



## Florida Gas Transmission Company

An Energy Transfer/Kinder Morgan Affiliate

February 20, 2019

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

RE: Florida Gas Transmission Company, LLC  
Housekeeping  
Docket No. RP19-\_\_\_\_\_

Dear Ms. Bose:

Florida Gas Transmission Company, LLC (FGT) hereby electronically submits for filing with the Federal Energy Regulatory Commission (Commission) the revised tariff records listed on the attached Appendix A to its FERC NGA Gas Tariff, Fifth Revised Volume No. 1 (Tariff), proposed to be effective on March 23, 2019.

### **STATEMENT OF NATURE, REASONS AND BASIS**

The purpose of this filing, made in accordance with the provisions of Section 154.204 of the Commission's Regulations, is to propose several administrative housekeeping revisions to FGT's tariff. The changes proposed in this filing do not affect operations or a shipper's terms and conditions of service. First, FGT proposes to clarify the location of negotiated rate agreements in the Tariff by either listing the details of a negotiated rate agreement on the tariff record titled "Negotiated Rates, Currently Effective Rates" or by filing the negotiated rate agreement as part of a non-conforming agreement in FGT's Volume No. 1-A tariff. In the instant filing, FGT is removing the first two contracts listed on the Negotiated Rates, Currently Effective Rates and renumbering the footnotes as these two agreements are listed on GT&C Section 30, Non-conforming Agreements and filed in Volume No. 1-A. FGT is also distinguishing which non-conforming service agreements listed on tariff record GT&C Section 30 include negotiated rates.

Second, FGT proposes the following clarifications: shipper shall have title to the gas transported in accordance with Commission regulations (GT&C Section 7.B); processing of nominations occurs after each nomination cycle (GT&C Sections 10.B); and changing the word "and" to "or" among 3 zones to clarify the price used is the highest/lowest one of the 3 zones instead of the highest/lowest total of the 3 zones (Rate Schedule PNR Section 10.A.2, GT&C Section 13.D.4(a) and GT&C Section 17.C.5(b)) consistent with FGT's established procedures. Last, FGT is updating the names of published spot price locations cited in Rate Schedule PNR, Section 10.A.2 and GT&C Section 17.A.6(c)(i).

### **IMPLEMENTATION AND WAIVER REQUESTS**

Pursuant to Section 154.7(a)(9) of the Commission's Regulations, FGT requests that the proposed tariff records be accepted effective March 23, 2019 without further action from FGT.

## CONTENTS OF THE FILING

This filing is made in electronic format in compliance with Section 154.4 of the Commission's Regulations. The proposed tariff records in RTF format with metadata attached are being submitted as part of an XML filing package containing the following:

- . A transmittal letter and Appendix A in PDF format
- . A clean copy of the proposed tariff records in PDF format
- . A marked version of the proposed tariff changes in PDF format
- . A copy of the complete filing in PDF format for publishing in eLibrary

## COMMUNICATIONS, PLEADINGS AND ORDERS

FGT requests that all Commission orders and correspondence as well as pleadings and correspondence from other parties concerning this filing be served on each of the following:

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In accordance with Section 154.2(d) of the Commission's Regulations, a copy of this filing is available for public inspection during regular business hours at FGT's office at 1300 Main Street, Houston, Texas 77002. In addition, copies of this filing are being served electronically on jurisdictional customers and interested state regulatory agencies. FGT has posted this filing on its Internet web site accessible via <http://fgttransfer.energytransfer.com> under "Informational Postings, Regulatory."

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<sup>1</sup> Designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure. Florida respectfully requests that the Commission waive Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), in order to allow Florida to include additional representatives on the official service list.

<sup>2</sup> Designated as responsible Company official under Section 154.7(a)(2) of the Commission's Regulations.

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

Respectfully submitted,

FLORIDA GAS TRANSMISSION COMPANY, LLC

*/s/ Deborah A. Bradbury*

Deborah A. Bradbury  
Sr. Director – Regulatory Tariffs & Reporting

FLORIDA GAS TRANSMISSION COMPANY, LLC  
 FERC NGA Gas Tariff  
 Fifth Revised Volume No. 1

Proposed to be Effective March 23, 2019

Tariff Record <u>Version</u>	<u>Description</u>	<u>Title</u>
34.0.0	Negotiated Rates	Currently Effective Rates
3.0.0	Rate Schedule PNR	Interruptible Park 'N Ride Service
2.0.0	GT&C Section 7.	Possession of Gas, Indemnification and Title
8.0.0	GT&C Section 10.	Nominations, Confirmations and Scheduling
4.0.0	GT&C Section 13.	Determination of Daily Deliveries – Market Area
7.0.0	GT&C Section 17.	Curtailments and other Operational Controls
10.0.0	GT&C Section 30.	Non-Conforming Agreements

NEGOTIATED RATES

Shipper	Contract No.	Rate Schedule	Negotiated Rate	Quantity MMBtu	Receipt Point (s)	Delivery Point (s)	Term
Tampa Electric Company	111146	FTS-3	(1)	50,000	(2)	(3)	(4)
City of Tallahassee	111147	FTS-3	(5)	(6)	(7)	(8)	(9)
Orlando Utilities Commission	111148	FTS-3	(10)	15,000	(11)	(12)	(13)
Seminole Electric Cooperative, Inc.	111150	FTS-3	(14)	(15)	(16)	(17)	(18)
Angola LNG Supply Services, LLC	111870	FTS-WD	(19)	342,610	(20)	(21)	(22)
Peoples Gas System, a Division of Tampa Electric Company	117299	FTS-3	(23)	(24)	(25)	(26)	(27)
Florida Public Utilities Company	120703	FTS-3	(28)	8,000	(29)	(30)	(31)
City of Pensacola dba Pensacola Energy	121837	FTS-WD	(32)	(33)	(34)	(35)	(36)
Ascend Performance Materials Inc.	120831	FTS-WD	(37)	(38)	(39)	(40)	(41)

The provisions of these negotiated rate agreements do not deviate in any material respect from the form of service agreement in the tariff.

- (1) Combined reservation fee and usage fee of \$1.19 per MMBtu times the maximum daily quantity (assuming a 100% load factor) under the Service Agreement plus ACA and any other applicable surcharges
- (2) SESH - George County MS, SESH - Mobile County AL, Transco-Citronelle
- (3) Bayside, Polk, Lakeland North, Desoto
- (4) Commences on the In-Service Date of the Facilities (April 1, 2011) and shall continue in effect for a primary term of 25 years
- (5) Combined reservation fee and usage fee of \$1.22 per MMBtu times the maximum daily quantity assuming a 100% load factor plus ACA and any other applicable surcharges.
- (6) 4,000 MMBtu at April 1, 2011, 5,000 MMBtu at April 1, 2012, 6,000 MMBtu at April 1, 2013
- (7) SESH - George County MS, Transco-Citronelle
- (8) Hopkins
- (9) Commences on the In-Service Date of the Facilities [April 1, 2011] and shall continue in effect for a primary term of 25 years with Shipper's unilateral right to extend an additional 10 years
- (10) Combined reservation fee and usage fee of \$1.20 per MMBtu times the maximum daily quantity assuming a 100% load factor plus ACA and any other applicable surcharges
- (11) SESH - George County MS, Destin, Transco-Citronelle
- (12) Stanton, Vero Beach
- (13) Commences on the In-Service Date of the Facilities [April 1, 2011] and shall continue in effect for a primary term of 25 years with Shipper's unilateral right to extend an additional 10 years
- (14) Combined reservation fee and usage fee of \$1.20 per MMBtu times the maximum daily quantity assuming a 100% load factor plus ACA and any other applicable surcharges
- (15) 30,000 MMBtu at April 1, 2011, 60,000 MMBtu at April 1, 2012
- (16) April 1, 2011: SESH - George County MS and Transco-Citronelle  
 April 1, 2012: SESH - George County MS, Destin, Transco-Citronelle
- (17) Midulla and Hardee
- (18) Commences on the In-Service Date of the Facilities [April 1, 2011] and shall continue in effect for a primary term of 25 years with Shipper's unilateral right to extend an additional 10 years
- (19) \$0.099 (exclusive of all applicable surcharges) for 342,610 MMBtu/day
- (20) Gulf LNG Pascagoula
- (21) Gulf LNG Citronelle, Grand Bay, Southern Pines Storage
- (22) Primary term shall commence on September 30, 2011 and shall continue in effect for twenty years. Shipper shall have two consecutive rollover options at the same or lesser MDQ for a term of one to five years each.
- (23) Combined reservation fee and usage fee of \$0.99 per MMBtu times the maximum daily quantity (assuming a 100% load factor) under the Service Agreement plus ACA and any other applicable surcharges
- (24) 30,000 MMBtu at January 1, 2015 through December 31, 2015  
 45,000 MMBtu at January 1, 2016 through December 31, 2016  
 60,000 MMBtu at January 1, 2017 through December 31, 2017  
 75,000 MMBtu at January 1, 2018 through December 31, 2039
- (25) SESH - Lucedale, Destin Pipeline, GSPL Merrill

- (26) January 1, 2015 through March 31, 2015: Bayside-TECO, Polk-TECO, Lakewood Ranch-PGS, Ft. Myers-PGS, Osceola-PGS, Palm Beach-PGS  
April 1, 2015 through December 31, 2017: SNG-Suwanee, Bayside-TECO, Polk-TECO, Lakewood Ranch-PGS, Ft. Myers-PGS, Osceola-PGS, Palm Beach-PGS, as well as Seacoast-TECO and Brandy Branch-PGS (from the later of June 1, 2017 or the first day of the calendar month following the day on which Transporter is able to provide service to the Expansion facilities)  
January 1, 2018 through December 31, 2039: SNG-Suwanee, Seacoast-TECO, Brandy Branch-PGS, Bayside-TECO, Polk-TECO, Lakewood Ranch-PGS, Ft. Myers-PGS, Osceola-PGS, Palm Beach-PGS
- (27) Primary term shall commence on January 1, 2015 and shall continue in effect through December 31, 2039.
- (28) Fixed negotiated reservation rate: equal to \$1.19/Dth calculated on a 100% load factor basis plus all applicable current and future surcharges.
- (29) Destin Pipeline
- (30) Quincy-CUC, Trenton-CUC, Crystal River-CUC, Sneads CTG-CUC, Bonifay CTG-CUC, Lecanto-CUC, W Plant City CFG
- (31) May 1, 2017 through September 30, 2041
- (32) Fixed Negotiated Reservation Rate: equal to \$0.10/Dth calculated on a 100% load factor basis (inclusive of reservation and usage fees), plus all applicable current and future surcharges, whether reservation or usage.
- (33) 28,500 MMBtu
- (34) Destin Pipeline
- (35) Escambia M&R-FPU
- (36) Effective on 01/01/2018 shall continue in effect through 09/30/2042
- (37) Fixed Negotiated Reservation Rate: equal to \$0.10/Dth calculated on a 100% load factor basis (inclusive of reservation and usage charges), plus all applicable current and future surcharges, whether reservation or usage.
- (38) 10,000 MMBtu October 1, 2017 through March 31, 2018  
40,000 MMBtu April 1, 2018 through September 30, 2042
- (39) Destin Pipeline
- (40) Escambia M&R-FPU
- (41) Effective on the later of (i) October 1, 2017 or (ii) the first day of the calendar month following the day on which Transporter is able to provide to shipper firm service and shall continue for 25 years

NEGOTIATED RATES 1/  
 FIRM MARKET AREA TRANSPORTATION  
 RATES - CENTS PER MMBtu

Rate Schedule	Shipper Name	Negotiated Rates			Maximum Rates Including Surcharges		
		Reservation Charge	Usage Charge	100% Load Factor Rate	Reservation Charge	Usage Charge	100% Load Factor Rate
FTS-2	Southern Company Services, Inc.			75.36¢			75.32¢

ACA unit charge

7/

Effective Unit Fuel Charge

Forwardhaul

Western Division to Market Area

2.70¢

Market Area to Market Area

0.00

Western Division to Western Division

0.39 2/

Backhaul

-

Effective Fuel Reimbursement Charge Percentage

(pursuant to Section 27 of the GTC)

Forwardhaul

Western Division to Market Area

2.41% 3/

Market Area to Market Area

4/

Western Division to Western Division

0.99 5/

Backhaul

0.08 6/

- 1/ Unless otherwise noted, negotiated Service Agreements do not deviate in any material respect from the applicable form of service agreement set forth in Transporter's FERC Gas Tariff.
- 2/ Exceptions to the stated Unit Fuel Charge are: 1) quantities that do not move through any forwardhaul compressor station shall be charged 0.00¢ and 2) quantities that move through only one forwardhaul compressor station shall be charged the lost and unaccounted for rate of 0.20¢.
- 3/ Base Fuel Reimbursement Charge Percentage 2.41%  
 Flex Adjustment 0.00%  
 Effective Fuel Reimbursement Charge Percentage 2.41%
- 4/ The Fuel Reimbursement Charge Percentage shall be 0.25% per compressor station, subject to a minimum of 0.25%, up to a maximum of 2.41%.
- 5/ Excludes fuel charges by Transporting Pipelines, if any, that are applicable to Shipper in accordance with Section 5 of Rate Schedule FTS-WD. Exceptions to the stated Fuel Reimbursement Charge Percentage are: 1) volumes that do not move through a forwardhaul compressor station within the Western Division shall be charged a fuel and lost and unaccounted for gas percentage of 0.00% and 2) gas volumes received and delivered within the Western Division that move through only one forwardhaul compressor station shall be charged the lesser of a) a fuel percentage of one-half of one percent (0.50%) plus the lost and unaccounted for gas percentage of 0.08% or b) the stated Fuel Reimbursement Charge Percentage.
- 6/ For backhauls within the Market Area, the fuel charge including lost and unaccounted for shall be 0.25%. For all other backhauls, the fuel charge shall be the lost and unaccounted for rate of 0.08%.
- 7/ ACA unit charge applicable to Shippers pursuant to GT&C Section 22.

RATE SCHEDULE PNR  
Interruptible Park 'N Ride Service

1. AVAILABILITY

- A. This Rate Schedule is an interruptible Rate Schedule and is available for interruptible Park 'N Ride service on a non-discriminatory basis at the sole discretion of Florida Gas Transmission Company, LLC ("Transporter") to any person ("Shipper") on Transporter's system where:
1. Transporter has determined that it is operationally able to render such service; and
  2. Shipper and Transporter have executed a Service Agreement, a Purchase Order for service under this Rate Schedule, and a Trading Partner Agreement.
  3. If the transportation service is to be provided under one Service Agreement for multiple entities (Principals) that have designated an agent to act on their behalf (hereinafter individually and collectively referred to as Shipper), Principals shall provide notice of such to Transporter and shall also provide sufficient information to verify:
    - (a) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 7 of the General Terms and Conditions;
    - (b) that each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Service Agreement; and
    - (c) that the Principals agree that they shall be treated collectively as one Shipper for purposes of creditworthiness and for nomination, allocation and billing purposes.
- B. Transporter shall not be required to provide service under this Rate Schedule that would require Transporter to construct or acquire any new facilities or that would prevent Transporter from providing any other firm or interruptible service.

2. APPLICABILITY AND CHARACTER OF SERVICE

- A. Service under this Rate Schedule shall be provided on an interruptible basis as follows:
1. Parking Service. Parking service is an interruptible service which provides for:
    - (a) the receipt by Transporter of gas quantities under any single Purchase Order up to the Maximum Daily Quantity ("MDQ") not to exceed the Maximum



Total Quantity ("MTQ"), as specified in the Purchase Order, delivered by Shipper to the Point(s) of Service agreed to by Transporter and Shipper for receipt of parking quantities; (b) Transporter holding the parked quantities on Transporter's system; and (c) return of the parked quantities to Shipper at the agreed upon time and point(s).

2. Riding Service. Riding service is an interruptible service which provides for: (a) Shipper receiving gas quantities under any single Purchase Order up to the MDQ, not to exceed the MTQ as specified in the Purchase Order, from Transporter ("borrowed gas") at the Point(s) of Service agreed to by Transporter and Shipper for delivery of borrowed quantities of gas; and (b) the subsequent return of the borrowed quantities of gas to Transporter at the agreed upon time and points.
  - B. Service under this Rate Schedule shall be provided for a minimum of a one (1) day term and a maximum term as established by the mutual agreement of the Transporter and the shipper; provided, however, such term may be suspended or extended by Transporter at Transporter's sole discretion. The term of each PNR arrangement with Shipper shall be set forth on the Purchase Order attached to the Park 'N Ride Service Agreement executed between Shipper and Transporter.
  - C. Transportation of gas quantities for or on behalf of Shipper to or from the designated Point(s) of service under the Park 'N Ride Service Agreement will not be performed under this Rate Schedule. Shipper shall make any necessary arrangements with Transporter and/or third parties to receive or deliver gas quantities at the designated Points of Service for Parking or Riding service hereunder. Such arrangements must be compatible with the operating conditions of Transporter's system.
  - D. Transporter shall provide services under this Rate Schedule when operating conditions permit.
  - E. Service under this Rate Schedule shall be scheduled and confirmed only after all other services offered by Transporter are scheduled and confirmed.
3. REQUESTS FOR AND EXECUTION OF INTERRUPTIBLE PARKING AND BORROWING SERVICE
  - A. Service Requests

Requests for service under this Rate Schedule shall be considered acceptable only if Shipper has completed Transporter's service request form (which is available to all Shippers) and returned it to Transporter at P. O. Box 4967, Houston, Texas 77210-4967, Attention: FGT Contract Administration Department, or submitted it electronically per instructions on Transporter's Internet website at <http://fgttransfer.energytransfer.com>. Such request for service shall contain the information specified in Transporter's service request form, as such may be revised from time to time, including, but not limited to:

1. Sufficient information to determine Shipper's creditworthiness in accordance with Section 16 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
2. Such other information as required to comply with regulatory reporting or filing requirements.

B. Execution of Service Agreement

Shipper shall execute the PNR Service Agreement, in writing or electronically, within fifteen (15) days after receipt or its availability on Transporter's Internet website. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void. By execution of the Service Agreement, a Shipper certifies that:

- a. Shipper has, or will have title to the gas to be parked or returned (when borrowed) in accordance with the provisions of Section 7 of the General Terms and Conditions, and
- b. Shipper or Shipper's designee, if applicable, has secured, or will have secured, prior to the commencement of service, all necessary arrangements for upstream and/or downstream transportation, if applicable.

4. RATES AND CHARGES

- A. Unless otherwise mutually agreed to by Transporter and Shipper, and pursuant to the provisions of Sections 15.H and 15.I of the General Terms and Conditions, the applicable rates for service under this Rate Schedule are set forth on the Currently Effective Rates for Rate Schedule PNR of Transporter's FERC Gas Tariff and are hereby incorporated herein.
- B. Unless otherwise mutually agreed to by Transporter and Shipper, for all natural gas service rendered hereunder, Transporter shall invoice and Shipper shall pay Transporter each month the sum of the charges listed below if applicable:
  1. Usage Charge - The Usage Charge set forth in the Purchase Order multiplied by the total quantity of gas either parked or borrowed each day for the account of Shipper during the billing month.
  2. Incidental Charges - Shipper shall reimburse Transporter for any incidental charges incurred by Transporter in providing this service, unless otherwise mutually agreed. Such charges may include only: (i) reporting or filing fees relating to this service, (ii) costs of construction or acquisition of new facilities necessary to render this service, to the extent agreed to by Shipper and

Transporter, and (iii) such other applicable charges as may be authorized by the Commission.

5. MAXIMUM DAILY QUANTITY AND MAXIMUM TOTAL QUANTITY

- A. The Maximum Daily Quantity ("MDQ") shall be the largest daily quantity of gas, expressed in dth, that Shipper may park or borrow under any single Purchase Order at the applicable Point(s) of Service on any one day. The MDQ shall be set forth in each Purchase Order executed under the Service Agreement between Shipper and Transporter for service under this Rate Schedule.
- B. The Maximum Total Quantity ("MTQ") shall be the total quantity of gas, expressed in dth, that Shipper may park or borrow in the aggregate under any single Purchase Order at the applicable Point(s) of Service. The MTQ shall be set forth in each Purchase Order executed under the Service Agreement between Shipper and Transporter for service under this Rate Schedule.

6. RIGHTS UNDER SECTION 4 OF THE NATURAL GAS ACT

Transporter shall have the unilateral right to seek, through a filing under Section 4 of the Natural Gas Act ("NGA") with the appropriate regulatory authority, to make changes in: (a) the rates and charges applicable to its Rate Schedule PNR, and/or (b) Rate Schedule PNR pursuant to which this service is rendered, and/or (c) any provisions of the General Terms and Conditions of Transporter's FERC Gas Tariff applicable to Rate Schedule PNR. Transporter agrees that Shipper may protest or contest filings of Transporter, or seek authorization from duly constituted regulatory authorities for such adjustment of Transporter's existing FERC Gas Tariff as may be found necessary in order to assure that the provisions in (a), (b) or (c) above are just and reasonable.

7. PNR POINTS OF SERVICE

Subject to the scheduling and curtailment priorities contained in Sections 10 and 17 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Transporter will render service under this Rate Schedule at any Point(s) of Service mutually agreeable to Transporter and Shipper.

8. NOMINATIONS AND SCHEDULING

Shipper shall submit nominations for service under this Rate Schedule in accordance with all of the terms of Section 10 of the General terms and Conditions of this Tariff. With respect to Shipper's desired levels of service under this Rate Schedule, Shipper shall nominate to Transporter the desired park and/or borrow quantities as well as the Point(s) of Service at which such service is requested.

9. ALLOCATION OF SERVICE

For purposes of allocating or curtailing service among Shippers under this Rate Schedule, Transporter shall give service priority based upon the total revenue committed to Transporter by a Shipper. For the purpose of allocating or curtailing capacity under this Rate Schedule, Shippers willing to pay more than the maximum tariff rate will be considered to be paying the maximum tariff rate. Service will be allocated or curtailed on a pro-rata basis among Shippers willing to pay the same total revenue to Transporter for such service.

10. OPERATIONAL REQUIREMENTS OF TRANSPORTER

A. Shipper may be required, upon notification from Transporter, to cease or reduce deliveries to, or receipts from, Transporter hereunder within the gas day consistent with Transporter's operating requirements. Further, Shipper may be required to return borrowed quantities or remove parked quantities upon notification by Transporter. Such notification may be by written communication, facsimile, telephone or electronic means. Transporter's notification shall specify the time frame within which parked quantities shall be removed and/or borrowed quantities shall be returned, consistent with Transporter's operating conditions, but in no event shall the specified time be sooner than the next calendar day after Transporter's notification.

1. In the event that the specified time for removal or return of gas quantities is the next calendar day, the time frame for required removal or return shall begin from the time that Shipper receives actual notice from Transporter. Notices provided after business hours for the next calendar day will be provided to Shipper via telephone and electronic means. In the event that Shipper makes a timely nomination in response to notification by Transporter to remove parked quantities and/or return borrowed quantities, the obligation of Shipper to comply with the notification shall begin when Transporter schedules the nomination; provided however, Shipper shall exercise best efforts to nominate transportation service on a firm or interruptible basis, as necessary, to receipt and delivery points made available by Transporter so as to accommodate, to the greatest extent possible, Transporter's notification to remove parked quantities and/or return borrowed quantities.

2. Unless otherwise agreed by Shipper and Transporter on a not unduly discriminatory basis: (i) any parked quantity not removed within the time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims; (ii) any borrowed quantity not returned within the time frame specified by Transporter's notice shall be sold to Shipper at 150% of the "PNR Index Price", as defined below, for the day on which Transporter's notice was given. The "PNR Index Price" shall equal the highest daily price reported in the Gas Daily table entitled "Daily Price Survey" for delivery into Transporter's mainline system from the "East Texas" location for Florida Gas, zone 1 or from the "Louisiana/Southeast" location for

Florida Gas, zone 2 or Florida Gas, zone 3. If for any reason Gas Daily ceases to be available, the PNR Index Price shall be calculated for the above-described locations using any other generally accepted industry publication chosen by Transporter.

- B. In the event parked quantities remain in Transporter's system and/or borrowed quantities have not been returned to Transporter's system at the expiration of any Purchase Order executed by Shipper and Transporter, Transporter and Shipper may negotiate to mutually agree to an extended time frame and/or modified terms, including the rate, of such Purchase Order. In the event that Shipper and Transporter are unable to come to such agreement, Transporter shall notify Shipper, and Shipper shall remove the parked quantities and/or return the borrowed quantities within the time frame specified in Transporter's notice, which in no instance shall be less than one (1) calendar day. Any parked quantity not removed within the time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims. Any borrowed quantities not returned within the time frame specified by Transporter's notice shall be sold to Shipper at 150% of the PNR Index Price, as defined above.

11. OTHER CONDITIONS OF SERVICE

Transporter shall not be required to perform service under this Rate Schedule in the event all facilities necessary to render the requested service do not exist or are not in service at the time the request is made or the time service is to commence.

12. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Transporter's FERC Gas Tariff are hereby made a part of this Rate Schedule, except that Sections 11, 13, 13.1, 14, 18, 20, 23, 24 and 27 are expressly excluded and are inapplicable to this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule PNR, the terms and conditions of this Rate Schedule PNR shall control.

## GENERAL TERMS AND CONDITIONS

### 7. POSSESSION OF GAS, INDEMNIFICATION AND TITLE

#### A. Possession of Gas and Responsibility

Transporter shall be deemed to be in control and possession of the gas to be transported by it upon receipt of such gas at the point of delivery to Transporter or Transporting Pipeline until it shall have been delivered to Shipper, or for Shipper's account, and Shipper shall be deemed to be in control and possession of such gas prior to such receipt by Transporter or Transporting Pipeline and after such delivery to Shipper or for its account. Each party while deemed to be in control and possession of such gas shall be responsible for, and will indemnify and hold the other harmless from, any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to the custody and control of such gas.

#### B. Warranty of Title to Gas

Except as provided in 18 C.F.R. Section 284.102, Shipper warrants that Shipper will have title to all gas delivered by it or for its account to Transporter or Transporting Pipeline for transportation and delivery by Transporter to or for the account of Shipper; provided however that to the extent a Shipper has the authority to market natural gas on behalf of a co-working interest owner, such Shipper may satisfy this requirement by warranting that it has good right to deliver such natural gas. Notwithstanding the foregoing, Shipper warrants that such gas will at the time of receipt by Transporter or Transporting Pipeline be free and clear of all liens and encumbrances. Transporter warrants that at the time of delivery of such gas to Shipper or for its account at the delivery point such gas will be free and clear of all liens and encumbrances arising by, through, or under Transporter. Shipper shall indemnify Transporter and save Transporter harmless from all suits, actions, debts, accounts, damages, costs (including attorney's fees), losses and expenses arising out of the adverse claim of any person or persons to said gas including claims for any taxes, licenses, fees, or charges which are applicable to said gas prior to its delivery to Transporter or Transporting Pipeline and subsequent to delivery of such gas by Transporter. Transporter agrees to indemnify and hold Shipper harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising out of the adverse claim of any person or persons arising by or from Transporter's action while in possession of the gas for transportation by Transporter. Shipper will indemnify Transporter and save it harmless from all taxes and assessments, levied and assessed upon the sale and delivery of such gas to Shipper or for Shipper's account and upon such gas prior to and upon delivery of such gas to Shipper or for its account and upon such gas prior to and upon delivery of such gas to Transporter or Transporting Pipeline for transportation. In the event any adverse claim in respect to such gas is asserted, or Shipper breaches its warranty herein, Transporter shall not be required to perform or, subject to receipt of any necessary regulatory authorization, to continue service under the applicable Rate Schedule for Shipper until such claim has

been finally determined; provided however, Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes bond to Transporter, in the amount of such claim and with sureties satisfactory to Transporter, conditioned for the protection of Transporter with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes Transporter evidence of Shipper's title satisfactory to Transporter.

C. Release and Indemnification

Shipper shall waive and release Transporter from any claims for any and all damages, costs, losses or expenses resulting from or arising out of interruption of service, whether caused by capacity or supply constraints on Transporter's system, where such interruption is caused by (i) the failure of Shipper(s) to have delivered to Transporter or Transporting Pipeline sufficient quantities of gas to meet their delivery requirements from Transporter; (ii) the failure of Shipper(s) to comply with a directive of Transporter pursuant to Section 5 of Rate Schedule NNTS, Section 17.A of the General Terms and Conditions, Section 17.C of the General Terms and Conditions, or Section 13.D of the General Terms and Conditions; or (iii) Shipper(s) taking deliveries in excess of scheduled or authorized quantities. Provided however, that the foregoing shall not result in the waiver or release of a claim against Transporter for Transporter's negligence or willful misconduct. Further, Shipper shall indemnify and hold Transporter harmless from any and all suits, actions, debts, accounts, damages, costs, losses and/or expenses brought by or accruing to or for the benefit of end-users downstream of such Shipper's delivery point resulting from or arising out of curtailment of service whether caused by capacity or supply constraints on Transporter's system, including without limitation, such constraints caused by the failure of Shippers to have delivered to Transporter or Transporting Pipeline sufficient quantities of gas to meet their delivery requirements from Transporter; provided however, that the foregoing shall not require Shipper to indemnify and hold Transporter harmless from a claim against Transporter for Transporter's negligence or willful misconduct. Nothing in this Section 7.C shall prevent a Shipper from asserting a claim against another Shipper; in the event of such a claim between Shippers, Transporter will make available such information in its possession relevant to such claim.

D. Both Transporter and Shipper may assign or pledge Service Agreements and all rights and obligations thereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness; otherwise, except in accordance with Section 18 herein, neither Transporter nor Shipper shall assign a Service Agreement or any of its rights thereunder unless it shall first have obtained the written consent of the other(s). Such consent shall not be unreasonably withheld.

## GENERAL TERMS AND CONDITIONS

### 10. NOMINATIONS, CONFIRMATIONS AND SCHEDULING

#### A. Nominations

##### 1. General

Except in the event of a failure of electronic nomination communication equipment, Internet or third party communication equipment, or other similar emergency event, Shipper shall furnish an electronic nomination in the format set forth in the NAESB Standards. Transporter may allow Shipper to submit written nominations in the event of a failure of electronic nomination communication equipment, Internet, or third party service provided, however, that such event shall be documented by an affidavit provided by Shipper to Transporter within one (1) business day of such event. Moreover, any such requests for emergency treatment shall be handled on a not unduly discriminatory basis by Transporter.

All quantities shall be reflected in Dekatherms per day and shall be nominated as receipts onto and deliveries off of contracts between Shipper and Transporter and those quantities which are scheduled by Transporter shall be as set forth in Section 10.B herein.

A Receipt Point nomination shall specify the quantity per day including fuel reimbursement rounded to the nearest dekatherm, the specified point(s) on Transporter's system (POI number) for receipts onto the contract, an upstream entity or contract identifier to the extent appropriate and the associated upstream Contact Person and phone number.

A Delivery Point nomination shall specify the quantity per day, the specified point(s) on Transporter's system (POI number) for deliveries off of the contract, any downstream entity or contract identifier to the extent appropriate, and the downstream operator Contact Person and phone number.

A nomination on a firm contract for a Segmented Transaction shall specify a Receipt Point and a Delivery Point (i.e., path) for each specific segmented nomination, and shall include a capacity type indicator that identifies the nomination as a segmented nomination.

The total Receipt Point nominations must equal the total Delivery Point nominations, with the exception of any quantities retained by Transporter as fuel reimbursement or, if agreed to by Transporter, any quantities to address imbalances. Nominations shall be scheduled by Transporter in accordance with Section 10C herein. The fuel reimbursement quantity shall be computed in



accordance with the NAESB Standard. For current in-kind fuel reimbursement procedures, fuel rates should be made effective only at the beginning of a month. For in-kind fuel reimbursement methods, Service Providers should not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth. For in-kind fuel reimbursement methods, Service Providers should provide, if applicable, a fuel matrix for Receipt and Delivery Point combinations. The Service Requesters should not be responsible for calculating and totaling fuel based on each zone or facility traversed. The transportation priority for fuel should be the same as the level of service as the transaction to which it applies.

Shipper shall provide gas flow commencement and termination dates on each nomination. Once submitted, nominations, except for intraday nominations, will remain in effect for the specified time period unless a prospective electronic nomination change is received from Shipper or, in the case of an interruptible Shipper, bumping as described in Section 10.A.2(c) occurs.

A package ID is a way to differentiate between discrete business transactions. When used, Package ID should be:

- a) supported for nominating and scheduling;
- b) mutually agreed between the applicable parties for allocations and imbalance reporting;
- c) supported for invoicing (sales and purchase); and
- d) mutually agreed for transport invoicing.

## 2. Nomination Timeline

(a) Transporter (TSP) shall support the following standard nomination cycles (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17). Such nomination opportunities shall represent the grid-wide synchronization times across the North American pipeline network.

### (i) The Timely Nomination Cycle.

On the day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Service Requester (SR);
- 1:15 p.m. Nominations are received by the TSP (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. TSP sends the Quick Response to the SR;
- 4:30 p.m. TSP receives completed confirmations from Confirming Parties;

- 5:00 p.m. SR and Point Operator receive scheduled quantities from the TSP.

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

(ii) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the SR;
- 6:15 p.m. Nominations are received by the TSP (including from TTTSPs)
- 6:30 p.m. TSP sends the Quick Response to the SR;
- 8:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 9:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

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

(iii) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:00 a.m. Nominations leave control of the SR;
- 10:15 a.m. Nominations are received by the TSP (including from TTTSPs)
- 10:30 a.m. TSP sends the Quick Response to the SR;
- 12:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 1:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including 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.

(iv) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of the SR;
- 2:45 p.m. Nominations are received by the TSP (including from TTSPs);
- 3:00 p.m. TSP sends the Quick Response to the SR;
- 5:00 p.m. TSP receives completed confirmations from Confirming Parties;

- 5:30 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including 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.

(v) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:00 p.m. Nominations leave control of the SR;
- 7:15 p.m. Nominations are received by the TSP (including from TTTSPs);
- 7:30 p.m. TSP sends the Quick Response to the SR;
- 9:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 10:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator.

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.

- (vi) For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word “provides” shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- (b) Quick Response, as such term is defined by NAESB, shall serve as notification of the receipt and validation of nomination information in accordance with the NAESB Standards, but shall not indicate whether the nomination will be confirmed or scheduled pursuant to Sections B or C hereunder.

For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard No. 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. Intraday nominations may be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas. Intraday nominations may be used to nominate new supply or market.

Intraday nominations will be effective for a single gas day, and will not remain in effect for prospective gas days. There is no need to renominate if intraday nomination modified an existing nomination. To the extent a Shipper submits an intraday nomination (including nominations received

after the nomination deadline) which specifies an effective term of longer than one day, Transporter shall make the nomination effective only for the first day of the specified effective period on an intraday basis for the applicable Nomination Cycle.

(c) Bumping

Nominations submitted by a firm Shipper during the Evening, Intraday 1 or Intraday 2 Nomination Cycles shall be given scheduling priority over nominated and scheduled volumes for interruptible Shippers. Bumping is not permitted during the Intraday 3 Nomination Cycle.

When an interruptible Shipper's scheduled volumes are to be reduced as a result of a nomination submitted by a firm Shipper during the Evening, Intraday 1 or Intraday 2 Nomination Cycles, Transporter shall provide such interruptible Shipper advance notice that its scheduled volumes are to be reduced, including whether penalties will apply on the day of the reduction. Such notification shall be as set forth in Section D herein.

(d) Extension of Standard Nomination Timeline

Transporter shall post electronically its intent to accept nominations or schedule service after the time deadlines otherwise applicable pursuant to (a) above and post the new deadline applicable to the same. Such posting shall remain on Transporter's Internet website until such new deadline has expired.

Any nomination received after the above stated or extended deadline may result in failure to schedule service under Section 10.C. Such late nominations will be treated as intraday nominations in accordance with Section 10.A.2 (a).

3. Nomination Information Required

The following nomination information is required for a valid nomination:

- (a) The service requestor's contract number under which service is being nominated;
- (b) The receipt location, and quantity in Dekatherms of gas to be tendered at each receipt point;
- (c) The delivery location and quantity in Dekatherms of gas to be delivered at each delivery location;

- (d) A beginning and ending date for each nomination;
- (e) The upstream and downstream party identifier and contract identifier.
- (f) A receipt and delivery rank for each upstream and downstream party identifier and contract identifier.
- (g) Standard nominations shall be treated as nomination in effect for the entire gas day.
- (h) A transaction type indicator which specifies whether the quantity is intended for current business or as payback. To the extent nominating party does not supply a transaction type, the quantity will be deemed to be nominated for current business.

If Shipper fails to comply with provisions (a) through (h) of this section, Transporter shall not schedule the commencement of service or change to a prior nomination.

- (i) A nomination on a firm contract for a Segmented Transaction shall specify a Receipt Point and a Delivery Point (i.e., path) for each specific segmented nomination, and shall include a capacity type indicator that identifies the nomination as a segmented nomination.

B. Confirmation

Promptly upon the close of each nomination cycle deadline, Transporter shall evaluate all on time daily nominations in light of the estimated demand for service, the capacity expected to be available on the affected segments of Transporter's system, the estimated demand for No Notice Transportation Service and other estimated operating conditions.

Nominations will not become effective and are not eligible for scheduling until Transporter has confirmed nominated receipts and deliveries with the upstream and downstream confirming parties. It is Shipper's responsibility to provide information necessary to enable Transporter to confirm the nomination with upstream or downstream confirming parties. If such confirmation cannot be obtained, transportation service will be delayed until it is obtained.

With respect to the Timely Nomination Cycle at a Receipt or Delivery Point, in the absence of agreement to the contrary, the lesser of the confirmation quantities should 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 should be the new confirmed quantity.

With respect to the processing of requests for increases during the Evening, Intraday 1, Intraday 2 or Intraday 3 Nomination Cycles, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the previously scheduled quantity should be the new confirmed quantity.

With respect to the processing of requests for decreases during the Evening, Intraday 1, Intraday 2 or Intraday 3 Nomination Cycles, in the absence of agreement to the contrary, the lesser of the confirmation quantities should 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 should be the new confirmed quantity.

With respect to the preceding three paragraphs, if there is no response to a request for confirmation or an unsolicited confirmation response, the Transportation Service Provider should provide the Service Requester with the following information to explain why the nomination failed as applicable:

- (1) the Service Requester's Transportation Service Provider did not conduct the confirmation;
- (2) the Service Requester is told by its Transportation Service Provider that the upstream confirming party did not conduct the confirmation;
- (3) the Service Requester is told by its Transportation Service Provider that the upstream Service Requester did not have the gas or submit the nomination;
- (4) the Service Requester is told by its Transportation Service Provider that the downstream confirming party did not conduct the confirmation;
- (5) the Service Requester is told by its Transportation Service Provider that the downstream Service Requester did not have the market or submit the nomination.

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

Transporter shall notify Shipper of the quantities of gas confirmed for receipt from and delivery to or for the account of Shipper. In the event of an inability of Transporter to obtain an upstream or downstream confirmation, Transporter may notify Shipper of such lack of confirmation contact in order that confirmation may otherwise be obtained.

Transporter reserves the right to verify that the quantities of gas, requested by the Shipper, are flowing as confirmed and scheduled by the Transporter and to interrupt receipt or

deliveries pursuant to an Operational Flow Order under Section 17C.3 to the extent such quantities are not flowing as scheduled.

C. Scheduling

The term "Scheduling" herein refers to the allocation of available capacity among confirmed nominations for each day on Transporter's system, as set forth below.

Following confirmation of upstream receipts and downstream deliveries, Transporter will then schedule services to the extent of availability on each segment or interconnect, allocating capacity if required pursuant to the scheduling priorities set forth in C.1 below.

Transporter shall evaluate, without undue discrimination or preference, the operational feasibility of scheduling a Segmented Transaction within a Reticulated Area based upon an evaluation of the following factors:

- (i) the anticipated direction of gas flow across, to, and from the relevant area(s) of the system;
- (ii) the sources of flowing supply, including whether actual quantities flowing into the system are consistent with scheduled quantities;
- (iii) for a Backhaul, the corresponding scheduled quantities that physically support the ability to confirm the Backhaul nomination;
- (iv) contractual delivery pressure obligations; and
- (v) other Shippers' firm service rights in the relevant area potentially affected by the requested nomination for a Segmented Transaction.

After evaluation of the operational feasibility, on a daily basis, of scheduling a Segmented Transaction within a Reticulated Area, Transporter shall post on its Internet website under Informational Postings the maximum capacity available for segmentation for each such area.

Transporter shall schedule, without undue discrimination or preference, a Segmented Transaction in a Reticulated Area if Transporter has determined that the Segmented Transaction is operationally feasible.

Transporter shall evaluate, without undue discrimination or preference, the operational feasibility of scheduling a Backhaul based upon the following operational considerations:

- (i) adequate scheduled quantities to physically support the Backhaul;
- (ii) contractual delivery pressure obligations; and

- (iii) other Shippers' firm service rights in the relevant area potentially affected by the requested Backhaul.

Transporter shall schedule, without undue discrimination or preference, a Backhaul if Transporter has determined that the Backhaul is operationally feasible.

In no event shall Transporter accept nominations which exceed Delivery Point meter capacity.

1. Scheduling Priorities - Mainline Capacity and Delivery Points

- (a) Firm transportation service under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD, and FTS-WD-2 utilizing Primary Delivery Points within Maximum Daily Transportation Quantities specified in the FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 Service Agreement.
- (b) Transportation service under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 utilizing Alternate Delivery Points within a Shipper's contract MDTQ or Shippers utilizing Segmented Transaction quantities at Alternate Delivery Points within the Shipper's Primary Capacity Path, or transportation service utilizing Section 11 of these General Terms and Conditions, with the exception that if a Shipper has used its full MDTQ in its Primary Capacity Path, it no longer has capacity at this priority. In the event nominations for service under this Section 10C.1(b) exceed capacity available, Transporter will schedule service on a pro rata basis, based on confirmed nominations for that gas day; provided however, that neither scheduling of deliveries at Alternate Delivery Points nor scheduling of deliveries pursuant to Section 11 of these General Terms and Conditions will impede or adversely affect deliveries scheduled to Firm Primary Delivery Points (at contract delivery pressure) being made within the stated Maximum Daily Quantity (of the nominating Shipper) at the Primary Delivery Point(s) and within the total Maximum Daily Transportation Quantity of the Service Agreement; provided further that deliveries for Shippers with confirmed nominations within their (i.e. the nominating Shipper's) Primary Delivery Point MDQ will be scheduled prior to deliveries for Shippers with confirmed nominations which are either (i) in excess of their (i.e. the nominating Shipper's) Primary Delivery Point MDQ, or (ii) at a point other than the nominating Shipper's Primary Delivery Point.
- (c) Transportation service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, FTS-WD and FTS-WD-2 nominating Segmented Transaction quantities at Alternate Delivery Points outside a Shipper's Primary Capacity Path. In the event nominations for service under this Section 10C.1(c)



exceed capacity available, Transporter will schedule service on a pro rata basis, based on confirmed nominations in this category, for that gas day.

- (d) Interruptible transportation service under Rate Schedules ITS-1 and ITS-WD. Shippers paying the maximum rate or higher shall be allocated pro rata. Shippers paying higher than the maximum rate will be allocated pro rata with Shippers paying the maximum rate. Shippers not paying the maximum interruptible transportation rates will be scheduled based upon price, with the highest price scheduled first, and any allocation at a particular price applied pro rata.
- (e) Park 'N Ride service under Rate Schedule PNR. Shippers will be scheduled based upon the total revenue commitment to Transporter. Shippers paying more than the maximum tariff rate will be considered to be paying the maximum tariff rate. Service will be scheduled on a pro rata basis among Shippers paying the same total revenue to Transporter for service.
- (f) If nominations for firm transportation service exceed the capacity available for firm service, then Transporter shall first schedule requests for firm transportation service to serve Exempt Uses (as defined in Section 17.A.2 of these General Terms and Conditions, including uses treated as Exempt Uses under the emergency provisions of Section 17.A.5), as follows: Transporter shall first schedule requests for firm transportation service to serve Priority 1 Uses (as defined in said Section 17.A.2), pro rata, and second, if capacity remains available, Transporter shall schedule requests for firm transportation service to serve Priority 2 Uses (as defined in said Section 17.A.2), pro rata. Thereafter, if additional capacity is available, Transporter shall schedule requests for transportation service pursuant to the scheduling priorities set forth in this Section 10.C above.

## 2. Receipt Point Scheduling Priorities

To the extent capacity at a specific Point of Receipt is insufficient to schedule the Receipt Point nominations of Shipper's awarded capacity in 10C.1 above, Transporter shall allocate capacity at the subject Receipt Point in the order of the following categories:

- (a) (i) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 nominating quantities at Primary Receipt Points; and
- (ii) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 who have voluntarily, at the request of Transporter, moved away from a constrained Primary Receipt Point to permit Transporter to take

OBA payback at such point. Such priority will be limited to the lesser of such Shipper's MDQ or the planned OBA payback quantity at the Primary Receipt Point which was vacated.

- (b) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 nominating quantities at Alternate Receipt Points within a Shipper's Primary Capacity Path and contract MDTQ.
- (c)
  - (i) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 nominating quantities at Alternate Receipt Points outside a Shipper's Primary Capacity Path and within Shipper's MDTQ;
  - (ii) Shippers nominating Segmented Transaction quantities at Alternate Receipt Points within the Shipper's Primary Capacity Path. If a Shipper has used its full MDTQ in its Primary Capacity Path, it no longer has capacity at this priority;
  - (iii) Shippers nominating IPS quantities from a specified Receipt Point to a specified In-Line Transfer Point for direct delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement and the subsequent firm contract has available unscheduled primary path capacity at the Receipt Point or upstream of the In-Line Transfer Point;
  - (iv) Shippers nominating IPS quantities from a specified Receipt Point to a specified In-Line Transfer Point for direct delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement and the subsequent firm contract has nominated a Segmented Transaction that is within its Primary Capacity Path and within its available MDTQ;
  - (v) Receipts for MSS, Deferred Exchanges, and Operational Purchases pursuant to Section 17.C; and
  - (vi) Any OBA payback quantities for which Transporter has satisfied the requirements of Section 12A.5.

In the event nominations exceed available Receipt Point Capacity, Transporter will schedule receipt quantities on a pro rata basis, based on Receipt Point nominations, provided further, however, that Shippers in this category 2(c) shall have the opportunity to revise Receipt Point nominations under the procedures set forth in Section 10A.2(a) and (b).

- (d)
  - (i) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, FTS-WD and FTS-WD-2 nominating Segmented Transaction quantities at Alternate Receipt Points outside a Shipper's Primary Capacity Path;
  - (ii) Shippers nominating IPS quantities from a specified Receipt Point to a specified In-Line Transfer Point for subsequent direct delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement and the subsequent firm contract has no available unscheduled primary path capacity at the Receipt Point or upstream of the In-Line Transfer Point but has available unscheduled contract MDTQ; and
  - (iii) Shippers nominating IPS quantities from a specified Receipt Point to a specified In-Line Transfer Point for direct delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement and the subsequent firm contract is nominating a Segmented Transaction and has no available capacity at the Receipt Point and no available unscheduled primary path capacity upstream of the In-Line Transfer Point but is within the firm contract's MDTQ.

In the event nominations exceed available Receipt Point capacity, Transporter will schedule receipt quantities on a pro rata basis, based on Receipt Point nominations.

- (e) IPS quantities from nominated Receipt Points and delivered at an In-Line Transfer Point for subsequent delivery to other IPS contracts at the same In-Line Transfer Point and for ultimate delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement. Such IPS transactions for delivery to another IPS contract must include nomination from specified receipt points to the specified In-Line Transfer Point. The linked transactions must reference upstream and downstream contract numbers, upstream and downstream Shipper ID numbers, and include an upstream package ID and downstream package ID used for linking related nominations.
- (f) Interruptible Transportation Service for Shippers under Rate Schedules ITS-1, ITS-WD or IPS quantities delivered at an In-Line Transfer Point for subsequent delivery on an ITS-1, ITS-WD or IPS Service Agreement and Pack Notice receipts scheduled on a firm rate schedule above the MDTQ. In the event nominations exceed available Receipt Point capacity, Transporter will schedule receipt quantities in sequence by rate starting with the maximum rate. Service will be scheduled on a pro

rata basis among Shippers paying the same rate to Transporter for service.

- (g) IPS quantities from unspecified Receipt Points delivered at an In-Line Transfer Point and title transfer nominations at an In-Line Transfer Point.
- (h) Park 'N Ride service under Rate Schedule PNR. In the event nominations exceed available Receipt Point capacity, Transporter will schedule receipt quantities based on the total revenue commitment to Transporter. Shippers paying more than the maximum tariff rate will be considered to be paying the maximum tariff rate. Service will be scheduled on a pro rata basis among Shippers paying the same total revenue to Transporter for service.

### 3. Scheduling Procedures

Following the application of the scheduling priorities under Sections (1) and (2) to the extent the confirmed receipt quantities less fuel reimbursement do not equal the confirmed delivery quantities for each service agreement, Transporter shall apply the receipt or delivery rank provided by the nominating party to equate receipts and delivery quantities unless Transporter has agreed to accept additional receipt or delivery quantities to correct an imbalance or otherwise benefit systems operation quantities. Quantities assigned the same rank will be scheduled on a pro rata basis.

#### D. Communication of Scheduled Quantities

Following scheduling of confirmed nominations, Transporter shall furnish a report to the Nominating Party showing the scheduled receipt and delivery quantities by contract number and POI. Transporter shall provide a report in accordance with the NAESB standards to affected Shippers, point operators and bumped parties for receipt on or before the times established for the Nomination Cycles set forth in Section 10.A.2(a). At the end of each gas day, Transporter shall also provide the final scheduled quantities, for the just completed gas day. With respect to the implementation of this process via the EDI/EDM, Transporter shall send an end of gas day Scheduled Quantity (NAESB WGQ Standard No. 1.4.5) and Scheduled Quantity for operator (NAESB WGQ Standard No. 1.4.6). A receiver of either of these documents can waive Transporter's requirement to send such documents. In addition to notification through the scheduled quantities report described herein, Transporter shall provide direct notice of any bumped quantities using Internet E-mail or direct notification to interruptible Shipper's Internet URL address. Shipper is responsible for providing current addresses to Transporter. Failure of Shipper to maintain current addresses on file with Transporter will relieve Transporter of this obligation.

Transportation Service Providers should provide affected parties with notification of intraday bumps, operational flow orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

Unless the affected party and the Transportation Service Provider (TSP) have agreed to exclusive notification via EDI/EDM, the affected party should provide the TSP with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of the TSP to provide notification is waived until the above requirement has been met.

Transportation Service Providers should support the concurrent sending of electronic notification of intraday bumps, operationally flow orders and other critical notices to two Internet E-mail addresses for each affected party.

E. Designees

1. A Shipper may name designee(s) to perform Shipper's obligations with regard to nominations, confirmations and any other administrative duties under Shipper's service agreement subject to the following conditions:
  - (a) A request to name a designee must be made in writing or submitted electronically at least two (2) business days prior to the requested effective date, except where a creditworthiness determination is required under Section (f) herein.
  - (b) The designee request form shall be available on Transporter's Internet website and shall be executed by Shipper and the designee. The request shall specify the limits of authority of the representative, including the term of designation; provided however, that Transporter may reject the request if the limitations would result in an undue administrative burden.
  - (c) Transporter may rely on communications from the Designee for all purposes, except to the extent expressly limited in the request. Likewise, communications by Transporter to Designee shall be deemed to be notice to Shipper for all purposes in the tariff, except to the extent the Designee is explicitly limited with respect to receipt of notice.
  - (d) To the extent the designation involves delegation of responsibility for receipt point nominations for Rate Schedule FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 the request must specify the primary receipt point capacity subject to the designation. A designee responsible for scheduling receipt point quantities shall be considered a "Supply Designee." At no time shall Shipper have more than three Supply Designee(s) per contract for any supply operating zone. Supply Operating Zone shall include (1) origin to Station 7, (2) Station 7 to Station 8, and (3) east of Station 8.

- (e) To the extent the designation involves delegation of responsibility for delivery point nominations for Rate Schedule FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 the request must specify the primary delivery point capacity subject to the designation. A designee responsible for scheduling delivery point quantities shall be considered a "Market Designee". At no time shall Shipper have more than three Market Designees per division, nor more than one Delivery Point Operator at any delivery point. Notwithstanding the ability to specify a Market Designee herein, unless otherwise agreed upon by Transporter, the Delivery Point Operator shall be responsible for amounts recorded in the Delivery Point Operating Account pursuant to Section 13.
  - (f) Unless otherwise agreed upon in writing by Transporter, Shipper shall remain liable for any and all actions or failures to act of Shipper's designee, including liability for all charges under Shipper's Service Agreement.
2. At Transporter's request, Shipper shall permit Transporter to name a designee to perform Transporter's obligations with regard to nominations, scheduling, invoicing, and/or receiving payment. Transporter shall not name more than one designee to perform each such specified obligation under any Service Agreement. Transporter shall remain liable for any and all actions or failures to act of Transporter's designee. Payment to Transporter's designee by Shipper shall be deemed payment in full of all such amounts due Transporter. Transporter specifically disclaims any right or claim to be paid with regard to payment of amounts paid by Shipper to Transporter's designee.

## GENERAL TERMS AND CONDITIONS

### 13. DETERMINATION OF DAILY DELIVERIES -- MARKET AREA

- A. All Market Area points of delivery shall be covered by a Delivery Point Operating Account, as set forth in Section 13.B below. Quantities delivered by Transporter at a point of delivery each gas day shall be allocated in accordance with the scheduled quantity at such point (Scheduled Deliveries). For purposes of this section "overage" shall be defined as actual deliveries in excess of Scheduled Deliveries, and "underage" shall be defined as actual deliveries below Scheduled Deliveries. In the event actual quantities delivered by Transporter do not equal Scheduled Deliveries, any overage or underage will be allocated as follows:
1. Delivery quantities under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, and ITS-1, and other deliveries under Market Area operational purchases or sales, Market Area deferred exchanges, and the RDDQ under monthly swing shipper arrangements shall equal the Scheduled Deliveries;
  2. Any Pack or Draft Notice quantities pursuant to Section 17.C.7. shall be recorded first into the Delivery Point Operating Account; provided further, that if the Pack or Draft Notice quantities exceed the cumulative balance in the Delivery Point Operating Account to which the Pack/Draft Notice is applicable, such excess shall be recorded to the No-Notice Account to the extent of the NNQ.
  3. Any overages or underages which result from non-compliance with: a Pack or Draft Order under Section 17.C.7.; an operating purchase or sale under Section 17.C.5.; a deferred exchange under Section 17.C.6.; or MSS provisions under Section 17.C.4., any of which shall be recorded next in a non-compliance account.
  4. Any overages or underages for Shippers with NNTS service shall be deemed to be NNTS up to a level equal to the absolute value of Shipper's NNQ, but in no event shall volumes be determined as NNTS if such a determination would permit Shipper to be billed for FTS-1 or SFTS commodity volumes in excess of the applicable MDTQ.
  5. After determining deliveries in (1), (2), (3), and (4), the remaining differences between actual and scheduled volumes (overages and underages) shall be recorded each day into the Delivery Point Operating Account. The Delivery Point Operating Account shall be cumulated for the month, and such monthly total shall be considered the Delivery Imbalance for purposes of Balancing under Section 14 herein.

To the extent Transporter has issued an Alert Day Notice, Transporter shall allocate deliveries as follows:

- 1a. Delivery quantities under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, and ITS-1, and other deliveries under Market Area operational purchases or sales, Market Area deferred exchanges, and the RDDQ under monthly swing shipper arrangements shall equal the Scheduled Deliveries;
- 2a. Any overages or underages for Shippers with NNTS service shall be deemed to be NNTS up to a level equal to the absolute value of Shipper's NNQ, but in no event shall volumes be determined as NNTS if such a determination would permit Shipper to be billed for FTS-1, FTS-2, FTS-3 or SFTS commodity volumes in excess of the applicable MDTQ.
- 3a. After determining delivery quantities under (1a) and (2a), certain overages or underages shall be recorded in an Alert Day Account in accordance with Section 13.D.3.
- 4a. After determining deliveries in (1a), (2a), and (3a), the remaining differences between actual and scheduled volumes (overages and underages) shall be recorded each day into the Delivery Point Operating Account. The Delivery Point Operating Account shall be cumulated for the month, and such monthly total shall be considered the Delivery Imbalance for purposes of Balancing under Section 14 herein.

B. Delivery Point Operating Account

Each Market Area delivery point is covered by a Delivery Point Operating Account. The Shipper and/or Delivery Point Operator owning the facilities immediately downstream of Transporter's facilities at the delivery point (or any other creditworthy entity that is authorized to operate the point by the facility owner immediately downstream of Transporter's facilities at the delivery point and who agrees to be bound by the provisions of this tariff applicable to the Delivery Point Operator) shall be the "Delivery Point Operator" and shall have the obligations set forth in this tariff with respect to Delivery Point Operator(s). The Delivery Point Operator shall be responsible for resolving all Delivery Imbalances recorded in the Delivery Point Operating Account; shall be responsible for any charges associated with noncompliance with a Pack or Draft Notice under Section 17.C.7., noncompliance with an operating purchase or sale under Section 17.C.5., noncompliance with a deferred exchange under Section 17.C.6., and noncompliance with an MSS arrangement under Section 17.C.4.; shall be responsible for any charges associated with quantities recorded in the Alert Day Account under Section 13.D; and shall be responsible for any OFO penalties under Section 17.C.3. No Shipper shall be permitted to modify an FTS-1, FTS-2 or FTS-3 service agreement to add a Primary Delivery Point under Section 3 of the FTS-1, FTS-2 or FTS-3 Rate Schedule or to schedule deliveries at a delivery



point under Section 10 herein without written confirmation from the Delivery Point Operator.

Nothing herein shall require the Delivery Point Operator to establish a particular allocation methodology with respect to the Delivery Point Operating Account. This section applies solely to the reconciliation of the Delivery Point Operating Account between Transporter and the Delivery Point Operator. Transporter makes no representation or warranties express or implied that Delivery Point Operator will employ a particular allocation methodology as between Delivery Point Operator and Shipper or Shipper's designee(s).

C. Delivery Point Operating Data

Transporter shall make available to the Delivery Point Operator certain operational data regarding the daily and hourly flow rate at the applicable delivery point. To the extent such operating data differs from the actual delivery data utilized in this Section 13, the Delivery Point Operator shall not be responsible for any Alert Day Charges under Section 13.D, OFO penalties under Section 17.C.3 or any noncompliance charges under Sections 17.C.4, 17.C.5, 17.C.6 or 17.C.7 to the extent of the difference. The Balancing provisions of Section 14 shall apply notwithstanding any differences between actual delivery quantities and operational data; provided however, that any imbalance caused by differences between actual and operating data shall be balanced at an Imbalance Factor of 1.00.

1. After the Gas Day Allocations

The timing for reporting daily operational allocations after the gas has flowed is within one business day after end of gas day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity should be used for the daily operational allocation.

This standard applies to the daily provision of operational allocated quantities whether they are provided pursuant to NAESB WGQ Standard 2.4.3 or NAESB WGQ Standard 2.4.4.

Upon request to Transporter, a Shipper should be provided operational allocated quantities pursuant to NAESB WGQ Standard 2.4.3 or 2.4.4 for the transaction(s) which have been scheduled by such Transporter for the Shipper.

Transporter can agree to send the operational allocated quantities on a daily basis to a Shipper rather than accept the Request for Information for operational allocated quantities.

Transporter is not required to support requests for operational allocated quantities other than on "all Shipper locations." Where Transporter has determined to support this standard in a manner other than:

- a) providing specific operational allocated quantities in response to a request for same, or
- b) providing operational allocated quantities on "all Shipper locations", then the Shipper can rely on the absence of a line item(s) provided by Transporter as indicative that the particular line item(s)' scheduled quantities are operational allocated quantities.

2. Monthly Allocations

Transporter shall provide the Delivery Point Operator with a report showing the allocating deliveries under this Section 13 based upon the Monthly Measurement data set forth in Section 4(i).

D. Alert Days

1. Notice

At least two (2) hours prior to the start of the delivery gas day, or upon at least 12 hours notice within a gas day, Transporter shall post a notice on its Internet website and notify by E-Mail to all affected Shippers or the Shippers' contact person that the Alert Day provisions of this section are in effect, indicating whether previously scheduled Market Area service under Rate Schedule ITS-1 has been interrupted, indicating the applicable Alert Day Tolerance Percentage and indicating the duration of the Alert Day condition; provided further that the Alert Day shall be posted in daily intervals that coincide with the delivery gas day.

Transportation Service Providers should provide affected parties with notification of intraday bumps, operational flow orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

Unless the affected party and the Transportation Service Provider (TSP) have agreed to exclusive notification via EDI/EDM, the affected party should provide the TSP with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of the TSP to provide notification is waived until the above requirement has been met.

Transportation Service Providers should support the concurrent sending of electronic notification of intraday bumps, operationally flow orders and other critical notices to two Internet E-mail addresses for each affected party.

2. Conditions for Invoking Alert Day

Alert Day notices may be issued by Transporter when in its sole discretion, reasonably exercised, Transporter determines that the pipeline is experiencing or may experience in the next gas day high or low line pack operating conditions which threaten the ability to render firm services. Alert Days will be used when Pack/Draft Notices and other tools are reasonably perceived to be inappropriate to resolve the operating situation. Alert Day notices may be issued in addition to other actions taken by Transporter with regard to individual shippers, including issuance of Operational Flow Orders and Pack/Draft Notices; however, such other actions are not required prior to the issuance of an Alert Day notice. Transporter shall indicate in the Alert Day Notice whether the notice applies system wide or to an Affected Area. In addition, Transporter shall post an Alert Day notice for any periods in which systemwide curtailment orders are in effect pursuant to Section 17A. The Alert Day notice shall indicate whether the alert condition applies to overages (Overage Alert Day) or underages (Underage Alert Day) from Scheduled Deliveries. Transporter may issue an Overage Alert Day notice herein for any days in which Transporter has scheduled Market Area deliveries under Rate Schedule ITS-1 however, Transporter shall interrupt previously scheduled Market Area service under Rate Schedule ITS-1 prior to or simultaneously with invoking the Alert Day provisions under this section when, in its sole discretion, reasonably exercised, Transporter determines that restricting such service will assist in ameliorating the operating condition.

3. Alert Day Account

- (a) On an Overage Alert Day, to the extent delivery quantities exceed Scheduled Deliveries by the Alert Day Tolerance Percentage defined in 13.D.6 below, other than quantities determined as NNTS service in 13.A.4, such overages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges in 13.D.4 below.
- (b) On an Underage Alert Day, to the extent delivery quantities are less than Scheduled Deliveries by the Alert Day Tolerance Percentage defined in 13.D.6 below, other than quantities determined as NNTS service in 13.A.4, such underages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges in 13.D.5 below.
- (c) Overages and underages recorded in the Alert Day Account shall not be recorded in the Delivery Point Operating Account, nor subject to monthly balancing under Section 14.

- (d) The determination of quantities into the Alert Day Account will be aggregated for all delivery points covered by the Delivery Point Operating Account. To the extent the Alert Day Notice relates to an Affected Area, the Alert Day Account quantity determination for delivery points in the Affected Area shall be made at the Delivery Point Operator level and netted against all other Delivery Point quantities included in the Delivery Point Operator Account.

4. Overage Alert Day Balancing

Overages in Alert Day Accounts are deemed to be purchased from other Shippers on Transporter's system. A Delivery Point Operator's overage recorded in the Alert Day Account shall be subject to an Alert Day Charge calculated as the sum of the following:

- (a) A balancing charge calculated as the Delivery Point Operator's overage recorded in the Alert Day Account in the Delivery Point Operating Account multiplied by 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the Alert Day occurred. Such balancing charge will be accounted for pursuant to Section 24.
- (b) A transportation charge calculated by multiplying the Delivery Point Operator's overage quantity by the weighted average of the 100 percent load factor maximum rates, plus applicable surcharges, of Rate Schedules FTS-1, FTS-2, FTS-3, ITS-1 and SFTS scheduled at the points for the period the Alert Day Account balances occurred.

5. Underage Alert Day Balancing

Underages in Alert Day Accounts are deemed for balancing purposes to be sold to other Shippers on Transporter's System. A Delivery Point Operator with an underage recorded in the Alert Day Account shall receive an Alert Day Credit calculated as the underages recorded in the Delivery Point Operator's Alert Day Account (for the Delivery Point Operating Account) multiplied by 50% of the lowest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the Alert Day occurred. Such balancing credit will be accounted for pursuant to Section 24.

6. Alert Day Tolerance Percentage

For each Alert Day invoked, Transporter shall determine in its sole discretion, reasonably exercised, the Tolerance Percentage it deems appropriate to improve the particular operating situation; provided, however, that the Tolerance Percentage shall not be less than the greater of 2% or 500 MMBtu. Such Tolerance Percentage shall be stated in the Alert Day notice issued.

## GENERAL TERMS AND CONDITIONS

### 17. CURTAILMENTS AND OTHER OPERATIONAL CONTROLS

#### A. Capacity Curtailment or Interruption

1. Applicability -- The provisions of this Section 17.A shall apply where Transporter is unable to deliver scheduled transportation volumes during periods of diminished capacity on Transporter's system under any Rate Schedule.
  - (a) To the maximum extent possible, Transporter shall confine curtailment or interruption of scheduled volumes to Shippers in Affected Areas and shall not institute the system-wide suspension of services if such action in the Affected Area can remedy the operating condition.
  - (b) Prior to issuing a Curtailment Order under this Section 17.A, Transporter shall utilize the provisions of its Tariff (Sections 17.C and 10) to the extent practicable to attempt to suspend deliveries of scheduled volumes to any Shipper which has not delivered scheduled volumes to Transporter at Receipt Points, to the extent of such underdelivery, regardless of such Shipper's Exempt/Non-Exempt Use classification, unless Shipper's actions were taken in reasonable reliance on a pack order, draft order or operational flow order issued by Transporter.
  - (c) Transporter shall not knowingly schedule or permit scheduling of service which will result in the need to issue a Curtailment Order.
  - (d) Nothing in this Section 17.A shall operate to allow a Shipper to receive more than its Maximum Daily Transportation Quantity ("MDTQ") on Transporter's system, as set forth in Shipper's Service Agreement(s) with Transporter.
2. Definitions -- The following definitions shall apply to the terms used herein with respect to the curtailment of firm transportation services or the interruption of interruptible transportation services. As a general matter, references to "curtailment" refer to the cessation of scheduled firm transportation service, references to "interruption" refer to the cessation of scheduled interruptible transportation service, and references to "suspension" refer to the curtailment and/or interruption of scheduled firm and/or interruptible transportation service, as the context requires.
  - (a) "Alternate Fuel" means, unless specified otherwise in this Section 17.A, a fuel other than natural gas, including substitute or back-up electrical energy available from the electric power grid, that is used in lieu of natural

gas during a curtailment event. Alternate Fuel is not considered available when either (i) no facilities exist enabling the utilization of Alternate Fuel; or (ii) facilities exist for the use of Alternate Fuel but Alternate Fuel, although available, cannot legally or operationally be used in such facilities.

- (b) "Alternate Fuel Charge" or "AFC" means the charge, as more particularly described hereafter in this Section 17.A, that is billed by Transporter to those Exempt Shippers that received a Pro Rata Capacity Excess, which is intended to reimburse curtailed Shippers under Firm Rate Schedules for the costs of utilizing Alternate Fuel during a curtailment event.
- (c) "Curtailment Order" means the notice of suspension of scheduled firm and/or interruptible transportation service provided by Transporter to affected Shippers, as more particularly described in Section 17.A.3.
- (d) "Curtailment Reservation Charge" or "CRC" means the weighted average reservation charge for all firm transportation service actually curtailed during a curtailment event, including demand surcharges, billed by Transporter to those Exempt Shippers that received a Pro Rata Capacity Excess.
- (e) "Data Verification Committee" or "DVC" means the committee, as more particularly described hereafter in this Section 17.A, composed of representatives from Shippers with firm transportation service agreement(s) on Transporter's system.
- (f) "Delivery Point" shall be as defined in Section 1(m) of these General Terms and Conditions, except that, when used in this Section 17.A, the definition shall exclude In-Line Transfer Points.
- (g) "Exempt Use" means a use of natural gas to serve Priority 1 or Priority 2 requirements, as defined hereinafter, (regardless of whether such gas is consumed directly or used to generate electricity to serve such uses, if, unless otherwise specified, there is no Alternate Fuel as defined in Section 17.A.2(a) above) as certified by the Data Verification Committee ("DVC") and served by firm transportation capacity on Transporter's system.
- (h) "Exempt Shipper" or "ES" means any Shipper on Transporter's system serving Exempt Uses with firm transportation capacity.
- (i) "Firm Rate Schedules" means Transporter's firm transportation rate schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2.
- (j) "Hospital" means a facility, the primary function of which is delivering medical care to patients who remain at the facility. Outpatient clinics or

doctors' offices are not included in this definition. Nursing homes and convalescent homes are included in this definition.

- (k) "NGPA" means the Natural Gas Policy Act of 1978.
- (l) "Non-Exempt Use" means any use other than an Exempt Use.
- (m) "Priority 1 Use" means any use of natural gas:
  - (i) in a residence, including apartment buildings, hotels and other multi-unit dwellings, where gas is used predominantly for residential purposes; provided, however, for hotels with usage of 50 MMBtu or over on a peak day (as determined by the highest average volume for a month in a twelve-month period), the usage that can be qualified for Priority 1 Use for each individual hotel shall be 50 MMBtu and shall be used for purposes other than heating pools and spas;
  - (ii) in a commercial establishment in amounts of less than 50 MMBtu on a peak day (as determined by the highest average daily volume for a month in a twelve-month period) and for purposes other than manufacturing;
  - (iii) in a School or Hospital; or
  - (iv) for a minimum plant protection when operations are shut-down, for police protection, for fire protection, in a sanitation facility, for emergency situations, or for emergency conditions as described herein.
- (n) "Priority 2 Use" means any use of natural gas which is certified by the Secretary of Agriculture under 7 C.F.R. Section 2900 et seq. as an "essential agricultural use" under section 401(c) of the NGPA, excluding those volumes where the use of an Alternate Fuel is economically practicable and such fuel is reasonably available as determined by the FERC under Section 401(b) of the NGPA; provided, however, the aggregate capacity that can be qualified as a Priority 2 Use shall not exceed 50,000 MMBtu/day and shall be used only by those essential agricultural use customers being served directly or indirectly by Transporter as of July 31, 1994.
- (o) "Pro Rata Capacity Excess" or "PRCE" means the excess capacity (stated in MMBtus) resulting from the difference between the capacity allocated to an ES during a curtailment event in accordance with the provisions of this Section 17.A and the Determination of Deliveries provisions of Section 13



of these General Terms and Conditions and the capacity that would have been allocated under a straight pro rata allocation.

- (p) "School" means a facility, the primary function of which is delivering instruction to regularly enrolled students in attendance at such facility. Facilities used for both educational and noneducational activities are not included under this definition, unless the latter activities are merely incidental to the delivery of instruction.

3. Procedure for the Suspension of Transportation Services

- (a) General Procedures -- The suspension of transportation services for any period shall, within the limits of dispatching accuracy and available facilities, be accomplished as follows:
  - (i) Transporter shall determine: (1) the Affected Area, (2) whether any firm capacity must be curtailed in the Affected Area, (3) the pro rata share of firm capacity available for each Delivery Point or Division, as applicable, in the Affected Area, and (4) whether any capacity serving Exempt Uses in the Affected Area is subject to curtailment. If Transporter determines that firm capacity must be curtailed in the Affected Area, but the pro rata share of capacity for each Delivery Point or Division, as applicable, is equal to or greater than the amount of the Exempt Uses served at each such Delivery Point or Division, as applicable, then all firm Shippers in the Affected Area, including each ES, shall be entitled only to their straight pro rata share of available capacity.
  - (ii) Following the determination procedure described in subsection 3(a)(i) above, Transporter shall then issue a Curtailment Order to all Shippers and Delivery Point Operators that have Delivery Points or Divisions in the Affected Area by posting under the Critical Notices on its Internet website and by notification to all affected Shippers or the Shipper's Contact Person as soon as possible thereafter by Internet E-mail or direct notification to the Shipper's Internet URL address, whichever is chosen by the affected Shipper.
  - (iii) In its Curtailment Order, Transporter shall state the quantity suspended as measured from currently scheduled levels, the daily quantity authorized for delivery at the Delivery Points or Divisions, as applicable, and an hourly flow rate; provided however, if no flow rate is specified in the Curtailment Order, the hourly flow rate shall be the maximum hourly flow rate set forth in the respective affected Shipper's underlying Service Agreement or as specified in Section 6 of these General Terms and Conditions. Transporter shall

also specify in its Curtailment Order the extent to which any operational control orders previously issued under these General Terms and Conditions are affected by the curtailment event. In its Curtailment Order, Transporter shall specify for each Delivery Point Operator the total volume each is entitled to take at such point based upon suspended volumes, clearly specifying (i) what volumes are for Exempt Uses at such point and (ii) whether Transporter will need to curtail capacity serving Exempt Uses. If required by Transporter, each Delivery Point Operator will then allocate such volumes to each Shipper for which deliveries are being made at that point and notify Transporter of such volumes.

- (iv) In its Curtailment Order, Transporter shall give Shippers as much notice as is operationally feasible of the deadline for compliance with a Curtailment Order; provided, however, Transporter will not specify a time period for compliance which is less than two (2) hours after issuance of the Curtailment Order. Transporter's Curtailment Order shall include information as to the anticipated extent and duration of the situation.
  
- (b) Order of Suspension of Service -- To the extent Transporter is unable to make deliveries, or receive gas in accordance with scheduled volumes, Transporter shall suspend service to Shippers in the Affected Area in accordance with this Section 17.A.3. Transporter shall first suspend service in category (i) below, then category (ii) below and so on in descending order, as listed below. To the extent Transporter only suspends part of the service volumes in a category it shall prioritize such volumes in the manner set forth below.
  - (i) Park 'N Ride Service - Transporter shall first interrupt service under Rate Schedule PNR when such service is detrimental to the operating conditions of the system or when such service adversely impacts service provided under any of Transporter's other rate schedules. Transporter shall interrupt such service under Rate Schedule PNR based upon total revenue commitment to Transporter. The lowest total revenue received volumes in the Affected Area shall be interrupted first, with volumes at the same total revenue interrupted on a pro rata basis. Shippers paying more than the maximum tariff rate will be considered to be paying the maximum tariff rate.
  
  - (ii) Interruptible Transportation Service -- Transporter shall interrupt service under Rate Schedules ITS-1 and ITS-WD by price. The lowest rate volumes in the Affected Area shall be interrupted first, with volumes at the same rate interrupted on a pro rata basis.

Shippers paying higher than the maximum rate will be interrupted pro rata with Shippers paying the maximum rate. All Interruptible Transportation Service in the Affected Area must be interrupted before any other category of service listed in (iii) below is suspended.

- (iii) Firm Transportation Service -- Transporter shall determine whether firm transportation capacity serving Exempt Uses would be curtailed under a straight pro rata allocation of available firm capacity. If no firm capacity serving Exempt Uses would be curtailed under a straight pro rata allocation, then Transporter shall curtail scheduled service at Delivery Points or Divisions, as applicable, under Firm Rate Schedules, on a pro rata basis. If, however, firm capacity serving Exempt Uses would be curtailed under a straight pro rata allocation, then Transporter shall first curtail scheduled service at Delivery Points or Divisions, as applicable, under Firm Rate Schedules serving Non-Exempt Uses, on a pro rata basis, and secondly, if needed, Transporter shall curtail scheduled service at Delivery Points or Divisions, as applicable, under Firm Rate Schedules serving Exempt Uses as follows: Transporter shall curtail such service serving Priority 2 Uses, on a pro rata basis and thereafter Transporter shall, as needed, curtail service serving Priority 1 Uses, on a pro rata basis. All service for Priority 2 Uses must be fully curtailed before any service for Priority 1 Uses is curtailed. Exempt Use volumes will be determined either at the level of volumes approved by the DVC (plus those volumes qualifying under the emergency procedures outlined herein, if any) or the level of firm service scheduled for a particular Delivery Point or Division during the curtailment event, whichever is less.

#### 4. Determination of Exempt Uses Classification

- (a) Exempt Uses for natural gas at each Delivery Point or Division, as applicable, shall be certified by the DVC and classified as either Priority 1 or 2 Uses. The requirements for Exempt Uses for Shippers shall be established by the DVC at each Delivery Point or Division, as applicable, by month, using average daily volumes, as more particularly set forth in this Section 17.A.
- (b) DVC Membership -- A Data Verification Committee is hereby established to review and establish the Exempt Uses at each Delivery Point or Division and to classify such uses as either Priority 1 or 2 Uses. Membership on the DVC is available to any Shippers that wish to participate and that hold firm capacity on a permanent basis under one of Transporter's Firm Rate

Schedules; provided, however, no Shipper holding capacity under a capacity relinquishment transaction shall be represented unless the relinquishment was a permanent relinquishment, as defined in Section 18 of these General Terms and Conditions. Each Shipper shall designate to Transporter a DVC contact person to receive notice of DVC matters, and notice of DVC meetings shall be provided by Transporter. Transporter may have representatives on the DVC, but such representatives shall not be entitled to vote on the decisions of the DVC. Each participating Shipper shall be entitled to one (1) vote for each Firm Rate Schedule under which such Shipper is entitled to service, plus a fractional vote equal to the percentage of total system capacity contracted for by such Shipper on a firm basis. Shippers that have aggregated capacity as a Joint Action Agency shall have voting rights as if they had not so aggregated their capacity.

- (c) DVC Procedures -- The DVC shall be authorized to formulate internal operating procedures to streamline the performance of its duties, including the establishment of voting procedures. All decisions of the DVC at scheduled meetings shall be made by a majority of the votes cast. A representative of Transporter shall serve as chairperson of the DVC. The DVC shall have the authority to classify requirements of electric generation users of natural gas as Exempt Uses in accordance with the end-use(s) of the electricity generated from such natural gas, subject to a demonstration satisfactory to the DVC that (i) such uses are served by electricity generated from gas use, and (ii) no Alternate Fuel serves the electric generation facilities at issue.
- (d) Qualification for Exempt Uses and Non-Exempt Uses Status -- Any firm Shipper may request that some portion of its requirements be categorized as Exempt Uses by application to the DVC. Shippers applying for such status must provide the DVC with a written statement, signed under oath by an officer or other person legally authorized to bind such Shipper, containing the following information, based upon data from the most recent 12-month time period ending June 30:
  - (i) the average daily volume, by month and by Delivery Point or Division, as applicable, of the volume for which Exempt Use status is sought;
  - (ii) for Shippers serving Priority 1 Uses, (i) the specific nature and extent of the Priority 1 Use being served; (ii) the fact that the Shipper is unable to utilize Alternate Fuel to serve such uses; (iii) for Shippers serving combined Priority 1 Uses over 50 MMBtu per day, a breakdown of each such Priority 1 Use by class of end-use customer and by location; and (iv) any other information required by the DVC;

- (iii) for Shippers serving Priority 2 Uses, (i) the specific nature and extent of the Priority 2 Uses being served; (ii) if requirements exceed 300 MMBtu/day, the fact that the Shipper is able only to utilize either No. 2 fuel oil or propane (or such other fuel(s) as may be designated from time to time pursuant to § 401(b) of the NGPA) as an Alternate Fuel to serve such uses; and (iii) any other information required by the DVC.
  
- (e) Submission of Data -- Shippers applying for Exempt Uses status must provide to Transporter the required data for review by the DVC. Absent an adequate showing justifying placement in an Exempt Uses category, as determined by the DVC, Shippers' uses shall be classified as Non-Exempt Uses. Should Transporter or the DVC need any additional data to implement this Section 17, Transporter shall request same, and each Shipper asked to so respond shall provide the requested data to Transporter as soon as possible. If a Shipper fails to supply the necessary data within a reasonable time, Transporter shall be entitled to estimate such data from records available to Transporter, and Transporter shall not be liable to Shipper for any damage or injury that may result therefrom.
  
- (f) Delivery Point or Division Classification -- In classifying Shippers' Exempt Uses at each Delivery Point or by Division in accordance with the priorities set forth in this Section 17.A.3(b), the volumes utilized shall be the average daily requirements for each month consumed during the most recent 12-month period ended June 30, which have been reviewed and approved by the DVC. Such data shall be utilized in classifying Shippers' Exempt Uses until updated in accordance with this Section 17.A. After such data has been received, reviewed and approved by the DVC, the data shall be utilized for any suspension of service under this Section 17.A occurring thereafter.
  
- (g) DVC Meeting Timetable -- Once the initial determinations as to Exempt and Non-Exempt Uses are made, the DVC shall meet one year after the date of the implementation of these curtailment provisions to review the Exempt Use classifications. Thereafter, unless otherwise agreed to by the DVC, the DVC shall meet the earlier of: (i) each three years after the plan's implementation date or anniversary thereof or (ii) within sixty (60) days following the second of two firm curtailment events on Transporter's system occurring within a 12-month period; provided, however, effective with the DVC meetings completed in 2013 and for each subsequent DVC meeting, the time between meetings shall be extended to a seven (7) year period. The DVC shall also meet as may be required to comply with the provisions of Section 17.A.4(h) below.

- (h) Shippers serving Exempt Uses shall resubmit data to the DVC as required in Section 17.A.4(d) above on the seventh July 31 following implementation of this plan, as revised in 2013, and on every seventh July 31 thereafter, for use by the DVC in revising levels of Exempt Uses in accordance with this Section 17.A. To the extent a new Delivery Point is utilized and no Exempt/Non-Exempt Uses classification is in place for such point, or to the extent a new Shipper or new end-use customer of such Shipper for whom no Exempt/Non-Exempt Uses classification is in place commences service under one of Transporter's Firm Rate Schedules, the Shipper, to the extent it seeks an Exempt Uses designation for all or part of its capacity, shall submit data to Transporter indicating its end-use classification. The DVC shall establish procedures to address new Exempt Uses requests submitted between established DVC meetings and shall attempt to make a determination of such Shipper's Exempt Uses, if any, within ninety (90) days of its receipt of all required data. If a curtailment event occurs after such data is submitted to Transporter but before the DVC has made a determination as to the submitting Shipper's Exempt Uses, such uses shall be treated as Exempt Uses during such curtailment event as if such treatment had been requested under the Emergency Procedures provided in Section 17.A.5 below; provided, however, for purposes of such emergency treatment, the Shipper that had submitted such new data to Transporter shall not be required to submit the data required in Section 17.A.5(a) below but shall be subject to the penalties set forth in Section 17.A.7 below if the DVC ultimately denies such request for Exempt Use status.
- 5. Emergency Procedure for Exempt Use Classification -- In order to serve peak firm requirements or address unforeseen events affecting Exempt Uses that could not have been recognized sufficiently in advance to enable certification of gas uses for Exempt Uses status (including events under circumstances in which a Shipper has facilities enabling the use of Alternate Fuel, but, through no fault of such Shipper, Alternate Fuel is not physically available), the following actions may be taken by Shippers entitled to service under one of Transporter's Firm Rate Schedules to protect such Exempt Uses during a curtailment event.
  - (a) Data to be Submitted -- Any firm transportation Shipper using these emergency procedures must provide the following data to Transporter prior to the time such capacity is made available:
    - (i) written notification, to be provided within two hours after receipt of a Curtailment Order, that sets forth the claimed emergency situation and the additional capacity required to serve Exempt Uses as a result thereof; and

- (ii) a sworn affidavit (signed by an officer or other person legally authorized to bind such Shipper) within three working days of the written notification required in (i) above that sets forth a detailed explanation of the emergency situation, which includes the following information:
  - (1) the specific nature and extent of the emergency claimed to justify the exception;
  - (2) a description of the reasonable efforts made by the requesting Shipper under the circumstances to acquire capacity (or utilize Alternate Fuel, if applicable) through other available means;
  - (3) any other information required by the DVC or Transporter.
- (b) Transporter shall make changes to all Shippers' scheduled volumes, in accordance with this Section 17, as needed, to accommodate requests made under these emergency procedures. After the curtailment event, if a Shipper wishes to obtain Exempt Uses status for the use that had been protected under these emergency procedures, the requisite showing to the DVC set forth in this Section 17 for an Exempt Use status must be made; otherwise, such emergency protection shall expire at the end of the respective curtailment event.

6. Compensation

- (a) Applicability -- This Compensation provision sets forth amounts to be paid by Exempt Shippers using more than their straight pro rata allocation of capacity to serve their respective levels of Exempt Uses approved by the DVC or obtained under the emergency procedures described herein. An Exempt Shipper using more than its straight pro rata allocation of capacity to serve its approved level of Exempt Uses in the event of curtailment shall pay compensation for Shippers receiving less than their straight pro rata allocation of capacity, as set forth in subsections 6(b) and 6(c) below within thirty (30) days following issuance by Transporter of an invoice for such amounts. Payment of compensation hereunder shall be in addition to all other charges or amounts due from such Shippers.
- (b) Curtailment Reservation Charge ("CRC") -- An ES receiving a PRCE will pay an amount equal to its PRCE multiplied by the weighted average reservation charge for all firm transportation service actually curtailed on Transporter's system (including demand surcharges), to Transporter within thirty (30) days following issuance by Transporter of an invoice for such

amounts for remittance to Shippers curtailed in excess of their straight pro rata allocation.

- (c) Alternate Fuel Charge ("AFC")
  - (i) For PRCE capacity allocated to an ES to serve Priority 1 Uses, the ES will pay to Transporter, within thirty (30) days following issuance by Transporter of an invoice for such amount, an amount calculated under the following formula:  $PRCE [(Fuel\ Oil\ Price \times 120\%) - Gas\ Index]$  for remittance to Shippers curtailed in excess of their straight pro rata allocation. With regard to such formula, the term "Fuel Oil Price" means the average of the daily average high and low prices for (a) low sulfur (LS) No. 2 fuel oil, and (b) 0.7% sulfur No. 6 fuel oil ("No. 6 Fuel Oil"), as posted in *Platt's Oilgram Price Report* for Estimated U.S. Gulf Coast Spot prices, Waterborne, for the month in which the curtailment event occurred; and the term "Gas Index" means the mathematical average of the prices for spot gas deliveries to Transporter for Florida Gas, Zone 1, Florida Gas, Zone 2, and Florida Gas, Zone 3 as published in *Natural Gas Week* for the month in which the curtailment event occurred.
  - (ii) For PRCE capacity allocated to an ES to serve Priority 2 Uses, the ES will pay to Transporter, within thirty (30) days following issuance by Transporter of an invoice for such amount, an amount calculated under the following formula:  $PRCE [(Fuel\ Oil\ Price \times 150\%) - Gas\ Index]$  for remittance to Shippers curtailed in excess of their straight pro rata allocation. With regard to such formula, the terms "Fuel Oil Price" and "Gas Index" are as defined in subsection 2(c)(i) above.
- (d) Credits -- A firm Shipper receiving less capacity under this Section 17.A than its pro rata allocation will be entitled to a share of the CRC and AFC revenues (and penalties, if applicable) collected by Transporter to the extent provided herein. (Demand charge credits given by Transporter pursuant to § 4 of Transporter's FTS-1, FTS-2, FTS-3, FTS-WD and FTS-WD-2 Rate Schedules will be applied to the difference between the volumes scheduled and the volumes that would have been delivered under a straight pro rata allocation.)
- (e) Remitting to Curtailed Shippers
  - (i) General -- Transporter shall act as the clearinghouse for remitting the CRC and AFC amounts to curtailed Shippers; however, Transporter shall not be required to remit any amounts except to the extent it recoups payments from those Shippers owing same.



The incremental funds collected by Transporter shall be accounted for in a segregated account.

- (ii) CRC Funds -- The CRC funds collected by Transporter will be remitted by Transporter on a pro rata basis to firm Shippers curtailed in excess of their straight pro rata allocation, based upon the type of firm capacity (FTS-1, FTS-2, FTS-3, FTS-WD or FTS-WD-2) curtailed. Each such curtailed Shipper's share of the CRC funds collected shall equal a percentage of such CRC funds based on a fraction where: the numerator is that Shipper's curtailed volume in excess of its straight pro rata allocation multiplied by that Shipper's reservation charge (FTS-1, FTS-2, FTS-3, FTS-WD or FTS-WD-2) applicable to such volume, and the denominator is the sum of all Shippers' curtailed volumes in excess of their straight pro rata allocation multiplied by the weighted average reservation charge applicable to all such volumes.
- (iii) AFC Funds -- The AFC funds collected by Transporter will be remitted by Transporter to curtailed firm Shippers receiving less capacity than their straight pro rata allocation. The percentage share of the AFC funds to be paid to each such qualifying Shipper will be determined by the ratio of the Alternate Fuel costs of such Shipper (or of such Shipper's end user(s) when such end user(s) receive gas directly from Transporter's system) to the aggregate Alternate Fuel costs of all qualifying Shippers or their end users that receive gas directly from Transporter's system. In order for Transporter to determine such AFC amounts, Shippers entitled to compensation hereunder may provide Transporter with a statement showing the amount and price of the Alternate Fuel actually used due to the curtailment event, such statement to be provided within fifteen (15) days following the end of a curtailment event. Absent submission of such statement within the required time period, a Shipper will be presumed to have used No. 6 Fuel Oil as its Alternate Fuel. Based upon this information, Transporter shall determine the weighted average share of the AFC fund to be paid to each Shipper owed compensation therefrom.
- (f) If a Shipper fails to remit payment of AFC and/or CRC amounts, if applicable, to Transporter within thirty (30) days after issuance by Transporter of an invoice for such amounts, Shipper shall forfeit its Exempt Uses status or the right to utilize the emergency procedures provided in Section 17.A.5 above to request Exempt Uses status in the future, unless and until full payment is made and reinstatement of such Shipper's Exempt Uses status and/or ability to utilize the emergency procedures is approved

by the DVC. Interest shall accrue on all overdue payments as provided in Section 15 of these General Terms and Conditions.

7. Penalties

- (a) General -- If a Shipper fails to comply with a Curtailment Order (including any adjustments thereto to accommodate treatment under the emergency procedures set forth in Section 17.A.5 above), the Shipper/Delivery Point Operator, as applicable, shall pay Transporter a penalty equal to \$10 for each MMBtu by which the Shipper exceeded the specified quantity for the gas day in which the Curtailment Order was in effect, as such quantity is determined in accordance with the provisions of this Section 17.A and the Determination of Deliveries provisions of Sections 13 and 13.1 of these General Terms and Conditions. Compliance with a Curtailment Order shall be defined as (1) a measurable change in the hourly gas flow as compared to the flow prior to the suspension of service, to the extent Transporter specifies an hourly flow rate in the Curtailment Order or (2) actual deliveries which are equal to or less than the daily quantity set forth in the Curtailment Order.
- (b) Additional Penalty -- In addition, if (i) any Shipper, after having provided written notice of emergency Exempt Use status to Transporter, fails to provide the required affidavit to support emergency relief obtained under the procedures set forth in this Section 17, or (ii) the relevant information in an affidavit submitted to support emergency relief is incorrect or does not substantiate the emergency (as determined by the DVC), then the Shipper will pay to Transporter a penalty of \$25.00 for each MMBtu of excess capacity obtained by such action.
- (c) Procedures -- Payment of charges and/or penalties under this Section 17.A shall be in addition to all other penalties, charges or amounts due from Shippers. Any penalties collected by Transporter under this Section 17.A will be placed in a segregated account and paid out, pro rata, to the curtailed Shippers receiving less capacity than their pro rata share in accordance with Section 17.A.6(e). Shippers shall be required to comply with a Curtailment Order no later than two (2) hours after such Curtailment Order's issuance, such compliance deadline to be specified in the Curtailment Order. Shippers shall not be subject to penalties under this Section 17.A for failure to adjust quantities to comply with a Curtailment Order until after the time period for compliance set forth in a Curtailment Order has expired. The failure of any Shipper to remit payment of any penalties under this Section within thirty (30) days after issuance by Transporter of an invoice for such amounts shall result in the forfeiture of such Shipper's Exempt Uses status and the right to utilize the emergency procedures provided in Section 17.A.5 above to request Exempt Uses

status in the future, unless and until full payment is made and reinstatement of such Shipper's Exempt Uses status and/or ability to utilize the emergency procedures is approved by the DVC. Interest shall accrue on all overdue payments as provided in Section 15 of these General Terms and Conditions.

8. Liability -- Transporter shall not be liable for any damage, cost or expense of any kind incurred as a result of Transporter's good faith implementation of the provisions of this Section 17.A (including actions taken in reliance upon information provided by Shippers seeking emergency relief). Furthermore, Transporter will be indemnified by Shippers for all damages, costs, and expenses, including attorneys' fees, it may suffer as a result of its good faith implementation of such provisions (including actions taken in reliance upon information provided by Shippers seeking emergency relief). The term "good faith" does not include acts of negligence or willful misconduct.

B. Reserved

C. Operational Controls

1. Operating personnel of Shipper or its designee(s) and/or other entities which are physically taking delivery of gas from Transporter or tendering gas to Transporter shall cooperate fully with Transporter in maintaining the integrity of Transporter's system. Shipper shall name contact person(s) available to receive communication from Transporter on operating matters at any time, on a 24-hour a day, 365-day a year basis. If Transporter is unable after reasonable efforts to contact any Shipper or Shipper's contact person, such Shipper shall be solely responsible for any consequences arising from such failure of communication.

Transporter shall not knowingly schedule or permit scheduling of service which will result in an operating condition in which system pressure rises or falls to operationally unacceptable levels or would otherwise jeopardize the integrity of the system and the ability of Transporter to provide service under firm rate schedules.

2. An operational flow order is an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of the transportation service provider's system or to maintain operations required to provide efficient and reliable firm service. Whenever a Transportation Service Provider experiences these conditions, any pertinent order should be referred to as an Operational Flow Order. The declaration to the affected parties of operational flow orders, critical periods and/or critical notices should describe the conditions and the specific responses required from the affected parties. In the event that Transporter determines in its sole discretion, reasonably exercised, that action is required to avoid an operating condition in which system pressure is not

maintained, in which system pressure is maintained at an operationally unacceptably high level, or in which the overall operational integrity of the system is jeopardized, Transporter may, on a not unduly discriminatory basis, cause implementation of, or request Delivery Point Operators and/or Shippers to take any one or a combination of the following actions, or other similar actions, to the extent such actions would tend to alleviate the operating condition or anticipated operating condition:

- (a) Issue an Operational Flow Order ("OFO") as set forth in Section 17.C.3.
- (b) Implement the Monthly Swing Shipper provisions set forth in Section 17.C.4.
- (c) Invoke an Alert Day conditions pursuant to Section 13.D. To the extent a Delivery Point Operator/Shipper is subject to an OFO for a gas day which is also an Alert Day, the provisions of the OFO shall override the Alert Day provisions as to the specific Delivery Point Operator/Shipper.
- (d) Make Operational Purchases or Sales pursuant to Section 17.C.5.
- (e) Utilize a Deferred Exchange pursuant to Section 17.C.6.
- (f) Utilize Pack/Draft Notices pursuant to Section 17.C.7.

### 3. Operational Flow Orders

- (a) Transporter may issue an Operational Flow Order when, subject to maximum hourly quantities permitted by service agreements and/or Section 6, (i) an individual Delivery Point Operators and/or Shipper's actual receipts or deliveries on an hourly basis deviate from scheduled receipts or deliveries in a manner that threatens scheduled services, or (ii) the pipeline is experiencing a high or low line pack operating condition which can be ameliorated with a Delivery Point Operators and/or Shipper action that will not otherwise impact such Delivery Point Operator's and/or Shipper's ability to receive scheduled service for the gas day or (iii) a Transporting Pipeline issues an OFO to Transporter (in which event, Transporter may issue an OFO to those Shippers being served on such Transporting Pipeline which are impacted by such Transporting Pipeline's OFO). In addition, Shippers are subject to OFOs issued directly to Shippers, or to Transporter on behalf of Shippers, by a third party operator.

This tool will be used by Transporter when Pack/Draft Notices and other tools are reasonably perceived to be inappropriate to resolve the operating situation. In the event that the provisions of an OFO conflict with the provisions of other operational orders issued by Transporter, the provisions

of the OFO, including penalties for noncompliance, shall supersede the provisions of the other orders. Operational Flow Orders shall identify the situation to be addressed and shall indicate the specific action(s) to be taken by the recipient of the Operational Flow Order stated in terms of an hourly or daily gas flow level and specify a discrete length of time the Operational Flow Order will be in effect. Unless otherwise specified in the Operational Flow Order, compliance with an hourly OFO must be achieved within four (4) hours. Daily OFOs will be issued no later than eight (8) hours prior to the end of a gas day and compliance must be achieved by the end of the gas day; provided however, when the hourly OFO is issued to prevent another Shipper's delivery pressure from falling below such Shipper's contractual delivery pressure, compliance with an hourly OFO must be achieved within one (1) hour. To the extent Transporter has denied a Shipper a within gas day decrease, Transporter shall not issue a daily underage OFO for either the subject gas day or the succeeding gas day. Such Operational Flow Order may require a Shipper, its designee(s) or other entity(ies) selected by Shipper to undertake any of the following:

- (1) To commence or increase supply inputs into Transporter's system, including a listing of specific receipt point(s) in an Affected Area, or shift supply inputs (in whole or part) to different receipt points located in a supply area other than the Affected Area;
- (2) To cease or reduce supply inputs by a specified quantity, or at specific receipt points in an Affected Area;
- (3) To commence or increase takes of gas from Transporter's system by a specified volume or at specific delivery points;
- (4) To reduce takes of gas from Transporter's system by specified volumes and/or at specified delivery points, or;
- (5) In the event the action(s) set forth in (1)-(4) herein are not operationally feasible, the Operational Flow Order may require Delivery Point Operator and/or Shipper, its designee(s), or other entity(ies) to take such other action as are within Shipper's control which would tend to alleviate the operating condition to be addressed.

Transporter shall provide information to affected Delivery Point Operators and/or Shippers after an OFO is issued concerning the factors that caused the OFO to be issued and then lifted.

- (b) Transportation Service Providers should provide affected parties with notification of intraday bumps, operational flow orders and other critical

notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

Unless the affected party and the Transportation Service Provider (TSP) have agreed to exclusive notification via EDI/EDM, the affected party should provide the TSP with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of the TSP to provide notification is waived until the above requirement has been met. Transportation Service Providers should support the concurrent sending of electronic notification of intraday bumps, operational flow orders and other critical notices to two Internet E-mail addresses for each affected party.

- (c) If any Delivery Point Operator and/or Shipper fails to comply with an Operational Flow Order, such Delivery Point Operator and/or Shipper shall be subject to a penalty of 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day the OFO is in effect per MMBtu times any volume of gas by which Delivery Point Operator and/or Shipper deviated from the requirements of the Operational Flow Order. Such penalty will be in addition to the settlement of the volume deviations which will be recorded in the Delivery Point Operating Account as provided for in Section 13.A. Such penalty will be accounted for pursuant to Section 24.

Compliance shall be defined as a measurable change in gas flow to the hourly or daily level specified in the Operational Flow Order, written confirmation of a flow rate change on an upstream pipeline, or a written confirmed scheduling change with Transporter.

- (d) Neither Shipper nor Delivery Point Operator (if different from Shipper) shall be subject to any penalties from Transporter with respect to any action taken by said Shipper or Delivery Point Operator which action was in reasonable reliance on an Operational Flow Order issued by Transporter.
- (e) To the extent Transporter issues an Operational Flow Order to a Delivery Point Operator and/or Shipper for an operating condition other than a situation where Delivery Point Operator and/or Shipper's actual receipts or deliveries deviate significantly from authorized or scheduled receipts or deliveries, the Operational Flow Order shall be limited to those actions under Section 17.C.3(a)(1)-(5) which will not materially interfere with Delivery Point Operator and/or Shipper's ability to receive scheduled deliveries for the gas day. To the extent that the operating condition requires actions which would materially interfere with Delivery Point Operator and/or Shipper's ability to take scheduled deliveries, such orders shall be governed by the capacity curtailment provisions of Section 17.A.

4. Monthly Swing Shipper(s) ("MSS")

Under the circumstances set forth in Section 17.C.2 above, Transporter shall post a notice on its Internet website no later than eight (8) working days prior to the first of the month in which the MSS arrangement is to be effective indicating Transporter's desire to enter into an MSS arrangement in order to address operating conditions or anticipated conditions. Transporter shall enter into such arrangements only when and to the extent, in Transporter's sole discretion reasonably exercised, such arrangements are anticipated to benefit system line pack.

(a) MSS shall mean any firm Shipper that enters into an MSS arrangement, in writing, with Transporter; provided however, that in order for a Shipper to participate as an MSS, it must:

1. Be a Delivery Point Operator or provide the Delivery Point Operator's consent in writing;
2. Accept an Average Daily Quantity ("ADQ") of at least 5000 MMBtu in addition to Shipper's MDTQ;
3. Not have No-Notice Service;
4. Have demonstrated alternate fuel or other swing capability which permits initiation of compliance with the Required Daily Delivery Quantity ("RDDQ") upon no more than six (6) hours notice;
5. Agree to any reasonable applicable geographic conditions perceived necessary by Transporter.

All MSS arrangements shall be determined on a nondiscriminatory basis. Within two (2) working days after the commencement of MSS service, Transporter shall post on its Internet website the identity of each MSS and the volumes, rate (which shall not exceed the maximum FTS-3 rate), and delivery points agreed to by such MSS and Transporter.

(b) MSS Receipts and Deliveries. MSS shall nominate and Transporter shall schedule receipts on a daily basis equal to the ADQ plus the Total Fuel Reimbursement Charge applicable to Rate Schedule FTS-3 shown on the Currently Effective Rates for Rate Schedule FTS-3. Such MSS receipts shall have the receipt point scheduling priority of Section 10.C.2(b).

Transporter shall notify MSS the specified number of hours prior to the start of each delivery gas day consistent with the MSS arrangement of the

RDDQ ("RDDQ Order") based on current line pack conditions; provided however, that Transporter and MSS can mutually agree to adjust the RDDQ upon shorter notice. The RDDQ shall not have a scheduling priority pursuant to Section 10.C.1. The RDDQ shall not adversely impact the nomination and scheduling rights of firm shippers pursuant to Section 10. The RDDQ shall be considered a scheduled quantity for the purposes of the Determination of Daily Deliveries - Market Area pursuant to Section 13 of these General Terms and Conditions, but will not be considered a scheduled service or otherwise be considered in the allocations of revenues pursuant to Sections 19 and 24 of these General Terms and Conditions.

Transporter and MSS will attempt to reduce the difference between the total receipts (exclusive of fuel) and the total of the actual deliveries to zero by the end of the month, except to the extent MSS's actual deliveries are outside the limitation set forth in Section 17.C.4.(c).3., provided however:

- (1) If any underage imbalance remains from the foregoing calculation at the end of the month, or if an overage imbalance occurs as a result of the issuance by Transporter of RDDQ Orders which exceed the MSS's scheduled receipts, MSS has the option to either:
  - i. Take such imbalance into the book-out/cash-out process as a delivery imbalance pursuant to Section 14, or
  - ii. Carry over the imbalance to the next month for in-kind resolution; provided however, such imbalance can only be carried over for one month if the MSS does not participate in the MSS program in the following month.
- (2) If any overage imbalance, other than as provided for in (1) above, remains from the foregoing calculation at the end of the month, MSS will account for such overage pursuant to Section 14.

(c) MSS Obligations

1. Transporter can limit the RDDQ to zero on any delivery gas day.
2. MSS is obligated when requested by Transporter to take the total of its MDTQ, any other quantities scheduled to the points for which MSS is the Delivery Point Operator (or is utilizing with the written consent of the Delivery Point Operator), and the RDDQ ("Total Requested Deliveries"). RDDQ can be up to the multiple of the ADQ established in the MSS arrangement.



3. Each daily RDDQ Order shall set a limit on the ability of the MSS to take more than its Total Requested Deliveries (overages) or to take less than its Total Requested Deliveries (underages). For daily RDDQ Orders which limit underages, MSS must take actual deliveries of at least 98% of its Total Requested Deliveries. For daily RDDQ Orders which limit overages, MSS must not take actual deliveries of more than 102% of its Total Requested Deliveries. MSS's failure to comply will result in the following charges and may result in the cancellation of the MSS arrangement.
  - (i) If the RDDQ Order sets a limitation on overages, in the event delivery quantities exceed such Total Requested Deliveries by more than 2%, all overages are subject to the following charges:
    - (1) An overage charge calculated as the daily overage multiplied by 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the overage occurred. Such overage charge will be accounted for pursuant to Section 24.
    - (2) A transportation charge calculated by multiplying the daily overage by the weighted average 100% load factor maximum tariff rate of firm and interruptible services scheduled to the delivery points covered by the Delivery Point Operating Account.
  - (ii) If the RDDQ Order sets a limitation on underages, in the event delivery quantities are less than such Total Requested Deliveries by more than 2%, all underages are subject to the following:
    - (1) An underage credit calculated as the daily underage multiplied by 50% of the lowest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the underage occurred. Such underage credit will be distributed pursuant to Section 24.
- (d) MSS Revenues. Fifty percent (50%) of the revenues received by Transporter as compensation for the transportation aspect of MSS service

shall be retained by Transporter and fifty percent (50%) shall be recorded in the Balancing Tools Account and accounted for pursuant to Section 24.

5. Operational Purchases or Sales

Operational Purchases or Sales may be utilized to manage line pack, with purchases made on those days in which Transporter needs to increase line pack levels, and sales made on those days in which Transporter needs to decrease line pack levels. Transporter will utilize this tool to cover noncompliance with pack/draft notices, alert days or OFO's, to compensate for the time lag inherent in utilizing tools which require advance notice, to restore in-kind quantities settled through the cash-out at the end of the month or as otherwise required to maintain a reasonable system balance. Transporter shall post a notice on its Internet website stating the desired quantity, and the minimum quantity, if any, for which a bid will be accepted. Additionally, Transporter may post any other criteria, including, but not limited to, geographic location and specific response time requirements. Bids shall be accepted only from parties having been determined to be creditworthy pursuant to Section 16 and providing satisfactory proof of ability to perform. Transporter shall accept the bid(s) that result in the lowest purchase cost for Operational Purchases and the highest sales revenues for Operational Sales consistent with any other criteria specified.

Operational Purchases shall have the receipt point scheduling priority equal to Alternate Firm of Section 10.C.2.(b). Operational Purchases or Sales in the Market Area shall receive no special scheduling priority. In the event Transporter makes Operational Purchases or Sales at a Market Area delivery point, the following additional conditions will apply: 1) if the party is not the Delivery Point Operator, the Delivery Point Operator must consent in writing; and 2) actual deliveries must be within the greater of 2% of Shipper's total Scheduled Deliveries or 500 MMBtu, in the direction (overage or underage) specified by Transporter.

Failure to comply will result in the following charges:

- (a) If Transporter specifies a limitation on overages, the sum of the following charges:
  - (1) An overage charge calculated by multiplying the quantity by which actual deliveries exceed Scheduled Deliveries times 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication, for the day in which the overage occurred.
  - (2) A transportation charge calculated by multiplying the quantity determined in (1) above by the weighted average 100% load factor of the maximum rate of firm and interruptible transportation

services scheduled to the delivery points covered by the Delivery Point Operating Account.

- (b) If Transporter specifies a limitation on underages, an underage credit calculated by multiplying the quantity by which actual deliveries are less than Scheduled Deliveries times 50% of the lowest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication , for the day in which the underage occurred.

Transporter shall post on its Internet website the party, quantity, price, receipt and/or delivery points and the effective time period for all Operational Purchases or Sales within two (2) working days after the commencement of such transaction.

All costs and revenues pursuant to this Paragraph 5 will be accounted for pursuant to Section 24.

#### 6. Deferred Exchange

Deferred Exchanges may be utilized to address short-term line pack needs. Transporter may utilize this tool to compensate for line pack variations expected to be of short duration including weekend imbalance situations. Transporter shall post a notice on its Internet website of the desired quantity. Additionally, Transporter may post any other criteria, including, but not limited to, geographic location. Transporter shall negotiate with party(ies) the compensation price and a fixed time period for receipts and deliveries, and balancing.

Deferred Exchanges shall have receipt point scheduling priority equal to Alternate Firm of Section 10.C.2.(b). For Deferred Exchanges at a Market Area delivery point: 1) if the party is not the Delivery Point Operator, the Delivery Point Operator must consent in writing and 2) actual deliveries must be within the greater of 2% of Shipper's total Scheduled Deliveries or 500 MMBtu, in the direction (overage or underage) specified by Transporter. Failure to comply will result in the following charges:

- (a) If Transporter specifies a limitation on overburns, the sum of the following charges:
  - (1) An overage charge calculated by multiplying the quantity by which actual deliveries exceed Scheduled Deliveries times 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication, for the day in which the overage occurred.
  - (2) A transportation charge calculated by multiplying the quantity determined in (1) above by the weighted average 100% load factor

rate of firm services scheduled to the delivery points covered by the Delivery Point Operating Account.

- (b) If Transporter specifies a limitation on underburns, an underage credit calculated by multiplying the quantity by which actual deliveries are less than Scheduled Deliveries times 50% of the lowest of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication, for the day in which the underage occurred.

Transporter shall post on its Internet website the party, quantity, price, receipt and/or delivery points and the effective time period of all Deferred Exchanges within two (2) working days after the commencement of such transaction.

All costs and revenues pursuant to this Paragraph 6 will be accounted for pursuant to Section 24.

7. Pack and Draft Notices

(a) General

Transporter will utilize Pack and Draft Notices to address adverse line pack conditions systemwide or in an Affected Area. Pack Notices will be posted to address low line pack conditions, while Draft Notices will be used to address high line pack conditions. A Pack Notice shall mean a notice to correct an imbalance due Transporter. A Draft Notice shall mean a notice to correct an imbalance due Delivery Point Operator.

Transporter shall post Pack or Draft Notices when in Transporter's sole discretion, reasonably exercised, the use of Pack or Draft Notices would tend to improve line pack conditions. Transporter will indicate if the Pack or Draft conditions exist systemwide or in an Affected Area. A Delivery Point Operator must respond to a Pack/Draft Notice if the Delivery Point Operator's combined month-to-date balance in the Delivery Point Operating Account and No-Notice Account exceeds the greater of the NNQ aggregated to the Delivery Point Operating Account or one thousand (1000) MMBtu in the specified direction of the problem (either Imbalance due Transporter or Imbalance due Delivery Point Operator; provided, however, that if the pack or draft quantity calculated by multiplying the percentage specified in the Pack or Draft Notice times the balance subject to the Notice is less than 200 MMBTU, no response is required.

The balance subject to the Pack/Draft Notice percentage shall be the combined month-to-date balance in the Delivery Point Operating Account

and No Notice Account less NNQ aggregated to the Delivery Point Operating Account.

Transporter shall post the Pack or Draft Notice ("Notice") applicable to the Delivery Point Operator or its Designee on its Internet website by 9:30 A.M. Central Time. In addition to posting Pack or Draft Notices on its Internet website, on weekends and Transporter's holidays Transporter will also provide a recorded phone message giving the specifics of any such Notice, with the telephone number for such message to be posted on its Internet website. Such phone number will be changed only as reasonably necessary. The Notice shall indicate whether it is a Pack or Draft Notice, the basis for the Notice, the specific pack or draft percentage which the Delivery Point Operator will apply to the balance subject to the Notice as determined above and the gas day or days in which a response is required. The Delivery Point Operator must submit an Acceptable Response to the Notice by the nomination deadline.

(b) Acceptable Pack Notice Response

An Acceptable Pack Notice Response shall mean that scheduled receipt quantities (excluding fuel reimbursement quantities) exceed scheduled delivery quantities by the quantity calculated pursuant to the percentage specified in the Pack Notice for the upcoming gas day, unless Transporter specifies that the Pack Notice will be effective for a subsequent gas day or days.

The Delivery Point Operator may accomplish the Pack Notice response by: (1) tendering additional supplies for receipt into Transporter's system, (2) reducing delivery quantities without a corresponding reduction in receipt quantities, or (3) causing another party to schedule additional receipts on the Delivery Point Operator's behalf.

The Delivery Point Operator must specify the contracts on which the pack quantities have been nominated, and to the extent the response involves another Delivery Point Operator scheduling receipts on the Delivery Point Operator's behalf, the Delivery Point Operator subject to the Pack Notice must submit a written statement from the other Delivery Point Operator indicating such party's willingness to be bound by the Pack Notice for purposes of the Performance Test as defined in (d) below, and to pay any transportation charges associated with the pack gas. To the extent the response involves scheduling additional receipts on a contract, the additional receipts will be subject to the receipt point scheduling priority provisions of Section 10.C.2; provided further, that if a nominated receipt point is unavailable, the Delivery Point Operator is not relieved of the obligation to schedule receipts which exceed deliveries for the upcoming or

otherwise specified gas day or days, but may utilize the intraday nomination provisions of Section 10 to accomplish an Acceptable Pack Notice Response. Nominated receipt quantities may exceed the MDTQ of the contract by a quantity not to exceed the pack quantity.

The pack quantity will be assessed the usage charge applicable to the contract or contracts under which the volumes are scheduled; provided, however, that if any of the pack gas is nominated on a firm rate schedule above the MDTQ, such pack quantities shall be billed at the daily weighted average 100% load factor rate applicable to the contract or contracts under which the volumes are scheduled.

(c) Acceptable Draft Notice Response

An Acceptable Draft Notice Response shall mean that scheduled deliveries exceed scheduled receipts (excluding fuel reimbursement quantities) by the quantity calculated pursuant to the percentage specified in the Draft Notice for the upcoming gas day, unless Transporter specifies that the Draft Notice will be effective for a subsequent gas day or days.

The Delivery Point Operator may accomplish the Draft Notice response by: (1) reducing receipt quantities, (2) increasing delivery quantities without a corresponding increase in receipt quantities, or (3) scheduling alternate deliveries to Market Area delivery points which are the responsibility of another Delivery Point Operator.

The Delivery Point Operator's ability to accomplish the Draft Notice response by (2) and/or (3) above is subject to the scheduling priority provisions of Section 10.C.1; provided further, that if a nominated delivery point is unavailable, the Delivery Point Operator is not relieved of the obligation to schedule deliveries which exceed scheduled receipts for the upcoming or otherwise specified gas day or days, but may utilize the within gas day provisions of Section 10.A.2 to accomplish an acceptable Draft Order response. The Delivery Point Operator must specify the contracts on which the Draft quantities have been nominated, and to the extent the response involves scheduling alternate deliveries, the Delivery Point Operator must submit a written statement from the other Delivery Point Operator indicating such party's willingness to be bound by the Draft Order for purposes of the Performance Test as defined in (d) below.

(d) Compliance

Compliance with a Pack or Draft Notice shall mean:

- (1) An Acceptable Pack or Draft Notice Response submitted by the nomination deadline, except as otherwise provided in Section 5 of the NNTS Rate Schedule, and
- (2) Satisfaction of the Performance Test for the gas day in which the Pack or Draft Order is in effect.

For Pack Notices, the Performance Test shall mean that actual deliveries do not exceed Scheduled Deliveries by more than 5% or 500 MMBtu, whichever is greater. For Draft Notices, the Performance Test shall mean that actual deliveries are not less than Scheduled Deliveries by more than 5% or 500 MMBtu, whichever is greater.

Failure to comply with a Pack or Draft Notice will result in a separate balancing of the quantities by which the Delivery Point Operator fails to comply with the Pack or Draft Notice, and the noncompliance quantities shall not be recorded in the Delivery Point Operating Account or No-Notice Account, nor subject to monthly balancing under Section 14. In the event of noncompliance with a Pack Notice, the Delivery Point Operator is deemed to have purchased the gas from Transporter's system, and shall be assessed a charge equal to 300% times the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the Pack Notice occurred, and a transportation charge equal to the daily weighted average 100% load factor rate of firm services scheduled to the delivery points covered by the Delivery Point Operating Account. In the event of noncompliance with a Draft Notice, the Delivery Point Operator is deemed to have sold the gas to Transporter's system, and shall be credited an amount equal to 50% times the lowest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day for the day in which the Draft Notice occurred. Noncompliance charges or credits will be accounted for pursuant to Section 24.

GENERAL TERMS AND CONDITIONS

30. NON-CONFORMING AGREEMENTS

A. Non-Conforming Agreements

1. Rate Schedule FTS-2

- a. Florida Power & Light Company Firm Transportation Service Agreement dated August 3, 1999 (subsequently consolidated with Florida Power & Light FTS-2 contract dated December 12, 1991), Contract No. 3623
- b. JEA Firm Transportation Service Agreement dated October 20, 1999, Contract No. 6034
- c. Peoples Gas System Firm Transportation Service Agreement dated October 13, 1999, Contract No. 6035
- d. City of Tallahassee Firm Transportation Service Agreement dated September 22, 1999, Contract No. 6036
- e. Tampa Electric Company Firm Transportation Service Agreement dated June 12, 2000, Contract No. 6088

2. Rate Schedule FTS-1

- a. Florida Power & Light Company Firm Transportation Service Agreement dated November 1, 1989, Contract No. 3247

B. Non-Conforming Agreements with Negotiated Rates

1. Rate Schedule FTS-2

- a. Southern Company Services, Inc. Firm Transportation Service Agreement dated June 4, 1999, Contract No. 5997

2. Rate Schedule FTS-3

- a. Duke Energy Florida, LLC (formerly Florida Power Corporation d/b/a Progress Energy Florida, Inc.) Firm Transportation Service Agreement dated December 9, 2009, Contract No. 111144
- b. Florida Power & Light Company Firm Transportation Service Agreement dated December 9, 2009, Contract No. 111145



- c. Seminole Electric Cooperative, Inc. Firm Transportation Service Agreement dated June 1, 2018, Contract No. 122314
  - d. Seminole Electric Cooperative, Inc. Firm Transportation Service Agreement dated June 1, 2018, Contract No. 122315
  - e. Seminole Electric Cooperative, Inc. Firm Transportation Service Agreement dated June 1, 2018, Contract No. 122316
2. Rate Schedule FTS-WD-2
- a. Shell Energy North America (US), L.P. Firm Transportation Service Agreement dated May 18, 2018, Contract No. 122907
  - b. JERA Energy America LLC, Firm Transportation Service Agreement dated May 29, 2018, Contract No. 123157.
3. Rate Schedule FTS-WD
- a. PowerSouth Energy Cooperative, Firm Transportation Service Agreement dated November 16, 2018, Contract No. 123086.
  - b. Ascend Performance Materials Inc., Firm Transportation Service Agreement dated November 27, 2018, Contract No. 123145.

MARKED VERSION

NEGOTIATED RATES

Shipper	Contract No.	Rate Schedule	Negotiated Rate	Quantity MMBtu	Receipt Point (s)	Delivery Point (s)	Term
<del>Duke Energy Florida, Inc.</del>	<del>111144</del>	<del>FTS-3</del>	<del>(1)</del>	<del>75,000</del>	<del>(2)</del>	<del>(3)</del>	<del>(4)</del>
<del>Florida Power &amp; Light Company</del>	<del>111145</del>	<del>FTS-3</del>	<del>(5)</del>	<del>400,000</del>	<del>(6)</del>	<del>(7)</del>	<del>(8)</del>
Tampa Electric Company ( <del>124</del> )	111146	FTS-3	<del>(91)</del>	50,000	<del>(102)</del>	<del>(113)</del>	
City of Tallahassee ( <del>179</del> )	111147	FTS-3	<del>(135)</del>	<del>(146)</del>	<del>(157)</del>	<del>(168)</del>	
Orlando Utilities Commission ( <del>213</del> )	111148	FTS-3	<del>(180)</del>	-15,000	<del>(191)</del>	<del>(120)</del>	
Seminole Electric Cooperative, Inc. ( <del>2618</del> )	111150	FTS-3	<del>(2214)</del>	<del>(2315)</del>	<del>(2416)</del>	<del>(2517)</del>	
Angola LNG Supply Services, LLC ( <del>3022</del> )	111870	FTS-WD	<del>(2719)</del>	-342,610	<del>(280)</del>	<del>(291)</del>	
Peoples Gas System, a Division of Tampa Electric Company ( <del>3527</del> )	117299	FTS-3	<del>(231)</del>	<del>(324)</del>	<del>(3325)</del>	<del>(3426)</del>	
Florida Public Utilities Company ( <del>391</del> )	120703	FTS-3	<del>(3628)</del>	-8,000	<del>(3729)</del>	<del>(380)</del>	
City of Pensacola dba Pensacola Energy ( <del>4436</del> )	121837	FTS-WD	<del>(4032)</del>	<del>(4133)</del>	<del>(4234)</del>	<del>(4335)</del>	
Ascend Performance Materials Inc. ( <del>491</del> )	120831	FTS-WD	<del>(4537)</del>	<del>(4638)</del>	<del>(4739)</del>	<del>(480)</del>	

The provisions of these negotiated rate agreements do not deviate in any material respect from the form of service agreement in the tariff, ~~provided, however, the underlying service agreement will be filed as a non-conforming service agreement, if applicable, in FGT's FERC Gas Tariff, Original Volume No. 1-A.~~

- ~~(1) Combined reservation fee and usage fee of \$1.30 per MMBtu times the maximum daily quantity assuming a 100% load factor plus Annual Charge Adjustment Surcharge and any other applicable surcharges~~
- ~~(2) Transco-Citronelle~~
- ~~(3) Suwannee, Shady Hills, Anclote, Hines, Vandolah~~
- ~~(4) Commences on the In-Service Date of the Facilities [April 1, 2011] and shall continue in effect for a primary term of 25 years with Shipper's unilateral right to extend an additional 10 years~~
- ~~(5) Combined reservation fee and usage fee of \$1.175 per MMBtu times the maximum daily quantity assuming a 100% load factor plus ACA and any other applicable surcharges~~
- ~~(6) SESH - George County MS and Transco-Citronelle~~
- ~~(7) See Exhibit B on tariff record "Contract No. 111145, Non-Conforming Service Agreement, Version 0.0.0" in FGT's Original Volume No. 1-A.~~
- ~~(8) The amended negotiated rate commences on the in-service date of the Compression Station No. 21.5 Project [August 1, 2015] and shall, subject to the terms and conditions of the Negotiated Rate Agreement continue in effect through the primary term ending March 31, 2036 and, if applicable, any secondary term of the Service Agreement.~~
- ~~(91) Combined reservation fee and usage fee of \$1.19 per MMBtu times the maximum daily quantity (assuming a 100% load factor) under the Service Agreement plus ACA and any other applicable surcharges~~
- ~~(102) SESH - George County MS, SESH - Mobile County AL, Transco-Citronelle~~
- ~~(113) Bayside, Polk, Lakeland North, Desoto~~
- ~~(124) Commences on the In-Service Date of the Facilities (April 1, 2011) and shall continue in effect for a primary term of 25 years~~
- ~~(135) Combined reservation fee and usage fee of \$1.22 per MMBtu times the maximum daily quantity assuming a 100% load factor plus ACA and any other applicable surcharges.~~
- ~~(146) 4,000 MMBtu at April 1, 2011, 5,000 MMBtu at April 1, 2012, 6,000 MMBtu at April 1, 2013~~
- ~~(157) SESH - George County MS, Transco-Citronelle~~
- ~~(168) Hopkins~~

- ~~(179)~~ Commences on the In-Service Date of the Facilities [April 1, 2011] and shall continue in effect for a primary term of 25 years with Shipper's unilateral right to extend an additional 10 years
- ~~(180)~~ Combined reservation fee and usage fee of \$1.20 per MMBtu times the maximum daily quantity assuming a 100% load factor plus ACA and any other applicable surcharges
- ~~(191)~~ SESH - George County MS, Destin, Transco-Citronelle
- ~~(2012)~~ Stanton, Vero Beach
- ~~(213)~~ Commences on the In-Service Date of the Facilities [April 1, 2011] and shall continue in effect for a primary term of 25 years with Shipper's unilateral right to extend an additional 10 years
- ~~(2214)~~ Combined reservation fee and usage fee of \$1.20 per MMBtu times the maximum daily quantity assuming a 100% load factor plus ACA and any other applicable surcharges
- ~~(2315)~~ 30,000 MMBtu at April 1, 2011, 60,000 MMBtu at April 1, 2012
- ~~(2416)~~ April 1, 2011: SESH - George County MS and Transco-Citronelle  
April 1, 2012: SESH - George County MS, Destin, Transco-Citronelle
- ~~(2517)~~ Midulla and Hardee
- ~~(2618)~~ Commences on the In-Service Date of the Facilities [April 1, 2011] and shall continue in effect for a primary term of 25 years with Shipper's unilateral right to extend an additional 10 years
- ~~(2719)~~ \$0.099 (exclusive of all applicable surcharges) for 342,610 MMBtu/day
- ~~(280)~~ Gulf LNG Pascagoula
- ~~(291)~~ Gulf LNG Citronelle, Grand Bay, Southern Pines Storage
- ~~(3022)~~ Primary term shall commence on September 30, 2011 and shall continue in effect for twenty years. Shipper shall have two consecutive rollover options at the same or lesser MDQ for a term of one to five years each.
- ~~(234)~~ Combined reservation fee and usage fee of \$0.99 per MMBtu times the maximum daily quantity (assuming a 100% load factor) under the Service Agreement plus ACA and any other applicable surcharges
- ~~(324)~~ 30,000 MMBtu at January 1, 2015 through December 31, 2015  
45,000 MMBtu at January 1, 2016 through December 31, 2016  
60,000 MMBtu at January 1, 2017 through December 31, 2017  
75,000 MMBtu at January 1, 2018 through December 31, 2039
- ~~(3325)~~ SESH - Lucedale, Destin Pipeline, GSPL Merrill
- ~~(3426)~~ January 1, 2015 through March 31, 2015: Bayside-TECO, Polk-TECO, Lakewood Ranch-PGS, Ft. Myers-PGS, Osceola-PGS, Palm Beach-PGS  
April 1, 2015 through December 31, 2017: SNG-Suwanee, Bayside-TECO, Polk-TECO, Lakewood Ranch-PGS, Ft. Myers-PGS, Osceola-PGS, Palm Beach-PGS, as well as Seacoast-TECO and Brandy Branch-PGS (from the later of June 1, 2017 or the first day of the calendar month following the day on which Transporter is able to provide service to the Expansion facilities)  
January 1, 2018 through December 31, 2039: SNG-Suwanee, Seacoast-TECO, Brandy Branch-PGS, Bayside-TECO, Polk-TECO, Lakewood Ranch-PGS, Ft. Myers-PGS, Osceola-PGS, Palm Beach-PGS
- ~~(3527)~~ Primary term shall commence on January 1, 2015 and shall continue in effect through December 31, 2039.
- ~~(3628)~~ Fixed negotiated reservation rate: equal to \$1.19/Dth calculated on a 100% load factor basis plus all applicable current and future surcharges.
- ~~(3729)~~ Destin Pipeline
- ~~(380)~~ Quincy-CUC, Trenton-CUC, Crystal River-CUC, Sneads CTG-CUC, Bonifay CTG-CUC, Lecanto-CUC, W Plant City CFG
- ~~(391)~~ May 1, 2017 through September 30, 2041
- ~~(4032)~~ Fixed Negotiated Reservation Rate: equal to \$0.10/Dth calculated on a 100% load factor basis (inclusive of reservation and usage fees), plus all applicable current and future surcharges, whether reservation or usage.
- ~~(4133)~~ 28,500 MMBtu
- ~~(4234)~~ Destin Pipeline
- ~~(4335)~~ Escambia M&R-FPU
- ~~(4436)~~ Effective on 01/01/2018 shall continue in effect through 09/30/2042
- ~~(44537)~~ Fixed Negotiated Reservation Rate: equal to \$0.10/Dth calculated on a 100% load factor basis (inclusive of reservation and usage charges), plus all applicable current and future surcharges, whether reservation or usage.
- ~~(4638)~~ 10,000 MMBtu October 1, 2017 through March 31, 2018  
40,000 MMBtu April 1, 2018 through September 30, 2042
- ~~(4739)~~ Destin Pipeline
- ~~(4840)~~ Escambia M&R-FPU
- ~~(491)~~ Effective on the later of (i) October 1, 2017 or (ii) the first day of the calendar month following the day on which Transporter is able to provide to shipper firm service and shall continue for 25 years

NEGOTIATED RATES 1/  
 FIRM MARKET AREA TRANSPORTATION  
 RATES - CENTS PER MMBtu

Rate Schedule	Shipper Name	Negotiated Rates			Maximum Rates Including Surcharges		
		Reservation Charge	Usage Charge	100% Load Factor Rate	Reservation Charge	Usage Charge	100% Load Factor Rate
FTS-2	Southern Company Services, Inc.			75.36¢			75.32¢

ACA unit charge

7/

Effective Unit Fuel Charge

Forwardhaul

Western Division to Market Area

2.70¢

Market Area to Market Area

0.00

Western Division to Western Division

0.39 2/

Backhaul

-

Effective Fuel Reimbursement Charge Percentage

(pursuant to Section 27 of the GTC)

Forwardhaul

Western Division to Market Area

2.41% 3/

Market Area to Market Area

4/

Western Division to Western Division

0.99 5/

Backhaul

0.08 6/

- 1/ Unless otherwise noted, negotiated Service Agreements do not deviate in any material respect from the applicable form of service agreement set forth in Transporter's FERC Gas Tariff.
- 2/ Exceptions to the stated Unit Fuel Charge are: 1) quantities that do not move through any forwardhaul compressor station shall be charged 0.00¢ and 2) quantities that move through only one forwardhaul compressor station shall be charged the lost and unaccounted for rate of 0.20¢.
- 3/ Base Fuel Reimbursement Charge Percentage 2.41%  
 Flex Adjustment 0.00%  
 Effective Fuel Reimbursement Charge Percentage 2.41%
- 4/ The Fuel Reimbursement Charge Percentage shall be 0.25% per compressor station, subject to a minimum of 0.25%, up to a maximum of 2.41%.
- 5/ Excludes fuel charges by Transporting Pipelines, if any, that are applicable to Shipper in accordance with Section 5 of Rate Schedule FTS-WD. Exceptions to the stated Fuel Reimbursement Charge Percentage are: 1) volumes that do not move through a forwardhaul compressor station within the Western Division shall be charged a fuel and lost and unaccounted for gas percentage of 0.00% and 2) gas volumes received and delivered within the Western Division that move through only one forwardhaul compressor station shall be charged the lesser of a) a fuel percentage of one-half of one percent (0.50%) plus the lost and unaccounted for gas percentage of 0.08% or b) the stated Fuel Reimbursement Charge Percentage.
- 6/ For backhauls within the Market Area, the fuel charge including lost and unaccounted for shall be 0.25%. For all other backhauls, the fuel charge shall be the lost and unaccounted for rate of 0.08%.
- 7/ ACA unit charge applicable to Shippers pursuant to GT&C Section 22.

RATE SCHEDULE PNR  
Interruptible Park 'N Ride Service

1. AVAILABILITY

- A. This Rate Schedule is an interruptible Rate Schedule and is available for interruptible Park 'N Ride service on a non-discriminatory basis at the sole discretion of Florida Gas Transmission Company, LLC ("Transporter") to any person ("Shipper") on Transporter's system where:
1. Transporter has determined that it is operationally able to render such service; and
  2. Shipper and Transporter have executed a Service Agreement, a Purchase Order for service under this Rate Schedule, and a Trading Partner Agreement.
  3. If the transportation service is to be provided under one Service Agreement for multiple entities (Principals) that have designated an agent to act on their behalf (hereinafter individually and collectively referred to as Shipper), Principals shall provide notice of such to Transporter and shall also provide sufficient information to verify:
    - (a) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 7 of the General Terms and Conditions;
    - (b) that each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Service Agreement; and
    - (c) that the Principals agree that they shall be treated collectively as one Shipper for purposes of creditworthiness and for nomination, allocation and billing purposes.
- B. Transporter shall not be required to provide service under this Rate Schedule that would require Transporter to construct or acquire any new facilities or that would prevent Transporter from providing any other firm or interruptible service.

2. APPLICABILITY AND CHARACTER OF SERVICE

- A. Service under this Rate Schedule shall be provided on an interruptible basis as follows:
1. Parking Service. Parking service is an interruptible service which provides for:
    - (a) the receipt by Transporter of gas quantities under any single Purchase Order up to the Maximum Daily Quantity ("MDQ") not to exceed the Maximum

Total Quantity ("MTQ"), as specified in the Purchase Order, delivered by Shipper to the Point(s) of Service agreed to by Transporter and Shipper for receipt of parking quantities; (b) Transporter holding the parked quantities on Transporter's system; and (c) return of the parked quantities to Shipper at the agreed upon time and point(s).

2. Riding Service. Riding service is an interruptible service which provides for: (a) Shipper receiving gas quantities under any single Purchase Order up to the MDQ, not to exceed the MTQ as specified in the Purchase Order, from Transporter ("borrowed gas") at the Point(s) of Service agreed to by Transporter and Shipper for delivery of borrowed quantities of gas; and (b) the subsequent return of the borrowed quantities of gas to Transporter at the agreed upon time and points.

B. Service under this Rate Schedule shall be provided for a minimum of a one (1) day term and a maximum term as established by the mutual agreement of the Transporter and the shipper; provided, however, such term may be suspended or extended by Transporter at Transporter's sole discretion. The term of each PNR arrangement with Shipper shall be set forth on the Purchase Order attached to the Park 'N Ride Service Agreement executed between Shipper and Transporter.

C. Transportation of gas quantities for or on behalf of Shipper to or from the designated Point(s) of service under the Park 'N Ride Service Agreement will not be performed under this Rate Schedule. Shipper shall make any necessary arrangements with Transporter and/or third parties to receive or deliver gas quantities at the designated Points of Service for Parking or Riding service hereunder. Such arrangements must be compatible with the operating conditions of Transporter's system.

D. Transporter shall provide services under this Rate Schedule when operating conditions permit.

E. Service under this Rate Schedule shall be scheduled and confirmed only after all other services offered by Transporter are scheduled and confirmed.

### 3. REQUESTS FOR AND EXECUTION OF INTERRUPTIBLE PARKING AND BORROWING SERVICE

#### A. Service Requests

Requests for service under this Rate Schedule shall be considered acceptable only if Shipper has completed Transporter's service request form (which is available to all Shippers) and returned it to Transporter at P. O. Box 4967, Houston, Texas 77210-4967, Attention: FGT Contract Administration Department, or submitted it electronically per instructions on Transporter's Internet website at <http://fgttransfer.energytransfer.com>. Such request for service shall contain the information specified in Transporter's service request form, as such may be revised from time to time, including, but not limited to:

1. Sufficient information to determine Shipper's creditworthiness in accordance with Section 16 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
2. Such other information as required to comply with regulatory reporting or filing requirements.

B. Execution of Service Agreement

Shipper shall execute the PNR Service Agreement, in writing or electronically, within fifteen (15) days after receipt or its availability on Transporter's Internet website. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void. By execution of the Service Agreement, a Shipper certifies that:

- a. Shipper has, or will have title to the gas to be parked or returned (when borrowed) in accordance with the provisions of Section 7 of the General Terms and Conditions, and
- b. Shipper or Shipper's designee, if applicable, has secured, or will have secured, prior to the commencement of service, all necessary arrangements for upstream and/or downstream transportation, if applicable.

4. RATES AND CHARGES

- A. Unless otherwise mutually agreed to by Transporter and Shipper, and pursuant to the provisions of Sections 15.H and 15.I of the General Terms and Conditions, the applicable rates for service under this Rate Schedule are set forth on the Currently Effective Rates for Rate Schedule PNR of Transporter's FERC Gas Tariff and are hereby incorporated herein.
- B. Unless otherwise mutually agreed to by Transporter and Shipper, for all natural gas service rendered hereunder, Transporter shall invoice and Shipper shall pay Transporter each month the sum of the charges listed below if applicable:
  1. Usage Charge - The Usage Charge set forth in the Purchase Order multiplied by the total quantity of gas either parked or borrowed each day for the account of Shipper during the billing month.
  2. Incidental Charges - Shipper shall reimburse Transporter for any incidental charges incurred by Transporter in providing this service, unless otherwise mutually agreed. Such charges may include only: (i) reporting or filing fees relating to this service, (ii) costs of construction or acquisition of new facilities necessary to render this service, to the extent agreed to by Shipper and



Transporter, and (iii) such other applicable charges as may be authorized by the Commission.

5. MAXIMUM DAILY QUANTITY AND MAXIMUM TOTAL QUANTITY

- A. The Maximum Daily Quantity ("MDQ") shall be the largest daily quantity of gas, expressed in dth, that Shipper may park or borrow under any single Purchase Order at the applicable Point(s) of Service on any one day. The MDQ shall be set forth in each Purchase Order executed under the Service Agreement between Shipper and Transporter for service under this Rate Schedule.
- B. The Maximum Total Quantity ("MTQ") shall be the total quantity of gas, expressed in dth, that Shipper may park or borrow in the aggregate under any single Purchase Order at the applicable Point(s) of Service. The MTQ shall be set forth in each Purchase Order executed under the Service Agreement between Shipper and Transporter for service under this Rate Schedule.

6. RIGHTS UNDER SECTION 4 OF THE NATURAL GAS ACT

Transporter shall have the unilateral right to seek, through a filing under Section 4 of the Natural Gas Act ("NGA") with the appropriate regulatory authority, to make changes in: (a) the rates and charges applicable to its Rate Schedule PNR, and/or (b) Rate Schedule PNR pursuant to which this service is rendered, and/or (c) any provisions of the General Terms and Conditions of Transporter's FERC Gas Tariff applicable to Rate Schedule PNR. Transporter agrees that Shipper may protest or contest filings of Transporter, or seek authorization from duly constituted regulatory authorities for such adjustment of Transporter's existing FERC Gas Tariff as may be found necessary in order to assure that the provisions in (a), (b) or (c) above are just and reasonable.

7. PNR POINTS OF SERVICE

Subject to the scheduling and curtailment priorities contained in Sections 10 and 17 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Transporter will render service under this Rate Schedule at any Point(s) of Service mutually agreeable to Transporter and Shipper.

8. NOMINATIONS AND SCHEDULING

Shipper shall submit nominations for service under this Rate Schedule in accordance with all of the terms of Section 10 of the General terms and Conditions of this Tariff. With respect to Shipper's desired levels of service under this Rate Schedule, Shipper shall nominate to Transporter the desired park and/or borrow quantities as well as the Point(s) of Service at which such service is requested.

9. ALLOCATION OF SERVICE

For purposes of allocating or curtailing service among Shippers under this Rate Schedule, Transporter shall give service priority based upon the total revenue committed to Transporter by a Shipper. For the purpose of allocating or curtailing capacity under this Rate Schedule, Shippers willing to pay more than the maximum tariff rate will be considered to be paying the maximum tariff rate. Service will be allocated or curtailed on a pro-rata basis among Shippers willing to pay the same total revenue to Transporter for such service.

10. OPERATIONAL REQUIREMENTS OF TRANSPORTER

A. Shipper may be required, upon notification from Transporter, to cease or reduce deliveries to, or receipts from, Transporter hereunder within the gas day consistent with Transporter's operating requirements. Further, Shipper may be required to return borrowed quantities or remove parked quantities upon notification by Transporter. Such notification may be by written communication, facsimile, telephone or electronic means. Transporter's notification shall specify the time frame within which parked quantities shall be removed and/or borrowed quantities shall be returned, consistent with Transporter's operating conditions, but in no event shall the specified time be sooner than the next calendar day after Transporter's notification.

1. In the event that the specified time for removal or return of gas quantities is the next calendar day, the time frame for required removal or return shall begin from the time that Shipper receives actual notice from Transporter. Notices provided after business hours for the next calendar day will be provided to Shipper via telephone and electronic means. In the event that Shipper makes a timely nomination in response to notification by Transporter to remove parked quantities and/or return borrowed quantities, the obligation of Shipper to comply with the notification shall begin when Transporter schedules the nomination; provided however, Shipper shall exercise best efforts to nominate transportation service on a firm or interruptible basis, as necessary, to receipt and delivery points made available by Transporter so as to accommodate, to the greatest extent possible, Transporter's notification to remove parked quantities and/or return borrowed quantities.

2. Unless otherwise agreed by Shipper and Transporter on a not unduly discriminatory basis: (i) any parked quantity not removed within the time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims; (ii) any borrowed quantity not returned within the time frame specified by Transporter's notice shall be sold to Shipper at 150% of the "PNR Index Price", as defined below, for the day on which Transporter's notice was given. The "PNR Index Price" shall equal the highest daily price reported in the Gas Daily table entitled "Daily Price Survey" for delivery into Transporter's mainline system from the ~~"Louisiana-Onshore South" location for Zones 1, 2, and 3~~ "East Texas" location for Florida

Gas, zone 1 or from the "Louisiana/Southeast" location for Florida Gas, zone 2 or Florida Gas, zone 3. If for any reason Gas Daily ceases to be available, the PNR Index Price shall be calculated for the above-described locations using any other generally accepted industry publication chosen by Transporter.

- B. In the event parked quantities remain in Transporter's system and/or borrowed quantities have not been returned to Transporter's system at the expiration of any Purchase Order executed by Shipper and Transporter, Transporter and Shipper may negotiate to mutually agree to an extended time frame and/or modified terms, including the rate, of such Purchase Order. In the event that Shipper and Transporter are unable to come to such agreement, Transporter shall notify Shipper, and Shipper shall remove the parked quantities and/or return the borrowed quantities within the time frame specified in Transporter's notice, which in no instance shall be less than one (1) calendar day. Any parked quantity not removed within the time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims. Any borrowed quantities not returned within the time frame specified by Transporter's notice shall be sold to Shipper at 150% of the PNR Index Price, as defined above.

11. OTHER CONDITIONS OF SERVICE

Transporter shall not be required to perform service under this Rate Schedule in the event all facilities necessary to render the requested service do not exist or are not in service at the time the request is made or the time service is to commence.

12. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Transporter's FERC Gas Tariff are hereby made a part of this Rate Schedule, except that Sections 11, 13, 13.1, 14, 18, 20, 23, 24 and 27 are expressly excluded and are inapplicable to this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule PNR, the terms and conditions of this Rate Schedule PNR shall control.

## GENERAL TERMS AND CONDITIONS

### 7. POSSESSION OF GAS, INDEMNIFICATION AND TITLE

#### A. Possession of Gas and Responsibility

Transporter shall be deemed to be in control and possession of the gas to be transported by it upon receipt of such gas at the point of delivery to Transporter or Transporting Pipeline until it shall have been delivered to Shipper, or for Shipper's account, and Shipper shall be deemed to be in control and possession of such gas prior to such receipt by Transporter or Transporting Pipeline and after such delivery to Shipper or for its account. Each party while deemed to be in control and possession of such gas shall be responsible for, and will indemnify and hold the other harmless from, any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to the custody and control of such gas.

#### B. Warranty of Title to Gas

Except as provided in 18 C.F.R. Section 284.102, Shipper warrants that ~~at some point during the transaction (i.e. at some point between receipt of the gas by Transporter and delivery by Transporter to Shipper)~~ Shipper will have title to all gas delivered by it or for its account to Transporter or Transporting Pipeline for transportation and delivery by Transporter to or for the account of Shipper; provided however that to the extent a Shipper has the authority to market natural gas on behalf of a co-working interest owner, such Shipper may satisfy this requirement by warranting that it has good right to deliver such natural gas. Notwithstanding the foregoing, Shipper warrants that such gas will at the time of receipt by Transporter or Transporting Pipeline be free and clear of all liens and encumbrances. Transporter warrants that at the time of delivery of such gas to Shipper or for its account at the delivery point such gas will be free and clear of all liens and encumbrances arising by, through, or under Transporter. Shipper shall indemnify Transporter and save Transporter harmless from all suits, actions, debts, accounts, damages, costs (including attorney's fees), losses and expenses arising out of the adverse claim of any person or persons to said gas including claims for any taxes, licenses, fees, or charges which are applicable to said gas prior to its delivery to Transporter or Transporting Pipeline and subsequent to delivery of such gas by Transporter. Transporter agrees to indemnify and hold Shipper harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising out of the adverse claim of any person or persons arising by or from Transporter's action while in possession of the gas for transportation by Transporter. Shipper will indemnify Transporter and save it harmless from all taxes and assessments, levied and assessed upon the sale and delivery of such gas to Shipper or for Shipper's account and upon such gas prior to and upon delivery of such gas to Shipper or for its account and upon such gas prior to and upon delivery of such gas to Transporter or Transporting Pipeline for transportation. In the event any adverse claim in respect to such gas is asserted, or Shipper breaches its warranty herein, Transporter shall not be required to perform or, subject to receipt of any necessary

regulatory authorization, to continue service under the applicable Rate Schedule for Shipper until such claim has been finally determined; provided however, Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes bond to Transporter, in the amount of such claim and with sureties satisfactory to Transporter, conditioned for the protection of Transporter with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes Transporter evidence of Shipper's title satisfactory to Transporter.

C. Release and Indemnification

Shipper shall waive and release Transporter from any claims for any and all damages, costs, losses or expenses resulting from or arising out of interruption of service, whether caused by capacity or supply constraints on Transporter's system, where such interruption is caused by (i) the failure of Shipper(s) to have delivered to Transporter or Transporting Pipeline sufficient quantities of gas to meet their delivery requirements from Transporter; (ii) the failure of Shipper(s) to comply with a directive of Transporter pursuant to Section 5 of Rate Schedule NNTS, Section 17.A of the General Terms and Conditions, Section 17.C of the General Terms and Conditions, or Section 13.D of the General Terms and Conditions; or (iii) Shipper(s) taking deliveries in excess of scheduled or authorized quantities. Provided however, that the foregoing shall not result in the waiver or release of a claim against Transporter for Transporter's negligence or willful misconduct. Further, Shipper shall indemnify and hold Transporter harmless from any and all suits, actions, debts, accounts, damages, costs, losses and/or expenses brought by or accruing to or for the benefit of end-users downstream of such Shipper's delivery point resulting from or arising out of curtailment of service whether caused by capacity or supply constraints on Transporter's system, including without limitation, such constraints caused by the failure of Shippers to have delivered to Transporter or Transporting Pipeline sufficient quantities of gas to meet their delivery requirements from Transporter; provided however, that the foregoing shall not require Shipper to indemnify and hold Transporter harmless from a claim against Transporter for Transporter's negligence or willful misconduct. Nothing in this Section 7.C shall prevent a Shipper from asserting a claim against another Shipper; in the event of such a claim between Shippers, Transporter will make available such information in its possession relevant to such claim.

D. Both Transporter and Shipper may assign or pledge Service Agreements and all rights and obligations thereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness; otherwise, except in accordance with Section 18 herein, neither Transporter nor Shipper shall assign a Service Agreement or any of its rights thereunder unless it shall first have obtained the written consent of the other(s). Such consent shall not be unreasonably withheld.

## GENERAL TERMS AND CONDITIONS

### 10. NOMINATIONS, CONFIRMATIONS AND SCHEDULING

#### A. Nominations

##### 1. General

Except in the event of a failure of electronic nomination communication equipment, Internet or third party communication equipment, or other similar emergency event, Shipper shall furnish an electronic nomination in the format set forth in the NAESB Standards. Transporter may allow Shipper to submit written nominations in the event of a failure of electronic nomination communication equipment, Internet, or third party service provided, however, that such event shall be documented by an affidavit provided by Shipper to Transporter within one (1) business day of such event. Moreover, any such requests for emergency treatment shall be handled on a not unduly discriminatory basis by Transporter.

All quantities shall be reflected in Dekatherms per day and shall be nominated as receipts onto and deliveries off of contracts between Shipper and Transporter and those quantities which are scheduled by Transporter shall be as set forth in Section 10.B herein.

A Receipt Point nomination shall specify the quantity per day including fuel reimbursement rounded to the nearest dekatherm, the specified point(s) on Transporter's system (POI number) for receipts onto the contract, an upstream entity or contract identifier to the extent appropriate and the associated upstream Contact Person and phone number.

A Delivery Point nomination shall specify the quantity per day, the specified point(s) on Transporter's system (POI number) for deliveries off of the contract, any downstream entity or contract identifier to the extent appropriate, and the downstream operator Contact Person and phone number.

A nomination on a firm contract for a Segmented Transaction shall specify a Receipt Point and a Delivery Point (i.e., path) for each specific segmented nomination, and shall include a capacity type indicator that identifies the nomination as a segmented nomination.

The total Receipt Point nominations must equal the total Delivery Point nominations, with the exception of any quantities retained by Transporter as fuel reimbursement or, if agreed to by Transporter, any quantities to address imbalances. Nominations shall be scheduled by Transporter in accordance with Section 10C herein. The fuel reimbursement quantity shall be computed in

accordance with the NAESB Standard. For current in-kind fuel reimbursement procedures, fuel rates should be made effective only at the beginning of a month. For in-kind fuel reimbursement methods, Service Providers should not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth. For in-kind fuel reimbursement methods, Service Providers should provide, if applicable, a fuel matrix for Receipt and Delivery Point combinations. The Service Requesters should not be responsible for calculating and totaling fuel based on each zone or facility traversed. The transportation priority for fuel should be the same as the level of service as the transaction to which it applies.

Shipper shall provide gas flow commencement and termination dates on each nomination. Once submitted, nominations, except for intraday nominations, will remain in effect for the specified time period unless a prospective electronic nomination change is received from Shipper or, in the case of an interruptible Shipper, bumping as described in Section 10.A.2(c) occurs.

A package ID is a way to differentiate between discrete business transactions. When used, Package ID should be:

- a) supported for nominating and scheduling;
- b) mutually agreed between the applicable parties for allocations and imbalance reporting;
- c) supported for invoicing (sales and purchase); and
- d) mutually agreed for transport invoicing.

## 2. Nomination Timeline

(a) Transporter (TSP) shall support the following standard nomination cycles (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17). Such nomination opportunities shall represent the grid-wide synchronization times across the North American pipeline network.

### (i) The Timely Nomination Cycle.

On the day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Service Requester (SR);
- 1:15 p.m. Nominations are received by the TSP (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. TSP sends the Quick Response to the SR;
- 4:30 p.m. TSP receives completed confirmations from Confirming Parties;

- 5:00 p.m. SR and Point Operator receive scheduled quantities from the TSP.

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

(ii) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the SR;
- 6:15 p.m. Nominations are received by the TSP (including from TTTSPs)
- 6:30 p.m. TSP sends the Quick Response to the SR;
- 8:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 9:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

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

(iii) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:00 a.m. Nominations leave control of the SR;
- 10:15 a.m. Nominations are received by the TSP (including from TTTSPs)
- 10:30 a.m. TSP sends the Quick Response to the SR;
- 12:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 1:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including 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.

(iv) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of the SR;
- 2:45 p.m. Nominations are received by the TSP (including from TTSPs);
- 3:00 p.m. TSP sends the Quick Response to the SR;
- 5:00 p.m. TSP receives completed confirmations from Confirming Parties;



- 5:30 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including 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.

(v) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:00 p.m. Nominations leave control of the SR;
- 7:15 p.m. Nominations are received by the TSP (including from TTTSPs);
- 7:30 p.m. TSP sends the Quick Response to the SR;
- 9:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 10:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator.

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.

- (vi) For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word “provides” shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- (b) Quick Response, as such term is defined by NAESB, shall serve as notification of the receipt and validation of nomination information in accordance with the NAESB Standards, but shall not indicate whether the nomination will be confirmed or scheduled pursuant to Sections B or C hereunder.

For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard No. 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. Intraday nominations may be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas. Intraday nominations may be used to nominate new supply or market.

Intraday nominations will be effective for a single gas day, and will not remain in effect for prospective gas days. There is no need to renominate if intraday nomination modified an existing nomination. To the extent a Shipper submits an intraday nomination (including nominations received

after the nomination deadline) which specifies an effective term of longer than one day, Transporter shall make the nomination effective only for the first day of the specified effective period on an intraday basis for the applicable Nomination Cycle.

(c) Bumping

Nominations submitted by a firm Shipper during the Evening, Intraday 1 or Intraday 2 Nomination Cycles shall be given scheduling priority over nominated and scheduled volumes for interruptible Shippers. Bumping is not permitted during the Intraday 3 Nomination Cycle.

When an interruptible Shipper's scheduled volumes are to be reduced as a result of a nomination submitted by a firm Shipper during the Evening, Intraday 1 or Intraday 2 Nomination Cycles, Transporter shall provide such interruptible Shipper advance notice that its scheduled volumes are to be reduced, including whether penalties will apply on the day of the reduction. Such notification shall be as set forth in Section D herein.

(d) Extension of Standard Nomination Timeline

Transporter shall post electronically its intent to accept nominations or schedule service after the time deadlines otherwise applicable pursuant to (a) above and post the new deadline applicable to the same. Such posting shall remain on Transporter's Internet website until such new deadline has expired.

Any nomination received after the above stated or extended deadline may result in failure to schedule service under Section 10.C. Such late nominations will be treated as intraday nominations in accordance with Section 10.A.2 (a).

3. Nomination Information Required

The following nomination information is required for a valid nomination:

- (a) The service requestor's contract number under which service is being nominated;
- (b) The receipt location, and quantity in Dekatherms of gas to be tendered at each receipt point;
- (c) The delivery location and quantity in Dekatherms of gas to be delivered at each delivery location;

- (d) A beginning and ending date for each nomination;
- (e) The upstream and downstream party identifier and contract identifier.
- (f) A receipt and delivery rank for each upstream and downstream party identifier and contract identifier.
- (g) Standard nominations shall be treated as nomination in effect for the entire gas day.
- (h) A transaction type indicator which specifies whether the quantity is intended for current business or as payback. To the extent nominating party does not supply a transaction type, the quantity will be deemed to be nominated for current business.

If Shipper fails to comply with provisions (a) through (h) of this section, Transporter shall not schedule the commencement of service or change to a prior nomination.

- (i) A nomination on a firm contract for a Segmented Transaction shall specify a Receipt Point and a Delivery Point (i.e., path) for each specific segmented nomination, and shall include a capacity type indicator that identifies the nomination as a segmented nomination.

#### B. Confirmation

Promptly upon the close of ~~the each~~ nomination ~~cycle~~ deadline ~~for each day~~, Transporter shall evaluate all ~~timely on time~~ daily nominations in light of the estimated demand for service, the capacity expected to be available on the affected segments of Transporter's system, the estimated demand for No Notice Transportation Service and other estimated operating conditions.

Nominations will not become effective and are not eligible for scheduling until Transporter has confirmed nominated receipts and deliveries with the upstream and downstream confirming parties. It is Shipper's responsibility to provide information necessary to enable Transporter to confirm the nomination with upstream or downstream confirming parties. If such confirmation cannot be obtained, transportation service will be delayed until it is obtained.

With respect to the Timely Nomination Cycle at a Receipt or Delivery Point, in the absence of agreement to the contrary, the lesser of the confirmation quantities should 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 should be the new confirmed quantity.

With respect to the processing of requests for increases during the Evening, Intraday 1, Intraday 2 or Intraday 3 Nomination Cycles, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the previously scheduled quantity should be the new confirmed quantity.

With respect to the processing of requests for decreases during the Evening, Intraday 1, Intraday 2 or Intraday 3 Nomination Cycles, in the absence of agreement to the contrary, the lesser of the confirmation quantities should 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 should be the new confirmed quantity.

With respect to the preceding three paragraphs, if there is no response to a request for confirmation or an unsolicited confirmation response, the Transportation Service Provider should provide the Service Requester with the following information to explain why the nomination failed as applicable:

- (1) the Service Requester's Transportation Service Provider did not conduct the confirmation;
- (2) the Service Requester is told by its Transportation Service Provider that the upstream confirming party did not conduct the confirmation;
- (3) the Service Requester is told by its Transportation Service Provider that the upstream Service Requester did not have the gas or submit the nomination;
- (4) the Service Requester is told by its Transportation Service Provider that the downstream confirming party did not conduct the confirmation;
- (5) the Service Requester is told by its Transportation Service Provider that the downstream Service Requester did not have the market or submit the nomination.

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

Transporter shall notify Shipper of the quantities of gas confirmed for receipt from and delivery to or for the account of Shipper. In the event of an inability of Transporter to obtain an upstream or downstream confirmation, Transporter may notify Shipper of such lack of confirmation contact in order that confirmation may otherwise be obtained.

Transporter reserves the right to verify that the quantities of gas, requested by the Shipper, are flowing as confirmed and scheduled by the Transporter and to interrupt receipt or

deliveries pursuant to an Operational Flow Order under Section 17C.3 to the extent such quantities are not flowing as scheduled.

C. Scheduling

The term "Scheduling" herein refers to the allocation of available capacity among confirmed nominations for each day on Transporter's system, as set forth below.

Following confirmation of upstream receipts and downstream deliveries, Transporter will then schedule services to the extent of availability on each segment or interconnect, allocating capacity if required pursuant to the scheduling priorities set forth in C.1 below.

Transporter shall evaluate, without undue discrimination or preference, the operational feasibility of scheduling a Segmented Transaction within a Reticulated Area based upon an evaluation of the following factors:

- (i) the anticipated direction of gas flow across, to, and from the relevant area(s) of the system;
- (ii) the sources of flowing supply, including whether actual quantities flowing into the system are consistent with scheduled quantities;
- (iii) for a Backhaul, the corresponding scheduled quantities that physically support the ability to confirm the Backhaul nomination;
- (iv) contractual delivery pressure obligations; and
- (v) other Shippers' firm service rights in the relevant area potentially affected by the requested nomination for a Segmented Transaction.

After evaluation of the operational feasibility, on a daily basis, of scheduling a Segmented Transaction within a Reticulated Area, Transporter shall post on its Internet website under Informational Postings the maximum capacity available for segmentation for each such area.

Transporter shall schedule, without undue discrimination or preference, a Segmented Transaction in a Reticulated Area if Transporter has determined that the Segmented Transaction is operationally feasible.

Transporter shall evaluate, without undue discrimination or preference, the operational feasibility of scheduling a Backhaul based upon the following operational considerations:

- (i) adequate scheduled quantities to physically support the Backhaul;
- (ii) contractual delivery pressure obligations; and

- (iii) other Shippers' firm service rights in the relevant area potentially affected by the requested Backhaul.

Transporter shall schedule, without undue discrimination or preference, a Backhaul if Transporter has determined that the Backhaul is operationally feasible.

In no event shall Transporter accept nominations which exceed Delivery Point meter capacity.

1. Scheduling Priorities - Mainline Capacity and Delivery Points

- (a) Firm transportation service under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD, and FTS-WD-2 utilizing Primary Delivery Points within Maximum Daily Transportation Quantities specified in the FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 Service Agreement.
- (b) Transportation service under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 utilizing Alternate Delivery Points within a Shipper's contract MDTQ or Shippers utilizing Segmented Transaction quantities at Alternate Delivery Points within the Shipper's Primary Capacity Path, or transportation service utilizing Section 11 of these General Terms and Conditions, with the exception that if a Shipper has used its full MDTQ in its Primary Capacity Path, it no longer has capacity at this priority. In the event nominations for service under this Section 10C.1(b) exceed capacity available, Transporter will schedule service on a pro rata basis, based on confirmed nominations for that gas day; provided however, that neither scheduling of deliveries at Alternate Delivery Points nor scheduling of deliveries pursuant to Section 11 of these General Terms and Conditions will impede or adversely affect deliveries scheduled to Firm Primary Delivery Points (at contract delivery pressure) being made within the stated Maximum Daily Quantity (of the nominating Shipper) at the Primary Delivery Point(s) and within the total Maximum Daily Transportation Quantity of the Service Agreement; provided further that deliveries for Shippers with confirmed nominations within their (i.e. the nominating Shipper's) Primary Delivery Point MDQ will be scheduled prior to deliveries for Shippers with confirmed nominations which are either (i) in excess of their (i.e. the nominating Shipper's) Primary Delivery Point MDQ, or (ii) at a point other than the nominating Shipper's Primary Delivery Point.
- (c) Transportation service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, FTS-WD and FTS-WD-2 nominating Segmented Transaction quantities at Alternate Delivery Points outside a Shipper's Primary Capacity Path. In the event nominations for service under this Section 10C.1(c)

exceed capacity available, Transporter will schedule service on a pro rata basis, based on confirmed nominations in this category, for that gas day.

- (d) Interruptible transportation service under Rate Schedules ITS-1 and ITS-WD. Shippers paying the maximum rate or higher shall be allocated pro rata. Shippers paying higher than the maximum rate will be allocated pro rata with Shippers paying the maximum rate. Shippers not paying the maximum interruptible transportation rates will be scheduled based upon price, with the highest price scheduled first, and any allocation at a particular price applied pro rata.
- (e) Park 'N Ride service under Rate Schedule PNR. Shippers will be scheduled based upon the total revenue commitment to Transporter. Shippers paying more than the maximum tariff rate will be considered to be paying the maximum tariff rate. Service will be scheduled on a pro rata basis among Shippers paying the same total revenue to Transporter for service.
- (f) If nominations for firm transportation service exceed the capacity available for firm service, then Transporter shall first schedule requests for firm transportation service to serve Exempt Uses (as defined in Section 17.A.2 of these General Terms and Conditions, including uses treated as Exempt Uses under the emergency provisions of Section 17.A.5), as follows: Transporter shall first schedule requests for firm transportation service to serve Priority 1 Uses (as defined in said Section 17.A.2), pro rata, and second, if capacity remains available, Transporter shall schedule requests for firm transportation service to serve Priority 2 Uses (as defined in said Section 17.A.2), pro rata. Thereafter, if additional capacity is available, Transporter shall schedule requests for transportation service pursuant to the scheduling priorities set forth in this Section 10.C above.

## 2. Receipt Point Scheduling Priorities

To the extent capacity at a specific Point of Receipt is insufficient to schedule the Receipt Point nominations of Shipper's awarded capacity in 10C.1 above, Transporter shall allocate capacity at the subject Receipt Point in the order of the following categories:

- (a) (i) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 nominating quantities at Primary Receipt Points; and
- (ii) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 who have voluntarily, at the request of Transporter, moved away from a constrained Primary Receipt Point to permit Transporter to take

OBA payback at such point. Such priority will be limited to the lesser of such Shipper's MDQ or the planned OBA payback quantity at the Primary Receipt Point which was vacated.

- (b) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 nominating quantities at Alternate Receipt Points within a Shipper's Primary Capacity Path and contract MDTQ.
- (c)
  - (i) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 nominating quantities at Alternate Receipt Points outside a Shipper's Primary Capacity Path and within Shipper's MDTQ;
  - (ii) Shippers nominating Segmented Transaction quantities at Alternate Receipt Points within the Shipper's Primary Capacity Path. If a Shipper has used its full MDTQ in its Primary Capacity Path, it no longer has capacity at this priority;
  - (iii) Shippers nominating IPS quantities from a specified Receipt Point to a specified In-Line Transfer Point for direct delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement and the subsequent firm contract has available unscheduled primary path capacity at the Receipt Point or upstream of the In-Line Transfer Point;
  - (iv) Shippers nominating IPS quantities from a specified Receipt Point to a specified In-Line Transfer Point for direct delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement and the subsequent firm contract has nominated a Segmented Transaction that is within its Primary Capacity Path and within its available MDTQ;
  - (v) Receipts for MSS, Deferred Exchanges, and Operational Purchases pursuant to Section 17.C; and
  - (vi) Any OBA payback quantities for which Transporter has satisfied the requirements of Section 12A.5.

In the event nominations exceed available Receipt Point Capacity, Transporter will schedule receipt quantities on a pro rata basis, based on Receipt Point nominations, provided further, however, that Shippers in this category 2(c) shall have the opportunity to revise Receipt Point nominations under the procedures set forth in Section 10A.2(a) and (b).



- (d)
  - (i) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, FTS-WD and FTS-WD-2 nominating Segmented Transaction quantities at Alternate Receipt Points outside a Shipper's Primary Capacity Path;
  - (ii) Shippers nominating IPS quantities from a specified Receipt Point to a specified In-Line Transfer Point for subsequent direct delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement and the subsequent firm contract has no available unscheduled primary path capacity at the Receipt Point or upstream of the In-Line Transfer Point but has available unscheduled contract MDTQ; and
  - (iii) Shippers nominating IPS quantities from a specified Receipt Point to a specified In-Line Transfer Point for direct delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement and the subsequent firm contract is nominating a Segmented Transaction and has no available capacity at the Receipt Point and no available unscheduled primary path capacity upstream of the In-Line Transfer Point but is within the firm contract's MDTQ.

In the event nominations exceed available Receipt Point capacity, Transporter will schedule receipt quantities on a pro rata basis, based on Receipt Point nominations.

- (e) IPS quantities from nominated Receipt Points and delivered at an In-Line Transfer Point for subsequent delivery to other IPS contracts at the same In-Line Transfer Point and for ultimate delivery to an FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 service agreement. Such IPS transactions for delivery to another IPS contract must include nomination from specified receipt points to the specified In-Line Transfer Point. The linked transactions must reference upstream and downstream contract numbers, upstream and downstream Shipper ID numbers, and include an upstream package ID and downstream package ID used for linking related nominations.
- (f) Interruptible Transportation Service for Shippers under Rate Schedules ITS-1, ITS-WD or IPS quantities delivered at an In-Line Transfer Point for subsequent delivery on an ITS-1, ITS-WD or IPS Service Agreement and Pack Notice receipts scheduled on a firm rate schedule above the MDTQ. In the event nominations exceed available Receipt Point capacity, Transporter will schedule receipt quantities in sequence by rate starting with the maximum rate. Service will be scheduled on a pro

rata basis among Shippers paying the same rate to Transporter for service.

- (g) IPS quantities from unspecified Receipt Points delivered at an In-Line Transfer Point and title transfer nominations at an In-Line Transfer Point.
- (h) Park 'N Ride service under Rate Schedule PNR. In the event nominations exceed available Receipt Point capacity, Transporter will schedule receipt quantities based on the total revenue commitment to Transporter. Shippers paying more than the maximum tariff rate will be considered to be paying the maximum tariff rate. Service will be scheduled on a pro rata basis among Shippers paying the same total revenue to Transporter for service.

### 3. Scheduling Procedures

Following the application of the scheduling priorities under Sections (1) and (2) to the extent the confirmed receipt quantities less fuel reimbursement do not equal the confirmed delivery quantities for each service agreement, Transporter shall apply the receipt or delivery rank provided by the nominating party to equate receipts and delivery quantities unless Transporter has agreed to accept additional receipt or delivery quantities to correct an imbalance or otherwise benefit systems operation quantities. Quantities assigned the same rank will be scheduled on a pro rata basis.

#### D. Communication of Scheduled Quantities

Following scheduling of confirmed nominations, Transporter shall furnish a report to the Nominating Party showing the scheduled receipt and delivery quantities by contract number and POI. Transporter shall provide a report in accordance with the NAESB standards to affected Shippers, point operators and bumped parties for receipt on or before the times established for the Nomination Cycles set forth in Section 10.A.2(a). At the end of each gas day, Transporter shall also provide the final scheduled quantities, for the just completed gas day. With respect to the implementation of this process via the EDI/EDM, Transporter shall send an end of gas day Scheduled Quantity (NAESB WGQ Standard No. 1.4.5) and Scheduled Quantity for operator (NAESB WGQ Standard No. 1.4.6). A receiver of either of these documents can waive Transporter's requirement to send such documents. In addition to notification through the scheduled quantities report described herein, Transporter shall provide direct notice of any bumped quantities using Internet E-mail or direct notification to interruptible Shipper's Internet URL address. Shipper is responsible for providing current addresses to Transporter. Failure of Shipper to maintain current addresses on file with Transporter will relieve Transporter of this obligation.

Transportation Service Providers should provide affected parties with notification of intraday bumps, operational flow orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

Unless the affected party and the Transportation Service Provider (TSP) have agreed to exclusive notification via EDI/EDM, the affected party should provide the TSP with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of the TSP to provide notification is waived until the above requirement has been met.

Transportation Service Providers should support the concurrent sending of electronic notification of intraday bumps, operationally flow orders and other critical notices to two Internet E-mail addresses for each affected party.

E. Designees

1. A Shipper may name designee(s) to perform Shipper's obligations with regard to nominations, confirmations and any other administrative duties under Shipper's service agreement subject to the following conditions:
  - (a) A request to name a designee must be made in writing or submitted electronically at least two (2) business days prior to the requested effective date, except where a creditworthiness determination is required under Section (f) herein.
  - (b) The designee request form shall be available on Transporter's Internet website and shall be executed by Shipper and the designee. The request shall specify the limits of authority of the representative, including the term of designation; provided however, that Transporter may reject the request if the limitations would result in an undue administrative burden.
  - (c) Transporter may rely on communications from the Designee for all purposes, except to the extent expressly limited in the request. Likewise, communications by Transporter to Designee shall be deemed to be notice to Shipper for all purposes in the tariff, except to the extent the Designee is explicitly limited with respect to receipt of notice.
  - (d) To the extent the designation involves delegation of responsibility for receipt point nominations for Rate Schedule FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 the request must specify the primary receipt point capacity subject to the designation. A designee responsible for scheduling receipt point quantities shall be considered a "Supply Designee." At no time shall Shipper have more than three Supply Designee(s) per contract for any supply operating zone. Supply Operating Zone shall include (1) origin to Station 7, (2) Station 7 to Station 8, and (3) east of Station 8.

- (e) To the extent the designation involves delegation of responsibility for delivery point nominations for Rate Schedule FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 the request must specify the primary delivery point capacity subject to the designation. A designee responsible for scheduling delivery point quantities shall be considered a "Market Designee". At no time shall Shipper have more than three Market Designees per division, nor more than one Delivery Point Operator at any delivery point. Notwithstanding the ability to specify a Market Designee herein, unless otherwise agreed upon by Transporter, the Delivery Point Operator shall be responsible for amounts recorded in the Delivery Point Operating Account pursuant to Section 13.
  - (f) Unless otherwise agreed upon in writing by Transporter, Shipper shall remain liable for any and all actions or failures to act of Shipper's designee, including liability for all charges under Shipper's Service Agreement.
2. At Transporter's request, Shipper shall permit Transporter to name a designee to perform Transporter's obligations with regard to nominations, scheduling, invoicing, and/or receiving payment. Transporter shall not name more than one designee to perform each such specified obligation under any Service Agreement. Transporter shall remain liable for any and all actions or failures to act of Transporter's designee. Payment to Transporter's designee by Shipper shall be deemed payment in full of all such amounts due Transporter. Transporter specifically disclaims any right or claim to be paid with regard to payment of amounts paid by Shipper to Transporter's designee.

## GENERAL TERMS AND CONDITIONS

### 13. DETERMINATION OF DAILY DELIVERIES -- MARKET AREA

- A. All Market Area points of delivery shall be covered by a Delivery Point Operating Account, as set forth in Section 13.B below. Quantities delivered by Transporter at a point of delivery each gas day shall be allocated in accordance with the scheduled quantity at such point (Scheduled Deliveries). For purposes of this section "overage" shall be defined as actual deliveries in excess of Scheduled Deliveries, and "underage" shall be defined as actual deliveries below Scheduled Deliveries. In the event actual quantities delivered by Transporter do not equal Scheduled Deliveries, any overage or underage will be allocated as follows:
1. Delivery quantities under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, and ITS-1, and other deliveries under Market Area operational purchases or sales, Market Area deferred exchanges, and the RDDQ under monthly swing shipper arrangements shall equal the Scheduled Deliveries;
  2. Any Pack or Draft Notice quantities pursuant to Section 17.C.7. shall be recorded first into the Delivery Point Operating Account; provided further, that if the Pack or Draft Notice quantities exceed the cumulative balance in the Delivery Point Operating Account to which the Pack/Draft Notice is applicable, such excess shall be recorded to the No-Notice Account to the extent of the NNQ.
  3. Any overages or underages which result from non-compliance with: a Pack or Draft Order under Section 17.C.7.; an operating purchase or sale under Section 17.C.5.; a deferred exchange under Section 17.C.6.; or MSS provisions under Section 17.C.4., any of which shall be recorded next in a non-compliance account.
  4. Any overages or underages for Shippers with NNTS service shall be deemed to be NNTS up to a level equal to the absolute value of Shipper's NNQ, but in no event shall volumes be determined as NNTS if such a determination would permit Shipper to be billed for FTS-1 or SFTS commodity volumes in excess of the applicable MDTQ.
  5. After determining deliveries in (1), (2), (3), and (4), the remaining differences between actual and scheduled volumes (overages and underages) shall be recorded each day into the Delivery Point Operating Account. The Delivery Point Operating Account shall be cumulated for the month, and such monthly total shall be considered the Delivery Imbalance for purposes of Balancing under Section 14 herein.

To the extent Transporter has issued an Alert Day Notice, Transporter shall allocate deliveries as follows:

- 1a. Delivery quantities under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, and ITS-1, and other deliveries under Market Area operational purchases or sales, Market Area deferred exchanges, and the RDDQ under monthly swing shipper arrangements shall equal the Scheduled Deliveries;
- 2a. Any overages or underages for Shippers with NNTS service shall be deemed to be NNTS up to a level equal to the absolute value of Shipper's NNQ, but in no event shall volumes be determined as NNTS if such a determination would permit Shipper to be billed for FTS-1, FTS-2, FTS-3 or SFTS commodity volumes in excess of the applicable MDTQ.
- 3a. After determining delivery quantities under (1a) and (2a), certain overages or underages shall be recorded in an Alert Day Account in accordance with Section 13.D.3.
- 4a. After determining deliveries in (1a), (2a), and (3a), the remaining differences between actual and scheduled volumes (overages and underages) shall be recorded each day into the Delivery Point Operating Account. The Delivery Point Operating Account shall be cumulated for the month, and such monthly total shall be considered the Delivery Imbalance for purposes of Balancing under Section 14 herein.

B. Delivery Point Operating Account

Each Market Area delivery point is covered by a Delivery Point Operating Account. The Shipper and/or Delivery Point Operator owning the facilities immediately downstream of Transporter's facilities at the delivery point (or any other creditworthy entity that is authorized to operate the point by the facility owner immediately downstream of Transporter's facilities at the delivery point and who agrees to be bound by the provisions of this tariff applicable to the Delivery Point Operator) shall be the "Delivery Point Operator" and shall have the obligations set forth in this tariff with respect to Delivery Point Operator(s). The Delivery Point Operator shall be responsible for resolving all Delivery Imbalances recorded in the Delivery Point Operating Account; shall be responsible for any charges associated with noncompliance with a Pack or Draft Notice under Section 17.C.7., noncompliance with an operating purchase or sale under Section 17.C.5., noncompliance with a deferred exchange under Section 17.C.6., and noncompliance with an MSS arrangement under Section 17.C.4.; shall be responsible for any charges associated with quantities recorded in the Alert Day Account under Section 13.D; and shall be responsible for any OFO penalties under Section 17.C.3. No Shipper shall be permitted to modify an FTS-1, FTS-2 or FTS-3 service agreement to add a Primary Delivery Point under Section 3 of the FTS-1, FTS-2 or FTS-3 Rate Schedule or to schedule deliveries at a delivery

point under Section 10 herein without written confirmation from the Delivery Point Operator.

Nothing herein shall require the Delivery Point Operator to establish a particular allocation methodology with respect to the Delivery Point Operating Account. This section applies solely to the reconciliation of the Delivery Point Operating Account between Transporter and the Delivery Point Operator. Transporter makes no representation or warranties express or implied that Delivery Point Operator will employ a particular allocation methodology as between Delivery Point Operator and Shipper or Shipper's designee(s).

C. Delivery Point Operating Data

Transporter shall make available to the Delivery Point Operator certain operational data regarding the daily and hourly flow rate at the applicable delivery point. To the extent such operating data differs from the actual delivery data utilized in this Section 13, the Delivery Point Operator shall not be responsible for any Alert Day Charges under Section 13.D, OFO penalties under Section 17.C.3 or any noncompliance charges under Sections 17.C.4, 17.C.5, 17.C.6 or 17.C.7 to the extent of the difference. The Balancing provisions of Section 14 shall apply notwithstanding any differences between actual delivery quantities and operational data; provided however, that any imbalance caused by differences between actual and operating data shall be balanced at an Imbalance Factor of 1.00.

1. After the Gas Day Allocations

The timing for reporting daily operational allocations after the gas has flowed is within one business day after end of gas day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity should be used for the daily operational allocation.

This standard applies to the daily provision of operational allocated quantities whether they are provided pursuant to NAESB WGQ Standard 2.4.3 or NAESB WGQ Standard 2.4.4.

Upon request to Transporter, a Shipper should be provided operational allocated quantities pursuant to NAESB WGQ Standard 2.4.3 or 2.4.4 for the transaction(s) which have been scheduled by such Transporter for the Shipper.

Transporter can agree to send the operational allocated quantities on a daily basis to a Shipper rather than accept the Request for Information for operational allocated quantities.

Transporter is not required to support requests for operational allocated quantities other than on "all Shipper locations." Where Transporter has determined to support this standard in a manner other than:

- a) providing specific operational allocated quantities in response to a request for same, or
- b) providing operational allocated quantities on "all Shipper locations", then the Shipper can rely on the absence of a line item(s) provided by Transporter as indicative that the particular line item(s)' scheduled quantities are operational allocated quantities.

2. Monthly Allocations

Transporter shall provide the Delivery Point Operator with a report showing the allocating deliveries under this Section 13 based upon the Monthly Measurement data set forth in Section 4(i).

D. Alert Days

1. Notice

At least two (2) hours prior to the start of the delivery gas day, or upon at least 12 hours notice within a gas day, Transporter shall post a notice on its Internet website and notify by E-Mail to all affected Shippers or the Shippers' contact person that the Alert Day provisions of this section are in effect, indicating whether previously scheduled Market Area service under Rate Schedule ITS-1 has been interrupted, indicating the applicable Alert Day Tolerance Percentage and indicating the duration of the Alert Day condition; provided further that the Alert Day shall be posted in daily intervals that coincide with the delivery gas day.

Transportation Service Providers should provide affected parties with notification of intraday bumps, operational flow orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

Unless the affected party and the Transportation Service Provider (TSP) have agreed to exclusive notification via EDI/EDM, the affected party should provide the TSP with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of the TSP to provide notification is waived until the above requirement has been met.

Transportation Service Providers should support the concurrent sending of electronic notification of intraday bumps, operationally flow orders and other critical notices to two Internet E-mail addresses for each affected party.



2. Conditions for Invoking Alert Day

Alert Day notices may be issued by Transporter when in its sole discretion, reasonably exercised, Transporter determines that the pipeline is experiencing or may experience in the next gas day high or low line pack operating conditions which threaten the ability to render firm services. Alert Days will be used when Pack/Draft Notices and other tools are reasonably perceived to be inappropriate to resolve the operating situation. Alert Day notices may be issued in addition to other actions taken by Transporter with regard to individual shippers, including issuance of Operational Flow Orders and Pack/Draft Notices; however, such other actions are not required prior to the issuance of an Alert Day notice. Transporter shall indicate in the Alert Day Notice whether the notice applies system wide or to an Affected Area. In addition, Transporter shall post an Alert Day notice for any periods in which systemwide curtailment orders are in effect pursuant to Section 17A. The Alert Day notice shall indicate whether the alert condition applies to overages (Overage Alert Day) or underages (Underage Alert Day) from Scheduled Deliveries. Transporter may issue an Overage Alert Day notice herein for any days in which Transporter has scheduled Market Area deliveries under Rate Schedule ITS-1 however, Transporter shall interrupt previously scheduled Market Area service under Rate Schedule ITS-1 prior to or simultaneously with invoking the Alert Day provisions under this section when, in its sole discretion, reasonably exercised, Transporter determines that restricting such service will assist in ameliorating the operating condition.

3. Alert Day Account

- (a) On an Overage Alert Day, to the extent delivery quantities exceed Scheduled Deliveries by the Alert Day Tolerance Percentage defined in 13.D.6 below, other than quantities determined as NNTS service in 13.A.4, such overages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges in 13.D.4 below.
- (b) On an Underage Alert Day, to the extent delivery quantities are less than Scheduled Deliveries by the Alert Day Tolerance Percentage defined in 13.D.6 below, other than quantities determined as NNTS service in 13.A.4, such underages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges in 13.D.5 below.
- (c) Overages and underages recorded in the Alert Day Account shall not be recorded in the Delivery Point Operating Account, nor subject to monthly balancing under Section 14.

- (d) The determination of quantities into the Alert Day Account will be aggregated for all delivery points covered by the Delivery Point Operating Account. To the extent the Alert Day Notice relates to an Affected Area, the Alert Day Account quantity determination for delivery points in the Affected Area shall be made at the Delivery Point Operator level and netted against all other Delivery Point quantities included in the Delivery Point Operator Account.

4. Overage Alert Day Balancing

Overages in Alert Day Accounts are deemed to be purchased from other Shippers on Transporter's system. A Delivery Point Operator's overage recorded in the Alert Day Account shall be subject to an Alert Day Charge calculated as the sum of the following:

- (a) A balancing charge calculated as the Delivery Point Operator's overage recorded in the Alert Day Account in the Delivery Point Operating Account multiplied by 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 ~~and/or~~ Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the Alert Day occurred. Such balancing charge will be accounted for pursuant to Section 24.
- (b) A transportation charge calculated by multiplying the Delivery Point Operator's overage quantity by the weighted average of the 100 percent load factor maximum rates, plus applicable surcharges, of Rate Schedules FTS-1, FTS-2, FTS-3, ITS-1 and SFTS scheduled at the points for the period the Alert Day Account balances occurred.

5. Underage Alert Day Balancing

Underages in Alert Day Accounts are deemed for balancing purposes to be sold to other Shippers on Transporter's System. A Delivery Point Operator with an underage recorded in the Alert Day Account shall receive an Alert Day Credit calculated as the underages recorded in the Delivery Point Operator's Alert Day Account (for the Delivery Point Operating Account) multiplied by 50% of the lowest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the Alert Day occurred. Such balancing credit will be accounted for pursuant to Section 24.

6. Alert Day Tolerance Percentage

For each Alert Day invoked, Transporter shall determine in its sole discretion, reasonably exercised, the Tolerance Percentage it deems appropriate to improve the particular operating situation; provided, however, that the Tolerance Percentage shall not be less than the greater of 2% or 500 MMBtu. Such Tolerance Percentage shall be stated in the Alert Day notice issued.

## GENERAL TERMS AND CONDITIONS

### 17. CURTAILMENTS AND OTHER OPERATIONAL CONTROLS

#### A. Capacity Curtailment or Interruption

1. Applicability -- The provisions of this Section 17.A shall apply where Transporter is unable to deliver scheduled transportation volumes during periods of diminished capacity on Transporter's system under any Rate Schedule.
  - (a) To the maximum extent possible, Transporter shall confine curtailment or interruption of scheduled volumes to Shippers in Affected Areas and shall not institute the system-wide suspension of services if such action in the Affected Area can remedy the operating condition.
  - (b) Prior to issuing a Curtailment Order under this Section 17.A, Transporter shall utilize the provisions of its Tariff (Sections 17.C and 10) to the extent practicable to attempt to suspend deliveries of scheduled volumes to any Shipper which has not delivered scheduled volumes to Transporter at Receipt Points, to the extent of such underdelivery, regardless of such Shipper's Exempt/Non-Exempt Use classification, unless Shipper's actions were taken in reasonable reliance on a pack order, draft order or operational flow order issued by Transporter.
  - (c) Transporter shall not knowingly schedule or permit scheduling of service which will result in the need to issue a Curtailment Order.
  - (d) Nothing in this Section 17.A shall operate to allow a Shipper to receive more than its Maximum Daily Transportation Quantity ("MDTQ") on Transporter's system, as set forth in Shipper's Service Agreement(s) with Transporter.
2. Definitions -- The following definitions shall apply to the terms used herein with respect to the curtailment of firm transportation services or the interruption of interruptible transportation services. As a general matter, references to "curtailment" refer to the cessation of scheduled firm transportation service, references to "interruption" refer to the cessation of scheduled interruptible transportation service, and references to "suspension" refer to the curtailment and/or interruption of scheduled firm and/or interruptible transportation service, as the context requires.
  - (a) "Alternate Fuel" means, unless specified otherwise in this Section 17.A, a fuel other than natural gas, including substitute or back-up electrical energy available from the electric power grid, that is used in lieu of natural

gas during a curtailment event. Alternate Fuel is not considered available when either (i) no facilities exist enabling the utilization of Alternate Fuel; or (ii) facilities exist for the use of Alternate Fuel but Alternate Fuel, although available, cannot legally or operationally be used in such facilities.

- (b) "Alternate Fuel Charge" or "AFC" means the charge, as more particularly described hereafter in this Section 17.A, that is billed by Transporter to those Exempt Shippers that received a Pro Rata Capacity Excess, which is intended to reimburse curtailed Shippers under Firm Rate Schedules for the costs of utilizing Alternate Fuel during a curtailment event.
- (c) "Curtailment Order" means the notice of suspension of scheduled firm and/or interruptible transportation service provided by Transporter to affected Shippers, as more particularly described in Section 17.A.3.
- (d) "Curtailment Reservation Charge" or "CRC" means the weighted average reservation charge for all firm transportation service actually curtailed during a curtailment event, including demand surcharges, billed by Transporter to those Exempt Shippers that received a Pro Rata Capacity Excess.
- (e) "Data Verification Committee" or "DVC" means the committee, as more particularly described hereafter in this Section 17.A, composed of representatives from Shippers with firm transportation service agreement(s) on Transporter's system.
- (f) "Delivery Point" shall be as defined in Section 1(m) of these General Terms and Conditions, except that, when used in this Section 17.A, the definition shall exclude In-Line Transfer Points.
- (g) "Exempt Use" means a use of natural gas to serve Priority 1 or Priority 2 requirements, as defined hereinafter, (regardless of whether such gas is consumed directly or used to generate electricity to serve such uses, if, unless otherwise specified, there is no Alternate Fuel as defined in Section 17.A.2(a) above) as certified by the Data Verification Committee ("DVC") and served by firm transportation capacity on Transporter's system.
- (h) "Exempt Shipper" or "ES" means any Shipper on Transporter's system serving Exempt Uses with firm transportation capacity.
- (i) "Firm Rate Schedules" means Transporter's firm transportation rate schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2.
- (j) "Hospital" means a facility, the primary function of which is delivering medical care to patients who remain at the facility. Outpatient clinics or

doctors' offices are not included in this definition. Nursing homes and convalescent homes are included in this definition.

- (k) "NGPA" means the Natural Gas Policy Act of 1978.
- (l) "Non-Exempt Use" means any use other than an Exempt Use.
- (m) "Priority 1 Use" means any use of natural gas:
  - (i) in a residence, including apartment buildings, hotels and other multi-unit dwellings, where gas is used predominantly for residential purposes; provided, however, for hotels with usage of 50 MMBtu or over on a peak day (as determined by the highest average volume for a month in a twelve-month period), the usage that can be qualified for Priority 1 Use for each individual hotel shall be 50 MMBtu and shall be used for purposes other than heating pools and spas;
  - (ii) in a commercial establishment in amounts of less than 50 MMBtu on a peak day (as determined by the highest average daily volume for a month in a twelve-month period) and for purposes other than manufacturing;
  - (iii) in a School or Hospital; or
  - (iv) for a minimum plant protection when operations are shut-down, for police protection, for fire protection, in a sanitation facility, for emergency situations, or for emergency conditions as described herein.
- (n) "Priority 2 Use" means any use of natural gas which is certified by the Secretary of Agriculture under 7 C.F.R. Section 2900 et seq. as an "essential agricultural use" under section 401(c) of the NGPA, excluding those volumes where the use of an Alternate Fuel is economically practicable and such fuel is reasonably available as determined by the FERC under Section 401(b) of the NGPA; provided, however, the aggregate capacity that can be qualified as a Priority 2 Use shall not exceed 50,000 MMBtu/day and shall be used only by those essential agricultural use customers being served directly or indirectly by Transporter as of July 31, 1994.
- (o) "Pro Rata Capacity Excess" or "PRCE" means the excess capacity (stated in MMBtus) resulting from the difference between the capacity allocated to an ES during a curtailment event in accordance with the provisions of this Section 17.A and the Determination of Deliveries provisions of Section 13

of these General Terms and Conditions and the capacity that would have been allocated under a straight pro rata allocation.

- (p) "School" means a facility, the primary function of which is delivering instruction to regularly enrolled students in attendance at such facility. Facilities used for both educational and noneducational activities are not included under this definition, unless the latter activities are merely incidental to the delivery of instruction.

3. Procedure for the Suspension of Transportation Services

- (a) General Procedures -- The suspension of transportation services for any period shall, within the limits of dispatching accuracy and available facilities, be accomplished as follows:
  - (i) Transporter shall determine: (1) the Affected Area, (2) whether any firm capacity must be curtailed in the Affected Area, (3) the pro rata share of firm capacity available for each Delivery Point or Division, as applicable, in the Affected Area, and (4) whether any capacity serving Exempt Uses in the Affected Area is subject to curtailment. If Transporter determines that firm capacity must be curtailed in the Affected Area, but the pro rata share of capacity for each Delivery Point or Division, as applicable, is equal to or greater than the amount of the Exempt Uses served at each such Delivery Point or Division, as applicable, then all firm Shippers in the Affected Area, including each ES, shall be entitled only to their straight pro rata share of available capacity.
  - (ii) Following the determination procedure described in subsection 3(a)(i) above, Transporter shall then issue a Curtailment Order to all Shippers and Delivery Point Operators that have Delivery Points or Divisions in the Affected Area by posting under the Critical Notices on its Internet website and by notification to all affected Shippers or the Shipper's Contact Person as soon as possible thereafter by Internet E-mail or direct notification to the Shipper's Internet URL address, whichever is chosen by the affected Shipper.
  - (iii) In its Curtailment Order, Transporter shall state the quantity suspended as measured from currently scheduled levels, the daily quantity authorized for delivery at the Delivery Points or Divisions, as applicable, and an hourly flow rate; provided however, if no flow rate is specified in the Curtailment Order, the hourly flow rate shall be the maximum hourly flow rate set forth in the respective affected Shipper's underlying Service Agreement or as specified in Section 6 of these General Terms and Conditions. Transporter shall

also specify in its Curtailment Order the extent to which any operational control orders previously issued under these General Terms and Conditions are affected by the curtailment event. In its Curtailment Order, Transporter shall specify for each Delivery Point Operator the total volume each is entitled to take at such point based upon suspended volumes, clearly specifying (i) what volumes are for Exempt Uses at such point and (ii) whether Transporter will need to curtail capacity serving Exempt Uses. If required by Transporter, each Delivery Point Operator will then allocate such volumes to each Shipper for which deliveries are being made at that point and notify Transporter of such volumes.

- (iv) In its Curtailment Order, Transporter shall give Shippers as much notice as is operationally feasible of the deadline for compliance with a Curtailment Order; provided, however, Transporter will not specify a time period for compliance which is less than two (2) hours after issuance of the Curtailment Order. Transporter's Curtailment Order shall include information as to the anticipated extent and duration of the situation.
  
- (b) Order of Suspension of Service -- To the extent Transporter is unable to make deliveries, or receive gas in accordance with scheduled volumes, Transporter shall suspend service to Shippers in the Affected Area in accordance with this Section 17.A.3. Transporter shall first suspend service in category (i) below, then category (ii) below and so on in descending order, as listed below. To the extent Transporter only suspends part of the service volumes in a category it shall prioritize such volumes in the manner set forth below.
  - (i) Park 'N Ride Service - Transporter shall first interrupt service under Rate Schedule PNR when such service is detrimental to the operating conditions of the system or when such service adversely impacts service provided under any of Transporter's other rate schedules. Transporter shall interrupt such service under Rate Schedule PNR based upon total revenue commitment to Transporter. The lowest total revenue received volumes in the Affected Area shall be interrupted first, with volumes at the same total revenue interrupted on a pro rata basis. Shippers paying more than the maximum tariff rate will be considered to be paying the maximum tariff rate.
  
  - (ii) Interruptible Transportation Service -- Transporter shall interrupt service under Rate Schedules ITS-1 and ITS-WD by price. The lowest rate volumes in the Affected Area shall be interrupted first, with volumes at the same rate interrupted on a pro rata basis.



Shippers paying higher than the maximum rate will be interrupted pro rata with Shippers paying the maximum rate. All Interruptible Transportation Service in the Affected Area must be interrupted before any other category of service listed in (iii) below is suspended.

- (iii) Firm Transportation Service -- Transporter shall determine whether firm transportation capacity serving Exempt Uses would be curtailed under a straight pro rata allocation of available firm capacity. If no firm capacity serving Exempt Uses would be curtailed under a straight pro rata allocation, then Transporter shall curtail scheduled service at Delivery Points or Divisions, as applicable, under Firm Rate Schedules, on a pro rata basis. If, however, firm capacity serving Exempt Uses would be curtailed under a straight pro rata allocation, then Transporter shall first curtail scheduled service at Delivery Points or Divisions, as applicable, under Firm Rate Schedules serving Non-Exempt Uses, on a pro rata basis, and secondly, if needed, Transporter shall curtail scheduled service at Delivery Points or Divisions, as applicable, under Firm Rate Schedules serving Exempt Uses as follows: Transporter shall curtail such service serving Priority 2 Uses, on a pro rata basis and thereafter Transporter shall, as needed, curtail service serving Priority 1 Uses, on a pro rata basis. All service for Priority 2 Uses must be fully curtailed before any service for Priority 1 Uses is curtailed. Exempt Use volumes will be determined either at the level of volumes approved by the DVC (plus those volumes qualifying under the emergency procedures outlined herein, if any) or the level of firm service scheduled for a particular Delivery Point or Division during the curtailment event, whichever is less.

#### 4. Determination of Exempt Uses Classification

- (a) Exempt Uses for natural gas at each Delivery Point or Division, as applicable, shall be certified by the DVC and classified as either Priority 1 or 2 Uses. The requirements for Exempt Uses for Shippers shall be established by the DVC at each Delivery Point or Division, as applicable, by month, using average daily volumes, as more particularly set forth in this Section 17.A.
- (b) DVC Membership -- A Data Verification Committee is hereby established to review and establish the Exempt Uses at each Delivery Point or Division and to classify such uses as either Priority 1 or 2 Uses. Membership on the DVC is available to any Shippers that wish to participate and that hold firm capacity on a permanent basis under one of Transporter's Firm Rate

Schedules; provided, however, no Shipper holding capacity under a capacity relinquishment transaction shall be represented unless the relinquishment was a permanent relinquishment, as defined in Section 18 of these General Terms and Conditions. Each Shipper shall designate to Transporter a DVC contact person to receive notice of DVC matters, and notice of DVC meetings shall be provided by Transporter. Transporter may have representatives on the DVC, but such representatives shall not be entitled to vote on the decisions of the DVC. Each participating Shipper shall be entitled to one (1) vote for each Firm Rate Schedule under which such Shipper is entitled to service, plus a fractional vote equal to the percentage of total system capacity contracted for by such Shipper on a firm basis. Shippers that have aggregated capacity as a Joint Action Agency shall have voting rights as if they had not so aggregated their capacity.

- (c) DVC Procedures -- The DVC shall be authorized to formulate internal operating procedures to streamline the performance of its duties, including the establishment of voting procedures. All decisions of the DVC at scheduled meetings shall be made by a majority of the votes cast. A representative of Transporter shall serve as chairperson of the DVC. The DVC shall have the authority to classify requirements of electric generation users of natural gas as Exempt Uses in accordance with the end-use(s) of the electricity generated from such natural gas, subject to a demonstration satisfactory to the DVC that (i) such uses are served by electricity generated from gas use, and (ii) no Alternate Fuel serves the electric generation facilities at issue.
- (d) Qualification for Exempt Uses and Non-Exempt Uses Status -- Any firm Shipper may request that some portion of its requirements be categorized as Exempt Uses by application to the DVC. Shippers applying for such status must provide the DVC with a written statement, signed under oath by an officer or other person legally authorized to bind such Shipper, containing the following information, based upon data from the most recent 12-month time period ending June 30:
  - (i) the average daily volume, by month and by Delivery Point or Division, as applicable, of the volume for which Exempt Use status is sought;
  - (ii) for Shippers serving Priority 1 Uses, (i) the specific nature and extent of the Priority 1 Use being served; (ii) the fact that the Shipper is unable to utilize Alternate Fuel to serve such uses; (iii) for Shippers serving combined Priority 1 Uses over 50 MMBtu per day, a breakdown of each such Priority 1 Use by class of end-use customer and by location; and (iv) any other information required by the DVC;

- (iii) for Shippers serving Priority 2 Uses, (i) the specific nature and extent of the Priority 2 Uses being served; (ii) if requirements exceed 300 MMBtu/day, the fact that the Shipper is able only to utilize either No. 2 fuel oil or propane (or such other fuel(s) as may be designated from time to time pursuant to § 401(b) of the NGPA) as an Alternate Fuel to serve such uses; and (iii) any other information required by the DVC.
  
- (e) Submission of Data -- Shippers applying for Exempt Uses status must provide to Transporter the required data for review by the DVC. Absent an adequate showing justifying placement in an Exempt Uses category, as determined by the DVC, Shippers' uses shall be classified as Non-Exempt Uses. Should Transporter or the DVC need any additional data to implement this Section 17, Transporter shall request same, and each Shipper asked to so respond shall provide the requested data to Transporter as soon as possible. If a Shipper fails to supply the necessary data within a reasonable time, Transporter shall be entitled to estimate such data from records available to Transporter, and Transporter shall not be liable to Shipper for any damage or injury that may result therefrom.
  
- (f) Delivery Point or Division Classification -- In classifying Shippers' Exempt Uses at each Delivery Point or by Division in accordance with the priorities set forth in this Section 17.A.3(b), the volumes utilized shall be the average daily requirements for each month consumed during the most recent 12-month period ended June 30, which have been reviewed and approved by the DVC. Such data shall be utilized in classifying Shippers' Exempt Uses until updated in accordance with this Section 17.A. After such data has been received, reviewed and approved by the DVC, the data shall be utilized for any suspension of service under this Section 17.A occurring thereafter.
  
- (g) DVC Meeting Timetable -- Once the initial determinations as to Exempt and Non-Exempt Uses are made, the DVC shall meet one year after the date of the implementation of these curtailment provisions to review the Exempt Use classifications. Thereafter, unless otherwise agreed to by the DVC, the DVC shall meet the earlier of: (i) each three years after the plan's implementation date or anniversary thereof or (ii) within sixty (60) days following the second of two firm curtailment events on Transporter's system occurring within a 12-month period; provided, however, effective with the DVC meetings completed in 2013 and for each subsequent DVC meeting, the time between meetings shall be extended to a seven (7) year period. The DVC shall also meet as may be required to comply with the provisions of Section 17.A.4(h) below.

- (h) Shippers serving Exempt Uses shall resubmit data to the DVC as required in Section 17.A.4(d) above on the seventh July 31 following implementation of this plan, as revised in 2013, and on every seventh July 31 thereafter, for use by the DVC in revising levels of Exempt Uses in accordance with this Section 17.A. To the extent a new Delivery Point is utilized and no Exempt/Non-Exempt Uses classification is in place for such point, or to the extent a new Shipper or new end-use customer of such Shipper for whom no Exempt/Non-Exempt Uses classification is in place commences service under one of Transporter's Firm Rate Schedules, the Shipper, to the extent it seeks an Exempt Uses designation for all or part of its capacity, shall submit data to Transporter indicating its end-use classification. The DVC shall establish procedures to address new Exempt Uses requests submitted between established DVC meetings and shall attempt to make a determination of such Shipper's Exempt Uses, if any, within ninety (90) days of its receipt of all required data. If a curtailment event occurs after such data is submitted to Transporter but before the DVC has made a determination as to the submitting Shipper's Exempt Uses, such uses shall be treated as Exempt Uses during such curtailment event as if such treatment had been requested under the Emergency Procedures provided in Section 17.A.5 below; provided, however, for purposes of such emergency treatment, the Shipper that had submitted such new data to Transporter shall not be required to submit the data required in Section 17.A.5(a) below but shall be subject to the penalties set forth in Section 17.A.7 below if the DVC ultimately denies such request for Exempt Use status.
5. Emergency Procedure for Exempt Use Classification -- In order to serve peak firm requirements or address unforeseen events affecting Exempt Uses that could not have been recognized sufficiently in advance to enable certification of gas uses for Exempt Uses status (including events under circumstances in which a Shipper has facilities enabling the use of Alternate Fuel, but, through no fault of such Shipper, Alternate Fuel is not physically available), the following actions may be taken by Shippers entitled to service under one of Transporter's Firm Rate Schedules to protect such Exempt Uses during a curtailment event.
- (a) Data to be Submitted -- Any firm transportation Shipper using these emergency procedures must provide the following data to Transporter prior to the time such capacity is made available:
    - (i) written notification, to be provided within two hours after receipt of a Curtailment Order, that sets forth the claimed emergency situation and the additional capacity required to serve Exempt Uses as a result thereof; and

- (ii) a sworn affidavit (signed by an officer or other person legally authorized to bind such Shipper) within three working days of the written notification required in (i) above that sets forth a detailed explanation of the emergency situation, which includes the following information:
  - (1) the specific nature and extent of the emergency claimed to justify the exception;
  - (2) a description of the reasonable efforts made by the requesting Shipper under the circumstances to acquire capacity (or utilize Alternate Fuel, if applicable) through other available means;
  - (3) any other information required by the DVC or Transporter.
- (b) Transporter shall make changes to all Shippers' scheduled volumes, in accordance with this Section 17, as needed, to accommodate requests made under these emergency procedures. After the curtailment event, if a Shipper wishes to obtain Exempt Uses status for the use that had been protected under these emergency procedures, the requisite showing to the DVC set forth in this Section 17 for an Exempt Use status must be made; otherwise, such emergency protection shall expire at the end of the respective curtailment event.

## 6. Compensation

- (a) Applicability -- This Compensation provision sets forth amounts to be paid by Exempt Shippers using more than their straight pro rata allocation of capacity to serve their respective levels of Exempt Uses approved by the DVC or obtained under the emergency procedures described herein. An Exempt Shipper using more than its straight pro rata allocation of capacity to serve its approved level of Exempt Uses in the event of curtailment shall pay compensation for Shippers receiving less than their straight pro rata allocation of capacity, as set forth in subsections 6(b) and 6(c) below within thirty (30) days following issuance by Transporter of an invoice for such amounts. Payment of compensation hereunder shall be in addition to all other charges or amounts due from such Shippers.
- (b) Curtailment Reservation Charge ("CRC") -- An ES receiving a PRCE will pay an amount equal to its PRCE multiplied by the weighted average reservation charge for all firm transportation service actually curtailed on Transporter's system (including demand surcharges), to Transporter within thirty (30) days following issuance by Transporter of an invoice for such

amounts for remittance to Shippers curtailed in excess of their straight pro rata allocation.

- (c) Alternate Fuel Charge ("AFC")
  - (i) For PRCE capacity allocated to an ES to serve Priority 1 Uses, the ES will pay to Transporter, within thirty (30) days following issuance by Transporter of an invoice for such amount, an amount calculated under the following formula:  $PRCE [(Fuel\ Oil\ Price \times 120\%) - Gas\ Index]$  for remittance to Shippers curtailed in excess of their straight pro rata allocation. With regard to such formula, the term "Fuel Oil Price" means the average of the daily average high and low prices for (a) low sulfur (LS) No. 2 fuel oil, and (b) 0.7% sulfur No. 6 fuel oil ("No. 6 Fuel Oil"), as posted in *Platt's Oilgram Price Report* for Estimated U.S. Gulf Coast Spot prices, Waterborne, for the month in which the curtailment event occurred; and the term "Gas Index" means the mathematical average of the prices for spot gas deliveries to Transporter for ~~Zones 1, 2, and 3~~ Florida Gas, Zone 1, Florida Gas, Zone 2, and Florida Gas, Zone 3, as published in *Natural Gas Week* for the month in which the curtailment event occurred.
  - (ii) For PRCE capacity allocated to an ES to serve Priority 2 Uses, the ES will pay to Transporter, within thirty (30) days following issuance by Transporter of an invoice for such amount, an amount calculated under the following formula:  $PRCE [(Fuel\ Oil\ Price \times 150\%) - Gas\ Index]$  for remittance to Shippers curtailed in excess of their straight pro rata allocation. With regard to such formula, the terms "Fuel Oil Price" and "Gas Index" are as defined in subsection 2(c)(i) above.
- (d) Credits -- A firm Shipper receiving less capacity under this Section 17.A than its pro rata allocation will be entitled to a share of the CRC and AFC revenues (and penalties, if applicable) collected by Transporter to the extent provided herein. (Demand charge credits given by Transporter pursuant to § 4 of Transporter's FTS-1, FTS-2, FTS-3, FTS-WD and FTS-WD-2 Rate Schedules will be applied to the difference between the volumes scheduled and the volumes that would have been delivered under a straight pro rata allocation.)
- (e) Remitting to Curtailed Shippers
  - (i) General -- Transporter shall act as the clearinghouse for remitting the CRC and AFC amounts to curtailed Shippers; however, Transporter shall not be required to remit any amounts except to

the extent it recoups payments from those Shippers owing same. The incremental funds collected by Transporter shall be accounted for in a segregated account.

- (ii) CRC Funds -- The CRC funds collected by Transporter will be remitted by Transporter on a pro rata basis to firm Shippers curtailed in excess of their straight pro rata allocation, based upon the type of firm capacity (FTS-1, FTS-2, FTS-3, FTS-WD or FTS-WD-2) curtailed. Each such curtailed Shipper's share of the CRC funds collected shall equal a percentage of such CRC funds based on a fraction where: the numerator is that Shipper's curtailed volume in excess of its straight pro rata allocation multiplied by that Shipper's reservation charge (FTS-1, FTS-2, FTS-3, FTS-WD or FTS-WD-2) applicable to such volume, and the denominator is the sum of all Shippers' curtailed volumes in excess of their straight pro rata allocation multiplied by the weighted average reservation charge applicable to all such volumes.
- (iii) AFC Funds -- The AFC funds collected by Transporter will be remitted by Transporter to curtailed firm Shippers receiving less capacity than their straight pro rata allocation. The percentage share of the AFC funds to be paid to each such qualifying Shipper will be determined by the ratio of the Alternate Fuel costs of such Shipper (or of such Shipper's end user(s) when such end user(s) receive gas directly from Transporter's system) to the aggregate Alternate Fuel costs of all qualifying Shippers or their end users that receive gas directly from Transporter's system. In order for Transporter to determine such AFC amounts, Shippers entitled to compensation hereunder may provide Transporter with a statement showing the amount and price of the Alternate Fuel actually used due to the curtailment event, such statement to be provided within fifteen (15) days following the end of a curtailment event. Absent submission of such statement within the required time period, a Shipper will be presumed to have used No. 6 Fuel Oil as its Alternate Fuel. Based upon this information, Transporter shall determine the weighted average share of the AFC fund to be paid to each Shipper owed compensation therefrom.
- (f) If a Shipper fails to remit payment of AFC and/or CRC amounts, if applicable, to Transporter within thirty (30) days after issuance by Transporter of an invoice for such amounts, Shipper shall forfeit its Exempt Uses status or the right to utilize the emergency procedures provided in Section 17.A.5 above to request Exempt Uses status in the future, unless and until full payment is made and reinstatement of such Shipper's Exempt Uses status and/or ability to utilize the emergency procedures is approved

by the DVC. Interest shall accrue on all overdue payments as provided in Section 15 of these General Terms and Conditions.

7. Penalties

- (a) General -- If a Shipper fails to comply with a Curtailment Order (including any adjustments thereto to accommodate treatment under the emergency procedures set forth in Section 17.A.5 above), the Shipper/Delivery Point Operator, as applicable, shall pay Transporter a penalty equal to \$10 for each MMBtu by which the Shipper exceeded the specified quantity for the gas day in which the Curtailment Order was in effect, as such quantity is determined in accordance with the provisions of this Section 17.A and the Determination of Deliveries provisions of Sections 13 and 13.1 of these General Terms and Conditions. Compliance with a Curtailment Order shall be defined as (1) a measurable change in the hourly gas flow as compared to the flow prior to the suspension of service, to the extent Transporter specifies an hourly flow rate in the Curtailment Order or (2) actual deliveries which are equal to or less than the daily quantity set forth in the Curtailment Order.
- (b) Additional Penalty -- In addition, if (i) any Shipper, after having provided written notice of emergency Exempt Use status to Transporter, fails to provide the required affidavit to support emergency relief obtained under the procedures set forth in this Section 17, or (ii) the relevant information in an affidavit submitted to support emergency relief is incorrect or does not substantiate the emergency (as determined by the DVC), then the Shipper will pay to Transporter a penalty of \$25.00 for each MMBtu of excess capacity obtained by such action.
- (c) Procedures -- Payment of charges and/or penalties under this Section 17.A shall be in addition to all other penalties, charges or amounts due from Shippers. Any penalties collected by Transporter under this Section 17.A will be placed in a segregated account and paid out, pro rata, to the curtailed Shippers receiving less capacity than their pro rata share in accordance with Section 17.A.6(e). Shippers shall be required to comply with a Curtailment Order no later than two (2) hours after such Curtailment Order's issuance, such compliance deadline to be specified in the Curtailment Order. Shippers shall not be subject to penalties under this Section 17.A for failure to adjust quantities to comply with a Curtailment Order until after the time period for compliance set forth in a Curtailment Order has expired. The failure of any Shipper to remit payment of any penalties under this Section within thirty (30) days after issuance by Transporter of an invoice for such amounts shall result in the forfeiture of such Shipper's Exempt Uses status and the right to utilize the emergency procedures provided in Section 17.A.5 above to request Exempt Uses



status in the future, unless and until full payment is made and reinstatement of such Shipper's Exempt Uses status and/or ability to utilize the emergency procedures is approved by the DVC. Interest shall accrue on all overdue payments as provided in Section 15 of these General Terms and Conditions.

8. Liability -- Transporter shall not be liable for any damage, cost or expense of any kind incurred as a result of Transporter's good faith implementation of the provisions of this Section 17.A (including actions taken in reliance upon information provided by Shippers seeking emergency relief). Furthermore, Transporter will be indemnified by Shippers for all damages, costs, and expenses, including attorneys' fees, it may suffer as a result of its good faith implementation of such provisions (including actions taken in reliance upon information provided by Shippers seeking emergency relief). The term "good faith" does not include acts of negligence or willful misconduct.

B. Reserved

C. Operational Controls

1. Operating personnel of Shipper or its designee(s) and/or other entities which are physically taking delivery of gas from Transporter or tendering gas to Transporter shall cooperate fully with Transporter in maintaining the integrity of Transporter's system. Shipper shall name contact person(s) available to receive communication from Transporter on operating matters at any time, on a 24-hour a day, 365-day a year basis. If Transporter is unable after reasonable efforts to contact any Shipper or Shipper's contact person, such Shipper shall be solely responsible for any consequences arising from such failure of communication.

Transporter shall not knowingly schedule or permit scheduling of service which will result in an operating condition in which system pressure rises or falls to operationally unacceptable levels or would otherwise jeopardize the integrity of the system and the ability of Transporter to provide service under firm rate schedules.

2. An operational flow order is an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of the transportation service provider's system or to maintain operations required to provide efficient and reliable firm service. Whenever a Transportation Service Provider experiences these conditions, any pertinent order should be referred to as an Operational Flow Order. The declaration to the affected parties of operational flow orders, critical periods and/or critical notices should describe the conditions and the specific responses required from the affected parties. In the event that Transporter determines in its sole discretion, reasonably exercised, that action is required to avoid an operating condition in which system pressure is not

maintained, in which system pressure is maintained at an operationally unacceptably high level, or in which the overall operational integrity of the system is jeopardized, Transporter may, on a not unduly discriminatory basis, cause implementation of, or request Delivery Point Operators and/or Shippers to take any one or a combination of the following actions, or other similar actions, to the extent such actions would tend to alleviate the operating condition or anticipated operating condition:

- (a) Issue an Operational Flow Order ("OFO") as set forth in Section 17.C.3.
- (b) Implement the Monthly Swing Shipper provisions set forth in Section 17.C.4.
- (c) Invoke an Alert Day conditions pursuant to Section 13.D. To the extent a Delivery Point Operator/Shipper is subject to an OFO for a gas day which is also an Alert Day, the provisions of the OFO shall override the Alert Day provisions as to the specific Delivery Point Operator/Shipper.
- (d) Make Operational Purchases or Sales pursuant to Section 17.C.5.
- (e) Utilize a Deferred Exchange pursuant to Section 17.C.6.
- (f) Utilize Pack/Draft Notices pursuant to Section 17.C.7.

### 3. Operational Flow Orders

- (a) Transporter may issue an Operational Flow Order when, subject to maximum hourly quantities permitted by service agreements and/or Section 6, (i) an individual Delivery Point Operators and/or Shipper's actual receipts or deliveries on an hourly basis deviate from scheduled receipts or deliveries in a manner that threatens scheduled services, or (ii) the pipeline is experiencing a high or low line pack operating condition which can be ameliorated with a Delivery Point Operators and/or Shipper action that will not otherwise impact such Delivery Point Operator's and/or Shipper's ability to receive scheduled service for the gas day or (iii) a Transporting Pipeline issues an OFO to Transporter (in which event, Transporter may issue an OFO to those Shippers being served on such Transporting Pipeline which are impacted by such Transporting Pipeline's OFO). In addition, Shippers are subject to OFOs issued directly to Shippers, or to Transporter on behalf of Shippers, by a third party operator.

This tool will be used by Transporter when Pack/Draft Notices and other tools are reasonably perceived to be inappropriate to resolve the operating situation. In the event that the provisions of an OFO conflict with the provisions of other operational orders issued by Transporter, the provisions

of the OFO, including penalties for noncompliance, shall supersede the provisions of the other orders. Operational Flow Orders shall identify the situation to be addressed and shall indicate the specific action(s) to be taken by the recipient of the Operational Flow Order stated in terms of an hourly or daily gas flow level and specify a discrete length of time the Operational Flow Order will be in effect. Unless otherwise specified in the Operational Flow Order, compliance with an hourly OFO must be achieved within four (4) hours. Daily OFOs will be issued no later than eight (8) hours prior to the end of a gas day and compliance must be achieved by the end of the gas day; provided however, when the hourly OFO is issued to prevent another Shipper's delivery pressure from falling below such Shipper's contractual delivery pressure, compliance with an hourly OFO must be achieved within one (1) hour. To the extent Transporter has denied a Shipper a within gas day decrease, Transporter shall not issue a daily underage OFO for either the subject gas day or the succeeding gas day. Such Operational Flow Order may require a Shipper, its designee(s) or other entity(ies) selected by Shipper to undertake any of the following:

- (1) To commence or increase supply inputs into Transporter's system, including a listing of specific receipt point(s) in an Affected Area, or shift supply inputs (in whole or part) to different receipt points located in a supply area other than the Affected Area;
- (2) To cease or reduce supply inputs by a specified quantity, or at specific receipt points in an Affected Area;
- (3) To commence or increase takes of gas from Transporter's system by a specified volume or at specific delivery points;
- (4) To reduce takes of gas from Transporter's system by specified volumes and/or at specified delivery points, or;
- (5) In the event the action(s) set forth in (1)-(4) herein are not operationally feasible, the Operational Flow Order may require Delivery Point Operator and/or Shipper, its designee(s), or other entity(ies) to take such other action as are within Shipper's control which would tend to alleviate the operating condition to be addressed.

Transporter shall provide information to affected Delivery Point Operators and/or Shippers after an OFO is issued concerning the factors that caused the OFO to be issued and then lifted.

- (b) Transportation Service Providers should provide affected parties with notification of intraday bumps, operational flow orders and other critical

notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

Unless the affected party and the Transportation Service Provider (TSP) have agreed to exclusive notification via EDI/EDM, the affected party should provide the TSP with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of the TSP to provide notification is waived until the above requirement has been met. Transportation Service Providers should support the concurrent sending of electronic notification of intraday bumps, operational flow orders and other critical notices to two Internet E-mail addresses for each affected party.

- (c) If any Delivery Point Operator and/or Shipper fails to comply with an Operational Flow Order, such Delivery Point Operator and/or Shipper shall be subject to a penalty of 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day the OFO is in effect per MMBtu times any volume of gas by which Delivery Point Operator and/or Shipper deviated from the requirements of the Operational Flow Order. Such penalty will be in addition to the settlement of the volume deviations which will be recorded in the Delivery Point Operating Account as provided for in Section 13.A. Such penalty will be accounted for pursuant to Section 24.

Compliance shall be defined as a measurable change in gas flow to the hourly or daily level specified in the Operational Flow Order, written confirmation of a flow rate change on an upstream pipeline, or a written confirmed scheduling change with Transporter.

- (d) Neither Shipper nor Delivery Point Operator (if different from Shipper) shall be subject to any penalties from Transporter with respect to any action taken by said Shipper or Delivery Point Operator which action was in reasonable reliance on an Operational Flow Order issued by Transporter.
- (e) To the extent Transporter issues an Operational Flow Order to a Delivery Point Operator and/or Shipper for an operating condition other than a situation where Delivery Point Operator and/or Shipper's actual receipts or deliveries deviate significantly from authorized or scheduled receipts or deliveries, the Operational Flow Order shall be limited to those actions under Section 17.C.3(a)(1)-(5) which will not materially interfere with Delivery Point Operator and/or Shipper's ability to receive scheduled deliveries for the gas day. To the extent that the operating condition requires actions which would materially interfere with Delivery Point Operator and/or Shipper's ability to take scheduled deliveries, such orders shall be governed by the capacity curtailment provisions of Section 17.A.

4. Monthly Swing Shipper(s) ("MSS")

Under the circumstances set forth in Section 17.C.2 above, Transporter shall post a notice on its Internet website no later than eight (8) working days prior to the first of the month in which the MSS arrangement is to be effective indicating Transporter's desire to enter into an MSS arrangement in order to address operating conditions or anticipated conditions. Transporter shall enter into such arrangements only when and to the extent, in Transporter's sole discretion reasonably exercised, such arrangements are anticipated to benefit system line pack.

(a) MSS shall mean any firm Shipper that enters into an MSS arrangement, in writing, with Transporter; provided however, that in order for a Shipper to participate as an MSS, it must:

1. Be a Delivery Point Operator or provide the Delivery Point Operator's consent in writing;
2. Accept an Average Daily Quantity ("ADQ") of at least 5000 MMBtu in addition to Shipper's MDTQ;
3. Not have No-Notice Service;
4. Have demonstrated alternate fuel or other swing capability which permits initiation of compliance with the Required Daily Delivery Quantity ("RDDQ") upon no more than six (6) hours notice;
5. Agree to any reasonable applicable geographic conditions perceived necessary by Transporter.

All MSS arrangements shall be determined on a nondiscriminatory basis. Within two (2) working days after the commencement of MSS service, Transporter shall post on its Internet website the identity of each MSS and the volumes, rate (which shall not exceed the maximum FTS-3 rate), and delivery points agreed to by such MSS and Transporter.

(b) MSS Receipts and Deliveries. MSS shall nominate and Transporter shall schedule receipts on a daily basis equal to the ADQ plus the Total Fuel Reimbursement Charge applicable to Rate Schedule FTS-3 shown on the Currently Effective Rates for Rate Schedule FTS-3. Such MSS receipts shall have the receipt point scheduling priority of Section 10.C.2(b).

Transporter shall notify MSS the specified number of hours prior to the start of each delivery gas day consistent with the MSS arrangement of the

RDDQ ("RDDQ Order") based on current line pack conditions; provided however, that Transporter and MSS can mutually agree to adjust the RDDQ upon shorter notice. The RDDQ shall not have a scheduling priority pursuant to Section 10.C.1. The RDDQ shall not adversely impact the nomination and scheduling rights of firm shippers pursuant to Section 10. The RDDQ shall be considered a scheduled quantity for the purposes of the Determination of Daily Deliveries - Market Area pursuant to Section 13 of these General Terms and Conditions, but will not be considered a scheduled service or otherwise be considered in the allocations of revenues pursuant to Sections 19 and 24 of these General Terms and Conditions.

Transporter and MSS will attempt to reduce the difference between the total receipts (exclusive of fuel) and the total of the actual deliveries to zero by the end of the month, except to the extent MSS's actual deliveries are outside the limitation set forth in Section 17.C.4.(c).3., provided however:

- (1) If any underage imbalance remains from the foregoing calculation at the end of the month, or if an overage imbalance occurs as a result of the issuance by Transporter of RDDQ Orders which exceed the MSS's scheduled receipts, MSS has the option to either:
    - i. Take such imbalance into the book-out/cash-out process as a delivery imbalance pursuant to Section 14, or
    - ii. Carry over the imbalance to the next month for in-kind resolution; provided however, such imbalance can only be carried over for one month if the MSS does not participate in the MSS program in the following month.
  - (2) If any overage imbalance, other than as provided for in (1) above, remains from the foregoing calculation at the end of the month, MSS will account for such overage pursuant to Section 14.
- (c) MSS Obligations
1. Transporter can limit the RDDQ to zero on any delivery gas day.
  2. MSS is obligated when requested by Transporter to take the total of its MDTQ, any other quantities scheduled to the points for which MSS is the Delivery Point Operator (or is utilizing with the written consent of the Delivery Point Operator), and the RDDQ ("Total Requested Deliveries"). RDDQ can be up to the multiple of the ADQ established in the MSS arrangement.

3. Each daily RDDQ Order shall set a limit on the ability of the MSS to take more than its Total Requested Deliveries (overages) or to take less than its Total Requested Deliveries (underages). For daily RDDQ Orders which limit underages, MSS must take actual deliveries of at least 98% of its Total Requested Deliveries. For daily RDDQ Orders which limit overages, MSS must not take actual deliveries of more than 102% of its Total Requested Deliveries. MSS's failure to comply will result in the following charges and may result in the cancellation of the MSS arrangement.
  - (i) If the RDDQ Order sets a limitation on overages, in the event delivery quantities exceed such Total Requested Deliveries by more than 2%, all overages are subject to the following charges:
    - (1) An overage charge calculated as the daily overage multiplied by 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the overage occurred. Such overage charge will be accounted for pursuant to Section 24.
    - (2) A transportation charge calculated by multiplying the daily overage by the weighted average 100% load factor maximum tariff rate of firm and interruptible services scheduled to the delivery points covered by the Delivery Point Operating Account.
  - (ii) If the RDDQ Order sets a limitation on underages, in the event delivery quantities are less than such Total Requested Deliveries by more than 2%, all underages are subject to the following:
    - (1) An underage credit calculated as the daily underage multiplied by 50% of the lowest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the underage occurred. Such underage credit will be distributed pursuant to Section 24.
- (d) MSS Revenues. Fifty percent (50%) of the revenues received by Transporter as compensation for the transportation aspect of MSS service

shall be retained by Transporter and fifty percent (50%) shall be recorded in the Balancing Tools Account and accounted for pursuant to Section 24.

5. Operational Purchases or Sales

Operational Purchases or Sales may be utilized to manage line pack, with purchases made on those days in which Transporter needs to increase line pack levels, and sales made on those days in which Transporter needs to decrease line pack levels. Transporter will utilize this tool to cover noncompliance with pack/draft notices, alert days or OFO's, to compensate for the time lag inherent in utilizing tools which require advance notice, to restore in-kind quantities settled through the cash-out at the end of the month or as otherwise required to maintain a reasonable system balance. Transporter shall post a notice on its Internet website stating the desired quantity, and the minimum quantity, if any, for which a bid will be accepted. Additionally, Transporter may post any other criteria, including, but not limited to, geographic location and specific response time requirements. Bids shall be accepted only from parties having been determined to be creditworthy pursuant to Section 16 and providing satisfactory proof of ability to perform. Transporter shall accept the bid(s) that result in the lowest purchase cost for Operational Purchases and the highest sales revenues for Operational Sales consistent with any other criteria specified.

Operational Purchases shall have the receipt point scheduling priority equal to Alternate Firm of Section 10.C.2.(b). Operational Purchases or Sales in the Market Area shall receive no special scheduling priority. In the event Transporter makes Operational Purchases or Sales at a Market Area delivery point, the following additional conditions will apply: 1) if the party is not the Delivery Point Operator, the Delivery Point Operator must consent in writing; and 2) actual deliveries must be within the greater of 2% of Shipper's total Scheduled Deliveries or 500 MMBtu, in the direction (overage or underage) specified by Transporter.

Failure to comply will result in the following charges:

- (a) If Transporter specifies a limitation on overages, the sum of the following charges:
  - (1) An overage charge calculated by multiplying the quantity by which actual deliveries exceed Scheduled Deliveries times 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication, for the day in which the overage occurred.
  - (2) A transportation charge calculated by multiplying the quantity determined in (1) above by the weighted average 100% load factor of the maximum rate of firm and interruptible transportation



services scheduled to the delivery points covered by the Delivery Point Operating Account.

- (b) If Transporter specifies a limitation on underages, an underage credit calculated by multiplying the quantity by which actual deliveries are less than Scheduled Deliveries times 50% of the lowest of the Florida Gas, zone 1, Florida Gas, zone 2 ~~and or~~ Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication , for the day in which the underage occurred.

Transporter shall post on its Internet website the party, quantity, price, receipt and/or delivery points and the effective time period for all Operational Purchases or Sales within two (2) working days after the commencement of such transaction.

All costs and revenues pursuant to this Paragraph 5 will be accounted for pursuant to Section 24.

#### 6. Deferred Exchange

Deferred Exchanges may be utilized to address short-term line pack needs. Transporter may utilize this tool to compensate for line pack variations expected to be of short duration including weekend imbalance situations. Transporter shall post a notice on its Internet website of the desired quantity. Additionally, Transporter may post any other criteria, including, but not limited to, geographic location. Transporter shall negotiate with party(ies) the compensation price and a fixed time period for receipts and deliveries, and balancing.

Deferred Exchanges shall have receipt point scheduling priority equal to Alternate Firm of Section 10.C.2.(b). For Deferred Exchanges at a Market Area delivery point: 1) if the party is not the Delivery Point Operator, the Delivery Point Operator must consent in writing and 2) actual deliveries must be within the greater of 2% of Shipper's total Scheduled Deliveries or 500 MMBtu, in the direction (overage or underage) specified by Transporter. Failure to comply will result in the following charges:

- (a) If Transporter specifies a limitation on overburns, the sum of the following charges:
  - (1) An overage charge calculated by multiplying the quantity by which actual deliveries exceed Scheduled Deliveries times 300% of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication, for the day in which the overage occurred.
  - (2) A transportation charge calculated by multiplying the quantity determined in (1) above by the weighted average 100% load factor

rate of firm services scheduled to the delivery points covered by the Delivery Point Operating Account.

- (b) If Transporter specifies a limitation on underburns, an underage credit calculated by multiplying the quantity by which actual deliveries are less than Scheduled Deliveries times 50% of the lowest of the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication, for the day in which the underage occurred.

Transporter shall post on its Internet website the party, quantity, price, receipt and/or delivery points and the effective time period of all Deferred Exchanges within two (2) working days after the commencement of such transaction.

All costs and revenues pursuant to this Paragraph 6 will be accounted for pursuant to Section 24.

## 7. Pack and Draft Notices

### (a) General

Transporter will utilize Pack and Draft Notices to address adverse line pack conditions systemwide or in an Affected Area. Pack Notices will be posted to address low line pack conditions, while Draft Notices will be used to address high line pack conditions. A Pack Notice shall mean a notice to correct an imbalance due Transporter. A Draft Notice shall mean a notice to correct an imbalance due Delivery Point Operator.

Transporter shall post Pack or Draft Notices when in Transporter's sole discretion, reasonably exercised, the use of Pack or Draft Notices would tend to improve line pack conditions. Transporter will indicate if the Pack or Draft conditions exist systemwide or in an Affected Area. A Delivery Point Operator must respond to a Pack/Draft Notice if the Delivery Point Operator's combined month-to-date balance in the Delivery Point Operating Account and No-Notice Account exceeds the greater of the NNQ aggregated to the Delivery Point Operating Account or one thousand (1000) MMBtu in the specified direction of the problem (either Imbalance due Transporter or Imbalance due Delivery Point Operator; provided, however, that if the pack or draft quantity calculated by multiplying the percentage specified in the Pack or Draft Notice times the balance subject to the Notice is less than 200 MMBTU, no response is required.

The balance subject to the Pack/Draft Notice percentage shall be the combined month-to-date balance in the Delivery Point Operating Account

and No Notice Account less NNQ aggregated to the Delivery Point Operating Account.

Transporter shall post the Pack or Draft Notice ("Notice") applicable to the Delivery Point Operator or its Designee on its Internet website by 9:30 A.M. Central Time. In addition to posting Pack or Draft Notices on its Internet website, on weekends and Transporter's holidays Transporter will also provide a recorded phone message giving the specifics of any such Notice, with the telephone number for such message to be posted on its Internet website. Such phone number will be changed only as reasonably necessary. The Notice shall indicate whether it is a Pack or Draft Notice, the basis for the Notice, the specific pack or draft percentage which the Delivery Point Operator will apply to the balance subject to the Notice as determined above and the gas day or days in which a response is required. The Delivery Point Operator must submit an Acceptable Response to the Notice by the nomination deadline.

(b) Acceptable Pack Notice Response

An Acceptable Pack Notice Response shall mean that scheduled receipt quantities (excluding fuel reimbursement quantities) exceed scheduled delivery quantities by the quantity calculated pursuant to the percentage specified in the Pack Notice for the upcoming gas day, unless Transporter specifies that the Pack Notice will be effective for a subsequent gas day or days.

The Delivery Point Operator may accomplish the Pack Notice response by: (1) tendering additional supplies for receipt into Transporter's system, (2) reducing delivery quantities without a corresponding reduction in receipt quantities, or (3) causing another party to schedule additional receipts on the Delivery Point Operator's behalf.

The Delivery Point Operator must specify the contracts on which the pack quantities have been nominated, and to the extent the response involves another Delivery Point Operator scheduling receipts on the Delivery Point Operator's behalf, the Delivery Point Operator subject to the Pack Notice must submit a written statement from the other Delivery Point Operator indicating such party's willingness to be bound by the Pack Notice for purposes of the Performance Test as defined in (d) below, and to pay any transportation charges associated with the pack gas. To the extent the response involves scheduling additional receipts on a contract, the additional receipts will be subject to the receipt point scheduling priority provisions of Section 10.C.2; provided further, that if a nominated receipt point is unavailable, the Delivery Point Operator is not relieved of the obligation to schedule receipts which exceed deliveries for the upcoming or

otherwise specified gas day or days, but may utilize the intraday nomination provisions of Section 10 to accomplish an Acceptable Pack Notice Response. Nominated receipt quantities may exceed the MDTQ of the contract by a quantity not to exceed the pack quantity.

The pack quantity will be assessed the usage charge applicable to the contract or contracts under which the volumes are scheduled; provided, however, that if any of the pack gas is nominated on a firm rate schedule above the MDTQ, such pack quantities shall be billed at the daily weighted average 100% load factor rate applicable to the contract or contracts under which the volumes are scheduled.

(c) Acceptable Draft Notice Response

An Acceptable Draft Notice Response shall mean that scheduled deliveries exceed scheduled receipts (excluding fuel reimbursement quantities) by the quantity calculated pursuant to the percentage specified in the Draft Notice for the upcoming gas day, unless Transporter specifies that the Draft Notice will be effective for a subsequent gas day or days.

The Delivery Point Operator may accomplish the Draft Notice response by: (1) reducing receipt quantities, (2) increasing delivery quantities without a corresponding increase in receipt quantities, or (3) scheduling alternate deliveries to Market Area delivery points which are the responsibility of another Delivery Point Operator.

The Delivery Point Operator's ability to accomplish the Draft Notice response by (2) and/or (3) above is subject to the scheduling priority provisions of Section 10.C.1; provided further, that if a nominated delivery point is unavailable, the Delivery Point Operator is not relieved of the obligation to schedule deliveries which exceed scheduled receipts for the upcoming or otherwise specified gas day or days, but may utilize the within gas day provisions of Section 10.A.2 to accomplish an acceptable Draft Order response. The Delivery Point Operator must specify the contracts on which the Draft quantities have been nominated, and to the extent the response involves scheduling alternate deliveries, the Delivery Point Operator must submit a written statement from the other Delivery Point Operator indicating such party's willingness to be bound by the Draft Order for purposes of the Performance Test as defined in (d) below.

(d) Compliance

Compliance with a Pack or Draft Notice shall mean:

- (1) An Acceptable Pack or Draft Notice Response submitted by the nomination deadline, except as otherwise provided in Section 5 of the NNTS Rate Schedule, and
- (2) Satisfaction of the Performance Test for the gas day in which the Pack or Draft Order is in effect.

For Pack Notices, the Performance Test shall mean that actual deliveries do not exceed Scheduled Deliveries by more than 5% or 500 MMBtu, whichever is greater. For Draft Notices, the Performance Test shall mean that actual deliveries are not less than Scheduled Deliveries by more than 5% or 500 MMBtu, whichever is greater.

Failure to comply with a Pack or Draft Notice will result in a separate balancing of the quantities by which the Delivery Point Operator fails to comply with the Pack or Draft Notice, and the noncompliance quantities shall not be recorded in the Delivery Point Operating Account or No-Notice Account, nor subject to monthly balancing under Section 14. In the event of noncompliance with a Pack Notice, the Delivery Point Operator is deemed to have purchased the gas from Transporter's system, and shall be assessed a charge equal to 300% times the highest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day in which the Pack Notice occurred, and a transportation charge equal to the daily weighted average 100% load factor rate of firm services scheduled to the delivery points covered by the Delivery Point Operating Account. In the event of noncompliance with a Draft Notice, the Delivery Point Operator is deemed to have sold the gas to Transporter's system, and shall be credited an amount equal to 50% times the lowest of the Florida Gas, zone 1, Florida Gas, zone 2 or Florida Gas, zone 3 Midpoint price published in Platts Gas Daily publication for the day for the day in which the Draft Notice occurred. Noncompliance charges or credits will be accounted for pursuant to Section 24.

GENERAL TERMS AND CONDITIONS

30. NON-CONFORMING AGREEMENTS

A. Non-Conforming Agreements

A1. Rate Schedule FTS-2

~~1.~~ ~~Southern Company Services, Inc. Firm Transportation Service Agreement dated June 4, 1999, Contract No. 5997~~

~~2~~a. Florida Power & Light Company Firm Transportation Service Agreement dated August 3, 1999 (subsequently consolidated with Florida Power & Light FTS-2 contract dated December 12, 1991), Contract No. 3623

~~3~~b. JEA Firm Transportation Service Agreement dated October 20, 1999, Contract No. 6034

~~4~~c. Peoples Gas System Firm Transportation Service Agreement dated October 13, 1999, Contract No. 6035

~~5~~d. City of Tallahassee Firm Transportation Service Agreement dated September 22, 1999, Contract No. 6036

~~6~~e. Tampa Electric Company Firm Transportation Service Agreement dated June 12, 2000, Contract No. 6088

B2. Rate Schedule FTS-1

~~1~~a. Florida Power & Light Company Firm Transportation Service Agreement dated November 1, 1989, Contract No. 3247

B. Non-Conforming Agreements with Negotiated Rates

1. Rate Schedule FTS-2

~~a.~~ ~~Southern Company Services, Inc. Firm Transportation Service Agreement dated June 4, 1999, Contract No. 5997~~

2. Rate Schedule FTS-3

~~1~~a. Duke Energy Florida, LLC (formerly Florida Power Corporation d/b/a Progress Energy Florida, Inc.) Firm Transportation Service Agreement dated December 9, 2009, Contract No. 111144

~~2~~b. Florida Power & Light Company Firm Transportation Service Agreement dated December 9, 2009, Contract No. 111145

~~3~~c. Seminole Electric Cooperative, Inc. Firm Transportation Service Agreement dated June 1, 2018, Contract No. 122314

~~4~~d. Seminole Electric Cooperative, Inc. Firm Transportation Service Agreement dated June 1, 2018, Contract No. 122315

~~5~~e. Seminole Electric Cooperative, Inc. Firm Transportation Service Agreement dated June 1, 2018, Contract No. 122316

~~D~~2. Rate Schedule FTS-WD-2

~~1~~a. Shell Energy North America (US), L.P. Firm Transportation Service Agreement dated May 18, 2018, Contract No. 122907

~~2~~b. JERA Energy America LLC, Firm Transportation Service Agreement dated May 29, 2018, Contract No. 123157.

~~E~~3. Rate Schedule FTS-WD

~~1~~a. PowerSouth Energy Cooperative, Firm Transportation Service Agreement dated November 16, 2018, Contract No. 123086.

~~2~~b. Ascend Performance Materials Inc., Firm Transportation Service Agreement dated November 27, 2018, Contract No. 123145.