

October 1, 2018

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

RE: Florida Gas Transmission Company, LLC
Docket No. CP17-8-000 Compliance Filing
Docket No. RP18-_____

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 Appendix A to its FERC NGA Gas Tariff, Fifth Revised Volume No. 1, proposed to be effective on December 1, 2018 the expected in-service date of FGT's East-West Project Phase 1 facilities.

STATEMENT OF NATURE, REASONS AND BASIS

The Commission's Order Issuing Certificate issued April 5, 2018 in Docket No. CP17-8-000 (Order) grants FGT authorization under Section 7(c) of the Natural Gas Act to construct and operate FGT's East-West Project, as more fully described in the application and as conditioned in the body and ordering paragraphs of such Order. The Phase 1 facilities are being constructed pursuant to the certificate issued in the Order and will be completed on or about December 1, 2018. In compliance with Ordering Paragraph (F) of the Order, FGT is filing the proposed tariff records 60 days in advance of the in-service date of the East-West Project Phase 1 facilities.

The tariff records submitted herewith are identical to the *pro forma* tariff records filed in Docket No. CP17-8-000 with two exceptions. First, the Rate Schedule FTS-WD-2, Currently Effective Rates record reflects several changes. In a January 19, 2018 response to a staff data request, Florida Gas provided an adjusted cost of service and a recalculated initial incremental recourse reservation charge to reflect changes in the federal tax code, as per the Tax Cuts and Jobs Act of 2017, which became effective January 2018.¹ Florida Gas's work papers show a reduction in the initial incremental recourse reservation charges to \$0.0922 per Dth for the Phase 1 service. The Commission found that the revised cost of service and resulting incremental recourse reservation charge are appropriate for the purpose of establishing the initial incremental rates. In addition, the unit fuel charge and fuel reimbursement charge percentage have been updated to reflect the values filed in FGT's most recent fuel filing in Docket No. RP18-1106-000 and accepted by the Commission's letter order dated September 20, 2018 to be effective October 1, 2018. Appendix B shows the changes to the Pro Forma Rate Schedule FTS-WD-2 Currently Effective Rates tariff record.

Second, GT&C Section 27., Fuel Reimbursement Charge Adjustment, was revised in Docket No. RP18-857-000 to provide an electric fuel tracker as required by the settlement in FGT's most recent rate case. The electric fuel tracker tariff provisions in GT&C Section 27, Version 5.0.0, were accepted by the Commission's letter order dated June 14, 2018 to be effective July 1, 2018. FGT submits herein Version 6.0.0 of the GT&C Section 27 tariff record that is based on Version 5.0.0 and adds a reference to Rate Schedule FTS-WD-2 in two places.

¹ Pub. L. No. 115-97, 131 Stat. 2054.

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 upon the in-service date of FGT's East-West Project Phase 1 facilities, without further action from FGT. FGT respectfully requests the Commission grant waiver of Section 154.207 of the Commission's Regulations and any other waivers of its Regulations that it deems necessary to allow the proposed tariff record in this filing to become effective upon the in-service date of FGT's East-West Project Phase 1 facilities, which is expected to be December 1, 2018.

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 including Appendix A in PDF format
- . a clean copy of the proposed tariff records in PDF format for publishing in eLibrary
- . a marked version of the proposed tariff changes in PDF format
- . Appendix B 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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² 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 four representatives on the official service list.

³ Designated as responsible Company official under Section 154.7(a)(2) of the Commission's Regulations.

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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, interested state regulatory agencies and all parties on the official service list for Docket No. CP17-8-000. FGT has posted this filing on its Internet web site accessible via <http://fgttransfer.energytransfer.com> under "Informational Postings, Regulatory."

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 his knowledge and belief, and possesses full power and authority to sign such filing.

Respectfully submitted,

FLORIDA GAS TRANSMISSION COMPANY, LLC

/s/ Michael T. Langston

Michael T. Langston
Vice President
Chief Regulatory Officer

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

Docket No. CP17-8-000

Proposed to be Effective December 1, 2018

<u>Tariff Record</u> <u>Version</u>	<u>Description</u>	<u>Title</u>
7.0.0	Part I	Table of Contents
2.0.0	Part IV	Currently Effective Rates
0.0.0	Rate Schedule FTS-WD-2	Currently Effective Rates
3.0.0	Part V	Rate Schedules
0.0.0	Rate Schedule FTS-WD-2	Firm Transportation Service
4.0.0	Rate Schedule IPS	In-Line Pooling Transportation Service
6.0.0	GT&C Section 1.	Definitions
7.0.0	GT&C Section 10.	Nominations, Confirmations and Scheduling
4.0.0	GT&C Section 13.1	Determination of Daily Deliveries – Western Division
4.0.0	GT&C Section 14.	Monthly Balancing
4.0.0	GT&C Section 16.	Creditworthiness
6.0.0	GT&C Section 17.	Curtailments and Other Operational Controls
8.0.0	GT&C Section 18.	Capacity Relinquishment
5.0.0	GT&C Section 21.	Requesting Service on Existing Mainline Facilities
4.0.0	GT&C Section 22.	Annual Charge Adjustment Clause
4.0.0	GT&C Section 24.	Accounting for Cash-Out Mechanism and Operational Controls
6.0.0	GT&C Section 27.	Fuel Reimbursement Charge Adjustment
2.0.0	Part VII	Form of Service Agreements
0.0.0	Rate Schedule FTS-WD-2	Form of Service

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Part IV
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CURRENTLY EFFECTIVE RATES
 RATE SCHEDULE FTS-WD-2
 Cents per MMBtu

<u>Description</u>	<u>Rate Per MMBtu</u>	<u>GT&C Sect. 27 Unit Fuel</u>	<u>Maximum Rate</u>	<u>Minimum Rate</u>	<u>Fuel Reimbursement Charge Percentage</u>
FIRM TRANSPORTATION 2/					
Forwardhaul					
Reservation	9.22 ¢	-	9.22 ¢	0.00 ¢	-
Usage 3/	0.03	0.39 ¢ 4/	5/	5/	0.99 % 1/
Backhaul/Exchange					
Reservation	9.22 ¢	-	9.22 ¢	0.00 ¢	-
Usage 3/	0.03	0.20 ¢	5/	5/	0.08 %

- 1/ Excludes fuel charges by Transporting Pipelines, if any, that are applicable to Shipper in accordance with Section 5 of Rate Schedule FTS-WD-2. 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.
- 2/ 100% Load Factor Rate shall equal the sum of the Reservation and Usage Charge.
- 3/ Excludes the ACA unit charge applicable to Shippers pursuant to GT&C Section 22.
- 4/ Exceptions to the stated Unit Fuel Surcharge 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¢.
- 5/ Shall be the sum of the usage rate plus the Unit Fuel Charge.

Part V
Rate Schedules

Firm Transportation Services

Market Area

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Rate Schedule FTS-2	Firm Transportation Service
Rate Schedule FTS-3	Firm Transportation Service
Rate Schedule SFTS	Small Customer Firm Transportation Service
Rate Schedule NNTS	No Notice Transportation Service

Western Division

Rate Schedule FTS-WD	Firm Transportation Service
Rate Schedule FTS-WD-2	Firm Transportation Service

Interruptible Transportation Services

Market Area

Rate Schedule ITS-1	Interruptible Transportation Service
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Western Division

Rate Schedule ITS-WD	Interruptible Transportation Service
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Other Services

Rate Schedule PNR	Interruptible Park 'N Ride Service
Rate Schedule IPS	In-Line Pooling Transportation Service
Rate Schedule TSS	Transporter Sales Service - Cancelled

RATE SCHEDULE FTS-WD-2
Firm Transportation Service

1. AVAILABILITY

This Rate Schedule is a firm rate schedule and is available for firm transportation service provided by Florida Gas Transmission Company, LLC (Transporter) to any person (Shipper) where:

- (a) Transporter has sufficient capacity to provide such service;
- (b) Shipper and Transporter have executed a Service Agreement for service under this Rate Schedule within Transporter's Western Division (i.e., Primary Receipt and Primary Delivery Points within Transporter's Western Division); and
- (c) Shipper has complied with the requirements of Section 3 hereof.
- (d) 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:
 - (1) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 7 of the General Terms and Conditions;
 - (2) that each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Service Agreement; and
 - (3) that the Principals agree that they shall be treated collectively as one Shipper for purposes of establishing creditworthiness and for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

Transportation from Primary Receipt Points to Primary Delivery Points under this Rate Schedule shall be performed on a firm basis. Primary Delivery Points must be west of the Primary Receipt Points under this Rate Schedule.

Transporter shall receive for transportation hereunder the quantity of gas made available by or for the account of Shipper and transport and make available for delivery to or for the account of Shipper gas in accordance with this Rate Schedule; provided however, that such quantity made available by or for the account of Shipper shall not exceed on any day the applicable Maximum

Daily Transportation Quantity (MDTQ) specified in the executed Service Agreement for service under this Rate Schedule and any quantities tendered for Fuel Reimbursement.

Service shall commence under this Rate Schedule on the earlier of: (i) the date Shipper first tenders gas to Transporter for transportation under an executed Service Agreement; or, (ii) the effective date stated in Article VI of the Service Agreement, but in no event prior to Transporter's receipt and acceptance of any necessary regulatory authorization to provide firm transportation service to Shipper in accordance with the terms of this Rate Schedule and such executed Service Agreement, and further, in no event prior to the in-service date of any facilities necessary to provide such service.

Gas received for transportation hereunder will be commingled with other gas in Transporter's system, and the specific gas made available by Shipper or for Shipper's account for transportation may not be the same gas delivered to Shipper or for its account.

3. REQUESTS FOR AND EXECUTION OF FIRM TRANSPORTATION SERVICE

A. Transportation Requests

The specific information required from a Shipper for a valid request for firm transportation service must be delivered to Transporter, Attention: FGT Contract Administration Department, at P.O. Box 4967, Houston, Texas 77210-4967, or submitted electronically per instructions on Transporter's Internet website at <http://fgttransfer.energytransfer.com>. Requests for transportation must be accompanied by the following:

1. Shipper's legal name.
2. Shipper's principal place of business.
3. Shipper's contact person and telephone number.
4. Shipper's business address (including e-mail addresses) for notices and billing.
5. Shipper's status (e.g. producer, end-user, local distribution company, interstate, intrastate or Hinshaw pipeline, or other [please specify]).
6. Maximum Daily Transportation Quantity (MDTQ) requested stated in MMBtu per day for the periods: (i) October; (ii) November-March; (iii) April; and (iv) May-September.
7. Requested date of commencement of service.
8. Requested term of service.

9. Requested Primary Receipt Point(s) by legal description or Transporter's Point of Interest (POI) number and maximum daily quantity requested at each Primary Receipt Point; provided however, that the aggregate maximum daily quantities at such Primary Receipt Points shall not exceed Shipper's MDTQ plus any fuel. Such requested Primary Receipt Points shall be in Transporter's Western Division and shall be located east of the Primary Delivery Points in Shipper's FTS-WD-2 Service Agreement.
10. Requested Primary Delivery Point(s) by legal description or Transporter's Point of Interest (POI) number and maximum daily quantity requested at each Primary Delivery Point. Such requested Primary Delivery Points shall be in Transporter's Western Division and shall be located west of the Primary Receipt Points in Shipper's FTS-WD-2 Service Agreement.

A standardized service request form is available on Transporter's Internet website.

Requests for service which do not include all of the above-referenced information shall be deemed null and void; provided, however, that requests for changes provided under Section 8.A or 9.A need only contain the information relevant to the changes requested.

B. Execution of Service Agreement

Shipper shall execute the FTS-WD-2 Service Agreement, in writing or electronically pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt, award pursuant to GT&C Section 21 or its availability on Transporter's Web site, whichever comes first. 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.

C. Additional Information Required:

In addition, Shipper must provide the following information:

1. At the time of Shipper's execution of the Service Agreement, the curtailment classification for the requested transportation in accordance with Section 17.A of the General Terms and Conditions.
2. By execution of the Service Agreement, Shipper certifies that Shipper has, or will have, title to the gas in accordance with the provisions of Section 7 of the General Terms and Conditions, and certifies that Shipper or Shipper's designee, if applicable, has secured or will have secured, prior to commencement of service, all necessary arrangements for upstream and downstream transportation, if applicable.

3. To the extent that the transportation is performed pursuant to Section 311 of NGPA, then prior to commencement of service, if transportation is on behalf of an intrastate pipeline or local distribution company, Transporter must have certification from the intrastate pipeline or local distribution company that:
 - (a) the intrastate pipeline or local distribution company has physical custody of and transports the natural gas at some point, or
 - (b) the intrastate pipeline or local distribution company holds title to the natural gas at some point, which may occur prior to, during, or after the time the gas is being transported by Transporter, for a purpose related to its status and functions as an intrastate pipeline or its status and functions as a local distribution company, or
 - (c) the gas is delivered at some point to a customer that either is located in a local distribution company's service area or is physically able to receive direct deliveries of gas from an intrastate pipeline, and that local distribution company or intrastate pipeline certifies that it is on its behalf that Transporter is providing transportation service.
4. Prior to execution and during the term of the Service Agreement, Shipper shall comply with the creditworthiness provisions of Section 16 of the General Terms and Conditions.

D. Extension of Term

Requests for extension of the term of a Service Agreement are subject to the provisions of Section 20 of the General Terms and Conditions.

4. RATES AND CHARGES

Unless otherwise mutually agreed to by Transporter and Shipper, the applicable rates for service under this Rate Schedule are set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Transporter each month the sum of the charges listed below if applicable:

Reservation Charge - The Reservation Charge multiplied by the sum of the MDTQ for the billing month. For purposes of computation of the Reservation Charge, service shall commence as of the date specified in Section 2 above. If, on any day, Transporter fails to make available for delivery the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Charge otherwise payable shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to

make such quantity available for delivery times the daily Reservation Charge; provided however, that in the case of a failure to make available for delivery by reason of Transporter's force majeure, only the return on equity and related income tax components of the daily Reservation Charge will be included in the above referenced calculation; provided further, however, that no Reservation Charge reduction shall be provided for force majeure events that do not occur on Transporter's system (e.g., an event on a Shipper's facilities or a Transporting Pipeline's facilities). In the case of failure to make available for delivery due to Transporter's negligence or willful misconduct, nothing herein shall be construed to limit Shipper's remedies to the Reservation Charge credit provided in this Section.

Usage Charge - The Usage Charge multiplied by the quantity of gas transported to or for the account of Shipper by Transporter during the billing month, as determined in Section 13.1 of the General Terms and Conditions of this tariff.

Fuel Reimbursement Charge - The Fuel Reimbursement Charge, as defined in Section 5 of this Rate Schedule.

Usage Surcharges - The usage surcharges as set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 of this Tariff multiplied by the quantity of gas delivered to or for the account of Shipper by Transporter during the billing month as determined in Section 13.1 of the General Terms and Conditions of this tariff.

Reservation Surcharges - The reservation surcharges, as set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 of this Tariff, multiplied by the sum of the MDTQ for the billing month. If on any day, Transporter fails to make available for delivery, by reason other than force majeure, the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Surcharge otherwise payable by Shipper shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to make such quantity available for delivery times the daily applicable Reservation Surcharge.

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

Pursuant to the provisions of Sections 15.H and 15.I of the General Terms and Conditions, Transporter may from time to time and at any time at its sole discretion charge any individual Shipper for transportation service under Rate Schedule FTS-WD-2 a Reservation, Usage and/or Fuel Reimbursement Charge which is lower than such charge based on the maximum rates set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 or provided for in Section 5

herein; provided however, that Transporter's discretion shall not be exercised on an unduly discriminatory basis and that such charge may not be less than such charge based on the Minimum Rate set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2.

Transporter shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charge, the individual Shippers affected, the total volume transported and any other information as may be required.

5. FUEL REIMBURSEMENT CHARGES

Transporter shall retain a Fuel Reimbursement Charge Percentage pursuant to Section 27 of the General Terms and Conditions. The Fuel Reimbursement Charge Percentage shall be set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 of this Tariff.

The Fuel Reimbursement Charge shall be the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on the Currently Effective Rates for Rate Schedule FTS-WD-2. Exceptions to the stated rate 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%; 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 or b) the stated Fuel Reimbursement Charge Percentage; and 3) where Shipper nominates and Transporter confirms and schedules a Backhaul transaction, such Backhaul transaction shall not be assessed a Fuel Reimbursement Charge or an Effective Unit Fuel Surcharge but shall be assessed the lost and unaccounted for gas percentage.

A Shipper who nominates a Forwardhaul or a Backhaul must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, so that the applicable fuel rate, if any, can be determined.

6. MAXIMUM DAILY TRANSPORTATION QUANTITY

The MDTQ shall be expressed in each Service Agreement under this Rate Schedule. The MDTQ shall be the largest quantity of gas, expressed in MMBtu, that Transporter is obligated to transport and make available for delivery to Shipper under each such Service Agreement under this Rate Schedule on any one day. The seasonal MDTQ for October, November through March, April and May through September shall be set forth in the executed Service Agreement for service under this Rate Schedule.

7. MAXIMUM DAILY QUANTITY

The MDQ for any single receipt or delivery point shall be the volume set forth in the executed Service Agreement for service under this Rate Schedule which shall represent the maximum volume that Transporter will make available for delivery at a delivery point or will accept receipt of at a receipt point on any one day; provided however, that in addition to the MDQ for each

receipt point set forth on Exhibit A to Shipper's executed Service Agreement, Shipper shall tender additional volumes to be used as Transporter's fuel, based upon the Fuel Reimbursement Charge set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2.

8. RECEIPT POINTS

A. Primary Receipt Point(s)

The term Primary Receipt Point(s) shall mean those Point(s) of Receipt listed in Exhibit A of Shipper's FTS-WD-2 Service Agreement which are assigned an MDQ. Subject to the availability of firm capacity, a Shipper may request changes in Primary Receipt Points under an executed Service Agreement at any time by submitting a request pursuant to Section 3 of this Rate Schedule, but which contains only the information relevant to the changes requested. Such requested Primary Receipt Points must be in Transporter's Western Division and shall be located east of the Primary Delivery Points in Shipper's FTS-WD-2 Service Agreement.

B. Alternate Receipt Point(s)

The term Alternate Receipt Point(s) shall include Point(s) of Receipt on Transporter's system in the Western Division other than those listed in Exhibit A of Shipper's FTS-WD-2 Service Agreement, including In-Line Transfer Points, except as provided in (A) above, and nominations in excess of the MDQ at a Primary Receipt Point. A listing of Receipt Points on Transporter's system is set forth on its Internet website.

Shipper may nominate gas at an Alternate Receipt Point(s) subject to the provisions of Section 10 of the General Terms and Conditions, provided that, on any given day, the sum of quantities nominated for receipt at all Primary and Alternate Receipt Points does not exceed the total MDTQ under the FTS-WD-2 Service Agreement and any quantities tendered for Fuel Reimbursement, except for Segmented Transactions. For nominations under Segmented Transactions, Shipper shall comply with Section 19 of the General Terms and Conditions; provided, however, that Shipper may not utilize points outside the Western Division for any purpose. All quantities scheduled up to the MDTQ under the FTS-WD-2 Service Agreement, including those received at an Alternate Receipt Point, and quantities under any Segmented Transactions, shall be billed at the rates for service under this Rate Schedule.

9. DELIVERY POINTS

A. Primary Delivery Point(s)

The term Primary Delivery Point(s) shall mean those delivery points listed on Exhibit B of Shipper's FTS-WD-2 Service Agreement which are assigned an MDQ. Subject to the availability of firm capacity a Shipper may request changes in Primary Delivery Points under an executed Service Agreement by submitting a request pursuant to Section 3 of

this Rate Schedule, but which contains only the information relevant to the changes requested. Such new requested Primary Delivery Points must be located in Transporter's Western Division and shall be located west of the Primary Receipt Points in Shipper's FTS-WD-2 Service Agreement.

B. Alternate Delivery Point(s)

The term Alternate Delivery Point(s) shall mean Point(s) of Delivery in Transporter's Western Division other than those listed on Exhibit B of Shipper's FTS-WD-2 Service Agreement which are not Primary Delivery Point(s) and nominations in excess of the MDQ at a Primary Delivery Point.

Shipper may nominate gas for delivery at an Alternate Delivery Point(s) in Transporter's Western Division subject to the provisions of Section 10 of the General Terms and Conditions, provided that, on any given day, the sum of quantities nominated for delivery at all Primary and Alternate Delivery Points does not exceed the MDTQ under the FTS-WD-2 Service Agreement, except for Segmented Transactions. For nominations under Segmented Transactions, Shipper shall comply with Section 19 of the General Terms and Conditions; provided, however, that Shipper may not utilize points outside the Western Division for any purpose.

All quantities scheduled up to the MDTQ under the FTS-WD-2 Service Agreement, including those delivered at an Alternate Delivery Point(s), and any quantities scheduled as segmented nominations or scheduled under a Segmented Transaction, shall be billed at the rates for service under this rate schedule.

10. 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 FTS-WD-2, and/or (b) Rate Schedule FTS-WD-2 pursuant to which this service is rendered; provided, however, that the firm character of service shall not be subject to change hereunder by means of a Section 4 filing by Transporter, and/or (c) any provisions of the General Terms and Conditions applicable to Rate Schedule FTS-WD-2. 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.

11. TERMS AND CONDITIONS

The General Terms and Conditions of Transporter's FERC Gas Tariff are hereby made a part of this Rate Schedule.

RATE SCHEDULE IPS
In-Line Pooling Transportation Service

1. AVAILABILITY

This Rate Schedule is an interruptible Rate Schedule and is available for transportation to an In-Line Transfer Point provided by Florida Gas Transmission Company, LLC (Transporter) to any person (Shipper) where:

- (a) Shipper and Transporter have executed a Service Agreement for service under this Rate Schedule; and
- (b) Shipper has complied with the requirements of Section 3 hereof.
- (c) 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:
 - (1) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 7 of the General Terms and Conditions;
 - (2) that each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Service Agreement; and
 - (3) that the Principals agree that they shall be treated collectively as one Shipper for purposes of creditworthiness and for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

Transporter shall receive for transportation hereunder the quantity of gas made available by or for the account of Shipper and transport and make available for delivery to an In-Line Transfer Point, gas to or for the account of Shipper in accordance with this Rate Schedule for subsequent receipt and transport by any Shipper to a delivery point under Rate Schedule FTS-1, FTS-2, FTS-3, SFTS, FTS-WD, FTS-WD-2, ITS-1, or ITS-WD. Such quantity made available by or for the account of Shipper shall not exceed on any day the Maximum Daily Transportation Quantity (MDTQ) specified in the executed Service Agreement for service under this Rate Schedule nor shall such quantity exceed the quantity scheduled as deliveries or receipts at the In-Line Transfer Point by the Upstream and/or Downstream Shipper(s).

Transportation of natural gas under this Rate Schedule shall be performed on an interruptible basis.

3. REQUESTS FOR AND EXECUTION OF IN-LINE POOLING TRANSPORTATION SERVICE

A. Transportation Requests

The specific information required from a Shipper for a valid request for In-line Pooling Transportation Service must be delivered to Transporter at P.O. Box 4967, Houston, Texas 77210-4967, Attention: FGT Contract Administration Department, or submitted electronically per instructions on Transporter's Internet website at <http://fgttransfer.energytransfer.com>.

Requests for transportation must be accompanied by the following:

1. Shipper's legal name.
2. Shipper's principal place of business.
3. Shipper's contact person and telephone number.
4. Shipper's business address (including e-mail addresses) for notices and billings.
5. Shipper's status (natural gas distribution company, end-user, intrastate pipeline company, interstate pipeline company, producer, etc.).
6. Requested commencement date of service.
7. Requested term of service.
8. Requested Maximum Daily Transportation Quantity (MDTQ) stated in MMBtu per day.

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

B. Additional Information Required

In addition, Shipper must provide the following information:

Prior to scheduling of service at each nomination cycle, IPS Shipper must provide the identity of the Upstream and/or Downstream Shippers (i.e., D-U-N-S number) delivering gas quantities to or receiving gas quantities from IPS Shipper(s) at the In-Line Transfer Point, and the contract number under which the Upstream and/or Downstream Shipper is transporting gas delivered or received.

For Shipper's convenience, standardized service request forms shall be available on Transporter's Internet website.

Shipper shall execute the IPS Service Agreement, in writing or electronically pursuant to the procedures in Section 9.B of the General Terms and Conditions, 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.

4. RATES AND CHARGES

There shall be no Reservation or Usage Charge, Fuel Reimbursement Charge or Surcharge(s) under this Rate Schedule, provided, however, that an IPS Shipper shall be responsible for any scheduling or balancing charges under the General Terms and Conditions of this tariff.

Neither Transporter nor Shipper shall be responsible for ACA charges under Section 22 of the General Terms and Conditions with respect to volumes transported under Rate Schedule IPS.

Quantities of gas transported to or for the account of the Rate Schedule IPS Shipper shall not be assessed a Fuel Reimbursement Charge and such quantities shall be recorded in Transporter's Backhaul and Pooling Volumes Account as a Rate Schedule IPS Quantity.

5. IN-LINE TRANSFER POINT(S)

In-Line Transfer Point(s) shall be defined as Transporter's Compressor Stations 7, 8, and 11. All gas received under an IPS Service Agreement shall be delivered to the closest downstream In-Line Transfer Point.

6. MAXIMUM DAILY TRANSPORTATION QUANTITY

The MDTQ shall be the largest quantity of gas, expressed in MMBtu, that Shipper may tender, subject to the terms and conditions of this Rate Schedule, and have made available for delivery at the applicable Point(s) of Delivery on any one day. The MDTQ for each day shall be set forth in the executed Service Agreement for service under this Rate Schedule.

7. 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 IPS, and/or (b) Rate Schedule IPS pursuant to which this service is rendered, and/or (c) any provisions of the General Terms and Conditions applicable to Rate Schedule IPS. 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.

8. TERMS AND CONDITIONS

The General Terms and Conditions of Transporter's FERC Gas Tariff are hereby made a part of this Rate Schedule.

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

The following terms shall have the meanings defined below:

"Affected Area" shall mean a physical, geographic area, locale or region of Transporter's pipeline system which is affected by an overpressure or underpressure situation such that Transporter's ability to meet firm service obligations or to provide scheduled service to Shippers in or utilizing that area is impaired.

"Alternate Delivery Point(s)" shall mean Delivery Point(s) other than those listed in Exhibit B of Shipper's FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 Service Agreement and nominations in excess of the MDQ at a Primary Delivery Point.

"Alternate Receipt Point(s)" shall mean Point(s) of Receipt other than those listed in Exhibit A of Shipper's FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 Service Agreement and nominations in excess of the MDQ at a Primary Receipt Point.

"Backhaul" shall mean transportation nominated, confirmed and scheduled by Transporter for Shipper which entails the receipt of gas at a point(s) resulting in the transportation of gas in a direction opposite of the physical flow of gas for the entire transportation path.

"British Thermal Unit (Btu)" shall mean the amount of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute. The Btu shall be reported to 3 or more decimal places.

"Central Clock Time" shall be the Central Time, as adjusted for Daylight Savings Time and Standard Time. Unless otherwise stated, as used herein "Central Time" shall mean Central Clock Time.

"Commission" or "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory agency or body, including the Congress, which has the authority to regulate the rates and services of Transporter.

"Contact Person" shall mean the person(s) specified by Shipper that is available by telephone or paging device to receive communication from Transporter at any and all times and upon whose written, oral, or electronic communications Transporter may exclusively rely. Every Shipper must have a contact person and Shipper must provide Transporter with sufficient information to conclusively contact and communicate with such contact person.

"Cubic Foot of Gas" shall be the amount of gas necessary to fill a cubic foot of space when the gas is at a temperature of sixty (60) degrees Fahrenheit and under an absolute pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia).

"Dekatherm (Dt. Or dth)" shall be the standard unit for purposes of nominations, scheduling, invoicing and balancing.

"Delivery Gas Day" shall mean a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

"Delivery Month" shall mean a period beginning at 9:00 A.M. Central Clock Time on the first day of any calendar month and ending at 9:00 A.M. Central Clock Time on the first day of the next succeeding calendar month.

"Delivery Point Operating Account" shall be as described in Sections 13.B and 13.1.A of the General Terms and Conditions.

"Designee" or "Agent" shall mean a contractually authorized agent of Shipper or Transporter under Section 10E of these General Terms and Conditions.

"Division" shall mean one or more Primary Delivery Points under a single service agreement which are (i) included in a divisional or separately stated MDTQ within the total MDTQ of the service agreement, and (ii) interconnected downstream of the Primary Delivery Point(s) on Transporter's system by Shipper's operationally integrated distribution system capable of serving end-users from deliveries at any such Primary Delivery Points forming the Division. The term Division shall include (but not be limited to) all Divisions existing under service agreements in effect on November 2, 1992.

"ECM" shall mean Transporter's Electronic Communications Mechanism pursuant to Section 9 of the General Terms and Conditions.

"Execution" or "executed" or any other form of the root word "execute" when used with respect to any service agreement, amendment to service agreement, or any other contract shall include electronic execution pursuant to the procedures established by Transporter.

"Firm Capacity or Firm Capacity Right" shall mean the right of Shipper to receive and obligation of Transporter to make available for delivery quantities at Shipper's Primary Delivery Points up to the stated MDQ within the Shipper's MDTQ (for the division or for the Service Agreement, as applicable) and within the specified maximum hourly quantity at a specified temperature and pressure, provided Shipper has nominated such quantity pursuant to Section 10 and Transporter has been able to confirm said quantity also pursuant to Section 10; and subject to the force majeure provisions of Section 8 and the curtailment provisions of Section 17A and further provided that Shipper's deliveries of gas into Transporter's system by or for the account of Shipper pursuant to Section 12C are equal to scheduled receipt point quantities on a uniform

hourly basis, unless Shipper and Transporter have agreed to a different flow rate for deliveries of gas into Transporter's system.

"Forwardhaul" shall mean transportation nominated, confirmed and scheduled by Transporter for Shipper which entails the receipt of gas at a point(s) resulting in the transportation of gas in the same direction as the aggregate physical flow of gas in the applicable portion of the mainline.

"Hydrocarbon Dew point" shall mean cricondenthem, the highest temperature at which the vapor-liquid equilibrium may be present. The Hydrocarbon Dew point (cricondenthem) calculations are performed using the Peng-Robinson equation of state.

"In-Line Transfer Point(s)" shall mean points designated by Transporter other than point of physical ingress or egress from Transporter's system which may be used in nominating, confirming, scheduling and determining receipts and deliveries of transportation on Transporter's system. Transporter's In-Line Transfer Points are Compressor Stations 7, 8, and 11.

"Internet website" shall mean the Uniform Resource Locator (URL) of Transporter's Electronic Communication Mechanism on the Internet at <http://fgttransfer.energytransfer.com>.

"Joint Action Agency" shall mean a Shipper whose capacity entitlement consists of Public Agencies' aggregated capacity pursuant to Section 11 of Rate Schedule FTS-1, FTS-2 and/or FTS-3.

"Market Area" shall mean the area east of Transporter's Mile Post 238.6 located at the Alabama-Florida border.

"MCF" shall mean one thousand (1,000) cubic feet of gas.

"MMBtu" shall mean a million Btu and shall be deemed equivalent to one Dekatherm.

"Month" shall mean a period beginning on the first day and ending on the last day of the calendar month.

"NAESB" shall mean the North American Energy Standards Board.

"NAESB Standards" shall mean the standards issued by NAESB and adopted by the Federal Energy Regulatory Commission.

"Negotiated Rate" shall mean the rate agreed to by Shipper and Transporter which may be less than, equal to or greater than the Maximum Rate as set forth on the Currently Effective Rates for the applicable Rate Schedule but shall not be less than the Minimum Rate as set forth on the Currently Effective Rates for the applicable Rate Schedule. The Negotiated Rate may be based on a rate design other than straight fixed variable and may include a minimum quantity.

"NGA" shall mean the Natural Gas Act of 1938, as amended.

"Parties" shall include Transporter and Shipper, and Shipper's Designee(s) or Agent(s), if applicable.

"Point of Delivery" or **"Delivery Point"** shall mean the point at the connection of the facilities of Transporter and of a downstream third party facility at which the gas leaves the outlet side of the measuring equipment of Transporter and enters Shipper's distribution system or Shipper's transmission lateral connected to such system. Unless otherwise specified, this term shall also include In-Line Transfer Points.

"Point of Interest (POI) number" shall mean the identifying number for a specific Point of Delivery or Point of Receipt on Transporter's system.

"Point of Receipt" or **"Receipt Point"** shall mean the point at which gas is received by Transporter into Transporter's system from an upstream source or facility. Unless otherwise specified, this term shall also include In-Line Transfer Points. A listing of existing receipt points is set forth on Transporter's Internet website.

"Primary Capacity Path(s)" shall mean the path(s) between the Primary Receipt Point(s) and the Primary Delivery Point(s), as set forth in a Shipper's base firm transportation contract, including mainline and lateral portions of the pipeline, regardless of direction of flow, as amended by capacity release transactions. Transporter shall post on its Internet website a pipeline map that can assist a Shipper in determining whether its Primary Capacity Path(s) is (are) located on the east leg mainline, on the west leg mainline, or both, within Transporter's Market Area. Transporter's Internet website shall promptly post all filings and notices of filings that may result in changes to the Primary Capacity Path of any Shipper. Transporter shall promptly notify Shippers of any material change in the east leg mainline and west leg mainline in a tariff filing.

"Primary Delivery Point(s)" shall mean those Delivery Point(s) listed on Exhibit B of Shipper's FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 Service Agreement which are assigned an MDQ.

"Primary Receipt Point(s)" shall mean those Point(s) of Receipt listed in Exhibit A of Shipper's FTS-1, FTS-2, FTS-3, SFTS, FTS-WD or FTS-WD-2 Service Agreement which are assigned an MDQ. Primary Receipt Point(s) are also deemed to include In-Line Transfer Points to the extent set forth in Section 8 of the FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 Rate Schedules.

"Public Agency" shall mean an entity which is a Shipper and which is also a political subdivision or agency of the State of Florida, including, but not limited to, state government, county, city, school district, single and multipurpose special district, single and multipurpose public authority, and metropolitan or consolidated government.

"Receipt Gas Day" shall mean a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

"Receipt Month" shall mean a period beginning at 9:00 A.M. Central Clock Time on the first day of any calendar month and ending at 9:00 A.M. Central Clock Time on the first day of the next succeeding calendar month.

"Release" shall mean a relinquishment of firm capacity right(s) by a Shipper pursuant to Section 18 of these General Terms and Conditions.

"Reticulated Areas" shall mean the areas on or served from a portion of Transporter's system in which the direction of gas flow changes from time to time. Such point(s) are shown in Section 31 of the General Terms and Conditions, and Transporter shall post a map on its Internet website identifying the points located within each Reticulated Area. Any changes in Reticulated Areas shall be described by Transporter in a tariff filing and promptly posted on a map on its Internet website.

"ROFR" shall mean the Right of First Refusal pursuant to Section 20 of the General Terms and Conditions.

"Sales Division" shall mean the division of Florida Gas Transmission Company, LLC making sales under the blanket sales certificate issued to Florida Gas Transmission Company under Order No. 636.

"Service Year" shall mean a period of time beginning on October 1 of each year and ending at the next succeeding September 30.

"Segmented Transaction" shall mean segmentation either by capacity release or through the nomination process.

"Supply Area" shall mean Transporter's facilities outside of the State of Florida.

"Tax" or "Taxes" shall mean any tax, fee, charge or assessment and shall include, but not be limited to, occupation, production, severance, gathering transportation, pipeline, footage, sales or other excise tax or tax of similar nature now or hereafter imposed by any lawful authority upon Transporter whether under direct imposition by Federal, State or local authorities or pursuant to the terms of any present or future contract.

"TECM" shall mean Transporter's Transactional Electronic Communications Mechanism pursuant to Section 9 of the General Terms and Conditions.

"Transporter" or "Transportation Service Provider (TSP)" shall mean Florida Gas Transmission Company, LLC, the party receiving gas at the Receipt Points and transporting quantities to the Points of Delivery.

"Transporting Pipeline" shall mean any third party pipeline system on which Transporter holds firm transportation rights and which it has authorization to treat as an extension of Transporter's system for the purpose of providing transportation service. (The only pipeline that currently meets this definition is Southern Natural Gas Company.)

"Western Division" shall mean the area west of Transporter's Mile Post 238.6 located at the Alabama-Florida border and all facilities of Transporter not located in the state of Florida. Western Division shall also include noncontiguous supply laterals.

"Working day" shall mean "Business Days" as such term is defined in the NAESB Standards and shall include the days Monday through Friday, exclusive of Federal Banking Holidays, unless notified otherwise. A listing of such holidays shall be posted on Transporter's Internet website each December 15 for the following calendar year.

"Written" or **"in writing"** or any other combination of words indicating a requirement that a document be in a physically written form shall include any service agreement, amendment to a service agreement, or any other contract or document which has been electronically executed pursuant to the procedures established by Transporter.

"Year" shall mean a period of a calendar year commencing on January 1st and ending on December 31st.

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 nomination deadline for each day, Transporter shall evaluate all timely 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 CONDITION

13.1 DETERMINATION OF DAILY AND MONTHLY DELIVERIES - WESTERN DIVISION

A. All deliveries in the Western Division, including alternate deliveries shall be determined under this Section 13.1. For the purposes of this section "overage" shall be defined as actual daily or monthly measured deliveries in excess of daily or monthly Scheduled Deliveries, and "underage" shall be defined as actual daily or monthly measured deliveries below daily or monthly Scheduled Deliveries. Overages and underages under this section shall include prior period adjustments, as determined in accordance with Section 4.I. In the event actual quantities delivered by Transporter do not equal Scheduled Deliveries, any overage or underage will be allocated as follows:

- (1) To the extent there is not an OBA for the subject delivery point, Transporter and the interconnecting party will agree as to which party is responsible for the predetermined allocation (PDA) and to the extent the interconnecting party has agreed to submit the PDA to Transporter, such PDA shall be provided under Subsection 13.1.B. below for the allocation period, Transporter shall allocate overages and underages in accordance with the PDA;
- (2) To the extent there is no PDA, Transporter shall allocate any overage or underage pro rata based on scheduled and confirmed quantities at the delivery point.

Underages and overages, as allocated above, shall be considered a Delivery Imbalance for the purposes of balancing under Section 14.

B. Predetermined Allocation Statements (PDA)

Any PDAs established by an Interconnecting Party must be submitted to Transporter in writing or by electronic communications following the NAESB Standards before the first day of the allocation period in which the PDA is to be effective. To the extent interconnecting party submits a PDA by electronic communication, Transporter shall send a Quick Response as such term has been defined by NAESB confirming the receipt of such PDA. The PDA shall specify how any underage or overage from the confirmed quantity is to be allocated at a contract or such lower level of detail which is provided on the nomination level. The PDA methods shall include ranked, pro rata, percentage, swing, and operator provided value, as such terms are used in the NAESB Standards. The PDA may require new allocation detail as nomination changes occur. Transporter shall be entitled to rely exclusively on an effective PDA in allocating gas delivered to a point. No retroactive changes to a PDA may be made unless Transporter and all affected parties agree in writing.

A Party may change the PDA during a calendar month provided (i) such change will have prospective effect only, (ii) all Shippers on Transporter's system with scheduled deliveries at such point have been notified of the change and the effective date of the change, and

(iii) the interconnecting party indemnifies and holds Transporter and Shippers utilizing such points harmless against actions taken and allocations made in reliance upon such change in PDA.

C. Unscheduled Deliveries

"Unscheduled Deliveries" shall mean any volume of gas delivered at non-pipeline interconnect points for which there is no transportation volume scheduled for any shipper. Unscheduled Delivery provisions shall not: 1) apply at any point for which there is a volume scheduled, and 2) encompass imbalance volumes.

Transporter shall post on its Internet website the volume, service month delivered on Transporter's system, and the point of delivery of any Unscheduled Deliveries (Notice). Transporter shall continue to post the Notice until a valid response has been submitted or until thirty (30) calendar days after the initial posting of the Notice, whichever is sooner. In order to be a valid response for purposes hereof, a response must be provided to Transporter in writing.

If a valid response is submitted during the Notice period, then respondent shall have thirty (30) days to schedule such volumes from the date Transporter determines the response is valid. Such volumes not scheduled during the thirty (30) days shall be subject to the Transporter Billing Provision of this section.

If a valid response is not received in the Notice period, then Transporter shall bill the party receiving gas at the delivery point subject to the Transporter Billing Provision.

The Transporter Billing Provision. Transporter shall invoice the party owning the facilities into which Unscheduled Deliveries are made at the Sales Posted Price equal to 300% of the highest of the Weekly Weighted Average Price published during the month by Gas Daily for gas delivered to Transporter at Florida Gas zone 1, Florida Gas zone 2 or Florida Gas zone 3. In addition, Transporter shall bill all Unscheduled Deliveries under the Transporter Billing Provision a transportation charge equal to of the average of the maximum transportation rate plus applicable surcharges of Rate Schedules FTS-WD, FTS-WD-2 and ITS-WD.

Transporter shall have the right to suspend deliveries, even properly nominated deliveries, at any delivery point for which payment has not been received within thirty (30) days of invoicing for Unscheduled Deliveries. The non-transportation revenues resulting from the resolution of Unscheduled Deliveries shall be accounted for pursuant to Section 24.

In addition to the foregoing procedures for Unscheduled Deliveries, Transporter may pursue any additional remedies at law for Unscheduled Deliveries to a party which does not have a transportation contract with Transporter.

GENERAL TERMS AND CONDITIONS

14. MONTHLY BALANCING

Unless otherwise agreed, and except for Alert Day balancing under Section 13.D and any noncompliance quantities determined in accordance with Section 13.A.(3), all imbalances shall be resolved monthly in accordance with the following provisions set forth in this Section.

Receipt imbalances shall be determined in accordance with Section 12 (Determination of Daily and Monthly Receipts). Delivery imbalances shall be determined in accordance with Section 13 (Determination of Daily Deliveries-Market Area) or Section 13.1 (Determination of Daily and Monthly Deliveries-Western Division). NNTS Imbalances shall be as defined in Section 14.B.4. hereof. For purposes of this section, Imbalance Party shall mean the Shipper, OBA Party, or Delivery Point Operator that is responsible for resolution of an imbalance under Section 12, or Section 13, or Section 13.1.

Transporter shall provide the Imbalance Party with a preliminary balancing statement at the same time it renders transportation usage invoices for a particular month, and shall post a listing of Receipt, NNTS and Delivery Imbalances on its Internet website. Imbalance Party shall have a book-out period of 10 days from the date of posting to utilize the book-out provisions in Section 14.A below. Transporter shall utilize the cash-out provisions in Subsection 14.B below to resolve all imbalances remaining following the close of the book-out period.

A. Book-Out Provisions

Imbalance Party(ies) may net on a volumetric basis Receipt Imbalances due Transporter with Receipt Imbalances due Imbalance Party. Imbalance Party(ies) may net on a volumetric basis NNTS Imbalances due either Transporter or Imbalance Party only with other NNTS Imbalances or with Receipt Imbalances. Additionally, Imbalance Party(ies) may net Delivery Imbalances due Transporter with Delivery Imbalances due Imbalance Party, respectively for Western Division and Market Area Shippers; provided however, that where Imbalance Party is an SFTS Shipper or its designee, such Imbalance Party shall only be permitted to net Delivery Imbalances with other SFTS Shippers unless the SFTS Shipper agrees to pay the rate differential between the SFTS Usage Charge and the weighted average of the FTS-1, FTS-2, FTS-3, FTS-WD and FTS-WD-2 Usage Charges including the maximum applicable usage surcharges, scheduled at the delivery points which are the responsibility of the Imbalance Party on any SFTS Delivery Imbalance involved in a book-out. Receipt Imbalances may not be netted with Delivery Imbalances. Imbalance Party(ies) availing themselves of this provision must submit a completed book-out agreement by mail or facsimile to Transporter before the end of the book-out period. Such agreement shall not be deemed effective unless signed by an authorized representative of all Imbalance Parties involved in the book-out. A copy of a book-out agreement shall be provided on Transporter's Internet website.

B. Cash-Out Provisions

It is the responsibility of the Imbalance Party to eliminate end-of-month imbalances not resolved through the above book-out provisions by cash settlement with Transporter. Transporter and the Imbalance Party shall settle in cash all remaining Receipt Imbalances, NNTS Imbalances and Delivery Imbalances unless otherwise mutually agreed. Transporter will send each Imbalance Party a statement detailing the quantities resolved through the book-out provisions and the unresolved imbalance quantities and payment of the amount due Imbalance Party or an invoice for the amount due Transporter, in accordance with the following:

1. Imbalance Due Transporter

In the event of a Delivery or NNTS Imbalance when actual deliveries exceed scheduled quantities or a Receipt Imbalance when actual receipts are less than scheduled quantities, Transporter will invoice the Imbalance Party for such excess delivery or deficiency of receipts in accordance with the following provisions:

- (a) Such invoice will be based on the Sales Posted Price for the month multiplied by the applicable factor as follows:

Imbalance Level	Factor
0% - 5%	1.00
Greater than 5% - 20%	1.10
Greater than 20%	1.20

Imbalance Level shall be calculated by dividing the imbalance quantity by the sum of the total quantities scheduled for delivery or receipt.

For imbalances due Transporter, the Sales Posted Price shall equal the highest of the simple arithmetic averages, as determined below, of the daily midpoint spot prices for gas delivered to Transporter at Florida Gas zone 1, Florida Gas zone 2 or Florida Gas zone 3 as reported in Gas Daily. The simple arithmetic average for each index for each month shall be determined by adding the daily midpoint prices for the flow dates beginning with the sixth calendar day of the month in which the imbalances occur through the fifth calendar day of the month following and dividing the sum by the number of days. In the event that these prices are no longer available or the basis upon which such prices are reported or calculated in such publication changes substantively, Transporter will file to change its tariff and may, at its discretion, select representative prices in the interim period, subject to Commission approval.

- (b) The amount due Transporter for Receipt Imbalances and NNTS Imbalances shall be the imbalance quantity multiplied by the product of the

corresponding imbalance level factor multiplied by the Sales Posted Price for imbalance due Transporter.

- (c) The amount due Transporter for Delivery Imbalances shall be the sum of:
 - (1) the imbalance quantity multiplied by the product of the corresponding imbalance level factor multiplied by the Sales Posted Price for the month; plus
 - (2) for Market Area deliveries, the imbalance quantity multiplied by the weighted average of the maximum rates, plus applicable surcharges, of Rate Schedules FTS-1, FTS-2, FTS-3 and SFTS scheduled at the delivery points covered by the Operating Account Agreement, other than quantities determined as NNTS Service in Section 13; or
 - (3) for Western Division deliveries, the imbalance quantity multiplied by the weighted average of the maximum rates, plus applicable surcharges, of Rate Schedules FTS-1, FTS-2, FTS-3, FTS-WD and FTS-WD-2 scheduled at the delivery point, other than quantities determined as NNTS Service in Section 13.

2. Imbalance Due Imbalance Party

In the event of a Delivery or NNTS Imbalance when actual deliveries are less than scheduled quantities or a Receipt Imbalance when actual receipts exceed scheduled quantities, Transporter will pay the Imbalance Party for such excess receipts or deficiency of deliveries.

- (a) Such payments will be based on the Purchase Posted Price for the month multiplied by one of the following factors:

Imbalance Level	Factor
0% - 5%	1.00
Greater than 5% - 20%	0.90
Greater than 20%	0.80

Imbalance Level shall be calculated by dividing the imbalance quantity by the sum of the total quantities scheduled for delivery or receipt.

For imbalances due Imbalance Party, the Purchase Posted Price shall equal the lowest of the simple arithmetic averages, as determined below, of the daily midpoint spot prices for gas delivered to Transporter at Florida Gas zone 1, Florida Gas zone 2 or Florida Gas zone 3 as reported in Gas Daily. The simple arithmetic average for each index for each month shall be

determined by adding the daily midpoint prices for the flow dates beginning with the sixth calendar day of the month in which the imbalances occur through the fifth calendar day of the month following and dividing the sum by the number of days. In the event that these prices are no longer available or the basis upon which such price is reported or calculated in such publication changes substantively, Transporter will file to change its tariff and may, at its discretion, select representative price in the interim period, subject to Commission approval.

- (b) The amount due Imbalance Party shall be the imbalance quantity multiplied by the product of the corresponding imbalance level factor multiplied by the Purchase Posted Price for the month.

3. Aggregating of Imbalances of Imbalance Party

To the extent Imbalance Party has multiple Receipt, NNTS or Delivery Imbalances, Transporter shall resolve imbalances with the Imbalance Party as follows:

- (a) NNTS Imbalances first shall be netted against Delivery Imbalances to determine the final Delivery or NNTS Imbalances subject to cash out; and
- (b) Any remaining Receipt and Delivery Imbalances which are within the 5% Imbalance Level shall be netted together except that Transporter shall invoice Imbalance Party a Transportation Charge equal to the delivery quantity netted under this Section (b) multiplied by the weighted average of the maximum rates, plus applicable surcharges, of Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD and FTS-WD-2 scheduled at the delivery points covered by the Operating Account Agreement; and
- (c) Any imbalances remaining after the netting in (b) above shall be cashed-out pursuant to the provisions of 14.B.1 or 14.B.2, as applicable.

4. Balancing of NNTS Service

The NNTS Imbalances shall be equal to any quantity recorded in the No-Notice Account pursuant to Section 13 (Determination of Daily Deliveries - Market Area) plus any fuel reimbursement quantities.

5. Cash-Out Mechanism Revenue Disposition

Costs and revenues associated with Transporter's cash-out mechanism will be accounted for and disposed of in accordance with Section 24 of these General Terms and Conditions.

6. Prior Period Adjustments

Prior Period Adjustments ("PPA") shall be determined in accordance with Section 4.1., and shall be separately stated on any balancing reports. Any such prior period adjustments will be processed in the month such adjustment becomes known to Transporter for the purpose of the book-out/cash-out provisions of Section 14, except that the imbalance factor applied to all PPAs shall be 1.0. (No imbalance penalty should be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty). Transporter shall furnish the details and basis for the PPAs upon request by the affected Shipper.

GENERAL TERMS AND CONDITIONS

16. CREDITWORTHINESS

A. Prior to execution of a Service Agreement or as a condition for continuation of service, a Shipper or prospective shipper shall be required to establish and maintain creditworthiness on an on-going basis with Transporter. Transporter shall not be required to: (1) execute a Service Agreement providing for service on behalf of any Shipper who fails to meet Transporter's standards for creditworthiness; or (2) initiate service for a Shipper who fails to meet Transporter's standards for creditworthiness; or (3) continue service on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails to demonstrate creditworthiness pursuant to Transporter's standards in this Section 16.

B. A Shipper shall be deemed creditworthy when Shipper meets the creditworthiness criteria in this Section 16.B.

1. If Shipper is rated by Standard & Poor's Financial Services LLC (S&P), a subsidiary of McGraw Hill Financial, Inc. and/or by Moody's Investors Service, Inc. (Moody's), Transporter may establish creditworthiness if:

(a) (i) In the event Shipper is rated by both S&P and Moody's, Shipper's long-term senior unsecured debt securities are rated at least BBB- by S&P and at least Baa3 by Moody's, provided, however, that if the Shipper's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper is rated by only S&P, Shipper's long-term senior unsecured debt securities are rated at least BBB-, provided, however, that if the Shipper's rating is at BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper is rated by only Moody's, Shipper's long-term senior unsecured debt securities are rated at least Baa3, provided, however, that if the Shipper's rating is at Baa3, the long-term outlook shall be Stable or Positive; and

(b) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth.

In the event Shipper is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. For the purposes of this Section 16.B, the term "tangible net worth" shall mean for a corporation the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets. Only actual tangible assets are included in Transporter's assessment of creditworthiness. If a Shipper has multiple Service Agreements with Transporter, then the total contract commitment and imbalance exposure or potential exposure of all such Service Agreements shall be considered in determining

creditworthiness.

2. If Shipper cannot demonstrate creditworthiness pursuant to Section 16.B.1 above, Transporter may establish creditworthiness based upon:
 - (a) (i) In the event Shipper's parent is rated by both S&P and Moody's, the Shipper's parent having a senior unsecured debt rating of at least BBB- by S&P and Baa3 by Moody's, provided, however, that if the Shipper's parent's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper's parent is rated by only S&P, the Shipper's parent having a senior unsecured debt rating of at least BBB-, provided, however, that if the Shipper's parent's rating is at BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper's parent is rated by only Moody's, the Shipper's parent having a senior unsecured debt rating of at least Baa3, provided, however, that if the Shipper's parent's rating is at Baa3, the long-term outlook shall be Stable or Positive; and
 - (b) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's parent's tangible net worth; and
 - (c) Shipper's parent issues a guaranty acceptable to Transporter.

In the event Shipper's parent is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. If a Shipper's parent has multiple Service Agreements with Transporter or multiple subsidiaries with Service Agreements with Transporter in addition to Shipper's Service Agreements, then the total contract commitment and imbalance exposure or potential exposure of all of those Service Agreements shall be considered in determining creditworthiness.

3. In the event Shipper is a cooperative or a municipal Shipper and Shipper cannot demonstrate creditworthiness pursuant to Section 16.B.1 or 16.B.2 above, Transporter may establish creditworthiness based upon:
 - (a) Shipper's issuer rating is a rating that has the equivalent rank of those listed in Section 16.B.1(a) above; or
 - (b) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth, or Shipper's preceding calendar year revenues are at least six (6) times Transporter's anticipated charges for the ensuing 12-month period.

- C. To permit Transporter to conduct an initial or ongoing creditworthiness review, Transporter may request and a Shipper shall provide within five (5) Business Days any or all of the

following:

1. (i) Audited financial statements for the most current two (2) fiscal years prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America or, for non-U.S. based Shippers, prepared in accordance with equivalent standards, or (ii) if Shipper's fiscal year-end financial statements are unaudited, an attestation by its Chief Financial Officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent or (iii) for non-public entities, any existing sworn filing, which provides the most recent available interim financial statements and annual financial reports filed with any applicable regulatory authority, showing the Shipper's current financial condition;
2. List of corporate affiliates, parent companies, and subsidiaries, if applicable;
3. Publicly available information from credit reports of credit and bond rating agencies;
4. A bank reference and at least three (3) trade references, a check of which show along with any credit reports submitted herein that Shipper's undisputed obligations are being paid in a timely manner;
5. Statement of legal composition;
6. Statement of the length of time the business has been in operation;
7. For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism;
8. Confirmation by Shipper that Shipper is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditor, or any informal creditors' committee agreement;
9. Such other information as may be mutually agreed to by Shipper and Transporter; and/or
10. In the case of a joint action agency which acts as Shipper for other public agencies which have aggregated their firm service agreements into a single Service Agreement pursuant to the aggregation provisions of the settlement filed and approved in Docket No. RS92-16-000, the foregoing information shall be provided by each member public agency who in turn shall guarantee the obligations of the joint action public agency to the extent of each such member's share of the total firm entitlement of such joint action public agency.

- D. If Shipper or Shipper's parent does not meet the criteria described in Section 16.B above, then credit appraisal shall be based upon Transporter's evaluation of any or all of the following information and credit criteria:
1. Any information received pursuant to Section 16.C above;
 2. Consistent and nondiscriminatory financial statement analysis to determine the acceptability of Shipper's or Shipper's parent's current and future financial strength. Financial statements shall be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability;
 3. S&P, Moody's, Dun & Bradstreet and other credit reporting agency ratings, opinions, watch alerts, and rating actions shall be considered in determining creditworthiness;
 4. Results of credit reports and of bank and trade reference checks must demonstrate that a Shipper is paying its obligations in a timely manner;
 5. Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy; an exception may be made for a Shipper who is a debtor-in-possession operating under Chapter XI of the Federal Bankruptcy Act whereby adequate assurance is provided under purview of by the bankruptcy court having jurisdiction over such debtor-in -possession that the service billings will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future actually to make payment;
 6. Whether Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain solvent;
 7. Shipper's ongoing business relationship, if any, with Transporter with consideration being given to whether Shipper has or has had any delinquent balances outstanding for services provided by Transporter, gas imbalances, and gas loans due Transporter and whether Shipper is paying and has paid its account balances promptly according to the terms established in its Service Agreements (excluding amounts as to which there is a good faith dispute);
 8. Shipper's ability to recover the costs of Transporter's services through filings with regulatory agencies or otherwise to pass on such costs to its customers, as applicable; and/or
 9. Any other information, including any information provided by Shipper, that is reasonably relevant to Shipper's current and future financial strength and Shipper's

ability to make full payment over the term of the Service Agreement(s).

- E. If a Shipper fails to establish or maintain creditworthiness or if Shipper's credit limit as determined by Transporter is insufficient to cover Shipper's total contractual obligations, Shipper may still obtain or continue service hereunder if Shipper, except to the extent otherwise agreed, provides collateral in an amount sufficient to cover three months service as determined in accordance with Section 16.E.2(a) plus the value of imbalance gas and loaned gas as determined in Section 16.E.2(b) under one of the following options.
1. Forms of Security. Shipper may select from the following forms of security and Transporter shall not unreasonably discriminate in the forms of security it determines to accept from Shippers.
 - (a) Guaranty. A Shipper may provide a guaranty of financial performance in a form satisfactory to Transporter from a corporate parent, corporate affiliate or a third party that meets the creditworthiness standards above.
 - (b) Deposit. A shipper may provide a cash deposit. If Transporter is required to draw down these funds, Transporter will notify Shipper and Shipper must replenish such funds within three (3) Business Days after receipt of such notice.
 - (c) Standby Irrevocable Letter of Credit drawn on a bank which is a U.S. bank or a U.S. branch of a foreign bank with an S&P rating of at least A or Moody's rating of at least A2 on its long-term unsecured debt securities.
 - (d) Security Interest in collateral found to be satisfactory to Transporter.
 - (e) Other security acceptable to Transporter.
 2. Collateral Requirements. Collateral required for non-creditworthy shippers shall be an amount sufficient to cover service for three months and a value for imbalance and loaned gas as specified below.
 - (a) Three months service. The amount of collateral for firm transportation Service Agreements must be sufficient to cover the highest three (3) months of reservation charges. The amount of collateral for interruptible services shall be based upon the highest three (3) months of usage during the previous twelve (12) month period for all rates and charges. If the Shipper has not contracted for or utilized interruptible transportation during the previous 12 month period, Transporter will establish the collateral requirement based upon Shipper's estimated usage for a three (3) month period as determined by Shipper and Transporter's marketing representative.
 - (b) Imbalance and Loaned Gas. In addition to the collateral requirements set

forth in Section 16.E.2(a) above, Transporter shall have the right to seek collateral to cover the value of any imbalance and/or loaned gas owed to Transporter by a non-creditworthy Shipper. Transporter may require collateral from a non-creditworthy Shipper for the value of imbalance Gas owed to Transporter under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, NNTS, FTS-WD, FTS-WD-2, ITS-1 and/or ITS-WD. Such collateral amount shall equal the non-creditworthy Shipper's largest monthly imbalance quantity owed to Transporter over the most recent 12 month period valued in accordance with Section 14.B.1 of these General Terms and Conditions. For a non-creditworthy Shipper with a new Service Agreement or a Service Agreement in effect for less than 12 months, the imbalance quantity shall be the greater of (i) 10% of Shipper's estimated monthly usage as determined by Shipper and Transporter's marketing representative or (ii) Shipper's largest monthly imbalance owed to Transporter. The imbalance quantity shall be valued in accordance with Section 14.B.1 of these General Terms and Conditions. The collateral requirement for loaned Gas associated with Rate Schedule PNR shall equal the maximum loaned quantity specified in Shipper's Service Agreement valued in accordance with Section 14.B.1 herein.

F. Security for New Lateral Facilities

In the event Transporter constructs new lateral facilities to accommodate a Shipper under Section 21.G of these General Terms and Conditions, Transporter may (unless otherwise agreed or unless Shipper reimburses Transporter for the cost of the facilities) require from the Shipper security in an amount up to the cost of the facilities. Such security may be in any of the forms available under Section 16.E.1 of these General Terms and Conditions, at Shipper's choice. As Transporter recovers the cost of these facilities through its rates, the security required shall be reduced accordingly. Specifically, security provided by Shipper related to new facilities shall be returned to that Shipper in equal Monthly amounts over the term of its contract for service related to the new facilities or as otherwise mutually agreed by Transporter and Shipper. Where facilities are constructed to serve multiple Shippers, an individual Shipper's obligation hereunder shall be for no more than its proportionate share of the cost of the facilities. This requirement is in addition to and shall not supersede or replace any other rights that Transporter may have regarding the construction and reimbursement of facilities.

- G. Transporter shall have the right to update Shipper's credit file at any time after commencement of service. Such update may be conducted by Transporter periodically and Shipper shall provide assistance and cooperation. If Transporter concludes that a Shipper is non-creditworthy or if Shipper fails to maintain adequate assurance of future performance under Section 16.E of these General Terms and Conditions, Transporter shall provide Shipper an initial notice in writing that it has lost its creditworthiness status along with the reasons for such determination and that Shipper has five (5) Business Days after receipt of such initial notice, to provide Transporter with security consistent with Section 16.E of these General Terms and Conditions which is adequate to cover all charges for one Month's advance service.

A Shipper may challenge Transporter's determination by providing a written rebuttal to Transporter's explanation within ten (10) days after the initial notification and explanation is provided by Transporter. Transporter shall respond to such a rebuttal in writing within ten (10) days. Any reevaluation of creditworthiness by Transporter in response to such a rebuttal by the Shipper shall be based on the creditworthiness criteria set out in Section 16.D and shall be performed as provided in Section 16.D of these General Terms and Conditions. If Transporter determines after such reevaluation that Shipper is creditworthy, the security to cover all charges for one Month's advance service shall be released to Shipper within five (5) Business Days after such determination. In the event Transporter concludes after reevaluation that Shipper remains non-creditworthy, Shipper shall comply with the requirement in the initial notice to provide, within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, the means for adequate assurance of future performance, covering the full level of security provided for under Section 16.E of these General Terms and Conditions. If the Shipper has not satisfied either requirement in the initial notice to provide specified security within five (5) Business Days or to provide the additional specified security within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, Transporter may without further notice immediately suspend service to Shipper.

- H. Any suspension of service hereunder shall continue until Transporter is reasonably satisfied that Shipper is creditworthy under Section 16.B or 16.D of these General Terms and Conditions or until Shipper has provided adequate security under Section 16.E of these General Terms and Conditions. A Shipper shall not be obligated to pay any reservation charges for suspended service attributable to the period when that service is suspended. During the period of suspension, such Shipper may not release or recall capacity.
- I. In addition to suspension, Transporter may terminate service if the Shipper fails to provide security consistent with Section 16.E of these General Terms and Conditions no earlier than sixty (60) days after Transporter has provided its initial notice to Shipper pursuant to Section 16.G herein. Any such termination requires thirty (30) days' prior notice to Shipper, Releasing Shipper, if any, and the Commission. To avoid termination, the Shipper must satisfy Section 16.E of these General Terms and Conditions within this notice period. If the Service Agreement is terminated, Transporter shall net and/or set off, as allowed by law, all positions calculated in accordance with the provisions of the applicable Rate Schedule (i.e., invoiced transportation amounts, invoiced imbalance amounts, park and loans, rate refunds, etc.) against outstanding account balances due the Shipper. Transporter shall have the right to assert any liens or other interests, consistent with applicable law, against any gas remaining on its System. Transporter may not take any action under this Section 16 which conflicts with any order of the U. S. Bankruptcy Court.
- J. At any time after a Shipper is determined to be non-creditworthy by Transporter, the Shipper may request a creditworthiness reevaluation by Transporter pursuant to NAESB WGQ Standard Nos. 0.3.8 and 0.3.9 as incorporated in Section 25 of these General Terms and Conditions. If Transporter determines after such reevaluation that Shipper is creditworthy without security, any security requirements under Section 16.E of these General Terms and

Conditions shall be terminated and any deposit amounts shall be released to Shipper within five (5) Business Days after such determination.

- K. Notwithstanding the above, Transporter may agree with a Shipper in an executed precedent agreement, for service on new or expanded facilities to be constructed by Transporter, to creditworthiness provisions which differ from one or more of the provisions in this Section 16, and which, in addition to the other provisions of this Section 16, govern service provided to the Shipper pursuant to the precedent agreement.

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, 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 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

18. CAPACITY RELINQUISHMENT

A. General

This Section sets forth the sole means by which a firm Shipper ("Relinquishing Shipper") may, pursuant to Section 284.8 of the Commission's Regulations, relinquish its firm capacity rights under a service agreement with Transporter to a third party ("Acquiring Shipper").

Non-biddable relinquishments are prearranged relinquishments that are defined as follows:

1. A capacity relinquishment for any period of thirty-one (31) days or less. A firm Shipper shall not roll over, extend or in any way continue such capacity relinquishment to the same Acquiring Shipper until 28 days after the first release period has ended. This 28-day period does not apply to any release to the same Acquiring Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth in Sections A.2, A.3 or A.4 below.
2. A capacity relinquishment for more than one year at the maximum tariff rate.
3. A capacity relinquishment to an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations.
4. A capacity relinquishment to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

All other relinquishments shall be biddable.

B. Capacity Eligible For Release

A Shipper with a service agreement under Rate Schedule FTS-1, FTS-2, FTS-3, FTS-WD or FTS-WD-2 may relinquish all or a portion of its firm capacity ("eligible capacity") from an individual Service Agreement pursuant to this Section 18. A Shipper may also relinquish all or a portion of its NNQ under Rate Schedule NNTS; provided however, Shipper may only relinquish its Rate Schedule NNTS capacity at the Shipper's primary delivery points.

Capacity held by a Shipper under any rate schedule other than as set forth above shall not be eligible for capacity relinquishment. Relinquishments under this section may not exceed the maximum rate applicable to the relinquished capacity; provided, however, that no rate limitation shall apply to a capacity relinquishment for a period of one year or less if the relinquishment is to take effect on or before one year from the date on which Transporter is notified of the relinquishment.

Re-release of capacity: Acquiring Shipper may re-release acquired capacity subject to the terms attached to the acquired capacity in all previous releases.

C. Relinquishment Types:

1. Permanent Relinquishment

This Section sets forth the terms and conditions applicable to the permanent relinquishment of eligible capacity ("Permanent Relinquishment"). Eligible capacity can be permanently relinquished solely on a reservation basis either pursuant to a transaction prearranged by Relinquishing Shipper or pursuant to the bidding procedures in Section 18.F. An Acquiring Shipper who obtains capacity relinquished hereunder shall be required to execute a separate firm service agreement with Transporter for the relinquished capacity for the primary and secondary terms set forth in the Relinquishing Shipper's service agreement.

Transporter is not required to but, may choose to accept a bid at less than the maximum rate provided that (i) Relinquishing Shipper remits as an exit fee, a lump sum payment for the difference between the maximum rate and the bid rate for the full term of the relinquishment, or agrees to remain liable for the difference between the maximum rate and the bid rate for the full term of the relinquishment, and (ii) Transporter and Acquiring Shipper reach agreement on a mechanism permitting the periodic adjustment to the bid rate to reflect subsequent rate adjustments filed for and approved by the FERC.

To the extent Transporter elects to accept bids at other than the maximum rate, Transporter shall award the capacity or portion thereof in accordance with Section 18.F.4. Transporter's decision to accept a permanent relinquishment at less than the maximum rate must be reached in a nondiscriminatory manner.

At the time the Acquiring Shipper and Transporter enter into a Service Agreement for the acquired capacity, Acquiring Shipper may, if the Relinquishing Shipper had not elected the ten-year rollover described in Section 20.C, elect such ten-year rollover in the manner set forth in Section 20.C.

2. Temporary Relinquishment:

This Section sets forth the terms and conditions applicable to temporary relinquishments of eligible capacity either pursuant to a transaction prearranged by Relinquishing Shipper or pursuant to the bidding procedures in Section 18.F. In addition to complying with these provisions, Relinquishing Shipper and Acquiring Shipper must comply with all other applicable provisions of this Section 18.

Biddability and rollover limitations: Prearranged relinquishments for 31 days or less are not subject to open season bidding, except as provided in Section 18.A.1 herein.

In the event the temporary relinquishment does not meet the non-biddable criteria set forth in Section 18.A herein, then the subject eligible capacity shall be subject to an open season bidding and the right to match pursuant to Section 18.F.

D. Capacity Release Timelines (All times are Central Clock Time)-

The capacity release timeline applies to all parties involved in the capacity release process provided that 1) all information provided by the parties to the transaction is valid and the Acquiring Shipper has been determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Relinquishing Shipper has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and (3) there are no special terms or conditions of the release. Further, Transporter may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Transporter).

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

- (b) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
- (c) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- (d) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (e) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- (f) The contract is issued within one hour of the award posting (with a new contract number, when applicable).
- (g) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

3. For non-biddable releases:

- a. The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
 - Timely Cycle 12:00 Noon
 - Evening Cycle 5:00 p.m.
 - Intraday 1 Cycle 9:00 a.m.
 - Intraday 2 Cycle 1:30 p.m.
 - Intraday 3 Cycle 6:00 p.m.
- b. The contract is issued within one hour of the award posting (with a new contract number, when applicable).
- c. Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

4. Processing of Uploads

The Transportation Service Provider (TSP) which supports capacity release should accept and process capacity release offers from Relinquishing Shipper(s) (or its authorized third party service provider), provided the valid offer is received by the TSP prior to the respective deadline specified in NAESB WGQ Standard No. 5.3.2. Such offer should be posted as an offer and should be available for bidding by the posted-by deadline and start of bidding time specified (for the received Business

Day) in NAESB WGQ Standard No. 5.3.2 or the Relinquishing Shipper's specified Business Day (if later than the received Business Day).

The TSPs which supports capacity release should provide for the creation of capacity release bids from potential Acquiring Shipper(s) (or its authorized third party service provider), provided the valid bid is submitted no later than the respective deadline as specified in NAESB WGQ Standard No. 5.3.2. Such timely bid should be evaluated by the TSP for the purpose of identifying the winning bidder(s) associated with the offer.

E. Notice Required by Shipper

1. Notice by Relinquishing Shipper. A Shipper who desires to relinquish any or all of its eligible capacity must notify Transporter of said Shipper's desire to relinquish eligible capacity ("Relinquishing Shipper") and the terms and conditions of such proposed relinquishment. (Such notice is hereinafter referred to as the "Relinquishment Notice"). Such Relinquishment Notice shall be in writing or provided electronically pursuant to Section 9.B and in the form set out in the Tariff and shall be executed by an authorized representative of the Relinquishing Shipper. All terms and conditions a Relinquishing Shipper proposes shall be posted as set forth below. Such terms and conditions must be objectively stated, non-discriminatory and applicable to all potential bidders. Notwithstanding the above, the terms and conditions required in the Relinquishment Notice for a non-biddable capacity release to an asset manager pursuant to Section 18.A.3 need only include the information specified in Section 18.E.1.a through 18.E.1.q herein. The Relinquishment Notice shall constitute a binding offer on the part of Relinquishing Shipper to relinquish the eligible capacity pursuant to the terms of the Relinquishment Notice, until written or electronic notice of withdrawal is received by Transporter. Transporter shall reject any Relinquishment Notice that does not comply fully with the foregoing requirements. Such Relinquishment Notice shall provide the following information:
 - a. Name, address, contact person, telephone number, and facsimile number of the Relinquishing Shipper;
 - b. Whether the relinquishment is permanent or temporary;
 - c. Whether the relinquishment is recallable and, if recallable, whether on either a permanent or temporary basis, and the terms and conditions applicable to such right of recall and reput;
 - d. The specific quantity to be relinquished, stated in dekatherms per day of MDTQ by season;

- e. Identification of the Primary Receipt Point(s) capacity and Primary Delivery Point(s) capacity to be relinquished; provided further that both the sum of the Primary Receipt Point capacity relinquished by season and Primary Delivery Point capacity relinquished by season shall each equal the relinquished MDTQ set forth in (d) above; and provided further, that if the relinquishment is for a specific segment of capacity between any points on Transporter's system, such relinquishment must comply with the provisions of Section 19. At Relinquishing Shipper's request, and in-lieu of posting the relinquished Primary Receipt Point capacity from 18E.1(e), Transporter shall aggregate relinquished Primary Receipt Point capacity, and post such capacity at the closest in-line transfer point east of the receipt point capacity relinquished.
- f. The rate schedule under which the Relinquishing Shipper holds the capacity;
- g. The term of the proposed relinquishment, which in the case of a Permanent Relinquishment must equal the remaining term of the Relinquishing Shipper's existing service agreement;
- h. Identification of any Acquiring Shipper with whom Relinquishing Shipper has prearranged the relinquishment; address, contact person, telephone number; fax number, and contract number if applicable;
- i. Whether the Relinquishing Shipper will accept volumetric bids and volumetric commitments;
- j. Whether the release includes a right of first refusal where: (1) Shipper releases on a permanent basis, the remaining part of a long term contract, but where the remainder of the term is less than one year, (2) Shipper releases for the remainder of the contract term, but retains a right of recall, and/or (3) the prearranged Acquiring Shipper may match the best eligible bid(s);
- k. Whether the Relinquishing Shipper will accept contingent bids, and if so under what circumstances.
- l. The method to be used to evaluate bids. To the extent Relinquishing Shipper elects to accept volumetric bids, Shipper must also specify the method to rank competing volumetric and reservation charge bids. For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. Relinquishing Shipper must choose one of the following tariff methods:

- i. highest rate
 - ii. net revenue
 - iii. present value
- m. The method to be used to break ties if the applicable tariff method is not to be used;
- n. Whether the Relinquishing Shipper will permit the Acquiring Shipper, to request changes to Primary Receipt and/or Delivery Points;
- o. The minimum conditions, if any, the Relinquishing Shipper will accept, rates (which may be expressed in dollars and cents, percentage of the maximum rate or the index-based formula as detailed in the capacity release offer), including all reservation surcharges, volumes, and other terms and whether such minimum conditions are to be considered confidential at the time of posting;
- p. Whether the capacity to be relinquished was obtained pursuant to the provisions of this Section 18; and
- q. Whether the Acquiring Shipper is (a) an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations and, if so, include the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect or (b) a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

Acquiring Shipper will initiate confirmation of prearranged deals electronically.

2. Posting of Relinquishment Notice

All valid Relinquishment Notices shall be posted on Transporter's Internet website, including capacity released on a prearranged basis, upon receipt, unless Relinquishing Shipper requests otherwise. Capacity release facilitator should post offers and bids, including prearranged deals, upon receipt. A Relinquishing Shipper may request a later posting time for posting of such offer, and the capacity release service facilitator should support such request insofar as it comports with standard capacity release timeline specified in NAESB Standard 5.3.2. All Relinquishment Notices shall be binding until notice of withdrawal is received by Transporter on Transporter's Internet website. The notice posted shall contain the information set forth in 18E.1(a)-(q) above; provided however, that at Relinquishing Shipper's request, and in lieu of posting the relinquished Primary Receipt Point capacity from 18E.1(e) above, Transporter shall aggregate relinquished Primary Receipt Point capacity, and post such capacity at the closest In-Line Transfer Point east of the

Receipt Point capacity relinquished. The posting of the Relinquishment Notice shall also include:

- (1) except for releases for a period of one year or less, the maximum reservation rate (including any reservation type surcharges) applicable to the capacity;
- (2) the date and time by which bids must be submitted in accordance with the capacity release timeline; and
- (3) the date and time the Relinquishment Notice is posted.

Any minimum conditions set forth pursuant to 18E.1(o) shall be posted with the Relinquishment Notice unless the Relinquishing Shipper indicates in the Relinquishment Notice that such minimum conditions are confidential in which event Transporter shall indicate on the posted Relinquishment Notice that minimum conditions exist. After capacity has been awarded, Transporter shall post the terms of any previously undisclosed minimum conditions.

3. Withdrawal of Eligible Capacity From Capacity Relinquishment Program

The Relinquishing Shipper has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no valid minimum bid has been made.

F. Open Season Bidding:

1. During the open season and bid submittal periods, all valid bids (excluding bidders name) will be posted. Bids provided electronically must comply with the provisions of Section 9.B. All bids will be binding until notice of withdrawal is received by Transporter on Transporter's Internet website. Invalid bids will not be posted. At the close of the bidding period, any bid received by Transporter shall be deemed to be a binding offer by the prospective Acquiring Shipper to acquire capacity pursuant to the terms of the bid. A Relinquishing Shipper will not be able to specify an extension of the original bid period or the prearranged deal match period, without posting a new release. Any prospective Acquiring Shipper who has satisfied the creditworthiness pre-qualification requirements to Section 18I below, may submit a bid with the following bid information;
 - a. The identity of the bidder, including contact person, business address, phone number and facsimile number;
 - b. The relinquishment under which the capacity is available and the MDTQ separately stated by season;

- c. The requested Primary Receipt Point(s) and the Primary Delivery Point(s) and the quantity separately stated for each such point;
- d. The rate bid on a reservation charge basis between the minimum and maximum Reservation Charge (including any applicable reservation type surcharges) for the rate schedule under which the capacity is being offered for release (and/or the Reservation Charge rate for Rate Schedule NNTS service, if applicable). In the event the Relinquishing Shipper has allowed a volumetric release, the bids may be converted into a volumetric charge. The maximum rate for such volumetric releases is the maximum applicable reservation charge set forth on the Currently Effective Rates for Rate Schedule FTS-1, FTS-2, FTS-3, NNTS, FTS-WD or FTS-WD-2 plus all applicable reservation surcharges. Notwithstanding the above, no rate limitation shall apply to a capacity relinquishment for a period of one year or less if the relinquishment is to take effect on or before one year from the date Transporter is notified of the relinquishment.
- e. Any other conditions necessary to meet the terms of the Relinquishing Shipper's Relinquishment Notice; and
- f. The minimum amount of prorated capacity that the bidder will accept, if prorationing is necessary.

2. Withdrawal of Bids:

A bid may be withdrawn any time prior to the close of the bidding period; however, the same party may not submit a lower bid. Once a bidder has withdrawn its bid, the bidder may only submit a new bid for such released capacity at a higher rate. Bids cannot be withdrawn after the bid period ends.

3. Right to Match

In the event capacity is subject to the right to match, the prearranged Acquiring Shipper shall have the right to match consistent with the capacity release timeline.

4. Bid Evaluation Procedure

Transporter shall review the bids received and reject any bids that do not comply with all applicable provisions of this Section 18 and the Relinquishment Notice. Subject to the right to match, if applicable, capacity will be awarded to all Acquiring Shippers whose bids can be fulfilled without impairment of firm capacity rights held by any other Shipper or without reducing the total contractual entitlement on Transporter's system. Pursuant to Section 18.E.1.(I), Transporter will evaluate and rank all bids and will award bids, best bid first, until all offered capacity is awarded.

Tie Breakers:

In the event two or more bids contain the same bid rate, capacity will be awarded based on the first in time to submit an eligible bid; provided however, if a contingent bid and a non-contingent bid tie, capacity will be awarded to the non-contingent bidder.

5. Posting of Awards:

After the awarding of bids, Transporter shall post the winning bid(s), any minimum conditions, and the identity of the winning bidder(s). For biddable releases subject to recall, Transporter shall make available to the Relinquishing Shipper information to enable the Relinquishing Shipper to contact the Acquiring Shipper in the event of a capacity recall.

G. Return to Shipper of Relinquished Capacity Upon Expiration of Temporary Relinquishment.

Upon expiration of any relinquishment under Section 18C.2, Transporter shall return to Shipper all applicable relinquished capacity as such capacity exists upon expiration of the relinquishment. If the Relinquishing Shipper permitted the Acquiring Shipper to change Primary Receipt and Delivery Points, then the capacity returned to Shipper at the expiration of a relinquishment will reflect any such changes; provided however, if the term of the relinquishment was for a period of one month or less within a single calendar month, then the capacity rights returned to Shipper will be identical to Shipper's pre-relinquishment firm capacity rights. If the Relinquishing Shipper did not permit changes to Primary Receipt and Delivery Points, the capacity returned to Shipper at the expiration of a relinquishment shall be identical to Shipper's pre-relinquishment firm capacity rights.

H. Consummation and Effect of Relinquishment:

1. The posting process shall occur on Transporter's TECM located on Transporter's Internet website. The posting process will be utilized to execute both amendments to the service agreements with the Relinquishing Shipper and new service agreements with the Acquiring Shipper, all as more fully described in Section 9.B of these General Terms and Conditions. The amendment to the service agreement of the Relinquishing Shipper shall change the underlying service agreement to reflect the capacity rights released. The new service agreement with the Acquiring Shipper shall reflect the capacity rights acquired.
2. Status of Relinquishing Shipper. With respect to Permanent Relinquishments only, upon execution by Transporter and Acquiring Shipper of the new service agreement, and effective as of the effective date of said new service agreement, the Relinquishing Shipper shall, except as otherwise agreed to by Transporter and Relinquishing Shipper, be relieved of liability under its

existing service agreement, but only to the extent of the quantity of the executed new service agreement; provided, however, that in the event the Acquiring Shipper at the time of the relinquishment does not (i) satisfy the criteria set forth in Section 16(a) and (b) of these General Terms and Conditions; (ii) furnish and maintain for the term of the Service Agreement a written guarantee in a form satisfactory to Transporter from a third party which is creditworthy as determined in Section 16(a) and (b); or (iii) furnish other security reasonably acceptable to Transporter and its lenders, then the Relinquishing Shipper shall remain responsible for all Reservation Charges (including all applicable demand or reservation type surcharges) under the existing contract, subject to the billing adjustment and revenue sharing and crediting mechanism set forth below. With respect to all other relinquishments, Relinquishing Shipper shall remain responsible for all Reservation Charges under the existing contract, subject to the billing adjustment and revenue sharing and crediting mechanisms set forth below.

3. Status of Acquiring Shipper. An Acquiring Shipper who executes a new service agreement pursuant to the terms and conditions of this Section 18 shall, upon execution of such new service agreement, be considered a firm Shipper for all purposes under Transporter's FERC Gas Tariff, and shall be entitled to the rights (and subject to the obligations) of a Shipper under Rate Schedule FTS-1, FTS-2, FTS-3, FTS-WD or FTS-WD-2 as applicable, including, without limitation, the right to participate in Transporter's capacity relinquishment program pursuant to this Section 18, and the right to use alternate receipt and delivery points as provided for in such Rate Schedules; provided, however, that a Shipper who acquires a segment of capacity under Rate Schedule FTS-1, FTS-2 or FTS-3 which is located entirely within Transporter's Western Division acquires the Primary and Alternate Delivery Point rights of a Western Division Shipper.

I. Creditworthiness:

Pre-Qualified Bidder Requirement. All parties desiring to acquire firm capacity must be determined to be creditworthy under Transporter's FERC Gas tariff, Section 16, prior to bidding on and being awarded relinquished capacity hereunder. A bidder's creditworthiness shall be assessed on the same basis as a Shipper's creditworthiness under the terms of Transporter's Rate Schedule FTS-1, FTS-2, FTS-3, FTS-WD or FTS-WD-2 as applicable.

J. Recall/Reput Rights:

A Relinquishing Shipper has the right to utilize the standard tariff method as defined below or a Relinquishing Shipper has the right to define the condition(s) precedent that will result in a recall and reput (return to Acquiring Shipper) of capacity subject to a Temporary Relinquishment by specifying such conditions in the Relinquishment Notice. The Relinquishing Shipper has no right to recall the relinquished capacity, other than any

rights set forth in the Relinquishment Notice. This relinquished capacity is recallable in whole or in part at the discretion of the Relinquishing Shipper. At the end of the recall period, the capacity recalled reverts (reput) back to the original Acquiring Shipper in whole or in part. The terms and conditions of any recall rights shall not be inconsistent with the terms and conditions of the Relinquishing Shipper's existing service agreement with Transporter nor the provisions of Transporter's FERC Gas Tariff. No right of recall shall be permitted for any other type of relinquishment. Transporter shall continue to apply all tariff provisions to the Shipper of record until notified of a recall or notified of the termination of such recall and shall change the Shipper of record on a prospective basis only after proper notification of a change. Transporter has the right to rely on a Relinquishing Shipper's notice and a Relinquishing Shipper shall defend and indemnify Transporter against any claims, losses, liabilities, or expense (including reasonable attorney's fees) resulting from claims by any Acquiring Shipper that relinquished capacity was not recalled in accordance with the recall rights specified by the Relinquishing Shipper.

All TSPs should support the following recall notification periods for all released capacity subject to recall rights:

- (i) Timely Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 9:00 a.m. on the day that Timely Nominations are due;
- (ii) Early Evening Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 4:00 p.m. on the day that Evening Nominations are due;
- (iii) Evening Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;

- (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 6:00 p.m. on the day that Timely Nominations are due;
- (iv) Intraday 1 Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due;
- (v) Intraday 2 Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due;
- (vi) Intraday 3 Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

For recall notification provided to the TSP prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., the TSP should provide notification to all affected Acquiring Shippers no later than one hour after receipt of such recall notification.

For recall notification provided to the TSP after 5:00 p.m. and prior to 7:00 a.m., the TSP should provide notification to all affected Acquiring Shippers no later than 8:00 a.m. after receipt of such recall notification.

The Relinquishing Shipper shall submit recall or reput notification to Transporter using Transporter's Internet website.

K. Billing and Payment:

An Acquiring Shipper shall be billed by Transporter and shall make payments to Transporter in accordance with the terms of Transporter's FERC Gas Tariff and Shipper's executed service agreement.

For relinquishments under Section 18C.2, to the extent the Acquiring Shipper's bid was on a reservation charge basis, Transporter shall credit the reservation charge of the Relinquishing Shipper's invoice for the month of the relinquishment.

For relinquishments under Section 18C.2 where the Acquiring Shipper's bid was on a volumetric basis, Transporter shall make a reservation charge credit to the usage charge of the Relinquishing Shipper's invoice for the month of the relinquishment and/or make payment to the Relinquishing Shipper by the due date for payment of usage charges to the extent that the reservation charge credit exceeds the Relinquishing Shipper's usage charge invoice. Transporter shall not provide a reservation charge credit to the Relinquishing Shipper in a Permanent Relinquishment.

The Acquiring Shipper shall be obligated to pay Transporter the usage charge effective under the rate schedule pursuant to which service is rendered, plus all applicable volumetric surcharges and fuel charges, applied to the volumes Transporter transports under the Acquiring Shipper's new service agreement.

Transporter will retain the revenues from the usage charge, applicable volumetric surcharges, and fuel charges it receives from the Acquiring Shipper.

L. Transporter's Right to Terminate a Temporary Capacity Relinquishment

Transporter may elect to terminate a Temporary Capacity Relinquishment upon 30-days' written notice to the Acquiring Shipper under the following conditions:

1. The Relinquishing Shipper has failed to maintain creditworthiness pursuant to Section 16; and
2. Transporter has terminated the Relinquishing Shipper's Service Agreement; and
3. The rate paid by the Acquiring Shipper is less than the Relinquishing Shipper's contract rate.

Acquiring Shipper may avoid termination of the Temporary Capacity Relinquishment if, prior to the end of the 30-day notice period, Acquiring Shipper agrees that, beginning the first day after the end of the 30-day notice period, it will pay the lower of: (1) the Relinquishing Shipper's contract rate or (2) the maximum tariff rate under the applicable rate schedule for the remainder of the relinquishment term.

M. Requests to Purchase Releasable Capacity

Any party may initiate a request to purchase releasable firm capacity by following the instructions posted on Transporter's Informational Postings website located at <http://fgttransfer.energytransfer.com> under "Notices, Request to Purchase Releasable Capacity." The form shall specify the terms and conditions of the request and the location of the posting on Transporter's Informational Postings website. Such offer to purchase released capacity shall be posted on Transporter's Informational Postings website for 30 days.

GENERAL TERMS AND CONDITIONS

21. REQUESTING SERVICE ON EXISTING MAINLINE FACILITIES

Transporter will post on its Internet website the availability of firm and interruptible capacity for transportation service. Transporter will provide not unduly discriminatory access to transportation capacity to all Shippers, including without limitation, local distribution companies, end-users, producers, brokers, marketers and other potential shippers who desire such service. Transporter's obligation to provide firm service shall also be subject to the availability of existing capacity to provide the requested service.

A. Procedures to Obtain Interruptible Capacity

To obtain interruptible capacity, Shippers must have executed a Service Agreement under Rate Schedule ITS-1 or ITS-WD, and must comply with the nomination procedures set forth at Section 10 of these General Terms and Conditions.

B. Procedures to Obtain Firm Capacity

1. If and when any Market Area or Western Division firm capacity on existing facilities becomes available for service to start immediately or in the future, other than through the capacity relinquishment program set forth in Section 18, Transporter shall conduct an Open Season for such capacity. Notice of the Open Season shall be posted on Transporter's Internet website for a period of not less than five (5) business days. Such open season posting shall identify the applicable rate schedule under which such capacity is available, a description of the capacity and the mainline area available, any known constraints on normal pipeline operations, and other applicable and relevant information. Shippers or potential Shippers interested in obtaining capacity must submit a request, in writing or electronically, during the specified Open Season. Requests must follow the format set forth in Section 3 of the rate schedule under which the firm capacity is available. Transporter will satisfy all requests which are feasible given existing facilities and existing MDTQ and MDQ and which can be fulfilled without impairment of firm capacity rights held by any other Shipper or without reducing the total contractual entitlements on Transporter's system.
2. To the extent Transporter is unable to satisfy all of the requests and in the event all competing bids reflect a straight fixed variable rate design, Transporter shall award the capacity or portion thereof based on the request with the highest net present value of the reservation charges for the subject capacity not exceeding the maximum rate applicable to such capacity; provided that Transporter shall not be required to satisfy any request for capacity at less than maximum rate, as it may be adjusted from time to time. For the purposes of determining the best bid and allocating capacity, Shippers willing to pay more than the maximum tariff rate will

be considered to be paying the maximum tariff rate. In the event competing bids reflect different rate forms, Transporter shall award the capacity or portion thereof based on the request with the highest net present value of the total expected revenues for the subject capacity, not exceeding revenues based on the maximum 100% load factor tariff rate applicable to such capacity. Transporter will calculate the expected usage revenues from each bidder by applying the expected load factor for each bidder to the volumetric portion of such bid. Transporter shall prorate the available capacity among requests yielding an equivalent net present value. Transporter shall post the winning request(s) and the method of evaluating such request(s) within twenty-four (24) hours after the award of capacity. Irrespective of whether a bid has the highest net present value of the bids received, Transporter may reject bids for service that may detrimentally impact the operational integrity of Transporter's system, do not satisfy all the terms of the specified posting, or contain terms and conditions other than those set forth in Transporter's tariff. Transporter may but shall not be obligated to award capacity to bids that are not for continuous service at a constant MDTQ for the entire term of the service. Transporter shall award open season bids for service in a not unduly discriminatory manner. After evaluation of bids, if Transporter rejects a bid in response to an open season posting pursuant to this Section 21 due to operational integrity concerns, incompleteness, bid provisions contrary to the tariff, bids that are not for continuous service at a constant MDTQ for the entire term of the service, or for any other reason, Transporter will promptly notify Shipper via e-mail of its reason(s) for such rejection.

3. Transporter will post any capacity not awarded in the open season on its Internet website as available unsubscribed capacity. Transporter shall award such capacity on a first-come, first-served basis to Shippers that offer the maximum tariff rate or an acceptable discounted or negotiated rate for service to commence within ninety (90) days.

C. Future Sales of Capacity

1. Transporter may sell firm capacity with a service commencement date more than ninety (90) days in the future when such capacity is (1) available unsubscribed capacity, (2) capacity that will become available and is not subject to a right of first refusal or unilateral rollover provision, or (3) available due to modification, construction and/or acquisition of facilities, by either conducting an open season or by selling such capacity on a prearranged basis. Transporter will separately identify on its Internet website all capacity that is anticipated to become available in the future.
2. When Transporter conducts an open season, it will post notice of the open season on its internet website for at least five (5) business days to afford all potential Shippers an opportunity to acquire the capacity. Such open season posting shall identify the applicable rate schedule under which such capacity is available, a

description of the capacity and the mainline area available, any known constraints on normal pipeline operations, and other applicable and relevant information. Any potential Shipper wishing to acquire capacity may request an immediate or future commencement date (if the capacity will become available in the future). Transporter shall award capacity on a net present value basis consistent with GT&C Section 21.B.2.

3. When Transporter sells future capacity on a prearranged basis, Transporter will post the terms of the prearranged transaction and other parties will have an opportunity to bid on the capacity. Within three (3) business days of entering into a prearranged service agreement, Transporter will post a notice on its Internet web site indicating that the prearranged capacity will be subject to an open bidding process for a period of not less than five (5) business days, even if such capacity has already been subject to an open season bidding process and is currently posted as available capacity. If another party submits a bid with a higher net present value, the prearranged Shipper will have a one-time right to match the higher bid in order to retain the capacity. The prearranged Shipper must notify Transporter within three (3) business days of its election to either match the bid with the highest net present value or terminate the prearranged agreement. If the prearranged Shipper elects not to match a higher competing bid, the capacity will be awarded to the highest creditworthy bidder in accordance with GT&C Section 21.B.2. If there is an open season ongoing for certain capacity, Transporter shall not enter into a prearranged deal for that capacity during the open season. Transporter shall not enter into any prearranged deals for capacity that has not previously been posted on its Internet website.

D. Reserved Capacity

In addition to the procedures set forth in this Section 21, Transporter shall have the right, but shall not be obligated, from time to time to hold open seasons for potential expansion projects or for available capacity for which no request has been received. During any such open season, Transporter shall allocate the capacity subject to such open season on the basis of the highest net present value to Transporter, as determined pursuant to the method described in Section 21.B.2. In this connection, to the extent Transporter has (i) available unsubscribed capacity or (ii) capacity under expiring or terminating service agreements where such capacity is not subject to a right of first refusal or Shipper does not exercise its right of first refusal, Transporter reserves the right, but shall not be obligated, to reserve such capacity for a future expansion project. Transporter may reserve capacity for a future expansion project for which an open season has been held or will be held. Any capacity reserved pursuant to this Section 21.D must first be posted as available capacity on Transporter's Internet website for at least five (5) business days. Any capacity reserved under this Section 21.D may be reserved for up to twelve (12) months prior to the time Transporter files for certificate approval for proposed construction of a related project and thereafter until all expansion facilities are placed into service. Any open season posting for an expansion project shall include a solicitation for turnback capacity from Transporter's

existing Shippers. Any capacity reserved for a future expansion project that does not go forward shall be reposted as generally available within thirty (30) days of the date the capacity becomes available.

E. Interim Capacity

Any capacity that is awarded in a future sale pursuant to Section 21.C will be made available to other Shippers on an interim basis up to the commencement date of the prospective firm transportation service agreement. Any capacity reserved under Section 21.D shall be made available for transportation service on an interim basis up to, but not including, the in-service date of the related expansion project(s). If such interim capacity would otherwise be eligible for the right of first refusal pursuant to GT&C Section 20.B or a rollover provision pursuant to Section 20.A.2, the interim service agreement shall reflect a limitation on the renewal rights commensurate with the future service commencement date.

F. Procedures to Obtain Firm Capacity at a New Location Within Shipper's MDTQ

Firm Shippers interested in obtaining firm capacity at a new location or an increase in MDQ at an existing location, which new location or increase in MDQ requires the construction of facilities but not the increase in Shipper's total contractual MDTQ, shall submit a request, in writing or electronically, for capacity pursuant to Section 3 of the FTS-1, FTS-2, FTS-3, FTS-WD or FTS-WD-2 Rate Schedule, but which contains only the information relevant to the changes requested.

G. Construction of Facilities

Transporter shall have no obligation to modify its existing facilities or construct new facilities in order to receive or deliver Shipper's gas unless otherwise ordered by the Commission. However, if a Shipper requests new or additional transportation service and Transporter is agreeable to providing the requested service it will do so on the following terms, unless otherwise agreed to in writing, on a not unduly discriminatory basis:

1. If Transporter agrees to construct, own and operate lateral pipelines (if applicable), metering and regulating facilities that include electronic measurement and data communication equipment (if applicable) and/or new and/or additional points of delivery to such Shipper or points of receipt from such Shipper: (1) the metering and regulating facilities shall be installed at point(s) which, in Transporter's reasonable judgment, is the most practical, convenient and readily accessible location; (2) the lateral pipeline (if any) shall be installed by use of not less than a nominal four-inch (4") diameter pipe; (3) the Shipper will provide all exhibits necessary to support the proposed service for any needed FERC proceedings and; (4) the Shipper will contribute an aid-to-construction amount to Transporter which is equal to the cost of the additional facilities including all costs involved in filing any applications, pursuing said approvals, and in obtaining all licenses and permits

required for the services or construction and, further, amounts necessary to reimburse any costs, including any income taxes that may be incurred by Transporter as a result of the contribution. Transporter and Shipper will agree on which party will construct and/or own and/or operate any facilities to be constructed.

2. Shippers, whether new or existing, shall bear all costs and expenses attributable to the construction of any lateral pipelines or expansions of existing lateral pipelines. Nothing in this section shall require Transporter to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act.

Further, nothing in this section shall prevent Transporter from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. Transporter reserves the right to seek a waiver of the policy set forth herein, for good cause shown, during any proceeding before the Commission instituted under Section 7 of the Natural Gas Act.

3. On a not unduly discriminatory basis, Transporter may agree to pay for all or part of the cost incurred by Transporter for the modification or construction of taps, valves, measurement equipment, laterals, or other facilities required at receipt or delivery point(s) to effectuate the receipt from, or delivery to, Shipper of natural gas, as requested hereunder, when the construction or modification of such facilities is economically beneficial to Transporter. Notice of any such construction subsidy shall be posted on Transporter's Internet website for a period of thirty (30) days following any such agreement.

For the purposes of determining whether a project to receive or deliver gas for Shipper is economically beneficial to Transporter, Transporter will evaluate each prospective project, on a not unduly discriminatory basis, based upon, among other criteria, the cost of the facilities to be constructed for such Shipper by Transporter, the incremental operating and maintenance expenses and/or administrative and general expenses which would be attributable to the facilities, and the revenues which Transporter estimates will be generated as a result of constructing and/or modifying such facilities.

H. Execution of Service Agreements

Upon a determination by Transporter that sufficient capacity exists to provide a requested firm service under 21.B, 21.C, 21.D, 21.E or 21.F, Transporter will make available on its Internet website to the requesting Shipper a Service Agreement in the form contained in Transporter's FERC Gas Tariff for the requested service. Shipper must execute, in writing or electronically pursuant to the procedures in Section 9.B of these General Terms and Conditions, and return such Service Agreement to Transporter within fifteen (15) days of receipt or its availability on Transporter's Internet website. Failure to execute the Service Agreement shall result in Shipper's forfeit of its allocation of capacity under 21.B. Any forfeited allocation of capacity shall be reallocated pursuant to the procedures contained herein.

GENERAL TERMS AND CONDITIONS

22. ANNUAL CHARGE ADJUSTMENT CLAUSE

A. Purpose

The purpose of Section 22 is to establish an Annual Charge Adjustment (ACA) clause as permitted by Section 154.402 of the Federal Energy Regulatory Commission (Commission) Regulations under the Natural Gas Act, which allows a natural gas pipeline company to adjust its rates annually to recover from its Shippers annual charges assessed it by the Commission under Part 382 of the Commission's Regulations.

This Section establishes an ACA unit charge to be applicable to the following rate schedules:

Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD, FTS-WD-2, ITS-1, and ITS-WD

Transporter shall not recover the annual charges assessed by the Commission and recorded in FERC Account No. 928 in a NGA Section 4 rate case for any time period during which this ACA clause is in effect.

B. ACA Unit Charge

The ACA unit charge calculated by the Commission is in addition to any amounts otherwise payable to Transporter under the Rate Schedules specified in Section 22.A herein. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Transporter's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Natural Gas, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year.

GENERAL TERMS AND CONDITIONS

24. ACCOUNTING FOR CASH-OUT MECHANISM AND OPERATIONAL CONTROLS

In order to maintain an operational system balance on its pipeline system, Transporter will incur certain costs, generate certain revenues, and maintain certain volumetric balances which are subject to in-kind resolution at a later date. The accounting for and disposition of these costs and revenues and the interrelationship of the various mechanisms in maintaining an operational system balance shall be as set forth below.

A Settlement Period shall mean the production months reflected in a twelve month accounting period ending each September 30; provided that the initial Settlement Period subject to these provisions will commence with the first accounting month following the effectiveness of these provisions and end the following September 30. Transporter shall utilize the same production months in each Settlement Period for each mechanism, notwithstanding differences in the accounting cycles in which the various mechanisms are recorded.

A. Determination of Account Balances

1. Cash-Out Mechanism Account

Amounts invoiced and paid pursuant to the provisions of Section 14.B of these General Terms and Conditions ("GTC"), less the transportation component of such charges, will be recorded as cash-out mechanism revenues and costs with the associated volumes. Following each service year ending on September 30, Transporter will determine the volumetrically balanced net cash balance of the Cash-Out Mechanism Account for the Settlement Period attributable to the application of the Imbalance Level factors and posted price indices provided for in Section 14.B herein by:

- a. Totaling the volumetric imbalances due Imbalance Parties and the amounts paid by Transporter to such Imbalance Parties, and calculating the weighted average price paid for such imbalances; and
- b. Totaling the volumetric imbalances due Transporter and the amounts invoiced for such imbalances (net of transportation component), and calculating the weighted average price for such imbalances; and
- c. Calculating the Excess Volumetric Cash-Out Volume as the volumetric difference between (a) and (b) above and calculating the Excess Volumetric Cash-Out Costs or Revenues associated with such volume by applying the weighted average price for such imbalance as calculated pursuant to (a) and (b) above. Such Excess Volumetric Cash-Out Volumes and Costs or

Revenues will be deducted from the cash-out account balances and transferred to settlement of the Balancing Tools Account.

2. Fuel Mechanism Account

The volumes and associated dollar amounts calculated pursuant to General Terms and Conditions Section 27.E., which represent the monthly differences between retained fuel and actual fuel (including lost and unaccounted for volumes), for each month of the Settlement Period shall also be accounted for in the Annual Report as defined in Section B.3 herein. The procedure shall be the same as the Cash-Out Mechanism Account described in Section 24.A.1 above.

3. Balancing Tools Account

Amounts invoiced or paid, and associated volumes if any, related to Operational Purchases and Sales (General Terms and Conditions Section (GTC Sec. 17.C.5), Alert Day Overages (GTC Sec. 13.D.4), Alert Day Underages (GTC Sec. 13.D.5), OBA's subject to cash resolution (GTC Sec. 12.A.), Unauthorized Gas (GTC Sec. 12.D.), Unscheduled Deliveries (GTC Sec. 13.1.C), Deferred Exchanges (GTC Sec. 17.C.6.), non-compliance with OFO's (GTC Sec. 17.C.3), and charges or credits related to non-compliance with any applicable delivery tolerance provisions of the above, as well as the MSS and Pack/Draft provisions, will be recorded in a Balancing Tools Account. Also, fifty percent (50%) of the revenues received by Transporter as compensation for the transportation aspect of MSS Service shall be recorded in the Balancing Tools Account. In addition, Excess Volumetric Cash-Out Volumes and Costs or Revenues and Excess Volumetric Fuel Volumes and Costs or Revenues, as determined in Sections 24.A.1.c. and 24.A.2, respectively, will be included in the settlement of the Balancing Tool Account. Following the end of each Settlement Period, Transporter will determine the volumetrically balanced net cash balance of the Balancing Tool Account by:

- a. Totaling the amounts paid by Transporter, and associated volumes, if any, related to the cost items identified in 24.A.3 above plus any Excess Volumetric Cash-Out Volumes and Costs from the Cash-Out Mechanism and any Excess Volumetric Fuel Volumes and Costs from the Fuel Mechanism, and calculating the weighted average unit price associated with such balancing cost transactions; and
- b. Totaling the amounts invoiced by Transporter, and associated volumes, if any, related to the revenue items identified in 24.A.3 above plus any Excess Volumetric Cash-Out Volumes and Revenues from the Cash-Out Mechanism and any Excess Volumetric Fuel Volumes and Revenues from the Fuel Mechanism, and calculating the weighted average unit price associated with such balancing revenue transactions; and

- c. Determining the Excess Volumetric Balancing Tool Volume reserved for in-kind resolution at the end of the prior Settlement Period, and making a reduction to the offsetting account in the current Settlement Period at the current period weighted average unit price; and
 - d. Subtracting from the remaining volumetric and cash balances the excess volumetric imbalance and related costs or revenues respectively, at the weighted average price associated with such imbalance (Excess Volumetric Balancing Tool Volumes and Costs or Revenues). Such Excess Volumetric Balancing Tool Costs or Revenues from the current Settlement Period will be used by Transporter to offset revenues or costs associated with any outstanding volumetric imbalances which will be resolved on an in-kind basis during the next Settlement Period. The Excess Volumetric Balancing Tool Volumes will be carried forward to the next Settlement Period as the volumetric basis of the adjustment provided for in c. above.
 - 4. Beginning with the cumulative ending balance at the end of Settlement Period 9 (as of September 30, 2001) interest shall accrue on the cumulative monthly balance of the Cash-Out Mechanism Account, the Fuel Mechanism Account, and the Balancing Tools Account in accordance with Section 154.501(d) of the Federal Energy Regulatory Commission's Regulations.
- B. Reporting and Disposition of Account Balances
- 1. After determining the volumetrically balanced net cash balance of both the Cash-Out Mechanism Account, the Fuel Mechanism Account, and the Balancing Tools Account as provided for in A. above, Transporter shall determine the Overall Net Cash Balance to be refunded or carried forward by:
 - a. Adding the net cost or revenue balance of the Balancing Tools Account to the net cost or revenue balance of the Cash-Out Mechanism Account and the Fuel Mechanism Account, and
 - b. Adjusting the balance resulting from a. above for any net cost carried forward from the prior Settlement Period, plus interest as defined in Section 24.A.4 herein.
 - 2. If the Overall Net Cash Balance resulting from 1a. and b. above is a net revenue balance, Transporter shall refund such balance to all Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD, FTS-WD-2, ITS-1, and ITS-WD based on the ratio of each such Shipper's scheduled volumes for the production months reflected in the associated Settlement Period to the total volumes scheduled under such rate schedules for the associated Settlement Period. Refunds shall be provided to Shippers within sixty (60) days of filing the Annual Report provided for in 3. below if there are no protests to such report. In the event of protests to the Annual Report

provided for in 3. below, refunds shall be provided to Shippers within thirty (30) days following a final FERC order accepting such report. If the Overall Net Cash Balance resulting from 1a. and b. above is a net cost balance, such balance shall be carried forward into the next Settlement Period.

3. By each December 31, Transporter will file a report (Annual Report) with the FERC detailing the results of determinations of the volumetrically balanced net cash balances for the Settlement Period ending the preceding September 30 as provided for in A. above.

GENERAL TERMS AND CONDITIONS

27. FUEL REIMBURSEMENT CHARGE ADJUSTMENT

The Fuel Reimbursement Charge Adjustment shall include: (1) the Gas Fuel Reimbursement Charge Percentage ("FRCP"), including system Gas Loss and Unaccounted For ("LAUF"), and (2) the Unit Fuel Charge consisting of the Deferred Gas Fuel Surcharge, including deferred system LAUF, and the Electric Power Cost and the Deferred Electric Power Cost Surcharge. The FRCP and the Unit Fuel Charge shall be maintained and applied separately for the Market Area and the Western Division.

The FRCP and the Unit Fuel Charge shall be adjusted in accordance with this Section 27 and shall be set forth on the Currently Effective Rates for Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD, FTS-WD-2, ITS-1 and ITS-WD of this Tariff.

A. Filing of Fuel Reimbursement Charge Adjustment

1. Effective Date

The effective date of each Fuel Reimbursement Charge Adjustment for the Market Area and the Western Division shall be April 1 and October 1 which shall establish the Base FRCP and the Base Unit Fuel Charge for each adjustment period.

2. Fuel Reimbursement Charge Adjustment Periods

The Fuel Reimbursement Charge Adjustment Periods shall be the six (6)-month periods beginning each April 1 ("Summer Period") and October 1 ("Winter Period").

3. Filing Procedures

At least thirty (30) days prior to the Effective Date, Transporter shall file workpapers with the Commission setting forth the separate Fuel Reimbursement Charge Adjustment for the Market Area and the Western Division as determined in accordance with this Section 27.

4. Calculation Quantities

For all calculations involving the quantity of gas delivered by Transporter in Sections B.2, C, D and E herein, the Market Area delivered quantity shall exclude quantities where gas is received and delivered within the Market Area and the Western Division delivered quantity shall exclude quantities where gas is received and delivered within the Western Division through no more than one (1) compressor station. The system

LAUF quantity shall exclude Western Division forwardhaul deliveries utilizing no compression.

B. Computation of the Gas FRCP

1. The FRCP shall be the sum of the Base FRCP and any flex adjustments, as provided for in Section F, expressed as a percentage rounded to two (2) decimal places and shall be used to calculate the quantity of gas, expressed in MMBtu, to be delivered by or for the account of Shipper and accepted by Transporter at Receipt Point(s) to reimburse Transporter for actual fuel usage, actual quantities of gas delivered to party(ies) as payment for compression services provided to Transporter and LAUF.
2. Computation of the Base FRCP

The Base FRCP for the Market Area and the Western Division shall be determined separately on a semi-annual basis and shall be the sum of the Base FRCP and applicable LAUF.

- a. The Base FRCP shall be determined separately for the Market Area and the Western Division and shall be calculated by dividing the actual fuel usage, plus actual quantities delivered to party(ies) as payment for compression services provided to Transporter by the actual quantity of gas delivered by Transporter for the account of Shippers. For the purpose of this computation, actual fuel usage, actual quantities delivered to party(ies) as payment for compression services provided to Transporter, LAUF and actual quantity of gas delivered by Transporter shall be those quantities related to the six-month period commencing one year prior to the effective date of the FRCP. In computing the Base FRCP, Transporter may file for adjustments to actual fuel usage, actual quantities delivered to party(ies) as payment for compression services provided to Transporter, LAUF or actual quantity of gas delivered to provide for known and measurable changes and to the extent Transporter proposes such adjustments, Transporter shall include supporting workpapers.
- b. Transporter shall determine a system LAUF percentage that shall be included in the Base FRCP, as applicable.

C. Computation of the Deferred Gas Fuel Surcharge

For the Market Area, the Western Division and the system LAUF, Transporter shall establish and maintain separate Deferred Gas Fuel Accounts for the Summer and Winter Periods. For each billing month, the applicable seasonal Deferred Gas Fuel Account shall be increased or decreased by the volumetric difference between retained fuel and actual fuel (including actual quantities of gas delivered to party(ies) as payment for compression services provided to Transporter and LAUF) valued at the simple arithmetic

average of the Sales Posted Price and the Purchase Posted Price as defined in the monthly balancing provisions of Section 14.

The quantity recorded in the Market Area or Western Division Deferred Gas Fuel Accounts shall be the difference between (1) the product obtained by multiplying the applicable effective FRCP for the Market Area or the Western Division by the total throughput for the Market Area or Western Division excluding those quantities identified in Section 27.A.4 above and (2) the actual quantities of gas expended for fuel usage, actual quantities of gas delivered to party(ies) as payment for compression services provided to Transporter, less fuel retained on the excluded quantities identified in Section 27.A.4 above.

The quantity recorded in the system LAUF Deferred Account shall be the difference between (1) the product obtained by multiplying the applicable effective Fuel Reimbursement Charge Percentage for LAUF by the total system throughput, excluding those quantities identified in Section 27.A.4 above, and (2) LAUF and any change in line pack attributable to operation of the cash-out mechanism during the billing month.

In no event shall the balance of a summer Deferred Gas Fuel Account be recovered in the Winter period; nor shall the balance in a Winter Deferred Gas Fuel Account be recovered in the Summer Period.

Interest on the Market Area and the Western Division Deferred Gas Fuel Accounts shall accrue in accordance with Section 154.501(d) of the Commission's Regulations.

The Deferred Gas Fuel Surcharge shall be computed by dividing the balance of the Summer or Winter Deferred Gas Fuel Account, as appropriate, plus interest and unamortized balance from the prior corresponding recovery period by the estimated quantity of gas to be delivered during the recovery period.

D. Computation of Electric Power Cost

The Electric Power Cost shall include the cash payments made by Transporter to electric providers incurred in the operation of electric compression, excluding cash payments to electric providers for monthly demand charges and surcharges and taxes based on such demand charges at Compressor Station No. 13A. The Electric Power Cost shall be determined separately for the Market Area and the Western Division and shall be calculated by dividing the projected payments to electric providers by the estimated quantity of gas to be delivered in the Market Area or the Western Division, as applicable, during the recovery period. For the purpose of this computation, payments to electric providers shall be those payments related to the six-month period commencing with the effective date of each Electric Power Cost. Transporter shall include supporting workpapers.

E. Computation of the Deferred Electric Power Cost Surcharge

1. For each billing month, the applicable seasonal Market Area or Western Division Deferred Electric Power Cost Account shall be increased or decreased by the difference between the amount received from the Market Area or Western Division Electric Power Cost, and actual cash payments to electric providers, including billing adjustments, surcharges and taxes, incurred in the operation of electric compression; provided, however, cash payments to electric providers for monthly demand charges and surcharges and taxes based on such demand charges at Compressor Station No. 13A shall be excluded as applicable.

In no event shall the balance of a summer Deferred Electric Power Cost Account be recovered in the Winter period; nor shall the balance in a Winter Deferred Electric Power Cost Account be recovered in the Summer Period.

Interest on the Market Area and the Western Division Deferred Electric Power Cost Accounts shall accrue in accordance with Section 154.501(d) of the Commission's Regulations.

2. The Deferred Electric Power Cost Surcharge shall be computed by dividing the balance of the Summer or Winter Deferred Electric Power Cost Account, as appropriate, plus interest and any unamortized balance from the prior corresponding recovery period by the estimated quantity of gas to be delivered during the recovery period.

F. Flex Adjustments

Transporter may at any time file to make a flex adjustment to the Market Area or the Western Division FRCP. Such adjustment shall not adjust the FRCP more than a total of five-tenths percent (0.5%) from the Base FRCP and shall only be effective at the beginning of a month. Notification of a flex adjustment shall be posted on Transporter's Internet website at least five (5) working days prior to the nomination deadline for the first day of the month under Section 10. Tariff records reflecting such adjustment shall become effective on the date proposed, provided that Transporter files such tariff records no more than sixty (60) days and at least seven (7) days before the proposed effective date and shall become effective without prior FERC approval.

G. Interim Adjustments

Transporter may at any time file to make an interim adjustment to the Base Unit Fuel Charge for the Market Area or the Western Division provided that such adjustment may not result in the Unit Fuel Charge differing from the Base Unit Fuel Charge by more than \$0.0050 per MMBtu. Such adjustment shall only be effective at the beginning of the month and tariff sections shall become effective on the date proposed, provided that the Transporter files such tariff records no more than sixty (60) days and no later than seven (7)

days prior to the proposed effective date. Such tariff records shall be effective without prior FERC approval and notice shall be provided to Shippers at least five (5) working days prior to the nomination deadline for the first day of the month under Section 10.

H. Western Division Fuel Charges

For gas delivered in Transporter's Western Division, Transporter shall retain as fuel reimbursement the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Adjustment listed on the Currently Effective Rates for Rate Schedules FTS-WD, FTS-WD-2 and ITS-WD.

I. Fuel Charges Applicable to Quantities Received and Delivered in Market Area

For gas received and delivered within Transporter's Market Area, Transporter shall retain as fuel reimbursement the FRCP listed on the Currently Effective Rates for Rate Schedules FTS-1, FTS-2, FTS-3, SFTS and ITS-1 applied to transportation of natural gas through compressor stations needed to move natural gas on a forwardhaul basis from Market Area Points of Receipt to Market Area Points of Delivery; provided however, the minimum fuel charge, including LAUF, shall be 0.25% and the maximum fuel charge shall be the effective Fuel Reimbursement Charge Adjustment. For Backhauls from Market Area Points of Receipt to Market Area Points of Delivery, the fuel charge, including LAUF, shall be 0.25%.

Part VII
Form of Service Agreements

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Rate Schedule FTS-WD-2	Form of Service Agreement
Rate Schedule ITS-1	Form of Service Agreement
Rate Schedule ITS-WD	Form of Service Agreement
Rate Schedule PNR	Form of Service Agreement
Rate Schedule IPS	Form of Service Agreement

[The header on this page may contain information related to the identification of the Service Agreement necessary for administrative purposes.]

[FORM OF]SERVICE AGREEMENT
Firm Transportation Service - Western Division
Rate Schedule FTS-WD-2

Contract No. _____

THIS AGREEMENT entered into this ____ day of _____, _____, by and between Florida Gas Transmission Company, LLC, a limited liability company of the State of Delaware (herein called "Transporter"), and _____ (herein called "Shipper"),

[or, alternatively, omit the above paragraph and, when applicable, pursuant to Section 1(d) of Rate Schedule FTS-WD-2, insert the following paragraph:

THIS AGREEMENT entered into this ____ day of _____, _____, by and between Florida Gas Transmission Company, LLC, a limited liability company of the State of Delaware (herein called "Transporter") and _____, as agent, for _____ ("Principals"), hereinafter individually and collectively referred to as "Shipper," which Principals meet the requirements set forth in Section 1(d) of Rate Schedule FTS-WD-2 which is incorporated herein by reference.]

W I T N E S S E T H

[Insert applicable WHEREAS clauses for background and informational purposes -- not to include binding consideration]

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged, Transporter and Shipper do covenant and agree as follows:

ARTICLE I
Definitions

In addition to the definitions incorporated herein through Transporter's Rate Schedule FTS-WD-2, the following terms when used herein shall have the meanings set forth below:

1.1 The term "Rate Schedule FTS-WD-2" shall mean Transporter's Rate Schedule FTS-WD-2 as filed with the FERC as changed and adjusted from time to time by Transporter in accordance with Section 4.2 hereof or in compliance with any final FERC order affecting such rate schedule.

1.2 The term "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory agency or body, including the Congress, which has authority to regulate the rates and services of Transporter.

ARTICLE II Quantity

2.1 The Maximum Daily Transportation Quantity ("MDTQ") shall be set forth on a seasonal basis, and by Division if applicable, on Exhibit B attached hereto. The applicable MDTQ shall be the largest daily quantity of gas expressed in MMBtu, that Transporter is obligated to transport and make available for delivery to Shipper under this Service Agreement on any one day.

2.2 During the term of this Agreement, Shipper may tender natural gas for transportation to Transporter on any day, up to the MDTQ plus Transporter's fuel, if applicable. Transporter agrees to receive the aggregate of the quantities of natural gas that Shipper tenders for transportation at the Receipt Points, up to the maximum daily quantity specified for each receipt point as set out on Exhibit A, plus Transporter's fuel, if applicable, and to transport and make available for delivery to Shipper at each Delivery Point specified on Exhibit B, up to the amount scheduled by Transporter less Transporter's fuel, if applicable (as provided in Rate Schedule FTS-WD-2), provided however, that Transporter shall not be required to accept for transportation and make available for delivery more than the MDTQ on any day.

ARTICLE III Payment and Rights in the Event of Non-Payment

3.1 Upon the commencement of service hereunder, Shipper shall pay Transporter, for all service rendered hereunder, the rates established under Transporter's Rate Schedule FTS-WD-2 as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded.

3.2 Termination for Non-Payment. In the event Shipper fails to pay for the service provided under this Agreement, pursuant to the condition set forth in Section 15 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Transporter shall have the right to terminate this Agreement pursuant to the condition set forth in said Section 15.

ARTICLE IV Rights to Amend Rates and Terms and Conditions of Service

4.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule and of the applicable provisions of the General Terms and Conditions of Transporter on file with the FERC (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

4.2 Transporter shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in (a) the rates and charges applicable to its Rate Schedule FTS-WD-2, (b) Rate Schedule FTS-WD-2 including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; provided however, that the firm character of

service shall not be subject to change hereunder by means of a Section 4 Filing by Transporter, and/or (c) any provisions of the General Terms and Conditions of Transporter's Tariff applicable to Rate Schedule FTS-WD-2. Transporter agrees that Shipper may protest or contest the aforementioned filings, 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.

ARTICLE V

Term of Agreement and Commencement of Service

5.1 This Agreement shall become effective _____ and shall continue in effect _____ [include end date of primary term and any applicable rollover or Right of First Refusal details].

5.2 In the event the capacity being contracted for was acquired pursuant to Section 18.C.2. of Transporter's Tariff, then this Agreement shall terminate on the date set forth in Section 5.1 above. Otherwise, upon the expiration of the primary term and any extension or roll-over, termination will be governed by the provisions of Section 20 of the General Terms and Conditions of Transporter's Tariff.

5.3 Service hereunder shall commence as set forth in Section 2 of Rate Schedule FTS-WD-2.

ARTICLE VI

Point(s) of Receipt and Delivery and Maximum Daily Quantities

6.1 The Primary Point(s) of Receipt and maximum daily quantity for each Primary Point of Receipt, for all gas delivered by Shipper into Transporter's pipeline system under this Agreement shall be at the Point(s) of Receipt in Transporter's Western Division as set forth in Exhibit A attached hereto. Such Primary Point(s) of Receipt must be located east of the Primary Point(s) of Delivery under this Service Agreement. Shipper may request changes in its Primary Point(s) of Receipt and Transporter shall make such changes in accordance with the terms of Rate Schedule FTS-WD-2 and the applicable General Terms and Conditions of its Tariff.

6.2 The Primary Point(s) of Delivery and maximum daily quantity for each Primary Point of Delivery for all gas made available for delivery by Transporter to Shipper, or for the account of Shipper, under this Agreement shall be at the Point(s) of Delivery in Transporter's Western Division as set forth in Exhibit B attached hereto. Such Primary Point(s) of Delivery must be located west of the Primary Point(s) of Receipt under this Service Agreement. Shipper may request changes in its Primary Point(s) of Delivery and Transporter shall make such changes in accordance with the terms of Rate Schedule FTS-WD-2 and the applicable General Terms and Conditions of its Tariff.

ARTICLE VII
Notices

All notices, payments and communications with respect to this Agreement shall be in writing and sent to Transporter's address posted on Transporter's Internet website or to Shipper's address stated below or at any other such address as may hereafter be designated in writing:

Shipper: _____

Attention: _____
Telephone No. _____
Fax No. _____

ARTICLE VIII
Construction of Facilities

To the extent that construction of new or requested facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 21 of the General Terms and Conditions of Transporter's Tariff.

ARTICLE IX
Regulatory Authorizations and Approvals

[Include the language below in Article X of this Agreement only in the event of agreement or settlement related to an expansion of Transporter's system. Otherwise Article X shall read in its entirety as follows: "Article X – Not Applicable".]

9.1 Transporter's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service to Shipper in accordance with the terms of Rate Schedule FTS-WD-2 and this Service Agreement and the General Terms and Conditions of Transporter's Tariff.

ARTICLE X
Pressure

10.1 The quantities of gas delivered or caused to be delivered by Shipper to Transporter hereunder shall be delivered into Transporter's pipeline system at a pressure sufficient to enter Transporter's system, but in no event shall such gas be delivered at a pressure exceeding the maximum authorized operating pressure or such other pressure as Transporter permits at the Point(s) of Receipt.

10.2 Transporter shall have no obligation to provide compression and/or alter its system operation to effectuate deliveries at the Point(s) of Delivery hereunder.

ARTICLE XI
Other Provisions

ARTICLE XII
Miscellaneous

12.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

12.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

12.3 This Agreement contains Exhibits A and B which are incorporated fully herein.

12.4 THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO ANY CONFLICT OF LAWS DOCTRINE WHICH WOULD APPLY THE LAWS OF ANOTHER JURISDICTION.

ARTICLE XIII
Superseding Prior Service Agreements

This Agreement supersedes and replaces the following Service Agreements between Transporter and Shipper:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers effective as of the date first written above.

TRANSPORTER		SHIPPER	
FLORIDA GAS TRANSMISSION COMPANY, LLC	_____		_____
By _____	_____	By _____	_____
	(Please type or print name)		(Please type or print name)
Title _____	_____	Title _____	_____
Date _____	_____	Date _____	_____

EXHIBIT A
TO
RATE SCHEDULE FTS-WD-2 SERVICE AGREEMENT
BETWEEN
FLORIDA GAS TRANSMISSION COMPANY, LLC
AND

DATED
_____, _____
Contract No. _____
Amendment No. _____
Effective Date of this Exhibit A: _____

[Transporter and Shipper may use any format to display the description of Points of Receipt and associated Maximum Daily Quantity (MDQ) by season, month and/or date range and the Maximum Daily Transportation Quantity (MDTQ).]

(Quantities are exclusive of Fuel Reimbursement. Shipper shall provide fuel pursuant to Fuel Reimbursement Charge Adjustment provisions of Transporter's FERC Gas Tariff, General Terms and Conditions.)

EXHIBIT B
TO
RATE SCHEDULE FTS-WD-2 SERVICE AGREEMENT
BETWEEN
FLORIDA GAS TRANSMISSION COMPANY, LLC
AND

DATED
_____, ____
Contract No. _____
Amendment No. _____
Effective Date of this Exhibit B: _____

[Transporter and Shipper may use any format to display the description of Points of Delivery and associated Maximum Daily Quantity (MDQ) by season, month and/or date range as well as maximum hourly quantities, Maximum Daily Transportation Quantity (MDTQ) and delivery pressure.]

(Quantities are exclusive of Fuel Reimbursement.)

[The header on this page may contain information related to the identification of the Service Agreement necessary for administrative purposes.]

EXHIBIT C
TO
RATE SCHEDULE FTS-WD-2 SERVICE AGREEMENT
BETWEEN
FLORIDA GAS TRANSMISSION COMPANY, LLC
AND

_____ DATED _____

Contract No. _____

Amendment No. _____

Effective Date of this Exhibit C: _____

The parties hereby agree that Exhibit A and/or B are revised as described below and revised Exhibit A and/or B are attached hereto.

[Mark the applicable section(s) below for each amendment number.]

_____ Realignment of Points
[summarize the changes to points]

_____ Contract Extension

_____ Contract Quantity
[summarize the changes to MDQ/MDTQ]

_____ Administrative Contract Consolidation
[list each service agreement number with associated MDTQ, termination date and extension rights]

TRANSPORTER

SHIPPER

FLORIDA GAS TRANSMISSION COMPANY, LLC

By _____

By _____

(Please type or print name)

(Please type or print name)

Title _____

Title _____

Date _____

Date _____

MARKED VERSION

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Part IV
Currently Effective Rates

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CURRENTLY EFFECTIVE RATES
RATE SCHEDULE FTS-WD-2
Cents per MMBtu

Description	Rate Per MMBtu	GT&C		Fuel Reimbursement Charge	
		Sect. 27 Unit Fuel	Maximum Rate	Minimum Rate	Percentage
<u>FIRM TRANSPORTATION 2/</u>					
<u>Forwardhaul</u>					
Reservation	9.22 ¢	-	9.22 ¢	0.00 ¢	-
Usage 3/	0.03	0.39 ¢ 4/	5/	5/	0.99 % 1/
<u>Backhaul/Exchange</u>					
Reservation	9.22 ¢	-	9.22 ¢	0.00 ¢	-
Usage 3/	0.03	0.20 ¢	5/	5/	0.08 %

1/ Excludes fuel charges by Transporting Pipelines, if any, that are applicable to Shipper in accordance with Section 5 of Rate Schedule FTS-WD-2. 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.

2/ 100% Load Factor Rate shall equal the sum of the Reservation and Usage Charge.

3/ Excludes the ACA unit charge applicable to Shippers pursuant to GT&C Section 22.

4/ Exceptions to the stated Unit Fuel Surcharge 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¢.

5 Shall be the sum of the usage rate plus the Unit Fuel Charge.

**Part V
Rate Schedules**

Firm Transportation Services

Market Area

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Rate Schedule FTS-2	Firm Transportation Service
Rate Schedule FTS-3	Firm Transportation Service
Rate Schedule SFTS	Small Customer Firm Transportation Service
Rate Schedule NNTS	No Notice Transportation Service

Western Division

Rate Schedule FTS-WD	Firm Transportation Service
<u>Rate Schedule FTS-WD-2</u>	<u>Firm Transportation Service</u>

Interruptible Transportation Services

Market Area

Rate Schedule ITS-1	Interruptible Transportation Service
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Western Division

Rate Schedule ITS-WD	Interruptible Transportation Service
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Other Services

Rate Schedule PNR	Interruptible Park 'N Ride Service
Rate Schedule IPS	In-Line Pooling Transportation Service
Rate Schedule TSS	Transporter Sales Service - Cancelled

RATE SCHEDULE FTS-WD-2
Firm Transportation Service

1. AVAILABILITY

This Rate Schedule is a firm rate schedule and is available for firm transportation service provided by Florida Gas Transmission Company, LLC (Transporter) to any person (Shipper) where:

(a) Transporter has sufficient capacity to provide such service;

(b) Shipper and Transporter have executed a Service Agreement for service under this Rate Schedule within Transporter's Western Division (i.e., Primary Receipt and Primary Delivery Points within Transporter's Western Division); and

(c) Shipper has complied with the requirements of Section 3 hereof.

(d) 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:

(1) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 7 of the General Terms and Conditions;

(2) that each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Service Agreement; and

(3) that the Principals agree that they shall be treated collectively as one Shipper for purposes of establishing creditworthiness and for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

Transportation from Primary Receipt Points to Primary Delivery Points under this Rate Schedule shall be performed on a firm basis. Primary Delivery Points must be west of the Primary Receipt Points under this Rate Schedule.

Transporter shall receive for transportation hereunder the quantity of gas made available by or for the account of Shipper and transport and make available for delivery to or for the account of Shipper gas in accordance with this Rate Schedule; provided however, that such quantity made available by or for the account of Shipper shall not exceed on any day the applicable Maximum

Daily Transportation Quantity (MDTQ) specified in the executed Service Agreement for service under this Rate Schedule and any quantities tendered for Fuel Reimbursement.

Service shall commence under this Rate Schedule on the earlier of: (i) the date Shipper first tenders gas to Transporter for transportation under an executed Service Agreement; or, (ii) the effective date stated in Article VI of the Service Agreement, but in no event prior to Transporter's receipt and acceptance of any necessary regulatory authorization to provide firm transportation service to Shipper in accordance with the terms of this Rate Schedule and such executed Service Agreement, and further, in no event prior to the in-service date of any facilities necessary to provide such service.

Gas received for transportation hereunder will be commingled with other gas in Transporter's system, and the specific gas made available by Shipper or for Shipper's account for transportation may not be the same gas delivered to Shipper or for its account.

3. REQUESTS FOR AND EXECUTION OF FIRM TRANSPORTATION SERVICE

A. Transportation Requests

The specific information required from a Shipper for a valid request for firm transportation service must be delivered to Transporter, Attention: FGT Contract Administration Department, at P.O. Box 4967, Houston, Texas 77210-4967, or submitted electronically per instructions on Transporter's Internet website at <http://fgttransfer.energytransfer.com>. Requests for transportation must be accompanied by the following:

1. Shipper's legal name.
2. Shipper's principal place of business.
3. Shipper's contact person and telephone number.
4. Shipper's business address (including e-mail addresses) for notices and billing.
5. Shipper's status (e.g. producer, end-user, local distribution company, interstate, intrastate or Hinshaw pipeline, or other [please specify]).
6. Maximum Daily Transportation Quantity (MDTQ) requested stated in MMBtu per day for the periods: (i) October; (ii) November-March; (iii) April; and (iv) May-September.
7. Requested date of commencement of service.
8. Requested term of service.

9. Requested Primary Receipt Point(s) by legal description or Transporter's Point of Interest (POI) number and maximum daily quantity requested at each Primary Receipt Point; provided however, that the aggregate maximum daily quantities at such Primary Receipt Points shall not exceed Shipper's MDTQ plus any fuel. Such requested Primary Receipt Points shall be in Transporter's Western Division and shall be located east of the Primary Delivery Points in Shipper's FTS-WD-2 Service Agreement.

10. Requested Primary Delivery Point(s) by legal description or Transporter's Point of Interest (POI) number and maximum daily quantity requested at each Primary Delivery Point. Such requested Primary Delivery Points shall be in Transporter's Western Division and shall be located west of the Primary Receipt Points in Shipper's FTS-WD-2 Service Agreement.

A standardized service request form is available on Transporter's Internet website.

Requests for service which do not include all of the above-referenced information shall be deemed null and void; provided, however, that requests for changes provided under Section 8.A or 9.A need only contain the information relevant to the changes requested.

B. Execution of Service Agreement

Shipper shall execute the FTS-WD-2 Service Agreement, in writing or electronically pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt, award pursuant to GT&C Section 21 or its availability on Transporter's Web site, whichever comes first. 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.

C. Additional Information Required:

In addition, Shipper must provide the following information:

1. At the time of Shipper's execution of the Service Agreement, the curtailment classification for the requested transportation in accordance with Section 17.A of the General Terms and Conditions.

2. By execution of the Service Agreement, Shipper certifies that Shipper has, or will have, title to the gas in accordance with the provisions of Section 7 of the General Terms and Conditions, and certifies that Shipper or Shipper's designee, if applicable, has secured or will have secured, prior to commencement of service, all necessary arrangements for upstream and downstream transportation, if applicable.

3. To the extent that the transportation is performed pursuant to Section 311 of NGPA, then prior to commencement of service, if transportation is on behalf of an intrastate pipeline or local distribution company, Transporter must have certification from the intrastate pipeline or local distribution company that:

(a) the intrastate pipeline or local distribution company has physical custody of and transports the natural gas at some point, or

(b) the intrastate pipeline or local distribution company holds title to the natural gas at some point, which may occur prior to, during, or after the time the gas is being transported by Transporter, for a purpose related to its status and functions as an intrastate pipeline or its status and functions as a local distribution company, or

(c) the gas is delivered at some point to a customer that either is located in a local distribution company's service area or is physically able to receive direct deliveries of gas from an intrastate pipeline, and that local distribution company or intrastate pipeline certifies that it is on its behalf that Transporter is providing transportation service.

4. Prior to execution and during the term of the Service Agreement, Shipper shall comply with the creditworthiness provisions of Section 16 of the General Terms and Conditions.

D. Extension of Term

Requests for extension of the term of a Service Agreement are subject to the provisions of Section 20 of the General Terms and Conditions.

4. RATES AND CHARGES

Unless otherwise mutually agreed to by Transporter and Shipper, the applicable rates for service under this Rate Schedule are set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Transporter each month the sum of the charges listed below if applicable:

Reservation Charge - The Reservation Charge multiplied by the sum of the MDTQ for the billing month. For purposes of computation of the Reservation Charge, service shall commence as of the date specified in Section 2 above. If, on any day, Transporter fails to make available for delivery the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Charge otherwise payable shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to

make such quantity available for delivery times the daily Reservation Charge; provided however, that in the case of a failure to make available for delivery by reason of Transporter's force majeure, only the return on equity and related income tax components of the daily Reservation Charge will be included in the above referenced calculation; provided further, however, that no Reservation Charge reduction shall be provided for force majeure events that do not occur on Transporter's system (e.g., an event on a Shipper's facilities or a Transporting Pipeline's facilities). In the case of failure to make available for delivery due to Transporter's negligence or willful misconduct, nothing herein shall be construed to limit Shipper's remedies to the Reservation Charge credit provided in this Section.

Usage Charge - The Usage Charge multiplied by the quantity of gas transported to or for the account of Shipper by Transporter during the billing month, as determined in Section 13.1 of the General Terms and Conditions of this tariff.

Fuel Reimbursement Charge - The Fuel Reimbursement Charge, as defined in Section 5 of this Rate Schedule.

Usage Surcharges - The usage surcharges as set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 of this Tariff multiplied by the quantity of gas delivered to or for the account of Shipper by Transporter during the billing month as determined in Section 13.1 of the General Terms and Conditions of this tariff.

Reservation Surcharges - The reservation surcharges, as set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 of this Tariff, multiplied by the sum of the MDTQ for the billing month. If on any day, Transporter fails to make available for delivery, by reason other than force majeure, the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Surcharge otherwise payable by Shipper shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to make such quantity available for delivery times the daily applicable Reservation Surcharge.

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

Pursuant to the provisions of Sections 15.H and 15.I of the General Terms and Conditions, Transporter may from time to time and at any time at its sole discretion charge any individual Shipper for transportation service under Rate Schedule FTS-WD-2 a Reservation, Usage and/or Fuel Reimbursement Charge which is lower than such charge based on the maximum rates set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 or provided for in Section 5

herein; provided however, that Transporter's discretion shall not be exercised on an unduly discriminatory basis and that such charge may not be less than such charge based on the Minimum Rate set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2.

Transporter shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charge, the individual Shippers affected, the total volume transported and any other information as may be required.

5. FUEL REIMBURSEMENT CHARGES

Transporter shall retain a Fuel Reimbursement Charge Percentage pursuant to Section 27 of the General Terms and Conditions. The Fuel Reimbursement Charge Percentage shall be set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2 of this Tariff.

The Fuel Reimbursement Charge shall be the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on the Currently Effective Rates for Rate Schedule FTS-WD-2. Exceptions to the stated rate 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%; 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 or b) the stated Fuel Reimbursement Charge Percentage; and 3) where Shipper nominates and Transporter confirms and schedules a Backhaul transaction, such Backhaul transaction shall not be assessed a Fuel Reimbursement Charge or an Effective Unit Fuel Surcharge but shall be assessed the lost and unaccounted for gas percentage.

A Shipper who nominates a Forwardhaul or a Backhaul must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, so that the applicable fuel rate, if any, can be determined.

6. MAXIMUM DAILY TRANSPORTATION QUANTITY

The MDTQ shall be expressed in each Service Agreement under this Rate Schedule. The MDTQ shall be the largest quantity of gas, expressed in MMBtu, that Transporter is obligated to transport and make available for delivery to Shipper under each such Service Agreement under this Rate Schedule on any one day. The seasonal MDTQ for October, November through March, April and May through September shall be set forth in the executed Service Agreement for service under this Rate Schedule.

7. MAXIMUM DAILY QUANTITY

The MDQ for any single receipt or delivery point shall be the volume set forth in the executed Service Agreement for service under this Rate Schedule which shall represent the maximum volume that Transporter will make available for delivery at a delivery point or will accept receipt of at a receipt point on any one day; provided however, that in addition to the MDQ for each

receipt point set forth on Exhibit A to Shipper's executed Service Agreement, Shipper shall tender additional volumes to be used as Transporter's fuel, based upon the Fuel Reimbursement Charge set forth on the Currently Effective Rates for Rate Schedule FTS-WD-2.

8. RECEIPT POINTS

A. Primary Receipt Point(s)

The term Primary Receipt Point(s) shall mean those Point(s) of Receipt listed in Exhibit A of Shipper's FTS-WD-2 Service Agreement which are assigned an MDQ. Subject to the availability of firm capacity, a Shipper may request changes in Primary Receipt Points under an executed Service Agreement at any time by submitting a request pursuant to Section 3 of this Rate Schedule, but which contains only the information relevant to the changes requested. Such requested Primary Receipt Points must be in Transporter's Western Division and shall be located east of the Primary Delivery Points in Shipper's FTS-WD-2 Service Agreement.

B. Alternate Receipt Point(s)

The term Alternate Receipt Point(s) shall include Point(s) of Receipt on Transporter's system in the Western Division other than those listed in Exhibit A of Shipper's FTS-WD-2 Service Agreement, including In-Line Transfer Points, except as provided in (A) above, and nominations in excess of the MDQ at a Primary Receipt Point. A listing of Receipt Points on Transporter's system is set forth on its Internet website.

Shipper may nominate gas at an Alternate Receipt Point(s) subject to the provisions of Section 10 of the General Terms and Conditions, provided that, on any given day, the sum of quantities nominated for receipt at all Primary and Alternate Receipt Points does not exceed the total MDTQ under the FTS-WD-2 Service Agreement and any quantities tendered for Fuel Reimbursement, except for Segmented Transactions. For nominations under Segmented Transactions, Shipper shall comply with Section 19 of the General Terms and Conditions; provided, however, that Shipper may not utilize points outside the Western Division for any purpose. All quantities scheduled up to the MDTQ under the FTS-WD-2 Service Agreement, including those received at an Alternate Receipt Point, and quantities under any Segmented Transactions, shall be billed at the rates for service under this Rate Schedule.

9. DELIVERY POINTS

A. Primary Delivery Point(s)

The term Primary Delivery Point(s) shall mean those delivery points listed on Exhibit B of Shipper's FTS-WD-2 Service Agreement which are assigned an MDQ. Subject to the availability of firm capacity a Shipper may request changes in Primary Delivery Points under an executed Service Agreement by submitting a request pursuant to Section 3 of

this Rate Schedule, but which contains only the information relevant to the changes requested. Such new requested Primary Delivery Points must be located in Transporter's Western Division and shall be located west of the Primary Receipt Points in Shipper's FTS-WD-2 Service Agreement.

B. Alternate Delivery Point(s)

The term Alternate Delivery Point(s) shall mean Point(s) of Delivery in Transporter's Western Division other than those listed on Exhibit B of Shipper's FTS-WD-2 Service Agreement which are not Primary Delivery Point(s) and nominations in excess of the MDQ at a Primary Delivery Point.

Shipper may nominate gas for delivery at an Alternate Delivery Point(s) in Transporter's Western Division subject to the provisions of Section 10 of the General Terms and Conditions, provided that, on any given day, the sum of quantities nominated for delivery at all Primary and Alternate Delivery Points does not exceed the MDTQ under the FTS-WD-2 Service Agreement, except for Segmented Transactions. For nominations under Segmented Transactions, Shipper shall comply with Section 19 of the General Terms and Conditions; provided, however, that Shipper may not utilize points outside the Western Division for any purpose.

All quantities scheduled up to the MDTQ under the FTS-WD-2 Service Agreement, including those delivered at an Alternate Delivery Point(s), and any quantities scheduled as segmented nominations or scheduled under a Segmented Transaction, shall be billed at the rates for service under this rate schedule.

10. 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 FTS-WD-2, and/or (b) Rate Schedule FTS-WD-2 pursuant to which this service is rendered; provided, however, that the firm character of service shall not be subject to change hereunder by means of a Section 4 filing by Transporter, and/or (c) any provisions of the General Terms and Conditions applicable to Rate Schedule FTS-WD-2. 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.

11. TERMS AND CONDITIONS

The General Terms and Conditions of Transporter's FERC Gas Tariff are hereby made a part of this Rate Schedule.

RATE SCHEDULE IPS
In-Line Pooling Transportation Service

1. AVAILABILITY

This Rate Schedule is an interruptible Rate Schedule and is available for transportation to an In-Line Transfer Point provided by Florida Gas Transmission Company, LLC (Transporter) to any person (Shipper) where:

- (a) Shipper and Transporter have executed a Service Agreement for service under this Rate Schedule; and
- (b) Shipper has complied with the requirements of Section 3 hereof.
- (c) 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:
 - (1) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 7 of the General Terms and Conditions;
 - (2) that each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Service Agreement; and
 - (3) that the Principals agree that they shall be treated collectively as one Shipper for purposes of creditworthiness and for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

Transporter shall receive for transportation hereunder the quantity of gas made available by or for the account of Shipper and transport and make available for delivery to an In-Line Transfer Point, gas to or for the account of Shipper in accordance with this Rate Schedule for subsequent receipt and transport by any Shipper to a delivery point under Rate Schedule FTS-1, FTS-2, FTS-3, SFTS, FTS-WD, FTS-WD-2, ITS-1, ~~FTS-WD~~ or ITS-WD. Such quantity made available by or for the account of Shipper shall not exceed on any day the Maximum Daily Transportation Quantity (MDTQ) specified in the executed Service Agreement for service under this Rate Schedule nor shall such quantity exceed the quantity scheduled as deliveries or receipts at the In-Line Transfer Point by the Upstream and/or Downstream Shipper(s).

Transportation of natural gas under this Rate Schedule shall be performed on an interruptible basis.

3. REQUESTS FOR AND EXECUTION OF IN-LINE POOLING TRANSPORTATION SERVICE

A. Transportation Requests

The specific information required from a Shipper for a valid request for In-line Pooling Transportation Service must be delivered to Transporter at P.O. Box 4967, Houston, Texas 77210-4967, Attention: FGT Contract Administration Department, or submitted electronically per instructions on Transporter's Internet website at <http://fgttransfer.energytransfer.com>.

Requests for transportation must be accompanied by the following:

1. Shipper's legal name.
2. Shipper's principal place of business.
3. Shipper's contact person and telephone number.
4. Shipper's business address (including e-mail addresses) for notices and billings.
5. Shipper's status (natural gas distribution company, end-user, intrastate pipeline company, interstate pipeline company, producer, etc.).
6. Requested commencement date of service.
7. Requested term of service.
8. Requested Maximum Daily Transportation Quantity (MDTQ) stated in MMBtu per day.

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

B. Additional Information Required

In addition, Shipper must provide the following information:

Prior to scheduling of service at each nomination cycle, IPS Shipper must provide the identity of the Upstream and/or Downstream Shippers (i.e., D-U-N-S number) delivering gas quantities to or receiving gas quantities from IPS Shipper(s) at the In-Line Transfer Point, and the contract number under which the Upstream and/or Downstream Shipper is transporting gas delivered or received.

For Shipper's convenience, standardized service request forms shall be available on Transporter's Internet website.

Shipper shall execute the IPS Service Agreement, in writing or electronically pursuant to the procedures in Section 9.B of the General Terms and Conditions, 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.

4. RATES AND CHARGES

There shall be no Reservation or Usage Charge, Fuel Reimbursement Charge or Surcharge(s) under this Rate Schedule, provided, however, that an IPS Shipper shall be responsible for any scheduling or balancing charges under the General Terms and Conditions of this tariff.

Neither Transporter nor Shipper shall be responsible for ACA charges under Section 22 of the General Terms and Conditions with respect to volumes transported under Rate Schedule IPS.

Quantities of gas transported to or for the account of the Rate Schedule IPS Shipper shall not be assessed a Fuel Reimbursement Charge and such quantities shall be recorded in Transporter's Backhaul and Pooling Volumes Account as a Rate Schedule IPS Quantity.

5. IN-LINE TRANSFER POINT(S)

In-Line Transfer Point(s) shall be defined as Transporter's Compressor Stations 7, 8, and 11. All gas received under an IPS Service Agreement shall be delivered to the closest downstream In-Line Transfer Point.

6. MAXIMUM DAILY TRANSPORTATION QUANTITY

The MDTQ shall be the largest quantity of gas, expressed in MMBtu, that Shipper may tender, subject to the terms and conditions of this Rate Schedule, and have made available for delivery at the applicable Point(s) of Delivery on any one day. The MDTQ for each day shall be set forth in the executed Service Agreement for service under this Rate Schedule.

7. 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 IPS, and/or (b) Rate Schedule IPS pursuant to which this service is rendered, and/or (c) any provisions of the General Terms and Conditions applicable to Rate Schedule IPS. 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.

8. TERMS AND CONDITIONS

The General Terms and Conditions of Transporter's FERC Gas Tariff are hereby made a part of this Rate Schedule.

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

The following terms shall have the meanings defined below:

"Affected Area" shall mean a physical, geographic area, locale or region of Transporter's pipeline system which is affected by an overpressure or underpressure situation such that Transporter's ability to meet firm service obligations or to provide scheduled service to Shippers in or utilizing that area is impaired.

"Alternate Delivery Point(s)" shall mean Delivery Point(s) other than those listed in Exhibit B of Shipper's FTS-1, ~~FTS-WD~~, FTS-2, FTS-3, ~~or SFTS~~, FTS-WD or FTS-WD-2 Service Agreement and nominations in excess of the MDQ at a Primary Delivery Point.

"Alternate Receipt Point(s)" shall mean Point(s) of Receipt other than those listed in Exhibit A of Shipper's FTS-1, ~~FTS-WD~~, FTS-2, FTS-3, ~~or SFTS~~, FTS-WD or FTS-WD-2 Service Agreement and nominations in excess of the MDQ at a Primary Receipt Point.

"Backhaul" shall mean transportation nominated, confirmed and scheduled by Transporter for Shipper which entails the receipt of gas at a point(s) resulting in the transportation of gas in a direction opposite of the physical flow of gas for the entire transportation path.

"British Thermal Unit (Btu)" shall mean the amount of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute. The Btu shall be reported to 3 or more decimal places.

"Central Clock Time" shall be the Central Time, as adjusted for Daylight Savings Time and Standard Time. Unless otherwise stated, as used herein "Central Time" shall mean Central Clock Time.

"Commission" or "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory agency or body, including the Congress, which has the authority to regulate the rates and services of Transporter.

"Contact Person" shall mean the person(s) specified by Shipper that is available by telephone or paging device to receive communication from Transporter at any and all times and upon whose written, oral, or electronic communications Transporter may exclusively rely. Every Shipper must have a contact person and Shipper must provide Transporter with sufficient information to conclusively contact and communicate with such contact person.

"Cubic Foot of Gas" shall be the amount of gas necessary to fill a cubic foot of space when the gas is at a temperature of sixty (60) degrees Fahrenheit and under an absolute pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia).

"Dekatherm (Dt. Or dth)" shall be the standard unit for purposes of nominations, scheduling, invoicing and balancing.

"Delivery Gas Day" shall mean a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

"Delivery Month" shall mean a period beginning at 9:00 A.M. Central Clock Time on the first day of any calendar month and ending at 9:00 A.M. Central Clock Time on the first day of the next succeeding calendar month.

"Delivery Point Operating Account" shall be as described in Sections 13.B and 13.1.A of the General Terms and Conditions.

"Designee" or "Agent" shall mean a contractually authorized agent of Shipper or Transporter under Section 10E of these General Terms and Conditions.

"Division" shall mean one or more Primary Delivery Points under a single service agreement which are (i) included in a divisional or separately stated MDTQ within the total MDTQ of the service agreement, and (ii) interconnected downstream of the Primary Delivery Point(s) on Transporter's system by Shipper's operationally integrated distribution system capable of serving end-users from deliveries at any such Primary Delivery Points forming the Division. The term Division shall include (but not be limited to) all Divisions existing under service agreements in effect on November 2, 1992.

"ECM" shall mean Transporter's Electronic Communications Mechanism pursuant to Section 9 of the General Terms and Conditions.

"Execution" or "executed" or any other form of the root word "execute" when used with respect to any service agreement, amendment to service agreement, or any other contract shall include electronic execution pursuant to the procedures established by Transporter.

"Firm Capacity or Firm Capacity Right" shall mean the right of Shipper to receive and obligation of Transporter to make available for delivery quantities at Shipper's Primary Delivery Points up to the stated MDQ within the Shipper's MDTQ (for the division or for the Service Agreement, as applicable) and within the specified maximum hourly quantity at a specified temperature and pressure, provided Shipper has nominated such quantity pursuant to Section 10 and Transporter has been able to confirm said quantity also pursuant to Section 10; and subject to the force majeure provisions of Section 8 and the curtailment provisions of Section 17A and further provided that Shipper's deliveries of gas into Transporter's system by or for the account of Shipper pursuant to Section 12C are equal to scheduled receipt point quantities on a uniform

hourly basis, unless Shipper and Transporter have agreed to a different flow rate for deliveries of gas into Transporter's system.

"Forwardhaul" shall mean transportation nominated, confirmed and scheduled by Transporter for Shipper which entails the receipt of gas at a point(s) resulting in the transportation of gas in the same direction as the aggregate physical flow of gas in the applicable portion of the mainline.

"Hydrocarbon Dew point" shall mean cricondentherm, the highest temperature at which the vapor-liquid equilibrium may be present. The Hydrocarbon Dew point (cricondentherm) calculations are performed using the Peng-Robinson equation of state.

"In-Line Transfer Point(s)" shall mean points designated by Transporter other than point of physical ingress or egress from Transporter's system which may be used in nominating, confirming, scheduling and determining receipts and deliveries of transportation on Transporter's system. Transporter's In-Line Transfer Points are Compressor Stations 7, 8, and 11.

"Internet website" shall mean the Uniform Resource Locator (URL) of Transporter's Electronic Communication Mechanism on the Internet at <http://fgttransfer.energytransfer.com>.

"Joint Action Agency" shall mean a Shipper whose capacity entitlement consists of Public Agencies' aggregated capacity pursuant to Section 11 of Rate Schedule FTS-1, FTS-2 and/or FTS-3.

"Market Area" shall mean the area east of Transporter's Mile Post 238.6 located at the Alabama-Florida border.

"MCF" shall mean one thousand (1,000) cubic feet of gas.

"MMBtu" shall mean a million Btu and shall be deemed equivalent to one Dekatherm.

"Month" shall mean a period beginning on the first day and ending on the last day of the calendar month.

"NAESB" shall mean the North American Energy Standards Board.

"NAESB Standards" shall mean the standards issued by NAESB and adopted by the Federal Energy Regulatory Commission.

"Negotiated Rate" shall mean the rate agreed to by Shipper and Transporter which may be less than, equal to or greater than the Maximum Rate as set forth on the Currently Effective Rates for the applicable Rate Schedule but shall not be less than the Minimum Rate as set forth on the Currently Effective Rates for the applicable Rate Schedule. The Negotiated Rate may be based on a rate design other than straight fixed variable and may include a minimum quantity.

"NGA" shall mean the Natural Gas Act of 1938, as amended.

"Parties" shall include Transporter and Shipper, and Shipper's Designee(s) or Agent(s), if applicable.

"Point of Delivery" or **"Delivery Point"** shall mean the point at the connection of the facilities of Transporter and of a downstream third party facility at which the gas leaves the outlet side of the measuring equipment of Transporter and enters Shipper's distribution system or Shipper's transmission lateral connected to such system. Unless otherwise specified, this term shall also include In-Line Transfer Points.

"Point of Interest (POI) number" shall mean the identifying number for a specific Point of Delivery or Point of Receipt on Transporter's system.

"Point of Receipt" or **"Receipt Point"** shall mean the point at which gas is received by Transporter into Transporter's system from an upstream source or facility. Unless otherwise specified, this term shall also include In-Line Transfer Points. A listing of existing receipt points is set forth on Transporter's Internet website.

"Primary Capacity Path(s)" shall mean the path(s) between the Primary Receipt Point(s) and the Primary Delivery Point(s), as set forth in a Shipper's base firm transportation contract, including mainline and lateral portions of the pipeline, regardless of direction of flow, as amended by capacity release transactions. Transporter shall post on its Internet website a pipeline map that can assist a Shipper in determining whether its Primary Capacity Path(s) is (are) located on the east leg mainline, on the west leg mainline, or both, within Transporter's Market Area. Transporter's Internet website shall promptly post all filings and notices of filings that may result in changes to the Primary Capacity Path of any Shipper. Transporter shall promptly notify Shippers of any material change in the east leg mainline and west leg mainline in a tariff filing.

"Primary Delivery Point(s)" shall mean those Delivery Point(s) listed on Exhibit B of Shipper's FTS-1, ~~FTS-WD~~, FTS-2, FTS-3, ~~or~~ SFTS, FTS-WD or FTS-WD-2 Service Agreement which are assigned an MDQ.

"Primary Receipt Point(s)" shall mean those Point(s) of Receipt listed in Exhibit A of Shipper's ~~SFTS~~, FTS-1, ~~FTS-WD~~, FTS-2, ~~or~~ FTS-3, SFTS, FTS-WD or FTS-WD-2 Service Agreement which are assigned an MDQ. Primary Receipt Point(s) are also deemed to include In-Line Transfer Points to the extent set forth in Section 8 of the FTS-1, ~~FTS-WD~~, FTS-2, FTS-3, ~~and~~ SFTS, FTS-WD and FTS-WD-2 Rate Schedules.

"Public Agency" shall mean an entity which is a Shipper and which is also a political subdivision or agency of the State of Florida, including, but not limited to, state government, county, city, school district, single and multipurpose special district, single and multipurpose public authority, and metropolitan or consolidated government.

"Receipt Gas Day" shall mean a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

"Receipt Month" shall mean a period beginning at 9:00 A.M. Central Clock Time on the first day of any calendar month and ending at 9:00 A.M. Central Clock Time on the first day of the next succeeding calendar month.

"Release" shall mean a relinquishment of firm capacity right(s) by a Shipper pursuant to Section 18 of these General Terms and Conditions.

"Reticulated Areas" shall mean the areas on or served from a portion of Transporter's system in which the direction of gas flow changes from time to time. Such point(s) are shown in Section 31 of the General Terms and Conditions, and Transporter shall post a map on its Internet website identifying the points located within each Reticulated Area. Any changes in Reticulated Areas shall be described by Transporter in a tariff filing and promptly posted on a map on its Internet website.

"ROFR" shall mean the Right of First Refusal pursuant to Section 20 of the General Terms and Conditions.

"Sales Division" shall mean the division of Florida Gas Transmission Company, LLC making sales under the blanket sales certificate issued to Florida Gas Transmission Company under Order No. 636.

"Service Year" shall mean a period of time beginning on October 1 of each year and ending at the next succeeding September 30.

"Segmented Transaction" shall mean segmentation either by capacity release or through the nomination process.

"Supply Area" shall mean Transporter's facilities outside of the State of Florida.

"Tax" or "Taxes" shall mean any tax, fee, charge or assessment and shall include, but not be limited to, occupation, production, severance, gathering transportation, pipeline, footage, sales or other excise tax or tax of similar nature now or hereafter imposed by any lawful authority upon Transporter whether under direct imposition by Federal, State or local authorities or pursuant to the terms of any present or future contract.

"TECM" shall mean Transporter's Transactional Electronic Communications Mechanism pursuant to Section 9 of the General Terms and Conditions.

"Transporter" or "Transportation Service Provider (TSP)" shall mean Florida Gas Transmission Company, LLC, the party receiving gas at the Receipt Points and transporting quantities to the Points of Delivery.

"Transporting Pipeline" shall mean any third party pipeline system on which Transporter holds firm transportation rights and which it has authorization to treat as an extension of Transporter's system for the purpose of providing transportation service. (The only pipeline that currently meets this definition is Southern Natural Gas Company.)

"Western Division" shall mean the area west of Transporter's Mile Post 238.6 located at the Alabama-Florida border and all facilities of Transporter not located in the state of Florida. Western Division shall also include noncontiguous supply laterals.

"Working day" shall mean "Business Days" as such term is defined in the NAESB Standards and shall include the days Monday through Friday, exclusive of Federal Banking Holidays, unless notified otherwise. A listing of such holidays shall be posted on Transporter's Internet website each December 15 for the following calendar year.

"Written" or **"in writing"** or any other combination of words indicating a requirement that a document be in a physically written form shall include any service agreement, amendment to a service agreement, or any other contract or document which has been electronically executed pursuant to the procedures established by Transporter.

"Year" shall mean a period of a calendar year commencing on January 1st and ending on December 31st.

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 nomination deadline for each day, Transporter shall evaluate all timely 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-WD~~, FTS-2, FTS-3, ~~and SFTS, FTS-WD, and FTS-WD-2~~ utilizing Primary Delivery Points within Maximum Daily Transportation Quantities specified in the FTS-1, ~~FTS-WD~~, FTS-2, FTS-3, ~~or SFTS, FTS-WD or FTS-WD-2~~ Service Agreement.
- (b) Transportation service under Rate Schedules FTS-1, ~~FTS-WD~~, FTS-2, FTS-3, ~~and 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-WD~~, FTS-2, ~~and 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-WD~~, FTS-2, FTS-3, ~~and 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-WD~~, FTS-2, FTS-3, ~~and 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-WD~~, FTS-2, FTS-3, ~~and 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-WD~~, FTS-2, FTS-3, ~~and 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-WD~~, FTS-2, FTS-3, ~~or 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, ~~FTS-WD~~, ~~or 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-WD~~, FTS-2, ~~and~~ 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-WD~~, FTS-2, FTS-3, ~~or~~ 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, ~~FTS-WD~~, ~~or~~ 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-WD~~, FTS-2, FTS-3, ~~or~~ 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, operational 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-WD~~, FTS-2, FTS-3, ~~or~~ 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, ~~or~~ 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 CONDITION

13.1 DETERMINATION OF DAILY AND MONTHLY DELIVERIES - WESTERN DIVISION

A. All deliveries in the Western Division, including alternate deliveries shall be determined under this Section 13.1. For the purposes of this section "overage" shall be defined as actual daily or monthly measured deliveries in excess of daily or monthly Scheduled Deliveries, and "underage" shall be defined as actual daily or monthly measured deliveries below daily or monthly Scheduled Deliveries. Overages and underages under this section shall include prior period adjustments, as determined in accordance with Section 4.I. In the event actual quantities delivered by Transporter do not equal Scheduled Deliveries, any overage or underage will be allocated as follows:

- (1) To the extent there is not an OBA for the subject delivery point, Transporter and the interconnecting party will agree as to which party is responsible for the predetermined allocation (PDA) and to the extent the interconnecting party has agreed to submit the PDA to Transporter, such PDA shall be provided under Subsection 13.1.B. below for the allocation period, Transporter shall allocate overages and underages in accordance with the PDA;
- (2) To the extent there is no PDA, Transporter shall allocate any overage or underage pro rata based on scheduled and confirmed quantities at the delivery point.

Underages and overages, as allocated above, shall be considered a Delivery Imbalance for the purposes of balancing under Section 14.

B. Predetermined Allocation Statements (PDA)

Any PDAs established by an Interconnecting Party must be submitted to Transporter in writing or by electronic communications following the NAESB Standards before the first day of the allocation period in which the PDA is to be effective. To the extent interconnecting party submits a PDA by electronic communication, Transporter shall send a Quick Response as such term has been defined by NAESB confirming the receipt of such PDA. The PDA shall specify how any underage or overage from the confirmed quantity is to be allocated at a contract or such lower level of detail which is provided on the nomination level. The PDA methods shall include ranked, pro rata, percentage, swing, and operator provided value, as such terms are used in the NAESB Standards. The PDA may require new allocation detail as nomination changes occur. Transporter shall be entitled to rely exclusively on an effective PDA in allocating gas delivered to a point. No retroactive changes to a PDA may be made unless Transporter and all affected parties agree in writing.

A Party may change the PDA during a calendar month provided (i) such change will have prospective effect only, (ii) all Shippers on Transporter's system with scheduled deliveries at such point have been notified of the change and the effective date of the change, and

(iii) the interconnecting party indemnifies and holds Transporter and Shippers utilizing such points harmless against actions taken and allocations made in reliance upon such change in PDA.

C. **Unscheduled Deliveries**

"Unscheduled Deliveries" shall mean any volume of gas delivered at non-pipeline interconnect points for which there is no transportation volume scheduled for any shipper. Unscheduled Delivery provisions shall not: 1) apply at any point for which there is a volume scheduled, and 2) encompass imbalance volumes.

Transporter shall post on its Internet website the volume, service month delivered on Transporter's system, and the point of delivery of any Unscheduled Deliveries (Notice). Transporter shall continue to post the Notice until a valid response has been submitted or until thirty (30) calendar days after the initial posting of the Notice, whichever is sooner. In order to be a valid response for purposes hereof, a response must be provided to Transporter in writing.

If a valid response is submitted during the Notice period, then respondent shall have thirty (30) days to schedule such volumes from the date Transporter determines the response is valid. Such volumes not scheduled during the thirty (30) days shall be subject to the Transporter Billing Provision of this section.

If a valid response is not received in the Notice period, then Transporter shall bill the party receiving gas at the delivery point subject to the Transporter Billing Provision.

The Transporter Billing Provision. Transporter shall invoice the party owning the facilities into which Unscheduled Deliveries are made at the Sales Posted Price equal to 300% of the highest of the Weekly Weighted Average Price published during the month by Gas Daily for gas delivered to Transporter at Florida Gas zone 1, Florida Gas zone 2 or Florida Gas zone 3. In addition, Transporter shall bill all Unscheduled Deliveries under the Transporter Billing Provision a transportation charge equal to of the average of the maximum transportation rate plus applicable surcharges of Rate Schedules FTS-WD, FTS-WD-2 and ITS-WD.

Transporter shall have the right to suspend deliveries, even properly nominated deliveries, at any delivery point for which payment has not been received within thirty (30) days of invoicing for Unscheduled Deliveries. The non-transportation revenues resulting from the resolution of Unscheduled Deliveries shall be accounted for pursuant to Section 24.

In addition to the foregoing procedures for Unscheduled Deliveries, Transporter may pursue any additional remedies at law for Unscheduled Deliveries to a party which does not have a transportation contract with Transporter.

GENERAL TERMS AND CONDITIONS

14. MONTHLY BALANCING

Unless otherwise agreed, and except for Alert Day balancing under Section 13.D and any noncompliance quantities determined in accordance with Section 13.A.(3), all imbalances shall be resolved monthly in accordance with the following provisions set forth in this Section.

Receipt imbalances shall be determined in accordance with Section 12 (Determination of Daily and Monthly Receipts). Delivery imbalances shall be determined in accordance with Section 13 (Determination of Daily Deliveries-Market Area) or Section 13.1 (Determination of Daily and Monthly Deliveries-Western Division). NNTS Imbalances shall be as defined in Section 14.B.4. hereof. For purposes of this section, Imbalance Party shall mean the Shipper, OBA Party, or Delivery Point Operator that is responsible for resolution of an imbalance under Section 12, or Section 13, or Section 13.1.

Transporter shall provide the Imbalance Party with a preliminary balancing statement at the same time it renders transportation usage invoices for a particular month, and shall post a listing of Receipt, NNTS and Delivery Imbalances on its Internet website. Imbalance Party shall have a book-out period of 10 days from the date of posting to utilize the book-out provisions in Section 14.A below. Transporter shall utilize the cash-out provisions in Subsection 14.B below to resolve all imbalances remaining following the close of the book-out period.

A. Book-Out Provisions

Imbalance Party(ies) may net on a volumetric basis Receipt Imbalances due Transporter with Receipt Imbalances due Imbalance Party. Imbalance Party(ies) may net on a volumetric basis NNTS Imbalances due either Transporter or Imbalance Party only with other NNTS Imbalances or with Receipt Imbalances. Additionally, Imbalance Party(ies) may net Delivery Imbalances due Transporter with Delivery Imbalances due Imbalance Party, respectively for Western Division and Market Area Shippers; provided however, that where Imbalance Party is an SFTS Shipper or its designee, such Imbalance Party shall only be permitted to net Delivery Imbalances with other SFTS Shippers unless the SFTS Shipper agrees to pay the rate differential between the SFTS Usage Charge and the weighted average of the FTS-1, FTS-2, FTS-3, FTS-WD and FTS-WD-2 Usage Charges including the maximum applicable usage surcharges, scheduled at the delivery points which are the responsibility of the Imbalance Party on any SFTS Delivery Imbalance involved in a book-out. Receipt Imbalances may not be netted with Delivery Imbalances. Imbalance Party(ies) availing themselves of this provision must submit a completed book-out agreement by mail or facsimile to Transporter before the end of the book-out period. Such agreement shall not be deemed effective unless signed by an authorized representative of all Imbalance Parties involved in the book-out. A copy of a book-out agreement shall be provided on Transporter's Internet website.

B. Cash-Out Provisions

It is the responsibility of the Imbalance Party to eliminate end-of-month imbalances not resolved through the above book-out provisions by cash settlement with Transporter. Transporter and the Imbalance Party shall settle in cash all remaining Receipt Imbalances, NNTS Imbalances and Delivery Imbalances unless otherwise mutually agreed. Transporter will send each Imbalance Party a statement detailing the quantities resolved through the book-out provisions and the unresolved imbalance quantities and payment of the amount due Imbalance Party or an invoice for the amount due Transporter, in accordance with the following:

1. Imbalance Due Transporter

In the event of a Delivery or NNTS Imbalance when actual deliveries exceed scheduled quantities or a Receipt Imbalance when actual receipts are less than scheduled quantities, Transporter will invoice the Imbalance Party for such excess delivery or deficiency of receipts in accordance with the following provisions:

- (a) Such invoice will be based on the Sales Posted Price for the month multiplied by the applicable factor as follows:

Imbalance Level	Factor
0% - 5%	1.00
Greater than 5% - 20%	1.10
Greater than 20%	1.20

Imbalance Level shall be calculated by dividing the imbalance quantity by the sum of the total quantities scheduled for delivery or receipt.

For imbalances due Transporter, the Sales Posted Price shall equal the highest of the simple arithmetic averages, as determined below, of the daily midpoint spot prices for gas delivered to Transporter at Florida Gas zone 1, Florida Gas zone 2 or Florida Gas zone 3 as reported in Gas Daily. The simple arithmetic average for each index for each month shall be determined by adding the daily midpoint prices for the flow dates beginning with the sixth calendar day of the month in which the imbalances occur through the fifth calendar day of the month following and dividing the sum by the number of days. In the event that these prices are no longer available or the basis upon which such prices are reported or calculated in such publication changes substantively, Transporter will file to change its tariff and may, at its discretion, select representative prices in the interim period, subject to Commission approval.

- (b) The amount due Transporter for Receipt Imbalances and NNTS Imbalances shall be the imbalance quantity multiplied by the product of the

corresponding imbalance level factor multiplied by the Sales Posted Price for imbalance due Transporter.

- (c) The amount due Transporter for Delivery Imbalances shall be the sum of:
- (1) the imbalance quantity multiplied by the product of the corresponding imbalance level factor multiplied by the Sales Posted Price for the month; plus
 - (2) for Market Area deliveries, the imbalance quantity multiplied by the weighted average of the maximum rates, plus applicable surcharges, of Rate Schedules FTS-1, FTS-2, FTS-3 and SFTS scheduled at the delivery points covered by the Operating Account Agreement, other than quantities determined as NNTS Service in Section 13; or
 - (3) for Western Division deliveries, the imbalance quantity multiplied by the weighted average of the maximum rates, plus applicable surcharges, of Rate Schedules FTS-1, ~~FTS-WD~~, ~~FTS-2~~, and ~~FTS-3~~, FTS-WD and FTS-WD-2 scheduled at the delivery point, other than quantities determined as NNTS Service in Section 13.

2. Imbalance Due Imbalance Party

In the event of a Delivery or NNTS Imbalance when actual deliveries are less than scheduled quantities or a Receipt Imbalance when actual receipts exceed scheduled quantities, Transporter will pay the Imbalance Party for such excess receipts or deficiency of deliveries.

- (a) Such payments will be based on the Purchase Posted Price for the month multiplied by one of the following factors:

Imbalance Level	Factor
0% - 5%	1.00
Greater than 5% - 20%	0.90
Greater than 20%	0.80

Imbalance Level shall be calculated by dividing the imbalance quantity by the sum of the total quantities scheduled for delivery or receipt.

For imbalances due Imbalance Party, the Purchase Posted Price shall equal the lowest of the simple arithmetic averages, as determined below, of the daily midpoint spot prices for gas delivered to Transporter at Florida Gas zone 1, Florida Gas zone 2 or Florida Gas zone 3 as reported in Gas Daily. The simple arithmetic average for each index for each month shall be

determined by adding the daily midpoint prices for the flow dates beginning with the sixth calendar day of the month in which the imbalances occur through the fifth calendar day of the month following and dividing the sum by the number of days. In the event that these prices are no longer available or the basis upon which such price is reported or calculated in such publication changes substantively, Transporter will file to change its tariff and may, at its discretion, select representative price in the interim period, subject to Commission approval.

- (b) The amount due Imbalance Party shall be the imbalance quantity multiplied by the product of the corresponding imbalance level factor multiplied by the Purchase Posted Price for the month.

3. Aggregating of Imbalances of Imbalance Party

To the extent Imbalance Party has multiple Receipt, NNTS or Delivery Imbalances, Transporter shall resolve imbalances with the Imbalance Party as follows:

- (a) NNTS Imbalances first shall be netted against Delivery Imbalances to determine the final Delivery or NNTS Imbalances subject to cash out; and
- (b) Any remaining Receipt and Delivery Imbalances which are within the 5% Imbalance Level shall be netted together except that Transporter shall invoice Imbalance Party a Transportation Charge equal to the delivery quantity netted under this Section (b) multiplied by the weighted average of the maximum rates, plus applicable surcharges, of Rate Schedules FTS-1, FTS-2, FTS-3, ~~FTS-WD and SFTS~~, ~~FTS-WD and FTS-WD-2~~ scheduled at the delivery points covered by the Operating Account Agreement; and
- (c) Any imbalances remaining after the netting in (b) above shall be cashed-out pursuant to the provisions of 14.B.1 or 14.B.2, as applicable.

4. Balancing of NNTS Service

The NNTS Imbalances shall be equal to any quantity recorded in the No-Notice Account pursuant to Section 13 (Determination of Daily Deliveries - Market Area) plus any fuel reimbursement quantities.

5. Cash-Out Mechanism Revenue Disposition

Costs and revenues associated with Transporter's cash-out mechanism will be accounted for and disposed of in accordance with Section 24 of these General Terms and Conditions.

6. Prior Period Adjustments

Prior Period Adjustments ("PPA") shall be determined in accordance with Section 4.1., and shall be separately stated on any balancing reports. Any such prior period adjustments will be processed in the month such adjustment becomes known to Transporter for the purpose of the book-out/cash-out provisions of Section 14, except that the imbalance factor applied to all PPAs shall be 1.0. (No imbalance penalty should be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty). Transporter shall furnish the details and basis for the PPAs upon request by the affected Shipper.

GENERAL TERMS AND CONDITIONS

16. CREDITWORTHINESS

A. Prior to execution of a Service Agreement or as a condition for continuation of service, a Shipper or prospective shipper shall be required to establish and maintain creditworthiness on an on-going basis with Transporter. Transporter shall not be required to: (1) execute a Service Agreement providing for service on behalf of any Shipper who fails to meet Transporter's standards for creditworthiness; or (2) initiate service for a Shipper who fails to meet Transporter's standards for creditworthiness; or (3) continue service on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails to demonstrate creditworthiness pursuant to Transporter's standards in this Section 16.

B. A Shipper shall be deemed creditworthy when Shipper meets the creditworthiness criteria in this Section 16.B.

1. If Shipper is rated by Standard & Poor's Financial Services LLC (S&P), a subsidiary of McGraw Hill Financial, Inc. and/or by Moody's Investors Service, Inc. (Moody's), Transporter may establish creditworthiness if:

(a) (i) In the event Shipper is rated by both S&P and Moody's, Shipper's long-term senior unsecured debt securities are rated at least BBB- by S&P and at least Baa3 by Moody's, provided, however, that if the Shipper's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper is rated by only S&P, Shipper's long-term senior unsecured debt securities are rated at least BBB-, provided, however, that if the Shipper's rating is at BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper is rated by only Moody's, Shipper's long-term senior unsecured debt securities are rated at least Baa3, provided, however, that if the Shipper's rating is at Baa3, the long-term outlook shall be Stable or Positive; and

(b) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth.

In the event Shipper is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. For the purposes of this Section 16.B, the term "tangible net worth" shall mean for a corporation the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets. Only actual tangible assets are included in Transporter's assessment of creditworthiness. If a Shipper has multiple Service Agreements with Transporter, then the total contract commitment and imbalance exposure or potential exposure of all such Service Agreements shall be considered in determining

creditworthiness.

2. If Shipper cannot demonstrate creditworthiness pursuant to Section 16.B.1 above, Transporter may establish creditworthiness based upon:
 - (a) (i) In the event Shipper's parent is rated by both S&P and Moody's, the Shipper's parent having a senior unsecured debt rating of at least BBB- by S&P and Baa3 by Moody's, provided, however, that if the Shipper's parent's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper's parent is rated by only S&P, the Shipper's parent having a senior unsecured debt rating of at least BBB-, provided, however, that if the Shipper's parent's rating is at BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper's parent is rated by only Moody's, the Shipper's parent having a senior unsecured debt rating of at least Baa3, provided, however, that if the Shipper's parent's rating is at Baa3, the long-term outlook shall be Stable or Positive; and
 - (b) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's parent's tangible net worth; and
 - (c) Shipper's parent issues a guaranty acceptable to Transporter.

In the event Shipper's parent is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. If a Shipper's parent has multiple Service Agreements with Transporter or multiple subsidiaries with Service Agreements with Transporter in addition to Shipper's Service Agreements, then the total contract commitment and imbalance exposure or potential exposure of all of those Service Agreements shall be considered in determining creditworthiness.

3. In the event Shipper is a cooperative or a municipal Shipper and Shipper cannot demonstrate creditworthiness pursuant to Section 16.B.1 or 16.B.2 above, Transporter may establish creditworthiness based upon:
 - (a) Shipper's issuer rating is a rating that has the equivalent rank of those listed in Section 16.B.1(a) above; or
 - (b) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth, or Shipper's preceding calendar year revenues are at least six (6) times Transporter's anticipated charges for the ensuing 12-month period.
- C. To permit Transporter to conduct an initial or ongoing creditworthiness review, Transporter may request and a Shipper shall provide within five (5) Business Days any or all of the

following:

1. (i) Audited financial statements for the most current two (2) fiscal years prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America or, for non-U.S. based Shippers, prepared in accordance with equivalent standards, or (ii) if Shipper's fiscal year-end financial statements are unaudited, an attestation by its Chief Financial Officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent or (iii) for non-public entities, any existing sworn filing, which provides the most recent available interim financial statements and annual financial reports filed with any applicable regulatory authority, showing the Shipper's current financial condition;
2. List of corporate affiliates, parent companies, and subsidiaries, if applicable;
3. Publicly available information from credit reports of credit and bond rating agencies;
4. A bank reference and at least three (3) trade references, a check of which show along with any credit reports submitted herein that Shipper's undisputed obligations are being paid in a timely manner;
5. Statement of legal composition;
6. Statement of the length of time the business has been in operation;
7. For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism;
8. Confirmation by Shipper that Shipper is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditor, or any informal creditors' committee agreement;
9. Such other information as may be mutually agreed to by Shipper and Transporter; and/or
10. In the case of a joint action agency which acts as Shipper for other public agencies which have aggregated their firm service agreements into a single Service Agreement pursuant to the aggregation provisions of the settlement filed and approved in Docket No. RS92-16-000, the foregoing information shall be provided by each member public agency who in turn shall guarantee the obligations of the joint action public agency to the extent of each such member's share of the total firm entitlement of such joint action public agency.

- D. If Shipper or Shipper's parent does not meet the criteria described in Section 16.B above, then credit appraisal shall be based upon Transporter's evaluation of any or all of the following information and credit criteria:
1. Any information received pursuant to Section 16.C above;
 2. Consistent and nondiscriminatory financial statement analysis to determine the acceptability of Shipper's or Shipper's parent's current and future financial strength. Financial statements shall be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability;
 3. S&P, Moody's, Dun & Bradstreet and other credit reporting agency ratings, opinions, watch alerts, and rating actions shall be considered in determining creditworthiness;
 4. Results of credit reports and of bank and trade reference checks must demonstrate that a Shipper is paying its obligations in a timely manner;
 5. Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy; an exception may be made for a Shipper who is a debtor-in-possession operating under Chapter XI of the Federal Bankruptcy Act whereby adequate assurance is provided under purview of by the bankruptcy court having jurisdiction over such debtor-in -possession that the service billings will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future actually to make payment;
 6. Whether Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain solvent;
 7. Shipper's ongoing business relationship, if any, with Transporter with consideration being given to whether Shipper has or has had any delinquent balances outstanding for services provided by Transporter, gas imbalances, and gas loans due Transporter and whether Shipper is paying and has paid its account balances promptly according to the terms established in its Service Agreements (excluding amounts as to which there is a good faith dispute);
 8. Shipper's ability to recover the costs of Transporter's services through filings with regulatory agencies or otherwise to pass on such costs to its customers, as applicable; and/or
 9. Any other information, including any information provided by Shipper, that is reasonably relevant to Shipper's current and future financial strength and Shipper's

ability to make full payment over the term of the Service Agreement(s).

- E. If a Shipper fails to establish or maintain creditworthiness or if Shipper's credit limit as determined by Transporter is insufficient to cover Shipper's total contractual obligations, Shipper may still obtain or continue service hereunder if Shipper, except to the extent otherwise agreed, provides collateral in an amount sufficient to cover three months service as determined in accordance with Section 16.E.2(a) plus the value of imbalance gas and loaned gas as determined in Section 16.E.2(b) under one of the following options.
1. Forms of Security. Shipper may select from the following forms of security and Transporter shall not unreasonably discriminate in the forms of security it determines to accept from Shippers.
 - (a) Guaranty. A Shipper may provide a guaranty of financial performance in a form satisfactory to Transporter from a corporate parent, corporate affiliate or a third party that meets the creditworthiness standards above.
 - (b) Deposit. A shipper may provide a cash deposit. If Transporter is required to draw down these funds, Transporter will notify Shipper and Shipper must replenish such funds within three (3) Business Days after receipt of such notice.
 - (c) Standby Irrevocable Letter of Credit drawn on a bank which is a U.S. bank or a U.S. branch of a foreign bank with an S&P rating of at least A or Moody's rating of at least A2 on its long-term unsecured debt securities.
 - (d) Security Interest in collateral found to be satisfactory to Transporter.
 - (e) Other security acceptable to Transporter.
 2. Collateral Requirements. Collateral required for non-creditworthy shippers shall be an amount sufficient to cover service for three months and a value for imbalance and loaned gas as specified below.
 - (a) Three months service. The amount of collateral for firm transportation Service Agreements must be sufficient to cover the highest three (3) months of reservation charges. The amount of collateral for interruptible services shall be based upon the highest three (3) months of usage during the previous twelve (12) month period for all rates and charges. If the Shipper has not contracted for or utilized interruptible transportation during the previous 12 month period, Transporter will establish the collateral requirement based upon Shipper's estimated usage for a three (3) month period as determined by Shipper and Transporter's marketing representative.
 - (b) Imbalance and Loaned Gas. In addition to the collateral requirements set

forth in Section 16.E.2(a) above, Transporter shall have the right to seek collateral to cover the value of any imbalance and/or loaned gas owed to Transporter by a non-creditworthy Shipper. Transporter may require collateral from a non-creditworthy Shipper for the value of imbalance Gas owed to Transporter under Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, NNTS, FTS-WD, FTS-WD-2, ITS-1 and/or ITS-WD. Such collateral amount shall equal the non-creditworthy Shipper's largest monthly imbalance quantity owed to Transporter over the most recent 12 month period valued in accordance with Section 14.B.1 of these General Terms and Conditions. For a non-creditworthy Shipper with a new Service Agreement or a Service Agreement in effect for less than 12 months, the imbalance quantity shall be the greater of (i) 10% of Shipper's estimated monthly usage as determined by Shipper and Transporter's marketing representative or (ii) Shipper's largest monthly imbalance owed to Transporter. The imbalance quantity shall be valued in accordance with Section 14.B.1 of these General Terms and Conditions. The collateral requirement for loaned Gas associated with Rate Schedule PNR shall equal the maximum loaned quantity specified in Shipper's Service Agreement valued in accordance with Section 14.B.1 herein.

F. Security for New Lateral Facilities

In the event Transporter constructs new lateral facilities to accommodate a Shipper under Section 21.G of these General Terms and Conditions, Transporter may (unless otherwise agreed or unless Shipper reimburses Transporter for the cost of the facilities) require from the Shipper security in an amount up to the cost of the facilities. Such security may be in any of the forms available under Section 16.E.1 of these General Terms and Conditions, at Shipper's choice. As Transporter recovers the cost of these facilities through its rates, the security required shall be reduced accordingly. Specifically, security provided by Shipper related to new facilities shall be returned to that Shipper in equal Monthly amounts over the term of its contract for service related to the new facilities or as otherwise mutually agreed by Transporter and Shipper. Where facilities are constructed to serve multiple Shippers, an individual Shipper's obligation hereunder shall be for no more than its proportionate share of the cost of the facilities. This requirement is in addition to and shall not supersede or replace any other rights that Transporter may have regarding the construction and reimbursement of facilities.

- G. Transporter shall have the right to update Shipper's credit file at any time after commencement of service. Such update may be conducted by Transporter periodically and Shipper shall provide assistance and cooperation. If Transporter concludes that a Shipper is non-creditworthy or if Shipper fails to maintain adequate assurance of future performance under Section 16.E of these General Terms and Conditions, Transporter shall provide Shipper an initial notice in writing that it has lost its creditworthiness status along with the reasons for such determination and that Shipper has five (5) Business Days after receipt of such initial notice, to provide Transporter with security consistent with Section 16.E of these General Terms and Conditions which is adequate to cover all charges for one Month's advance service.

A Shipper may challenge Transporter's determination by providing a written rebuttal to Transporter's explanation within ten (10) days after the initial notification and explanation is provided by Transporter. Transporter shall respond to such a rebuttal in writing within ten (10) days. Any reevaluation of creditworthiness by Transporter in response to such a rebuttal by the Shipper shall be based on the creditworthiness criteria set out in Section 16.D and shall be performed as provided in Section 16.D of these General Terms and Conditions. If Transporter determines after such reevaluation that Shipper is creditworthy, the security to cover all charges for one Month's advance service shall be released to Shipper within five (5) Business Days after such determination. In the event Transporter concludes after reevaluation that Shipper remains non-creditworthy, Shipper shall comply with the requirement in the initial notice to provide, within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, the means for adequate assurance of future performance, covering the full level of security provided for under Section 16.E of these General Terms and Conditions. If the Shipper has not satisfied either requirement in the initial notice to provide specified security within five (5) Business Days or to provide the additional specified security within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, Transporter may without further notice immediately suspend service to Shipper.

- H. Any suspension of service hereunder shall continue until Transporter is reasonably satisfied that Shipper is creditworthy under Section 16.B or 16.D of these General Terms and Conditions or until Shipper has provided adequate security under Section 16.E of these General Terms and Conditions. A Shipper shall not be obligated to pay any reservation charges for suspended service attributable to the period when that service is suspended. During the period of suspension, such Shipper may not release or recall capacity.
- I. In addition to suspension, Transporter may terminate service if the Shipper fails to provide security consistent with Section 16.E of these General Terms and Conditions no earlier than sixty (60) days after Transporter has provided its initial notice to Shipper pursuant to Section 16.G herein. Any such termination requires thirty (30) days' prior notice to Shipper, Releasing Shipper, if any, and the Commission. To avoid termination, the Shipper must satisfy Section 16.E of these General Terms and Conditions within this notice period. If the Service Agreement is terminated, Transporter shall net and/or set off, as allowed by law, all positions calculated in accordance with the provisions of the applicable Rate Schedule (i.e., invoiced transportation amounts, invoiced imbalance amounts, park and loans, rate refunds, etc.) against outstanding account balances due the Shipper. Transporter shall have the right to assert any liens or other interests, consistent with applicable law, against any gas remaining on its System. Transporter may not take any action under this Section 16 which conflicts with any order of the U. S. Bankruptcy Court.
- J. At any time after a Shipper is determined to be non-creditworthy by Transporter, the Shipper may request a creditworthiness reevaluation by Transporter pursuant to NAESB WGQ Standard Nos. 0.3.8 and 0.3.9 as incorporated in Section 25 of these General Terms and Conditions. If Transporter determines after such reevaluation that Shipper is creditworthy without security, any security requirements under Section 16.E of these General Terms and

Conditions shall be terminated and any deposit amounts shall be released to Shipper within five (5) Business Days after such determination.

- K. Notwithstanding the above, Transporter may agree with a Shipper in an executed precedent agreement, for service on new or expanded facilities to be constructed by Transporter, to creditworthiness provisions which differ from one or more of the provisions in this Section 16, and which, in addition to the other provisions of this Section 16, govern service provided to the Shipper pursuant to the precedent agreement.

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, ~~FTS-WD and 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, 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-WD~~, FTS-2, and 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-WD, FTS-2, or 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-WD, FTS-2, or 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 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

18. CAPACITY RELINQUISHMENT

A. General

This Section sets forth the sole means by which a firm Shipper ("Relinquishing Shipper") may, pursuant to Section 284.8 of the Commission's Regulations, relinquish its firm capacity rights under a service agreement with Transporter to a third party ("Acquiring Shipper").

Non-biddable relinquishments are prearranged relinquishments that are defined as follows:

1. A capacity relinquishment for any period of thirty-one (31) days or less. A firm Shipper shall not roll over, extend or in any way continue such capacity relinquishment to the same Acquiring Shipper until 28 days after the first release period has ended. This 28-day period does not apply to any release to the same Acquiring Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth in Sections A.2, A.3 or A.4 below.
2. A capacity relinquishment for more than one year at the maximum tariff rate.
3. A capacity relinquishment to an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations.
4. A capacity relinquishment to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

All other relinquishments shall be biddable.

B. Capacity Eligible For Release

A Shipper with a service agreement under Rate Schedule FTS-1, ~~FTS-WD~~, FTS-2, ~~or~~ FTS-3, FTS-WD or FTS-WD-2 may relinquish all or a portion of its firm capacity ("eligible capacity") from an individual Service Agreement pursuant to this Section 18. A Shipper may also relinquish all or a portion of its NNQ under Rate Schedule NNTS; provided however, Shipper may only relinquish its Rate Schedule NNTS capacity at the Shipper's primary delivery points. Capacity held by a Shipper under any rate schedule other than as set forth above shall not be eligible for capacity relinquishment. Relinquishments under this section may not exceed the maximum rate applicable to the relinquished capacity; provided, however, that no rate limitation shall apply to a capacity relinquishment for a period of one year or less if the relinquishment is to take effect on or before one year from the date on which Transporter is notified of the relinquishment.

Re-release of capacity: Acquiring Shipper may re-release acquired capacity subject to the terms attached to the acquired capacity in all previous releases.

C. Relinquishment Types:

1. Permanent Relinquishment

This Section sets forth the terms and conditions applicable to the permanent relinquishment of eligible capacity ("Permanent Relinquishment"). Eligible capacity can be permanently relinquished solely on a reservation basis either pursuant to a transaction prearranged by Relinquishing Shipper or pursuant to the bidding procedures in Section 18.F. An Acquiring Shipper who obtains capacity relinquished hereunder shall be required to execute a separate firm service agreement with Transporter for the relinquished capacity for the primary and secondary terms set forth in the Relinquishing Shipper's service agreement.

Transporter is not required to but, may choose to accept a bid at less than the maximum rate provided that (i) Relinquishing Shipper remits as an exit fee, a lump sum payment for the difference between the maximum rate and the bid rate for the full term of the relinquishment, or agrees to remain liable for the difference between the maximum rate and the bid rate for the full term of the relinquishment, and (ii) Transporter and Acquiring Shipper reach agreement on a mechanism permitting the periodic adjustment to the bid rate to reflect subsequent rate adjustments filed for and approved by the FERC.

To the extent Transporter elects to accept bids at other than the maximum rate, Transporter shall award the capacity or portion thereof in accordance with Section 18.F.4. Transporter's decision to accept a permanent relinquishment at less than the maximum rate must be reached in a nondiscriminatory manner.

At the time the Acquiring Shipper and Transporter enter into a Service Agreement for the acquired capacity, Acquiring Shipper may, if the Relinquishing Shipper had not elected the ten-year rollover described in Section 20.C, elect such ten-year rollover in the manner set forth in Section 20.C.

2. Temporary Relinquishment:

This Section sets forth the terms and conditions applicable to temporary relinquishments of eligible capacity either pursuant to a transaction prearranged by Relinquishing Shipper or pursuant to the bidding procedures in Section 18.F. In addition to complying with these provisions, Relinquishing Shipper and Acquiring Shipper must comply with all other applicable provisions of this Section 18.

Biddability and rollover limitations: Prearranged relinquishments for 31 days or less are not subject to open season bidding, except as provided in Section 18.A.1 herein.

In the event the temporary relinquishment does not meet the non-biddable criteria set forth in Section 18.A herein, then the subject eligible capacity shall be subject to an open season bidding and the right to match pursuant to Section 18.F.

D. Capacity Release Timelines (All times are Central Clock Time)-

The capacity release timeline applies to all parties involved in the capacity release process provided that 1) all information provided by the parties to the transaction is valid and the Acquiring Shipper has been determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Relinquishing Shipper has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and (3) there are no special terms or conditions of the release. Further, Transporter may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Transporter).

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

- (b) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
- (c) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- (d) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (e) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- (f) The contract is issued within one hour of the award posting (with a new contract number, when applicable).
- (g) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

3. For non-biddable releases:

- a. The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
 - Timely Cycle 12:00 Noon
 - Evening Cycle 5:00 p.m.
 - Intraday 1 Cycle 9:00 a.m.
 - Intraday 2 Cycle 1:30 p.m.
 - Intraday 3 Cycle 6:00 p.m.
- b. The contract is issued within one hour of the award posting (with a new contract number, when applicable).
- c. Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

4. Processing of Uploads

The Transportation Service Provider (TSP) which supports capacity release should accept and process capacity release offers from Relinquishing Shipper(s) (or its authorized third party service provider), provided the valid offer is received by the TSP prior to the respective deadline specified in NAESB WGQ Standard No. 5.3.2. Such offer should be posted as an offer and should be available for bidding by the posted-by deadline and start of bidding time specified (for the received Business

Day) in NAESB WGQ Standard No. 5.3.2 or the Relinquishing Shipper's specified Business Day (if later than the received Business Day).

The TSPs which supports capacity release should provide for the creation of capacity release bids from potential Acquiring Shipper(s) (or its authorized third party service provider), provided the valid bid is submitted no later than the respective deadline as specified in NAESB WGQ Standard No. 5.3.2. Such timely bid should be evaluated by the TSP for the purpose of identifying the winning bidder(s) associated with the offer.

E. Notice Required by Shipper

1. Notice by Relinquishing Shipper. A Shipper who desires to relinquish any or all of its eligible capacity must notify Transporter of said Shipper's desire to relinquish eligible capacity ("Relinquishing Shipper") and the terms and conditions of such proposed relinquishment. (Such notice is hereinafter referred to as the "Relinquishment Notice"). Such Relinquishment Notice shall be in writing or provided electronically pursuant to Section 9.B and in the form set out in the Tariff and shall be executed by an authorized representative of the Relinquishing Shipper. All terms and conditions a Relinquishing Shipper proposes shall be posted as set forth below. Such terms and conditions must be objectively stated, non-discriminatory and applicable to all potential bidders. Notwithstanding the above, the terms and conditions required in the Relinquishment Notice for a non-biddable capacity release to an asset manager pursuant to Section 18.A.3 need only include the information specified in Section 18.E.1.a through 18.E.1.q herein. The Relinquishment Notice shall constitute a binding offer on the part of Relinquishing Shipper to relinquish the eligible capacity pursuant to the terms of the Relinquishment Notice, until written or electronic notice of withdrawal is received by Transporter. Transporter shall reject any Relinquishment Notice that does not comply fully with the foregoing requirements. Such Relinquishment Notice shall provide the following information:
 - a. Name, address, contact person, telephone number, and facsimile number of the Relinquishing Shipper;
 - b. Whether the relinquishment is permanent or temporary;
 - c. Whether the relinquishment is recallable and, if recallable, whether on either a permanent or temporary basis, and the terms and conditions applicable to such right of recall and reput;
 - d. The specific quantity to be relinquished, stated in dekatherms per day of MDTQ by season;

- e. Identification of the Primary Receipt Point(s) capacity and Primary Delivery Point(s) capacity to be relinquished; provided further that both the sum of the Primary Receipt Point capacity relinquished by season and Primary Delivery Point capacity relinquished by season shall each equal the relinquished MDTQ set forth in (d) above; and provided further, that if the relinquishment is for a specific segment of capacity between any points on Transporter's system, such relinquishment must comply with the provisions of Section 19. At Relinquishing Shipper's request, and in-lieu of posting the relinquished Primary Receipt Point capacity from 18E.1(e), Transporter shall aggregate relinquished Primary Receipt Point capacity, and post such capacity at the closest in-line transfer point east of the receipt point capacity relinquished.
- f. The rate schedule under which the Relinquishing Shipper holds the capacity;
- g. The term of the proposed relinquishment, which in the case of a Permanent Relinquishment must equal the remaining term of the Relinquishing Shipper's existing service agreement;
- h. Identification of any Acquiring Shipper with whom Relinquishing Shipper has prearranged the relinquishment; address, contact person, telephone number; fax number, and contract number if applicable;
- i. Whether the Relinquishing Shipper will accept volumetric bids and volumetric commitments;
- j. Whether the release includes a right of first refusal where: (1) Shipper releases on a permanent basis, the remaining part of a long term contract, but where the remainder of the term is less than one year, (2) Shipper releases for the remainder of the contract term, but retains a right of recall, and/or (3) the prearranged Acquiring Shipper may match the best eligible bid(s);
- k. Whether the Relinquishing Shipper will accept contingent bids, and if so under what circumstances.
- l. The method to be used to evaluate bids. To the extent Relinquishing Shipper elects to accept volumetric bids, Shipper must also specify the method to rank competing volumetric and reservation charge bids. For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. Relinquishing Shipper must choose one of the following tariff methods:

- i. highest rate
 - ii. net revenue
 - iii. present value
- m. The method to be used to break ties if the applicable tariff method is not to be used;
- n. Whether the Relinquishing Shipper will permit the Acquiring Shipper, to request changes to Primary Receipt and/or Delivery Points;
- o. The minimum conditions, if any, the Relinquishing Shipper will accept, rates (which may be expressed in dollars and cents, percentage of the maximum rate or the index-based formula as detailed in the capacity release offer), including all reservation surcharges, volumes, and other terms and whether such minimum conditions are to be considered confidential at the time of posting;
- p. Whether the capacity to be relinquished was obtained pursuant to the provisions of this Section 18; and
- q. Whether the Acquiring Shipper is (a) an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations and, if so, include the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect or (b) a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

Acquiring Shipper will initiate confirmation of prearranged deals electronically.

2. Posting of Relinquishment Notice

All valid Relinquishment Notices shall be posted on Transporter's Internet website, including capacity released on a prearranged basis, upon receipt, unless Relinquishing Shipper requests otherwise. Capacity release facilitator should post offers and bids, including prearranged deals, upon receipt. A Relinquishing Shipper may request a later posting time for posting of such offer, and the capacity release service facilitator should support such request insofar as it comports with standard capacity release timeline specified in NAESB Standard 5.3.2. All Relinquishment Notices shall be binding until notice of withdrawal is received by Transporter on Transporter's Internet website. The notice posted shall contain the information set forth in 18E.1(a)-(q) above; provided however, that at Relinquishing Shipper's request, and in lieu of posting the relinquished Primary Receipt Point capacity from 18E.1(e) above, Transporter shall aggregate relinquished Primary Receipt Point capacity, and post such capacity at the closest In-Line Transfer Point east of the

Receipt Point capacity relinquished. The posting of the Relinquishment Notice shall also include:

- (1) except for releases for a period of one year or less, the maximum reservation rate (including any reservation type surcharges) applicable to the capacity;
- (2) the date and time by which bids must be submitted in accordance with the capacity release timeline; and
- (3) the date and time the Relinquishment Notice is posted.

Any minimum conditions set forth pursuant to 18E.1(o) shall be posted with the Relinquishment Notice unless the Relinquishing Shipper indicates in the Relinquishment Notice that such minimum conditions are confidential in which event Transporter shall indicate on the posted Relinquishment Notice that minimum conditions exist. After capacity has been awarded, Transporter shall post the terms of any previously undisclosed minimum conditions.

3. Withdrawal of Eligible Capacity From Capacity Relinquishment Program

The Relinquishing Shipper has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no valid minimum bid has been made.

F. Open Season Bidding:

1. During the open season and bid submittal periods, all valid bids (excluding bidders name) will be posted. Bids provided electronically must comply with the provisions of Section 9.B. All bids will be binding until notice of withdrawal is received by Transporter on Transporter's Internet website. Invalid bids will not be posted. At the close of the bidding period, any bid received by Transporter shall be deemed to be a binding offer by the prospective Acquiring Shipper to acquire capacity pursuant to the terms of the bid. A Relinquishing Shipper will not be able to specify an extension of the original bid period or the prearranged deal match period, without posting a new release. Any prospective Acquiring Shipper who has satisfied the creditworthiness pre-qualification requirements to Section 18I below, may submit a bid with the following bid information;
 - a. The identity of the bidder, including contact person, business address, phone number and facsimile number;
 - b. The relinquishment under which the capacity is available and the MDTQ separately stated by season;

- c. The requested Primary Receipt Point(s) and the Primary Delivery Point(s) and the quantity separately stated for each such point;
- d. The rate bid on a reservation charge basis between the minimum and maximum Reservation Charge (including any applicable reservation type surcharges) for the rate schedule under which the capacity is being offered for release (and/or the Reservation Charge rate for Rate Schedule NNTS service, if applicable). In the event the Relinquishing Shipper has allowed a volumetric release, the bids may be converted into a volumetric charge. The maximum rate for such volumetric releases is the maximum applicable reservation charge set forth on the Currently Effective Rates for Rate Schedule FTS-1, FTS-2, FTS-3, ~~FTS-WD or NNTS~~, ~~FTS-WD or FTS-WD-2~~ plus all applicable reservation surcharges. Notwithstanding the above, no rate limitation shall apply to a capacity relinquishment for a period of one year or less if the relinquishment is to take effect on or before one year from the date Transporter is notified of the relinquishment.
- e. Any other conditions necessary to meet the terms of the Relinquishing Shipper's Relinquishment Notice; and
- f. The minimum amount of prorated capacity that the bidder will accept, if prorationing is necessary.

2. Withdrawal of Bids:

A bid may be withdrawn any time prior to the close of the bidding period; however, the same party may not submit a lower bid. Once a bidder has withdrawn its bid, the bidder may only submit a new bid for such released capacity at a higher rate. Bids cannot be withdrawn after the bid period ends.

3. Right to Match

In the event capacity is subject to the right to match, the prearranged Acquiring Shipper shall have the right to match consistent with the capacity release timeline.

4. Bid Evaluation Procedure

Transporter shall review the bids received and reject any bids that do not comply with all applicable provisions of this Section 18 and the Relinquishment Notice. Subject to the right to match, if applicable, capacity will be awarded to all Acquiring Shippers whose bids can be fulfilled without impairment of firm capacity rights held by any other Shipper or without reducing the total contractual entitlement on Transporter's system. Pursuant to Section 18.E.1.(I), Transporter will evaluate and rank all bids and will award bids, best bid first, until all offered capacity is awarded.

Tie Breakers:

In the event two or more bids contain the same bid rate, capacity will be awarded based on the first in time to submit an eligible bid; provided however, if a contingent bid and a non-contingent bid tie, capacity will be awarded to the non-contingent bidder.

5. Posting of Awards:

After the awarding of bids, Transporter shall post the winning bid(s), any minimum conditions, and the identity of the winning bidder(s). For biddable releases subject to recall, Transporter shall make available to the Relinquishing Shipper information to enable the Relinquishing Shipper to contact the Acquiring Shipper in the event of a capacity recall.

G. Return to Shipper of Relinquished Capacity Upon Expiration of Temporary Relinquishment.

Upon expiration of any relinquishment under Section 18C.2, Transporter shall return to Shipper all applicable relinquished capacity as such capacity exists upon expiration of the relinquishment. If the Relinquishing Shipper permitted the Acquiring Shipper to change Primary Receipt and Delivery Points, then the capacity returned to Shipper at the expiration of a relinquishment will reflect any such changes; provided however, if the term of the relinquishment was for a period of one month or less within a single calendar month, then the capacity rights returned to Shipper will be identical to Shipper's pre-relinquishment firm capacity rights. If the Relinquishing Shipper did not permit changes to Primary Receipt and Delivery Points, the capacity returned to Shipper at the expiration of a relinquishment shall be identical to Shipper's pre-relinquishment firm capacity rights.

H. Consummation and Effect of Relinquishment:

1. The posting process shall occur on Transporter's TECM located on Transporter's Internet website. The posting process will be utilized to execute both amendments to the service agreements with the Relinquishing Shipper and new service agreements with the Acquiring Shipper, all as more fully described in Section 9.B of these General Terms and Conditions. The amendment to the service agreement of the Relinquishing Shipper shall change the underlying service agreement to reflect the capacity rights released. The new service agreement with the Acquiring Shipper shall reflect the capacity rights acquired.
2. Status of Relinquishing Shipper. With respect to Permanent Relinquishments only, upon execution by Transporter and Acquiring Shipper of the new service agreement, and effective as of the effective date of said new service agreement, the Relinquishing Shipper shall, except as otherwise agreed to by Transporter and Relinquishing Shipper, be relieved of liability under its

existing service agreement, but only to the extent of the quantity of the executed new service agreement; provided, however, that in the event the Acquiring Shipper at the time of the relinquishment does not (i) satisfy the criteria set forth in Section 16(a) and (b) of these General Terms and Conditions; (ii) furnish and maintain for the term of the Service Agreement a written guarantee in a form satisfactory to Transporter from a third party which is creditworthy as determined in Section 16(a) and (b); or (iii) furnish other security reasonably acceptable to Transporter and its lenders, then the Relinquishing Shipper shall remain responsible for all Reservation Charges (including all applicable demand or reservation type surcharges) under the existing contract, subject to the billing adjustment and revenue sharing and crediting mechanism set forth below. With respect to all other relinquishments, Relinquishing Shipper shall remain responsible for all Reservation Charges under the existing contract, subject to the billing adjustment and revenue sharing and crediting mechanisms set forth below.

3. Status of Acquiring Shipper. An Acquiring Shipper who executes a new service agreement pursuant to the terms and conditions of this Section 18 shall, upon execution of such new service agreement, be considered a firm Shipper for all purposes under Transporter's FERC Gas Tariff, and shall be entitled to the rights (and subject to the obligations) of a Shipper under Rate Schedule FTS-1, ~~FTS-WD~~, FTS-2, ~~or FTS-3~~, FTS-WD or FTS-WD-2 as applicable, including, without limitation, the right to participate in Transporter's capacity relinquishment program pursuant to this Section 18, and the right to use alternate receipt and delivery points as provided for in such Rate Schedules; provided, however, that a Shipper who acquires a segment of capacity under Rate Schedule FTS-1, FTS-2 or FTS-3 which is located entirely within Transporter's Western Division acquires the Primary and Alternate Delivery Point rights of a Western Division Shipper.

- I. Creditworthiness:

Pre-Qualified Bidder Requirement. All parties desiring to acquire firm capacity must be determined to be creditworthy under Transporter's FERC Gas tariff, Section 16, prior to bidding on and being awarded relinquished capacity hereunder. A bidder's creditworthiness shall be assessed on the same basis as a Shipper's creditworthiness under the terms of Transporter's Rate Schedule FTS-1, ~~FTS-WD~~, FTS-2, ~~or FTS-3~~, FTS-WD or FTS-WD-2 as applicable.

- J. Recall/Reput Rights:

A Relinquishing Shipper has the right to utilize the standard tariff method as defined below or a Relinquishing Shipper has the right to define the condition(s) precedent that will result in a recall and reput (return to Acquiring Shipper) of capacity subject to a Temporary Relinquishment by specifying such conditions in the Relinquishment Notice. The Relinquishing Shipper has no right to recall the relinquished capacity, other than any

rights set forth in the Relinquishment Notice. This relinquished capacity is recallable in whole or in part at the discretion of the Relinquishing Shipper. At the end of the recall period, the capacity recalled reverts (reput) back to the original Acquiring Shipper in whole or in part. The terms and conditions of any recall rights shall not be inconsistent with the terms and conditions of the Relinquishing Shipper's existing service agreement with Transporter nor the provisions of Transporter's FERC Gas Tariff. No right of recall shall be permitted for any other type of relinquishment. Transporter shall continue to apply all tariff provisions to the Shipper of record until notified of a recall or notified of the termination of such recall and shall change the Shipper of record on a prospective basis only after proper notification of a change. Transporter has the right to rely on a Relinquishing Shipper's notice and a Relinquishing Shipper shall defend and indemnify Transporter against any claims, losses, liabilities, or expense (including reasonable attorney's fees) resulting from claims by any Acquiring Shipper that relinquished capacity was not recalled in accordance with the recall rights specified by the Relinquishing Shipper.

All TSPs should support the following recall notification periods for all released capacity subject to recall rights:

- (i) Timely Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 9:00 a.m. on the day that Timely Nominations are due;
- (ii) Early Evening Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 4:00 p.m. on the day that Evening Nominations are due;
- (iii) Evening Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;

- (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 6:00 p.m. on the day that Timely Nominations are due;
- (iv) Intraday 1 Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due;
- (v) Intraday 2 Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due;
- (vi) Intraday 3 Recall Notification:
 - (a) A Relinquishing Shipper recalling capacity should provide notice of such recall to the TSP and the first Acquiring Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Acquiring Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

For recall notification provided to the TSP prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., the TSP should provide notification to all affected Acquiring Shippers no later than one hour after receipt of such recall notification.

For recall notification provided to the TSP after 5:00 p.m. and prior to 7:00 a.m., the TSP should provide notification to all affected Acquiring Shippers no later than 8:00 a.m. after receipt of such recall notification.

The Relinquishing Shipper shall submit recall or reput notification to Transporter using Transporter's Internet website.

K. Billing and Payment:

An Acquiring Shipper shall be billed by Transporter and shall make payments to Transporter in accordance with the terms of Transporter's FERC Gas Tariff and Shipper's executed service agreement.

For relinquishments under Section 18C.2, to the extent the Acquiring Shipper's bid was on a reservation charge basis, Transporter shall credit the reservation charge of the Relinquishing Shipper's invoice for the month of the relinquishment.

For relinquishments under Section 18C.2 where the Acquiring Shipper's bid was on a volumetric basis, Transporter shall make a reservation charge credit to the usage charge of the Relinquishing Shipper's invoice for the month of the relinquishment and/or make payment to the Relinquishing Shipper by the due date for payment of usage charges to the extent that the reservation charge credit exceeds the Relinquishing Shipper's usage charge invoice. Transporter shall not provide a reservation charge credit to the Relinquishing Shipper in a Permanent Relinquishment.

The Acquiring Shipper shall be obligated to pay Transporter the usage charge effective under the rate schedule pursuant to which service is rendered, plus all applicable volumetric surcharges and fuel charges, applied to the volumes Transporter transports under the Acquiring Shipper's new service agreement.

Transporter will retain the revenues from the usage charge, applicable volumetric surcharges, and fuel charges it receives from the Acquiring Shipper.

L. Transporter's Right to Terminate a Temporary Capacity Relinquishment

Transporter may elect to terminate a Temporary Capacity Relinquishment upon 30-days' written notice to the Acquiring Shipper under the following conditions:

1. The Relinquishing Shipper has failed to maintain creditworthiness pursuant to Section 16; and
2. Transporter has terminated the Relinquishing Shipper's Service Agreement; and
3. The rate paid by the Acquiring Shipper is less than the Relinquishing Shipper's contract rate.

Acquiring Shipper may avoid termination of the Temporary Capacity Relinquishment if, prior to the end of the 30-day notice period, Acquiring Shipper agrees that, beginning the first day after the end of the 30-day notice period, it will pay the lower of: (1) the Relinquishing Shipper's contract rate or (2) the maximum tariff rate under the applicable rate schedule for the remainder of the relinquishment term.

M. Requests to Purchase Releasable Capacity

Any party may initiate a request to purchase releasable firm capacity by following the instructions posted on Transporter's Informational Postings website located at <http://fgttransfer.energytransfer.com> under "Notices, Request to Purchase Releasable Capacity." The form shall specify the terms and conditions of the request and the location of the posting on Transporter's Informational Postings website. Such offer to purchase released capacity shall be posted on Transporter's Informational Postings website for 30 days.

GENERAL TERMS AND CONDITIONS

21. REQUESTING SERVICE ON EXISTING MAINLINE FACILITIES

Transporter will post on its Internet website the availability of firm and interruptible capacity for transportation service. Transporter will provide not unduly discriminatory access to transportation capacity to all Shippers, including without limitation, local distribution companies, end-users, producers, brokers, marketers and other potential shippers who desire such service. Transporter's obligation to provide firm service shall also be subject to the availability of existing capacity to provide the requested service.

A. Procedures to Obtain Interruptible Capacity

To obtain interruptible capacity, Shippers must have executed a Service Agreement under Rate Schedule ITS-1 or ITS-WD, and must comply with the nomination procedures set forth at Section 10 of these General Terms and Conditions.

B. Procedures to Obtain Firm Capacity

1. If and when any Market Area or Western Division firm capacity on existing facilities becomes available for service to start immediately or in the future, other than through the capacity relinquishment program set forth in Section 18, Transporter shall conduct an Open Season for such capacity. Notice of the Open Season shall be posted on Transporter's Internet website for a period of not less than five (5) business days. Such open season posting shall identify the applicable rate schedule under which such capacity is available, a description of the capacity and the mainline area available, any known constraints on normal pipeline operations, and other applicable and relevant information. Shippers or potential Shippers interested in obtaining capacity must submit a request, in writing or electronically, during the specified Open Season. Requests must follow the format set forth in Section 3 of the rate schedule under which the firm capacity is available. Transporter will satisfy all requests which are feasible given existing facilities and existing MDTQ and MDQ and which can be fulfilled without impairment of firm capacity rights held by any other Shipper or without reducing the total contractual entitlements on Transporter's system.
2. To the extent Transporter is unable to satisfy all of the requests and in the event all competing bids reflect a straight fixed variable rate design, Transporter shall award the capacity or portion thereof based on the request with the highest net present value of the reservation charges for the subject capacity not exceeding the maximum rate applicable to such capacity; provided that Transporter shall not be required to satisfy any request for capacity at less than maximum rate, as it may be adjusted from time to time. For the purposes of determining the best bid and allocating capacity, Shippers willing to pay more than the maximum tariff rate will

be considered to be paying the maximum tariff rate. In the event competing bids reflect different rate forms, Transporter shall award the capacity or portion thereof based on the request with the highest net present value of the total expected revenues for the subject capacity, not exceeding revenues based on the maximum 100% load factor tariff rate applicable to such capacity. Transporter will calculate the expected usage revenues from each bidder by applying the expected load factor for each bidder to the volumetric portion of such bid. Transporter shall prorate the available capacity among requests yielding an equivalent net present value. Transporter shall post the winning request(s) and the method of evaluating such request(s) within twenty-four (24) hours after the award of capacity. Irrespective of whether a bid has the highest net present value of the bids received, Transporter may reject bids for service that may detrimentally impact the operational integrity of Transporter's system, do not satisfy all the terms of the specified posting, or contain terms and conditions other than those set forth in Transporter's tariff. Transporter may but shall not be obligated to award capacity to bids that are not for continuous service at a constant MDTQ for the entire term of the service. Transporter shall award open season bids for service in a not unduly discriminatory manner. After evaluation of bids, if Transporter rejects a bid in response to an open season posting pursuant to this Section 21 due to operational integrity concerns, incompleteness, bid provisions contrary to the tariff, bids that are not for continuous service at a constant MDTQ for the entire term of the service, or for any other reason, Transporter will promptly notify Shipper via e-mail of its reason(s) for such rejection.

3. Transporter will post any capacity not awarded in the open season on its Internet website as available unsubscribed capacity. Transporter shall award such capacity on a first-come, first-served basis to Shippers that offer the maximum tariff rate or an acceptable discounted or negotiated rate for service to commence within ninety (90) days.

C. Future Sales of Capacity

1. Transporter may sell firm capacity with a service commencement date more than ninety (90) days in the future when such capacity is (1) available unsubscribed capacity, (2) capacity that will become available and is not subject to a right of first refusal or unilateral rollover provision, or (3) available due to modification, construction and/or acquisition of facilities, by either conducting an open season or by selling such capacity on a prearranged basis. Transporter will separately identify on its Internet website all capacity that is anticipated to become available in the future.
2. When Transporter conducts an open season, it will post notice of the open season on its internet website for at least five (5) business days to afford all potential Shippers an opportunity to acquire the capacity. Such open season posting shall identify the applicable rate schedule under which such capacity is available, a

description of the capacity and the mainline area available, any known constraints on normal pipeline operations, and other applicable and relevant information. Any potential Shipper wishing to acquire capacity may request an immediate or future commencement date (if the capacity will become available in the future). Transporter shall award capacity on a net present value basis consistent with GT&C Section 21.B.2.

3. When Transporter sells future capacity on a prearranged basis, Transporter will post the terms of the prearranged transaction and other parties will have an opportunity to bid on the capacity. Within three (3) business days of entering into a prearranged service agreement, Transporter will post a notice on its Internet web site indicating that the prearranged capacity will be subject to an open bidding process for a period of not less than five (5) business days, even if such capacity has already been subject to an open season bidding process and is currently posted as available capacity. If another party submits a bid with a higher net present value, the prearranged Shipper will have a one-time right to match the higher bid in order to retain the capacity. The prearranged Shipper must notify Transporter within three (3) business days of its election to either match the bid with the highest net present value or terminate the prearranged agreement. If the prearranged Shipper elects not to match a higher competing bid, the capacity will be awarded to the highest creditworthy bidder in accordance with GT&C Section 21.B.2. If there is an open season ongoing for certain capacity, Transporter shall not enter into a prearranged deal for that capacity during the open season. Transporter shall not enter into any prearranged deals for capacity that has not previously been posted on its Internet website.

D. Reserved Capacity

In addition to the procedures set forth in this Section 21, Transporter shall have the right, but shall not be obligated, from time to time to hold open seasons for potential expansion projects or for available capacity for which no request has been received. During any such open season, Transporter shall allocate the capacity subject to such open season on the basis of the highest net present value to Transporter, as determined pursuant to the method described in Section 21.B.2. In this connection, to the extent Transporter has (i) available unsubscribed capacity or (ii) capacity under expiring or terminating service agreements where such capacity is not subject to a right of first refusal or Shipper does not exercise its right of first refusal, Transporter reserves the right, but shall not be obligated, to reserve such capacity for a future expansion project. Transporter may reserve capacity for a future expansion project for which an open season has been held or will be held. Any capacity reserved pursuant to this Section 21.D must first be posted as available capacity on Transporter's Internet website for at least five (5) business days. Any capacity reserved under this Section 21.D may be reserved for up to twelve (12) months prior to the time Transporter files for certificate approval for proposed construction of a related project and thereafter until all expansion facilities are placed into service. Any open season posting for an expansion project shall include a solicitation for turnback capacity from Transporter's

existing Shippers. Any capacity reserved for a future expansion project that does not go forward shall be reposted as generally available within thirty (30) days of the date the capacity becomes available.

E. Interim Capacity

Any capacity that is awarded in a future sale pursuant to Section 21.C will be made available to other Shippers on an interim basis up to the commencement date of the prospective firm transportation service agreement. Any capacity reserved under Section 21.D shall be made available for transportation service on an interim basis up to, but not including, the in-service date of the related expansion project(s). If such interim capacity would otherwise be eligible for the right of first refusal pursuant to GT&C Section 20.B or a rollover provision pursuant to Section 20.A.2, the interim service agreement shall reflect a limitation on the renewal rights commensurate with the future service commencement date.

F. Procedures to Obtain Firm Capacity at a New Location Within Shipper's MDTQ

Firm Shippers interested in obtaining firm capacity at a new location or an increase in MDQ at an existing location, which new location or increase in MDQ requires the construction of facilities but not the increase in Shipper's total contractual MDTQ, shall submit a request, in writing or electronically, for capacity pursuant to Section 3 of the FTS-1, ~~FTS-WD~~, FTS-2, ~~or~~ FTS-3, FTS-WD or FTS-WD-2 Rate Schedule, but which contains only the information relevant to the changes requested.

G. Construction of Facilities

Transporter shall have no obligation to modify its existing facilities or construct new facilities in order to receive or deliver Shipper's gas unless otherwise ordered by the Commission. However, if a Shipper requests new or additional transportation service and Transporter is agreeable to providing the requested service it will do so on the following terms, unless otherwise agreed to in writing, on a not unduly discriminatory basis:

1. If Transporter agrees to construct, own and operate lateral pipelines (if applicable), metering and regulating facilities that include electronic measurement and data communication equipment (if applicable) and/or new and/or additional points of delivery to such Shipper or points of receipt from such Shipper: (1) the metering and regulating facilities shall be installed at point(s) which, in Transporter's reasonable judgment, is the most practical, convenient and readily accessible location; (2) the lateral pipeline (if any) shall be installed by use of not less than a nominal four-inch (4") diameter pipe; (3) the Shipper will provide all exhibits necessary to support the proposed service for any needed FERC proceedings and; (4) the Shipper will contribute an aid-to-construction amount to Transporter which is equal to the cost of the additional facilities including all costs involved in filing any applications, pursuing said approvals, and in obtaining all licenses and permits

required for the services or construction and, further, amounts necessary to reimburse any costs, including any income taxes that may be incurred by Transporter as a result of the contribution. Transporter and Shipper will agree on which party will construct and/or own and/or operate any facilities to be constructed.

2. Shippers, whether new or existing, shall bear all costs and expenses attributable to the construction of any lateral pipelines or expansions of existing lateral pipelines. Nothing in this section shall require Transporter to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act.

Further, nothing in this section shall prevent Transporter from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. Transporter reserves the right to seek a waiver of the policy set forth herein, for good cause shown, during any proceeding before the Commission instituted under Section 7 of the Natural Gas Act.

3. On a not unduly discriminatory basis, Transporter may agree to pay for all or part of the cost incurred by Transporter for the modification or construction of taps, valves, measurement equipment, laterals, or other facilities required at receipt or delivery point(s) to effectuate the receipt from, or delivery to, Shipper of natural gas, as requested hereunder, when the construction or modification of such facilities is economically beneficial to Transporter. Notice of any such construction subsidy shall be posted on Transporter's Internet website for a period of thirty (30) days following any such agreement.

For the purposes of determining whether a project to receive or deliver gas for Shipper is economically beneficial to Transporter, Transporter will evaluate each prospective project, on a not unduly discriminatory basis, based upon, among other criteria, the cost of the facilities to be constructed for such Shipper by Transporter, the incremental operating and maintenance expenses and/or administrative and general expenses which would be attributable to the facilities, and the revenues which Transporter estimates will be generated as a result of constructing and/or modifying such facilities.

H. Execution of Service Agreements

Upon a determination by Transporter that sufficient capacity exists to provide a requested firm service under 21.B, 21.C, 21.D, 21.E or 21.F, Transporter will make available on its Internet website to the requesting Shipper a Service Agreement in the form contained in Transporter's FERC Gas Tariff for the requested service. Shipper must execute, in writing or electronically pursuant to the procedures in Section 9.B of these General Terms and Conditions, and return such Service Agreement to Transporter within fifteen (15) days of receipt or its availability on Transporter's Internet website. Failure to execute the Service Agreement shall result in Shipper's forfeit of its allocation of capacity under 21.B. Any forfeited allocation of capacity shall be reallocated pursuant to the procedures contained herein.

GENERAL TERMS AND CONDITIONS

22. ANNUAL CHARGE ADJUSTMENT CLAUSE

A. Purpose

The purpose of Section 22 is to establish an Annual Charge Adjustment (ACA) clause as permitted by Section 154.402 of the Federal Energy Regulatory Commission (Commission) Regulations under the Natural Gas Act, which allows a natural gas pipeline company to adjust its rates annually to recover from its Shippers annual charges assessed it by the Commission under Part 382 of the Commission's Regulations.

This Section establishes an ACA unit charge to be applicable to the following rate schedules:

Rate Schedules FTS-1, ~~FTS-WD~~, FTS-2, FTS-3, SFTS, ~~FTS-WD~~, ~~FTS-WD-2~~, ITS-1, and ITS-WD

Transporter shall not recover the annual charges assessed by the Commission and recorded in FERC Account No. 928 in a NGA Section 4 rate case for any time period during which this ACA clause is in effect.

B. ACA Unit Charge

The ACA unit charge calculated by the Commission is in addition to any amounts otherwise payable to Transporter under the Rate Schedules specified in Section 22.A herein. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Transporter's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Natural Gas, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year.

GENERAL TERMS AND CONDITIONS

24. ACCOUNTING FOR CASH-OUT MECHANISM AND OPERATIONAL CONTROLS

In order to maintain an operational system balance on its pipeline system, Transporter will incur certain costs, generate certain revenues, and maintain certain volumetric balances which are subject to in-kind resolution at a later date. The accounting for and disposition of these costs and revenues and the interrelationship of the various mechanisms in maintaining an operational system balance shall be as set forth below.

A Settlement Period shall mean the production months reflected in a twelve month accounting period ending each September 30; provided that the initial Settlement Period subject to these provisions will commence with the first accounting month following the effectiveness of these provisions and end the following September 30. Transporter shall utilize the same production months in each Settlement Period for each mechanism, notwithstanding differences in the accounting cycles in which the various mechanisms are recorded.

A. Determination of Account Balances

1. Cash-Out Mechanism Account

Amounts invoiced and paid pursuant to the provisions of Section 14.B of these General Terms and Conditions ("GTC"), less the transportation component of such charges, will be recorded as cash-out mechanism revenues and costs with the associated volumes. Following each service year ending on September 30, Transporter will determine the volumetrically balanced net cash balance of the Cash-Out Mechanism Account for the Settlement Period attributable to the application of the Imbalance Level factors and posted price indices provided for in Section 14.B herein by:

- a. Totaling the volumetric imbalances due Imbalance Parties and the amounts paid by Transporter to such Imbalance Parties, and calculating the weighted average price paid for such imbalances; and
- b. Totaling the volumetric imbalances due Transporter and the amounts invoiced for such imbalances (net of transportation component), and calculating the weighted average price for such imbalances; and
- c. Calculating the Excess Volumetric Cash-Out Volume as the volumetric difference between (a) and (b) above and calculating the Excess Volumetric Cash-Out Costs or Revenues associated with such volume by applying the weighted average price for such imbalance as calculated pursuant to (a) and (b) above. Such Excess Volumetric Cash-Out Volumes and Costs or

Revenues will be deducted from the cash-out account balances and transferred to settlement of the Balancing Tools Account.

2. Fuel Mechanism Account

The volumes and associated dollar amounts calculated pursuant to General Terms and Conditions Section 27.E., which represent the monthly differences between retained fuel and actual fuel (including lost and unaccounted for volumes), for each month of the Settlement Period shall also be accounted for in the Annual Report as defined in Section B.3 herein. The procedure shall be the same as the Cash-Out Mechanism Account described in Section 24.A.1 above.

3. Balancing Tools Account

Amounts invoiced or paid, and associated volumes if any, related to Operational Purchases and Sales (General Terms and Conditions Section (GTC Sec. 17.C.5), Alert Day Overages (GTC Sec. 13.D.4), Alert Day Underages (GTC Sec. 13.D.5), OBA's subject to cash resolution (GTC Sec. 12.A.), Unauthorized Gas (GTC Sec. 12.D.), Unscheduled Deliveries (GTC Sec. 13.1.C), Deferred Exchanges (GTC Sec. 17.C.6.), non-compliance with OFO's (GTC Sec. 17.C.3), and charges or credits related to non-compliance with any applicable delivery tolerance provisions of the above, as well as the MSS and Pack/Draft provisions, will be recorded in a Balancing Tools Account. Also, fifty percent (50%) of the revenues received by Transporter as compensation for the transportation aspect of MSS Service shall be recorded in the Balancing Tools Account. In addition, Excess Volumetric Cash-Out Volumes and Costs or Revenues and Excess Volumetric Fuel Volumes and Costs or Revenues, as determined in Sections 24.A.1.c. and 24.A.2, respectively, will be included in the settlement of the Balancing Tool Account. Following the end of each Settlement Period, Transporter will determine the volumetrically balanced net cash balance of the Balancing Tool Account by:

- a. Totaling the amounts paid by Transporter, and associated volumes, if any, related to the cost items identified in 24.A.3 above plus any Excess Volumetric Cash-Out Volumes and Costs from the Cash-Out Mechanism and any Excess Volumetric Fuel Volumes and Costs from the Fuel Mechanism, and calculating the weighted average unit price associated with such balancing cost transactions; and
- b. Totaling the amounts invoiced by Transporter, and associated volumes, if any, related to the revenue items identified in 24.A.3 above plus any Excess Volumetric Cash-Out Volumes and Revenues from the Cash-Out Mechanism and any Excess Volumetric Fuel Volumes and Revenues from the Fuel Mechanism, and calculating the weighted average unit price associated with such balancing revenue transactions; and

- c. Determining the Excess Volumetric Balancing Tool Volume reserved for in-kind resolution at the end of the prior Settlement Period, and making a reduction to the offsetting account in the current Settlement Period at the current period weighted average unit price; and
 - d. Subtracting from the remaining volumetric and cash balances the excess volumetric imbalance and related costs or revenues respectively, at the weighted average price associated with such imbalance (Excess Volumetric Balancing Tool Volumes and Costs or Revenues). Such Excess Volumetric Balancing Tool Costs or Revenues from the current Settlement Period will be used by Transporter to offset revenues or costs associated with any outstanding volumetric imbalances which will be resolved on an in-kind basis during the next Settlement Period. The Excess Volumetric Balancing Tool Volumes will be carried forward to the next Settlement Period as the volumetric basis of the adjustment provided for in c. above.
 4. Beginning with the cumulative ending balance at the end of Settlement Period 9 (as of September 30, 2001) interest shall accrue on the cumulative monthly balance of the Cash-Out Mechanism Account, the Fuel Mechanism Account, and the Balancing Tools Account in accordance with Section 154.501(d) of the Federal Energy Regulatory Commission's Regulations.
- B. Reporting and Disposition of Account Balances
1. After determining the volumetrically balanced net cash balance of both the Cash-Out Mechanism Account, the Fuel Mechanism Account, and the Balancing Tools Account as provided for in A. above, Transporter shall determine the Overall Net Cash Balance to be refunded or carried forward by:
 - a. Adding the net cost or revenue balance of the Balancing Tools Account to the net cost or revenue balance of the Cash-Out Mechanism Account and the Fuel Mechanism Account, and
 - b. Adjusting the balance resulting from a. above for any net cost carried forward from the prior Settlement Period, plus interest as defined in Section 24.A.4 herein.
 2. If the Overall Net Cash Balance resulting from 1a. and b. above is a net revenue balance, Transporter shall refund such balance to all Shippers under Rate Schedules FTS-1, FTS-2, FTS-3, ~~FTS-WD~~, SFTS, ~~FTS-WD~~, ~~FTS-WD-2~~, ITS-1, and ITS-WD based on the ratio of each such Shipper's scheduled volumes for the production months reflected in the associated Settlement Period to the total volumes scheduled under such rate schedules for the associated Settlement Period. Refunds shall be provided to Shippers within sixty (60) days of filing the Annual Report provided for in 3. below if there are no protests to such report. In the event of protests to the

Annual Report provided for in 3. below, refunds shall be provided to Shippers within thirty (30) days following a final FERC order accepting such report. If the Overall Net Cash Balance resulting from 1a. and b. above is a net cost balance, such balance shall be carried forward into the next Settlement Period.

3. By each December 31, Transporter will file a report (Annual Report) with the FERC detailing the results of determinations of the volumetrically balanced net cash balances for the Settlement Period ending the preceding September 30 as provided for in A. above.

GENERAL TERMS AND CONDITIONS

27. FUEL REIMBURSEMENT CHARGE ADJUSTMENT

The Fuel Reimbursement Charge Adjustment shall include: (1) the Gas Fuel Reimbursement Charge Percentage ("FRCP"), including system Gas Loss and Unaccounted For ("LAUF"), and (2) the Unit Fuel Charge consisting of the Deferred Gas Fuel Surcharge, including deferred system LAUF, and the Electric Power Cost and the Deferred Electric Power Cost Surcharge. The FRCP and the Unit Fuel Charge shall be maintained and applied separately for the Market Area and the Western Division.

The FRCP and the Unit Fuel Charge shall be adjusted in accordance with this Section 27 and shall be set forth on the Currently Effective Rates for Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, FTS-WD, FTS-WD-2, -ITS-1 and ITS-WD of this Tariff.

A. Filing of Fuel Reimbursement Charge Adjustment

1. Effective Date

The effective date of each Fuel Reimbursement Charge Adjustment for the Market Area and the Western Division shall be April 1 and October 1 which shall establish the Base FRCP and the Base Unit Fuel Charge for each adjustment period.

2. Fuel Reimbursement Charge Adjustment Periods

The Fuel Reimbursement Charge Adjustment Periods shall be the six (6)-month periods beginning each April 1 ("Summer Period") and October 1 ("Winter Period").

3. Filing Procedures

At least thirty (30) days prior to the Effective Date, Transporter shall file workpapers with the Commission setting forth the separate Fuel Reimbursement Charge Adjustment for the Market Area and the Western Division as determined in accordance with this Section 27.

4. Calculation Quantities

For all calculations involving the quantity of gas delivered by Transporter in Sections B.2, C, D and E herein, the Market Area delivered quantity shall exclude quantities where gas is received and delivered within the Market Area and the Western Division delivered quantity shall exclude quantities where gas is received and delivered within the Western Division through no more than one (1) compressor station. The system

LAUF quantity shall exclude Western Division forwardhaul deliveries utilizing no compression.

B. Computation of the Gas FRCP

1. The FRCP shall be the sum of the Base FRCP and any flex adjustments, as provided for in Section F, expressed as a percentage rounded to two (2) decimal places and shall be used to calculate the quantity of gas, expressed in MMBtu, to be delivered by or for the account of Shipper and accepted by Transporter at Receipt Point(s) to reimburse Transporter for actual fuel usage, actual quantities of gas delivered to party(ies) as payment for compression services provided to Transporter and LAUF.
2. Computation of the Base FRCP

The Base FRCP for the Market Area and the Western Division shall be determined separately on a semi-annual basis and shall be the sum of the Base FRCP and applicable LAUF.

- a. The Base FRCP shall be determined separately for the Market Area and the Western Division and shall be calculated by dividing the actual fuel usage, plus actual quantities delivered to party(ies) as payment for compression services provided to Transporter by the actual quantity of gas delivered by Transporter for the account of Shippers. For the purpose of this computation, actual fuel usage, actual quantities delivered to party(ies) as payment for compression services provided to Transporter, LAUF and actual quantity of gas delivered by Transporter shall be those quantities related to the six-month period commencing one year prior to the effective date of the FRCP. In computing the Base FRCP, Transporter may file for adjustments to actual fuel usage, actual quantities delivered to party(ies) as payment for compression services provided to Transporter, LAUF or actual quantity of gas delivered to provide for known and measurable changes and to the extent Transporter proposes such adjustments, Transporter shall include supporting workpapers.
- b. Transporter shall determine a system LAUF percentage that shall be included in the Base FRCP, as applicable.

C. Computation of the Deferred Gas Fuel Surcharge

For the Market Area, the Western Division and the system LAUF, Transporter shall establish and maintain separate Deferred Gas Fuel Accounts for the Summer and Winter Periods. For each billing month, the applicable seasonal Deferred Gas Fuel Account shall be increased or decreased by the volumetric difference between retained fuel and actual fuel (including actual quantities of gas delivered to party(ies) as payment for compression services provided to Transporter and LAUF) valued at the simple arithmetic

average of the Sales Posted Price and the Purchase Posted Price as defined in the monthly balancing provisions of Section 14.

The quantity recorded in the Market Area or Western Division Deferred Gas Fuel Accounts shall be the difference between (1) the product obtained by multiplying the applicable effective FRCP for the Market Area or the Western Division by the total throughput for the Market Area or Western Division excluding those quantities identified in Section 27.A.4 above and (2) the actual quantities of gas expended for fuel usage, actual quantities of gas delivered to party(ies) as payment for compression services provided to Transporter, less fuel retained on the excluded quantities identified in Section 27.A.4 above.

The quantity recorded in the system LAUF Deferred Account shall be the difference between (1) the product obtained by multiplying the applicable effective Fuel Reimbursement Charge Percentage for LAUF by the total system throughput, excluding those quantities identified in Section 27.A.4 above, and (2) LAUF and any change in line pack attributable to operation of the cash-out mechanism during the billing month.

In no event shall the balance of a summer Deferred Gas Fuel Account be recovered in the Winter period; nor shall the balance in a Winter Deferred Gas Fuel Account be recovered in the Summer Period.

Interest on the Market Area and the Western Division Deferred Gas Fuel Accounts shall accrue in accordance with Section 154.501(d) of the Commission's Regulations.

The Deferred Gas Fuel Surcharge shall be computed by dividing the balance of the Summer or Winter Deferred Gas Fuel Account, as appropriate, plus interest and unamortized balance from the prior corresponding recovery period by the estimated quantity of gas to be delivered during the recovery period.

D. Computation of Electric Power Cost

The Electric Power Cost shall include the cash payments made by Transporter to electric providers incurred in the operation of electric compression, excluding cash payments to electric providers for monthly demand charges and surcharges and taxes based on such demand charges at Compressor Station No. 13A. The Electric Power Cost shall be determined separately for the Market Area and the Western Division and shall be calculated by dividing the projected payments to electric providers by the estimated quantity of gas to be delivered in the Market Area or the Western Division, as applicable, during the recovery period. For the purpose of this computation, payments to electric providers shall be those payments related to the six-month period commencing with the effective date of each Electric Power Cost. Transporter shall include supporting workpapers.

E. Computation of the Deferred Electric Power Cost Surcharge

1. For each billing month, the applicable seasonal Market Area or Western Division Deferred Electric Power Cost Account shall be increased or decreased by the difference between the amount received from the Market Area or Western Division Electric Power Cost, and actual cash payments to electric providers, including billing adjustments, surcharges and taxes, incurred in the operation of electric compression; provided, however, cash payments to electric providers for monthly demand charges and surcharges and taxes based on such demand charges at Compressor Station No. 13A shall be excluded as applicable.

In no event shall the balance of a summer Deferred Electric Power Cost Account be recovered in the Winter period; nor shall the balance in a Winter Deferred Electric Power Cost Account be recovered in the Summer Period.

Interest on the Market Area and the Western Division Deferred Electric Power Cost Accounts shall accrue in accordance with Section 154.501(d) of the Commission's Regulations.

2. The Deferred Electric Power Cost Surcharge shall be computed by dividing the balance of the Summer or Winter Deferred Electric Power Cost Account, as appropriate, plus interest and any unamortized balance from the prior corresponding recovery period by the estimated quantity of gas to be delivered during the recovery period.

F. Flex Adjustments

Transporter may at any time file to make a flex adjustment to the Market Area or the Western Division FRCP. Such adjustment shall not adjust the FRCP more than a total of five-tenths percent (0.5%) from the Base FRCP and shall only be effective at the beginning of a month. Notification of a flex adjustment shall be posted on Transporter's Internet website at least five (5) working days prior to the nomination deadline for the first day of the month under Section 10. Tariff records reflecting such adjustment shall become effective on the date proposed, provided that Transporter files such tariff records no more than sixty (60) days and at least seven (7) days before the proposed effective date and shall become effective without prior FERC approval.

G. Interim Adjustments

Transporter may at any time file to make an interim adjustment to the Base Unit Fuel Charge for the Market Area or the Western Division provided that such adjustment may not result in the Unit Fuel Charge differing from the Base Unit Fuel Charge by more than \$0.0050 per MMBtu. Such adjustment shall only be effective at the beginning of the month and tariff sections shall become effective on the date proposed, provided that the Transporter files such tariff records no more than sixty (60) days and no later than seven (7)

days prior to the proposed effective date. Such tariff records shall be effective without prior FERC approval and notice shall be provided to Shippers at least five (5) working days prior to the nomination deadline for the first day of the month under Section 10.

H. Western Division Fuel Charges

For gas delivered in Transporter's Western Division, Transporter shall retain as fuel reimbursement the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Adjustment listed on the Currently Effective Rates for Rate Schedules FTS-WD, [FTS-WD-2](#) and ITS-WD.

I. Fuel Charges Applicable to Quantities Received and Delivered in Market Area

For gas received and delivered within Transporter's Market Area, Transporter shall retain as fuel reimbursement the FRCP listed on the Currently Effective Rates for Rate Schedules FTS-1, FTS-2, FTS-3, SFTS and ITS-1 applied to transportation of natural gas through compressor stations needed to move natural gas on a forwardhaul basis from Market Area Points of Receipt to Market Area Points of Delivery; provided however, the minimum fuel charge, including LAUF, shall be 0.25% and the maximum fuel charge shall be the effective Fuel Reimbursement Charge Adjustment. For Backhauls from Market Area Points of Receipt to Market Area Points of Delivery, the fuel charge, including LAUF, shall be 0.25%.

Part VII
Form of Service Agreements

Rate Schedule FTS-1	Form of Service Agreement Including NNTS Addendum
Rate Schedule FTS-2	Form of Service Agreement
Rate Schedule FTS-3	Form of Service Agreement
Rate Schedule SFTS	Form of Service Agreement Including NNTS Addendum
Rate Schedule FTS-WD	Form of Service Agreement
<u>Rate Schedule FTS-WD-2</u>	<u>Form of Service Agreement</u>
Rate Schedule ITS-1	Form of Service Agreement
Rate Schedule ITS-WD	Form of Service Agreement
Rate Schedule PNR	Form of Service Agreement
Rate Schedule IPS	Form of Service Agreement

[The header on this page may contain information related to the identification of the Service Agreement necessary for administrative purposes.]

[FORM OF]SERVICE AGREEMENT
Firm Transportation Service - Western Division
Rate Schedule FTS-WD-2

Contract No. _____

THIS AGREEMENT entered into this _____ day of _____, _____, by and between Florida Gas Transmission Company, LLC, a limited liability company of the State of Delaware (herein called "Transporter"), and _____ (herein called "Shipper"),

[or, alternatively, omit the above paragraph and, when applicable, pursuant to Section 1(d) of Rate Schedule FTS-WD-2, insert the following paragraph:

THIS AGREEMENT entered into this _____ day of _____, _____, by and between Florida Gas Transmission Company, LLC, a limited liability company of the State of Delaware (herein called "Transporter") and _____, as agent, for _____ ("Principals"), hereinafter individually and collectively referred to as "Shipper," which Principals meet the requirements set forth in Section 1(d) of Rate Schedule FTS-WD-2 which is incorporated herein by reference.]

WITNESSETH

[Insert applicable WHEREAS clauses for background and informational purposes -- not to include binding consideration]

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged, Transporter and Shipper do covenant and agree as follows:

ARTICLE I
Definitions

In addition to the definitions incorporated herein through Transporter's Rate Schedule FTS-WD-2, the following terms when used herein shall have the meanings set forth below:

1.1 The term "Rate Schedule FTS-WD-2" shall mean Transporter's Rate Schedule FTS-WD-2 as filed with the FERC as changed and adjusted from time to time by Transporter in accordance with Section 4.2 hereof or in compliance with any final FERC order affecting such rate schedule.

1.2 The term "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory agency or body, including the Congress, which has authority to regulate the rates and services of Transporter.

ARTICLE II
Quantity

2.1 The Maximum Daily Transportation Quantity ("MDTQ") shall be set forth on a seasonal basis, and by Division if applicable, on Exhibit B attached hereto. The applicable MDTQ shall be the largest daily quantity of gas expressed in MMBtu, that Transporter is obligated to transport and make available for delivery to Shipper under this Service Agreement on any one day.

2.2 During the term of this Agreement, Shipper may tender natural gas for transportation to Transporter on any day, up to the MDTQ plus Transporter's fuel, if applicable. Transporter agrees to receive the aggregate of the quantities of natural gas that Shipper tenders for transportation at the Receipt Points, up to the maximum daily quantity specified for each receipt point as set out on Exhibit A, plus Transporter's fuel, if applicable, and to transport and make available for delivery to Shipper at each Delivery Point specified on Exhibit B, up to the amount scheduled by Transporter less Transporter's fuel, if applicable (as provided in Rate Schedule FTS-WD-2), provided however, that Transporter shall not be required to accept for transportation and make available for delivery more than the MDTQ on any day.

ARTICLE III
Payment and Rights in the Event of Non-Payment

3.1 Upon the commencement of service hereunder, Shipper shall pay Transporter, for all service rendered hereunder, the rates established under Transporter's Rate Schedule FTS-WD-2 as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded.

3.2 Termination for Non-Payment. In the event Shipper fails to pay for the service provided under this Agreement, pursuant to the condition set forth in Section 15 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Transporter shall have the right to terminate this Agreement pursuant to the condition set forth in said Section 15.

ARTICLE IV
Rights to Amend Rates and Terms and Conditions of Service

4.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule and of the applicable provisions of the General Terms and Conditions of Transporter on file with the FERC (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

4.2 Transporter shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in (a) the rates and charges applicable to its Rate Schedule FTS-WD-2, (b) Rate Schedule FTS-WD-2 including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; provided however, that the firm character of

service shall not be subject to change hereunder by means of a Section 4 Filing by Transporter, and/or (c) any provisions of the General Terms and Conditions of Transporter's Tariff applicable to Rate Schedule FTS-WD-2. Transporter agrees that Shipper may protest or contest the aforementioned filings, 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.

ARTICLE V

Term of Agreement and Commencement of Service

5.1 This Agreement shall become effective _____ and shall continue in effect _____ [include end date of primary term and any applicable rollover or Right of First Refusal details].

5.2 In the event the capacity being contracted for was acquired pursuant to Section 18.C.2. of Transporter's Tariff, then this Agreement shall terminate on the date set forth in Section 5.1 above. Otherwise, upon the expiration of the primary term and any extension or roll-over, termination will be governed by the provisions of Section 20 of the General Terms and Conditions of Transporter's Tariff.

5.3 Service hereunder shall commence as set forth in Section 2 of Rate Schedule FTS-WD-2.

ARTICLE VI

Point(s) of Receipt and Delivery and Maximum Daily Quantities

6.1 The Primary Point(s) of Receipt and maximum daily quantity for each Primary Point of Receipt, for all gas delivered by Shipper into Transporter's pipeline system under this Agreement shall be at the Point(s) of Receipt in Transporter's Western Division as set forth in Exhibit A attached hereto. Such Primary Point(s) of Receipt must be located east of the Primary Point(s) of Delivery under this Service Agreement. Shipper may request changes in its Primary Point(s) of Receipt and Transporter shall make such changes in accordance with the terms of Rate Schedule FTS-WD-2 and the applicable General Terms and Conditions of its Tariff.

6.2 The Primary Point(s) of Delivery and maximum daily quantity for each Primary Point of Delivery for all gas made available for delivery by Transporter to Shipper, or for the account of Shipper, under this Agreement shall be at the Point(s) of Delivery in Transporter's Western Division as set forth in Exhibit B attached hereto. Such Primary Point(s) of Delivery must be located west of the Primary Point(s) of Receipt under this Service Agreement. Shipper may request changes in its Primary Point(s) of Delivery and Transporter shall make such changes in accordance with the terms of Rate Schedule FTS-WD-2 and the applicable General Terms and Conditions of its Tariff.

ARTICLE VII
Notices

All notices, payments and communications with respect to this Agreement shall be in writing and sent to Transporter's address posted on Transporter's Internet website or to Shipper's address stated below or at any other such address as may hereafter be designated in writing:

Shipper:

Attention:

Telephone No.

Fax No.

ARTICLE VIII
Construction of Facilities

To the extent that construction of new or requested facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 21 of the General Terms and Conditions of Transporter's Tariff.

ARTICLE IX
Regulatory Authorizations and Approvals

[Include the language below in Article X of this Agreement only in the event of agreement or settlement related to an expansion of Transporter's system. Otherwise Article X shall read in its entirety as follows: "Article X – Not Applicable".]

9.1 Transporter's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service to Shipper in accordance with the terms of Rate Schedule FTS-WD-2 and this Service Agreement and the General Terms and Conditions of Transporter's Tariff.

ARTICLE X
Pressure

10.1 The quantities of gas delivered or caused to be delivered by Shipper to Transporter hereunder shall be delivered into Transporter's pipeline system at a pressure sufficient to enter Transporter's system, but in no event shall such gas be delivered at a pressure exceeding the maximum authorized operating pressure or such other pressure as Transporter permits at the Point(s) of Receipt.

10.2 Transporter shall have no obligation to provide compression and/or alter its system operation to effectuate deliveries at the Point(s) of Delivery hereunder.

ARTICLE XI
Other Provisions

ARTICLE XII
Miscellaneous

12.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

12.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

12.3 This Agreement contains Exhibits A and B which are incorporated fully herein.

12.4 THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO ANY CONFLICT OF LAWS DOCTRINE WHICH WOULD APPLY THE LAWS OF ANOTHER JURISDICTION.

ARTICLE XIII
Superseding Prior Service Agreements

This Agreement supersedes and replaces the following Service Agreements between Transporter and Shipper:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers effective as of the date first written above.

<u>TRANSPORTER</u>	<u>SHIPPER</u>
<u>FLORIDA GAS TRANSMISSION COMPANY, LLC</u>	
<u>By</u>	<u>By</u>
<u>(Please type or print name)</u>	<u>(Please type or print name)</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

EXHIBIT A
TO
RATE SCHEDULE FTS-WD-2 SERVICE AGREEMENT
BETWEEN
FLORIDA GAS TRANSMISSION COMPANY, LLC
AND

DATED
_____,
Contract No. _____
Amendment No. _____
Effective Date of this Exhibit A: _____

[Transporter and Shipper may use any format to display the description of Points of Receipt and associated Maximum Daily Quantity (MDQ) by season, month and/or date range and the Maximum Daily Transportation Quantity (MDTQ).]

(Quantities are exclusive of Fuel Reimbursement. Shipper shall provide fuel pursuant to Fuel Reimbursement Charge Adjustment provisions of Transporter's FERC Gas Tariff, General Terms and Conditions.)

EXHIBIT B
TO
RATE SCHEDULE FTS-WD-2 SERVICE AGREEMENT
BETWEEN
FLORIDA GAS TRANSMISSION COMPANY, LLC
AND

DATED

Contract No. _____
Amendment No. _____
Effective Date of this Exhibit B: _____

[Transporter and Shipper may use any format to display the description of Points of Delivery and associated Maximum Daily Quantity (MDQ) by season, month and/or date range as well as maximum hourly quantities, Maximum Daily Transportation Quantity (MDTQ) and delivery pressure.]

(Quantities are exclusive of Fuel Reimbursement.)

[The header on this page may contain information related to the identification of the Service Agreement necessary for administrative purposes.]

EXHIBIT C
TO
RATE SCHEDULE FTS-WD-2 SERVICE AGREEMENT
BETWEEN
FLORIDA GAS TRANSMISSION COMPANY, LLC
AND

DATED

Contract No.

Amendment No.

Effective Date of this Exhibit C: _____

The parties hereby agree that Exhibit A and/or B are revised as described below and revised Exhibit A and/or B are attached hereto.

[Mark the applicable section(s) below for each amendment number.]

Realignment of Points

[summarize the changes to points]

Contract Extension

Contract Quantity

[summarize the changes to MDQ/MDTQ]

Administrative Contract Consolidation
[list each service agreement number with associated MDTQ, termination date and extension rights]

TRANSPORTER _____ SHIPPER

FLORIDA GAS TRANSMISSION COMPANY, LLC

By _____ By _____

(Please type or print name) _____ (Please type or print name)

Title _____ Title _____

Date _____ Date _____

APPENDIX B

CURRENTLY EFFECTIVE RATES
 RATE SCHEDULE FTS-WD-2
 Cents per MMBtu

<u>Description</u>	<u>Rate</u> Per MMBtu	<u>GT&C</u> Sect. 27 Unit Fuel	<u>Maximum</u> Rate	<u>Minimum</u> Rate	<u>Fuel</u> Reimbursement Charge Percentage
FIRM TRANSPORTATION 2/					
Forwardhaul					
Reservation	10.61 <u>9.22</u> ¢	-	10.61 <u>9.22</u> ¢		0.00 ¢ -
Usage 3/	0.03	0.39 ¢ 4/	5/	5/	1.01 <u>0.99</u> % 1/
Backhaul/Exchange					
Reservation	10.61 <u>9.22</u> ¢	-	10.61 <u>9.22</u> ¢		0.00 ¢ -
Usage 3/	0.03	0.20 ¢	5/	5/	0.01 <u>0.08</u> %

1/ Excludes fuel charges by Transporting Pipelines, if any, that are applicable to Shipper in accordance with Section 5 of Rate Schedule FTS-WD-2. 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 ~~0.01~~ 0.08% or b) the stated Fuel Reimbursement Charge Percentage.

2/ 100% Load Factor Rate shall equal the sum of the Reservation and Usage Charge.

3/ Excludes the ACA unit charge applicable to Shippers pursuant to GT&C Section 22.

4/ Exceptions to the stated Unit Fuel Surcharge 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~~ ¢.

5 Shall be the sum of the usage rate plus the Unit Fuel ~~Sur~~Charge.