releases of firm capacity, Company shall credit the Reservation Charge Revenue received from a Replacement Shipper directly to the associated Releasing Shipper whose capacity has been released on a firm basis to such Replacement Shipper, subject to Section 6.27.4 of these General Terms and Conditions. Out of Transportation Path Charge revenue shall not be credited back to the Releasing Shipper.

6.27.14 Bankruptcy.

In the event a Releasing Shipper, subject to proceedings under any chapter of the Bankruptcy Code rejects its Agreement, Company may send a written notification of Company's intent to terminate Replacement Shipper's Service Agreement effective 30 calendar days from the date of the notice ("Termination Notice Period") unless Replacement Shipper(s) agrees to retain its capacity for the remainder of the term of the respective Replacement Shipper's Agreement at a rate that is no lower than the lesser of the Releasing Shipper's rate or the Maximum Rate. Replacement Shipper shall have ten (10) business days from the date of the written notice to advise Company in writing of its decision. If Replacement Shipper does not exercise its option to retain the capacity, then the Replacement Shipper's Agreement shall terminate at the end of the Termination Notice Period.

If Replacement Shipper(s) timely exercises its option to retain the capacity, the Replacement Shipper(s), prior to the end of the Termination Notice Period, will execute an amendment to its Service Agreement pursuant to the terms and conditions of the applicable Rate Schedule reflecting the revised rate to be effective beginning on the first day after the end of the Termination Notice Period.

6.28 LIABILITY

All claims arising from and out of the terms of Shipper's Agreement shall be limited to the assets of Company.

6.29 HEADINGS

The headings appearing in these General Terms and Conditions or in any part of the Tariff on a Shipper's Agreement are for the purpose of convenient reference only and shall not affect the interpretation thereof.

6.30 TRANSPORTATION SERVICE REQUEST

Requests for transportation service on Company's pipeline shall be directed to any of the commercial contacts listed on the contact list contained on Company's Internet web site.

6.31 COMPLAINT PROCEDURE

Company is willing to render, on a nondiscriminatory basis, to the extent presently available from existing capacity, interruptible and firm transportation service to any Shipper or potential shipper who requests and meets the requirements for such service in accordance with Company's Tariff. Should a Shipper or potential shipper believe that it has a complaint against the Company in regard to transportation service, then such party may verbally register and/or file a written complaint with the Company. Verbal complaints should be communicated to the Company's Chief Compliance Officer (CCO). The CCO's appropriate contact information is available on Company's Internet website. Company shall attempt to respond timely to such verbal complaints on an informal, case specific basis. Verbal complaints which, in Complainants' judgement, are not satisfactorily resolved shall be submitted in writing and handled pursuant to the written complaint procedures next described. The procedures for filing and resolving written complaints will be in accordance with the following:

- (a) All complaints of Shippers or potential shippers should be directed in writing to the Chief Compliance Officer. Such complaints should clearly identify the specific activity or lack of activity that Company has undertaken and should specify the manner in which the complaining party alleges to have been aggrieved.
- (b) Upon receipt by the CCO of the complaint, Company will maintain a record of all complaints received.
- (c) The CCO will be responsible for notifying the appropriate departments within Company whose services will be utilized in the review of the allegations contained in the complaint.
- (d) Within forty-eight (48) hours, Company will respond initially to the complaint and Company shall respond in writing within thirty (30) days of receipt of the complaint. However, Company's response to such complaint may indicate additional information is needed from the complaining party and/or additional time is needed to complete the review of the allegations. In which case, such response will set forth what information is needed and/or what additional time is required in order to fully respond.
- (e) When full review of the complaint has been completed, Company shall direct a written response to the complaining party which, inter alia, shall demonstrate either (i) that the complaining party has failed to establish any conduct or practice which is contrary to Company's Tariff or the Commission's Regulations, or (ii) that corrective action has been determined to be warranted. In the event that corrective action is deemed warranted, Company will set forth a remedy.

6.32 INTERNET ACCESS

1. Internet Access.

Company shall provide access to its Informational Postings and Customer Activities sites via a designated Internet web site.

At a minimum, Company's designated site shall be accessible via the public Internet. This specifically does not preclude location of the designated site on a private intranet as long as the designated site is accessible via the public Internet.

For further information relative to Company's designated Internet web site potential users should contact:

Northern Border Pipeline Company
TransCanada Northern Border Inc., its Operator
700 Louisiana Street
Houston, TX 77002-2700
Phone Number: 1-888-546-3484

Company has a technical support phone number if problems accessing Company's designated Internet web site are encountered.

Company is not responsible for problems that reside in the user's hardware or software, or the Internet Service Provider used to access Company's designated Internet site.

2. Informational Postings Site.

The Informational Postings site is primarily comprised of FERC mandated postings. The Informational Postings site will be maintained to provide equal and timely access to certain Company transportation information, including but not limited to: (1) Operationally Available and Unsubscribed Capacity; (2) Information related to standards of conduct for transmission providers; (3) Gas Quality; (4) Index of Customers; (5) Notices; (6) Posted Imbalances; (7) Company's FERC Gas Tariff and (8) Transactional Reporting.

Other information and/or capabilities to comply with current and future valid reporting or other requirements as dictated by the FERC also shall be included.

Information posted on Company's Informational Postings site may be fully disseminated by its users.

Information on Company's Informational Postings site shall be made available so as to permit users to download data to be used in their applications.

3. Customer Activity Site.

To indicate a desire to access Company's password protected Customer Activity site, potential users must complete and forward a customer access form to Company's Internet Access Administrator.

Once a completed customer access form is received and processed, Company will provide the requestor with a username and password.

A. Username/Password.

The username and password combination of a user of Company's Customer Activity site may not be shared with any other individual without the written consent of Company. User ID's are both individual and company-specific. Transactions using an individual's user ID for their organization is the User's responsibility. If the user changes positions within the organization or leaves the organization, it is the user's responsibility to notify Company to cancel the current user ID. Company will issue new user ID's for replacement personnel upon receipt of a completed Customer Activity access form.

The initial password provided to a new user of Company's Customer Activity site should be immediately changed by the user to protect user's security. Company also recommends that a user change its password on a regular basis.

4. Archiving and Retrieval of Posted Information.

A. All posted information will be electronically archived each business day. This information will be placed in a secure environmentally stable storage location.

B. Long Term Archiving.

Company shall retain daily archived records of the information posted for at least three years and permit users to review such records. Company may purge completed transactions from current files when transactions have been posted for 90 days.

C. Retrieval Procedures.

A person requiring access to archived posted information must submit their request in writing to:

Northern Border Pipeline Company
TransCanada Northern Border Inc.,
its Operator
Commercial Services
700 Louisiana Street
Houston, TX 77002-2700

Phone Number: (832) 320-5474

FAX Number: (832) 320-5677

Such written request must clearly state the requestor's name, address, phone number, information required, and reason for request.

D. Delivery of Retrieved Information.

The information will be provided by Company to requestor by means that is mutually agreeable to both parties. Company shall utilize its best efforts to provide this information to the requestor no later than ten business days after the request has been received. If the requested information can not be provided in this timeframe, Company shall notify the requestor, by the end of the fifth business day after the request has been received, of the status of providing the requested information. Company may charge requestor a reasonable fee for costs incurred in providing the data.

6.33 ELECTRONIC TRANSACTIONS CONTRACTING

Electronic transactions contracting, as posted on Company's Internet web site, is available to parties provided that such party shall have previously met the requirements of a Rate Schedule, if applicable, and agreed to the terms and conditions of Company's Electronic Contracting Agreement available on Company's Internet web site.

6.34 OPERATIONAL BALANCING AGREEMENT POLICY

1. Purpose.

The Operational Balancing Agreement (OBA), is intended to govern the treatment of any differences between the actual quantity of gas received/delivered at a Point of Interconnection with Company's system and the quantity of gas that was scheduled.

Company's OBA shall be based upon the NAESB WGQ Model OBA whenever possible. [6.5.2] A form of Company's OBA is available on Company's Internet web site.

Company considers an OBA to be a predetermined allocation method.

2. Policy.

It is Company's policy to negotiate and execute, if possible, the Company's form of OBA at all Points of Interconnection. However, if an OBA does not exist at a Point of Interconnection, the imbalance charges, cash-outs, or penalties incurred at such point shall be the responsibility of Shipper(s) that are out of balance. Company shall enter into an OBA at all pipeline-to-pipeline (interstate and intrastate) interconnects. [2.3.29]

If it is not possible to utilize Company's form of OBA for an interstate pipeline interconnection, an acceptable OBA for such interconnection must include the following provisions:

- (a) The OBA must be in energy terms with stated bases.
- (b) The OBA parties intend that the quantity actually received/delivered each day at the interconnection will equal the scheduled nominations.
- (c) Any differences between the metered quantity and the scheduled nomination is treated as an OBA imbalance and exists solely between the OBA parties.
- (d) The OBA parties will take the necessary steps to ensure that the cumulative daily OBA imbalance is maintained at or tends towards a zero imbalance. No imbalance penalty shall be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty. [2.3.31]
- (e) The OBA parties will regularly reconcile scheduled nominations during a given Production Month. A mutually agreed upon scheduled nomination summary must be completed as soon as practical after each Production Month end.

- (f) The monthly metered flow data for such interconnection will be determined and communicated by the Measurement Party in writing as soon as possible to the other OBA party.
- (g) The OBA parties at such interconnection may temporarily suspend the OBA in accordance with the terms thereof if either party discovers or anticipates extraordinary circumstances, such as significant interruption of transportation service, severe weather, or some other event which affects the gas supplies available for delivery at the interconnection.
- (h) A mutually agreeable commencement and termination date, cancellation clause and other specific language applicable to Company.

An OBA party is permitted to discharge an operational imbalance at a given Point of Interconnection utilizing one of the Shipper Imbalance methods set forth in Section 6.23 paragraph 3(2).

6.35 DATA ELEMENTS

1. Data Set Usage by Company.

Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.2, which are required by the Commission in 18 CFR Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

Standards not Incorporated by Reference and their Location in Tariff:

<u>NAESB Standard</u>	<u>Tariff record</u>
0.1.1	GT&C - Definitions, 6.1.39
0.3.3	GT&C - Credit Worthiness Notices, 6.40.1.1(b)
0.3.4	GT&C - Person Responsibilities, 6.40.2(b)
0.3.5	GT&C - Person Responsibilities, 6.40.2(c)
0.3.6	GT&C - Credit Worthiness Notices, 6.40.1.1(c)
0.3.7	GT&C - Credit Worthiness Notices, 6.40.1.1(a)
0.3.8	GT&C - Person Responsibilities, 6.40.2(d)
0.3.9	GT&C - Credit Worthiness Notices, 6.40.1.1(d)
0.3.10	GT&C - Designating Notice Representatives, 6.40.3
1.1.1	GT&C - Nomination and Scheduling Timeline, 6.10.2
1.1.10	GT&C - Applicability and Character of Service, 5.1.2
1.1.13	GT&C - Applicability and Character of Service, 5.1.2
1.2.3	GT&C - Definitions, 6.1.85
1.2.4	GT&C - Company Supported Nomination Classifications, 6.10.1.7
1.2.5	GT&C - Definitions, 6.1.78
1.2.6	GT&C - Definitions, 6.1.74
1.2.8	GT&C - Definitions, 6.1.27
1.2.9	GT&C - Definitions, 6.1.28
1.2.10	GT&C - Definitions, 6.1.28
1.2.12	GT&C - Definitions, 6.1.37
1.2.13	GT&C - Definitions, 6.1.104
1.2.14	GT&C - Definitions, 6.1.105
1.2.15	GT&C - Definitions, 6.1.108
1.2.16	GT&C - Definitions, 6.1.109
1.2.17	GT&C - Definitions, 6.1.103
1.2.18	GT&C - Definitions, 6.1.1
1.2.19	GT&C - Definitions, 6.1.107

1.3.1	GT&C - Definitions, 6.1.43
1.3.2(i-vi)	GT&C - Nomination and Scheduling Timeline, 6.10.2
1.3.3	GT&C - Nomination and Scheduling Timeline, 6.10.2.6
1.3.4	GT&C - Nomination and Scheduling Timeline, 6.10.2.9
1.3.8	GT&C - Company Supported Nomination Classifications, 6.10.1.7
1.3.11	GT&C - Company Supported Nomination Classifications, 6.10.1.7
1.3.13	GT&C - Company Supported Nomination Classifications, 6.10.1.7
1.3.14	GT&C - Energy Quantity, 6.4.3.6
1.3.15	GT&C - Nomination, 6.10.1.5
1.3.17	GT&C - Supported WGQ NAESB Standard by Reference, 6.36.1
1.3.18	GT&C - Supported WGQ NAESB Standard by Reference, 6.36.1
1.3.20	GT&C - Capacity Allocation and Confirmation Process, 6.10.4.5
1.3.21	GT&C - Nomination and Scheduling Timeline, 6.10.2.8
1.3.22	GT&C - Capacity Allocation and Confirmation Process, 6.10.4.4
1.3.23	GT&C - Capacity Allocation and Confirmation Process, 6.10.4.4
1.3.29	GT&C - Nomination, 6.10.1.5
1.3.31	GT&C - Nomination, 6.10.1.5
1.3.32	GT&C - Company Supported Nomination Classifications, 6.10.1.7
1.3.33	GT&C - Company Supported Nomination Classifications, 6.10.1.7
1.3.35	GT&C - Capacity Allocation and Confirmation Process, 6.10.4.5
1.3.37	GT&C - Nomination and Scheduling Timeline, 6.10.2.8
1.3.40	GT&C - Capacity Allocation and Confirmation Process, 6.10.4.4
1.3.44	GT&C - Scheduling, 6.10.5
1.3.45	GT&C - Capacity Allocation and Confirmation Process, 6.10.4.6
1.3.46	GT&C - Capacity Allocation and Confirmation Process, 6.10.4.7
1.3.51	GT&C - Notices, 6.20.4
1.3.64	GT&C - Applicability and Character of Service, 5.1.2
1.3.66	GT&C - Third Party Provided Title Transfer Tracking, 6.36.5
1.3.67	GT&C - Third Party Provided Title Transfer Tracking, 6.36.5
1.3.69	GT&C - Third Party Provided Title Transfer Tracking, 6.36.5
1.3.73	GT&C - Third Party Provided Title Transfer Tracking, 6.36.5
1.3.74	GT&C - Nomination, 6.10.1.5
2.2.1	GT&C - Definitions, 6.1.73
2.2.2	GT&C - Definitions, 6.1.75
2.3.16	GT&C - Flowing Gas, 6.23.2
2.3.18	GT&C - Flowing Gas, 6.23.2
2.3.26	GT&C - Flowing Gas, 6.23.2
2.3.29	GT&C - Operational Balancing Agreement Policy, 6.34.2
2.3.30	GT&C - Flowing Gas, 6.23.3(2)
2.3.31	GT&C - Operational Balancing Agreement Policy, 6.34.2
2.3.40	GT&C - Flowing Gas, 6.23.3(2)
2.3.41	GT&C - Flowing Gas, 6.23.3(2)
2.3.47	GT&C - Flowing Gas, 6.23.3(2)
3.2.1	GT&C - Payment, 6.6.3(a)

3.3.9	GT&C - Billing, 6.6.2
3.3.15	GT&C - Billing Error/Prior Period Adjustments, 6.6.6
3.3.19	GT&C - Payment, 6.6.3(a)
3.3.25	GT&C - Payment, 6.6.3(a)
4.1.40	GT&C - Quality of Gas, 6.5.5(b)
4.2.1	GT&C - Definitions, 6.1.47
4.2.10	GT&C - Definitions, 6.1.30
5.1.2	GT&C - Standard Recall Notification Periods, 6.27.8(e)
5.2.1	GT&C - Critical Notices, 6.20.3
5.2.2	GT&C - Notices, 6.20.5
5.2.3	GT&C - Definitions, 6.1.36
5.3.2	GT&C - Capacity Release Timeline, 6.27.7
5.3.3	GT&C - Capacity Release Timeline, 6.27.7
5.3.4	GT&C - Company's Bid Evaluation Methods, 6.27.6.1(e)
5.3.8	GT&C - Parameters for Capacity Release Transactions, 6.27.4.4
5.3.13	GT&C - Bid Requirements, 6.27.3.4
5.3.14	GT&C - Offer Requirements, 6.27.2
5.3.15	GT&C - Bid Requirements, 6.27.3.4
5.3.16	GT&C - Offer Requirements, 6.27.2.1
5.3.18	GT&C - Notices, 6.20.2
5.3.23	GT&C - Definitions, 6.1.54
5.3.25	GT&C - Posting of Offers, Bids, and Awarded Transactions, 6.27.5
5.3.28	GT&C - Parameters for Capacity Release Transactions, 6.27.4.1
5.3.35	GT&C - Notices, 6.20.5
5.3.36	GT&C - Notices, 6.20.5
5.3.40	GT&C - Notices, 6.20.4
5.3.44	GT&C - Standard Recall Notification Periods, 6.27.8
5.3.45	GT&C - Standard Recall Notification Periods, 6.27.8
5.3.53	GT&C - Parameters for Capacity Release Transactions, 6.27.4.4
5.3.54	GT&C - Deadline for Reput, 6.27.9
5.3.56	GT&C - Standard Recall Notification Periods, 6.27.8
5.3.58	GT&C - Parameters for Capacity Release Transactions, 6.27.4.4
5.3.60	GT&C - Credit Worthiness Notices, 6.40.1.1(e)(iv)

Standards Incorporated by Reference:

Additional Standards:

General:

Definition:
0.2.5

Standards:

0.3.1, 0.3.2, 0.3.16, 0.3.17

Gas/Electric Operational Communications:

Definitions:

0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:

0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

Standards:

0.3.18, 0.3.20, 0.3.21, 0.3.22

Data Sets:

0.4.2, 0.4.3

Location Data Download:

Standards:

0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset:

0.4.4

Storage Information:

Data Sets:

0.4.1

Nomination Related Standards:

Definitions:

1.2.1, 1.2.2, 1.2.11

Standards:

1.3.5, 1.3.6, 1.3.7, 1.3.9, 1.3.16, 1.3.19, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28,
1.3.30, 1.3.34, 1.3.36, 1.3.38, 1.3.39, 1.3.41, 1.3.42, 1.3.43, 1.3.48, 1.3.53,
1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.65, 1.3.68, 1.3.70, 1.3.71, 1.3.72, 1.3.75,
1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

Data Sets:

1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

Flowing Gas Related Standards:

Definitions:

2.2.3, 2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.14, 2.3.15, 2.3.17, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.28, 2.3.32, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

Data Sets:

2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17, 2.4.18

Invoicing Related Standards:

Standards:

3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.16, 3.3.17, 3.3.18, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.26

Data Sets:

3.4.1, 3.4.2, 3.4.3, 3.4.4

Quadrant Electronic Delivery Mechanism Related Standards:

Definitions:

4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

Standards:

4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.61, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.109, 4.3.110

Capacity Release Standards:

Definitions:

5.2.4, 5.2.5

Standards:

5.3.1, 5.3.5, 5.3.7, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.24, 5.3.26, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.37, 5.3.38, 5.3.39, 5.3.41, 5.3.42, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.55, 5.3.57, 5.3.59, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

Data Sets:

5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

Internet Electronic Transport Related Standards:

Definitions:

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38, 10.2.39

Standards:

10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27, 10.3.28, 10.3.29

6.36 POOLING/TITLE TRANSFER

6.36.1 Supported WGQ NAESB Standard by Reference.

Company provides at least one pool.

Deliveries from receipt points shall be able to be delivered directly into at least one pool and delivery points shall be able to receive quantities from at least one pool, excluding non-continuous facilities. [1.3.18]

6.36.2 Availability.

Transfer Points have been established to facilitate the aggregation or dis-aggregation of gas being transported on Company's system.

Transfer Points for Forwardhaul transportation purposes are deemed to exist immediately downstream of all receipt points and immediately upstream of all delivery points. For Backhaul transportation purposes these Transfer Points are deemed to exist immediately upstream of all receipt points and immediately downstream of all delivery points.

Compression service Transfer Points will be located upstream of the corresponding compressor station where gas is physically compressed and delivered off of Company's system or downstream of the corresponding compressor station where gas is physically compressed and received into Company's system.

PAL Transfer Points shall be located immediately upstream of the PAL point for park and unloan transactions and immediately downstream for the PAL Point for unpark and loan transactions.

Company shall post a list of such Transfer Points.

Transfer Points do not exist on non-contiguous facilities.

6.36.3 Applicability and Character of Service.

Company's Transfer Points are available as secondary points for scheduling purposes by a Nominating Party under any Agreement, and under a Title Transfer Agreement available on Company's Internet web site unless specifically excluded from use in a specific Rate Schedule. A specific Transfer Point may be available as a Primary Receipt Point or a Primary Delivery Point if specifically allowed in any of Company's Rate Schedules.

At a minimum, Company shall be responsible for accommodating Title Transfer Tracking services at all points identified by Company as pooling points (Transfer Points), where Title Transfer Tracking services are requested. In absence of existing pooling points or in addition to existing pooling points where access to Title Transfer Tracking is not reasonably accessible for supply receipt locations covered by an OBA, Company shall be responsible for accommodating Title Transfer Tracking at no less than one location. [1.3.64]

Company provided Title Transfer Tracking is an administrative service performed pursuant to a Title Transfer Agreement, under which Company permits Shipper to use Transfer Points for nomination of title transfers on Company's system. Company will accept nominations by Shipper, for the transfer of title, for quantities of gas at the Transfer Point as directed by Shipper. Subject to being scheduled, gas at a given Point of Receipt on Company's system can be transported to a given Point of Delivery, be pooled immediately downstream at the Point of Receipt's Transfer Point, or be transported to a pool at a different Transfer Point.

Subject to being scheduled, gas at a given Point of Delivery on Company's system can be transported from a given Point of Receipt, be pooled immediately upstream at the Point of Delivery's Transfer Point, or be transported from a pool at a different Transfer Point.

Company supports two types of no mileage title transfer: (1) pool-to-pool transfer at a given Transfer Point and (2) physical point to transfer point or transfer point to physical point title transfer. Such title transfer service is available to a Shipper under their Agreement as well as those who have executed a Title Transfer Agreement with Company. [1.1.13]

Title transfer tracking improves quantity certainty. [1.1.10]

6.36.4 Nomination for Company Provided Title Transfer Tracking.

A title transfer Nomination is a nomination line item requesting service of Title Transfer Tracking and is sent by an Account Holder to a Title Transfer Tracking Service Provider. [1.2.19]

The scheduled quantity into and out of a Nominating Party's pool must balance.

At the time of nomination, a Nominating Party may provide to Company a ranking of receipts into and deliveries out of their pool. When necessary, such ranking shall be used by Company to balance the pool prior to scheduling. If no such rankings exists, Company will apply pro rata reductions on the side of the pool with the greater quantity to balance.

Transportation service into and out of a pool, as detailed in Section 6.10.4 hereof, will dictate the scheduling priority of the pool.

6.36.5 Third Party Provided Title Transfer Tracking.

All Third Party Account Administrators wishing to provide title transfer tracking service shall so notify Company. All coordination between Third Party Account Administrators and Company shall be performed under a contract between the parties. Where Company is a Title Transfer Tracking Service Provider on its system, tariff provisions (terms, conditions, and rates) or general terms and conditions of Company, will take the place of a contract. [1.3.66]

Upon reasonable request of the Third Party Account Administrator, Company shall provide the Third Party Account Administrator with one of the following for conducting title transfer tracking activity:

- (a) location code(s);
- (b) contract identifier(s) used in the exchange of transactional data;
- (c) both (a) and (b) above.

In any event Title Transfer Tracking activity is always performed at or with respect to a location (physical or logical). [1.3.67]

Company shall communicate with any Title Transfer Tracking Service Provider that performs according to the applicable contract between the Title Transfer Tracking Service Provider and Company, and that operates in accordance with those NAESB WQG standards applicable to Title Transfer Tracking. [1.3.69]

If Company has decided to offer Title Transfer Tracking service by means of an arrangement (including an agreement) with a party which will act as Company's designated party, and regardless of communication methodology between Account Holders and such designated party, Company shall, upon request, identify the Title Transfer Tracking Service Provider(s) at a location which have established active Title Transfer Tracking arrangements with Company. The relevant information to be provided shall include the name of each Title Transfer Tracking Service Provider, the ID code for each Title Transfer Tracking Service Provider used by Company, the contract number for each Title Transfer Tracking Service Provider assigned by Company (where applicable), the location code(s) nominatable to Company for transportation service to or from the location associated with each Title Transfer Tracking Service Provider. [1.3.73]

6.37 NEGOTIATED RATES

6.37.1 Availability.

Shipper and Company may agree to Negotiated Rates for a specific term of service under any Rate Schedule contained in this Tariff. The rates as shown on Company's Statement of Rates are available as Recourse Rates for any Shipper that does not negotiate a rate with Company.

6.37.2 Applicability.

1. Existing Service.

Notwithstanding anything to the contrary contained in this tariff, Company and Shipper may mutually agree to negotiate rates and contract term for all or any portion of the capacity under any existing Agreement, provided that Shipper has not acquired its capacity through a temporary capacity release. If only a portion of the capacity under any existing Agreement will be priced at Negotiated Rates, the original Agreement must first be bifurcated, and Recourse Rates will continue to apply to the Agreement not subject to the Negotiated Rates.

2. New Service.

(a) Requests for Planned Pipeline Capacity.

Company and Shipper may mutually agree to Negotiated Rates and contract term for any planned expansion and/or extension capacity that is requested by Shipper.

(b) Bids on Posted Available Capacity.

If available capacity is posted for bid and Company has determined that it is willing to consider bids at Negotiated Rates, Company must specify in its posting that it will consider Negotiated Rate bids in addition to Recourse Rate and discounted Recourse Rate bids.

3. Expiring/Terminating Service.

An existing Shipper with a right-of-first-refusal as outlined in Section 5.1.4 of Rate Schedule T-1 may retain all or a portion of its capacity when such capacity is posted subject to Negotiated Rate offers, for the lesser of five years or the term of the Best Bid, (1) by matching the Best Bid under a Negotiated Rate offer submitted by another Shipper that meets or exceeds the lowest rate Company is willing to accept for such service, (2) by paying a Recourse Rate or discounted Recourse Rate that is equivalent to the Negotiated Rate for the capacity it wishes to retain, or (3) by paying the currently effective Maximum Rate in order to retain its contracted capacity; provided, however, that nothing herein shall obligate Company to render service to any Shipper at rates less than Company's then applicable maximum tariff rates.

6.37.3 Best Bid Evaluation.

1. If Company determines that it is willing to accept Negotiated Rate bids for capacity that is available pursuant to Section 6.37.2 above, it will state in its posting, that bids will be evaluated as described in Section 6.26.4(a) of the General Terms and Conditions.

If Company's posting specifies that it will accept Negotiated Rate bids tied to an index or indices, Company will post an assumed value for such index or indices, where such assumed value is based on both historical and projected index prices. This assumed value will be used to compare Negotiated Rate bids with Recourse Rate and discounted Recourse Rate bids; provided, however, that if a Shipper with a Negotiated Rate bid tied to an index or indices is awarded the capacity, such Shipper will pay according to the actual value of the index or indices at the time service is rendered.

2. The NPV of a Negotiated Rate bid pursuant to Section 6.26.4(a) of the General Terms and Conditions will be capped at the value of a Recourse Rate bid under comparable terms.

6.37.4 Filing Requirement.

Company will submit to the Commission a tariff section stating the name of the Shipper, the Negotiated Rate, and the Rate Schedule applicable to any Agreement contracted on a Negotiated Rate basis. Unless Company executes and files a non-conforming Agreement, such tariff section will contain a statement that the Negotiated Rate Agreement does not deviate in any material aspect from the form of Agreement in the tariff for the applicable Rate Schedule.

6.37.5 Rate Treatment.

Company will not seek in future general rate proceedings discount-type adjustments to demand charge billing determinants for capacity converted from Recourse Rate Agreements to Negotiated Rate Agreements, unless the Recourse Rate had already been discounted. In those situations where Company had granted a market-justified discount to the Recourse Rate and subsequently converted the Agreement to a Negotiated Rate Agreement, Company may seek a discount-type adjustment, based on the greater of: (a) the Negotiated Rate revenues received or (b) the discounted Recourse Rate revenues which otherwise would have been received, but Company will have the burden of proof to demonstrate the appropriateness of both the existence and level of any such adjustment. The procedural rights of all parties will be preserved to contest the propriety of the proposed adjustment.

Company will maintain separate and identifiable accounts for volumes transported, billing determinants, rate components, surcharges, and revenues associated with negotiated rate transactions.

6.37.6 Limitations.

This Section 6.37 does not authorize Company to negotiate terms and conditions of service.

6.38 OFF-SYSTEM SERVICES ACQUIRED - SPECIFIC SHIPPER REQUEST

1. Company may acquire off-system services from third parties at the request of a specific Shipper. Such services shall be subject to the terms and conditions of Company's Tariff. For purposes of transactions entered into subject to this section, the "Shipper must hold title" requirement shall not be applicable to the acquired off-system services.
2. If a Shipper requests and Company agrees, to acquire off-system services from a third party to provide services for the benefit of such Shipper on Company's system, Shipper may, on a non-discriminatory basis, be required to pay Company, in addition to any applicable rates and charges assessed pursuant to this Tariff, the rates and charges Company is obligated to pay such third party for the off-system service. Such charges shall be set forth as separate items on the monthly invoices rendered to Shipper.
3. Any off-system services acquired by Company for the benefit of a specific Shipper which is not being utilized shall be offered, on a non-discriminatory basis, to Company's other Shippers on a secondary or interruptible basis, pursuant to the terms of Company's Tariff and subject to any applicable third party charges. Company will indicate in its posting of such off-system service available for service, whether any third party charges will apply to the use of such off-system service and whether such off-system service is subject to term limitations. In no event, will service under this Section 6.38 be beyond the term during which Company has contracted to obtain the off-system service from a third party.

6.39 OFF-SYSTEM SERVICES

From time to time, Company may obtain transportation and/or storage services on other interstate or intrastate pipelines in order to render services on behalf of its customers. Such services will be subject to Northern Border's open access tariff and currently effective rates that are subject to revision from time to time.

6.40 CREDIT WORTHINESS

Company shall evaluate the credit worthiness of any Person that may request services under this Tariff. Company shall not be required to commence or continue services under this Tariff on behalf of any Person who fails to establish or maintain credit worthiness as may be required by Company. A Person's credit worthiness shall be reviewed on a continuing basis. Credit worthiness shall be based on the level of service requested.

Company shall evaluate a Person based on the following credit criteria:

- (1) current financial reports; whereby Company shall apply consistent evaluation practices in determining the working capital, profitability trends, net worth, cash flow, and overall financial condition;
- (2) information from credit rating agencies or bank/trade references to determine the manner in which a Person's payment obligations are met;
- (3) prompt payment of obligations to Company on a consistent basis as reflected in an on-going business relationship with Company; and
- (4) a person shall not be operating under a federal, state, or other applicable bankruptcy law or judgment subject to liquidation, reorganization, arrangement, adjustment, composition, or appointment of a receiver, trustee, or assignee of the Person's property.

A Person that fails to meet the credit criteria may also become creditworthy by providing and maintaining one of the following credit alternatives as required by Company: (a) a guaranty from a creditworthy party, (b) a standby letter of credit from a creditworthy bank equal to an amount not to exceed twelve (12) months of estimated contractual obligations or the lesser of contract term, or (c) other security as is acceptable to Company.

6.40.1 Credit Worthiness Notices.

1. Company Responsibilities.

- (a) Company shall designate, on its Internet web site or in written notices to any Person, the Internet E-mail addresses of up to two representatives who are authorized to receive notices regarding a Person's credit worthiness. A Person's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and Company shall manage internal distribution of any such confirmations. [0.3.7]
- (b) If Company requests additional information to be used for credit evaluation after the initiation of service, Company, contemporaneous with the request, shall provide its reason(s) for requesting the additional information to Person and designate to whom the response shall be sent. Company and Person may mutually agree to waive this requirement. [0.3.3]
- (c) Upon receipt from Person of all credit information provided, Company shall notify Person's authorized representative(s) that it has received such information. Company and Person may mutually agree to waive this requirement. [0.3.6]
- (d) After Company's receipt of Person's request for re-evaluation, including all required information ("Person's Request"), within five (5) Business Days, Company shall provide a written response to Person's Request. Such written response shall include either a determination of credit worthiness status, clearly stating the reason(s) for Company's decision, or an explanation supporting a future date, which a re-evaluation determination will be made. In no event shall such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of the Person's Request unless specified in Company's FERC Gas Tariff or if the parties mutually agree to some later date. [0.3.9]
- (e) Regarding capacity release transactions, Company shall provide the original Releasing Shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Company to the Releasing Shipper's Replacement Shipper(s), of the following:
 - (i) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to this Section 6.40 and Section 6.6 of the General Terms and Conditions of Company's FERC Gas Tariff.

- (ii) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice.
- (iii) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and
- (iv) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer credit worthy and has not provided credit alternative(s) pursuant to this Section 6.40. [5.3.60]

2. Person Responsibilities.

- (a) Person shall designate up to two representatives who are authorized to receive notices regarding the Person's credit worthiness, including requests for additional information, and shall provide to Company the Internet E-mail addresses of such representatives prior to the initiation of service. Written requests and responses shall be provided via Internet E-mail, unless otherwise agreed by the parties. The obligation of Company to provide credit worthiness notifications is waived until the above requirement has been met. Person shall manage internal distribution of any credit worthiness notices that are received. [0.3.7]
- (b) Upon receipt of either an initial or follow-up request from Company for information to be used for credit worthiness evaluation, the Person's authorized representative(s) shall acknowledge receipt of Company's request. Company and Person may mutually agree to waive this requirement. [0.3.4]
- (c) Person's authorized representative(s) shall respond to Company's request for credit information, as allowed by this Section 6.40, on or before the due date specified in the request. Person shall provide all the credit information requested by Company or provide the reason(s) why any of the requested information was not provided. [0.3.5]
- (d) At any time after Person is determined to be non-credit worthy by Company, Person may initiate a credit worthiness re-evaluation by Company. As part of Person's re-evaluation request, Person shall either update or confirm in writing the prior information provided to Company related to Person's credit worthiness. Such update shall include any event(s) that Person believes could lead to a material change in Person's credit worthiness. [0.3.8]

3. Designating Notice Representatives.

Company's and Person's authorized credit worthiness representative(s) for Internet E-mail notifications, responses and requests as described in this Section 6.40 shall be established by initiating a request as prescribed on Company's Customer Activity site.

In complying with the credit worthiness-related notifications pursuant to this Section 6.40 and Section 6.6 of the General Terms and Conditions of Company's FERC Gas Tariff, Person and Company may mutually agree to other forms of communication in lieu of Internet E-mail notification. [0.3.10]

6.41 DISCOUNTING

1. From time to time Shipper or Buyer and Company may agree in writing on a level of discount of the otherwise applicable rates and charges in addition to a basic discount from the stated Maximum Rates.

In all circumstances the discount provided shall not change the underlying rate design and the resulting discounted rate shall be between the Maximum Rate and the Minimum Rate applicable to the service provided.

For example, Company may provide a specific discounted rate:

- (1) to certain specified quantities under the Agreement (referred to as quantity rate type); or
- (2) if specified quantity levels are actually achieved or with respect to quantities above or below a specified level (referred to as quantity level rate type); or
- (3) during specified time periods (referred to as time period rate type or contract rate type); or
- (4) to points of receipt (referred to as point rate type), points of delivery (referred to as point rate type), transportation paths (referred to as point to point rate type) or defined geographical areas (referred to as zone rate type); or
- (5) in a specified relationship to the quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to quantities actually transported) (referred to as relationship rate type); or
- (6) to provide that if one rate component which was equal to or within the applicable Maximum and Minimum Rate at the time the discount agreement was executed subsequently exceeds the applicable Maximum Rate or is below the applicable Minimum Rate due to a change in Company's Maximum Rates and/or Minimum Rates, so that such rate component must be adjusted downward or upward to equal the new applicable Maximum or Minimum Rate, then other rate components may be adjusted upward or downward to achieve the agreed-upon overall rate, so long as none of the resulting rate components exceed the Maximum Rate or are below the Minimum Rate applicable to the rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts applicable revised Maximum and Minimum Rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount

agreement exceeded rates which ultimately are found to be just and reasonable (referred to as rate component rate type); or

- (7) based upon published index prices for specific receipt and/or delivery points or other agreed-upon published pricing reference points for price determination. (Such discounted rate may be based upon the differential between published index prices or arrived at by formula and shall be referred to as index price differential rate type.) Each service agreement entered into pursuant to this Section 6.41 paragraph 1(7): (1) shall not change the underlying rate design; (2) shall not include any minimum bill or minimum take provision that has the effect of guaranteeing revenue; and (3) shall define the rate component to be discounted (referred to as index price differential type).

6.42 NON-CONFORMING AGREEMENTS

Shipper Name	Agreement Number	Type of Agreement	Termination Date
Northern States Power Company, a Minnesota Corporation	101084 (DP001F)	Rate Schedule FCS-DP	03/31/2027
North Shore Gas Company	101220 (T1066F)	Rate Schedule T-1	03/31/2026
MidAmerican Energy Company	101222 (T1100F)	Rate Schedule T-1	10/31/2026
MidAmerican Energy Company	101223 (T1101F)	Rate Schedule T-1	10/31/2026
MidAmerican Energy Company	101224 (T1102F)	Rate Schedule T-1	10/31/2026
MidAmerican Energy Company	101227 (T1142F)	Rate Schedule T-1	10/31/2026
Tenaska Marketing Ventures	101236 (T5046F)	Rate Schedule T-1	10/31/2031
The Peoples Gas Light and Coke Company	101237 (T5139F)	Rate Schedule T-1	03/31/2026
Tenaska Marketing Ventures	101241 (T5446F)	Rate Schedule T-1	10/31/2031
Tenaska Marketing Ventures	101242 (T5447F)	Rate Schedule T-1	03/31/2030
Tenaska Marketing Ventures	101243 (T5448F)	Rate Schedule T-1	10/31/2031
Tenaska Marketing Ventures	101244 (T5449F)	Rate Schedule T-1	10/31/2031
Tenaska Marketing Ventures	101245 (T5450F)	Rate Schedule T-1	10/31/2031
Tenaska Marketing Ventures	101246 (T5451F)	Rate Schedule T-1	10/31/2031
Northern States Power Company, a Minnesota Corporation	101087 (FB0676)	Rate Schedule T-1B	03/31/2027
Minnesota Energy Resources Corporation	101251 (T6873F)	Rate Schedule T-1	03/31/2026

6.43 AGENCY

For purposes of this Section 6.43, Customer shall be defined as any Person who executes an Agreement with Company for service under any of Company's Rate Schedules contained in this Tariff.

A Customer may delegate to a third party (Agent), authority to exercise certain or all rights and perform certain or all obligations set forth in one or more agreements entered into between Customer and Company ("Delegated Agreements"). A Customer may delegate to Agent, the specific rights and obligations set forth above pursuant to the terms and conditions of the Agency Authorization Agreement and the terms and conditions of the underlying Delegated Agreements. A Customer may not delegate to more than one Agent the same rights and/or obligations for a Delegated Agreement(s) pursuant to the terms and conditions of the Agency Authorization Agreement.

Company, Customer and Agent must enter into an Agency Authorization Agreement which is available on Company's Internet web site. Such Agency Authorization Agreement or any changes to such Agency Authorization Agreement must be submitted to Company at least two Business Days prior to the requested effective date. Agent shall have all rights and obligations under the Delegated Agreements as set forth in the Agency Authorization Agreement. Customer's delegation to its Agent(s) pursuant to this Section 6.43 shall not confer to either Customer or Agent(s) rights outside of or in contravention of the terms and conditions of the Delegated Agreements.

Company shall rely on communications and actions of Agent for all purposes that are within the authority conveyed by the Agency Authorization Agreement. Such communications with, and actions by, Agent that are within the authority conveyed by the Agency Authorization Agreement shall be deemed communications with or actions by Customer. Customer shall indemnify and hold Company harmless from suits, actions, costs, losses and expenses (including, without limitation, attorney's fees) arising from claims associated with Company's reliance on such communications and actions of Agent. If Agent fails to meet such obligations under the Delegated Agreements, then, without Company being obligated to proceed against such representative, Customer shall be liable for all obligations under the Delegated Agreements.

A third party may administer rights under multiple Delegated Agreements as the Agent for one or more Customers; provided however, that such Agent (i) shall separately administer and account for each Delegated Agreement, including, without limitation, submitting nominations and calculating any imbalances and (ii) shall utilize such Delegated Agreements for the transportation, aggregation or balancing of gas for only those Customers that have delegated the rights and obligations under their Delegated Agreements.

Northern Border Pipeline Company

FERC Gas Tariff

Second Revised Volume No. 1

PART 6.44

6.44 - GT&C

Electric Compressor Surcharge and Company Use Gas Adjustment

v.2.0.0 Superseding v.1.0.0

6.44 ELECTRIC COMPRESSOR SURCHARGE AND COMPANY USE GAS
ADJUSTMENT

6.44.1 ELECTRIC COMPRESSOR SURCHARGE

1. Purpose and Applicability.

This Section 6.44.1 establishes the procedures to reflect changes in the Electric Compressor Surcharge, set forth on the Statement of Rates, to be applicable to Company's transportation services under Rate Schedule(s) T-1 and IT-1, and transportation services under Rate Schedule T-1B in a Forwardhaul direction, as may be revised from time to time.

2. Definitions.

- (a) Usage Costs - the sum of the actual costs incurred by Company at any of Company's electric compressors installed along Company's system related to electricity and use taxes imposed on the consumption of natural gas quantities at natural gas powered stations along Company's system.
- (b) Estimated Usage Costs - the sum of the Estimated Usage Costs for the twelve months ending in February of each year.
- (c) Usage Cost True-Up Mechanism - the difference between the Estimated Usage Costs and the actual Usage Costs for the twelve months ended in February of each year. Under-collection of Usage Costs will result in a positive Adjustment Amount. Over-collection of Usage Costs will result in a negative Adjustment Amount.

3. Filing Requirements.

Company shall file with the Federal Energy Regulatory Commission to reflect net changes to establish a revised Electric Compressor Surcharge rate at least 30 days prior to May 1 of each year.

4. Methodology.

The methodology used to derive the Electric Compressor Surcharge is as follows:

The Electric Compressor Surcharge to be applicable for each year beginning on May 1 shall be equal to the sum of Estimated Usage Costs and the Usage Cost True-Up Mechanism. The total of such costs shall be divided by the annual system-wide dekatherm miles to obtain the Electric Compressor Surcharge to be effective May 1 of each year.

6.44.2 COMPRESSOR FUEL ADJUSTMENT

1. Purpose and Applicability.

This Section 6.44.2 establishes the procedures to reflect changes in the Company Use Gas Adjustment, set forth on the Statement of Rates Section 4.7, to be applicable to Company's transportation services under Rates Schedule(s) T-1 and IT-1 and Forwardhaul transportation services under Rate Schedule T-1B, if applicable, as may be revised from time to time. The Company Use Gas Adjustment shall be the deemed fuel percentage per Dth-mile. This per Dth-mile percentage will be assessed on the Dth-miles transported on scheduled receipt nominations from Point of Receipt to Point of Delivery and will include both Company Use Gas and any Company Use Gas Imbalance from a prior period. The Company Use Gas Adjustment will be reviewed monthly and will apply only to quantities nominated under Rate Schedule T-1, IT-1, and Forwardhaul quantities nominated under Rate Schedule T-1B.

2. Reporting and Filing Requirements.

Company will post its Company Use Gas Adjustments on its Internet Website at least six (6) business days prior to the end of the month preceding the month to which it is applicable.

Company shall file an annual report at least thirty (30) days prior to June 1 of each year with the Federal Energy Regulatory Commission providing documentation supporting the monthly Company Use Gas Adjustments made during the prior calendar year.

3. Methodology.

- (a) Company Use Gas for the month shall be determined by estimating the total Company Use Gas necessary to balance the Company's pipeline system.

This estimate includes the projected Company Use Gas requirement and the accumulative Company Use Gas Imbalance. The total Company Use Gas projected requirements divided by the total projected monthly system-wide transportation quantities nominated under Rate Schedules T-1, IT-1 in Dth-miles and Forwardhaul quantities nominated under Rate Schedule T-1B in Dth-miles for the subsequent month equals the Company Use Gas Adjustment per Dth-Mile.

- (b) The monthly Company Use Gas Adjustment multiplied by the distance between Point of Receipt to Point of Delivery provides the Company Use Gas Adjustment for each transportation path.

6.45 OPERATIONAL PURCHASES AND SALES OF GAS

1. Applicability.

Company may purchase and/or sell gas to the extent necessary to: (i) balance Company Use Gas; (ii) maintain system pressure and line pack; (iii) manage imbalance quantities; (iv) perform other operational functions of Company in connection with transportation and other similar services; and (v) otherwise protect the operational integrity of Company's pipeline system. Any such purchases or sales shall be made on an unbundled basis. Operational purchases or sales shall have a lower transportation priority than firm service.

The sale or purchase of natural gas shall occur at any Receipt Point or Delivery Point on Company's pipeline system or at points located within any off-system capacity held by Company on other systems. Such purchases or sales shall be authorized pursuant to Company's blanket certificate and will be made on a non-discriminatory basis.

2. Solicitation of Bids.

Company shall post for bid its operational purchases and/or sales on its public Internet web site. Such posting shall include the following information: (1) the level of daily quantities and whether such purchase and/or sale quantities shall be made on a firm or interruptible basis; (2) the requested effective date and term of the purchase and/or sale; (3) the names of the applicable Receipt Point(s) or Delivery Point(s); (4) method for determining best bid(s); (5) time period for accepting and awarding bid(s); and (6) any additional information as may be required by Company.

Company shall ask prospective bidders to place a bid by fax or electronic mail with such bid(s) containing the following information: (1) bidder's legal name and the name, title, address, and phone number of individual authorized to purchase or sell natural gas; (2) bidder's price; (3) information addressing all criteria requested by Company in its posting; (4) any conditions on the prospective bidder's offer to purchase and/or sell gas. Company shall evaluate bid(s) and shall award such purchase and/or sale of gas to the prospective bidder having a bid containing the lowest bid (if a purchase) or the highest bid (if a sale) and otherwise matching all terms and conditions requested by Company in its posting.

Company reserves its right, in its sole discretion, to (1) withdraw its postings; (2) reject all bids due to operational changes; and (3) reject any bid which is not complete, which contains modifications to the terms of the posting or which contains terms that are operationally unacceptable.

The above procedures shall not apply in emergency situations. Purchases and sales of natural gas in emergency situations shall be reported in accordance with Section 6.45 paragraph 3 herein.

3. Reporting Requirements.

Company will file an annual report on or before May 1 of each year reflecting the operational purchases and sales for the 12-month period ending the preceding December 31. The report will state the source of the gas purchased/sold, the date of the purchases/sales, volumes, the purchase/sales price, the cost and revenues for such purchase/sales, the disposition of the associated costs and revenues for all operational purchases and sales, and an explanation of the purpose of any operational purchases and sales transaction.