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**Jim Downs**

Vice President of Rates & Regulatory Affairs

February 1, 2016

Ms. Kimberly D. Bose  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: *Columbia Gas Transmission, LLC*, Docket No. RP16-\_\_\_\_  
**Order 809 Compliance & NAESB 3.0 Implementation**

Dear Ms. Bose:

In accordance with Part 154 of the Federal Energy Regulatory Commission's ("FERC" or "the Commission") regulations<sup>1</sup> and in compliance with the Commission Order No. 809, *et al.*<sup>2</sup> and Order No. 587-W,<sup>3</sup> Columbia Gas Transmission, LLC ("Columbia") hereby submits for Commission review and approval the following revised tariff sections of its FERC Gas Tariff, Fourth Revised Volume No. 1, with a proposed effective date of April 1, 2016:

<b><u>Part</u></b>	<b><u>Version</u></b>	<b><u>Title</u></b>
VII.1.	7.0.0	Definitions
VII.3.	2.0.0	Request for Service
VII.4.	6.0.0	Availability of Capacity for Firm Service
VII.5.	2.0.0	Service Agreement and Electronic Contracting
VII.6.	2.0.0	Nominating, Scheduling and Monitoring
VII.7.	6.0.0	Capacity Allocation
VII.8.	2.0.0	Meter Allocations
VII.14.	4.0.0	Release and Assignment of Service Rights
VII.18.	3.0.0	Inventory Transfers
VII.37.	4.0.0	Compliance with 18 CFR

**Statement of Nature, Basis and Reasons**

In this instant filing, Columbia is revising its Tariff to comply with the Commission's directives in Order No. 809 and Order No. 587-W. As background, on April 16, 2015, the Commission issued Order No. 809 consisting of revised regulations "to better coordinate the scheduling of wholesale natural gas and electricity markets in light of increased reliance on natural gas for electric generation,

<sup>1</sup> 18 C.F.R. Part 154 (2016).

<sup>2</sup> *Coordination of the Scheduling Process of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 809, FERC Stats. & Regs. ¶ 31,368 (2015), 80 Fed. Reg. 23,198 (Apr. 24, 2015), *reh'g denied*, 152 FERC ¶ 61,212 (2015).

<sup>3</sup> *Standards for Business Practices of Interstate Natural Gas Pipelines; Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 587-W, FERC Stats. & Regs. ¶ 31,373 (2015).

as well as to provide additional scheduling flexibility to all shippers on interstate natural gas pipelines.”<sup>4</sup> With respect to this filing, in Order No. 809, the Commission revised Section 284:

to incorporate by reference [the North American Energy Standards Board] NAESB’s revised standards, which provide that the nomination deadline for the Timely Nomination Cycle shall be 1:00 p.m. CCT, with notice to shippers of scheduled quantities at 5:00 p.m. CCT, and the nomination deadline for the Evening Nomination Cycle shall remain at 6:00 p.m. CCT, with notice to shippers of scheduled quantities at 9:00 p.m. CCT.<sup>5</sup>

In addition, the Commission amended section 284 to provide three intraday nomination cycles; specifically:

the Intraday 1 Nomination Cycle will continue to start at 10:00 a.m. CCT, pipelines will issue scheduled quantities at 1:00 p.m. CCT, one hour earlier than under the currently effective standards, and gas flow will begin at 2:00 p.m. CCT, three hours earlier than under the currently effective standards. The new bumpable Intraday 2 Nomination Cycle will start at 2:30 p.m. CCT, four and a half hours after the single bumpable intraday nomination opportunity provided by the existing Intraday 1 Nomination Cycle, with pipelines issuing scheduled quantities at 5:30 p.m. CCT, and gas flow beginning at 6:00 p.m. CCT . . . The new no-bump Intraday 3 Nomination Cycle will start at 7:00 p.m. CCT, two hours later than the current no-bump Intraday 2 Nomination Cycle, with gas flow beginning at 10:00 p.m. CCT, one hour later than under the current no-bump Intraday 2 Nomination Cycle.<sup>6</sup>

On October 16, 2015, the Commission issued Order No. 587-W which amended 18 C.F.R. 284.12 to incorporate by reference, with certain exceptions, the latest version (Version 3.0) of business practice standards adopted by NAESB’s Wholesale Gas Quadrant (“WGQ”).<sup>7</sup> Specifically, the updated business standards contain and supplement the revisions to the NAESB scheduling standards accepted by FERC in Order 809, discussed above.<sup>8</sup> As relevant to Columbia, the Commission included the following compliance filing requirements to increase the transparency of the pipelines’ incorporation by reference of the NAESB WGQ Standards so that shippers and the Commission will know which tariff provision(s) implements each standard as well as the status of each standard:

- (1) The pipelines must designate a single tariff record under which every NAESB standard currently incorporated by reference by the Commission is listed . . .
- (2) For each standard, each pipeline must specify in the tariff record a list of all the NAESB standards currently incorporated by reference by the Commission: (a) whether the standard is incorporated by reference; (b) for those standards not incorporated by reference, the tariff provision that complies with the standard; and (c) a statement identifying any standards for which the pipeline has been granted a waiver, extension of time, or other variance with respect to compliance with the standard.<sup>9</sup>

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<sup>4</sup> Order No. 809 at Summary.

<sup>5</sup> Order No. 809 at P 87.

<sup>6</sup> Order No. 809 at P 104.

<sup>7</sup> Order No. 587-W at P 1.

<sup>8</sup> *Id.* at P 2.

<sup>9</sup> *Id.* at P 42.

## **A. Order No. 809 Compliance**

In accordance with Order No. 809, in the instant filing Columbia makes changes throughout its Tariff to:

- (1) provide that the nomination deadline for the Timely Nomination Cycle shall be 1:00 p.m. CT, with notice to shippers of scheduled quantities at 5:00 p.m. CT, and the nomination deadline for the Evening Nomination Cycle shall remain at 6:00 p.m. CT, with notice to shippers of scheduled quantities at 9:00 p.m. CT; and
- (2) provide three intraday nomination cycles and the corresponding times for each cycle.

These Tariff changes involve updating times throughout Definition 1.32 (“Nomination Cycle”), Section 6 (Nominating, Scheduling, and Monitoring), Section 7 (Capacity Allocation), and Section 14 (Release and Assignment of Service Rights) of the Columbia Tariff. The Tariff changes also correspond to the NAESB WGQ Version 3.0 standards pertaining to scheduling. The Tariff changes are consistent with the Commission’s directives in Order No. 809, and accordingly, Columbia requests that the Commission approve the Tariff revisions effective April 1, 2016.

## **B. Order No. 587-W Compliance**

In compliance with Order No. 587-W, in the instant filing Columbia made changes to its Tariff Section 37 (Compliance with 18 CFR, Section 284.12). As required by Order No. 587-W, Columbia is incorporating by reference NAESB WGQ Version 3.0. To the extent Columbia is not incorporating by reference standards from NAESB WGQ Version 3.0, Columbia has identified these standards and the corresponding Columbia Tariff record in which they are located. This required that Columbia update the section of “Standards not Incorporated by Reference and their Location in Tariff.” All Tariff revisions are in accordance with Order No. 587-W, and therefore, Columbia requests that the Commission accept the revisions effective April 1, 2016.

Finally, Columbia proposes to eliminate section 3.2 of the General Terms and Conditions, “Approved Bidder List,” and all references to section 3.2 and the Approved Bidder List throughout the Columbia Tariff. Currently, a shipper must be on Columbia’s Approved Bidder List to bid for either new capacity or released capacity. NAESB WGQ Version 3.0 standard 5.4.23 (Pre-Approved Bidders list) has made this a “mutually agreed” upon standard, i.e. it is an optional NAESB WGQ standard business practice, and Columbia has elected to remove the Approved Bidder List from the Tariff. While Columbia proposes to remove references to its Approved Bidder List, customers seeking new or released capacity will continue to need to meet Columbia’s creditworthiness requirements to obtain capacity.

## **Request for Waiver**

Columbia respectfully requests that the Commission grant any waivers that it may deem necessary to accept this filing and to allow the Tariff revisions to be effective on April 1, 2016.

## **Motion**

Pursuant to Section 154.7(a)(9) of the Commission’s regulations, Columbia moves to place the proposed tariff records into effect at the requested effective date of April 1, 2016.

### **Material Submitted Herewith**

In accordance with Section 157(a)(1) of the Commission's regulations, the following material is submitted herewith:

- (1) The proposed revised tariff sections being filed; and
- (2) A marked version of the revised tariff sections in accordance with Section 154.201(a) of the Commission's regulations.

### **Posting and Certification of Service**

Pursuant to Sections 154.2(d), 154.7(b), and 154.208(b) of the Commission's regulations, a copy of this tariff filing is being served to all of Columbia's existing customers, and affected state commissions. A copy of this tariff filing is also available for public inspection during regular business hours in a convenient form and place at Columbia's offices at 5151 San Felipe, Suite 2400, Houston, Texas, 77056.

### **Service on Columbia**

It is requested that a copy of all communications, correspondence and pleadings with respect to this filing be sent to:

\*James R. Downs, Vice President of Rates & Regulatory Affairs  
Sorana Linder, Manager of Rates & Regulatory Affairs  
Columbia Pipeline Group, Inc.  
5151 San Felipe, Suite 2400  
Houston, Texas 77056  
Phone: (713) 386-3759  
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\*Tyler R. Brown, Senior Counsel  
Columbia Pipeline Group, Inc.  
5151 San Felipe, Suite 2400  
Houston, TX 77056  
Phone: (713) 386-3797  
Email: [tbrown@cpg.com](mailto:tbrown@cpg.com)

\*Persons designated for official service pursuant to Rule 2010.

**Conclusion**

Pursuant to Section 385.2005 and Section 385.2011(c)(5) of the Commission's regulations, the undersigned certifies that: (1) he has read the filing and knows its contents; (2) the contents are true to the best of his knowledge and belief; and (3) the undersigned possesses full power and authority to sign the filing.

Respectfully submitted,

A handwritten signature in black ink that reads "James R. Downs". The signature is written in a cursive, slightly slanted style.

James R. Downs  
Vice President, Rates and Regulatory Affairs

Enclosures

# **CLEAN TARIFF SECTIONS**

1. DEFINITIONS

1.1 "Billing Month" shall mean the period elapsed between consecutive final monthly meter readings and, when referred to in terms of a calendar month, shall mean that calendar month in which the majority of the Billing Month occurs.

1.2 "Btu" shall mean the British thermal unit as defined by international standards.

1.3 "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays.

1.4 "Shipper" shall mean any person or entity receiving service under any of Transporter's Rate Schedule(s).

1.5 "CCRM Parties" shall be defined as the "Parties" pursuant to Article 7.2 of the CCRM Settlement.

1.6 "CCRM Rate" shall mean the Capital Cost Recovery Mechanism rate that is calculated and adjusted on an annual basis and established through an annual limited NGA Section 4(e) filing as set forth in Article VII of the CCRM Settlement.

1.7 "CCRM Settlement" shall mean the Stipulation and Agreement of Settlement approved on January 24, 2013 in Docket Number RP12-1021-000.

1.8 "Central Clock Time" or "CT" shall mean Central Standard Time adjusted for Daylight Savings Time. Unless otherwise stated, all times in the Tariff are Central Clock Time.

1.9 "Commission" shall mean the Federal Energy Regulatory Commission.

1.10 "Confirmations" shall mean the process of Transporter agreeing with Interconnecting Operators on quantities that should flow at a location based on nominations received by Transporter and the Interconnecting Operator. Related confirmation terms are:

(a) "Confirming Party" shall mean the entity that Transporter shall contact for confirmation of a quantity of gas with respect to a nomination at a location. Confirming Parties include Interconnecting Operators or upstream/downstream title holders.

(b) "Confirmation by Exception" or "CBE" means that the Confirming Parties agree that one party deems that all requests at a location are confirmed by the other party (the CBE party) without response communication from that party.

The CBE party can take exception to the request by so informing the other party within a mutually agreed upon time frame.

(c) "Explicit Confirmation" shall mean the requirement 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 confirmation methodology.

1.11 "Critical Notice" shall mean any notice pertaining to information on system conditions that affect scheduling or adversely affect scheduled gas flow.

1.12 "Cubic Foot" and "Standard Cubic Foot" shall mean that quantity of natural gas that occupies one cubic foot of volume at the Volumetric Measurement Base defined in Section 26.2 of the General Terms and Conditions.

1.13 "Designated Site" shall mean the electronic address used to contact an entity for EDI transmission.

1.14 "Dth" or "Dekatherm" shall mean one million Btu. The standard quantity for nominations, confirmation and scheduling is dekatherms per Gas Day in the United States, gigajoules per Gas Day in Canada and gigacalories per Gas Day in Mexico. (For reference 1 dekatherm = 1,000,000 Btu's; and 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm and between dekatherms and gigacalories is 0.251996 gigacalories 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.

1.15 "Electronic Bulletin Board" and "EBB" shall mean Transporter's computerized system for the posting, sending and receiving of notices and other communications under this Tariff.

1.16 "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM.

1.17 "EDI" shall mean electronic data interchange as defined by the standards established by the GISB and approved by the Commission, or Transporter defined data sets where no GISB standard exists.

1.18 "Elapsed Prorata Capacity" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.



1.19 "Elapsed Prorated Scheduled Quantity" or "EPSQ" shall mean that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

1.20 "Electronic Measurement" shall mean that form of measurement consisting of flow computers or computerized Remote Terminal Units (RTUs), electronic transducers, and associated power, data communications, and other electronic equipment to accomplish the measurement of gas and transfer of data without the use of charts or other paper Recordings.

1.21 "Gas Day" or "Day" shall mean a period of 24 consecutive hours, beginning at 9:00 a.m. Central Clock Time, as adjusted for Daylight Savings Time, and the date of the Day shall be that of its beginning.

1.22 "General Terms and Conditions" or "GTC" shall mean the currently effective General Terms and Conditions set forth in Volume No. 1 of this Tariff.

1.23 "Heating Value" shall mean the gross heating value on a dry basis, which is the number of British thermal units produced by the complete combustion at constant pressure of the amount of dry gas (gas containing no water vapor) that would occupy a volume of one Cubic Foot at 14.73 psig and 60° F with combustion air at the same temperature and pressure as the gas, the products of combustion being cooled to the initial temperature of the gas and air, and the water formed by combustion condensed to the liquid state.

1.24 "Interconnecting Operator" shall mean the entity with physical control either upstream or downstream of Transporter's facility.

1.25 "Intraday Nomination" shall mean a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day.

1.26 "Market Areas" shall mean the geographic regions shown on the Market Area map and the accompanying descriptions and listing of delivery points within each such geographic region, as published on Transporter's EBB, as they each may be changed from time to time.

1.27 "Master List of Interconnections" or "MLI" shall mean the list of interconnections, including receipt and delivery points with third parties, aggregation points, and paper pools, eligible for transportation services as maintained by Transporter on its EBB on an ongoing basis.

1.28 "Maximum Hourly Quantity" shall mean the maximum hourly quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under Rate Schedule NTS-S.

1.29 "Mcf" shall mean one thousand Cubic Feet of gas.

1.30 "Month" shall mean the period beginning at the start of the first Day of the calendar month and ending at the same hour on the first Day of the next succeeding calendar month.

1.31 "Negotiated Rate" shall mean "negotiated rate" as defined in accordance with Commission policy, with respect to the negotiation of rates, rate components, fees, charges, surcharges, credits, retainage percentages, or formula pertaining to the same, for service under a Rate Schedule. A Negotiated Rate: must be mutually agreed to by Transporter and Shipper; may be less than, equal to, or greater than or less than the Recourse Rate and/or the minimum rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity.

1.32 "Nomination Cycle" shall mean the timing and activities related to nominations, capacity allocation, confirmation and scheduled quantities. Nomination cycles are:

(a) Timely Nomination Cycle

On the day prior to gas flow:

- (i) 1:00 p.m. for nominations leaving control of the nominating party;
- (ii) 1:15 p.m. for receipt of nominations by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- (iii) 1:30 to send Quick Response;
- (iv) 4:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:00 p.m. for receipt of scheduled quantities by Shipper and Interconnecting Operator.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(b) Evening Nomination Cycle

On the day prior to gas flow:

(i) 6:00 p.m. for nominations leaving control of the nominating party;

(ii) 6:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 6:30 p.m. to send Quick Response;

(iv) 8:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations shall be effective at the start of the next Gas Day.

(c) Intraday 1 Nomination Cycle

On the current Gas Day:

(i) 10:00 a.m. for nominations leaving control of the nominating party;

(ii) 10:15 a.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 10:30 a.m. to send Quick Response;

(iv) 12:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 1:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

(d) Intraday 2 Nomination Cycle

On the current Gas Day:

- (i) 2:30 p.m. for nominations leaving control of the nominating party;
- (ii) 2:45 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 3:00 p.m. to send Quick Response;
- (iv) 5:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:30 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(e) Intraday 3 Nomination Cycle

On the current Gas Day:

- (i) 7:00 p.m. for nominations leaving control of the nominating party;
- (ii) 7:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 7:30 p.m. to send Quick Response;
- (iv) 9:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

(f) For purposes of (b), (c), (d) and (e) above, "provide" shall mean receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

1.33 "OBA" shall mean Operation Balancing Agreement between two parties which specifies the procedures for managing operating variances at an interconnect.

1.34 "Operational Flow Order" or "OFO" shall mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Transporter's system or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order shall be referred to as an Operational Flow Order.

1.35 "Package ID" shall mean a way to differentiate between discrete business transactions.

1.36 "Permanent Release" shall mean a release where the releasing Shipper releases its capacity for the entire remaining term of its Service Agreement and Transporter and Shipper agree to terminate the releasing Shipper's Service Agreement, so that the releasing Shipper no longer has any liability to Transporter to pay for the capacity.

1.37 "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 dis-aggregation of gas from a single physical or logical point to multiple physical and/or logical points.

1.38 "Receipt Point for Production" shall mean a receipt point that is directly connected to production or gathering facilities. Interconnections with interstate pipelines will not be deemed "Receipt Points for Production."

1.39 "Recording" and "Record" when used herein shall include:

- (a) charts or other paper recordings, or
- (b) any binary or other machine-readable representation of information stored in computer memory or other electronic device.

1.40 "Recourse Rate" shall mean the Total Effective Rate (maximum base tariff rate plus all applicable surcharges) set forth in this Tariff for service under the corresponding rate schedule.

1.41 "Recurrence Interval" shall mean an annually recurring period of time, defined by month and day combinations, during which certain contract terms are effective.

1.42 "Retainage" shall mean the quantity of gas, expressed as a percentage of receipt quantities, Shipper must provide Transporter (in addition to quantities Transporter will

deliver to Shipper) for company-use, lost and unaccounted-for quantities under any of Transporter's Rate Schedules that refer to such term.

1.43 "Scheduled Daily Delivery Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions for delivery by Transporter on a daily basis to or for the account of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.44 "Scheduled Daily Receipt Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) the General Terms and Conditions for receipt by Transporter on a daily basis for or on behalf of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.45 "Segmentation Pool" ("SP") shall be the virtual location at which pooling for segmentation purposes occurs (designated as being west of Transporter's Lanham compressor station).

1.46 "Third Party Storage Company" shall mean a storage service provider with physical facility storage assets connected directly to Transporter's physical facilities.

1.47 "Transporter" shall mean Columbia Gas Transmission, LLC.

1.48 "Transporter Holiday" shall mean those annually sanctioned holidays of Transporter.

1.49 "Summer Season" shall mean the seven-month period commencing with the first Day of the April Billing Month of any year and ending with the last Day of the next succeeding October Billing Month.

1.50 "Title Transfer Tracking Service Provider" or "TTTSP" shall mean the party conducting the Title Transfer Tracking, which is the process of accounting for the progression of title changes from party to party that does not effect a physical transfer of the gas.

1.51 "Total Firm Entitlement" or "TFE" shall mean the aggregate daily quantity of gas that Transporter is obligated to deliver to Shipper at its delivery points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and GTS, and under all firm X-Rate Schedules contained in Original Volume No. 2 of this Tariff.

1.52 "Transportation Demand" shall mean the maximum daily quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's firm transportation service Rate Schedules.

1.53 "Transportation Quantity" shall mean the maximum daily quantity of gas that Transporter agrees to transport and deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's interruptible transportation service Rate Schedules.

1.54 "Utilization Factor" shall mean the factor calculated by dividing the saturated heating value of the gas by the square root of its specific gravity.

1.55 "Winter Season" shall mean the five-month period commencing with the first Day of the November Billing Month in any year and ending with the last Day of the next succeeding March Billing Month.

### 3. REQUESTS FOR SERVICE

3.1 Request for Service. Valid requests for new or increased levels of service under any of Transporter's Rate Schedules except Rate Schedule MS shall be made by submitting a request electronically to Transporter and by otherwise complying with all of the provisions of this Section 3. A valid request must contain the following information: (1) legal company name; (2) applicable rate schedule; (3) term of service; and (4) quantity data with applicable receipt and delivery points. Requests for amended Service Agreements shall be made on a form provided or approved by Transporter. The completed request for amended Service Agreements shall be forwarded to Transporter through Transporter's EBB, or other method of delivery approved by Transporter. A Shipper or prospective Shipper seeking new or increased service from Transporter, including a prospective bidder for released capacity under the provisions of Section 14 of the General Terms and Conditions, is referred to as "Requestor" in this Section 3.

#### 3.2 Credit Data.

(a) Except as provided in Section 3.2(b), Requestor shall submit with its completed Request for Service Form the following credit evaluation data:

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

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

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

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

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



(3) a list of Requestor's affiliates, including any parent and subsidiary companies;

(4) the names, addresses and telephone numbers of three trade references with whom Transporter may make reasonable inquiry into Requestor's creditworthiness, and copies of any available reports from credit reporting and bond rating agencies; The results of reference checks and any credit reports submitted must show that Requestor's obligations are being paid on a reasonably prompt basis;

(5) names, addresses, and telephone numbers of bank references;

(6) disclosure of past or pending bankruptcy or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of Requestor;

(7) written confirmation that Requestor is not operating under any chapter of the Bankruptcy Code and is not subject to liquidation or debt reduction procedures under State Laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. Transporter may make an exception for a Requestor who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the Federal Court's jurisdiction;

(8) a list of owners and/or shareholders of Requestor, if Requestor is privately held; and

(9) any other data Requestor desires to submit that would assist Transporter in determining creditworthiness.

(b) Transporter may waive the requirements of all or any part of Section 3.2 on a nondiscriminatory basis. A Requestor that is an existing Shipper on Transporter's system shall not be required to provide the information required by Section 3.2(a) in order to make a new request for service, provided, however, that Transporter may require an existing Shipper to furnish any information necessary to make a creditworthiness determination with respect to that Shipper/Requestor's new request for service.

(c) In lieu of submitting all or any part of the data required by this Section 3.2, a Requestor that has submitted such data to Transporter within the past twelve months may certify that all or any part of such data has not changed in any manner material to creditworthiness and update items that have materially changed.

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

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

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

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

3.7 Assurance of Payment. If Transporter denies a request for service due to a failure to satisfy Transporter's creditworthiness requirements, Requestor may obtain service if it provides Transporter with assurance of payment in the manner set forth at Section 9 (Operating Conditions) of the General Terms and Conditions and otherwise complies with the ongoing creditworthiness requirements set forth in Section 9. If Requestor fails to tender such assurance of payment within the time period set forth in Section 9.6(c) or such longer time period reasonably established by Transporter, Transporter may deny Requestor's request for service or reject any bid submitted by Requestor.

3.8 Execution of Service Agreement. Following the approval of a request for service and the award of service by Transporter, Transporter and Requestor shall enter into a new or amended Service Agreement under each appropriate Rate Schedule in accordance with the provisions of Section 5 of the General Terms and Conditions. If Requestor fails to execute such Service Agreement within 15 days after Transporter tenders it to Requestor, or within such other time period agreed to by Transporter or required by a specific provision of this Tariff, Requestor's request for service and Transporter's offer of service shall be void and of no further force or

effect. Service shall not commence until Requestor returns or transmits an executed electronic or paper Service Agreement to Transporter in compliance with the provisions of the Tariff. Transporter may waive the provisions of this subsection on a nondiscriminatory basis.

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

#### 4. AVAILABILITY OF CAPACITY FOR FIRM SERVICES

This Section governs the manner in which requests for firm services shall be accommodated by Transporter when capacity is or becomes available.

##### 4.1 Right of First Refusal and Extension of Firm Service Agreements

Transporter and any Shipper may mutually agree, on a not unduly discriminatory basis, to include in a service agreement, a contractual right of first refusal (“Contractual ROFR”). Unless Transporter and Shipper expressly agree otherwise in Shipper’s service agreement, a right of first refusal (“ROFR”) pursuant to Section 284.221 of the Commission’s Regulations shall apply only to (1) firm service agreements with a term of 12 or more consecutive months of service at the applicable Recourse Rate for that service, or (2) firm multi-year seasonal service agreements at the applicable Recourse Rate where such capacity is available (“Regulatory ROFR”). A firm multi-year seasonal service agreement as used in this Section 4 is a firm service agreement that has a multi-year term but does not provide for 12 consecutive months of service. A shipper holding a qualifying agreement may exercise a Regulatory or Contractual ROFR in accordance with, and subject to, the procedures and limitations set forth below. The following procedure shall govern extensions of qualifying agreements:

##### (a) Right of First Refusal Process

(1) Transporter shall notify Shipper in writing of the upcoming expiration or termination of any firm service agreement with a term of 12 or more consecutive months of service or any firm multi-year seasonal service agreement at the applicable Recourse Rate for that service (a “Long-Term Service Agreement”), and will provide such notice at least 30 days before Shipper is obligated to notify Transporter of its intent to exercise its ROFR or other service continuation rights under the Long-Term Service Agreement. All notifications and procedures that apply to Long-Term Service Agreements will also be applied to contracts with a Contractual ROFR. If a Shipper elects to extend a Long-Term Service Agreement, or any portion of its contract quantity thereunder: (i) for a period of five years and at the Recourse Rate, then Transporter shall accept Shipper’s requested extension; or (ii) for less than a period of five years or less than the Recourse Rate (or both), then Transporter, at its option and in a manner which is not unduly discriminatory, shall either accept Shipper’s requested extension period or shall require Shipper to exercise its ROFR by making the capacity under such agreement available in accordance with the procedures set forth below. Where applicable, and in accordance with Section 47.2 below, any ROFR may (1) be limited to the term of Transporter’s contract or service agreement with the offsystem capacity providers, or (2) the amount of capacity subject to the ROFR may be reduced to reflect changes in Transporter’s operational requirement.

(2) Upon Shipper providing Transporter with a six-month notice of intent to exercise its ROFR, Transporter shall in a reasonable amount of time post such capacity with minimum acceptable terms on the EBB (a “ROFR Open Season”). Transporter shall

begin accepting bids in a ROFR Open Season from any prospective Shipper, for all or a portion (volume but not geographic portion) of the service rights under the existing Shipper's Long-Term Service Agreement, at least five months prior to the termination of such service agreement.

(3) If Transporter receives an offer that meets the minimum acceptable terms for all or a portion (volume but not geographic portion) of the service rights under Shipper's Long-Term Service Agreement, Transporter, within two business days after the last day for receiving offers, shall notify Shipper electronically of the offer having the greatest economic value to Transporter. For purposes of comparing the respective values of offers under this section, Transporter shall evaluate all bids in accordance with the criteria set forth at Section 4.4 below. If Shipper elects to match the offer, Shipper shall electronically notify Transporter of such election within 15 calendar days after receiving Transporter's notice and shall execute a new service agreement matching the offer prior to the termination of the existing Long-Term Service Agreement. The highest rate that Shipper must match to continue such service is the Recourse Rate or the offer that meets the minimum acceptable terms. If Shipper does not elect to match the offer within 15 calendar days after receiving Transporter's notice, Shipper's ROFR will immediately terminate. If a Long-Term Service Agreement is not continued by its own terms or by reason of the Shipper's exercise of its ROFR, such Long-Term Service Agreement shall be subject to pregranted abandonment unless otherwise specified in the Long-Term Service Agreement and shall terminate and Transporter shall have no further obligation to Shipper.

(4) If no acceptable offers meeting Transporter's minimum terms are received, Transporter will notify Shipper within two business days after the close of the ROFR Open Season. Shipper may, thereafter, consistent with the terms of this Tariff, continue to receive all or a portion (volume but not geographic portion) of its service for such term and rate agreed to by Transporter and Shipper for a term to be specified by Shipper (in no instance shall Transporter be obligated to accept a rate lower than Recourse Rate). If Shipper elects to continue to receive service under its existing Long-Term Service Agreement, Shipper shall execute an amendment prior to the termination of the existing Long-Term Service Agreement. Shipper continuing service retains its ROFR on the portion of service continued, if it is continued under a Long-Term Service Agreement. If Shipper does not continue all or a portion (volume but not geographic portion) of its service within 15 calendar days following Transporter's two day notification period or such other period as may be mutually agreed to between Transporter and Shipper on a not unduly discriminatory basis, Shipper's ROFR will immediately terminate.

(5) If no acceptable offers satisfying Transporter's stated minimum terms are received and no new Long-Term Service Agreement has been reached between Transporter and the Shipper holding the capacity under the expiring service agreement, Transporter shall post such capacity as unsubscribed capacity. Transporter will accept

Recourse Rate bids, and in no instance shall Transporter be obligated to accept a rate lower than the Recourse Rate, for posted unsubscribed capacity on a first-come, first-served basis pursuant to Section 4.3 timeline. If Transporter receives an acceptable bid electronically for such unsubscribed capacity that meets its stated minimum conditions but is at less than the Recourse Rate, Transporter will post that bid on its EBB in accordance with posting periods in Section 4.3 below. A competing bidder may obtain the capacity by submitting during the posting period the highest value bid (a bid that exceeds the value of the initial posted bid) and all other bids.

(6) A Shipper with a firm service agreement having multiple primary receipt and delivery points subject to a ROFR may exercise its ROFR with respect to the service agreement's Transportation Demand at only certain primary receipt and delivery point combinations in such service agreement, subject to satisfaction of Transporter's operational considerations based on pipeline's configuration and design. General Terms and Conditions Section 12 addresses the adjustment to maximum daily delivery obligations (MDDOs) when a Shipper reduces its service agreement's Transportation Demand through the exercise of a ROFR.

(7) A ROFR shall be deemed to be assigned where a Shipper holding such a right permanently releases and assigns all or a portion (volume but not geographic portion) of the capacity under that service agreement, regardless of the duration of that permanent release. Moreover, a Shipper releasing and assigning all or a portion (volume but not geographic portion) of the capacity may structure the release so as to transfer the ROFR for the duration of the release, even if that release and assignment is subject to a recall by Shipper that would terminate that release and assignment.

(b) Extension of Firm Service Agreements

(1) Prior to the expiration of the term of any service agreement(s), Transporter and Shipper may mutually agree to renegotiate the terms of such agreement(s) in exchange for Shipper's agreement to extend the use of at least part of its existing service under such restructured service agreement(s). Such restructured service agreement(s) shall be negotiated on a case-by-case basis in a not unduly discriminatory manner. If the service agreement is a Long-Term Service Agreement, Transporter and Shipper must reach the agreement to extend prior to initiation of the ROFR procedure, which is the date the capacity must be posted for ROFR Open Season.

4.2 New Pipeline Capacity

(a) Expansion Open Season. Transporter shall post an open season for any planned expansion and/or extension of Transporter's pipeline system. The open season package shall include a description of the project, a map, and shall specify, as applicable, the anticipated quantity (Dth), receipt points, delivery points, bid evaluation method, term, and bid terms.

(b) Capacity Reservation. Transporter may elect to reserve for future expansion projects any unsubscribed capacity or capacity under expiring or terminating service agreements where such agreements do not have a ROFR or shipper does not exercise its ROFR ("Available Reservation Capacity"). If Transporter elects to reserve Available Reservation Capacity, it will notify shippers of its intent as part of Transporter's posting of the Available Reservation Capacity. Available Reservation Capacity may be reserved for up to one year prior to the Transporter filing for Natural Gas Act Section 7(c) certificate approval or prior notice authorization pursuant to Transporter's blanket construction certificate for construction of the proposed expansion and thereafter until such expansion is placed into service. Transporter may only reserve Available Reservation Capacity for a future expansion project for which an open season has been held or will be held within one (1) year of the date that Transporter posts such Available Reservation Capacity as being reserved. Any Available Reservation Capacity reserved under this Section shall be made available for transportation or storage service pursuant to Transporter's General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). Transporter reserves the right to limit any extension rights provided in the service agreements and pursuant to Section 4.1 of the General Terms and Conditions governing ROFR commensurate with the proposed in-service date of the expansion project.

Prior to reserving Available Reservation Capacity for future expansion projects, Transporter shall first make such capacity generally available to any Shipper or potential Shipper by posting such Available Reservation Capacity for bidding through an open season for a time period of at least five (5) business days. This Available Reservation Capacity open season posting shall contain the following information with respect to the capacity: (i) the daily and other applicable quantity of service available from each receipt point to each market area; (ii) the Recourse Rate as set forth in this Tariff; (iii) any applicable restrictions; (iv) whether the capacity is subject to an existing ROFR; (v) any minimum price or other terms applicable to the capacity; and (vi) the date when bids are due to Transporter. The open season posting shall also conform to the bidding and capacity award procedures of General Terms and Conditions Section 4.4. When the Available Reservation Capacity open season is held prior to the expansion project open season, Transporter shall have the right to state in the Available Reservation Capacity open season posting minimum terms and conditions for bids that would be acceptable for consideration that are the same as the minimum terms and conditions anticipated for the future expansion project open season. In the event that the subsequent expansion project open season imposes minimum terms and conditions that are materially different from the terms and conditions imposed in the preceding Available Reservation Capacity open season, Transporter shall hold another open season for the Available Reservation Capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season. If the expansion project open season is held prior to or during the Available Reservation Capacity open season, Transporter shall use the same minimum terms and conditions as used for the expansion project open season.

Any Available Reservation Capacity reserved pursuant to this section for an expansion project that does not go forward because Transporter does not file any required

application with the Commission within one year from such reservation date, or because Transporter ultimately does not receive authorization, shall be posted as unsubscribed capacity within 30 days of the date the capacity becomes available subject to then existing commitments for the capacity.

Transporter's postings for Available Reservation Capacity shall include the following information: (i) a description of the expansion project for which the capacity will be reserved; (ii) the total quantity of capacity to be reserved; (iii) the location of the proposed reserved capacity on the pipeline system; (iv) whether, and if so, when Transporter anticipates that an open season for the capacity will be held or it will otherwise be posted for bids under the expansion; (v) the projected in-service date of the expansion projects; and (vi) on a rolling basis, how much of the reserved capacity has been sold on a limited-term basis. Transporter shall make reasonable efforts to update the reservation posting to reflect material changes in the expansion project up to the in-service date of the expansion project. The reservation posting shall also include a non-binding solicitation (or reverse open-season) for turnback capacity from Transporter's existing shippers to serve the expansion project, provided that Transporter shall post the non-binding solicitation for turnback capacity no later than 90 days after the close of the expansion project open season.

#### 4.3 Posting Procedures for Existing Firm Capacity

Capacity that becomes available shall be posted as unsubscribed capacity on Transporter's EBB.

(a) If, after capacity has been posted on the EBB, Transporter receives a request for service pursuant to Section 3 (Request for Service) of the General Terms and Conditions, Transporter on a not unduly discriminatory basis shall award the capacity to the Shipper who submitted the valid request within the timelines set forth in Section 4.3(b) and at the applicable Recourse rate. Alternatively, Transporter may post capacity, which is available as unsubscribed capacity on Transporter's EBB, in an open season pursuant to the open season procedures set forth in Section 4.3 and Section 4.4 if such capacity is not subject to a valid request for service pursuant to Section 3. If Transporter receives an otherwise valid Request for Service for capacity that has not been posted on the EBB as available unsubscribed capacity, before Transporter can award that capacity to the Shipper who submitted the request, Transporter shall post that capacity in an open season pursuant to the open season procedures set forth in Section 4.3 and Section 4.4, including but not limited to a Prearranged Open Season procedure under Section 4.4(c).

(b) Unless otherwise agreed to by Transporter, a Shipper can request available capacity for a future start date only within the following periods:

- (i) For service for one year or longer, the requested service must commence no later than six months from the date the request is granted;
- (ii) For service for greater than 92 days but less than one year, the requested



service must commence no later than 30 days from the date the request is granted; and

(iii) For service for 92 days or less, the request must be for service starting no later than five days from the date the request is granted.

Any open season that will allow a variation from these defined periods will define the variation in the posting. In addition, unless otherwise agreed to by Transporter, all awards of capacity must be for continuous service for the entire term of the service and at the Recourse Rate. If Transporter agrees to consider varying from the period above by conducting an open season then Transporter is still free to reject bids meeting the previous minimum terms if the request is for less than the period defined in the open season posting. Any deviations from these time periods or minimum terms shall only be done in a not unduly discriminatory manner consistent with Commission regulations.

(c) For capacity posted under an open season, the open season shall be posted for at least the following periods:

(i) five business days for firm capacity that will be available for a term of twelve months or longer;

(ii) three business days for firm capacity that will be available for a term of at least five but less than twelve months;

(iii) one business day for firm capacity that will be available for a term of less than five months but greater than 31 days; and

(iv) four hours for firm capacity that will be available for a term of 31 days or less.

(d) All of Transporter's open season postings under (c) above shall include the following information regarding the available capacity: (i) the daily and other applicable quantity of service available at applicable locations; (ii) the Recourse Rate as set forth in this Tariff; (iii) any applicable restrictions; (iv) whether the capacity is subject to an existing ROFR; (v) any minimum price or other terms applicable to the capacity; (vi) the location of available capacity; and (vii) the date when bids are due to Transporter.

#### 4.4 Open Season Bidding Process for Existing Firm Capacity

(a) Bidding Process. A potential Shipper may submit multiple bids, each higher than its preceding bid, for all or any portion of the capacity or term of service made available by Transporter. Such bids shall be submitted electronically unless otherwise indicated in the posting. Bidder shall specify the monthly reservation charge (or other firm or demand charge(s), if applicable, herein referred to collectively as Reservation Charge) it is bidding for the service. The price bid for the monthly reservation charge shall be expressed per Dth and shall be

expressed to the nearest thousandth of one dollar (\$0.000). In addition to the bid price, bidder shall pay all applicable commodity charges, demand and commodity surcharges and any other applicable charges, including the Capital Cost Recovery Mechanism (“CCRM”) as applicable, as they may be adjusted from time to time by Transporter. Transporter shall have the right to reject any bids that: (i) are for a rate that is less than the minimum rate stated in Transporter's posting of that capacity; (ii) do not satisfy any of the other terms specified in the posting; or (iii) include conditions or provisions that Transporter determines, in its reasonable discretion, to be unacceptable.

(b) Assessing Bids.

(1) General Criteria.

a. Transporter shall evaluate bids upon their net present value (“NPV”) taking into account the price, term, and any other criteria specified in the open season. All bids provided during any open seasons held pursuant to this Section 4.4 shall be electronically transmitted to Transporter unless otherwise indicated in the posting. Transporter shall award capacity for such bids to shippers whose bids, based upon Transporter’s determination, have the highest NPV.

(i) The NPV is the discounted cash flow of incremental revenues to Transporter produced, lost or affected by the request for service (e.g. through the Capacity Reduction Option) and may be based upon such factors as the term, quantity, date on which the requested service is requested to commence, the cost of facilities required by Transporter to provide the service, and other factors determined to be relevant by Transporter. All determinative factors will be defined in the open season. The NPV shall also include only revenues generated by the reservation rate, or other form of revenue guarantee, as proposed by bidder(s).

(ii) For purposes of its NPV evaluation and as defined in the open season, Transporter may consider the aggregate NPVs of two or more bids for minimum bid packages, provided that if the combined quantity of capacity under those packages exceed the maximum capacity available for subscription then these bids will only be considered if the bidders have agreed to accept a prorated award of capacity. For bidders proposing a reservation rate 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 rate(s) or other revenue guarantee(s) proposed by the bidder.

(2) Capacity Reduction Option. Transporter may grant, on a not unduly discriminatory basis a capacity reduction option. For bidders submitting bids in an open season, which include options to terminate the service agreement early and/or to reduce the capacity held thereunder for some portion of the term including multiple periods within the term in a manner which would reduce the reservation charges applicable to the service agreement ("Capacity Reduction Option"), Transporter, in its determination of the NPV of such a bid, will only consider the minimum incremental revenue guaranteed under the service agreement as if the option is exercised, including any consideration that the bidder proposes in exchange for the exercise of its Capacity Reduction Option. Unless a shorter notice period is specified in the open season posting, a Capacity Reduction Option will be under the requirement that Transporter must be provided notice no less than thirty days prior to its exercise for contracts of one year or less and no less than one year prior to its exercise for contracts greater than one year. Transporter will list in its open season posting acceptable terms for any Capacity Reduction Option. Notwithstanding any Capacity Reduction Option, a Long-Term Service Agreement will be eligible for extension rights pursuant to Section 4.1 if the service agreement remains a Long-Term Service Agreement throughout the term (or extended term) containing the Capacity Reduction Option unless the Capacity Reduction Option can be exercised during the first year of the Long-Term Service Agreement's term (or extended term). Transporter shall use the current Commission-approved interest rate in calculating the NPV of bids. Capacity shall be awarded based on the acceptable highest NPV of the bids offered to Transporter calculated in accordance with this section.

(c) Prearranged Open Season. Transporter may, on a not unduly discriminatory basis, enter into a prearranged service agreement with a Shipper for any capacity that is or becomes available ("Prearranged Agreement"). Transporter will post any Prearranged Agreement on its EBB for bidding prior to finalizing any award of capacity ("Prearranged Open Season"). Prearranged Agreements will be deemed binding on Shippers. The NPV of any bids in a Prearranged Open Season will be determined in accordance with Section 4.4(b). If Transporter receives a bid that exceeds the NPV of the Prearranged Agreement, Transporter will notify the Shipper with the Prearranged Agreement within one (1) hour after the close of the open season. The Shipper under the Prearranged Agreement must notify Transporter within one (1) business day of its election to either match the bid with the highest NPV or terminate the Prearranged Agreement. The highest rate that Shipper under the Prearranged Agreement must match to receive service under the Prearranged Agreement is the Recourse Rate. If the prearranged Shipper elects to match the bid, all of the capacity will be awarded to the prearranged Shipper. If prearranged Shipper elects not to match a higher competing bid, the capacity will be awarded to the Shipper with the highest bid in the open season and Transporter will have no further obligations under the Prearranged Agreement. In accordance with Section 4.4(f), all bids in a Prearranged Open Season are binding and a Shipper with an unmatched higher bid must execute a service agreement consistent with the terms of its bid within three (3) business days of receiving notice of its award of capacity under this provision.

(d) Future Sales Open Season. Transporter may conduct an open season to sell the following types of capacity with service commencement date that begins immediately or at any time in the future: (i) any unsubscribed capacity; (ii) any capacity under expiring or terminating service agreements where such agreements do not have a ROFR or shipper does not exercise its ROFR; or (iii) any capacity that becomes available due to modification, construction, or acquisition of facilities in accordance with the Commission's blanket certificate regulations (collectively "Available Sale Capacity").

If Transporter sells Available Sale Capacity in a Prearranged Open Season pursuant to Section 4.4(c) with a future service commencement date the posting provisions of the General Terms and Conditions Section 4.3 will apply to the sale of capacity on an interim basis. Where the requested service commencement date extends more than one year into the future and the interim capacity would otherwise be eligible for a ROFR right under Section 4.1(a), Transporter will limit the ROFR rights associated with that interim capacity commensurate with the future service commencement date. If ROFR rights are limited by operation of this section, the transportation service agreement will note the limitation. Transporter will indicate in any open season posting of the interim capacity any limitations on ROFR rights or extension rights that will apply to such limited-term transportation service.

(e) Awarding Capacity. Transporter shall award capacity to the bidder submitting the highest value bid or if two or more bidders submit equal acceptable highest value bids then Transporter shall determine the successful bidder based on the order in which the bids are received unless otherwise stated by Transporter in the open season notice. Transporter shall post the winning bid and the associated bid calculation to the EBB. Bids received electronically will be deemed received at the time noted on Transporter's server.

(f) Binding Nature of Bids. All bids are binding; provided, however, that a bidder may decline to accept a pro rata allocation of capacity resulting in an award of less than the full capacity requested if such Shipper notifies Transporter of that decision electronically within one hour of Transporter's notice to that Shipper of the pro rata allocation. Otherwise, and notwithstanding the deadlines within section 4.4(c), if a successful bidder fails to execute a service agreement before the start date of the contract or within 15 calendar days after such service agreement is tendered by Transporter (whichever is earlier), Transporter may elect to offer the capacity to the next acceptable bidder. If Transporter finds no other bid acceptable, the capacity shall be posted to unsubscribed board or made available for a new round of bids through an open season. Additionally, a Shipper failing to return such service agreement shall be prohibited from bidding for six months (or less than six months if agreed to in writing by the Transporter), and Shipper shall remain liable for the capacity requested in the bid based upon the rates, terms and other conditions. Nothing herein shall restrict Transporter from pursuing any other remedies it may have against a Shipper failing to execute and return a service agreement tendered by Transporter. All bids submitted for capacity pursuant to this section must be bona fide offers and must be submitted electronically.

(g) Adjustment to Bid Rate. When the rate bid by a bidder is at least for the Recourse Rate, that bid rate shall be subject to adjustment in accordance with the procedures of this Tariff and of the Commission, unless otherwise clearly stated in the service agreement. When the rate bid by a bidder is lower than the Recourse Rate, that bid rate shall be subject to adjustment in accordance with the procedures of this Tariff and of the Commission by an amount proportionate to the increase or decrease in the Recourse Rate, unless otherwise clearly stated in the service agreement.

(h) Relation to Section 11 of the General Terms and Conditions. With regard to newly available capacity subject to bidding under the terms of this Section, acceptable bids under this Section that satisfy Transporter's stated minimum terms and conditions shall have priority over any potential claims for that capacity under the flexible receipt and delivery point authority described at Section 11 (Flexible Primary and Secondary Receipt and Delivery Points) of the General Terms and Conditions.

#### 4.5 Early Termination of Service Agreements or Reduction of Capacity Commitment

Transporter may, in a not unduly discriminatory manner, agree with Shipper to terminate its service agreement or allow a reduction of Shipper's capacity commitment prior to its expiration date. The situations in which Transporter may agree to terminate such a service agreement or reduce Shipper's capacity commitment 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) the exercise of a Capacity Reduction Option;

(c) 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 or reduced, to make the termination or reduction financially beneficial to Transporter, in Transporter's reasonable judgment. Transporter may waive the exit fee where Shipper's service agreement provides for a discounted or negotiated rate and Transporter 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 Transporter.

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

## 5. SERVICE AGREEMENT AND ELECTRONIC CONTRACTING

5.1 Form of Service Agreement. Shipper shall enter into a contract with Transporter under Transporter's applicable standard Form of Service Agreement or Assignment Agreement prior to receiving service from Transporter under any Rate Schedule; provided, however, that a Service Agreement between Transporter and Shipper that was in effect on the effective date of this Tariff shall remain in effect until it is replaced, superseded, terminated, or expires by its own terms, and shall be considered as an executed Service Agreement to the extent that its provisions are not superseded by or in conflict with the provisions of this Tariff. Shippers with new levels of service shall execute new Service Agreements. As used in this Tariff, "Service Agreement" shall include Assignment Agreements unless otherwise specified.

5.2 Term. The period of time to be covered by the Service Agreement (but not including Assignment Agreements) shall be determined (i) by agreement between the parties or (ii) in accordance with the procedures set forth at Section 4 (Availability of Capacity for Firm Services) of the General Terms and Conditions. Where the Service Agreement supersedes or cancels an existing Service Agreement, however, Transporter may require that the term of the Service Agreement shall be not less than the unexpired portion of the term contained in the Service Agreement to be superseded or canceled. The term of an Assignment Agreement shall be determined in accordance with the provisions of Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions.

5.3 Quantity Obligations and Requirements. The quantities of gas to be sold, transported, injected, withdrawn or stored by Transporter shall be set forth in the applicable Service Agreement.

5.4 Successors and Assigns. Any company that succeeds by purchase, merger, or consolidation to the gas properties of Transporter or of Shipper substantially as an entirety, and any Affiliated Successor in Interest that acquires from Transporter the properties of Transporter used in interstate commerce in rendering service to Shipper, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Service Agreement. Shipper, Transporter, and their successors may assign or pledge the Service Agreement under the provisions or any mortgage, deed of trust, indenture or similar instrument that it has executed or may execute hereafter; provided, however, that such mortgage, deed of trust, indenture or similar instrument shall cover the properties of such party as an entirety unless such party is an Affiliated Successor in Interest as described above. Otherwise no party shall assign the Service Agreement or any of its rights thereunder unless it first shall have obtained in writing the consent thereto of the other party; provided, however, that Shipper may release and assign service rights contracted for under such Service Agreement pursuant to the conditions, and subject to the limitations, of Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions. Any direct or indirect assignment of service rights by Shipper under this paragraph shall be made in good faith and not for the purpose of avoiding the requirements of Section 14.

5.5 Waiver of default. No waiver by either party of any one or more defaults by the other in the performance of any provisions of the Service Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

5.6 Choice of Law. Unless otherwise specifically stated in the Service Agreement, interpretation of the provisions of all Service Agreements or other agreements entered into between Shipper and Transporter, including any provisions of this Tariff related to such agreements, and any disputes arising from such agreements, shall be governed by the law of the State of West Virginia.

5.7 Electronic Contracting Agreement.

(a) In General. Transporter and Shipper may, and when required by the Tariff shall, enter into new or amended Service Agreements or Assignment Agreements by electronic communications through Transporter's Electronic Bulletin Board (EBB). Transporter and Shipper may also by mutual agreement enter into any other contract through electronic communications. Service Agreements, Assignment Agreements pursuant to Section 14 (Release and Assignment of Service Rights) and other agreements are collectively referred to as "Contracts" in this Section 5.7. The consummation of Contracts electronically shall be governed by the provisions of this Section 5.7 and the Electronic Contracting Agreement.

(b) When Required. Shipper shall be required to enter into a Contract electronically if Shipper desires to commence service within five business days after a contract is awarded.

(c) Prerequisites. Requestor shall not be eligible to enter into a Contract electronically until Requestor has executed and submitted to Transporter an Electronic Contracting Agreement in the form contained in this Tariff. Requestor shall execute the Electronic Contracting Agreement in duplicate by original handwritten signature(s) on paper and forward it to Transporter via mail or other delivery service at least 15 business days in advance of bidding for or requesting a Contract. The requirement in this Section 5.7(c) of timely submission of an executed Electronic Contracting Agreement may not be satisfied by facsimile transmission of an executed document, or any other method that results in Transporter receiving only a copy of a signature.

(d) Documents; Standards. Transporter and Shipper may, and when required by the Tariff shall, electronically transmit to or receive from the other party any of the electronic forms (including Contracts) listed by Transporter, currently or in the future, on the Transaction List posted on Navigates, (collectively "Documents"). Any transmission of data that is not a Document shall have no force or effect between the parties unless justifiably relied upon by the receiving party. All Documents shall be transmitted in accordance with the standards set forth in the EBB User's Guide, as it may be amended or supplemented from time to time by Transporter.

(e) Signatures. Transporter shall adopt as its signature an electronic identification, and Transporter shall furnish to Subscriber one or more unique electronic identifications (User

Identification and Password), consisting of symbol(s) or code(s), which are to be electronically affixed to or placed in each Document transmitted by such party ("Signatures"). The employee(s) or officer(s) designated by Subscriber in Appendix A of the Electronic Contracting Agreement shall perform the contracting function for Subscriber and thereby legally bind Subscriber to any Contract with Transporter by use of that person's assigned User Identification and Password. By entering into the Electronic Contracting Agreement, Subscriber represents and warrants that (i) the employee(s) or officer(s) identified in Appendix A thereof have been duly and legally authorized to enter into and execute Contracts electronically on behalf of Subscriber, and (ii) all other persons designated by Subscriber to receive a User Identification and Password have been duly authorized to send and receive Documents other than Contracts. The Signature of a party affixed to or contained in any transmitted Document shall be irrefutable proof that such party originated such Document. Neither party shall disclose to any unauthorized person the Signatures of the other party.

(f) Security Procedures. Each party shall be responsible for ensuring that all electronic executions with Signatures and all transmissions of Documents are authorized, and for protecting its business records and data from improper access. Parties shall be responsible for securing physical access to each of its computers utilizing Navigates software and for keeping confidential its User Identification(s) and Password(s). Transporter reserves the right to invalidate any User Identification or Password if it suspects a security breach.

(g) Transmissions.

(1) Proper Receipt. Documents shall not be deemed to have been properly received, and no Document shall give rise to any obligation, until it has been received as determined in accordance with Section 2.15 of the General Terms and Conditions.

(2) Acknowledgment. Upon proper receipt of any Document, the receiving party shall promptly and properly transmit electronically a functional acknowledgement of receipt, unless otherwise specified in the Transaction List. A functional acknowledgement shall constitute conclusive evidence a Document has been properly received.

(3) Acceptance. If acceptance of a Document is required by the Transaction List, the proper receipt of any such Document shall not give rise to any obligation unless and until the party initially transmitting such Document has properly received in return an Acceptance Document (as specified in the Transaction List).

(h) Pro Forma Service Agreement. When a party affixes its Signature to a Contract and transmits the Contract to Transporter in accordance with Section 5.7(g) above, it shall be bound, as applicable, by (i) the terms and conditions of the applicable pro forma Service Agreement or Assignment Agreement contained in this Tariff corresponding to the Rate Schedule under which that party is seeking service, or (ii) the terms and conditions of any generally available, nonjurisdictional agreement or contract that is a Document. The date of



Transporter's acceptance of an executed and properly transmitted Contract under Section 5.7(g) shall be deemed to be the date of execution for purposes of the Contract and that execution date shall apply to any subsequently issued paper copy of the Contract that Transporter tenders to Shipper. The effective date and term of the Contract shall be determined in accordance with the provisions of Section 5.3 of the General Terms and Conditions, but Transporter shall not be obligated to provide service to Subscriber prior to the date of acceptance.

(i) Replacement With Paper Copies of Service Agreements. (1) Transporter may terminate a Contract entered into electronically, and providing for firm service with a term of one year or more, 30 days after the date of execution, as determined in accordance with Section 5.7(h), unless Shipper executes in original handwriting a paper copy of that Service Agreement and returns it to Transporter prior to the expiration of such 30-day period. Transporter shall send the Service Agreement to Shipper through the EBB in sufficient time to enable Shipper to print, execute, and return a paper copy of that Service Agreement prior to the 30-day termination date.

(j) Termination. Except as stated in Section 5.7(f), the Electronic Contracting Agreement shall remain in effect until terminated by either party with at least 30 days prior written notice, which notice shall specify the effective date of termination; provided that: (i) the effective date of termination shall not precede the termination of any electronic Service Agreement or Transaction; (ii) any termination shall not affect the respective obligations or rights of the parties arising under any electronic Service Agreement or Documents, or otherwise arising under this Section prior to the effective date of termination; and (iii) any such termination by Transporter shall be only for due cause or upon the request of Shipper.

(k) Garbled Transmissions. If any transmitted Document is received in an unintelligible or garbled form, the receiving party shall promptly notify the originating party (if identifiable from the received Document) in a reasonable manner. In the absence of such a notice (where the originating party can be identified), the originating party's record of the contents of such Document shall control.

(l) Terms and Conditions of Electronic Contracting Agreement. The terms and conditions set forth in this Section 5.7(l) shall apply to the Electronic Contracting Agreements entered into by Transporter and Shippers.

(1) The Electronic Contracting Agreement shall be considered to be an integral part of any Contract heretofore or hereafter entered into between Transporter and Shipper.

(2) Execution of the Electronic Contracting Agreement shall evidence the parties' mutual intent to create binding contractual obligations by means of the electronic transmission and receipt of Documents.

(3) Any Document properly transmitted shall be deemed (in connection with any Transaction, Contract, or Electronic Contracting Agreement) to be a "writing" or "in

writing"; and any such Document that includes a Signature ("Signed Documents") shall be deemed for all purposes (i) to have been "signed" and (ii) to constitute an "original" when printed from electronic files or records established and maintained in the normal course of business.

(4) The conduct of the parties under an Electronic Contracting Agreement, including the use of properly transmitted Signed Documents, shall, for all legal purposes, evidence a course of dealing and a course of performance accepted by the parties in furtherance of any Transaction, Contract, or Electronic Contracting Agreement.

(5) By executing the Electronic Contracting Agreement, the parties agree not to contest or assert as a defense the validity or enforceability of Signed Documents under the provisions of any law, including the Statute of Frauds, relating to whether certain agreements are to be in writing or signed by the party to be bound thereby. Signed Documents, if introduced as evidence on paper in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of Signed Documents under the business records exception to the hearsay rule, the best evidence rule, or any other statute or rule of like kind or character on the basis that the Signed Documents were not originated or maintained in documentary form or any form not contemplated in the Electronic Contracting Agreement.

(6) Severability. Any provision of the Electronic Contracting Agreement that is determined to be invalid or unenforceable will be ineffective to the extent of such determination without invalidating the remaining provisions of the Electronic Contracting Agreement or affecting the validity or enforceability of such remaining provisions.

(7) Entire Agreement. The Electronic Contracting Agreement, the documents incorporated therein by reference, and the Documents transmitted pursuant to the Electronic Contracting Agreement shall (i) constitute the complete agreement of the parties relating to the matters specified in the Electronic Contracting Agreement, and (ii) supersede all prior representations or agreements, whether oral or written, with respect to such matters. No oral modification or waiver of any of the provisions of the Electronic Contracting Agreement shall be binding on either party. No modification of or supplement to the terms and provisions of the Electronic Contracting Agreement shall be effective unless it is in a paper writing signed in original handwriting by the parties. No obligation to enter into any Transaction is to be implied from the execution or delivery of the Electronic Contracting Agreement. The Electronic Contracting Agreement is for the benefit of, and shall be binding upon, the parties and their respective successors and assigns.

(m) Limitation of Damages.

(1) Neither party shall be liable to the other for any special, incidental, exemplary or consequential damages arising from or as a result of any delay, omission or error in the electronic transmission or receipt of any Documents pursuant to the Electronic Contracting Agreement, even if either party has been advised of the possibility of such damages.

(2) Shipper or any other party with access to Transporter's EBB shall defend and indemnify Transporter from and against any and all claims, demands and actions, and any resulting loss, costs, damages and expenses (including court costs and reasonable attorney fees) that may be asserted against or imposed upon Transporter by any person or entity as a result of the unauthorized or otherwise improper use of any User Identification or Password issued by Transporter to that Shipper or other party.

## 6. NOMINATING, SCHEDULING, AND MONITORING

### 6.1 General.

(a) Except for events solely within Transporter's control, the primary obligation and burden of responsibility to monitor, control, adjust and maintain a concurrent balance between tenders and takes of transportation gas shall rest with Shipper. Transporter neither assumes any responsibility nor any obligation to monitor or adjust Shipper's tenders or takes by the provisions of this Section.

(b) Unless otherwise stated in this Section 6, all notices or other communications from Shipper to Transporter pursuant to the requirements of this Section shall be submitted electronically through Transporter's EBB. The date and time of all such notices or other communications from Shipper to Transporter under this Section shall be deemed to be the date and time those notices or communications are received by Transporter, unless otherwise specified.

(c) Transporter will post to Transporter's EBB a telephone number to be used after normal business hours to assist Shippers having scheduling or confirmation problems.

(d) The sending party shall adhere to nomination, confirmation, and scheduling deadlines. It is the party receiving the request who has the right to waive the deadlines.

### 6.2 Nominations.

(a) Quantities of gas nominated and capacity awarded will be made effective at the time designated on the nomination provided Shipper adheres to the nomination timeline prescribed in Section 6.2(e) and receipt and delivery quantities can be confirmed pursuant to Section 6.3(a) of the General Terms and Conditions.

(b) A Shipper seeking to nominate quantities under any applicable Service Agreement, or under any individual Appendix A of a combined Service Agreement that must be nominated and allocated separately, shall furnish to Transporter, for each such Service Agreement or individual Appendix A (i) a Nominated Daily Delivery Quantity to be delivered by Transporter to or for Shipper at the applicable delivery point(s) on Transporter's pipeline system, and (ii) a Nominated Daily Receipt Quantity to be tendered to Transporter at each applicable receipt point on Transporter's pipeline system. Retainage shall be included in the Nominated Daily Receipt Quantity, and will be calculated by using the following formula:  $(1 - \text{fuel \%}/100) \times \text{receipt quantity}$  rounded to the nearest Dth = delivery quantity. Shipper's Nominated Daily Delivery Quantity and Nominated Daily Receipt Quantity collectively are referred to as Shipper's "nominations". A Shipper who is also a Shipper under a Columbia Gulf Transmission Company (Columbia Gulf) Service Agreement may, when nominating, make one nomination covering both Transporter and Columbia Gulf, except when submitting a nomination using Electronic Data Interchange (EDI).

(c) Quantities shall be nominated in dekatherm units and represent the total requested quantity for the Gas Day.

(d) Each nomination shall be considered an original nomination and shall be replaced to be changed. When a nomination includes a date range, 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 are unaffected. Nominations have a prospective effect only. Subsequent nominated quantities shall represent replacement daily quantities.

(e) Transporter will support the following Nomination Cycles:

(1) Timely Nomination Cycle

On the day prior to gas flow:

- (i) 1:00 p.m. for nominations leaving control of the nominating party;
- (ii) 1:15 p.m. for receipt of nominations by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- (iii) 1:30 p.m. to send Quick Response;
- (iv) 4:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:00 p.m. for receipt of scheduled quantities by Shipper and Interconnecting Operator.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(2) Evening Nomination Cycle

On the day prior to gas flow:

- (i) 6:00 p.m. for nominations leaving control of the nominating party;
- (ii) 6:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 6:30 p.m. to send Quick Response;

(iv) 8:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations shall be effective at the start of the next Gas Day.

(3) Intraday 1 Nomination Cycle

On the current Gas Day:

(i) 10:00 a.m. for nominations leaving control of the nominating party;

(ii) 10:15 a.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 10:30 a.m. to send Quick Response;

(iv) 12:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 1:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations shall be effective at 2:00 p.m. on the current Gas Day.

(4) Intraday 2 Nomination Cycle

On the current Gas Day:

(i) 2:30 p.m. for nominations leaving control of the nominating party;

(ii) 2:45 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 3:00 p.m. to send Quick Response;

(iv) 5:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 5:30 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations shall be effective at 6:00 p.m. on the current Gas Day.

(5) Intraday 3 Nomination Cycle

On the current Gas Day:

(i) 7:00 p.m. for nominations leaving control of the nominating party;

(ii) 7:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 7:30 p.m. to send Quick Response;

(iv) 9:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators.

Scheduled quantities resulting from Intraday 3 Nominations shall be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

For purposes of (2), (3), (4) and (5) above, "provide" shall mean receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(f) Shipper shall have the option to either submit overrun quantities (nominations under firm contracts in excess of its Maximum Daily Quantity (MDQ)) as a separate nomination or within the aggregate sum of all nominations. When nominations for overrun quantities are submitted as a separate transaction, they must be identified as such by using the appropriate nomination transaction type.

(g) Except for intraday nominations, Shipper may nominate for several days, months or years in one day increments provided such nomination is within the begin and end dates of Shipper's Service Agreement.

(h) Shipper may submit intraday nominations according to the deadlines noted in Section 6.2(e). For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations which Shipper may submit at any one standard nomination cycle or in total across all standard nomination cycles. Such intraday nominations may be used to request increases or decreases in total flow, changes to receipt points, changes to delivery points, or to nominate new supply or market. All nominations, including intraday nominations, shall be based on a daily quantity: thus, an intraday nominator need not submit an hourly nomination. Intraday nominations shall include an effective date and time. The interconnected parties shall agree on the hourly flow of the intraday nomination, if not otherwise addressed in Transporter's contract or tariff. 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 renominate if an intra-day nomination modifies an existing nomination. During any Gas Day of interruption pursuant to Section 16 (Interruptions of Service), a Shipper may not make intraday changes to receive or take gas if such change would cause interruption of a Shipper using that receipt or delivery point as a firm secondary point during that Gas Day. Shipper may make any such intraday changes only if the following requirements and conditions are satisfied:

(1) Actual flows consistent with the requested nominations are confirmed at receipt and delivery points;

(2) Shipper's tenders or takes (i) during any 8-hour period may not exceed 40 percent of Shipper's Transportation Demand, and (ii) during any 24-hour period do not exceed Shipper's Transportation Demand, provided that all deliveries do not exceed the applicable maximum hourly limitations specified in Section 9 (Operating Conditions) of the General Terms and Conditions;

(3) Shipper's revised nominations during a Day under no circumstances fall below the Elapsed Prorated Scheduled Quantity up to the effective time of the revised nominations; and

(4) Nominations received after the nomination deadline shall be scheduled after nominations received before the nomination deadline.

All nomination procedures that apply to regular nominations (excluding timelines) including quick response, confirming with upstream and downstream parties and scheduling, also apply to intraday nominations.

(i) Shippers shall cause, by whatever means necessary, the interconnecting operator of each point of receipt and each point of delivery designated in any nomination or change in nomination submitted by Shipper to confirm all such nominations or changes in nominations in accordance with the timelines specified in Section 6.3 and also to comply with NAESB standard confirmation data sets.



(j) Transporter shall electronically on its EBB make available to Shipper on a daily basis Shipper's imbalance status or information from which Shipper can determine its imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time. Shipper may avoid the imbalance penalties provided for in Transporter's Tariff by eliminating imbalances in its account as soon as possible by in no event later than the last day of the month in which Shipper is notified of its imbalance status for the immediately preceding month.

(k) Transporter shall electronically on its EBB make available to all Shippers on a daily basis Transporter's pipeline system imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time.

(l) To the extent Transporter's other scheduling requirements are met, Shipper will be permitted to redirect scheduled quantities under a service agreement to other receipt points upstream of a constraint point or delivery points downstream of a constraint point at any of the subsequent nomination cycle(s) for the subject Gas Day under the same service agreement without a requirement that the quantities be rescheduled through the point of constraint.

### 6.3 Confirmation and Scheduling by Transporter.

(a) No gas shall flow under any nomination until Transporter has confirmed the nomination, awarded capacity, and scheduled the applicable quantities. If Shipper's gas is not confirmed on the same day in which capacity is nominated, the nomination of that Shipper shall be void and the capacity shall be offered to the next eligible shipper.

(b) Transporter shall initiate confirmation (Request for Confirmation) with the Confirming Party or respond to request for confirmation (Confirmation Response) from the Confirming Party. Transporter shall complete confirmations by the following deadlines:

(1) The Timely Nomination Cycle: Confirmation shall be completed by 4:30 p.m. (CT) the day before the start of the Gas Day.

(2) The Evening Nomination Cycle: Confirmation shall be completed by 8:30 p.m. (CT) the day before the start of the Gas Day.

(3) The Intraday 1 Nomination Cycle: Confirmation shall be completed by 12:30 p.m. (CT) on the current Gas Day.

(4) The Intraday 2 Nomination Cycle: Confirmation shall be completed by 5:00 p.m. (CT) on the current Gas Day.

(5) The Intraday 3 Nomination Cycle: Confirmation shall be completed by 9:30 p.m. (CT) on the current Gas Day.

(c) Transporter shall provide to Shippers and Interconnecting Operators their scheduled quantities by the following timelines and provisions:

(1) The Timely Nomination Cycle: Scheduled Quantities shall be provided by 5:00 p.m. (CT) the day before the start of the Gas Day.

(2) The Evening Nomination Cycle: Scheduled Quantities shall be provided by 9:00 p.m. (CT) the day before the start of the Gas Day.

(3) The Intraday 1 Nomination Cycle: Scheduled Quantities shall be provided by 1:00 p.m. (CT) on the current Gas Day.

(4) The Intraday 2 Nomination Cycle: Scheduled Quantities shall be provided by 5:30 p.m. (CT) on the current Gas Day.

(5) The Intraday 3 Nomination Cycle: Scheduled Quantities shall be provided by 10:00 p.m. (CT) on the current Gas Day.

(6) At the end of each Gas Day, Transporter shall provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, the Transporter shall send an end of Gas Day Scheduled Quantity and Scheduled Quantity for Operator file. Receivers of either of these documents can waive the Transporter's requirements to send such documents.

(d) Where discrepancies in quantities exist between confirming parties, the confirmed quantity shall be determined as follows:

(1) With respect to the Timely Nomination Cycle, 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.

(2) With respect to increases during the Evening Nomination Cycle, Intraday 1 Nomination Cycle, Intraday 2 Nomination Cycle and Intraday 3 Nomination Cycle, 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.

(3) With respect to decreases during the Evening Nomination Cycle, Intraday 1 Nomination Cycle, Intraday 2 Nomination Cycle and Intraday 3 Nomination Cycle, in the absence of 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.

(4) If there is no response to a Request for Confirmation or an unsolicited confirmation response, Transporter shall provide Shipper with the following information to explain why the nomination failed, as applicable:

- (i) the Shipper's Transporter did not conduct the confirmation;
- (ii) the Shipper is told by its Transporter that the upstream confirming party did not conduct the confirmation;
- (iii) the Shipper is told by its Transporter that the upstream Shipper did not have the gas or submit the nomination;
- (iv) the Shipper is told by its Transporter that the downstream confirming party did not conduct the confirmation;
- (v) the Shipper is told by its Transporter that the downstream Shipper did not have the market or submit the nomination.

This information should be imparted to the Shipper on the Scheduled Quantity document.

(e) When a Shipper has more than one receipt point or more than one delivery point, such Shipper shall specify in its nomination the supply reduction priorities and delivery reduction priorities (Priority Reduction List) to be utilized at the receipt points or delivery points in the event of a loss of volume at the receipt points or delivery points.

(f) If only partial confirmations are received by Transporter from the upstream and downstream entities delivering or receiving gas on behalf of Shipper, Shipper's nominations shall be reduced in accordance with the priorities set forth on the priority reduction list furnished by Shipper with the nomination.

(g) If after Shipper's gas is confirmed, Transporter is notified that Shipper's gas is not available, then Transporter may cease deliveries.

(h) The Explicit Confirmation process requires that the Confirming Party and Transporter respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default methodology.

(i) When a previously confirmed and scheduled quantity is altered, notification of such alteration will be provided to all of the parties below that are affected. Applicable notification(s) of such alterations will be provided to the affected parties reasonably proximate in time to the time during which the event causing the alteration was acted upon by Transporter. With respect to the implementation of this process, Transporter and the Confirming Party will 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. The Confirming Party has an obligation to notify Transporter within the established NAESB deadlines when a previously confirmed and scheduled quantity is altered. Affected parties to be notified by Transporter are:

- (1) Confirming Party in a Confirmation Response (or unsolicited Confirmation Response as applicable) document by Transporter;
- (2) Confirming Party in a Request for Confirmation document by Transporter;
- (3) Shipper in a Scheduled Quantity document by Transporter.

6.4 Shipper's Notice of Changes. Except for reasons of force majeure, as described at Section 15 (Force Majeure) of the General Terms and Conditions, Shipper shall notify Transporter or cause Transporter to be notified (via Transporter's EBB) at least 24 hours in advance of any anticipated material change in the daily quantity of gas Shipper desires to deliver or to cause to be delivered to Transporter for transportation under Transporter's Rate Schedules. If an unanticipated or a force majeure event causes a material change in the quantity of gas Shipper will deliver or cause to be delivered to Transporter for transportation, Shipper shall notify or cause Transporter to be notified as soon as possible after occurrence of that event. In the event of such material changes, Shipper shall tender or cause to be tendered to Transporter such estimated daily quantities at flow rates as close as possible to uniform hourly rates. Departures by Shipper from the daily quantities that it has notified Transporter it intends to tender to Transporter under a Rate Schedule shall be kept to a minimum and in no event shall exceed the amount permitted by operating conditions.

6.5 Scheduling Under Individual Rate Schedules. To the extent that individual Rate Schedules set forth nomination scheduling requirements inconsistent with the requirements set forth in this Section, the applicable Rate Schedules are controlling and Shipper shall satisfy the requirements set forth in those Rate Schedules. To the extent that applicable Rate Schedules set forth scheduling requirements in addition to, but not inconsistent with, the provisions of this Section, Shipper shall satisfy the requirements of both the individual Rate Schedules and this Section.

6.6 Monitoring.

(a) Transporter may monitor: (i) the daily production by or on behalf of any Shipper; the daily tenders of gas by or on behalf of any Shipper; (ii) the quantities delivered by an Intermediate Transporter (such as a local distribution company or other entity that receives

Shipper's gas from Transporter) to Shipper or Shipper's end-user(s); and (iii) the daily usage of gas by Shipper or Shipper's end-user(s). Transporter may do so for the purpose of monitoring on an hourly, daily, weekly, or monthly basis the quantities being tendered to and delivered by Transporter and thereby to maintain, as nearly as possible, a concurrent balance between receipts and deliveries of gas. The approximate quantities determined by Transporter in that monitoring process shall be referred to herein as Monitored Quantities.

(b) Monitoring may be performed by Transporter using either the estimates or actual data received by Transporter pursuant to this Section or actual meter readings by Transporter. Transporter may make reasonable prospective adjustments to Shipper's Scheduled Daily Delivery Quantity and Scheduled Daily Receipt Quantity based upon either the Monitored Quantities or the actual data received by Transporter pursuant to the provisions of this Section. Any such adjustments by Transporter shall not result in Shipper's incurrence of any penalty if Transporter, in making such adjustment, relied upon inaccurate estimates, inaccurate meter readings, or inaccurate data received by Transporter pursuant to this Section. Transporter may make such adjustments upon Electronic Notice Delivery or telephonic notice to Shipper 24 hours in advance of the effective time of the adjustment (or, in the case of intraday changes in nominations, upon reasonable notice to the Shipper being bumped); provided, however, that Transporter need not provide any advance notice in the event of adjustments resulting from: (i) interruptions of Shipper's service pursuant to Section 16 (Interruptions of Service) of the General Terms and Conditions; (ii) operational flow orders issued by Transporter pursuant to Section 17 (Operational Flow Orders) of the General Terms and Conditions; or (iii) the cessation of deliveries pursuant to Section 6.3(e). Transporter need not provide any advance notice of interruptions or OFOs except as provided for in Sections 16 and 17, respectively. Transporter also shall have the right to notify any entity described at paragraphs (c) and (d) of this Section of the revised Scheduled Daily Receipt Quantities it will accept on behalf of Shipper.

(c) Transporter shall have the right to contact and obtain actual or estimated data regarding production or tenders to Transporter on behalf of Shipper from any entity (i) from whom Shipper is purchasing gas for tender to Transporter, or any other brokers or resellers of such gas; (ii) that is delivering or causing the tender of gas to Transporter for Shipper's account; or (iii) that is producing gas ultimately purchased by Shipper for tendering to Transporter. Shipper shall cause each such entity to provide such actual or estimated data to Transporter upon request in the normal course of business as soon as such data is available.

(d) Shipper shall furnish to Transporter with its nominations a list, by receipt points, showing the names and addresses of each entity identified in paragraph (c) above and the name and telephone number of the contact person who will provide the data required to be furnished pursuant to paragraph (c) above. Shipper's nominations shall also include (i) the identity of the shipper on any upstream or downstream pipeline that will be tendering the gas directly to Transporter or taking gas from Transporter and the shipper's contract number on such upstream pipeline or downstream pipeline, and (ii) the identity and gas sales contract number of any producer that will be tendering the gas directly to Transporter. Such data shall be furnished regardless of the entity from whom Shipper is purchasing the gas. A marketer, broker or other

similar entity selling gas or arranging the sale of gas to more than one Shipper may furnish such data to Transporter on behalf of all such Shippers, segregated to each Shipper. Transporter reserves the right, in appropriate circumstances on a non-discriminatory basis, to waive the information requirements set forth in this paragraph.

(e) At times established by Transporter, each Shipper and Intermediate Transporter shall provide to Transporter any data requested by Transporter concerning gas used by Shipper or delivered to or for Shipper or Shipper's end-user(s). The Intermediate Transporter shall furnish such data either on an actual basis or on an estimated basis sufficient to allow Transporter accurately to monitor tenders and deliveries and adjust Shipper's Scheduled Daily Delivery Quantity or Scheduled Daily Receipt Quantity. Intermediate Transporters shall only be required to furnish such data on an aggregate basis for end-users on their system for whom transportation gas is delivered by Transporter.

## 7. CAPACITY ALLOCATION

This Section sets forth the manner in which Transporter shall allocate capacity among its Rate Schedules when it has received nominations from Shippers that exceed available capacity.

7.1 General Priority. Transporter shall allocate capacity on its system in the following order commencing with the highest priority:

- (a) capacity at delivery points;
- (b) capacity at any point between the receipt points and delivery points that is restricted ("internal constraint point"), beginning with the point closest to the delivery point if capacity at more than one internal point is restricted; and
- (c) capacity at receipt points.

7.2 Method of Allocating Transportation Delivery Points. For transportation capacity at delivery points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS, OPT, ITS and PAL and firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and X-Rate Schedules. For deliveries to primary delivery points under the FTS, FT-C, NTS, NTS-S TPS, SST and GTS Rate Schedules, and under firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, Transporter shall allocate capacity among those Shippers on a pro rata basis, based upon those Shippers' respective levels of Transportation Demand.

(b) Rate Schedule OPT. For deliveries to primary delivery points under the OPT Rate Schedule during the Winter Season, Transporter shall allocate capacity among Shippers on the basis of each Shipper's respective remaining number of days of interruption, with capacity allocated first to those Shippers with the fewest remaining days of interruption. For Shippers with the same number of remaining days of interruption, Transporter shall allocate capacity pro rata based upon those Shippers' respective levels of Transportation Demand. For deliveries to primary delivery points under the OPT Rate Schedule during the Summer Season, Transporter, upon the occurrence of a force majeure event, shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective levels of Transportation Demand.

(c) Secondary Delivery Points Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT. For deliveries to secondary delivery points under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and for deliveries to secondary delivery points under the OPT Rate Schedule when not interrupted pursuant to the provisions of the OPT Rate

Schedule, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. This priority shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. Any interruptions or other allocation reductions to Shipper's deliveries at secondary delivery points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(d) Secondary Delivery Points Under Rate Schedule OPT During Periods of Interruption. For deliveries to secondary delivery points under the OPT Rate Schedule, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. This priority shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. Any interruptions or other allocation reductions to Shipper's deliveries at secondary delivery points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(e) Rate Schedule ITS, Overrun Quantities Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and OPT and X-Rate Schedules.

(1) Where Shippers have nominated deliveries to commence on the first Day of the Month of (i) quantities under the ITS Rate Schedule, (ii) overrun quantities under the FTS, FT-C, NTS, NTS-S, TPS, SST, or OPT Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall award capacity to those Shippers offering to pay the highest rate for service during that Month. Transporter shall allocate capacity among Shippers offering to pay the same rate first to those Shippers flowing gas during the previous month, pro rata based upon the quantities flowing on the fifth business day preceding the first Day of that Month, up to but not exceeding such flowing quantities. Transporter then shall allocate any remaining capacity equally among the remaining Shippers offering to pay the same rate for service during that Month up to but not exceeding nominated quantities.

(2) Where Shippers have requested deliveries in excess of available capacity and commencing other than the first Day of the Month of (i) quantities under the ITS Rate Schedule, (ii) overrun quantities under the FTS, FT-C, NTS, NTS-S, TPS, SST, or OPT Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume 2 of this Tariff, Transporter shall allocate any available capacity on the basis of the highest rate. Where requested deliveries at the same highest rate exceed available capacity, Transporter shall allocate capacity first to those Shippers flowing gas on a pro rata basis, based upon respective confirmed nominations; and second to all remaining Shippers based upon the order in which Transporter received nominations from those Shippers (equally to any Shippers submitting nominations on the same day).



(3) If intraday nominations require an allocation of the pipeline system, the following will describe the circumstances that allow a higher priority service to bump a lower priority service.

(i) Evening Nomination Cycle: For nominations received by 6:00 p.m. CT and to be effective at the start of the upcoming Gas Day, nomination increases at a primary point under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle. Nomination increases submitted under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule ITS and overruns under the firm rate schedules and may bump such quantities effective at 9:00 a.m. CT the next day. Nomination increases submitted under Rate Schedule ITS and overruns under the firm rate schedules shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of Evening intraday nominations by 9:00 p.m. CT.

(ii) Intraday 1 Nomination Cycle: For nominations received by 10:00 a.m. CT and to be effective at 2:00 p.m. on the current Gas Day, nomination increases at a primary point under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle or Evening Nomination Cycle. Nomination increases submitted under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule ITS and overruns under the firm rate schedules and may bump such quantities effective at 2:00 p.m. CT on the current Gas Day. Nomination increases submitted under Rate Schedule ITS and overruns under the firm rate schedules shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of Intraday 1 Nominations by 1:00 p.m. CT.

(iii) Intraday 2 Nomination Cycle: For nominations received by 2:30 p.m. CT and to be effective at 6:00 p.m. CT on the current Gas Day, nomination increases at a primary point under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle, Evening Nomination Cycle or Intraday 1 Nomination Cycle. Nomination increases submitted under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule ITS and overruns under the firm rate schedules and may bump such quantities effective at

6:00 p.m. CT on the current Gas Day. Nomination increases submitted under Rate Schedule ITS and overruns under the firm rate schedules shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of Intraday 2 Nominations by 5:30 p.m. CT.

(iv) Intraday 3 Nomination Cycle: For nominations received by 7:00 p.m. CT and to be effective at 10:00 p.m. CT on the current Gas Day, nomination increases regardless of Rate Schedule shall be subject to available unscheduled capacity and shall not bump scheduled quantities under any Rate Schedule.

(4) Transporter shall notify parties that are bumped during the Evening, Intraday 1 Nomination and Intraday 2 Nomination Cycles by providing the scheduled quantities information and notification to Shipper's representative through Shipper's choice of Electronic Notice Delivery mechanism(s). Unless Shipper and Transporter have agreed to exclusive notification via EDI/EDM, Shipper shall provide Transporter with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bump, operational flow orders and other critical notices. The obligation of Transporter to provide notification is waived until the above requirement has been met. Transporter will support the concurrent sending of electronic notification of intraday bump, operational flow orders or other critical notices to two Internet E-mail addresses for each Shipper. Intraday bump notices will indicate whether daily penalties will apply for the Gas Day for which quantities are reduced.

(f) Rate Schedule PAL. For parking or lending at delivery points under Rate Schedule PAL, Transporter shall allocate capacity among those Shippers based on net present value, with the transaction yielding the highest net present value receiving priority over transactions yielding a lower net present value. Transporter shall use the current Commission-approved interest rate in calculating the net present value of bids. PAL transactions yielding the same net present value shall be scheduled pro rata based on Shippers' respective nominated quantities.

7.3 Internal Constraint Points. For capacity at internal constraint points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS, OPT, ITS and PAL and X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT, and X-Rate Schedules. For capacity at internal constraint points when using primary firm rights under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at internal constraint points under the OPT Rate Schedule during the Summer Season, Transporter, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General

Terms and Conditions, shall allocate such capacity to Shippers under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and under firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at internal constraint points under the OPT Rate Schedule during the Summer Season, on a pro rata basis, based upon each such Shipper's respective Transportation Demand. Transporter shall then allocate capacity at internal constraint points under the OPT Rate Schedule during the Winter Season on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Secondary Capacity at the Internal Constraint Points Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT. Any interruptions or other allocation reductions to Shipper's secondary deliveries through internal constraint points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule. For secondary capacity at internal constraint points under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and for secondary capacity at internal constraint points under the OPT Rate Schedule when not interrupted pursuant to the provisions of the OPT Rate Schedule, Transporter shall allocate capacity in the following manner:

(1) Requests to obtain capacity to secondary delivery points will be evaluated based on the availability of capacity. Transporter shall post on its Internet EBB those secondary delivery points by Market Area that Shipper(s) with a particular primary delivery point can access on a priority basis. Transporter shall, using Transporter's reasonable judgment, have the right to revise the list from time to time as necessary to protect Transporter's system integrity and primary firm obligations. Transporter will give as much advance notice of changes in the list as is practicable. Whenever possible, Transporter shall announce changes in the list at least twenty-four hours prior to the start of the Gas Day. At the time an announcement of a change(s) is made, Transporter shall post a brief explanation of the reasons supporting the change(s). This priority, and the priorities in subparagraphs (2) through (4) below, shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. If a secondary delivery point by Market Area is not listed, Shippers will be subject to the process for allocating secondary firm and interruptible ("Non-Firm") capacity described in this Section 7.3(b)(5) below.

(2) Shippers shall be allowed access on a priority basis to secondary delivery points located within the same market area as their primary delivery points and will not be subject to the Non-Firm Capacity allocation process described in Section 7.3(b)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(3) Shippers shall be allowed access on a priority basis to secondary delivery points where both the receipt and delivery points are located within the same Market Area and shall not be subject to the Non-Firm Capacity allocation process described in

Section 7.3(b)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(4) Shippers whose primary receipt points are deemed, in Transporter's reasonable discretion, to be upstream of the internal constraint points, and whose primary delivery points are deemed to be downstream of the same internal constraint points, shall have access to secondary receipt points that are also deemed to be upstream of those same internal constraint points, and will not be subject to the Non-Firm capacity allocation process as described in Section 7.3(b)(5) below.

(5) Shippers who seek to access Non-Firm capacity through an internal constraint points that do not meet with one of the above-described priorities shall be subject to an allocation of Non-Firm capacity through the applicable internal constraint points. To the extent that nominations exceed the amount of capacity that is available, if any, Transporter will allocate capacity pro rata, on the basis of those Shippers' respective nominated quantities.

(c) Secondary Capacity at the Internal Constraint Points Under Rate Schedule OPT During Periods of Interruption. For secondary capacity at internal constraint points under the OPT Rate Schedule, Transporter shall allocate capacity in the following manner. Any interruptions or other allocation reductions to Shipper's secondary deliveries through internal constraint points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(1) Requests to obtain capacity to secondary delivery points will be evaluated based on the availability of capacity. Transporter shall post on its Internet EBB those secondary delivery points by Market Area that Shipper(s) with a particular primary delivery point can access on a priority basis. Transporter shall, using Transporter's reasonable judgment, have the right to revise the list from time to time as necessary to protect Transporter's system integrity and primary firm obligations. Transporter will give as much advance notice of changes in the list as is practicable. Whenever possible, Transporter shall announce changes in the list at least twenty-four hours prior to the start of the Gas Day. At the time an announcement of a change(s) is made, Transporter shall post a brief explanation of the reasons supporting the change(s). This priority, and the priorities in subparagraphs (2) through (4) below, shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. If a secondary delivery point by Market Area is not listed, Shippers will be subject to the process for allocating secondary firm and interruptible ("Non-Firm") capacity described in this Section 7.3(c)(5) below.

(2) Shippers shall be allowed access on a priority basis to secondary delivery points located within the same market area as their primary delivery points and will not

be subject to the Non-Firm Capacity allocation process described in Section 7.3(c)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(3) Shippers shall be allowed access on a priority basis to secondary delivery points where both the receipt and delivery points are located within the same Market Area and shall not be subject to the Non-Firm Capacity allocation process described in Section 7.3(c)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(4) Shippers whose primary receipt points are deemed, in Transporter's reasonable discretion, to be upstream of the internal constraint points, and whose primary delivery points are deemed to be downstream of the same internal constraint points, shall have access to secondary receipt points that are also deemed to be upstream of those same internal constraint points, and will not be subject to the Non-Firm capacity allocation process as described in Section 7.3(c)(5) below.

(5) Shippers who seek to access Non-Firm capacity through an internal constraint points that do not meet with one of the above-described priorities shall be subject to an allocation of Non-Firm capacity through the applicable internal constraint points. To the extent that nominations exceed the amount of capacity that is available, if any, Transporter will allocate capacity pro rata among the Shippers on the basis of those Shippers' respective nominated quantities.

(d) Rate Schedule ITS, Overrun Quantities Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and OPT and X-Rate Schedules. Transporter shall award capacity to the Shippers paying the highest rate. Among Shippers of this class paying the same rate, Transporter shall allocate capacity in the manner described at Section 7.2(e) above.

7.4 Transportation Receipt Points. Transporter shall allocate capacity at all receipt points under its Rate Schedules sequentially among the Rate Schedule priority groupings set forth below, and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT, and X-Rate Schedules. For capacity at primary receipt points under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at primary receipt points under the OPT Rate Schedule during the Summer Season, Transporter, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, shall allocate such capacity to Shippers under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, under firm X-

Rate Schedules set forth in Volume No. 2 of this Tariff, and at receipt points under the OPT Rate Schedule during the Summer Season, on a pro rata basis, based upon each such Shipper's respective Transportation Demand. Transporter shall then allocate capacity at primary receipt points under the OPT Rate Schedule during the Winter Season on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Secondary Receipt Points Under Rate Schedules FTS, FT-C, SST, TPS, NTS, NTS-S, GTS and OPT. Transporter shall allocate capacity among Shippers requesting capacity at secondary receipt points under the FTS, FT-C, SST, TPS, NTS and GTS Rate Schedules and Shippers requesting capacity at secondary receipt points under the OPT Rate Schedule when not interrupted pursuant to the provisions of the OPT Rate Schedule pro rata, on the basis of the Shippers' respective nominated quantities. Any interruptions or other allocation reductions to Shipper's secondary receipts under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(c) Secondary Receipt Points Under Rate Schedule OPT During Periods of Interruption. Transporter shall allocate capacity among Shippers requesting capacity at secondary receipt points under the OPT Rate Schedule pro rata, on the basis of those Shippers' respective nominated quantities. This priority shall apply where Shipper's aggregate receipts at primary and secondary receipt points do not exceed Shipper's Transportation Demand. Any interruptions or other allocation reductions to Shipper's secondary receipts under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(d) Rate Schedule ITS, Overrun Quantities Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST and OPT, and X-Rate Schedules. Where Shippers have requested receipt point capacity for (i) quantities under the ITS Rate Schedule, (ii) overrun quantities under the FTS, FT-C, NTS, NTS-S, TPS, SST or OPT Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall award capacity to the Shippers paying the highest rate. Among Shippers of this class paying the same rate, Transporter shall allocate capacity in the manner described at Section 7.2(e) above.

(e) Receipt Points Under the AS and IPP Rate Schedules. Transporter shall allocate capacity among shippers requesting receipt point capacity under Rate Schedules AS and IPP on a pro rata basis, based on each such Shipper's respective nominated quantities.

(f) Receipt Points Under the PAL Rate Schedule. For parking or lending service at receipt points under Rate Schedule PAL, Transporter shall allocate capacity based on net present value, with the transaction yielding the highest net present value receiving priority over transactions yielding a lower net present value. Transporter shall use the current Commission-approved interest rate in calculating the net present value of bids. PAL transactions yielding the same net present value shall be scheduled pro rata based on Shippers' respective nominated quantities.

7.5 Aggregation Points. Where aggregation points are the points of delivery under Shippers' AS Service Agreements, Transporter shall allocate capacity among such Shippers in accordance with the corresponding priority held by the downstream shippers at the respective aggregation points.

7.6 Storage Withdrawal Points. For nominations for which Transporter's storage is the point of receipt, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below, and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FSS, FBS, NTS, NTS-S, and GTS. Transporter shall allocate capacity among Shippers requesting receipt point capacity from storage under the FSS, FSS-M and FBS Rate Schedules on a pro rata basis, based upon each such Shipper's respective Maximum Daily Withdrawal Quantity (MDWQ); and among Shippers seeking receipt point capacity from storage under the NTS, NTS-S and GTS Rate Schedules on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Overruns of MDWQ Levels - FSS and FSS-M Rate Schedule. When Shippers seek to withdraw quantities from storage in excess of their storage ratchet levels (or MDWQ), but below their respective Maximum Daily Storage Quantity (MDSQ), Transporter shall allocate capacity pro rata on the basis of those Shippers' respective MDWQ levels.

(c) Rate Schedule ISS and ISS-M and Overruns under Rate Schedules FSS, FSS-M and FBS. When Shippers seek to withdraw quantities from storage either under the ISS and ISS-M Rate Schedules or as overrun quantities under the FSS, FSS-M and FBS Rate Schedules, Transporter shall allocate capacity first on the basis of the highest rate being paid for that capacity, and then among Shippers paying the same rate, pro rata on the basis of those Shippers' nominated receipt quantities.

(d) Rate Schedule SIT. Transporter shall allocate capacity among Shippers requesting storage receipt point capacity from storage under this Rate Schedule in accordance with the priority of each such Shipper's underlying transportation Service Agreement. Transporter shall allocate capacity (i) first to Shippers under firm transportation Rate Schedules (including the OPT Rate Schedule) and, among those Shippers, on the basis of each such Shipper's respective Transportation Demand, and (ii) second to Shippers with interruptible transportation Service Agreements and, among those Shippers, first on the basis of price and then, if the prices being paid are equal, pro rata on the basis of those Shippers' nominated receipt quantities.

7.7 Storage Injection Points. For nominations for which storage is the point of delivery, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below, and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FSS, FSS-M, FBS, NTS, NTS-S and GTS. Among Shippers requesting deliveries into storage under the FSS, FSS-M, FBS, NTS, NTS-S, and GTS Rate Schedules, Transporter shall allocate capacity on a pro rata basis based upon each such Shipper's respective level of Storage Contract Quantity (SCQ), or Gas Supply Quantity (GSQ).

(b) Rate Schedule ISS and Overrun Quantities Under Rate Schedules FSS, FSS-M and FBS. When Shippers seek to inject quantities into storage either under the ISS Rate Schedule or in excess of their Maximum Daily Injection Quantity under the FSS, FSS-M and FBS Rate Schedules, Transporter shall allocate capacity first on the basis of the highest rate being paid for that capacity, and then among Shippers paying the same rate, pro rata based on those Shippers' nominated delivery quantities.

(c) Rate Schedule SIT. Transporter shall allocate capacity among Shippers requesting deliveries into storage under this Rate Schedule in accordance with the priority of each Shipper's underlying transportation Service Agreement. Transporter shall allocate capacity (i) first to Shippers under firm transportation Service Agreements (including the OPT Rate Schedule) and, among those Shippers, on the basis of each such Shipper's respective Transportation Demand, and (ii) second to Shippers under interruptible transportation Service Agreements and, among those Shippers, first on the basis of price and then, if the prices being paid are equal, pro rata based on those Shipper's respective nominated quantities.

7.8 Allocations Based on Value. For purposes of allocating capacity pursuant to Sections 7.2(e)(1), 7.3(d), 7.4(d), 7.6(c) and (d), and 7.7(b) and (c), Shippers paying more than the Recourse Rate will be considered to be paying the Recourse Rate.

7.9 Posting Procedures for Capacity Allocation. Except for force majeure events and/or events or conditions which threaten the integrity of Transporter's system or Transporter's ability to meet its firm service obligations, Transporter will notify Shippers at least 24 hours in advance on its Internet EBB (1) of the effective dates of the market restrictions; (2) of the type of market restrictions that will be applicable during the affected dates; and (3) to the extent applicable, the areas of the system where market restrictions will be applied. In addition to the general restrictions described below, more specific restrictions may be imposed when necessary in accordance with the provisions of this Tariff.

(a) Delivery Market Area Restrictions.

(1) No Market Area Restrictions. Transporter, based on forecasted system conditions and utilization, has determined there is adequate system capacity to make all nominated deliveries to a specific Market Area, and all confirmed quantities will flow to that Market Area.

(2) Market Area Restrictions. Transporter, based on forecasted system conditions and utilization, has determined there is a limited amount of Non-Firm Capacity available to certain Market Area(s). Transporter will post on its EBB the Non-



Firm Capacity available and the Market Area(s) affected. Transporter will allocate capacity in the affected Market Area(s) as described in Section 7.3 above.

(3) Zero Non-Firm Capacity. Transporter, based on forecasted system conditions and utilization, has determined there is zero Non-Firm Capacity available to certain Market Area(s). Transporter will post on its EBB the Market Area(s) where Non-Firm Capacity is not available. Provisions of Section 19.7 (Critical Day) of the General Terms and Conditions apply to the affected Market Area(s). Transporter will allocate capacity in the affected Market Area(s) as described in Section 7.3 above.

(4) Primary MLI Only. Transporter, based on forecasted system conditions and utilization, has determined there is zero Non-Firm Capacity available and furthermore, forecasted system conditions are such that Transporter can only make deliveries to primary MLI numbers for firm service to certain Market Area(s). Transporter will post on its EBB the Market Area(s) where these conditions exist. Provisions of Section 19.7 (Critical Day) of the General Terms and Conditions apply in the affected Market Area(s). Transporter will allocate capacity in the affected Market Area(s) as described in Section 7.3 above.

## 8. METER ALLOCATIONS

This Section specifies the procedures for allocating any differences between (i) the aggregate of all Shippers' Scheduled Daily Delivery Quantities and actual deliveries, and (ii) the aggregate of all Shippers' Scheduled Daily Receipt Quantities and actual receipts (Difference(s)) at delivery points at which gas is being delivered to or for the account of multiple Shippers or at receipt points from which gas is being received by Transporter for the account of multiple Shippers. Unless otherwise agreed to between Transporter and Confirming Party, physically measured quantities shall be allocated on scheduled daily quantities and shall be made using dekatherm units.

### 8.1 Delivery Point Allocation.

(a) Unless other agreed upon PDAs are applicable, if deliveries to or on behalf of two or more Shippers or Service Agreements are made at a point of delivery at which a Shipper has an FSS or FSS-M Service Agreement with Transporter, the last gas through the meter shall be the gas delivered to or for the Shipper with the FSS or FSS-M Service Agreement. If more than one Shipper at the delivery point has an FSS or FSS-M Service Agreement, the gas of the Shipper controlling the facilities immediately downstream of the delivery point shall be last through the meter. If none of the Shippers with an FSS or FSS-M Agreement control such facilities, the last gas through the meter shall be prorated among all Shippers with FSS and/or FSS-M Service Agreements on the basis of their MDWQ then in effect. Differences at such a point of delivery shall be attributed to applicable FSS and/or FSS-M Service Agreement(s) and shall be deemed to be a storage injection or withdrawal under the FSS and/or FSS-M Rate Schedules. Shipper's account under the FSS and/or FSS-M Rate Schedules shall be debited or credited by the Difference and no imbalance shall be created in any transportation Service Agreement. The appropriate maximum commodity charges and surcharges (and any overrun charges) will be assessed for the transportation into or out of storage under the appropriate transportation Service Agreement held by the FSS or FSS-M Shipper, in the following order of priority if Shipper holds more than one firm transportation agreement, up to the Transportation Demand under each: (i) SST Service Agreement; (ii) NTS Service Agreement; (iii) NTS-S Service Agreement; (iv) FTS Service Agreement; or (v) TPS Service Agreement; provided that Shipper may notify Transporter in writing of a preferred different order of priority for specified Rate Schedules. Such notice must be received by Transporter at least 30 days prior to the beginning of the Month for which it is to be initially effective.

(b) If deliveries are made directly to a Shipper at a point of delivery that is not a point of delivery for a Shipper with an FSS or FSS-M Service Agreement, that Shipper's gas shall be the last gas through the meter.

(c) If deliveries are made to a third party (that is not a Shipper) for the accounts of multiple Shippers, the Difference shall be allocated pro rata among all Shippers at that delivery point on the basis of those Shippers' Scheduled Daily Delivery Quantities, unless all affected Shippers at that delivery point have agreed to a Predetermined Allocation Method (PDA)

specifying a different allocation methodology and such agreement is provided to Transporter in writing and approved by Transporter.

(d) Month-end allocations shall be based on a measurement closing date of the fifth business day after the business month. If actual quantities are not available, quantities will be estimated by the Measuring Party.

8.2 Receipt Point Allocation. Differences at a receipt point shall be allocated pro rata among all Shippers at that receipt point on the basis of the Scheduled Daily Receipt Quantities, unless the upstream interconnecting operator providing the point confirmation submits a PDA to the allocating party before the start of the Gas Day, and Transporter accepts the PDA.

8.3 Predetermined Allocation Method (PDA).

(a) As used in this Section 8, a PDA is an agreement by or among interconnecting operators, submitted to Transporter prior to the beginning of the Gas Day, at a receipt or delivery point to allocate the difference between the scheduled daily quantity and the actual daily flow of gas in a mutually agreeable manner. Types of allocation methods include, but are not limited to, Ranked, Pro Rata, Percentage, Swing, and Operator Provided Value. 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. PDAs shall be provided by the interconnecting operator, and for multi-tiered allocations, may be provided by the upstream title holders or shippers. Interconnecting operators at receipt locations shall provide a PDA to allocate to upstream title holders. Upstream title holders may provide a PDA to allocate to the parties taking possession of their gas at a receipt location. Shippers may provide a PDA to allocate to their nominations at either receipt or delivery locations.

(b) Except as prescribed in Section 8.1(a) of the General Terms and Conditions, if confirming parties cannot agree upon an allocation methodology, "pro rata based upon confirmed nominations" shall be used as the default method.

(c) Transporter may negotiate and enter into OBAs with interstate pipelines, intrastate pipelines and other entities. No Difference balanced in-kind shall be allocated to any Shipper at the receipt or delivery points covered by the OBA. If an interstate pipeline charges Transporter for Differences in the OBA, however characterized, Transporter shall charge such interstate pipeline an equivalent and offsetting charge. If Transporter is unable to charge or collect such equivalent and offsetting charges for such Differences, Transporter, on an as-billed basis, shall allocate and bill such charges to Shippers responsible for the imbalance at the point of interconnection at which the Difference giving rise to the charges occurred.

(d) Where an OBA exists between interconnecting parties, a PDA is not necessary.

(e) Changes to a PDA may be made prospectively during the Month. Only one PDA may be submitted per allocation period. Transporter may in its reasonable discretion make retroactive reallocations of transactions to correct for errors. Otherwise, no retroactive reallocations of any transactions shall be permitted without the approval of Transporter and the agreement of those Shippers with Service Agreements affected by such retroactive reallocations, provided that the agreement by such affected Shippers shall not be unreasonably withheld.

(f) PDAs shall remain in effect until a replacement PDA is received from the interconnecting operator or upstream title holder; provided, however, PDAs shall be updated at the beginning of each month. A new allocation detail may be needed when a nomination changes.

(g) If the PDA is provided using EDI, Transporter shall respond with an EDI confirmation indicating receipt of the PDA within 15 minutes, and whether there are any errors associated with the PDA.

8.4 (a) Prior Period Adjustments. Except for minor variations as agreed to by all affected parties, prior period measurement adjustments will be taken back to the production month and reflected as such on invoices, imbalance statements and allocation statements. A meter adjustment becomes a prior period adjustment after the fifth business day following a business month. Missing or late measurement data shall be estimated and actuals will be treated as a prior period adjustment, with the measuring party to provide the estimate. Measurement corrections shall be processed within 6 months of the end of the production month, with a 3 month rebuttal period. This provision does not apply in cases of deliberate omission, or misrepresentation, or mutual mistake of fact. No Party's other statutory or contractual rights are diminished by this provision. 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.

(b) Disputed Allocations. Disputed allocations shall be communicated to Transporter within 6 months of the initial month-end allocation, with a 3-month rebuttal period. This time limitation shall not apply in the case of deliberate omission or misrepresentation, or mutual mistake of fact. No Party's other statutory or contractual rights are diminished by this provision.

8.5 For operational monitoring at electronically measured locations, allocated quantities shall be available one business day after the gas has flowed at the end of the Gas Day. The scheduled quantity shall be made available at locations which are not measured electronically. Transporter shall provide allocation statements to the appropriate party for the meters it operates each month.

## 14. RELEASE AND ASSIGNMENT OF SERVICE RIGHTS

### 14.1 Capacity Release and Assignment Procedures

(a) The procedures set forth in this Section governing the release and assignment of service rights by Shippers shall apply to all services offered by Transporter for which such right is provided in the applicable Rate Schedule: provided that these procedures are subject to the provisions of Section 40 of the General Terms and Conditions governing segmentation. A Shipper under such applicable Rate Schedule may release and assign all or any portion of the service under its Service Agreement. Any Shipper accepting such assignment ("Replacement Shipper") must meet the Transporter's creditworthiness requirements, must have executed an Electronic Contracting Agreement with Transporter, and must be an authorized EBB user complying with all conditions and requirements set forth in the General Terms and Conditions and in the applicable Rate Schedule and Service Agreement.

(b) 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, 2) for index-based capacity release transactions, the Releaser has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. In addition, Transporter may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and condition (*e.g.*, designation of an index not supported by Transporter).

(c) Capacity Release Timeline:

For biddable releases (1 year or less):

- (1) offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day;
- (2) open season ends at 10:00 a.m. on the same or a subsequent Business Day;
- (3) evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken;
- (4) if no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.;
- (5) where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon;

(6) the contract is issued within one hour of the Award posting (with a new contract number, when applicable);

(7) nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than 1 year):

(8) offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day;

(9) open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days;

(10) evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken;

(11) if no match is required, the evaluation periods ends and the Award is posted by 11:00 a.m.;

(12) 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;

(13) the contract is issued within one hour of the Award posting (with new contract number, when applicable);

(14) nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For non-biddable releases:

(15) the posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for applicable cycle. The posting deadlines are:

- |       |                  |            |
|-------|------------------|------------|
| (i)   | Timely Cycle     | 12:00 Noon |
| (ii)  | Evening Cycle    | 5:00 p.m.  |
| (iii) | Intraday 1 Cycle | 9:00 a.m.  |
| (iv)  | Intraday 2 Cycle | 1:30 p.m.  |
| (v)   | Intraday 3 Cycle | 6:00 p.m.; |

(16) the contract is issued within one hour of the Award posting (with a new contract number, when applicable);

(17) nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

#### 14.2 Initiating the Release and Assignment.

(a) Electronic Bulletin Board. The release and assignment of service rights by Shipper shall be facilitated through Transporter's Electronic Bulletin Board (EBB), described at Section 2 (Electronic Bulletin Board) of the General Terms and Conditions. As explained below, Shippers seeking to release and assign firm service rights ("Releasers") shall post offers to release and notices of prearranged assignments through Transporter's EBB. Potential Replacement Shippers also may post offers to purchase service rights and bids for capacity through Transporter's EBB. Such postings shall be made through the interactive features of Transporter's EBB and shall remain posted for at least 30 days. Transporter reserves the right to request modifications in, or to delete all or any portion of, postings that do not conform to the requirements of Section 14.2(b) below; provided, however, that Transporter shall have no responsibility for any errors, omissions, or other aspects of these postings from third parties on its EBB.

(b) Release Notice. Releaser may initiate the assignment of the service rights it is seeking to release and assign by electronically transmitting the information specified below to Transporter's EBB ("Release Notice"). Such electronic Release Notice shall contain the following information regarding the capacity that Shipper is seeking to release:

(1) Releaser's identity, the Rate Schedule under which Releaser seeks to release capacity, and the contract number assigned by Transporter to the Service Agreement under which Shipper seeks to release capacity;

(2) whether release is on a temporary or permanent basis;

(3) the numeric quantity being released on a per day basis for transportation, storage injection and storage withdrawal, a per-release quantity for storage capacity, and the term (duration);

(4) the receipt and delivery points;

(5) any applicable recall provisions relating to the proposed release, and whether the Replacement Shipper will have the option to refuse the capacity after recall has ended;

(6) any minimum conditions concerning the rate, term, or volume that the releasing shipper is willing to accept (and that Releaser wishes to have posted on Transporter's EBB), or a statement that it has separately revealed to Transporter any such minimum conditions, which shall be posted following the close of bidding. For non-biddable releases, this information will not be required;

(7) whether Releasor will accept contingent bids for the capacity being released and, if so, all terms and conditions of acceptable contingencies including the manner in which such contingent bids will be evaluated. For non-biddable releases, this information will not be required;

(8) the maximum reservation charge (including demand-type surcharges) applicable to the capacity being released; provided however, that for releases one (1) year or less in length, this information will not be required;

(9) the date and time of (i) the posting of the release notice on Transporter's EBB, and (ii) the close of the bidding for the released capacity. For non-biddable releases, this information will not be required;

(10) whether the Releasor has a prepackaged arrangement to assign the service to a specified Replacement Shipper; and, if so, the identity, address, and telephone number of the designated Replacement Shipper and the price the prospective Replacement Shipper has agreed to pay under any such prepackaged arrangement;

(11) objective criteria for evaluating responsive bids by potential Replacement Shippers and for breaking ties among highest bidders, to the extent that Releasor's criteria are at variance with the criteria established by Transporter in this Section. For non-biddable releases, this information will not be required;

(12) the name, and Internet E-mail address or EDI/EDM Electronic Notice Delivery Mechanism of Releasor's designated contact person;

(13) the rate basis on which bids for the released capacity are to be submitted. For non-biddable releases, this information will not be required;

(14) for non-index-based releases, whether bids for the released capacity are to be submitted on a fixed dollars and cents amount or on a percentage of maximum rate basis. For non-biddable releases, this information will not be required;

(15) for index-based releases, whether there is a rate floor, any applicable rate default to be used when the index-based formula is not available or cannot be computed, and which of the following methods is acceptable: (a) a percentage of the formula; (b) a dollars and cents differential from the formula; (c) a dollars and cents differential from the rate floor; or (d) an approved method in Transporter's tariff, if any;

(16) whether the release is subject to an indemnification provision pursuant to which the initial Replacement Shipper indemnifies Releasor against any claims by successive Replacement Shippers relating to refunds (where Releasor has provided



correctly calculated refunds to the initial Replacement Shipper), and all terms of any such indemnification provision;

(17) whether the release is to an asset manager, as defined in Section 284.8 of the Commission's regulations;

(18) whether the release is to a marketer participating in a state-regulated retail access program as defined in Section 284.8 of the Commission's regulations; and

(19) for releases of storage capacity, any conditions concerning the transfer and/or return of storage inventory.

(c) Evaluation Criteria.

(1) General Requirements. For the capacity release business process timing model, only the following methodologies are required to be supported by Transporter and provided to Releasor as choices from which they may select and, once chosen, should be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. Other choices of bid evaluation methodology (including other Releasor defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of Transporter. However, Transporter is not required to offer other choices or similar timeline treatment for other choices, nor, is Transporter held to the timeline should Releasor elect another method of evaluation. Releasor shall include all such alternative evaluation criteria in the Release Notice to be posted on Transporter's EBB. When Transporter makes awards of capacity for which there have been multiple bids meeting minimum conditions, Transporter shall award the bids, best bid first, until all offered capacity is awarded.

(2) Index-Based Releases. For index-based capacity release transactions, the Releasor should provide the necessary information and instructions to support the chosen methodology. Where the result of an award under an index-based release is to be applied on a monthly basis and the formula detailed in the capacity release award requires calculations on a daily basis, the results of such daily calculations may exceed the maximum daily reservation rate or be less than the applicable minimum daily reservation rate. Any resulting monthly reservation rate may not be less than the rate floor specified in the release, if applicable. If the resulting monthly reservation is less than the rate floor, the rate floor will be used for invoicing. Except for releases with a term of one year or less, the resulting monthly reservation rate may not exceed the applicable monthly maximum recourse rate. For releases with a term of more than one year, if the resulting monthly reservation rate exceeds the applicable maximum recourse rate, the maximum recourse rate will be used for invoicing. For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology.

(d) At any time up to the close of the bidding period for the posted capacity, Releasor may withdraw its posting for release of capacity if unanticipated circumstances justify the withdrawal and no minimum bid has been made. Such a withdrawal shall be affected by Releasor placing a notice of withdrawal on Transporter's EBB. Offers will be binding until a written or electronic notice of withdrawal is received by Transporter.

(e) Transporter 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 Transporter denies Shipper's request to permanently release capacity, Transporter will notify Shipper via e-mail and include in the notice the reasons for the denial.

### 14.3 Posting.

Posting of Release Notices on Transporter's EBB shall be complete and subject to the conditions and exceptions set forth below.

(a) Exempt Transactions. Posting for purposes of inviting bids shall not be required for (i) prepackaged arrangements Releasor has arranged with a designated Replacement Shipper for a period of 31 days or less; (ii) prepackaged arrangements for more than one (1) year that Releasor has arranged with a designated Replacement Shipper under which the designated Replacement Shipper agrees to pay the maximum reservation charge and commodity rate, and applicable surcharges, and meets all requirements set forth in this Tariff; (iii) releases to an asset manager, as defined in Section 284.8 of the Commission's regulations; or (iv) releases to marketer participating in a state-regulated retail access program as defined in Section 284.8 of the Commission's regulations (collectively "exempt transactions"). There shall be no maximum price cap for pre-packaged arrangements of one (1) year or less in length. Pre-packaged arrangements for more than 31 days but less than one (1) year in length are not exempt transactions under this Section 14.3(a). For cross-month releases, the maximum duration for eligibility as an exempt transaction under part (i) above shall be 31 days. The rate received by Releasor under prearranged transactions for more than one (1) year that are exempt from the ordinary posting and competitive bidding procedures set forth in this Section 14 must not exceed the maximum rate.

(b) Notice to Transporter; Informational Posting. For any exempt transaction, as described in paragraph (a) immediately above, Releasor, shall provide Transporter, for contract execution purposes, and shall post on Transporter's EBB in accordance with the capacity release timeline under Section 14.1(c) above: (i) the information required for a Release Notice; (ii) the price and term of the assignment; (iii) the identity of the Replacement Shipper; and (iv) for releases to an asset manager (as defined in Section 248.8 of the Commission's regulations), the asset manager's delivery obligation to Releasor. Releasor may post such exempt transactions at any time. Transporter shall issue an Assignment Agreement within one (1) hour of such posting and shall allow nominations under such Assignment Agreement in the next available nomination cycle, as specified in Section 6.2(e) of the General Terms and Conditions. In the event Shipper has not executed the Assignment Agreement prior to making its nomination, Shipper shall be

deemed to have executed the Assignment Agreement with Transporter pursuant to which the nomination is being made.

(c) Limitations on Continuation of Exempt Transactions. A Releasor that has employed an exempt transaction to assign service to a designated Replacement Shipper for a period of 31 days or less, as described in Section 14.3(a)(i) above: (i) shall not roll over, extend, or otherwise continue that release beyond its original term without complying with the ordinary posting and competitive bidding requirements applicable to all non-exempt transactions, as set forth in this Section, unless the rollover, extension, or continuation is for a term of more than one (1) year at the maximum rate, meets all of the terms and conditions of the Release Notice, and qualifies as an exempt transaction under Section 14.3(a) above; and (ii) shall not, pursuant to the short-term exemption of Section 14.3(a)(i), re-release to the same Replacement Shipper for 28 days after termination of the earlier release period without fully complying with the ordinary posting and competitive bidding requirements applicable to all non-exempt transactions, as set forth in this Section, unless the re-release is at the maximum rate for a term of more than one (1) year, meets all of the terms and conditions of the Release Notice, and qualifies as an exempt transaction under Section 14.3(a) above. This Section does not apply to releases to an asset manager or releases to a marketer participating in a state-regulated retail access program.

(d) Timing and Duration of Posting. Offers by potential Releasors to release and assign capacity shall be posted on Transporter's EBB in accordance with the capacity release timeline under Section 14.1(c) above. Releasor may not specify an extension of the original bid period or the pre-arranged deal match period without posting a new release.

(e) Method to Post. Transporter shall post offers and bids, including prearranged deals, upon receipt. Releasor may request a later posting time for posting of such offer, and Transporter shall support such request insofar as it comports with the standard capacity release timeline specified in NAESB WGQ Standard No. 5.3.2.

#### 14.4 Bidding.

(a) Potential Replacement Shippers shall submit bids for released capacity which comport with the methodology of the release notice stated in ten-thousandths of one dollar (\$0.0000) per Dth one day per month for reservation charges, or in hundredths of one cent (0.00¢) per Dth for one-part volumetric rate bids or a percent of maximum, accompanied by a valid Bid for Capacity Release Form in the form included in this Tariff. Potential Replacement Shippers may bid the maximum applicable reservation rate as an alternative to the method specified by the Releasor, except when the release is index-based for a term of one year or less or utilizes market-based rates. Bids submitted for a permanent release shall be submitted on a valid Request for Service as set forth in Section 3 (Requests for Service) of the General Terms and Conditions. For capacity release transactions of one (1) year or less in length, there shall be no maximum price cap. Such bids (i) shall be submitted electronically by potential Replacement Shippers to Transporter's EBB in the format established by Transporter for such bids on the

EBB, (ii) shall be displayed on the EBB when complete without revealing the identity of the bidder during the bidding period, (iii) in accordance with Transporter's specifications, shall specifically reference the capacity for which the bid is being submitted; and (iv) must take effect on or before one (1) year from the date Transporter is notified of the release.

(b) A potential Replacement Shipper responding to the posting of a Release Notice shall be permitted to bid a quantity and a term of service different from those specified in the posted Release Notice; provided, however, that a Bidder shall not be permitted to bid a quantity or a term of service lower than any minimum quantity or term disclosed and posted by Releasor in the Release Notice. Bidders must accept all other conditions set forth in the Release Notice.

(c) Bids shall be submitted by potential Replacement Shippers without bidders knowing the identities of other bidders. Bidders may submit multiple bids, each higher than the previous bid, during the posting period established pursuant to Section 14.3(e) above.

(d) All bidders must: (i) have prequalified under Transporter's creditworthiness standards, and (ii) where execution of an Assignment Agreement will be required within five days of its transmission by Transporter, have executed an Electronic Contracting Agreement with Transporter, as required by Section 3 (Requests for Service), Section 9 (Operating Conditions), and Section 5 (Service Agreement and Electronic Contracting), of the General Terms and Conditions.

(e) All bids for capacity release transactions more than one (1) year in length shall neither exceed the maximum rates nor be less than the minimum rates permitted by the Commission for the released services. Bids for capacity release transactions of one (1) year or less may exceed the maximum rates but shall not be less than the minimum rates permitted by the Commission for released services. Bids for capacity offered for more than one (1) year at a one-part volumetric rate (which shall apply only to the reservation portion of the rate) shall not exceed a maximum rate calculated by converting the applicable maximum reservation charge into a volumetric charge at a 100 percent load factor plus the applicable commodity charges.

(f) Bids are binding, other than contingent bids, until notice of withdrawal is received by Transporter's EBB. Bids may be withdrawn before the close of the bidding period but may not be withdrawn after the bid period ends. Any bidder that withdraws its bid for released capacity may not, within that same bidding period, submit a bid at a lower rate for any portion of that same capacity.

(g) Where higher bids are received for capacity that Releasor proposes to release under a prepackaged arrangement that is subject to competitive bidding (including prepackaged arrangements for 31 days or less for which Releasor requests competitive bidding), the Replacement Shipper designated by Releasor (designated Replacement Shipper) shall be notified by Transporter and shall exercise its right to match the highest competing bid in accordance with the capacity release timeline under Section 14.1(c) above. For transactions one (1) year or less in length, a designated Replacement Shipper shall be required to match the highest competing bid,

including bids that may be submitted in excess of the maximum rate. A Releasor shall not be able to specify an extension of the original pre-arranged match period without posting a new release.

#### 14.5 Evaluation of Bids and Assigning Service Rights.

(a) Transporter shall perform the evaluation of bids in accordance with the criteria specified in the Release Notice and shall determine which, if any, bids to accept.

(b) In the absence of any such Releasor-developed alternative criteria to the contrary, as specified in Releasor's Release Notice, bids shall be evaluated and rights to released capacity assigned by Transporter in accordance with the bid evaluation criteria referenced at Section 14.2(c).

(c) For (1) capacity release transactions of more than one (1) year where Releasor has posted a prepackaged arrangement at less than the maximum rate or (2) prepackaged arrangements for 31 days or less for which the Releasor requests competitive bidding), the designated Replacement Shipper under that arrangement will be awarded the capacity if, within the time limits specified in Section 14.1(c), that designated Replacement Shipper matches the competing bid(s) offering the highest economic value, as calculated in accordance with the bid evaluation criteria set forth in Section 14.2(c) or in the Release Notice.

(d) Where highest bids of equal value are received for released capacity from more than one bidder, not including a designated Replacement Shipper under a prepackaged arrangement, the capacity (i) shall be assigned in accordance with any nondiscriminatory method for breaking ties established by Releasor in the Release Notice, or (ii) shall, if Releasor does not establish a tie-breaking method, be assigned pro rata on the basis of the respective quantities bid by the winning bidders. Bidders may specify in their bids the minimum quantities they will accept. If a pro rata allocation would result in assignment of quantities below a bidder's minimum quantity, any such bidder will not be assigned the capacity, and the total quantity available for assignment will then be re-allocated among the remaining highest value bidders on a pro rata basis.

(e) Transporter will not award capacity release offers to the Shipper until and unless the Shipper meets Transporter's creditworthiness requirements applicable to all services that it receives from Transporter, including the service represented by the capacity release.

(f) Transporter shall post on the EBB the winning bid and the identity of the winning bidder(s) in accordance with the capacity release timeline under Section 14.1(c) above.

#### 14.6 Assignment Agreements.

(a) For all transactions pursuant to this Section 14, Transporter shall electronically transmit an Assignment Agreement upon receipt of Replacement Shipper's electronic

confirmation reflecting the terms of the Release Notice to Replacement Shipper in accordance with the capacity release timeline under Section 14.1(c) above.

(b) Transporter and Replacement Shipper shall execute the Assignment Agreement in substantially the form contained in this Tariff; provided that such an Agreement shall be executed electronically where an executed contract is required within five business days of its transmission by Transporter. That Assignment Agreement shall contain all terms and conditions of the release and assignment; provided that such terms and conditions are identical to those set forth in the underlying Release Notice. Where electronic contracting is required as described immediately above, all Replacement Shippers must have executed an Electronic Contracting Agreement in accordance with the electronic contracting procedures specified in Section 5.7 of the General Terms and Conditions. All Replacement Shippers must meet the Transporter's creditworthiness requirements. Service will not be provided unless the Assignment Agreement properly has been executed. If the Replacement Shipper does not execute and return such Assignment Agreement within two business days of Transporter's tender (or such later date established by Releasor through notice to Transporter and Replacement Shipper), the bid and Transporter's offer of an Assignment Agreement shall be void and Transporter will tender an Assignment Agreement to the next highest acceptable bidder, if any, consistent with the terms of the Release Notice. Except with respect to prearranged transactions described in Section 14.3(a) above, Replacement Shippers failing to return such agreement shall be prohibited from bidding for six months, or less than six months if agreed to in writing by the Releasor. Nothing herein shall restrict Releasor from pursuing any other remedies it may have against a Replacement Shipper failing to execute and return an Assignment Agreement tendered by Transporter.

14.7 Implementation; Receipt and Delivery Points. Following acceptance of a bid for assignment and execution of an assignment agreement, Transporter will accept nominations or requests for alternate receipt or delivery points for the assigned capacity. Replacement Shippers may submit nominations to Transporter in the next available nomination cycle, as specified in Section 6.2(e) of the General Terms and Conditions. In the event Shipper has not executed the Assignment Agreement prior to making its nomination, Shipper will be deemed to have executed the Assignment Agreement with Transporter pursuant to which the nomination is being made. Replacement Shippers may not, however, exercise flexible receipt and delivery point authority at primary points unless such exercise is agreed to in writing by Releasor. Quantities flowing under assigned service rights shall have the same priority as those quantities had under the applicable underlying service agreement originally entered into by Releasor and Transporter, and that priority shall be unaffected by whether or not the assignment is subject to recall, as described at Section 14.8 below.

14.8 Recall; Reassignment of Assigned Service Rights.

(a) Agreements Subject to Recall. Releasors shall be permitted to specify as a condition for releasing capacity the right to recall that assigned capacity upon notice to Transporter and to Replacement Shipper. Any such recall provision must be included in the Release Notice originally submitted by Releasor and in the assignment agreement executed

following assignment of the capacity. The Release Notice and the assignment agreement governing the assigned capacity shall clearly state (i) the frequency with which Releasor may recall any released capacity, (ii) the maximum duration of any such recall, (iii) whether and under what conditions any right of first refusal held by Releasor is transferred to Replacement Shipper, and (iv) such other terms as Releasor may specify. Replacement Shipper shall be permitted to make secondary assignments of all or any part of the capacity, unless prohibited by the Releasor, contained in its assignment agreement that is subject to Releasor's right to recall, provided, however, that such assignments shall not vary the recall provisions contained in the original assignment.

(b) Replacement Shipper Release. A Replacement Shipper that desires to release some or all of its assigned capacity (Replacement Shipper/Secondary Releasor) may release and reassign all or a portion of the assigned capacity to other parties (Secondary Replacement Shippers) subject to the requirements set forth in paragraph (a) immediately above. Any such reassignment must satisfy all of the posting, bidding and notice requirements set forth in this Section, and any Secondary Replacement Shipper must satisfy all of the creditworthiness and other requirements set forth in this Section. No limitation unless required by the Releasor shall be placed on the number of times service rights that are not subject to recall may be reassigned, provided, however, that a Replacement Shipper/Secondary Releasor may not assign rights any greater than the rights it received pursuant to the earlier assignment, and may not place any unreasonable or discriminatory conditions on such assignments.

(c) For all released capacity subject to recall rights, the following recall notification periods shall apply:

Timely Recall Notification:

(1) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;

(2) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due;

Early Evening Recall Notification:

(3) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;

(4) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due;

Evening Recall Notification:

(5) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;

(6) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due;

Intraday 1 Recall Notification:

(7) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;

(8) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due;

Intraday 2 Recall Notification:

(9) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;

(10) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due;

Intraday 3 Recall Notification:

(11) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;

(12) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

For recall notification provided to Transporter prior to the recall notification deadline specified above and received between 7:00 a.m. and 5:00 p.m., Transporter shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such



recall notification. For recall notification provided to Transporter after 5:00 p.m. and prior to 7:00 a.m., Transporter shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. Recalled capacity notices will indicate whether penalties will apply for the Gas Day for which quantities are being reduced due to a capacity recall.

(d) For the recall notification provided to Transporter, the quantity shall conform to Transporter's capacity recall notification specification. Transporter requires that the quantity must be expressed in terms of adjusted total released capacity entitlements based upon the Elapsed Pro-rata Capacity. Transporter will not be obligated to deliver in excess of the total daily contract quantity of the release.

(e) Assignment Agreements that call for payment by Shipper of a one-part volumetric rate may not be released and assigned.

(f) If a Releasor's Service Agreement is suspended or terminated, then Transporter may terminate the release of capacity to the Replacement Shipper if Transporter has first provided the Replacement Shipper an opportunity to continue receiving service by paying the lesser of (i) the Releasor's Service Agreement rate; (ii) the applicable Recourse Rate; or (iii) some other rate that is acceptable to Transporter.

(g) If a Replacement Shipper's Service Agreement is suspended or terminated, then the released capacity will revert to the Releasor.

#### 14.9 Billing.

(a) Transporter, in accordance with the terms of this Tariff, shall: (i) bill the Releasor for the full reservation charge, applicable reservation-related surcharges and any other fixed charges for which Releasor is otherwise obligated to Transporter, less either the reservation charge bid by Releasor's Replacement Shipper, or the reservation charge portion of amounts billed to Replacement Shippers paying one-part volumetric rates; and (ii) bill the Replacement Shipper for (A) the reservation charge bid by that Replacement Shipper (except for periods during which the Releasor has recalled the capacity), (B) all commodity charges, or all payments under one-part volumetric rates, and any minimum volumetric commitment agreed to but not met by the Replacement Shipper, (C) any commodity surcharges, (D) any penalties or imbalance correction costs associated with the assigned capacity, and (E) any applicable overrun charges, as any of these charges may change from time to time upon approval of the Commission. For all payments received from Replacement Shipper, Transporter shall allocate such payment first to the reservation charge (or to the reservation charge component under a one-part rate) and then any amounts above that level to the commodity charge (or to the commodity charge component under a one-part rate). Replacement Shipper may, upon notice to Transporter and approval of the Releasor, appoint Releasor as its agent to receive such billings from Transporter. The charges shall be pro-rated for a Billing Month if necessary.

(b) For all assignments of service rights, Releasor shall remain ultimately responsible to Transporter for full payment of the reservation charge, any applicable reservation-related surcharges, and any other fixed charges for which Releasor is otherwise obligated to Transporter. For permanent releases of capacity, Transporter may in its reasonable discretion agree to release the Releasor from this responsibility. Such discretion shall be exercised by Transporter in a nondiscriminatory manner. Until payment by Replacement Shipper to Transporter of any unpaid reservation charges, any claims Releasor may have relating to those charges shall be subordinated to those of Transporter. Any reservation charge payments made by Replacement Shipper to Transporter will not be withheld from Releasor by Transporter due to Replacement Shipper's failure to pay Transporter other amounts owed that are unrelated to the released capacity. In the event of termination of Releasor's Service Agreement with Transporter, Replacement Shipper's Service Agreement with Transporter is deemed terminated unless (1) Replacement Shipper agrees to pay Transporter the currently effective maximum rates for service under the Tariff, or (2) Transporter and Replacement Shipper mutually agree upon a discounted rate or negotiated rate for service under this Tariff; provided, however, that any Replacement Shipper shall be entitled to continued service at the contract rate between the Releasor and Transporter.

(c) In the event that a Replacement Shipper (including a Secondary Replacement Shipper) fails to pay Transporter's invoice relating to the released capacity, Transporter shall within five business days provide the Releasor (the most recent Releasor, where the capacity has been secondarily assigned) with written or telephonic notice of such nonpayment. Upon Releasor's receipt of such notice of Replacement Shipper's nonpayment, Releasor, without prejudice to any other rights it may have, may immediately recall the assigned capacity upon 24-hour notice to Replacement Shipper unless within such period Replacement Shipper pays in full the outstanding indebtedness, together with accrued interest at the Commission approved interest rate, and furnishes adequate assurance of payment to Releasor if required by Releasor.

(d) Transporter shall provide the original Releasor with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Transporter to the Releasor's Replacement Shipper(s), of the following:

(1) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to Transporter's tariff;

(2) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;

(3) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and

(4) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to Transporter's tariff.

14.10 Refunds.

(a) For all refunds other than those described at paragraph (b) immediately below, the original Releasor of any capacity shall receive from Transporter any reservation charge-related refunds associated with the assigned capacity, including any refunds related to the reservation charge portion of payments under a one-part volumetric rate. The Replacement Shipper holding the assigned right to service at the time of the overpayment shall receive from Transporter its share of any commodity charge-related refunds, including any refunds related to the commodity portion of payments under a one-part volumetric rate, associated with the assigned capacity. Refunds owed by Transporter will be made by Transporter directly to Replacement Shipper or indirectly through the Releasor if Replacement Shipper has appointed Releasor as its agent for billings pursuant to Section 14.9(a) above.

(b) The refund obligation of Transporter set forth in paragraph (a) shall be modified where Releasor has released capacity at a rate in excess of that owed by Releasor to Transporter for that capacity ("Releasor's Margin"). To the extent that Releasor's margin equals or exceeds the amount of any refund obligation, Transporter shall not be obligated to make refunds to Releasor. (Any refunds ultimately paid to a Replacement Shipper in that event shall be paid by Releasor.) For capacity release transactions with a term of one (1) year or less that are not subject to the maximum rates set forth in Transporter's Tariff, no refunds will be owed to the Replacement Shipper. Any applicable refund will be paid directly to the Releasor.

14.11 Fees. Transporter shall not charge a fee for posting of a Release Notice or a Request to Purchase on its EBB. Transporter shall be entitled to charge a reasonable fee if Releasor and Transporter agree that Transporter shall receive a fee for actively marketing the capacity Releasor seeks to release.

18. INVENTORY TRANSFERS AND IMBALANCE TRANSFERS

18.1 Transfers Generally. A Shipper may transfer inventory in its account to its other account(s) or the accounts of other Shippers under this Section. For purposes of this Section, the term "account" shall mean a Shipper's gas account under a storage or transportation Service Agreement with Transporter. A Shipper seeking to transfer inventory between accounts pursuant to this Section shall notify Transporter electronically through Transporter's EBB using Transporter's approved nomination form as set forth on Transporter's EBB. Transporter shall not be obligated to provide any information to a Shipper concerning the account status of other Shippers' accounts. Transporter will permit a Shipper, upon request, to post on Transporter's EBB an announcement of Shipper's desire to transfer inventory, but Shipper shall remain responsible for making all arrangements effecting the proposed transfer.

18.2 No Cost Transfers. A Shipper may transfer inventory from an account under a Service Agreement with Transporter set forth under column "From" to an account under a Service Agreement with Transporter set forth under Column "To", as set forth below, without incurring transportation, storage, injection or withdrawal charges or surcharges, and without assessment of Retainage on the transferred quantity:

	<u>From</u>	<u>To</u>
(a)	FTS, OPT, ITS, NTS, NTS-S	FTS, OPT, ITS, NTS, NTS-S, GTS
(b)	FSS, FSS-M, FBS, ISS, ISS-M	FSS, FSS-M, FBS, ISS, ISS-M, SIT, NTS, NTS-S, GTS
(c)	SIT	NTS, NTS-S, GTS
(d)	GTS	GTS
(e)	FT-C	FT-C

(f) In addition, a Shipper with an SIT Service Agreement with Transporter which has a remaining inventory balance thereunder after having crossed-zero once within the prior 10-day period pursuant to Section 3(b) of the SIT Rate Schedule (and other than as a result of cost-free inventory transfers pursuant to this Section 18) may transfer such remaining inventory balance, or portion thereof, to another Shipper's (or Shippers') SIT Service Agreement with Transporter; provided that (1) such transferee Shipper (or Shippers) has also crossed-zero once within the same prior 10-day period pursuant to Section 3(b) of the SIT Rate Schedule (and other than as a result of cost-free inventory transfers pursuant to this Section 18) and (2) both Shippers' accounts move closer to, but without crossing zero as a result of such transfer. In addition, an SIT Shipper shall not create an SIT balance where one did not previously exist by engaging in an inventory transfer with another SIT Shipper.

(g) Transportation imbalances that are unresolved (other than through operation of the applicable terms of this Tariff; e.g, the FSS or FSS-M Rate Schedules, General Terms and Conditions Section 8, predetermined allocation agreements, etc.) under a Shipper's non-FSS or FSS-M Service Agreements may be transferred to the Segmentation Pool by nominating such imbalance quantities for transfer. There will be no charge for transferring imbalance quantities to the Segmentation Pool under this provision.

### 18.3 Nominated Transfers.

(a) A Shipper seeking to transfer inventory from and to accounts under Service Agreements with Transporter other than those permitted without cost or assessment of Retainage as set forth in Section 18.2 shall nominate such inventory quantities for transportation pursuant to the terms of the Service Agreement with Transporter under which said inventory is held in account for Shipper; provided that a Shipper with a SIT Service Agreement with Transporter shall not transfer inventory to the SIT account of another Shipper unless both Shippers' accounts move closer to, but without crossing zero as a result of such transfer. In cases where an FSS, FSS-M, FBS, ISS, or ISS-M Shipper proposes to transfer inventory to an SIT Shipper, the SIT Shipper's account must move closer to zero as a result of the transfer. In addition, a SIT Shipper shall not create a SIT balance where one did not exist previously by engaging in an inventory transfer with another Shipper. Nominations shall be pursuant to Section 6 (Nominating, Scheduling and Monitoring) of the General Terms and Conditions. Nominated and transferred inventory quantities shall be subject to the charges and surcharges, and assessment of Retainage applicable to the Service Agreement with Transporter specified in the nomination.

(b) A Shipper may transfer inventory from its FSS, FSS-M, FBS, ISS or ISS-M Service Agreement account with Transporter to the Segmentation Pool by nominating such inventory quantities for transfer. Shipper shall not be subject to transportation commodity charges or Retainage on the transportation into the Segmentation Pool but will be subject to applicable storage withdrawal fees when gas is removed from storage for transfer to the Segmentation Pool.

18.4 Effectiveness of Transfers. Any transfer made pursuant to Section 18.2 shall be effective on the date a Shipper's completed nomination form is received by Transporter electronically through its EBB, unless Transporter rejects the transfer within two business days of Transporter's receipt of such completed nomination form pursuant to Section 18.5. Any transfer made pursuant to Section 18.3 shall be effective on the date a Shipper's nomination to transport inventory quantities is received by Transporter electronically through its EBB, unless Transporter rejects the nomination prior to transportation pursuant to Section 18.5. A transfer shall become effective as of a date certain in accordance with the foregoing, and shall have prospective, as opposed to retroactive, effect with respect to the affected accounts from that date certain. The cumulative balance in such affected accounts shall be adjusted as of the effective date of a transfer in accordance with the transfer.

18.5 Rejection by Transporter. Transporter may, in its reasonable discretion, reject any proposed transfer if it determines that such transfer cannot be accommodated: (i) without diminishing Transporter's ability to provide firm service to any Shipper; (ii) without increasing Transporter's firm service obligations; (iii) because the gas sought to be transferred is not on Transporter's system; (iv) because of the actual account status of the transferor's and transferee's accounts, as reflected in Transporter's records; (v) because the transfer is requested to have a retroactive effective date; (vi) without threatening the integrity of Transporter's system; (vii) because a SIT Shipper's account will not move closer to zero as a result of the proposed inventory transfer; or (viii) a SIT balance would be created where one did not previously exist as a result of the proposed inventory transfer. If the transfer is rejected pursuant to this Section 18.5, Transporter shall provide the Shipper seeking to transfer inventory that Shipper's actual account status under the applicable Service Agreement.

#### 18.6 Imbalance Netting and Trading

(a) Definitions. For purposes of this Section 18.6, the following definitions shall be applicable:

(1) "Operational Impact Area" is the term used to describe Transporter's designation of the largest possible area(s) on its system in which imbalances have a similar operational effect.

(2) "Netting" is the term used to describe the process of resolving imbalances for Shipper within an Operational Impact Area. There are two types of Netting: (a) summing is the accumulation of all imbalances above any applicable tolerances for Shipper or agent; and (b) offsetting is the combination of positive or negative imbalances above any applicable tolerances for Shipper or agent.

(b) Month-end Imbalances.

(1) Transporter shall allow Shipper (including agents of Shipper) to net imbalances within the same Operational Impact Area on and across service agreements with Shipper and to trade imbalances within the same Operational Impact Area.

(2) Transporter shall provide Shippers the ability to post and trade imbalances until at least the close of the seventeenth (17th) business day of the month.

(3) Transporter shall provide Shippers the ability to view and, upon request, download posted imbalances.

(4) Imbalances to be posted for trading should be authorized by Shipper.

(5) An Authorization to Post Imbalances that is received by Transporter by 11:45 a.m. (CT) should be effective by 8:00 a.m. (CT) the next business day. An

imbalance that is previously authorized for posting should be posted on or before the ninth (9th) business day of the month.

(6) Transporter is not required to post zero imbalances.

(7) Netting, posting, and trading of imbalances shall be accomplished based upon Transporter's current method for accounting for imbalances and Transporter is not required to institute daily imbalance procedures.

(8) Transporter shall enable the imbalance trading process by: receiving the Request for Imbalance Trade, receiving the Imbalance Trade Confirmation, sending the Imbalance Trade Notification, and reflecting the trade prior to or on the next monthly Shipper Imbalance.

(9) When trading imbalances, Shippers shall specify a quantity.

(10) An imbalance trade can only be withdrawn by the Initiating Trader and only prior to the Confirming Trader's confirmation of the trade. An imbalance trade is considered final when confirmed by the Confirming Trader and effectuated by Transporter.

(11) To account for any imbalances after imbalance trading, where Transporter associates such imbalance with a service agreement, Shipper and Transporter shall agree to designate one of Shipper's valid service agreements in the Operational Impact Area where the original imbalance occurred, for such purpose.

37. COMPLIANCE WITH 18 CFR, SECTION 284.12

Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.0, and the standards revised by Minor Corrections MC15003, MC15004, MC15005, MC15009 and MC15012 all marked with an asterisk [\*], which are required by the Commission in 18 CFR, Section 284.12 (a), 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>
0.3.3	GTC Section 9.7(b)
0.3.4	GTC Section 9.7(c)
0.3.5	GTC Section 9.7(d)
0.3.6	GTC Section 9.7(e)
0.3.7	GTC Section 9.7(f)
0.3.8	GTC Section 9.7(g)
0.3.9	GTC Section 9.7(h)
0.3.10	GTC Section 9.7(i)
1.2.3	GTC Section 1.37
1.2.4	GTC Section 1.25
1.2.5	GTC Section 1.35
1.2.6	GTC Section 1.34
1.2.9	GTC Section 1.10(a)
1.2.11	GTC Section 1.10(b)
1.2.12	GTC Section 1.18
1.2.15	GTC Section 1.50
1.2.16	GTC Section 1.50
1.3.1*	GTC Section 1.21
1.3.2(i-vi*)	GTC Section 1.32
	GTC Section 6.2(e)
1.3.3	GTC Section 6.3(c)(6)
1.3.6	GTC Section 6.2(h)(4)
1.3.7	GTC Section 6.2(d)
1.3.9*	GTC Section 6.2(h)
1.3.11*	GTC Section 6.2(h)
1.3.13	GTC Section 6.2(h)
1.3.14	GTC Section 1.14



1.3.16	GTC Section 6.2(b)
1.3.19	GTC Section 6.2(f)
1.3.22	GTC Section 6.3(d)
1.3.28	GTC Section 35.2
1.3.32	GTC Section 6.2(h)
1.3.33*	GTC Section 6.2(h)
1.3.40	GTC Section 6.3(h)
1.3.44	GTC Section 6.3(i)
1.3.51	GTC Section 7.2(e)(4)
1.3.80	GTC Section 6.2(l)
2.2.1	GTC Section 1.33
2.2.2	GTC Section 18.6(a)(1)
2.2.3	GTC Section 18.6(a)(2)
2.3.3	GTC Section 8.3(d)
2.3.4	GTC Section 8.3(e)
2.3.6	GTC Section 8.3(g)
2.3.11	GTC Section 8.4(a)
2.3.13	GTC Section 8.4(a)
2.3.16	GTC Section 8.3(a)
2.3.18	GTC Section 8.3(b)
2.3.20	GTC Section 8.3(f)
2.3.26	GTC Section 8.4(b)
2.3.30	GTC Section 18.6(b)(1)
2.3.31	GTC Section 19.4
2.3.40	GTC Section 18.6(b)(5)
2.3.41	GTC Section 18.6(b)(2)
2.3.42	GTC Section 18.6(b)(3)
2.3.43	GTC Section 18.6(b)(4)
2.3.44	GTC Section 18.6(b)(6)
2.3.45	GTC Section 18.6(b)(9)
2.3.47	GTC Section 18.6(b)(10)
2.3.48	GTC Section 18.6(b)(12)
2.3.50	GTC Section 18.6(b)(7)
3.2.1	GTC Section 1.3
3.3.9	GTC Section 10.1(a)
3.3.17	GTC Section 10.2(a)
3.3.18	GTC Section 10.2(a)
3.3.19	GTC Section 10.2(d)
3.3.25	GTC Section 10.2(a)
5.2.1	GTC Section 1.11
5.2.2	GTC Section 1.16
5.2.3	GTC Section 1.18

5.3.1	GTC Section 14.1(b)
5.3.2*	GTC Section 14.1(c)
5.3.3	GTC Section 14.2(c)(1)
5.3.4	GTC Section 14.2(c)(1)
5.3.13	GTC Section 14.4(f)
5.3.14	GTC Section 14.2(d)
5.3.15	GTC Section 14.4(f)
5.3.16	GTC Section 14.2(d)
5.3.24	GTC Section 14.3(e)
5.3.25	GTC Section 14.3(d)
5.3.34	GTC Section 16.3(a)
5.3.35	GTC Section 16.3(b)
5.3.36	GTC Section 16.3(c)
5.3.44	GTC Section 14.8(c)
5.3.45	GTC Section 14.8(c)
5.3.49	GTC Section 14.8(c)
5.3.55	GTC Section 14.8(d)
5.3.57	GTC section 14.8(d)
5.3.59	GTC Section 14.5(e)
5.3.60	GTC Section 14.9(d)
5.3.63	GTC Section 14.2(c)(2)
5.3.64	GTC Section 14.2(c)(2)

**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

Datasets:

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

Datasets:

0.4.4\*

### **Storage Information**

Data Sets:

0.4.1\*

### **Nominations Related Standards:**

Definitions:

1.2.1, 1.2.2, 1.2.8, 1.2.10, 1.2.13, 1.2.14, 1.2.17, 1.2.18, 1.2.19

Standards:

1.3.4, 1.3.5\*, 1.3.8\*, 1.3.15, 1.3.17, 1.3.18, 1.3.20, 1.3.21, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.41, 1.3.42, 1.3.43, 1.3.45, 1.3.46, 1.3.48, 1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.81

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:

2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.5, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.12, 2.3.14, 2.3.15, 2.3.17, 2.3.19, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.28, 2.3.29, 2.3.32, 2.3.46, 2.3.49, 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, 3.3.15, 3.3.16, 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:**

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 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, 4.3.83, 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

**Capacity Release Standards:**

**Definitions:**

5.2.4, 5.2.5

**Standards:**

5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.26, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.46, 5.3.47, 5.3.48, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.56\*, 5.3.58, 5.3.62, 5.3.62a, 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

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

**Standards for which Waiver or Extension of Time to Comply have been granted:**

**NAESB Standards**

**Waiver or Extension of Time**

# **MARKED TARIFF SECTIONS**

1. DEFINITIONS

1.1 "Billing Month" shall mean the period elapsed between consecutive final monthly meter readings and, when referred to in terms of a calendar month, shall mean that calendar month in which the majority of the Billing Month occurs.

1.2 "Btu" shall mean the British thermal unit as defined by international standards.

1.3 "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays.

1.4 "Shipper" shall mean any person or entity receiving service under any of Transporter's Rate Schedule(s).

1.5 "CCRM Parties" shall be defined as the "Parties" pursuant to Article 7.2 of the CCRM Settlement.

1.6 "CCRM Rate" shall mean the Capital Cost Recovery Mechanism rate that is calculated and adjusted on an annual basis and established through an annual limited NGA Section 4(e) filing as set forth in Article VII of the CCRM Settlement.

1.7 "CCRM Settlement" shall mean the Stipulation and Agreement of Settlement approved on January 24, 2013 in Docket Number RP12-1021-000.

1.8 "Central Clock Time" ~~or ("C-T")~~ shall mean Central Standard Time adjusted for Daylight Savings Time. Unless otherwise stated, all times in the Tariff are Central Clock Time.

1.9 "Commission" shall mean the Federal Energy Regulatory Commission.

1.10 "Confirmations" shall mean the process of Transporter agreeing with Interconnecting Operators on quantities that should flow at a location based on nominations received by Transporter and the Interconnecting Operator. Related confirmation terms are:

(a) "Confirming Party" shall mean the entity that Transporter shall contact for confirmation of a quantity of gas with respect to a nomination at a location. Confirming Parties include Interconnecting Operators or upstream/downstream title holders.

(b) "Confirmation by Exception" ~~or ("CBE")~~ means that the Confirming Parties agree that one party deems that all requests at a location are confirmed by the other party (the CBE party) without response communication

from that party. The CBE party can take exception to the request by so informing the other party within a mutually agreed upon time frame.

(c) "Explicit Confirmation" shall mean the requirement 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 confirmation methodology.

1.11 "Critical Notice" shall mean any notice pertaining to information on system conditions that affect scheduling or adversely affect scheduled gas flow.

1.12 "Cubic Foot" and "Standard Cubic Foot" shall mean that quantity of natural gas that occupies one cubic foot of volume at the Volumetric Measurement Base defined in Section 26.2 of the General Terms and Conditions.

1.13 "Designated sSite" shall mean the electronic address used to contact an entity for EDI transmission.

1.14 "Dth or "~~or "~~Dekatherm" shall mean one million Btu. The standard quantity for nominations, confirmation and scheduling is dekatherms per ~~g~~Gas ~~d~~Day in the United States, ~~and~~ gigajoules per ~~g~~Gas ~~d~~Day in Canada and gigacalories per ~~g~~Gas ~~d~~Day in Mexico. (For reference 1 dekatherm = 1,000,000 Btu's; and 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm and between dekatherms and gigacalories is 0.251996 gigacalories 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.

1.15 "Electronic Bulletin Board" and "EBB" shall mean Transporter's computerized system for the posting, sending and receiving of notices and other communications under this Tariff.

1.16 "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM.

1.17 "EDI" shall mean electronic data interchange as defined by the standards established by the GISB and approved by the Commission, or Transporter defined data sets where no GISB standard exists.

1.18 "Elapsed Prorata Capacity" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.



1.19 "Elapsed Prorated Scheduled Quantity" or "EPSQ" shall mean that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

1.20 "Electronic Measurement" shall mean that form of measurement consisting of flow computers or computerized Remote Terminal Units (RTUs), electronic transducers, and associated power, data communications, and other electronic equipment to accomplish the measurement of gas and transfer of data without the use of charts or other paper Recordings.

1.21 "Gas Day" or "Day" shall mean a period of 24 consecutive hours, beginning at 9:00 a.m. Central Clock Time, as adjusted for Daylight Savings Time, and the date of the Day shall be that of its beginning.

1.22 "General Terms and Conditions" or "GTC" shall mean the currently effective General Terms and Conditions set forth in Volume No. 1 of this Tariff.

1.23 "Heating Value" shall mean the gross heating value on a dry basis, which is the number of British thermal units produced by the complete combustion at constant pressure of the amount of dry gas (gas containing no water vapor) that would occupy a volume of one Cubic Foot at 14.73 psig and 60° F with combustion air at the same temperature and pressure as the gas, the products of combustion being cooled to the initial temperature of the gas and air, and the water formed by combustion condensed to the liquid state.

1.24 "Interconnecting Operator" shall mean the entity with physical control either upstream or downstream of Transporter's facility.

1.25 "Intraday ~~h~~Nomination" shall mean a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the ~~g~~Gas ~~d~~Day and runs through the end of that ~~g~~Gas ~~d~~Day.

1.26 "Market Areas" shall mean the geographic regions shown on the Market Area map and the accompanying descriptions and listing of delivery points within each such geographic region, as published on Transporter's EBB, as they each may be changed from time to time.

1.27 "Master List of Interconnections" or "MLI" shall mean the list of interconnections, including receipt and delivery points with third parties, aggregation points, and paper pools, eligible for transportation services as maintained by Transporter on its EBB on an ongoing basis.

1.28 "Maximum Hourly Quantity" shall mean the maximum hourly quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under Rate Schedule NTS-S.

1.29 "Mcf" shall mean one thousand Cubic Feet of gas.

1.30 "Month" shall mean the period beginning at the start of the first Day of the calendar month and ending at the same hour on the first Day of the next succeeding calendar month.

1.31 "Negotiated Rate" shall mean "negotiated rate" as defined in accordance with Commission policy, with respect to the negotiation of rates, rate components, fees, charges, surcharges, credits, retainage percentages, or formula pertaining to the same, for service under a Rate Schedule. A Negotiated Rate: must be mutually agreed to by Transporter and Shipper; may be less than, equal to, or greater than or less than the Recourse Rate and/or the minimum rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity.

1.32 "Nomination Cycle" shall mean the timing and activities related to nominations, capacity allocation, confirmation and scheduled quantities. Nomination cycles are:

(a) "Timely Nomination Cycle"

On the day prior to gas flow:

(i) is ~~11:30 a.m.~~ 1:00 p.m. for nominations leaving control of the nominating party;

(ii) 11:45 a.m. 1:15 p.m. for receipt of nominations by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));

(iii) noon 1:30 to send Quick Response;

(iv) 3:30 4:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 4:30 5:00 p.m. for receipt of scheduled quantities by Shipper and Interconnecting Operator ~~(Central Clock Time on the day prior to flow)~~.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(b) "Evening Nomination Cycle"

On the day prior to gas flow:

(i) is ~~is~~ 6:00 p.m. for nominations leaving control of the nominating party;

(ii) 6:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 6:30 p.m. to send Quick Response;

(iv) ~~9:00~~ 8:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) ~~10:00~~ 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties); ~~(Central Clock Time on the day prior to flow).~~

~~Scheduled quantities resulting from an Evening Nominations that does not cause another Shipper on the subject Transporter to receive notice that it is being bumped should be effective at 9:00 a.m. on next Gas Day; and when an Evening Nomination causes another Shipper on the subject Transporter to receive notice that it is being bumped, the scheduled quantities should~~ shall ~~be effective at the start of the 9:00 a.m. on~~ next Gas Day.

(c) "Intraday 1 Nomination Cycle"

On the current Gas Day:

(i) ~~is~~ 10:00 a.m. for nominations leaving control of the nominating party;

(ii) 10:15 a.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 10:30 a.m. to send Quick Response;

(iv) 1:00~~12:30~~ p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 2:00~~1:00~~ p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties); ~~(Central Clock Time on the Gas Day).~~

~~\_\_\_\_\_~~ Scheduled quantities resulting from Intraday 1 Nominations should be effective at ~~5:00~~2:00 p.m. on the current Gas Day.

(d) ~~"Intraday 2 Nomination Cycle"~~

\_\_\_\_\_ On the current Gas Day:

(i) is 5:00~~2:30~~ p.m. for nominations leaving control of the nominating party;

(ii) 5:15~~2:45~~ p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 5:30~~3:00~~ p.m. to send Quick Response;

(iv) 8:00~~5:00~~ p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 9:00~~5:30~~ p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators and to provide scheduled quantities to bumped parties (notice to bumped parties) ~~(Central Clock Time on the Gas Day).~~

~~\_\_\_\_\_~~ Scheduled quantities resulting from Intraday 2 Nominations should be effective at 9:00~~6:00~~ p.m. on the current Gas Day. ~~Bumping is not allowed during the Intraday 2 Nomination Cycle.~~

(e) Intraday 3 Nomination Cycle

\_\_\_\_\_ On the current Gas Day:

(i) 7:00 p.m. for nominations leaving control of the nominating party;

(ii) 7:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 7:30 p.m. to send Quick Response;

(iv) 9:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

(e) For purposes of (b), (c), (d) and ~~(e)~~ above, "provide" shall mean receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

1.33 "OBA" shall mean Operation Balancing Agreement between two parties which specifies the procedures for managing operating variances at an interconnect.

1.34 "Operational Flow Order" or ~~("OFO")~~ shall mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Transporter's system or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order shall be referred to as an Operational Flow Order.

1.35 "Package ID" shall mean a way to differentiate between discrete business transactions.

1.36 "Permanent Release" shall mean a release where the releasing Shipper releases its capacity for the entire remaining term of its Service Agreement and Transporter and Shipper agree to terminate the releasing Shipper's Service Agreement, so that the releasing Shipper no longer has any liability to Transporter to pay for the capacity.

1.37 "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 dis-aggregation of gas from a single physical or logical point to multiple physical and/or logical points.

1.38 "Receipt Point for Production" shall mean a receipt point that is directly connected to production or gathering facilities. Interconnections with interstate pipelines will not be deemed "Receipt Points for Production."

1.39 "Recording" and "Record" when used herein shall include:

- (a) charts or other paper recordings, or
- (b) any binary or other machine-readable representation of information stored in computer memory or other electronic device.

1.40 "Recourse Rate" shall mean the Total Effective Rate (maximum base tariff rate plus all applicable surcharges) set forth in this Tariff for service under the corresponding rate schedule.

1.41 "Recurrence Interval" shall mean an annually recurring period of time, defined by month and day combinations, during which certain contract terms are effective.

1.42 "Retainage" shall mean the quantity of gas, expressed as a percentage of receipt quantities, Shipper must provide Transporter (in addition to quantities Transporter will deliver to Shipper) for company-use, lost and unaccounted-for quantities under any of Transporter's Rate Schedules that refer to such term.

1.43 "Scheduled Daily Delivery Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions for delivery by Transporter on a daily basis to or for the account of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.44 "Scheduled Daily Receipt Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) the General Terms and Conditions for receipt by Transporter on a daily basis for or on behalf of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.45 "Segmentation Pool" ("SP") shall be the virtual location at which pooling for segmentation purposes occurs (designated as being west of Transporter's Lanham compressor station).

1.46 "Third Party Storage Company" shall mean a storage service provider with physical facility storage assets connected directly to Transporter's physical facilities.

1.47 "Transporter" shall mean Columbia Gas Transmission, LLC.

1.48 "Transporter Holiday" shall mean those annually sanctioned holidays of Transporter.

1.49 "Summer Season" shall mean the seven-month period commencing with the first Day of the April Billing Month of any year and ending with the last Day of the next succeeding October Billing Month.

1.50 "Title Transfer Tracking Service Provider" or ~~("TTTSP")~~ shall mean the party conducting the Title Transfer Tracking, which is the process of accounting for the progression of title changes from party to party that does not effect a physical transfer of the gas.

1.51 "Total Firm Entitlement" or "TFE" shall mean the aggregate daily quantity of gas that Transporter is obligated to deliver to Shipper at its delivery points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and GTS, and under all firm X-Rate Schedules contained in Original Volume No. 2 of this Tariff.

1.52 "Transportation Demand" shall mean the maximum daily quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's firm transportation service Rate Schedules.

1.53 "Transportation Quantity" shall mean the maximum daily quantity of gas that Transporter agrees to transport and deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's interruptible transportation service Rate Schedules.

1.54 "Utilization Factor" shall mean the factor calculated by dividing the saturated heating value of the gas by the square root of its specific gravity.

1.55 "Winter Season" shall mean the five-month period commencing with the first Day of the November Billing Month in any year and ending with the last Day of the next succeeding March Billing Month.

### 3. REQUESTS FOR SERVICE

3.1 Request for Service. Valid requests for new or increased levels of service under any of Transporter's Rate Schedules except Rate Schedule MS shall be made by submitting a request electronically to Transporter and by otherwise complying with all of the provisions of this Section 3. A valid request must contain the following information: (1) legal company name; (2) applicable rate schedule; (3) term of service; and (4) quantity data with applicable receipt and delivery points. Requests for amended Service Agreements shall be made on a form provided or approved by Transporter. The completed request for amended Service Agreements shall be forwarded to Transporter through Transporter's EBB, or other method of delivery approved by Transporter. A Shipper or prospective Shipper seeking new or increased service from Transporter, including a prospective bidder for released capacity under the provisions of Section 14 of the General Terms and Conditions, is referred to as "Requestor" in this Section 3.

~~3.2 Approved Bidder List. Transporter shall maintain on the EBB an Approved Bidder List containing the names of the parties satisfying the conditions of this Section 3 and approved to bid for firm or interruptible service, including released capacity under the provisions of Section 14 of the General Terms and Conditions. A Requestor may not bid for service unless its name appears on the Approved Bidder List. The Approved Bidder List shall further reflect whether Requestor is eligible to enter into an agreement through electronic communications and otherwise complies with the requirements of Section 5.7 of the General Terms and Conditions. A Requestor may be removed from the Approved Bidder List if (i) Transporter later determines that such Requestor is no longer creditworthy, (ii) Requestor has contracted for the level of service for which it has been authorized, or (iii) the underlying credit data is more than twelve months old and has not been updated by Requestor.~~

### 3.32 Credit Data.

(a) Except as provided in Section 3.32(b), Requestor shall submit with its completed Request for Service Form the following credit evaluation data:

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

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



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

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

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

(3) a list of Requestor's affiliates, including any parent and subsidiary companies;

(4) the names, addresses and telephone numbers of three trade references with whom Transporter may make reasonable inquiry into Requestor's creditworthiness, and copies of any available reports from credit reporting and bond rating agencies; The results of reference checks and any credit reports submitted must show that Requestor's obligations are being paid on a reasonably prompt basis;

(5) names, addresses, and telephone numbers of bank references;

(6) disclosure of past or pending bankruptcy or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of Requestor;

(7) written confirmation that Requestor is not operating under any chapter of the Bankruptcy Code and is not subject to liquidation or debt reduction procedures under State Laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. Transporter may make an exception for a Requestor who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the Federal Court's jurisdiction;

(8) a list of owners and/or shareholders of Requestor, if Requestor is privately held; and

(9) any other data Requestor desires to submit that would assist Transporter in determining creditworthiness.

(b) Transporter may waive the requirements of all or any part of Section 3.32 on a nondiscriminatory basis. A Requestor that is an existing Shipper on Transporter's system shall not be required to provide the information required by Section 3.32(a) in order to make a new

request for service, provided, however, that Transporter may require an existing Shipper to furnish any information necessary to make a creditworthiness determination with respect to that Shipper/Requestor's new request for service.

(c) In lieu of submitting all or any part of the data required by this Section 3.32, a Requestor that has submitted such data to Transporter within the past twelve months may certify that all or any part of such data has not changed in any manner material to creditworthiness and update items that have materially changed.

3.43 Advance Determination of Creditworthiness. A Requestor shall submit the data required in this Section 3, at least 15 business days before bidding for or requesting new or increased service for an advance determination of creditworthiness by Transporter.

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

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

3.76 Denial of Requests. Transporter may reject any request for service from a Requestor that fails to meet Transporter's creditworthiness requirements unless Requestor provides assurance of payment as provided in Section 3.87 below. Where service is requested under rate schedules under which Requestor could use Transporter's gas, including Rate Schedules SIT, NTS, NTS-S, GTS, AS, IPP and PAL. Transporter may consider the quantities which Requestor could owe Transporter and/or the value of any imbalance owed Transporter in determining the level of service for which Requestor is creditworthy. Grounds for rejection shall include, but shall not be limited to, Requestor's failure (a) to show that Requestor's obligations are being paid in a timely manner, or (b) to provide reasonable assurance that Requestor will be able to continue to pay its obligations in the future.

3.87 Assurance of Payment. If Transporter denies a request for service ~~or does not approve the placement of Requestor's name on the Approved Bidder List~~ due to a failure to satisfy Transporter's creditworthiness requirements, Requestor may obtain service ~~or be placed on the Approved Bidder List~~ if it provides Transporter with assurance of payment in the manner set

forth at Section 9 (Operating Conditions) of the General Terms and Conditions and otherwise complies with the ongoing creditworthiness requirements set forth in Section 9. If Requestor fails to tender such assurance of payment within the time period set forth in Section 9.6(c) or such longer time period reasonably established by Transporter, Transporter may deny Requestor's request for service or reject any bid submitted by Requestor.

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

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

#### 4. AVAILABILITY OF CAPACITY FOR FIRM SERVICES

This Section governs the manner in which requests for firm services shall be accommodated by Transporter when capacity is or becomes available.

##### 4.1 Right of First Refusal and Extension of Firm Service Agreements

Transporter and any Shipper may mutually agree, on a not unduly discriminatory basis, to include in a service agreement, a contractual right of first refusal (“Contractual ROFR”). Unless Transporter and Shipper expressly agree otherwise in Shipper’s service agreement, a right of first refusal (“ROFR”) pursuant to Section 284.221 of the Commission’s Regulations shall apply only to (1) firm service agreements with a term of 12 or more consecutive months of service at the applicable Recourse Rate for that service, or (2) firm multi-year seasonal service agreements at the applicable Recourse Rate where such capacity is available (“Regulatory ROFR”). A firm multi-year seasonal service agreement as used in this Section 4 is a firm service agreement that has a multi-year term but does not provide for 12 consecutive months of service. A shipper holding a qualifying agreement may exercise a Regulatory or Contractual ROFR in accordance with, and subject to, the procedures and limitations set forth below. The following procedure shall govern extensions of qualifying agreements:

###### (a) Right of First Refusal Process

(1) Transporter shall notify Shipper in writing of the upcoming expiration or termination of any firm service agreement with a term of 12 or more consecutive months of service or any firm multi-year seasonal service agreement at the applicable Recourse Rate for that service (a “Long-Term Service Agreement”), and will provide such notice at least 30 days before Shipper is obligated to notify Transporter of its intent to exercise its ROFR or other service continuation rights under the Long-Term Service Agreement. All notifications and procedures that apply to Long-Term Service Agreements will also be applied to contracts with a Contractual ROFR. If a Shipper elects to extend a Long-Term Service Agreement, or any portion of its contract quantity thereunder: (i) for a period of five years and at the Recourse Rate, then Transporter shall accept Shipper’s requested extension; or (ii) for less than a period of five years or less than the Recourse Rate (or both), then Transporter, at its option and in a manner which is not unduly discriminatory, shall either accept Shipper’s requested extension period or shall require Shipper to exercise its ROFR by making the capacity under such agreement available in accordance with the procedures set forth below. Where applicable, and in accordance with Section 47.2 below, any ROFR may (1) be limited to the term of Transporter’s contract or service agreement with the offsystem capacity providers, or (2) the amount of capacity subject to the ROFR may be reduced to reflect changes in Transporter’s operational requirement.

(2) Upon Shipper providing Transporter with a six-month notice of intent to exercise its ROFR, Transporter shall in a reasonable amount of time post such capacity with minimum acceptable terms on the EBB (a “ROFR Open Season”). Transporter shall

begin accepting bids in a ROFR Open Season from any prospective Shipper, for all or a portion (volume but not geographic portion) of the service rights under the existing Shipper's Long-Term Service Agreement, at least five months prior to the termination of such service agreement.

(3) If Transporter receives an offer that meets the minimum acceptable terms for all or a portion (volume but not geographic portion) of the service rights under Shipper's Long-Term Service Agreement, Transporter, within two business days after the last day for receiving offers, shall notify Shipper electronically of the offer having the greatest economic value to Transporter. For purposes of comparing the respective values of offers under this section, Transporter shall evaluate all bids in accordance with the criteria set forth at Section 4.4 below. If Shipper elects to match the offer, Shipper shall electronically notify Transporter of such election within 15 calendar days after receiving Transporter's notice and shall execute a new service agreement matching the offer prior to the termination of the existing Long-Term Service Agreement. The highest rate that Shipper must match to continue such service is the Recourse Rate or the offer that meets the minimum acceptable terms. If Shipper does not elect to match the offer within 15 calendar days after receiving Transporter's notice, Shipper's ROFR will immediately terminate. If a Long-Term Service Agreement is not continued by its own terms or by reason of the Shipper's exercise of its ROFR, such Long-Term Service Agreement shall be subject to pregranted abandonment unless otherwise specified in the Long-Term Service Agreement and shall terminate and Transporter shall have no further obligation to Shipper.

(4) If no acceptable offers meeting Transporter's minimum terms are received, Transporter will notify Shipper within two business days after the close of the ROFR Open Season. Shipper may, thereafter, consistent with the terms of this Tariff, continue to receive all or a portion (volume but not geographic portion) of its service for such term and rate agreed to by Transporter and Shipper for a term to be specified by Shipper (in no instance shall Transporter be obligated to accept a rate lower than Recourse Rate). If Shipper elects to continue to receive service under its existing Long-Term Service Agreement, Shipper shall execute an amendment prior to the termination of the existing Long-Term Service Agreement. Shipper continuing service retains its ROFR on the portion of service continued, if it is continued under a Long-Term Service Agreement. If Shipper does not continue all or a portion (volume but not geographic portion) of its service within 15 calendar days following Transporter's two day notification period or such other period as may be mutually agreed to between Transporter and Shipper on a not unduly discriminatory basis, Shipper's ROFR will immediately terminate.

(5) If no acceptable offers satisfying Transporter's stated minimum terms are received and no new Long-Term Service Agreement has been reached between Transporter and the Shipper holding the capacity under the expiring service agreement, Transporter shall post such capacity as unsubscribed capacity. Transporter will accept

Recourse Rate bids, and in no instance shall Transporter be obligated to accept a rate lower than the Recourse Rate, for posted unsubscribed capacity on a first-come, first-served basis pursuant to Section 4.3 timeline. If Transporter receives an acceptable bid electronically for such unsubscribed capacity that meets its stated minimum conditions but is at less than the Recourse Rate, Transporter will post that bid on its EBB in accordance with posting periods in Section 4.3 below. A competing bidder may obtain the capacity by submitting during the posting period the highest value bid (a bid that exceeds the value of the initial posted bid) and all other bids.

(6) A Shipper with a firm service agreement having multiple primary receipt and delivery points subject to a ROFR may exercise its ROFR with respect to the service agreement's Transportation Demand at only certain primary receipt and delivery point combinations in such service agreement, subject to satisfaction of Transporter's operational considerations based on pipeline's configuration and design. General Terms and Conditions Section 12 addresses the adjustment to maximum daily delivery obligations (MDDOs) when a Shipper reduces its service agreement's Transportation Demand through the exercise of a ROFR.

(7) A ROFR shall be deemed to be assigned where a Shipper holding such a right permanently releases and assigns all or a portion (volume but not geographic portion) of the capacity under that service agreement, regardless of the duration of that permanent release. Moreover, a Shipper releasing and assigning all or a portion (volume but not geographic portion) of the capacity may structure the release so as to transfer the ROFR for the duration of the release, even if that release and assignment is subject to a recall by Shipper that would terminate that release and assignment.

(b) Extension of Firm Service Agreements

(1) Prior to the expiration of the term of any service agreement(s), Transporter and Shipper may mutually agree to renegotiate the terms of such agreement(s) in exchange for Shipper's agreement to extend the use of at least part of its existing service under such restructured service agreement(s). Such restructured service agreement(s) shall be negotiated on a case-by-case basis in a not unduly discriminatory manner. If the service agreement is a Long-Term Service Agreement, Transporter and Shipper must reach the agreement to extend prior to initiation of the ROFR procedure, which is the date the capacity must be posted for ROFR Open Season.

4.2 New Pipeline Capacity

(a) Expansion Open Season. Transporter shall post an open season for any planned expansion and/or extension of Transporter's pipeline system. The open season package shall include a description of the project, a map, and shall specify, as applicable, the anticipated quantity (Dth), receipt points, delivery points, bid evaluation method, term, and bid terms.

(b) Capacity Reservation. Transporter may elect to reserve for future expansion projects any unsubscribed capacity or capacity under expiring or terminating service agreements where such agreements do not have a ROFR or shipper does not exercise its ROFR ("Available Reservation Capacity"). If Transporter elects to reserve Available Reservation Capacity, it will notify shippers of its intent as part of Transporter's posting of the Available Reservation Capacity. Available Reservation Capacity may be reserved for up to one year prior to the Transporter filing for Natural Gas Act Section 7(c) certificate approval or prior notice authorization pursuant to Transporter's blanket construction certificate for construction of the proposed expansion and thereafter until such expansion is placed into service. Transporter may only reserve Available Reservation Capacity for a future expansion project for which an open season has been held or will be held within one (1) year of the date that Transporter posts such Available Reservation Capacity as being reserved. Any Available Reservation Capacity reserved under this Section shall be made available for transportation or storage service pursuant to Transporter's General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). Transporter reserves the right to limit any extension rights provided in the service agreements and pursuant to Section 4.1 of the General Terms and Conditions governing ROFR commensurate with the proposed in-service date of the expansion project.

Prior to reserving Available Reservation Capacity for future expansion projects, Transporter shall first make such capacity generally available to any Shipper or potential Shipper by posting such Available Reservation Capacity for bidding through an open season for a time period of at least five (5) business days. This Available Reservation Capacity open season posting shall contain the following information with respect to the capacity: (i) the daily and other applicable quantity of service available from each receipt point to each market area; (ii) the Recourse Rate as set forth in this Tariff; (iii) any applicable restrictions; (iv) whether the capacity is subject to an existing ROFR; (v) any minimum price or other terms applicable to the capacity; and (vi) the date when bids are due to Transporter. The open season posting shall also conform to the bidding and capacity award procedures of General Terms and Conditions Section 4.4. When the Available Reservation Capacity open season is held prior to the expansion project open season, Transporter shall have the right to state in the Available Reservation Capacity open season posting minimum terms and conditions for bids that would be acceptable for consideration that are the same as the minimum terms and conditions anticipated for the future expansion project open season. In the event that the subsequent expansion project open season imposes minimum terms and conditions that are materially different from the terms and conditions imposed in the preceding Available Reservation Capacity open season, Transporter shall hold another open season for the Available Reservation Capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season. If the expansion project open season is held prior to or during the Available Reservation Capacity open season, Transporter shall use the same minimum terms and conditions as used for the expansion project open season.

Any Available Reservation Capacity reserved pursuant to this section for an expansion project that does not go forward because Transporter does not file any required

application with the Commission within one year from such reservation date, or because Transporter ultimately does not receive authorization, shall be posted as unsubscribed capacity within 30 days of the date the capacity becomes available subject to then existing commitments for the capacity.

Transporter's postings for Available Reservation Capacity shall include the following information: (i) a description of the expansion project for which the capacity will be reserved; (ii) the total quantity of capacity to be reserved; (iii) the location of the proposed reserved capacity on the pipeline system; (iv) whether, and if so, when Transporter anticipates that an open season for the capacity will be held or it will otherwise be posted for bids under the expansion; (v) the projected in-service date of the expansion projects; and (vi) on a rolling basis, how much of the reserved capacity has been sold on a limited-term basis. Transporter shall make reasonable efforts to update the reservation posting to reflect material changes in the expansion project up to the in-service date of the expansion project. The reservation posting shall also include a non-binding solicitation (or reverse open-season) for turnback capacity from Transporter's existing shippers to serve the expansion project, provided that Transporter shall post the non-binding solicitation for turnback capacity no later than 90 days after the close of the expansion project open season.

#### 4.3 Posting Procedures for Existing Firm Capacity

Capacity that becomes available shall be posted as unsubscribed capacity on Transporter's EBB.

(a) If, after capacity has been posted on the EBB, Transporter receives a request for service pursuant to Section 3 (Request for Service) of the General Terms and Conditions, Transporter on a not unduly discriminatory basis shall award the capacity to the Shipper who submitted the valid request within the timelines set forth in Section 4.3(b) and at the applicable Recourse rate. Alternatively, Transporter may post capacity, which is available as unsubscribed capacity on Transporter's EBB, in an open season pursuant to the open season procedures set forth in Section 4.3 and Section 4.4 if such capacity is not subject to a valid request for service pursuant to Section 3. If Transporter receives an otherwise valid Request for Service for capacity that has not been posted on the EBB as available unsubscribed capacity, before Transporter can award that capacity to the Shipper who submitted the request, Transporter shall post that capacity in an open season pursuant to the open season procedures set forth in Section 4.3 and Section 4.4, including but not limited to a Prearranged Open Season procedure under Section 4.4(c).

(b) Unless otherwise agreed to by Transporter, a Shipper can request available capacity for a future start date only within the following periods:

- (i) For service for one year or longer, the requested service must commence no later than six months from the date the request is granted;
- (ii) For service for greater than 92 days but less than one year, the requested



service must commence no later than 30 days from the date the request is granted; and

(iii) For service for 92 days or less, the request must be for service starting no later than five days from the date the request is granted.

Any open season that will allow a variation from these defined periods will define the variation in the posting. In addition, unless otherwise agreed to by Transporter, all awards of capacity must be for continuous service for the entire term of the service and at the Recourse Rate. If Transporter agrees to consider varying from the period above by conducting an open season then Transporter is still free to reject bids meeting the previous minimum terms if the request is for less than the period defined in the open season posting. Any deviations from these time periods or minimum terms shall only be done in a not unduly discriminatory manner consistent with Commission regulations.

(c) For capacity posted under an open season, the open season shall be posted for at least the following periods:

(i) five business days for firm capacity that will be available for a term of twelve months or longer;

(ii) three business days for firm capacity that will be available for a term of at least five but less than twelve months;

(iii) one business day for firm capacity that will be available for a term of less than five months but greater than 31 days; and

(iv) four hours for firm capacity that will be available for a term of 31 days or less.

(d) All of Transporter's open season postings under (c) above shall include the following information regarding the available capacity: (i) the daily and other applicable quantity of service available at applicable locations; (ii) the Recourse Rate as set forth in this Tariff; (iii) any applicable restrictions; (iv) whether the capacity is subject to an existing ROFR; (v) any minimum price or other terms applicable to the capacity; (vi) the location of available capacity; and (vii) the date when bids are due to Transporter.

#### 4.4 Open Season Bidding Process for Existing Firm Capacity

(a) Bidding Process. A potential Shipper may submit multiple bids, each higher than its preceding bid, for all or any portion of the capacity or term of service made available by Transporter. Such bids shall be submitted electronically unless otherwise indicated in the posting. Bidder shall specify the monthly reservation charge (or other firm or demand charge(s), if applicable, herein referred to collectively as Reservation Charge) it is bidding for the service. The price bid for the monthly reservation charge shall be expressed per Dth and shall be

expressed to the nearest thousandth of one dollar (\$0.000). In addition to the bid price, bidder shall pay all applicable commodity charges, demand and commodity surcharges and any other applicable charges, including the Capital Cost Recovery Mechanism (“CCRM”) as applicable, as they may be adjusted from time to time by Transporter. Transporter shall have the right to reject any bids that: (i) are for a rate that is less than the minimum rate stated in Transporter's posting of that capacity; (ii) do not satisfy any of the other terms specified in the posting; or (iii) include conditions or provisions that Transporter determines, in its reasonable discretion, to be unacceptable.

(b) Assessing Bids.

(1) General Criteria.

a. Transporter shall evaluate bids upon their net present value (“NPV”) taking into account the price, term, and any other criteria specified in the open season. All bids provided during any open seasons held pursuant to this Section 4.4 shall be electronically transmitted to Transporter unless otherwise indicated in the posting. Transporter shall award capacity for such bids to shippers whose bids, based upon Transporter’s determination, have the highest NPV.

(i) The NPV is the discounted cash flow of incremental revenues to Transporter produced, lost or affected by the request for service (e.g. through the Capacity Reduction Option) and may be based upon such factors as the term, quantity, date on which the requested service is requested to commence, the cost of facilities required by Transporter to provide the service, and other factors determined to be relevant by Transporter. All determinative factors will be defined in the open season. The NPV shall also include only revenues generated by the reservation rate, or other form of revenue guarantee, as proposed by bidder(s).

(ii) For purposes of its NPV evaluation and as defined in the open season, Transporter may consider the aggregate NPVs of two or more bids for minimum bid packages, provided that if the combined quantity of capacity under those packages exceed the maximum capacity available for subscription then these bids will only be considered if the bidders have agreed to accept a prorated award of capacity. For bidders proposing a reservation rate 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 rate(s) or other revenue guarantee(s) proposed by the bidder.

(2) Capacity Reduction Option. Transporter may grant, on a not unduly discriminatory basis a capacity reduction option. For bidders submitting bids in an open season, which include options to terminate the service agreement early and/or to reduce the capacity held thereunder for some portion of the term including multiple periods within the term in a manner which would reduce the reservation charges applicable to the service agreement ("Capacity Reduction Option"), Transporter, in its determination of the NPV of such a bid, will only consider the minimum incremental revenue guaranteed under the service agreement as if the option is exercised, including any consideration that the bidder proposes in exchange for the exercise of its Capacity Reduction Option. Unless a shorter notice period is specified in the open season posting, a Capacity Reduction Option will be under the requirement that Transporter must be provided notice no less than thirty days prior to its exercise for contracts of one year or less and no less than one year prior to its exercise for contracts greater than one year. Transporter will list in its open season posting acceptable terms for any Capacity Reduction Option. Notwithstanding any Capacity Reduction Option, a Long-Term Service Agreement will be eligible for extension rights pursuant to Section 4.1 if the service agreement remains a Long-Term Service Agreement throughout the term (or extended term) containing the Capacity Reduction Option unless the Capacity Reduction Option can be exercised during the first year of the Long-Term Service Agreement's term (or extended term). Transporter shall use the current Commission-approved interest rate in calculating the NPV of bids. Capacity shall be awarded based on the acceptable highest NPV of the bids offered to Transporter calculated in accordance with this section.

(c) Prearranged Open Season. Transporter may, on a not unduly discriminatory basis, enter into a prearranged service agreement with a Shipper for any capacity that is or becomes available ("Prearranged Agreement"). Transporter will post any Prearranged Agreement on its EBB for bidding prior to finalizing any award of capacity ("Prearranged Open Season"). Prearranged Agreements will be deemed binding on Shippers. The NPV of any bids in a Prearranged Open Season will be determined in accordance with Section 4.4(b). If Transporter receives a bid that exceeds the NPV of the Prearranged Agreement, Transporter will notify the Shipper with the Prearranged Agreement within one (1) hour after the close of the open season. The Shipper under the Prearranged Agreement must notify Transporter within one (1) business day of its election to either match the bid with the highest NPV or terminate the Prearranged Agreement. The highest rate that Shipper under the Prearranged Agreement must match to receive service under the Prearranged Agreement is the Recourse Rate. If the prearranged Shipper elects to match the bid, all of the capacity will be awarded to the prearranged Shipper. If prearranged Shipper elects not to match a higher competing bid, the capacity will be awarded to the Shipper with the highest bid in the open season and Transporter will have no further obligations under the Prearranged Agreement. In accordance with Section 4.4(f), all bids in a Prearranged Open Season are binding and a Shipper with an unmatched higher bid must execute a service agreement consistent with the terms of its bid within three (3) business days of receiving notice of its award of capacity under this provision.

(d) Future Sales Open Season. Transporter may conduct an open season to sell the following types of capacity with service commencement date that begins immediately or at any time in the future: (i) any unsubscribed capacity; (ii) any capacity under expiring or terminating service agreements where such agreements do not have a ROFR or shipper does not exercise its ROFR; or (iii) any capacity that becomes available due to modification, construction, or acquisition of facilities in accordance with the Commission's blanket certificate regulations (collectively "Available Sale Capacity").

If Transporter sells Available Sale Capacity in a Prearranged Open Season pursuant to Section 4.4(c) with a future service commencement date the posting provisions of the General Terms and Conditions Section 4.3 will apply to the sale of capacity on an interim basis. Where the requested service commencement date extends more than one year into the future and the interim capacity would otherwise be eligible for a ROFR right under Section 4.1(a), Transporter will limit the ROFR rights associated with that interim capacity commensurate with the future service commencement date. If ROFR rights are limited by operation of this section, the transportation service agreement will note the limitation. Transporter will indicate in any open season posting of the interim capacity any limitations on ROFR rights or extension rights that will apply to such limited-term transportation service.

(e) Awarding Capacity. Transporter shall award capacity to the bidder submitting the highest value bid or if two or more bidders submit equal acceptable highest value bids then Transporter shall determine the successful bidder based on the order in which the bids are received unless otherwise stated by Transporter in the open season notice. Transporter shall post the winning bid and the associated bid calculation to the EBB. Bids received electronically will be deemed received at the time noted on Transporter's server.

(f) Binding Nature of Bids. All bids are binding; provided, however, that a bidder may decline to accept a pro rata allocation of capacity resulting in an award of less than the full capacity requested if such Shipper notifies Transporter of that decision electronically within one hour of Transporter's notice to that Shipper of the pro rata allocation. Otherwise, and notwithstanding the deadlines within section 4.4(c), if a successful bidder fails to execute a service agreement before the start date of the contract or within 15 calendar days after such service agreement is tendered by Transporter (whichever is earlier), Transporter may elect to offer the capacity to the next acceptable bidder. If Transporter finds no other bid acceptable, the capacity shall be posted to unsubscribed board or made available for a new round of bids through an open season. Additionally, a Shipper failing to return such service agreement shall be ~~removed from Transporter's Approved Bidders List~~ prohibited from bidding for six months (or less than six months if agreed to in writing by the Transporter), and Shipper shall remain liable for the capacity requested in the bid based upon the rates, terms and other conditions. Nothing herein shall restrict Transporter from pursuing any other remedies it may have against a Shipper failing to execute and return a service agreement tendered by Transporter. All bids submitted for capacity pursuant to this section must be bona fide offers and must be submitted electronically.

(g) Adjustment to Bid Rate. When the rate bid by a bidder is at least for the Recourse Rate, that bid rate shall be subject to adjustment in accordance with the procedures of this Tariff and of the Commission, unless otherwise clearly stated in the service agreement. When the rate bid by a bidder is lower than the Recourse Rate, that bid rate shall be subject to adjustment in accordance with the procedures of this Tariff and of the Commission by an amount proportionate to the increase or decrease in the Recourse Rate, unless otherwise clearly stated in the service agreement.

(h) Relation to Section 11 of the General Terms and Conditions. With regard to newly available capacity subject to bidding under the terms of this Section, acceptable bids under this Section that satisfy Transporter's stated minimum terms and conditions shall have priority over any potential claims for that capacity under the flexible receipt and delivery point authority described at Section 11 (Flexible Primary and Secondary Receipt and Delivery Points) of the General Terms and Conditions.

#### 4.5 Early Termination of Service Agreements or Reduction of Capacity Commitment

Transporter may, in a not unduly discriminatory manner, agree with Shipper to terminate its service agreement or allow a reduction of Shipper's capacity commitment prior to its expiration date. The situations in which Transporter may agree to terminate such a service agreement or reduce Shipper's capacity commitment 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) the exercise of a Capacity Reduction Option;

(c) 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 or reduced, to make the termination or reduction financially beneficial to Transporter, in Transporter's reasonable judgment. Transporter may waive the exit fee where Shipper's service agreement provides for a discounted or negotiated rate and Transporter 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 Transporter.

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

## 5. SERVICE AGREEMENT AND ELECTRONIC CONTRACTING

5.1 Form of Service Agreement. Shipper shall enter into a contract with Transporter under Transporter's applicable standard Form of Service Agreement or Assignment Agreement prior to receiving service from Transporter under any Rate Schedule; provided, however, that a Service Agreement between Transporter and Shipper that was in effect on the effective date of this Tariff shall remain in effect until it is replaced, superseded, terminated, or expires by its own terms, and shall be considered as an executed Service Agreement to the extent that its provisions are not superseded by or in conflict with the provisions of this Tariff. Shippers with new levels of service shall execute new Service Agreements. As used in this Tariff, "Service Agreement" shall include Assignment Agreements unless otherwise specified.

5.2 Term. The period of time to be covered by the Service Agreement (but not including Assignment Agreements) shall be determined (i) by agreement between the parties or (ii) in accordance with the procedures set forth at Section 4 (Availability of Capacity for Firm Services) of the General Terms and Conditions. Where the Service Agreement supersedes or cancels an existing Service Agreement, however, Transporter may require that the term of the Service Agreement shall be not less than the unexpired portion of the term contained in the Service Agreement to be superseded or canceled. The term of an Assignment Agreement shall be determined in accordance with the provisions of Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions.

5.3 Quantity Obligations and Requirements. The quantities of gas to be sold, transported, injected, withdrawn or stored by Transporter shall be set forth in the applicable Service Agreement.

5.4 Successors and Assigns. Any company that succeeds by purchase, merger, or consolidation to the gas properties of Transporter or of Shipper substantially as an entirety, and any Affiliated Successor in Interest that acquires from Transporter the properties of Transporter used in interstate commerce in rendering service to Shipper, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Service Agreement. Shipper, Transporter, and their successors may assign or pledge the Service Agreement under the provisions or any mortgage, deed of trust, indenture or similar instrument that it has executed or may execute hereafter; provided, however, that such mortgage, deed of trust, indenture or similar instrument shall cover the properties of such party as an entirety unless such party is an Affiliated Successor in Interest as described above. Otherwise no party shall assign the Service Agreement or any of its rights thereunder unless it first shall have obtained in writing the consent thereto of the other party; provided, however, that Shipper may release and assign service rights contracted for under such Service Agreement pursuant to the conditions, and subject to the limitations, of Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions. Any direct or indirect assignment of service rights by Shipper under this paragraph shall be made in good faith and not for the purpose of avoiding the requirements of Section 14.

5.5 Waiver of default. No waiver by either party of any one or more defaults by the other in the performance of any provisions of the Service Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

5.6 Choice of Law. Unless otherwise specifically stated in the Service Agreement, interpretation of the provisions of all Service Agreements or other agreements entered into between Shipper and Transporter, including any provisions of this Tariff related to such agreements, and any disputes arising from such agreements, shall be governed by the law of the State of West Virginia.

5.7 Electronic Contracting Agreement.

(a) In General. Transporter and Shipper may, and when required by the Tariff shall, enter into new or amended Service Agreements or Assignment Agreements by electronic communications through Transporter's Electronic Bulletin Board (EBB). Transporter and Shipper may also by mutual agreement enter into any other contract through electronic communications. Service Agreements, Assignment Agreements pursuant to Section 14 (Release and Assignment of Service Rights) and other agreements are collectively referred to as "Contracts" in this Section 5.7. The consummation of Contracts electronically shall be governed by the provisions of this Section 5.7 and the Electronic Contracting Agreement.

(b) When Required. Shipper shall be required to enter into a Contract electronically if Shipper desires to commence service within five business days after a contract is awarded.

(c) Prerequisites. Requestor shall not be eligible to enter into a Contract electronically until Requestor ~~(i) has been placed on Transporter's Approved Bidder's List in accordance with Section 3.2 of the General Terms and Conditions and (ii)~~ has executed and submitted to Transporter an Electronic Contracting Agreement in the form contained in this Tariff. Requestor shall execute the Electronic Contracting Agreement in duplicate by original handwritten signature(s) on paper and forward it to Transporter via mail or other delivery service at least 15 business days in advance of bidding for or requesting a Contract. The requirement in this Section ~~5.7(c)3.2~~ of timely submission of an executed Electronic Contracting Agreement may not be satisfied by facsimile transmission of an executed document, or any other method that results in Transporter receiving only a copy of a signature. ~~Upon receipt of the executed Electronic Contracting Agreement, the Approved Bidder List shall be updated to reflect Requestor's eligibility to enter into Contracts electronically.~~

(d) Documents; Standards. Transporter and Shipper may, and when required by the Tariff shall, electronically transmit to or receive from the other party any of the electronic forms (including Contracts) listed by Transporter, currently or in the future, on the Transaction List posted on Navigates, (collectively "Documents"). Any transmission of data that is not a Document shall have no force or effect between the parties unless justifiably relied upon by the receiving party. All Documents shall be transmitted in accordance with the standards set forth in the EBB User's Guide, as it may be amended or supplemented from time to time by Transporter.

(e) Signatures. Transporter shall adopt as its signature an electronic identification, and Transporter shall furnish to Subscriber one or more unique electronic identifications (User Identification and Password), consisting of symbol(s) or code(s), which are to be electronically affixed to or placed in each Document transmitted by such party ("Signatures"). The employee(s) or officer(s) designated by Subscriber in Appendix A of the Electronic Contracting Agreement shall perform the contracting function for Subscriber and thereby legally bind Subscriber to any Contract with Transporter by use of that person's assigned User Identification and Password. By entering into the Electronic Contracting Agreement, Subscriber represents and warrants that (i) the employee(s) or officer(s) identified in Appendix A thereof have been duly and legally authorized to enter into and execute Contracts electronically on behalf of Subscriber, and (ii) all other persons designated by Subscriber to receive a User Identification and Password have been duly authorized to send and receive Documents other than Contracts. The Signature of a party affixed to or contained in any transmitted Document shall be irrefutable proof that such party originated such Document. Neither party shall disclose to any unauthorized person the Signatures of the other party.

(f) Security Procedures. Each party shall be responsible for ensuring that all electronic executions with Signatures and all transmissions of Documents are authorized, and for protecting its business records and data from improper access. Parties shall be responsible for securing physical access to each of its computers utilizing Navigates software and for keeping confidential its User Identification(s) and Password(s). Transporter reserves the right to invalidate any User Identification or Password if it suspects a security breach.

(g) Transmissions.

(1) Proper Receipt. Documents shall not be deemed to have been properly received, and no Document shall give rise to any obligation, until it has been received as determined in accordance with Section 2.15 of the General Terms and Conditions.

(2) Acknowledgment. Upon proper receipt of any Document, the receiving party shall promptly and properly transmit electronically a functional acknowledgement of receipt, unless otherwise specified in the Transaction List. A functional acknowledgement shall constitute conclusive evidence a Document has been properly received.

(3) Acceptance. If acceptance of a Document is required by the Transaction List, the proper receipt of any such Document shall not give rise to any obligation unless and until the party initially transmitting such Document has properly received in return an Acceptance Document (as specified in the Transaction List).

(h) Pro Forma Service Agreement. When a party affixes its Signature to a Contract and transmits the Contract to Transporter in accordance with Section 5.7(g) above, it shall be bound, as applicable, by (i) the terms and conditions of the applicable pro forma Service



Agreement or Assignment Agreement contained in this Tariff corresponding to the Rate Schedule under which that party is seeking service, or (ii) the terms and conditions of any generally available, nonjurisdictional agreement or contract that is a Document. The date of Transporter's acceptance of an executed and properly transmitted Contract under Section 5.7(g) shall be deemed to be the date of execution for purposes of the Contract and that execution date shall apply to any subsequently issued paper copy of the Contract that Transporter tenders to Shipper. The effective date and term of the Contract shall be determined in accordance with the provisions of Section 5.3 of the General Terms and Conditions, but Transporter shall not be obligated to provide service to Subscriber prior to the date of acceptance.

(i) Replacement With Paper Copies of Service Agreements. (1) Transporter may terminate a Contract entered into electronically, and providing for firm service with a term of one year or more, 30 days after the date of execution, as determined in accordance with Section 5.7(h), unless Shipper executes in original handwriting a paper copy of that Service Agreement and returns it to Transporter prior to the expiration of such 30-day period. Transporter shall send the Service Agreement to Shipper through the EBB in sufficient time to enable Shipper to print, execute, and return a paper copy of that Service Agreement prior to the 30-day termination date.

(j) Termination. Except as stated in Section 5.7(f), the Electronic Contracting Agreement shall remain in effect until terminated by either party with at least 30 days prior written notice, which notice shall specify the effective date of termination; provided that: (i) the effective date of termination shall not precede the termination of any electronic Service Agreement or Transaction; (ii) any termination shall not affect the respective obligations or rights of the parties arising under any electronic Service Agreement or Documents, or otherwise arising under this Section prior to the effective date of termination; and (iii) any such termination by Transporter shall be only for due cause or upon the request of Shipper.

(k) Garbled Transmissions. If any transmitted Document is received in an unintelligible or garbled form, the receiving party shall promptly notify the originating party (if identifiable from the received Document) in a reasonable manner. In the absence of such a notice (where the originating party can be identified), the originating party's record of the contents of such Document shall control.

(l) Terms and Conditions of Electronic Contracting Agreement. The terms and conditions set forth in this Section 5.7(l) shall apply to the Electronic Contracting Agreements entered into by Transporter and Shippers.

(1) The Electronic Contracting Agreement shall be considered to be an integral part of any Contract heretofore or hereafter entered into between Transporter and Shipper.

(2) Execution of the Electronic Contracting Agreement shall evidence the parties' mutual intent to create binding contractual obligations by means of the electronic transmission and receipt of Documents.

(3) Any Document properly transmitted shall be deemed (in connection with any Transaction, Contract, or Electronic Contracting Agreement) to be a "writing" or "in writing"; and any such Document that includes a Signature ("Signed Documents") shall be deemed for all purposes (i) to have been "signed" and (ii) to constitute an "original" when printed from electronic files or records established and maintained in the normal course of business.

(4) The conduct of the parties under an Electronic Contracting Agreement, including the use of properly transmitted Signed Documents, shall, for all legal purposes, evidence a course of dealing and a course of performance accepted by the parties in furtherance of any Transaction, Contract, or Electronic Contracting Agreement.

(5) By executing the Electronic Contracting Agreement, the parties agree not to contest or assert as a defense the validity or enforceability of Signed Documents under the provisions of any law, including the Statute of Frauds, relating to whether certain agreements are to be in writing or signed by the party to be bound thereby. Signed Documents, if introduced as evidence on paper in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of Signed Documents under the business records exception to the hearsay rule, the best evidence rule, or any other statute or rule of like kind or character on the basis that the Signed Documents were not originated or maintained in documentary form or any form not contemplated in the Electronic Contracting Agreement.

(6) Severability. Any provision of the Electronic Contracting Agreement that is determined to be invalid or unenforceable will be ineffective to the extent of such determination without invalidating the remaining provisions of the Electronic Contracting Agreement or affecting the validity or enforceability of such remaining provisions.

(7) Entire Agreement. The Electronic Contracting Agreement, the documents incorporated therein by reference, and the Documents transmitted pursuant to the Electronic Contracting Agreement shall (i) constitute the complete agreement of the parties relating to the matters specified in the Electronic Contracting Agreement, and (ii) supersede all prior representations or agreements, whether oral or written, with respect to such matters. No oral modification or waiver of any of the provisions of the Electronic Contracting Agreement shall be binding on either party. No modification of or supplement to the terms and provisions of the Electronic Contracting Agreement shall be effective unless it is in a paper writing signed in original handwriting by the parties. No obligation to enter into any Transaction is to be implied from the execution or delivery of the Electronic Contracting Agreement. The Electronic Contracting Agreement is for the benefit of, and shall be binding upon, the parties and their respective successors and assigns.

(m) Limitation of Damages.

(1) Neither party shall be liable to the other for any special, incidental, exemplary or consequential damages arising from or as a result of any delay, omission or error in the electronic transmission or receipt of any Documents pursuant to the Electronic Contracting Agreement, even if either party has been advised of the possibility of such damages.

(2) Shipper or any other party with access to Transporter's EBB shall defend and indemnify Transporter from and against any and all claims, demands and actions, and any resulting loss, costs, damages and expenses (including court costs and reasonable attorney fees) that may be asserted against or imposed upon Transporter by any person or entity as a result of the unauthorized or otherwise improper use of any User Identification or Password issued by Transporter to that Shipper or other party.

## 6. NOMINATING, SCHEDULING, AND MONITORING

### 6.1 General.

(a) Except for events solely within Transporter's control, the primary obligation and burden of responsibility to monitor, control, adjust and maintain a concurrent balance between tenders and takes of transportation gas shall rest with Shipper. Transporter neither assumes any responsibility nor any obligation to monitor or adjust Shipper's tenders or takes by the provisions of this Section.

(b) Unless otherwise stated in this Section 6, all notices or other communications from Shipper to Transporter pursuant to the requirements of this Section shall be submitted electronically through Transporter's EBB. The date and time of all such notices or other communications from Shipper to Transporter under this Section shall be deemed to be the date and time those notices or communications are received by Transporter, unless otherwise specified.

(c) Transporter will post to Transporter's EBB a telephone number to be used after normal business hours to assist Shippers having scheduling or confirmation problems.

(d) The sending party shall adhere to nomination, confirmation, and scheduling deadlines. It is the party receiving the request who has the right to waive the deadlines.

### 6.2 Nominations.

(a) Quantities of gas nominated and capacity awarded will be made effective at the time designated on the nomination provided Shipper adheres to the nomination timeline prescribed in Section 6.2(e) and receipt and delivery quantities can be confirmed pursuant to Section 6.3(a) of the General Terms and Conditions.

(b) A Shipper seeking to nominate quantities under any applicable Service Agreement, or under any individual Appendix A of a combined Service Agreement that must be nominated and allocated separately, shall furnish to Transporter, for each such Service Agreement or individual Appendix A (i) a Nominated Daily Delivery Quantity to be delivered by Transporter to or for Shipper at the applicable delivery point(s) on Transporter's pipeline system, and (ii) a Nominated Daily Receipt Quantity to be tendered to Transporter at each applicable receipt point on Transporter's pipeline system. Retainage shall be included in the Nominated Daily Receipt Quantity, and will be calculated by using the following formula:  $(1 - \text{fuel \%}/100) \times \text{receipt quantity}$  rounded to the nearest Dth = delivery quantity. Shipper's Nominated Daily Delivery Quantity and Nominated Daily Receipt Quantity collectively are referred to as Shipper's "nominations". A Shipper who is also a Shipper under a Columbia Gulf Transmission Company (Columbia Gulf) Service Agreement may, when nominating, make one nomination covering both Transporter and Columbia Gulf, except when submitting a nomination using Electronic Data Interchange (EDI).

(c) Quantities shall be nominated in dekatherm units and represent the total requested quantity for the Gas Day.

(d) Each nomination shall be considered an original nomination and shall be replaced to be changed. When a nomination includes a date range, 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 are unaffected. Nominations have a prospective effect only. Subsequent nominated quantities shall represent replacement daily quantities.

(e) Transporter will support the following ~~n~~Nomination ~~e~~Cycles:

(1) ~~"Timely Nomination Cycle":~~

On the day prior to gas flow:

(i) is ~~11:30 a.m.~~ 1:00 p.m. for nominations leaving control of the nominating party;

(ii) ~~11:45 a.m.~~ 1:15 p.m. for receipt of nominations by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));

(iii) 1:30 p.m. ~~noon~~ to send Quick Response;

(iv) ~~3:30~~ 4:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) ~~4:30~~ 5:00 p.m. for receipt of scheduled quantities by Shipper and Interconnecting Operator ~~(Central Clock Time on the day prior to flow)~~.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(2) ~~"Evening Nomination Cycle":~~

On the day prior to gas flow:

(i) is ~~6:00~~ 6:00 p.m. for nominations leaving control of the nominating party;

(ii) 6:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 6:30 p.m. to send Quick Response;

(iv) 9:00~~8:30~~ p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 10:00~~9:00~~ p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties); ~~(Central Clock Time on the day prior to flow).~~

Scheduled quantities resulting from ~~an Evening Nominations~~ that does not cause another Shipper on the subject Transporter to receive notice that it is being bumped shall be effective at 9:00 a.m. on next Gas Day; and when an Evening Nomination causes another Shipper on the subject Transporter to receive notice that it is being bumped, the scheduled quantities shall be effective at the start of the 9:00 a.m. on next Gas Day.

(3) "Intraday 1 Nomination Cycle"

On the current Gas Day:

(i) is~~is~~ 10:00 a.m. for nominations leaving control of the nominating party;

(ii) 10:15 a.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 10:30 a.m. to send Quick Response;

(iv) 12:30~~4:00~~ p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 1:00~~2:00~~ p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties); ~~(Central Clock Time on the Gas Day).~~

Scheduled quantities resulting from Intraday 1 Nominations shall be effective at 2:00~~5:00~~ p.m. on the current Gas Day.

(4) "Intraday 2 Nomination Cycle"

On the current Gas Day:

(i) ~~is 5:00~~2:30 p.m. for nominations leaving control of the nominating party;

(ii) ~~5:15~~2:45 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) ~~5:30~~3:00 p.m. to send Quick Response;

(iv) ~~8:00~~5:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) ~~9:00~~5:30 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators and to provide scheduled quantities to bumped parties (notice to bumped parties) ~~(Central Clock Time on the Gas Day)~~.

Scheduled quantities resulting from Intraday 2 Nominations shall be effective at ~~9:00~~6:00 p.m. on the current Gas Day. ~~Bumping is not allowed during the Intraday 2 Nomination Cycle.~~

(5) Intraday 3 Nomination Cycle

On the current Gas Day:

(i) 7:00 p.m. for nominations leaving control of the nominating party;

(ii) 7:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 7:30 p.m. to send Quick Response;

(iv) 9:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators.

Scheduled quantities resulting from Intraday 3 Nominations shall be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

For purposes of (2), (3), (4) and (45) above, "provide" shall mean receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(f) Shipper shall have the option to either submit overrun quantities (nominations under firm contracts in excess of its Maximum Daily Quantity (MDQ)) as a separate nomination or within the aggregate sum of all nominations. When nominations for overrun quantities are submitted as a separate transaction, they must be identified as such by using the appropriate nomination transaction type.

(g) Except for intra-day nominations, Shipper may nominate for several days, months or years in one day increments provided such nomination is within the begin and end dates of Shipper's Service Agreement.

(h) Shipper may submit intraday nominations according to the deadlines noted in Section 6.2(e). For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations which Shipper may submit at any one standard nomination cycle or in total across all standard nomination cycles. Such intraday nominations may be used to request increases or decreases in total flow, changes to receipt points, changes to delivery points, or to nominate new supply or market. All nominations, including intraday nominations, shall be based on a daily quantity: thus, an intraday nominator need not submit an hourly nomination. Intraday nominations shall include an effective date and time. The interconnected parties shall agree on the hourly flow of the intraday nomination, if not otherwise addressed in Transporter's contract or tariff. 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 renominate if an intra-day nomination modifies an existing nomination. During any Gas Day of interruption pursuant to Section 16 (Interruptions of Service), a Shipper may not make intraday changes to receive or take gas if such change would cause interruption of a Shipper using that receipt or delivery point as a firm secondary point during that Gas Day. Shipper may make any such intraday changes only if the following requirements and conditions are satisfied:

(1) Actual flows consistent with the requested nominations are confirmed at receipt and delivery points;

(2) Shipper's tenders or takes (i) during any 8-hour period may not exceed 40 percent of Shipper's Transportation Demand, and (ii) during any 24-hour period do not exceed Shipper's Transportation Demand, provided that all deliveries do not exceed the applicable maximum hourly limitations specified in Section 9 (Operating Conditions) of the General Terms and Conditions;

(3) Shipper's revised nominations during a Day under no circumstances fall below the Elapsed Prorated Scheduled Quantity up to the effective time of the revised nominations; and



(4) Nominations received after the nomination deadline shall be scheduled after nominations received before the nomination deadline.

All nomination procedures that apply to regular nominations (excluding timelines) including quick response, confirming with upstream and downstream parties and scheduling, also apply to intra-day nominations.

(i) Shippers shall cause, by whatever means necessary, the interconnecting operator of each point of receipt and each point of delivery designated in any nomination or change in nomination submitted by Shipper to confirm all such nominations or changes in nominations in accordance with the timelines specified in Section 6.3 and also to comply with NAESB standard confirmation data sets.

(j) Transporter shall electronically on its EBB make available to Shipper on a daily basis Shipper's imbalance status or information from which Shipper can determine its imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time. Shipper may avoid the imbalance penalties provided for in Transporter's Tariff by eliminating imbalances in its account as soon as possible by in no event later than the last day of the month in which Shipper is notified of its imbalance status for the immediately preceding month.

(k) Transporter shall electronically on its EBB make available to all Shippers on a daily basis Transporter's pipeline system imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time.

(l) To the extent Transporter's other scheduling requirements are met, Shipper will be permitted to redirect scheduled quantities under a service agreement to other receipt points upstream of a constraint point or delivery points downstream of a constraint point at any of the subsequent nomination cycle(s) for the subject ~~g~~Gas ~~d~~Day under the same service agreement without a requirement that the quantities be rescheduled through the point of constraint.

### 6.3 Confirmation and Scheduling by Transporter.

(a) No gas shall flow under any nomination until Transporter has confirmed the nomination, awarded capacity, and scheduled the applicable quantities. If Shipper's gas is not confirmed on the same day in which capacity is nominated, the nomination of that Shipper shall be void and the capacity shall be offered to the next eligible shipper.

(b) Transporter shall initiate confirmation (Request for Confirmation) with the Confirming Party or respond to request for confirmation (Confirmation Response) from the Confirming Party. Transporter shall complete confirmations by the following deadlines:

(1) The Timely Nomination Cycle: Confirmation shall be completed by ~~3:30~~4:30 p.m. (C-T) the day before the start of the Gas Day.

(2) The Evening Nomination Cycle: Confirmation shall be completed by ~~9:00~~8:30 p.m. (C-T) the day before the start of the Gas Day.

(3) The Intraday 1 Nomination Cycle: Confirmation shall be completed by ~~1:00~~12:30 p.m. (C-T) on the current Gas Day.

(4) The Intraday 2 Nomination Cycle: Confirmation shall be completed by ~~8:00~~ 5:00 p.m. (C-T) on the current Gas Day.

(5) The Intraday 3 Nomination Cycle: Confirmation shall be completed by 9:30 p.m (CT) on the current Gas Day.

(c) Transporter shall provide to Shippers and ~~Point~~Interconnecting Operators their scheduled quantities by the following timelines and provisions:

(1) The Timely Nomination Cycle: Scheduled Quantities shall be provided by ~~4:30~~5:00 p.m. (C-T) the day before the start of the Gas Day.

(2) The Evening Nomination Cycle: Scheduled Quantities shall be provided by ~~10:00~~9:00 p.m. (C-T) the day before the start of the Gas Day.

(3) The Intraday 1 Nomination Cycle: Scheduled Quantities shall be provided by ~~2:00~~1:00 p.m. (C-T) on the current Gas Day.

(4) The Intraday 2 Nomination Cycle: Scheduled Quantities shall be provided by ~~9:00~~5:30 p.m. (C-T) on the current Gas Day.

(5) The Intraday 3 Nomination Cycle: Scheduled Quantities shall be provided by 10:00 p.m. (CT) on the current Gas Day.

~~(5)~~ At the end of each ~~g~~Gas ~~d~~Day, Transporter shall provide the final scheduled quantities for the just completed ~~g~~Gas ~~d~~Day. With respect to the implementation of this process via the EDI/EDM, the Transporter shall ~~by sending~~ an end of ~~g~~Gas ~~d~~Day Scheduled Quantity and Scheduled Quantity for Operator file ~~document~~. Receivers of either of these documents ~~the end of gas day Scheduled Quantity document~~ can waive the Transporter's requirements to send such documents ~~sending thereof~~.

(d) Where discrepancies in quantities exist between confirming parties, the confirmed quantity shall be determined as follows:

(1) With respect to the Timely Nomination Cycle, 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 ~~previously~~-scheduled quantity for the Timely Nomination Cycle of the previous Gas Day shall be the new confirmed quantity.

(2) With respect to increases during the Evening Nomination Cycle, Intraday 1 Nomination Cycle, ~~and~~ Intraday 2 Nomination Cycle and Intraday 3 Nomination Cycle, 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 lesser of the confirmation quantity or the previously~~-scheduled quantity for the previous nomination cycle for the subject Gas Day shall be the new confirmed quantity.

(3) With respect to decreases during the Evening Nomination Cycle, Intraday 1 Nomination Cycle, ~~and~~ Intraday 2 Nomination Cycle and Intraday 3 Nomination Cycle, in the absence of 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.

(4) If there is no response to a ~~r~~Request for ~~e~~Confirmation or an unsolicited confirmation response, Transporter shall provide Shipper with ~~the Scheduled Quantities~~ the following information to explain why the nomination failed, as applicable:

- (i) the Shipper's Transporter did not conduct the confirmation;
- (ii) the Shipper is told by its Transporter that the uUpstream ~~c~~Confirming ~~p~~Party did not conduct the confirmation;
- (iii) the Shipper is told by its Transporter that the UUpstream ~~Service Requester~~ Shipper did not have the gas or submit the nomination;
- (iv) the Shipper is told by its Transporter that the Ddownstream ~~c~~Confirming ~~P~~party did not conduct the confirmation;
- (v) the Shipper is told by its Transporter that the dDownstream Shipper~~Service Requester~~ did not have the market or submit the nomination.

This information should be imparted to the Shipper on the Scheduled Quantity document.

(e) When a Shipper has more than one receipt point or more than one delivery point, such Shipper shall specify in its nomination the supply reduction priorities and delivery reduction priorities (Priority Reduction List) to be utilized at the receipt points or delivery points in the event of a loss of volume at the receipt points or delivery points.

(f) If only partial confirmations are received by Transporter from the upstream and downstream entities delivering or receiving gas on behalf of Shipper, Shipper's nominations shall be reduced in accordance with the priorities set forth on the priority reduction list furnished by Shipper with the nomination.

(g) If after Shipper's gas is confirmed, Transporter is notified that Shipper's gas is not available, then Transporter may cease deliveries.

(h) The Explicit Confirmation process requires that the Confirming Party and Transporter respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default methodology.

(i) When a previously confirmed and scheduled quantity is altered, notification of such alteration will be provided to all of the parties below that are affected. Applicable notification(s) of such alterations will be provided to the affected parties reasonably proximate in time to the time during which the event causing the alteration was acted upon by Transporter. With respect to the implementation of this process, Transporter and the Confirming Party will 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. The Confirming Party has an obligation to notify Transporter within the established NAESB deadlines when a previously confirmed and scheduled quantity is altered. Affected parties to be notified by Transporter are:

- (1) Confirming Party in a Confirmation Response (or unsolicited Confirmation Response as applicable) document by Transporter;
- (2) Confirming Party in a Request for Confirmation document by Transporter;
- (3) Shipper in a Scheduled Quantity document by Transporter.

6.4 Shipper's Notice of Changes. Except for reasons of force majeure, as described at Section 15 (Force Majeure) of the General Terms and Conditions, Shipper shall notify Transporter or cause Transporter to be notified (via Transporter's EBB) at least 24 hours in advance of any anticipated material change in the daily quantity of gas Shipper desires to deliver or to cause to be delivered to Transporter for transportation under Transporter's Rate Schedules. If an unanticipated or a force majeure event causes a material change in the quantity of gas Shipper will deliver or cause to be delivered to Transporter for transportation, Shipper shall notify or cause Transporter to be notified as soon as possible after occurrence of that event. In

the event of such material changes, Shipper shall tender or cause to be tendered to Transporter such estimated daily quantities at flow rates as close as possible to uniform hourly rates. Departures by Shipper from the daily quantities that it has notified Transporter it intends to tender to Transporter under a Rate Schedule shall be kept to a minimum and in no event shall exceed the amount permitted by operating conditions.

6.5 Scheduling Under Individual Rate Schedules. To the extent that individual Rate Schedules set forth nomination scheduling requirements inconsistent with the requirements set forth in this Section, the applicable Rate Schedules are controlling and Shipper shall satisfy the requirements set forth in those Rate Schedules. To the extent that applicable Rate Schedules set forth scheduling requirements in addition to, but not inconsistent with, the provisions of this Section, Shipper shall satisfy the requirements of both the individual Rate Schedules and this Section.

6.6 Monitoring.

(a) Transporter may monitor: (i) the daily production by or on behalf of any Shipper; the daily tenders of gas by or on behalf of any Shipper; (ii) the quantities delivered by an Intermediate Transporter (such as a local distribution company or other entity that receives Shipper's gas from Transporter) to Shipper or Shipper's end-user(s); and (iii) the daily usage of gas by Shipper or Shipper's end-user(s). Transporter may do so for the purpose of monitoring on an hourly, daily, weekly, or monthly basis the quantities being tendered to and delivered by Transporter and thereby to maintain, as nearly as possible, a concurrent balance between receipts and deliveries of gas. The approximate quantities determined by Transporter in that monitoring process shall be referred to herein as Monitored Quantities.

(b) Monitoring may be performed by Transporter using either the estimates or actual data received by Transporter pursuant to this Section or actual meter readings by Transporter. Transporter may make reasonable prospective adjustments to Shipper's Scheduled Daily Delivery Quantity and Scheduled Daily Receipt Quantity based upon either the Monitored Quantities or the actual data received by Transporter pursuant to the provisions of this Section. Any such adjustments by Transporter shall not result in Shipper's incurrence of any penalty if Transporter, in making such adjustment, relied upon inaccurate estimates, inaccurate meter readings, or inaccurate data received by Transporter pursuant to this Section. Transporter may make such adjustments upon Electronic Notice Delivery or telephonic notice to Shipper 24 hours in advance of the effective time of the adjustment (or, in the case of intra-day changes in nominations, upon reasonable notice to the Shipper being bumped); provided, however, that Transporter need not provide any advance notice in the event of adjustments resulting from: (i) interruptions of Shipper's service pursuant to Section 16 (Interruptions of Service) of the General Terms and Conditions; (ii) operational flow orders issued by Transporter pursuant to Section 17 (Operational Flow Orders) of the General Terms and Conditions; or (iii) the cessation of deliveries pursuant to Section 6.3(e). Transporter need not provide any advance notice of interruptions or OFOs except as provided for in Sections 16 and 17, respectively. Transporter

also shall have the right to notify any entity described at paragraphs (c) and (d) of this Section of the revised Scheduled Daily Receipt Quantities it will accept on behalf of Shipper.

(c) Transporter shall have the right to contact and obtain actual or estimated data regarding production or tenders to Transporter on behalf of Shipper from any entity (i) from whom Shipper is purchasing gas for tender to Transporter, or any other brokers or resellers of such gas; (ii) that is delivering or causing the tender of gas to Transporter for Shipper's account; or (iii) that is producing gas ultimately purchased by Shipper for tendering to Transporter. Shipper shall cause each such entity to provide such actual or estimated data to Transporter upon request in the normal course of business as soon as such data is available.

(d) Shipper shall furnish to Transporter with its nominations a list, by receipt points, showing the names and addresses of each entity identified in paragraph (c) above and the name and telephone number of the contact person who will provide the data required to be furnished pursuant to paragraph (c) above. Shipper's nominations shall also include (i) the identity of the shipper on any upstream or downstream pipeline that will be tendering the gas directly to Transporter or taking gas from Transporter and the shipper's contract number on such upstream pipeline or downstream pipeline, and (ii) the identity and gas sales contract number of any producer that will be tendering the gas directly to Transporter. Such data shall be furnished regardless of the entity from whom Shipper is purchasing the gas. A marketer, broker or other similar entity selling gas or arranging the sale of gas to more than one Shipper may furnish such data to Transporter on behalf of all such Shippers, segregated to each Shipper. Transporter reserves the right, in appropriate circumstances on a non-discriminatory basis, to waive the information requirements set forth in this paragraph.

(e) At times established by Transporter, each Shipper and Intermediate Transporter shall provide to Transporter any data requested by Transporter concerning gas used by Shipper or delivered to or for Shipper or Shipper's end-user(s). The Intermediate Transporter shall furnish such data either on an actual basis or on an estimated basis sufficient to allow Transporter accurately to monitor tenders and deliveries and adjust Shipper's Scheduled Daily Delivery Quantity or Scheduled Daily Receipt Quantity. Intermediate Transporters shall only be required to furnish such data on an aggregate basis for end-users on their system for whom transportation gas is delivered by Transporter.

## 7. CAPACITY ALLOCATION

This Section sets forth the manner in which Transporter shall allocate capacity among its Rate Schedules when it has received nominations from Shippers that exceed available capacity.

7.1 General Priority. Transporter shall allocate capacity on its system in the following order commencing with the highest priority:

- (a) capacity at delivery points;
- (b) capacity at any point between the receipt points and delivery points that is restricted ("internal constraint point"), beginning with the point closest to the delivery point if capacity at more than one internal point is restricted; and
- (c) capacity at receipt points.

7.2 Method of Allocating Transportation Delivery Points. For transportation capacity at delivery points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS, OPT, ITS and PAL and firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and X-Rate Schedules. For deliveries to primary delivery points under the FTS, FT-C, NTS, NTS-S TPS, SST and GTS Rate Schedules, and under firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, Transporter shall allocate capacity among those Shippers on a pro rata basis, based upon those Shippers' respective levels of Transportation Demand.

(b) Rate Schedule OPT. For deliveries to primary delivery points under the OPT Rate Schedule during the Winter Season, Transporter shall allocate capacity among Shippers on the basis of each Shipper's respective remaining number of days of interruption, with capacity allocated first to those Shippers with the fewest remaining days of interruption. For Shippers with the same number of remaining days of interruption, Transporter shall allocate capacity pro rata based upon those Shippers' respective levels of Transportation Demand. For deliveries to primary delivery points under the OPT Rate Schedule during the Summer Season, Transporter, upon the occurrence of a force majeure event, shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective levels of Transportation Demand.

(c) Secondary Delivery Points Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT. For deliveries to secondary delivery points under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and for deliveries to secondary delivery points under the OPT Rate Schedule when not interrupted pursuant to the provisions of the OPT Rate

Schedule, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. This priority shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. Any interruptions or other allocation reductions to Shipper's deliveries at secondary delivery points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(d) Secondary Delivery Points Under Rate Schedule OPT During Periods of Interruption. For deliveries to secondary delivery points under the OPT Rate Schedule, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. This priority shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. Any interruptions or other allocation reductions to Shipper's deliveries at secondary delivery points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(e) Rate Schedule ITS, Overrun Quantities Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and OPT and X-Rate Schedules.

(1) Where Shippers have nominated deliveries to commence on the first Day of the Month of (i) quantities under the ITS Rate Schedule, (ii) overrun quantities under the FTS, FT-C, NTS, NTS-S, TPS, SST, or OPT Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall award capacity to those Shippers offering to pay the highest rate for service during that Month. Transporter shall allocate capacity among Shippers offering to pay the same rate first to those Shippers flowing gas during the previous month, pro rata based upon the quantities flowing on the fifth business day preceding the first Day of that Month, up to but not exceeding such flowing quantities. Transporter then shall allocate any remaining capacity equally among the remaining Shippers offering to pay the same rate for service during that Month up to but not exceeding nominated quantities.

(2) Where Shippers have requested deliveries in excess of available capacity and commencing other than the first Day of the Month of (i) quantities under the ITS Rate Schedule, (ii) overrun quantities under the FTS, FT-C, NTS, NTS-S, TPS, SST, or OPT Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume 2 of this Tariff, Transporter shall allocate any available capacity on the basis of the highest rate. Where requested deliveries at the same highest rate exceed available capacity, Transporter shall allocate capacity first to those Shippers flowing gas on a pro rata basis, based upon respective confirmed nominations; and second to all remaining Shippers based upon the order in which Transporter received nominations from those Shippers (equally to any Shippers submitting nominations on the same day).



(3) If intraday nominations require an allocation of the pipeline system, the following will describe the circumstances that allow a higher priority service to bump a lower priority service.

(i) Evening Nomination Cycle: For nominations received by 6:00 p.m. CT and to be effective at the start of the upcoming ~~g~~Gas ~~d~~Day, nomination increases at a primary point under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle. Nomination increases submitted under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule ITS and overruns under the firm rate schedules and may bump such quantities effective at 9:00 a.m. CT the next day. Nomination increases submitted under Rate Schedule ITS and overruns under the firm rate schedules shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of Evening intraday nominations by ~~10:00~~9:00 p.m. C.T.

(ii) Intraday 1 Nomination Cycle: For nominations received by 10:00 a.m. CT and to be effective at ~~5:00~~2:00 p.m. on the current ~~g~~Gas ~~d~~Day, nomination increases at a primary point under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle or Evening Nomination Cycle. Nomination increases submitted under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule ITS and overruns under the firm rate schedules and may bump such quantities effective at ~~5:00~~2:00 p.m. CT on the current ~~g~~Gas ~~d~~Day. Nomination increases submitted under Rate Schedule ITS and overruns under the firm rate schedules shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of ~~intraday~~Intraday 1 ~~n~~Nominations by ~~2:00~~1:00 p.m. CT.

(iii) Intraday 2 Nomination Cycle: For nominations received by ~~5:00~~2:30 p.m. CT and to be effective at ~~9:00~~6:00 p.m. CT on the current ~~g~~Gas ~~d~~Day, nomination increases at a primary point under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle, Evening Nomination Cycle or Intraday 1 Nomination Cycle. Nomination increases submitted under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule ITS

and overruns under the firm rate schedules and may bump such quantities effective at 6:00 p.m. CT on the current Gas Day. Nomination increases submitted under Rate Schedule ITS and overruns under the firm rate schedules shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of Intraday 2 Nominations by 5:30 p.m. CT.~~regardless of Rate Schedule shall be subject to available unscheduled capacity and shall not bump scheduled quantities under any Rate Schedule.~~

(iv) Intraday 3 Nomination Cycle: For nominations received by 7:00 p.m. CT and to be effective at 10:00 p.m. CT on the current Gas Day, nomination increases regardless of Rate Schedule shall be subject to available unscheduled capacity and shall not bump scheduled quantities under any Rate Schedule.

(4) Transporter shall notify parties that are bumped during the Evening, ~~and~~ Intraday 1 Nomination and Intraday 2 Nomination Cycles by providing the scheduled quantities information and notification to Shipper's representative through Shipper's choice of Electronic Notice Delivery mechanism(s). Unless Shipper and Transporter have agreed to exclusive notification via EDI/EDM, Shipper shall provide Transporter with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bump, operational flow orders and other critical notices. The obligation of Transporter to provide notification is waived until the above requirement has been met. Transporter will support the concurrent sending of electronic notification of intraday bump, operational flow orders or other critical notices to two Internet E-mail addresses for each Shipper. Intraday bump notices will indicate whether daily penalties will apply for the ~~g~~Gas ~~d~~Day for which quantities are reduced.

(f) Rate Schedule PAL. For parking or lending at delivery points under Rate Schedule PAL, Transporter shall allocate capacity among those Shippers based on net present value, with the transaction yielding the highest net present value receiving priority over transactions yielding a lower net present value. Transporter shall use the current Commission-approved interest rate in calculating the net present value of bids. PAL transactions yielding the same net present value shall be scheduled pro rata based on Shippers' respective nominated quantities.

7.3 Internal Constraint Points. For capacity at internal constraint points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS, OPT, ITS and PAL and X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT, and X-Rate Schedules. For capacity at internal constraint points when using primary firm rights under the

FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at internal constraint points under the OPT Rate Schedule during the Summer Season, Transporter, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, shall allocate such capacity to Shippers under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and under firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at internal constraint points under the OPT Rate Schedule during the Summer Season, on a pro rata basis, based upon each such Shipper's respective Transportation Demand. Transporter shall then allocate capacity at internal constraint points under the OPT Rate Schedule during the Winter Season on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Secondary Capacity at the Internal Constraint Points Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT. Any interruptions or other allocation reductions to Shipper's secondary deliveries through internal constraint points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule. For secondary capacity at internal constraint points under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and for secondary capacity at internal constraint points under the OPT Rate Schedule when not interrupted pursuant to the provisions of the OPT Rate Schedule, Transporter shall allocate capacity in the following manner:

(1) Requests to obtain capacity to secondary delivery points will be evaluated based on the availability of capacity. Transporter shall post on its Internet EBB those secondary delivery points by Market Area that Shipper(s) with a particular primary delivery point can access on a priority basis. Transporter shall, using Transporter's reasonable judgment, have the right to revise the list from time to time as necessary to protect Transporter's system integrity and primary firm obligations. Transporter will give as much advance notice of changes in the list as is practicable. Whenever possible, Transporter shall announce changes in the list at least twenty-four hours prior to the start of the Gas Day. At the time an announcement of a change(s) is made, Transporter shall post a brief explanation of the reasons supporting the change(s). This priority, and the priorities in subparagraphs (2) through (4) below, shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. If a secondary delivery point by Market Area is not listed, Shippers will be subject to the process for allocating secondary firm and interruptible ("Non-Firm") capacity described in this Section 7.3(b)(5) below.

(2) Shippers shall be allowed access on a priority basis to secondary delivery points located within the same market area as their primary delivery points and will not be subject to the Non-Firm Capacity allocation process described in Section 7.3(b)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(3) Shippers shall be allowed access on a priority basis to secondary delivery points where both the receipt and delivery points are located within the same Market Area and shall not be subject to the Non-Firm Capacity allocation process described in Section 7.3(b)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(4) Shippers whose primary receipt points are deemed, in Transporter's reasonable discretion, to be upstream of the internal constraint points, and whose primary delivery points are deemed to be downstream of the same internal constraint points, shall have access to secondary receipt points that are also deemed to be upstream of those same internal constraint points, and will not be subject to the Non-Firm capacity allocation process as described in Section 7.3(b)(5) below.

(5) Shippers who seek to access Non-Firm capacity through an internal constraint points that do not meet with one of the above-described priorities shall be subject to an allocation of Non-Firm capacity through the applicable internal constraint points. To the extent that nominations exceed the amount of capacity that is available, if any, Transporter will allocate capacity pro rata, on the basis of those Shippers' respective nominated quantities.

(c) Secondary Capacity at the Internal Constraint Points Under Rate Schedule OPT During Periods of Interruption. For secondary capacity at internal constraint points under the OPT Rate Schedule, Transporter shall allocate capacity in the following manner. Any interruptions or other allocation reductions to Shipper's secondary deliveries through internal constraint points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(1) Requests to obtain capacity to secondary delivery points will be evaluated based on the availability of capacity. Transporter shall post on its Internet EBB those secondary delivery points by Market Area that Shipper(s) with a particular primary delivery point can access on a priority basis. Transporter shall, using Transporter's reasonable judgment, have the right to revise the list from time to time as necessary to protect Transporter's system integrity and primary firm obligations. Transporter will give as much advance notice of changes in the list as is practicable. Whenever possible, Transporter shall announce changes in the list at least twenty-four hours prior to the start of the Gas Day. At the time an announcement of a change(s) is made, Transporter shall post a brief explanation of the reasons supporting the change(s). This priority, and the priorities in subparagraphs (2) through (4) below, shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. If a secondary delivery point by Market Area is not listed,

Shippers will be subject to the process for allocating secondary firm and interruptible ("Non-Firm") capacity described in this Section 7.3(c)(5) below.

(2) Shippers shall be allowed access on a priority basis to secondary delivery points located within the same market area as their primary delivery points and will not be subject to the Non-Firm Capacity allocation process described in Section 7.3(c)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(3) Shippers shall be allowed access on a priority basis to secondary delivery points where both the receipt and delivery points are located within the same Market Area and shall not be subject to the Non-Firm Capacity allocation process described in Section 7.3(c)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(4) Shippers whose primary receipt points are deemed, in Transporter's reasonable discretion, to be upstream of the internal constraint points, and whose primary delivery points are deemed to be downstream of the same internal constraint points, shall have access to secondary receipt points that are also deemed to be upstream of those same internal constraint points, and will not be subject to the Non-Firm capacity allocation process as described in Section 7.3(c)(5) below.

(5) Shippers who seek to access Non-Firm capacity through an internal constraint points that do not meet with one of the above-described priorities shall be subject to an allocation of Non-Firm capacity through the applicable internal constraint points. To the extent that nominations exceed the amount of capacity that is available, if any, Transporter will allocate capacity pro rata among the Shippers on the basis of those Shippers' respective nominated quantities.

(d) Rate Schedule ITS, Overrun Quantities Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and OPT and X-Rate Schedules. Transporter shall award capacity to the Shippers paying the highest rate. Among Shippers of this class paying the same rate, Transporter shall allocate capacity in the manner described at Section 7.2(e) above.

7.4 Transportation Receipt Points. Transporter shall allocate capacity at all receipt points under its Rate Schedules sequentially among the Rate Schedule priority groupings set forth below, and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT, and X-Rate Schedules. For capacity at primary receipt points under the FTS, FT-C, NTS, NTS-S, TPS, SST

and GTS Rate Schedules, firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at primary receipt points under the OPT Rate Schedule during the Summer Season, Transporter, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, shall allocate such capacity to Shippers under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, under firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at receipt points under the OPT Rate Schedule during the Summer Season, on a pro rata basis, based upon each such Shipper's respective Transportation Demand. Transporter shall then allocate capacity at primary receipt points under the OPT Rate Schedule during the Winter Season on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Secondary Receipt Points Under Rate Schedules FTS, FT-C, SST, TPS, NTS, NTS-S, GTS and OPT. Transporter shall allocate capacity among Shippers requesting capacity at secondary receipt points under the FTS, FT-C, SST, TPS, NTS and GTS Rate Schedules and Shippers requesting capacity at secondary receipt points under the OPT Rate Schedule when not interrupted pursuant to the provisions of the OPT Rate Schedule pro rata, on the basis of the Shippers' respective nominated quantities. Any interruptions or other allocation reductions to Shipper's secondary receipts under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(c) Secondary Receipt Points Under Rate Schedule OPT During Periods of Interruption. Transporter shall allocate capacity among Shippers requesting capacity at secondary receipt points under the OPT Rate Schedule pro rata, on the basis of those Shippers' respective nominated quantities. This priority shall apply where Shipper's aggregate receipts at primary and secondary receipt points do not exceed Shipper's Transportation Demand. Any interruptions or other allocation reductions to Shipper's secondary receipts under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(d) Rate Schedule ITS, Overrun Quantities Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST and OPT, and X-Rate Schedules. Where Shippers have requested receipt point capacity for (i) quantities under the ITS Rate Schedule, (ii) overrun quantities under the FTS, FT-C, NTS, NTS-S, TPS, SST or OPT Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall award capacity to the Shippers paying the highest rate. Among Shippers of this class paying the same rate, Transporter shall allocate capacity in the manner described at Section 7.2(e) above.

(e) Receipt Points Under the AS and IPP Rate Schedules. Transporter shall allocate capacity among shippers requesting receipt point capacity under Rate Schedules AS and IPP on a pro rata basis, based on each such Shipper's respective nominated quantities.

(f) Receipt Points Under the PAL Rate Schedule. For parking or lending service at receipt points under Rate Schedule PAL, Transporter shall allocate capacity based on net present value, with the transaction yielding the highest net present value receiving priority over transactions yielding a lower net present value. Transporter shall use the current Commission-

approved interest rate in calculating the net present value of bids. PAL transactions yielding the same net present value shall be scheduled pro rata based on Shippers' respective nominated quantities.

7.5 Aggregation Points. Where aggregation points are the points of delivery under Shippers' AS Service Agreements, Transporter shall allocate capacity among such Shippers in accordance with the corresponding priority held by the downstream shippers at the respective aggregation points.

7.6 Storage Withdrawal Points. For nominations for which Transporter's storage is the point of receipt, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below, and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FSS, FBS, NTS, NTS-S, and GTS. Transporter shall allocate capacity among Shippers requesting receipt point capacity from storage under the FSS, FSS-M and FBS Rate Schedules on a pro rata basis, based upon each such Shipper's respective Maximum Daily Withdrawal Quantity (MDWQ); and among Shippers seeking receipt point capacity from storage under the NTS, NTS-S and GTS Rate Schedules on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Overruns of MDWQ Levels - FSS and FSS-M Rate Schedule. When Shippers seek to withdraw quantities from storage in excess of their storage ratchet levels (or MDWQ), but below their respective Maximum Daily Storage Quantity (MDSQ), Transporter shall allocate capacity pro rata on the basis of those Shippers' respective MDWQ levels.

(c) Rate Schedule ISS and ISS-M and Overruns under Rate Schedules FSS, FSS-M and FBS. When Shippers seek to withdraw quantities from storage either under the ISS and ISS-M Rate Schedules or as overrun quantities under the FSS, FSS-M and FBS Rate Schedules, Transporter shall allocate capacity first on the basis of the highest rate being paid for that capacity, and then among Shippers paying the same rate, pro rata on the basis of those Shippers' nominated receipt quantities.

(d) Rate Schedule SIT. Transporter shall allocate capacity among Shippers requesting storage receipt point capacity from storage under this Rate Schedule in accordance with the priority of each such Shipper's underlying transportation Service Agreement. Transporter shall allocate capacity (i) first to Shippers under firm transportation Rate Schedules (including the OPT Rate Schedule) and, among those Shippers, on the basis of each such Shipper's respective Transportation Demand, and (ii) second to Shippers with interruptible transportation Service Agreements and, among those Shippers, first on the basis of price and then, if the prices being paid are equal, pro rata on the basis of those Shippers' nominated receipt quantities.

7.7 Storage Injection Points. For nominations for which storage is the point of delivery, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below, and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FSS, FSS-M, FBS, NTS, NTS-S and GTS. Among Shippers requesting deliveries into storage under the FSS, FSS-M, FBS, NTS, NTS-S, and GTS Rate Schedules, Transporter shall allocate capacity on a pro rata basis based upon each such Shipper's respective level of Storage Contract Quantity (SCQ), or Gas Supply Quantity (GSQ).

(b) Rate Schedule ISS and Overrun Quantities Under Rate Schedules FSS, FSS-M and FBS. When Shippers seek to inject quantities into storage either under the ISS Rate Schedule or in excess of their Maximum Daily Injection Quantity under the FSS, FSS-M and FBS Rate Schedules, Transporter shall allocate capacity first on the basis of the highest rate being paid for that capacity, and then among Shippers paying the same rate, pro rata based on those Shippers' nominated delivery quantities.

(c) Rate Schedule SIT. Transporter shall allocate capacity among Shippers requesting deliveries into storage under this Rate Schedule in accordance with the priority of each Shipper's underlying transportation Service Agreement. Transporter shall allocate capacity (i) first to Shippers under firm transportation Service Agreements (including the OPT Rate Schedule) and, among those Shippers, on the basis of each such Shipper's respective Transportation Demand, and (ii) second to Shippers under interruptible transportation Service Agreements and, among those Shippers, first on the basis of price and then, if the prices being paid are equal, pro rata based on those Shipper's respective nominated quantities.

7.8 Allocations Based on Value. For purposes of allocating capacity pursuant to Sections 7.2(e)(1), 7.3(d), 7.4(d), 7.6(c) and (d), and 7.7(b) and (c), Shippers paying more than the Recourse Rate will be considered to be paying the Recourse Rate.

7.9 Posting Procedures for Capacity Allocation. Except for force majeure events and/or events or conditions which threaten the integrity of Transporter's system or Transporter's ability to meet its firm service obligations, Transporter will notify Shippers at least 24 hours in advance on its Internet EBB (1) of the effective dates of the market restrictions; (2) of the type of market restrictions that will be applicable during the affected dates; and (3) to the extent applicable, the areas of the system where market restrictions will be applied. In addition to the general restrictions described below, more specific restrictions may be imposed when necessary in accordance with the provisions of this Tariff.

(a) Delivery Market Area Restrictions.

(1) No Market Area Restrictions. Transporter, based on forecasted system conditions and utilization, has determined there is adequate system capacity to make all nominated deliveries to a specific Market Area, and all confirmed quantities will flow to that Market Area.



(2) Market Area Restrictions. Transporter, based on forecasted system conditions and utilization, has determined there is a limited amount of Non-Firm Capacity available to certain Market Area(s). Transporter will post on its EBB the Non-Firm Capacity available and the Market Area(s) affected. Transporter will allocate capacity in the affected Market Area(s) as described in Section 7.3 above.

(3) Zero Non-Firm Capacity. Transporter, based on forecasted system conditions and utilization, has determined there is zero Non-Firm Capacity available to certain Market Area(s). Transporter will post on its EBB the Market Area(s) where Non-Firm Capacity is not available. Provisions of Section 19.7 (Critical Day) of the General Terms and Conditions apply to the affected Market Area(s). Transporter will allocate capacity in the affected Market Area(s) as described in Section 7.3 above.

(4) Primary MLI Only. Transporter, based on forecasted system conditions and utilization, has determined there is zero Non-Firm Capacity available and furthermore, forecasted system conditions are such that Transporter can only make deliveries to primary MLI numbers for firm service to certain Market Area(s). Transporter will post on its EBB the Market Area(s) where these conditions exist. Provisions of Section 19.7 (Critical Day) of the General Terms and Conditions apply in the affected Market Area(s). Transporter will allocate capacity in the affected Market Area(s) as described in Section 7.3 above.

## 8. METER ALLOCATIONS

This Section specifies the procedures for allocating any differences between (i) the aggregate of all Shippers' Scheduled Daily Delivery Quantities and actual deliveries, and (ii) the aggregate of all Shippers' Scheduled Daily Receipt Quantities and actual receipts (Difference(s)) at delivery points at which gas is being delivered to or for the account of multiple Shippers or at receipt points from which gas is being received by Transporter for the account of multiple Shippers. Unless otherwise agreed to between Transporter and Confirming Party, physically measured quantities shall be allocated on scheduled daily quantities and shall be made using dekatherm units.

### 8.1 Delivery Point Allocation.

(a) Unless other agreed upon PDAs are applicable, if deliveries to or on behalf of two or more Shippers or Service Agreements are made at a point of delivery at which a Shipper has an FSS or FSS-M Service Agreement with Transporter, the last gas through the meter shall be the gas delivered to or for the Shipper with the FSS or FSS-M Service Agreement. If more than one Shipper at the delivery point has an FSS or FSS-M Service Agreement, the gas of the Shipper controlling the facilities immediately downstream of the delivery point shall be last through the meter. If none of the Shippers with an FSS or FSS-M Agreement control such facilities, the last gas through the meter shall be prorated among all Shippers with FSS and/or FSS-M Service Agreements on the basis of their MDWQ then in effect. Differences at such a point of delivery shall be attributed to applicable FSS and/or FSS-M Service Agreement(s) and shall be deemed to be a storage injection or withdrawal under the FSS and/or FSS-M Rate Schedules. Shipper's account under the FSS and/or FSS-M Rate Schedules shall be debited or credited by the Difference and no imbalance shall be created in any transportation Service Agreement. The appropriate maximum commodity charges and surcharges (and any overrun charges) will be assessed for the transportation into or out of storage under the appropriate transportation Service Agreement held by the FSS or FSS-M Shipper, in the following order of priority if Shipper holds more than one firm transportation agreement, up to the Transportation Demand under each: (i) SST Service Agreement; (ii) NTS Service Agreement; (iii) NTS-S Service Agreement; (iv) FTS Service Agreement; or (v) TPS Service Agreement; provided that Shipper may notify Transporter in writing of a preferred different order of priority for specified Rate Schedules. Such notice must be received by Transporter at least 30 days prior to the beginning of the Month for which it is to be initially effective.

(b) If deliveries are made directly to a Shipper at a point of delivery that is not a point of delivery for a Shipper with an FSS or FSS-M Service Agreement, that Shipper's gas shall be the last gas through the meter.

(c) If deliveries are made to a third party (that is not a Shipper) for the accounts of multiple Shippers, the Difference shall be allocated pro rata among all Shippers at that delivery point on the basis of those Shippers' Scheduled Daily Delivery Quantities, unless all affected Shippers at that delivery point have agreed to a Predetermined Allocation Method (PDA)

specifying a different allocation methodology and such agreement is provided to Transporter in writing and approved by Transporter.

(d) Month-end allocations shall be based on a measurement closing date of the fifth business day after the business month. If actual quantities are not available, quantities will be estimated by the Measuring Party.

8.2 Receipt Point Allocation. Differences at a receipt point shall be allocated pro rata among all Shippers at that receipt point on the basis of the Scheduled Daily Receipt Quantities, unless the upstream ~~point~~interconnecting operator providing the point confirmation submits a PDA to the allocating party before the start of the Gas Day, and Transporter accepts the PDA.

8.3 Predetermined Allocation Method (PDA).

(a) As used in this Section 8, a PDA is an agreement by or among ~~point~~interconnecting operators, submitted to Transporter prior to the beginning of the Gas Day, at a receipt or delivery point to allocate the difference between the scheduled daily quantity and the actual daily flow of gas in a mutually agreeable manner. Types of allocation methods include, but are not limited to, Ranked, Pro Rata, Percentage, Swing, and Operator Provided Value. 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. PDAs shall be provided by the interconnecting operator, and for multi-tiered allocations, may be provided by the upstream title holders or shippers. Interconnecting operators at receipt locations shall provide a PDA to allocate to upstream title holders. Upstream title holders may provide a PDA to allocate to the parties taking possession of their gas at a receipt location. Shippers may provide a PDA to allocate to their nominations at either receipt or delivery locations.

(b) Except as prescribed in Section 8.1(a) of the General Terms and Conditions, if confirming parties cannot agree upon an allocation methodology, "pro rata based upon confirmed nominations" shall be used as the default method.

(c) Transporter may negotiate and enter into OBAs with interstate pipelines, intrastate pipelines and other entities. No Difference balanced in-kind shall be allocated to any Shipper at the receipt or delivery points covered by the OBA. If an interstate pipeline charges Transporter for Differences in the OBA, however characterized, Transporter shall charge such interstate pipeline an equivalent and offsetting charge. If Transporter is unable to charge or collect such equivalent and offsetting charges for such Differences, Transporter, on an as-billed basis, shall allocate and bill such charges to Shippers responsible for the imbalance at the point of interconnection at which the Difference giving rise to the charges occurred.

(d) Where an OBA exists between interconnecting parties, a PDA is not necessary.

(e) Changes to a PDA may be made prospectively during the Month. Only one PDA may be submitted per allocation period. Transporter may in its reasonable discretion make retroactive reallocations of transactions to correct for errors. Otherwise, no retroactive reallocations of any transactions shall be permitted without the approval of Transporter and the agreement of those Shippers with Service Agreements affected by such retroactive reallocations, provided that the agreement by such affected Shippers shall not be unreasonably withheld.

(f) PDAs shall remain in effect until a replacement PDA is received from the interconnecting operator or upstream title holder; provided, however, PDAs shall be updated at the beginning of each month. A new allocation detail may be needed when a nomination changes.

(g) If the PDA is provided using EDI, Transporter shall respond with an EDI confirmation indicating receipt of the PDA within 15 minutes, and whether there are any errors associated with the PDA.

8.4 (a) Prior Period Adjustments. Except for minor variations as agreed to by all affected parties, prior period measurement adjustments will be taken back to the production month and reflected as such on invoices, imbalance statements and allocation statements. A meter adjustment becomes a prior period adjustment after the fifth business day following a business month. Missing or late measurement data shall be estimated and actuals will be treated as a prior period adjustment, with the measuring party to provide the estimate. Measurement corrections shall be processed within 6 months of the end of the production month, with a 3 month rebuttal period. This provision does not apply in cases of deliberate omission, or misrepresentation, or mutual mistake of fact. No Party's other statutory or contractual rights are diminished by this provision. 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.

(b) Disputed Allocations. Disputed allocations shall be communicated to Transporter within 6 months of the initial month-end allocation, with a 3-month rebuttal period. This time limitation shall not apply in the case of deliberate omission or misrepresentation, or mutual mistake of fact. No Party's other statutory or contractual rights are diminished by this provision.

8.5 For operational monitoring at electronically measured locations, allocated quantities shall be available one business day after the gas has flowed at the end of the Gas Day. The scheduled quantity shall be made available at locations which are not measured electronically. Transporter shall provide allocation statements to the appropriate party for the meters it operates each month.

## 14. RELEASE AND ASSIGNMENT OF SERVICE RIGHTS

### 14.1 Capacity Release and Assignment Procedures

(a) The procedures set forth in this Section governing the release and assignment of service rights by Shippers shall apply to all services offered by Transporter for which such right is provided in the applicable Rate Schedule: provided that these procedures are subject to the provisions of Section 40 of the General Terms and Conditions governing segmentation. A Shipper under such applicable Rate Schedule may release and assign all or any portion of the service under its Service Agreement. Any Shipper accepting such assignment ("Replacement Shipper") must meet the Transporter's creditworthiness requirements, must be listed on Transporter's Approved Bidders List, must have executed an Electronic Contracting Agreement with Transporter, and must be an authorized EBB user complying with all conditions and requirements set forth in the General Terms and Conditions and in the applicable Rate Schedule and Service Agreement.

(b) 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, 2) for index-based capacity release transactions, the Releasor has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. In addition, Transporter may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and condition (e.g., designation of an index not supported by Transporter).

#### (c) Capacity Release Timeline:

For biddable releases (1 year or less):

(1) offers should be tendered such that they can be posted by ~~12:00 P.M.~~9:00 a.m. on a Business Day;

(2) open season ends ~~no later than at 1:00 P.M.~~10:00 a.m. on the same or a subsequent Business Day;

(3) ~~(evaluation period begins at 1:00 P.M.~~10:00 a.m. during which any contingencies ~~y is~~are eliminated, determination of best ~~b~~Bid is made, and ties are broken);

(~~3~~4) if no match is required, the evaluation period ends and the Aaward is posted~~ing if no match required at by 2:00 P.M.~~11:00 a.m.;

~~(45)~~ where match is required, the match ~~or award~~ is communicated by 2:00 P.M. 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon;

~~(5) — match response by 2:30 P.M.;~~

~~— (6) — where match required, award posting by 3:00 P.M.;~~

~~(76)~~ the contract is issued within one hour of the Aawarding posting (with a new contract number, when applicable);

(7) nomination is possible beginning at the next available nomination cycle for the effective date of the contract. ~~(Central Clock Time)~~

For biddable releases (more than 1 year):

(8) offers should be tendered such that they can be posted by 12:00 P.M. 9:00 a.m. on a four Business Days ~~before award;~~

(9) open season shall include no less ends no later than three 1:00 P.M. 9:00 a.m. to 10:00 a.m. time periods on consecutive the Business Days ~~before timely nominations are due (open season is three Business Days);~~

(10) evaluation period begins at 1:00 P.M. 10:00 a.m. during which any contingencies ~~y is~~are eliminated, determination of best ~~b~~ Bid is made, and ties are broken;

(11) if no match is required, the evaluation periods ends and the Aaward is posted ~~ing if no match required at by 2:00 P.M. 11:00 a.m.;~~

(12) where match is required, the match ~~or award~~ is communicated by 2:00 P.M. 11:00 a.m., the match response occurs by 11:30 a.m. and the Award is posted by 12:00 Noon;

~~— (13) — match response by 2:30 P.M.;~~

~~— (14) — where match required, award posting by 3:00 P.M.;~~

~~(15)~~ the contract is issued within one hour of the aAward posting (with new contract number, when applicable);

(14) nomination is possible beginning at the next available nomination cycle for the effective date of the contract. ~~(Central Clock Time)~~

For non-biddable releases:

~~——~~ Timely Cycle

~~——~~ ~~(1615)~~ the posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for applicable cycle. The posting deadlines are:

(i)	<u>Timely Cycle</u>	<del>by 10:30 A.M.</del> <u>12:00 Noon;</u>
(ii)	<u>Evening Cycle</u>	<u>5:00 p.m.</u>
(iii)	<u>Intraday 1 Cycle</u>	<u>9:00 a.m.</u>
(iv)	<u>Intraday 2 Cycle</u>	<u>1:30 p.m.</u>
(v)	<u>Intraday 3 Cycle</u>	<u>6:00 p.m.;</u>

~~——~~ ~~(1716)~~ the contract is issued within one hour of the Award posting (with a new contract number, when applicable);

~~——~~ ~~(17)~~ nomination is possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

~~——~~ Evening Cycle

~~——~~ ~~(18)~~ posting of prearranged deals not subject to bid are due by 5:00 P.M.;

~~——~~ ~~(19)~~ contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

~~——~~ Intraday 1 Cycle

~~——~~ ~~(20)~~ posting of prearranged deals not subject to bid are due by 9:00 A.M.;

~~——~~ ~~(21)~~ contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

~~——~~ Intraday 2 Cycle

~~——~~ ~~(22)~~ posting of prearranged deals not subject to bid are due by 4:00 P.M.;

~~—(23)—contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)~~

#### 14.2 Initiating the Release and Assignment.

(a) Electronic Bulletin Board. The release and assignment of service rights by Shipper shall be facilitated through Transporter's Electronic Bulletin Board (EBB), described at Section 2 (Electronic Bulletin Board) of the General Terms and Conditions. As explained below, Shippers seeking to release and assign firm service rights ("Releasers") shall post offers to release and notices of prearranged assignments through Transporter's EBB. Potential Replacement Shippers also may post offers to purchase service rights and bids for capacity through Transporter's EBB. Such postings shall be made through the interactive features of Transporter's EBB and shall remain posted for at least 30 days. Transporter reserves the right to request modifications in, or to delete all or any portion of, postings that do not conform to the requirements of Section 14.2(b) below; provided, however, that Transporter shall have no responsibility for any errors, omissions, or other aspects of these postings from third parties on its EBB.

(b) Release Notice. Releaser may initiate the assignment of the service rights it is seeking to release and assign by electronically transmitting the information specified below to Transporter's EBB ("Release Notice"). Such electronic Release Notice shall contain the following information regarding the capacity that Shipper is seeking to release:

- (1) Releaser's identity, the Rate Schedule under which Releaser seeks to release capacity, and the contract number assigned by Transporter to the Service Agreement under which Shipper seeks to release capacity;
- (2) whether release is on a temporary or permanent basis;
- (3) the numeric quantity being released on a per day basis for transportation, storage injection and storage withdrawal, a per-release quantity for storage capacity, and the term (duration);
- (4) the receipt and delivery points;
- (5) any applicable recall provisions relating to the proposed release, and whether the Replacement Shipper will have the option to refuse the capacity after recall has ended;
- (6) any minimum conditions concerning the rate, term, or volume that the releasing shipper is willing to accept (and that Releaser wishes to have posted on Transporter's EBB), or a statement that it has separately revealed to Transporter any such



minimum conditions, which shall be posted following the close of bidding. For non-biddable releases, this information will not be required;

(7) whether Releasor will accept contingent bids for the capacity being released and, if so, all terms and conditions of acceptable contingencies including the manner in which such contingent bids will be evaluated. For non-biddable releases, this information will not be required;

(8) the maximum reservation charge (including demand-type surcharges) applicable to the capacity being released; provided however, that for releases one (1) year or less in length, this information will not be required;

(9) the date and time of (i) the posting of the release notice on Transporter's EBB, and (ii) the close of the bidding for the released capacity. For non-biddable releases, this information will not be required;

(10) whether the Releasor has a prepackaged arrangement to assign the service to a specified Replacement Shipper; and, if so, the identity, address, and telephone number of the designated Replacement Shipper and the price the prospective Replacement Shipper has agreed to pay under any such prepackaged arrangement;

(11) objective criteria for evaluating responsive bids by potential Replacement Shippers and for breaking ties among highest bidders, to the extent that Releasor's criteria are at variance with the criteria established by Transporter in this Section. For non-biddable releases, this information will not be required;

(12) the name, and Internet E-mail address or EDI/EDM Electronic Notice Delivery Mechanism of Releasor's designated contact person;

(13) the rate basis on which bids for the released capacity are to be submitted. For non-biddable releases, this information will not be required;

(14) For non-index-based releases, whether bids for the released capacity are to be submitted on a fixed dollars and cents amount or on a percentage of maximum rate basis. For non-biddable releases, this information will not be required;

(15) For index-based releases, whether there is a rate floor, any applicable rate default to be used when the index-based formula is not available or cannot be computed, and which of the following methods is acceptable: (a) a percentage of the formula; (b) a dollars and cents differential from the formula; (c) a dollars and cents differential from the rate floor; or (d) an approved method in Transporter's tariff, if any;

(16) whether the release is subject to an indemnification provision pursuant to which the initial Replacement Shipper indemnifies Releasor against any claims by

successive Replacement Shippers relating to refunds (where Releasor has provided correctly calculated refunds to the initial Replacement Shipper), and all terms of any such indemnification provision;

(17) whether the release is to an asset manager, as defined in Section 284.8 of the Commission's regulations;

(18) whether the release is to a marketer participating in a state-regulated retail access program as defined in Section 284.8 of the Commission's regulations; and

(19) for releases of storage capacity, any conditions concerning the transfer and/or return of storage inventory.

(c) Evaluation Criteria.

(1) General Requirements. For the capacity release business process timing model, only the following methodologies are required to be supported by Transporter and provided to Releasor as choices from which they may select and, once chosen, should be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. Other choices of bid evaluation methodology (including other Releasor defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of Transporter. However, Transporter is not required to offer other choices or similar timeline treatment for other choices, nor, is Transporter held to the timeline should Releasor elect another method of evaluation. Releasor shall include all such alternative evaluation criteria in the Release Notice to be posted on Transporter's EBB. When Transporter makes awards of capacity for which there have been multiple bids meeting minimum conditions, Transporter shall award the bids, best bid first, until all offered capacity is awarded.

(2) Index-Based Releases. For index-based capacity release transactions, the Releasor should provide the necessary information and instructions to support the chosen methodology. Where the result of an award under an index-based release is to be applied on a monthly basis and the formula detailed in the capacity release award requires calculations on a daily basis, the results of such daily calculations may exceed the maximum daily reservation rate or be less than the applicable minimum daily reservation rate. Any resulting monthly reservation rate may not be less than the rate floor specified in the release, if applicable. If the resulting monthly reservation is less than the rate floor, the rate floor will be used for invoicing. Except for releases with a term of one year or less, the resulting monthly reservation rate may not exceed the applicable monthly maximum recourse rate. For releases with a term of more than one year, if the resulting monthly reservation rate exceeds the applicable maximum recourse rate, the maximum recourse rate will be used for invoicing. For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology.

\_\_\_\_\_(d) At any time up to the close of the bidding period for the posted capacity, Releasor may withdraw its posting for release of capacity if unanticipated circumstances justify the withdrawal and no minimum bid has been made. Such a withdrawal shall be affected by Releasor placing a notice of withdrawal on Transporter's EBB. Offers will be binding until a written or electronic notice of withdrawal is received by Transporter.

\_\_\_\_\_(e) Transporter 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 Transporter denies Shipper's request to permanently release capacity, Transporter will notify Shipper via e-mail and include in the notice the reasons for the denial.

#### 14.3 Posting.

Posting of Release Notices on Transporter's EBB shall be complete and subject to the conditions and exceptions set forth below.

(a) Exempt Transactions. Posting for purposes of inviting bids shall not be required for (i) prepackaged arrangements Releasor has arranged with a designated Replacement Shipper for a period of 31 days or less; (ii) prepackaged arrangements for more than one (1) year that Releasor has arranged with a designated Replacement Shipper under which the designated Replacement Shipper agrees to pay the maximum reservation charge and commodity rate, and applicable surcharges, and meets all requirements set forth in this Tariff; (iii) releases to an asset manager, as defined in Section 284.8 of the Commission's regulations; or (iv) releases to marketer participating in a state-regulated retail access program as defined in Section 284.8 of the Commission's regulations (collectively "exempt transactions"). There shall be no maximum price cap for pre-packaged arrangements of one (1) year or less in length. Pre-packaged arrangements for more than 31 days but less than one (1) year in length are not exempt transactions under this Section 14.3(a). For cross-month releases, the maximum duration for eligibility as an exempt transaction under part (i) above shall be 31 days. The rate received by Releasor under prearranged transactions for more than one (1) year that are exempt from the ordinary posting and competitive bidding procedures set forth in this Section 14 must not exceed the maximum rate.

(b) Notice to Transporter; Informational Posting. For any exempt transaction, as described in paragraph (a) immediately above, Releasor, shall provide Transporter, for contract execution purposes, and shall post on Transporter's EBB in accordance with the capacity release timeline under Section 14.1(c) above: (i) the information required for a Release Notice; (ii) the price and term of the assignment; (iii) the identity of the Replacement Shipper; and (iv) for releases to an asset manager (as defined in Section 248.8 of the Commission's regulations), the asset manager's delivery obligation to Releasor. Releasor may post such exempt transactions at any time. Transporter shall issue an Assignment Agreement within one (1) hour of such posting and shall allow nominations under such Assignment Agreement in the next available nomination cycle, as specified in Section 6.2(e) of the General Terms and Conditions. In the event Shipper

has not executed the Assignment Agreement prior to making its nomination, Shipper shall be deemed to have executed the Assignment Agreement with Transporter pursuant to which the nomination is being made.

(c) Limitations on Continuation of Exempt Transactions. A Releasor that has employed an exempt transaction to assign service to a designated Replacement Shipper for a period of 31 days or less, as described in Section 14.3(a)(i) above: (i) shall not roll over, extend, or otherwise continue that release beyond its original term without complying with the ordinary posting and competitive bidding requirements applicable to all non-exempt transactions, as set forth in this Section, unless the rollover, extension, or continuation is for a term of more than one (1) year at the maximum rate, meets all of the terms and conditions of the Release Notice, and qualifies as an exempt transaction under Section 14.3(a) above; and (ii) shall not, pursuant to the short-term exemption of Section 14.3(a)(i), re-release to the same Replacement Shipper for 28 days after termination of the earlier release period without fully complying with the ordinary posting and competitive bidding requirements applicable to all non-exempt transactions, as set forth in this Section, unless the re-release is at the maximum rate for a term of more than one (1) year, meets all of the terms and conditions of the Release Notice, and qualifies as an exempt transaction under Section 14.3(a) above. This Section does not apply to releases to an asset manager or releases to a marketer participating in a state-regulated retail access program.

(d) Timing and Duration of Posting. Offers by potential Releasors to release and assign capacity shall be posted on Transporter's EBB in accordance with the capacity release timeline under Section 14.1(c) above. Releasor may not specify an extension of the original bid period or the pre-arranged deal match period without posting a new release.

(e) Method to Post. Transporter shall post offers and bids, including prearranged deals, upon receipt. Releasor may request a later posting time for posting of such offer, and Transporter shall support such request insofar as it comports with the standard capacity release timeline specified in NAESB WGQ Standard No. 5.3.2.

#### 14.4 Bidding.

(a) Potential Replacement Shippers shall submit bids for released capacity which comport with the methodology of the release notice stated in ten-thousandths of one dollar (\$0.0000) per Dth one day per month for reservation charges, or in hundredths of one cent (0.00¢) per Dth for one-part volumetric rate bids or a percent of maximum, accompanied by a valid Bid for Capacity Release Form in the form included in this Tariff. Potential Replacement Shippers may bid the maximum applicable reservation rate as an alternative to the method specified by the Releasor, except when the release is index-based for a term of one year or less or utilizes market-based rates. Bids submitted for a permanent release shall be submitted on a valid Request for Service as set forth in Section 3 (Requests for Service) of the General Terms and Conditions. For capacity release transactions of one (1) year or less in length, there shall be no maximum price cap. Such bids (i) shall be submitted electronically by potential Replacement

Shippers to Transporter's EBB in the format established by Transporter for such bids on the EBB, (ii) shall be displayed on the EBB when complete without revealing the identity of the bidder during the bidding period, (iii) in accordance with Transporter's specifications, shall specifically reference the capacity for which the bid is being submitted; and (iv) must take effect on or before one (1) year from the date Transporter is notified of the release.

(b) A potential Replacement Shipper responding to the posting of a Release Notice shall be permitted to bid a quantity and a term of service different from those specified in the posted Release Notice; provided, however, that a Bidder shall not be permitted to bid a quantity or a term of service lower than any minimum quantity or term disclosed and posted by Releasor in the Release Notice. Bidders must accept all other conditions set forth in the Release Notice.

(c) Bids shall be submitted by potential Replacement Shippers without bidders knowing the identities of other bidders. Bidders may submit multiple bids, each higher than the previous bid, during the posting period established pursuant to Section 14.3(e) above.

(d) All bidders must: (i) have prequalified under Transporter's creditworthiness standards, ~~(ii) appear on Transporter's Approved Bidders List,~~ and (iii) where execution of an Assignment Agreement will be required within five days of its transmission by Transporter, have executed an Electronic Contracting Agreement with Transporter, as required by Section 3 (Requests for Service), Section 9 (Operating Conditions), and Section 5 (Service Agreement and Electronic Contracting), of the General Terms and Conditions.

(e) All bids for capacity release transactions more than one (1) year in length shall neither exceed the maximum rates nor be less than the minimum rates permitted by the Commission for the released services. Bids for capacity release transactions of one (1) year or less may exceed the maximum rates but shall not be less than the minimum rates permitted by the Commission for released services. Bids for capacity offered for more than one (1) year at a one-part volumetric rate (which shall apply only to the reservation portion of the rate) shall not exceed a maximum rate calculated by converting the applicable maximum reservation charge into a volumetric charge at a 100 percent load factor plus the applicable commodity charges.

(f) Bids are binding, other than contingent bids, until notice of withdrawal is received by Transporter's EBB. Bids may be withdrawn before the close of the bidding period but may not be withdrawn after the bid period ends. Any bidder that withdraws its bid for released capacity may not, within that same bidding period, submit a bid at a lower rate for any portion of that same capacity.

(g) Where higher bids are received for capacity that Releasor proposes to release under a prepackaged arrangement that is subject to competitive bidding (including prepackaged arrangements for 31 days or less for which Releasor requests competitive bidding), the Replacement Shipper designated by Releasor (designated Replacement Shipper) shall be notified by Transporter and shall exercise its right to match the highest competing bid in accordance with the capacity release timeline under Section 14.1(c) above. For transactions one (1) year or less in

length, a designated Replacement Shipper shall be required to match the highest competing bid, including bids that may be submitted in excess of the maximum rate. A Releasor shall not be able to specify an extension of the original pre-arranged match period without posting a new release.

#### 14.5 Evaluation of Bids and Assigning Service Rights.

(a) Transporter shall perform the evaluation of bids in accordance with the criteria specified in the Release Notice and shall determine which, if any, bids to accept.

(b) In the absence of any such Releasor-developed alternative criteria to the contrary, as specified in Releasor's Release Notice, bids shall be evaluated and rights to released capacity assigned by Transporter in accordance with the bid evaluation criteria referenced at Section 14.2(c).

(c) For (1) capacity release transactions of more than one (1) year where Releasor has posted a prepackaged arrangement at less than the maximum rate or (2) prepackaged arrangements for 31 days or less for which the Releasor requests competitive bidding), the designated Replacement Shipper under that arrangement will be awarded the capacity if, within the time limits specified in Section 14.1(c), that designated Replacement Shipper matches the competing bid(s) offering the highest economic value, as calculated in accordance with the bid evaluation criteria set forth in Section 14.2(c) or in the Release Notice.

(d) Where highest bids of equal value are received for released capacity from more than one bidder, not including a designated Replacement Shipper under a prepackaged arrangement, the capacity (i) shall be assigned in accordance with any nondiscriminatory method for breaking ties established by Releasor in the Release Notice, or (ii) shall, if Releasor does not establish a tie-breaking method, be assigned pro rata on the basis of the respective quantities bid by the winning bidders. Bidders may specify in their bids the minimum quantities they will accept. If a pro rata allocation would result in assignment of quantities below a bidder's minimum quantity, any such bidder will not be assigned the capacity, and the total quantity available for assignment will then be re-allocated among the remaining highest value bidders on a pro rata basis.

(e) Transporter will not award capacity release offers to the Shipper until and unless the Shipper meets Transporter's creditworthiness requirements applicable to all services that it receives from Transporter, including the service represented by the capacity release.

(f) Transporter shall post on the EBB the winning bid and the identity of the winning bidder(s) in accordance with the capacity release timeline under Section 14.1(c) above.

#### 14.6 Assignment Agreements.

(a) For all transactions pursuant to this Section 14, Transporter shall electronically transmit an Assignment Agreement upon receipt of Replacement Shipper's electronic confirmation reflecting the terms of the Release Notice to Replacement Shipper in accordance with the capacity release timeline under Section 14.1(c) above.

(b) Transporter and Replacement Shipper shall execute the Assignment Agreement in substantially the form contained in this Tariff; provided that such an Agreement shall be executed electronically where an executed contract is required within five business days of its transmission by Transporter. That Assignment Agreement shall contain all terms and conditions of the release and assignment; provided that such terms and conditions are identical to those set forth in the underlying Release Notice. Where electronic contracting is required as described immediately above, all Replacement Shippers must have executed an Electronic Contracting Agreement in accordance with the electronic contracting procedures specified in Section 5.7 of the General Terms and Conditions. ~~All Replacement Shippers must appear on Transporter's Approved Bidders List, which list shall indicate Bidders that have executed an Electronic Contracting Agreement.~~ All Replacement Shippers must meet the Transporter's creditworthiness requirements. Service will not be provided unless the Assignment Agreement properly has been executed. If the Replacement Shipper does not execute and return such Assignment Agreement within two business days of Transporter's tender (or such later date established by Releasor through notice to Transporter and Replacement Shipper), the bid and Transporter's offer of an Assignment Agreement shall be void and Transporter will tender an Assignment Agreement to the next highest acceptable bidder, if any, consistent with the terms of the Release Notice. Except with respect to prearranged transactions described in Section 14.3(a) above, Replacement Shippers failing to return such agreement shall be ~~removed from Transporter's Approved Bidders List~~ prohibited from bidding for six months, or less than six months if agreed to in writing by the Releasor. Nothing herein shall restrict Releasor from pursuing any other remedies it may have against a Replacement Shipper failing to execute and return an Assignment Agreement tendered by Transporter.

14.7 Implementation; Receipt and Delivery Points. Following acceptance of a bid for assignment and execution of an assignment agreement, Transporter will accept nominations or requests for alternate receipt or delivery points for the assigned capacity. Replacement Shippers may submit nominations to Transporter in the next available nomination cycle, as specified in Section 6.2(e) of the General Terms and Conditions. In the event Shipper has not executed the Assignment Agreement prior to making its nomination, Shipper will be deemed to have executed the Assignment Agreement with Transporter pursuant to which the nomination is being made. Replacement Shippers may not, however, exercise flexible receipt and delivery point authority at primary points unless such exercise is agreed to in writing by Releasor. Quantities flowing under assigned service rights shall have the same priority as those quantities had under the applicable underlying service agreement originally entered into by Releasor and Transporter, and that priority shall be unaffected by whether or not the assignment is subject to recall, as described at Section 14.8 below.

14.8 Recall; Reassignment of Assigned Service Rights.



(a) Agreements Subject to Recall. Releasors shall be permitted to specify as a condition for releasing capacity the right to recall that assigned capacity upon notice to Transporter and to Replacement Shipper. Any such recall provision must be included in the Release Notice originally submitted by Releasor and in the assignment agreement executed following assignment of the capacity. The Release Notice and the assignment agreement governing the assigned capacity shall clearly state (i) the frequency with which Releasor may recall any released capacity, (ii) the maximum duration of any such recall, (iii) whether and under what conditions any right of first refusal held by Releasor is transferred to Replacement Shipper, and (iv) such other terms as Releasor may specify. Replacement Shipper shall be permitted to make secondary assignments of all or any part of the capacity, unless prohibited by the Releasor, contained in its assignment agreement that is subject to Releasor's right to recall, provided, however, that such assignments shall not vary the recall provisions contained in the original assignment.

(b) Replacement Shipper Release. A Replacement Shipper that desires to release some or all of its assigned capacity (Replacement Shipper/Secondary Releasor) may release and reassign all or a portion of the assigned capacity to other parties (Secondary Replacement Shippers) subject to the requirements set forth in paragraph (a) immediately above. Any such reassignment must satisfy all of the posting, bidding and notice requirements set forth in this Section, and any Secondary Replacement Shipper must satisfy all of the creditworthiness and other requirements set forth in this Section. No limitation unless required by the Releasor shall be placed on the number of times service rights that are not subject to recall may be reassigned, provided, however, that a Replacement Shipper/Secondary Releasor may not assign rights any greater than the rights it received pursuant to the earlier assignment, and may not place any unreasonable or discriminatory conditions on such assignments.

(c) For all released capacity subject to recall rights, the following recall notification periods shall apply:

Timely Recall Notification:

(1) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely ~~h~~Nominations are due;

(2) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely ~~h~~Nominations are due ~~(Central Clock Time)~~;

Early Evening Recall Notification:



(3) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening ~~n~~Nominations are due;

(4) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening ~~N~~nominations are due-~~(Central Clock Time)~~;

Evening Recall Notification:

(5) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening ~~N~~nominations are due;

(6) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening ~~N~~nominations are due-~~(Central Clock Time)~~;

Intraday 1 Recall Notification:

(7) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 ~~n~~Nominations are due;

(8) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 ~~p.m.~~a.m. on the day that Intraday 1 ~~n~~Nominations are due-~~(Central Clock Time)~~;

Intraday 2 Recall Notification:

(9) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than ~~2:30~~12:00 p.m. on the day that Intraday 2 ~~n~~Nominations are due;

(10) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than ~~3:30~~1:00 p.m. on the day that Intraday 2 ~~n~~Nominations are due-~~(Central Clock Time)~~;

Intraday 3 Recall Notification:

(11) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;

(12) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

For recall notification provided to Transporter prior to the recall notification deadline specified above and received between 7:00 a.m. and 5:00 p.m., Transporter shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notification provided to Transporter after 5:00 p.m. and prior to 7:00 a.m., Transporter shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification ~~(Central Clock Time)~~. Recalled capacity notices will indicate whether penalties will apply for the ~~g~~Gas ~~d~~Day for which quantities are being reduced due to a capacity recall.

(d) For the recall notification provided to Transporter, the quantity shall conform to Transporter's capacity recall notification specification. Transporter requires that the quantity must be expressed in terms of adjusted total released capacity entitlements based upon the Elapsed Pro-rata Capacity. Transporter will not be obligated to deliver in excess of the total daily contract quantity of the release.

(e) Assignment Agreements that call for payment by Shipper of a one-part volumetric rate may not be released and assigned.

(f) If a Releasor's Service Agreement is suspended or terminated, then Transporter may terminate the release of capacity to the Replacement Shipper if Transporter has first provided the Replacement Shipper an opportunity to continue receiving service by paying the lesser of (i) the Releasor's Service Agreement rate; (ii) the applicable Recourse Rate; or (iii) some other rate that is acceptable to Transporter.

(g) If a Replacement Shipper's Service Agreement is suspended or terminated, then the released capacity will revert to the Releasor.

#### 14.9 Billing.

(a) Transporter, in accordance with the terms of this Tariff, shall: (i) bill the Releasor for the full reservation charge, applicable reservation-related surcharges and any other fixed charges for which Releasor is otherwise obligated to Transporter, less either the reservation charge bid by Releasor's Replacement Shipper, or the reservation charge portion of amounts billed to Replacement Shippers paying one-part volumetric rates; and (ii) bill the Replacement Shipper for (A) the reservation charge bid by that Replacement Shipper (except for periods during which the Releasor has recalled the capacity), (B) all commodity charges, or all payments under one-part volumetric rates, and any minimum volumetric commitment agreed to but not met by the Replacement Shipper, (C) any commodity surcharges, (D) any penalties or imbalance correction costs associated with the assigned capacity, and (E) any applicable overrun charges, as

any of these charges may change from time to time upon approval of the Commission. For all payments received from Replacement Shipper, Transporter shall allocate such payment first to the reservation charge (or to the reservation charge component under a one-part rate) and then any amounts above that level to the commodity charge (or to the commodity charge component under a one-part rate). Replacement Shipper may, upon notice to Transporter and approval of the Releasor, appoint Releasor as its agent to receive such billings from Transporter. The charges shall be pro-rated for a Billing Month if necessary.

(b) For all assignments of service rights, Releasor shall remain ultimately responsible to Transporter for full payment of the reservation charge, any applicable reservation-related surcharges, and any other fixed charges for which Releasor is otherwise obligated to Transporter. For permanent releases of capacity, Transporter may in its reasonable discretion agree to release the Releasor from this responsibility. Such discretion shall be exercised by Transporter in a nondiscriminatory manner. Until payment by Replacement Shipper to Transporter of any unpaid reservation charges, any claims Releasor may have relating to those charges shall be subordinated to those of Transporter. Any reservation charge payments made by Replacement Shipper to Transporter will not be withheld from Releasor by Transporter due to Replacement Shipper's failure to pay Transporter other amounts owed that are unrelated to the released capacity. In the event of termination of Releasor's Service Agreement with Transporter, Replacement Shipper's Service Agreement with Transporter is deemed terminated unless (1) Replacement Shipper agrees to pay Transporter the currently effective maximum rates for service under the Tariff, or (2) Transporter and Replacement Shipper mutually agree upon a discounted rate or negotiated rate for service under this Tariff; provided, however, that any Replacement Shipper shall be entitled to continued service at the contract rate between the Releasor and Transporter.

(c) In the event that a Replacement Shipper (including a Secondary Replacement Shipper) fails to pay Transporter's invoice relating to the released capacity, Transporter shall within five business days provide the Releasor (the most recent Releasor, where the capacity has been secondarily assigned) with written or telephonic notice of such nonpayment. Upon Releasor's receipt of such notice of Replacement Shipper's nonpayment, Releasor, without prejudice to any other rights it may have, may immediately recall the assigned capacity upon 24-hour notice to Replacement Shipper unless within such period Replacement Shipper pays in full the outstanding indebtedness, together with accrued interest at the Commission approved interest rate, and furnishes adequate assurance of payment to Releasor if required by Releasor.

(d) Transporter shall provide the original Releasor with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Transporter to the Releasor's Replacement Shipper(s), of the following:

- (1) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to Transporter's tariff;

(2) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;

(3) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and

(4) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to Transporter's tariff.

#### 14.10 Refunds.

(a) For all refunds other than those described at paragraph (b) immediately below, the original Releasor of any capacity shall receive from Transporter any reservation charge-related refunds associated with the assigned capacity, including any refunds related to the reservation charge portion of payments under a one-part volumetric rate. The Replacement Shipper holding the assigned right to service at the time of the overpayment shall receive from Transporter its share of any commodity charge-related refunds, including any refunds related to the commodity portion of payments under a one-part volumetric rate, associated with the assigned capacity. Refunds owed by Transporter will be made by Transporter directly to Replacement Shipper or indirectly through the Releasor if Replacement Shipper has appointed Releasor as its agent for billings pursuant to Section 14.9(a) above.

(b) The refund obligation of Transporter set forth in paragraph (a) shall be modified where Releasor has released capacity at a rate in excess of that owed by Releasor to Transporter for that capacity ("Releasor's Margin"). To the extent that Releasor's margin equals or exceeds the amount of any refund obligation, Transporter shall not be obligated to make refunds to Releasor. (Any refunds ultimately paid to a Replacement Shipper in that event shall be paid by Releasor.) For capacity release transactions with a term of one (1) year or less that are not subject to the maximum rates set forth in Transporter's Tariff, no refunds will be owed to the Replacement Shipper. Any applicable refund will be paid directly to the Releasor.

14.11 Fees. Transporter shall not charge a fee for posting of a Release Notice or a Request to Purchase on its EBB. Transporter shall be entitled to charge a reasonable fee if Releasor and Transporter agree that Transporter shall receive a fee for actively marketing the capacity Releasor seeks to release.

18. INVENTORY TRANSFERS AND IMBALANCE TRANSFERS

18.1 Transfers Generally. A Shipper may transfer inventory in its account to its other account(s) or the accounts of other Shippers under this Section. For purposes of this Section, the term "account" shall mean a Shipper's gas account under a storage or transportation Service Agreement with Transporter. A Shipper seeking to transfer inventory between accounts pursuant to this Section shall notify Transporter electronically through Transporter's EBB using Transporter's approved nomination form as set forth on Transporter's EBB. Transporter shall not be obligated to provide any information to a Shipper concerning the account status of other Shippers' accounts. Transporter will permit a Shipper, upon request, to post on Transporter's EBB an announcement of Shipper's desire to transfer inventory, but Shipper shall remain responsible for making all arrangements effecting the proposed transfer.

18.2 No Cost Transfers. A Shipper may transfer inventory from an account under a Service Agreement with Transporter set forth under column "From" to an account under a Service Agreement with Transporter set forth under Column "To", as set forth below, without incurring transportation, storage, injection or withdrawal charges or surcharges, and without assessment of Retainage on the transferred quantity:

	<u>From</u>	<u>To</u>
(a)	FTS, OPT, ITS, NTS, NTS-S	FTS, OPT, ITS, NTS, NTS-S, GTS
(b)	FSS, FSS-M, FBS, ISS, ISS-M	FSS, FSS-M, FBS, ISS, ISS-M, SIT, NTS, NTS-S, GTS
(c)	SIT	NTS, NTS-S, GTS
(d)	GTS	GTS
(e)	FT-C	FT-C

(f) In addition, a Shipper with an SIT Service Agreement with Transporter which has a remaining inventory balance thereunder after having crossed-zero once within the prior 10-day period pursuant to Section 3(b) of the SIT Rate Schedule (and other than as a result of cost-free inventory transfers pursuant to this Section 18) may transfer such remaining inventory balance, or portion thereof, to another Shipper's (or Shippers') SIT Service Agreement with Transporter; provided that (1) such transferee Shipper (or Shippers) has also crossed-zero once within the same prior 10-day period pursuant to Section 3(b) of the SIT Rate Schedule (and other than as a result of cost-free inventory transfers pursuant to this Section 18) and (2) both Shippers' accounts move closer to, but without crossing zero as a result of such transfer. In addition, an SIT Shipper shall not create an SIT balance where one did not previously exist by engaging in an inventory transfer with another SIT Shipper.

(g) Transportation imbalances that are unresolved (other than through operation of the applicable terms of this Tariff; e.g, the FSS or FSS-M Rate Schedules, General Terms and Conditions Section 8, predetermined allocation agreements, etc.) under a Shipper's non-FSS or FSS-M Service Agreements may be transferred to the Segmentation Pool by nominating such imbalance quantities for transfer. There will be no charge for transferring imbalance quantities to the Segmentation Pool under this provision.

### 18.3 Nominated Transfers.

(a) A Shipper seeking to transfer inventory from and to accounts under Service Agreements with Transporter other than those permitted without cost or assessment of Retainage as set forth in Section 18.2 shall nominate such inventory quantities for transportation pursuant to the terms of the Service Agreement with Transporter under which said inventory is held in account for Shipper; provided that a Shipper with a SIT Service Agreement with Transporter shall not transfer inventory to the SIT account of another Shipper unless both Shippers' accounts move closer to, but without crossing zero as a result of such transfer. In cases where an FSS, FSS-M, FBS, ISS, or ISS-M Shipper proposes to transfer inventory to an SIT Shipper, the SIT Shipper's account must move closer to zero as a result of the transfer. In addition, a SIT Shipper shall not create a SIT balance where one did not exist previously by engaging in an inventory transfer with another Shipper. Nominations shall be pursuant to Section 6 (Nominating, Scheduling and Monitoring) of the General Terms and Conditions. Nominated and transferred inventory quantities shall be subject to the charges and surcharges, and assessment of Retainage applicable to the Service Agreement with Transporter specified in the nomination.

(b) A Shipper may transfer inventory from its FSS, FSS-M, FBS, ISS or ISS-M Service Agreement account with Transporter to the Segmentation Pool by nominating such inventory quantities for transfer. Shipper shall not be subject to transportation commodity charges or Retainage on the transportation into the Segmentation Pool but will be subject to applicable storage withdrawal fees when gas is removed from storage for transfer to the Segmentation Pool.

18.4 Effectiveness of Transfers. Any transfer made pursuant to Section 18.2 shall be effective on the date a Shipper's completed nomination form is received by Transporter electronically through its EBB, unless Transporter rejects the transfer within two business days of Transporter's receipt of such completed nomination form pursuant to Section 18.5. Any transfer made pursuant to Section 18.3 shall be effective on the date a Shipper's nomination to transport inventory quantities is received by Transporter electronically through its EBB, unless Transporter rejects the nomination prior to transportation pursuant to Section 18.5. A transfer shall become effective as of a date certain in accordance with the foregoing, and shall have prospective, as opposed to retroactive, effect with respect to the affected accounts from that date certain. The cumulative balance in such affected accounts shall be adjusted as of the effective date of a transfer in accordance with the transfer.

18.5 Rejection by Transporter. Transporter may, in its reasonable discretion, reject any proposed transfer if it determines that such transfer cannot be accommodated: (i) without diminishing Transporter's ability to provide firm service to any Shipper; (ii) without increasing Transporter's firm service obligations; (iii) because the gas sought to be transferred is not on Transporter's system; (iv) because of the actual account status of the transferor's and transferee's accounts, as reflected in Transporter's records; (v) because the transfer is requested to have a retroactive effective date; (vi) without threatening the integrity of Transporter's system; (vii) because a SIT Shipper's account will not move closer to zero as a result of the proposed inventory transfer; or (viii) a SIT balance would be created where one did not previously exist as a result of the proposed inventory transfer. If the transfer is rejected pursuant to this Section 18.5, Transporter shall provide the Shipper seeking to transfer inventory that Shipper's actual account status under the applicable Service Agreement.

#### 18.6 Imbalance Netting and Trading

(a) Definitions. For purposes of this Section 18.6, the following definitions shall be applicable:

(1) "Operational Impact Area" is the term used to describe Transporter's designation of the largest possible area(s) on its system in which imbalances have a similar operational effect.

(2) "Netting" is the term used to describe the process of resolving imbalances for Shipper within an Operational Impact Area. There are two types of Netting: (a) summing is the accumulation of all imbalances above any applicable tolerances for Shipper or agent; and (b) offsetting is the combination of positive or negative imbalances above any applicable tolerances for Shipper or agent.

(b) Month-end Imbalances.

(1) Transporter shall allow Shipper (including agents of Shipper) to net imbalances within the same Operational Impact Area on and across service agreements with Shipper and to trade imbalances within the same Operational Impact Area.

(2) Transporter shall provide Shippers the ability to post and trade imbalances until at least the close of the seventeenth (17th) business day of the month.

(3) Transporter shall provide Shippers the ability to view and, upon request, download posted imbalances.

(4) Imbalances to be posted for trading should be authorized by Shipper.

(5) An Authorizations to ~~p~~Post ~~i~~Imbalances that ~~are~~is received by Transporter by 11:45 a.m. (~~C-T~~) should be effective by 8:00 a.m. (~~C-T~~) the next business day. An

iImbalances that is previously authorized for posting should be posted on or before the ninth (9th) business day of the month.

(6) Transporter is not required to post zero imbalances.

(7) Netting, posting, and trading of imbalances shall be accomplished based upon Transporter's current method for accounting for imbalances and Transporter is not required to institute daily imbalance procedures.

(8) Transporter shall enable the imbalance trading process by: receiving the Request for Imbalance Trade, receiving the Imbalance Trade Confirmation, sending the Imbalance Trade Notification, and reflecting the trade prior to or on the next monthly Shipper Imbalance.

(9) When trading imbalances, Shippers shall specify a quantity.

(10) An iImbalance trades can only be withdrawn by the iInitiating tTrader and only prior to the eConfirming tTrader's confirmation of the trade. An iImbalance trades are is considered final when confirmed by the eConfirming tTrader and effectuated by Transporter.

~~(11) —After receipt of an Imbalance Trade Confirmation, Transporter shall send the Imbalance Trade Notification to the initiating trader and the confirming trader no later than twelve (12) noon (C.T.) the next business day.~~

~~(12)~~11) To account for any imbalances after imbalance trading, where Transporter associates such imbalance with a service agreement, Shipper and Transporter shall agree to designate one of Shipper's valid service agreements in the Operational Impact Area where the original imbalance occurred, for such purpose.



37. COMPLIANCE WITH 18 CFR, SECTION 284.12

Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version ~~32~~.0, and the standards revised by Minor Corrections MC15003, MC15004, MC15005, MC15009 and MC15012 all marked with an asterisk [\*], which are required by the Commission in 18 CFR, Section 284.12 (a), 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>
0.3.3	GTC Section 9.7(b)
0.3.4	GTC Section 9.7(c)
0.3.5	GTC Section 9.7(d)
0.3.6	GTC Section 9.7(e)
0.3.7	GTC Section 9.7(f)
0.3.8	GTC Section 9.7(g)
0.3.9	GTC Section 9.7(h)
0.3.10	GTC Section 9.7(i)
1.2.3	GTC Section <del>1.34</del> <u>1.37</u>
1.2.4	GTC Section <del>1.22</del> <u>1.25</u>
1.2.5	GTC Section <del>1.32</del> <u>1.35</u>
1.2.6	GTC Section <del>1.31</del> <u>1.34</u>
1.2.9	GTC Section <del>1.7(a)</del> <u>1.10(a)</u>
1.2.11	GTC Section <del>1.7(b)</del> <u>1.10(b)</u>
1.2.12	GTC Section <del>1.15</del> <u>1.18</u>
1.2.15	GTC Section <del>1.47</del> <u>1.50</u>
1.2.16	GTC Section <del>1.47</del> <u>1.50</u>
<del>1.2.15</del>	<del>GTC Section 1.47</del>
<del>1.2.16</del>	<del>GTC Section 1.47</del>
1.3.1*	GTC Section <del>1.18</del> <u>1.21</u>
1.3.2(i-vi*)	GTC Section <del>1.29</del> <u>1.32</u>
	GTC Section 6.2(e)
1.3.3	GTC Section <del>6.3(c)(5)</del> <u>6.3(c)(6)</u>
1.3.6	GTC Section 6.2(h)(4)
1.3.7	GTC Section 6.2(d)
1.3.9*	GTC Section 6.2(h)
1.3.11*	GTC Section 6.2(h)
1.3.13	GTC Section 6.2(h)
1.3.14	GTC Section <del>1.11</del> <u>1.14</u>

<del>1.3.15</del>	<del>GTC Section 6.2(b)</del>
1.3.16	GTC Section 6.2(b)
1.3.19	GTC Section 6.2(f)
1.3.22	GTC Section 6.3(d)
1.3.28	GTC Section 35.2
1.3.32	GTC Section 6.2(h)
1.3.33*	GTC Section 6.2(h)
1.3.40	GTC Section 6.3(h)
1.3.44	GTC Section 6.3(i)
1.3.51	GTC Section 7.2(e)(4)
1.3.80	GTC Section 6.2(l)
2.2.1	GTC Section <del>1.30</del> 1.33
2.2.2	GTC Section 18.6(a)(1)
2.2.3	GTC Section 18.6(a)(2)
2.3.3	GTC Section 8.3(d)
2.3.4	GTC Section 8.3(e)
2.3.6	GTC Section 8.3(g)
2.3.11	GTC Section 8.4(a)
2.3.13	GTC Section 8.4(a)
2.3.16	GTC Section 8.3(a)
2.3.18	GTC Section 8.3(b)
2.3.20	GTC Section 8.3(f)
<del>2.3.21</del>	<del>GTC Section 8.5</del>
2.3.26	GTC Section 8.4(b)
2.3.30	GTC Section 18.6(b)(1)
2.3.31	GTC Section 19.4
2.3.40	GTC Section 18.6(b)(5)
2.3.41	GTC Section 18.6(b)(2)
2.3.42	GTC Section 18.6(b)(3)
2.3.43	GTC Section 18.6(b)(4)
2.3.44	GTC Section 18.6(b)(6)
2.3.45	GTC Section 18.6(b)(9)
2.3.47	GTC Section 18.6(b)(10)
2.3.48	GTC Section 18.6(b)(12)
<del>2.3.49</del>	<del>GTC Section 18.6(b)(11)</del>
2.3.50	GTC Section 18.6(b)(7)
3.2.1	GTC Section 1.3
3.3.9	GTC Section 10.1(a)
3.3.17	GTC Section 10.2(a)
3.3.18	GTC Section 10.2(a)
3.3.19	GTC Section 10.2(d)
3.3.25	GTC Section 10.2(a)
5.2.1	GTC Section <del>1.8</del> 1.11
5.2.2	GTC Section <del>1.13</del> 1.16

5.2.3	GTC Section <del>1.15</del> <a href="#">1.18</a>
5.3.1	GTC Section 14.1(b)
<a href="#">5.3.2*</a>	GTC Section 14.1(c)
5.3.3	GTC Section 14.2(c)(1)
5.3.4	GTC Section 14.2(c)(1)
5.3.13	GTC Section 14.4(f)
5.3.14	GTC Section 14.2(d)
5.3.15	GTC Section 14.4(f)
5.3.16	GTC Section 14.2(d)
5.3.24	GTC Section 14.3(e)
5.3.25	GTC Section 14.3(d)
5.3.34	GTC Section 16.3(a)
5.3.35	GTC Section 16.3(b)
5.3.36	GTC Section 16.3(c)
5.3.44	GTC Section 14.8(c)
5.3.45	GTC Section 14.8(c)
5.3.49	GTC Section 14.8(c)
5.3.55	GTC Section 14.8(d)
5.3.57	GTC section 14.8(d)
5.3.59	GTC Section <del>14.4(d)</del> <a href="#">14.5(e)</a>
5.3.60	GTC Section 14.9(d)
5.3.63	GTC Section 14.2(c)(2)
5.3.64	GTC Section 14.2(c)(2)

**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, ~~0.3.19~~, 0.3.20, 0.3.21, 0.3.22

Datasets:

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

Datasets:

0.4.4\*

### Storage Information

Data Sets:

0.4.1\*

### Nominations Related Standards:

Definitions:

1.2.1, 1.2.2, 1.2.8, 1.2.10, 1.2.13, 1.2.14, 1.2.17, 1.2.18, 1.2.19

Standards:

~~1.3.2vi~~, 1.3.4, 1.3.5\*, 1.3.8\*, 1.3.15, 1.3.17, 1.3.18, 1.3.20, 1.3.21, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.41, 1.3.42, 1.3.43, 1.3.45, 1.3.46, ~~1.3.47~~, 1.3.48, ~~1.3.49~~, ~~1.3.50~~, ~~1.3.52~~, 1.3.53, ~~1.3.54~~, 1.3.55, 1.3.56, ~~1.3.57~~, 1.3.58, ~~1.3.59~~, ~~1.3.60~~, ~~1.3.61~~, 1.3.62, ~~1.3.63~~, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.81

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:

2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.5, [2.3.7](#), 2.3.8, 2.3.9, 2.3.10, 2.3.12, 2.3.14, 2.3.15, 2.3.17, 2.3.19, [2.3.21](#),  
2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.28, [2.3.29](#), 2.3.32, ~~2.3.33~~, ~~2.3.34~~, ~~2.3.35~~, 2.3.46, [2.3.49](#),  
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, ~~2.4.12~~,  
~~2.4.13~~, ~~2.4.14~~, ~~2.4.15~~, ~~2.4.16~~, 2.4.17, 2.4.18

**Invoicing Related Standards:**

Standards:

~~3.3.1~~, ~~3.3.2~~, 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](#),  
3.3.15, 3.3.16, ~~3.3.20~~, 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:

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 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, ~~4.3.5~~, 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, ~~4.3.29~~, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38,  
~~4.3.39~~, 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,  
~~4.3.51~~, 4.3.52, 4.3.53, 4.3.54, 4.3.55, ~~4.3.56~~, 4.3.57, 4.3.58, ~~4.3.59~~, 4.3.60, 4.3.61, 4.3.62,  
~~4.3.65~~, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, ~~4.3.73~~, ~~4.3.74~~, 4.3.75, ~~4.3.76~~, 4.3.78, 4.3.79,  
4.3.80, 4.3.81, 4.3.82, 4.3.83, 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](#)

**Capacity Release Standards:**

Definitions:

5.2.4, 5.2.5

Standards:

5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22,  
5.3.23, 5.3.26, ~~5.3.27~~, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.37, 5.3.38, 5.3.39, 5.3.40,  
5.3.41, 5.3.42, 5.3.46, 5.3.47, 5.3.48, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.56\*,  
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**Standards for which Waiver or Extension of Time to Comply have been granted:**

**NAESB Standards**

**Waiver or Extension of Time**