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December 11, 2014

**VIA ELECTRONIC FILING**

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, MN 55101

Re: In the Matter of the Petition by Minnesota Energy Resources Corporation  
(MERC) for Approval of a Change in Demand Entitlement for its Customers  
Served off of the Consolidated System  
Docket No. G011/M-14-661  
Reply Comments

Dear Dr. Haar:

On December 1, 2014, the Department of Commerce, Division of Energy Resources (the Department) filed Comments recommending that the Minnesota Public Utilities Commission (Commission) accept MERC's peak-day analysis and approve MERC's proposed level of demand entitlement and proposed recovery of associated demand costs effective November 1, 2014, contingent on MERC providing additional information in Reply Comments. MERC thanks the Department for its review and submits the attached Reply Comments responding to the requests for additional information from the Department.

Thank you for your attention to this matter.

Sincerely yours,

/s/ Michael J. Ahern

Michael J. Ahern

**STATE OF MINNESOTA**  
**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

In the Matter of the Petition by  
Minnesota Energy Resources  
Corporation (MERC) for Approval  
of a Change in Demand Entitlement  
for Its Customers Served off of the  
Consolidated System Effective in  
the Purchased Gas Adjustment  
on November 1, 2014

Docket No. G011/M-14-661

**REPLY COMMENTS OF MINNESOTA ENERGY RESOURCES CORPORATION**

Minnesota Energy Resources Corporation (MERC) submits these Reply Comments in response to the December 1, 2014, Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in this docket. In its Comments, the Department recommended that the Minnesota Public Utilities Commission (Commission) accept MERC's peak-day analysis and approve MERC's proposed level of demand entitlement and proposed recovery of associated demand costs effective November 1, 2014, contingent on MERC providing clarification on the following items:

- A. Explanations on how MERC intends to serve its firm customers reliably given the negative Viking pipeline reserve margin and the Viking pipeline situation based on the pressure restrictions and actions taken by the Pipeline and Hazardous Materials Safety Administration (PHMSA);
- B. MERC's perspective on the bi-directional Viking system;
- C. MERC's perspective on whether the Viking pipeline situation and related PHMSA action contributed to its decision to do the regression analysis by pipeline; and
- D. Additional details and clarification regarding the pipeline rates for Viking, Centra and the AECO/Emerson Swap entitlement amounts and rates.

In addition, the Department requested MERC that supplement its November PGA filing in Docket No. G011/AA-14-939 with the relevant FERC pipeline tariff sheets and associated details/clarifications for Viking, Centra and the AECO/Emerson Swap entitlement amounts and rates.

MERC provides responses to the Department's requests for additional information below.

**A. ADDITIONAL INFORMATION REGARDING MERC'S RESERVE MARGIN ON THE VIKING PIPELINE**

The Department first requests that MERC provide additional information regarding MERC's reserve margin on Viking. As summarized in the Department's Comments, although the Consolidated reserve margin is reasonable, MERC's Viking pipeline reserve margin is negative. The Department, therefore, requested that MERC provide additional information regarding reliable service for customers served from the Viking pipeline. MERC responds to the Department's three specific requests as follows:

**1. How MERC expects to serve its firm customers reliably given the negative Viking pipeline reserve margin and the Viking pipeline situation based on the pressure restrictions imposed by PHMSA related to a Viking pipeline rupture that occurred last May**

In the event of the theoretical design day, because Great Lakes Gas Transmission (GLGT) and Viking Gas Transmission (VGT) interconnect each other at St. Vincent, MERC could utilize the positive reserve margin and deliver supply into GLGT on an interruptible basis. Northern Natural Gas (NNG) and VGT also interconnect at Chisago, so MERC could utilize the positive reserve margin on NNG pipeline as well to deliver supply at Chisago into NNG on an interruptible basis. In the event interruptible supply doesn't flow on VGT or NNG, MERC would curtail all interruptible volumes on VGT to ensure serving MERC's firm requirements. Based on the Design Day, MERC is short 267 Dth or a negative 1.68 reserve margin for Viking.

**2. MERC's perspective on the bi-directional Viking system**

The Bi-Directional receipt points on VGT will be beneficial to all shippers once VGT lifts the Maximum Allowable Operating Pressure restrictions currently in place. Based on the VGT list of shippers, Xcel previously had a contract in place that allowed them to flow from Marshfield to Fargo. Xcel also agreed to purchase some incremental capacity at Marshfield.

MERC's capacity has always been contracted at Emerson. MERC looked at the prospect of acquiring capacity at Marshfield and Chisago, but ANR Pipeline did not have the incremental capacity to sell on a firm basis at Marshfield and this would require an expansion on their system, which would add incremental demand costs for MERC customers.

MERC has been in discussions with NNG regarding firm transportation delivered at Chisago on a longer term basis, but NNG cannot currently sell on a long term basis to Chisago and the point is moot point because there is no incremental capacity on VGT. MERC plans to look at this again after this winter to determine the best way to serve the loads off of VGT and GLGT pipelines.

### **3. MERC's perspective on whether the Viking pipeline situation and related PHMSA action contributed to its decision to do the regression analysis by pipeline**

The situation on Viking Gas Transmission had no impact on the decision to do regressions by pipeline. Before MERC received approval to consolidate Centra and VGT, MERC had to perform six different regression analyses:

- Centra-NMU
- GLGT-PNG
- GLGT-NMU
- VGT-PNG
- VGT-NMU; and
- Thief Rivers Falls (GLGT/VGT) (this point was dual supplied between GLGT (approximately 33%) and VGT (approximately 67%)).

With the approval of consolidation, MERC no longer needed to do regression between PNG and NMU so that alleviated the need to do two regressions on GLGT and VGT. In addition, effective

November 1, 2014, Thief River Falls is no longer dual supplied, but is supplied entirely by GLGT. Thus we do not need to a separate regression for Thief River Falls and it is included in the GLGT regression. As a result of these changes, MERC has to do three regressions:

- Centra
- GLGT; and
- VGT.

#### **B. ADDITIONAL INFORMATION REGARDING MERC'S PGA COST RECOVERY PROPOSAL**

Additionally, the Department requested that MERC provide additional information regarding its proposed PGA cost recovery. Specifically, the Department requested that MERC provide additional details and clarification regarding the pipeline rates for Viking, Centra, and the AECO/Emerson Swap entitlement amounts and rates.

Since the Demand Entitlement filing period is effective November 1, 2014, the rate that was used for VGT of \$4.2085 was based on an average of the two rates that will be discussed in the following paragraphs ( $\$3.3978 \times \text{two (2) months} + \$4.3706 \times \text{ten (10) months}$  divided by twelve (12) months, which equals \$4.2085).

The current tariff rate for VGT Zone 1 to Zone 1 and a contract term of five plus (5) years is \$3.3978. See the attached VGT tariffs Part 5.0, Statement of Rates v. 20.0.0 superseding v. 19.0.0., Page 1 of 3, which are attached to these comments as Attachment A.

Effective January 1, 2015, the VGT rate will be increasing, based on a rate case settlement between VGT and the shippers. The new Zone 1 to Zone 1 rate for a five plus (5) year contract will increase to \$4.3706. See VGT Settlement Rates Tariff Changes Filing, Part 5.0, Statement of Rates v. 21.0.0 superseding v. 20.0.0, Page 1 of 3, which is attached to these comments as Attachment B.

Effective November 1, 2014, the firm transportation tariff rate on Centra Pipelines Minnesota Inc. (CPMI) increased from \$1.778 to \$3.251. See the attached CPMI tariff, included with these comments as Attachment C.

Effective November 1, 2014, the firm transportation tariff rate on Centra Transmission Holdings Inc. (CTHI) increased from \$255.8270 \$Cdn/103M3 or approximately \$7.2470/Dth to \$445.7690 \$Cdn/103M3 or approximately \$12.6275/Dth. See the attached CTHI tariff, which is included with these comments as Attachment D.

The cost of the AECO/Emerson Swap is not a tariff-based service but rather is dependent on current market prices. MERC submitted a Request For Proposal (RFP) to all firm suppliers on October 6, 2014. MERC received three proposals from suppliers and chose the least cost proposal which was NGX-AB NIT Month Ahead Index (7A) + \$.9025. The range of proposals was from the 7A index + \$.9025 up to 7A index + \$1.40. The RFP that was sent to the suppliers is included as Attachment E to these comments.

Finally, the Department requested that MERC supplement its November 2014 PGA filing in Docket No. G011/AA-14-939 with the relevant FERC pipeline tariff sheets and associated details for Viking, Centra, and the AECO/Emerson Swap entitlement amounts and rates. MERC has filed a supplement to its November 2014 PGA in Docket No. G011/AA-14-939 as requested.

### **C. CONCLUSION**

Based upon the foregoing, MERC respectfully requests that the Commission grant the demand changes requested herein effective November 1, 2014. If any further information, clarification, or substantiation is required to support this filing please advise.

DATED this 11th day of December, 2014.

Respectfully submitted,

DORSEY & WHITNEY LLP

/s/ Michael J. Ahern

Michael J. Ahern

50 South Sixth Street

Minneapolis, MN 55402

(612) 340-2881

Attorney for Minnesota Energy  
Resources Corporation

# **Attachment A**

## Viking Gas Transmission Tariffs



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## Volume No. 1 Tariff

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**Volume No. 1**

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FERC GAS TARIFF  
VOLUME NO. 1  
OF  
VIKING GAS TRANSMISSION COMPANY  
FILED WITH THE  
FEDERAL ENERGY REGULATORY COMMISSION

Communications Concerning This Tariff  
Should be Addressed to:

Sara Rogers, Regulatory Analyst II  
[sara.rogers@oneok.com](mailto:sara.rogers@oneok.com)  
ONEOK Partners GP, L.L.C., the Operator

Viking Gas Transmission Company  
P. O. Box 871  
Tulsa, Oklahoma 74102-0871  
Telephone: (918) 588-7171  
Facsimile: (918) 732-1363

Address for Courier Delivery:

Viking Gas Transmission Company  
ONEOK Plaza  
100 West 5th Street  
Tulsa, Oklahoma 74103

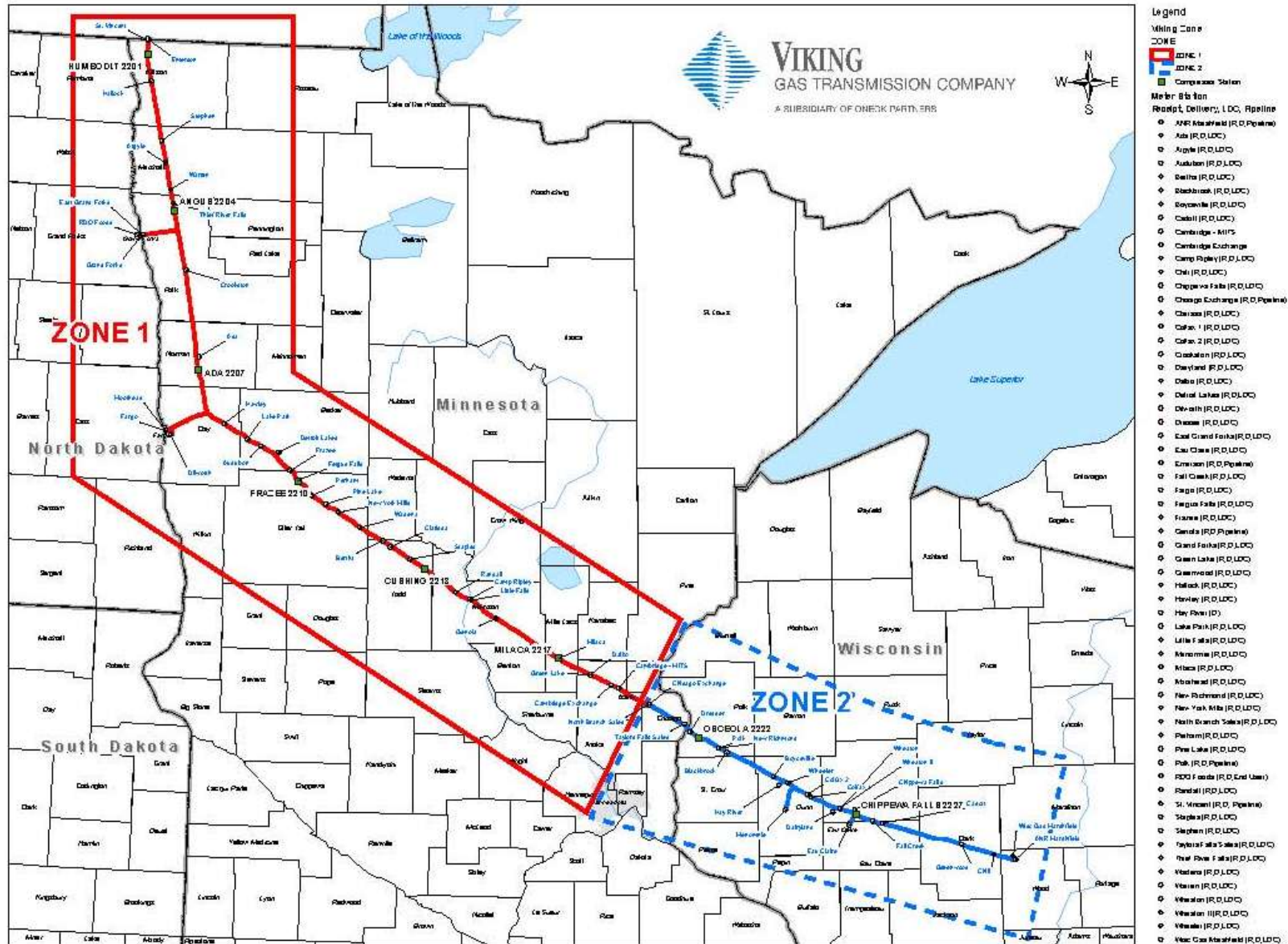
Web Address: [www.vgt.oneokpartners.com](http://www.vgt.oneokpartners.com)

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PRELIMINARY STATEMENT

Viking Gas Transmission Company (Company) is a natural gas transmission company engaged in the business of transporting natural gas in interstate commerce. Company's transmission system extends in a southeasterly direction from the International Boundary at an interconnection with TransCanada PipeLines Limited near Emerson, Manitoba, Canada, through the States of Minnesota and Wisconsin to its terminus at Marshfield, Wisconsin.









STATEMENT OF RATES  
 (Rates Per Dekatherm)

Currently Effective Term-Differentiated Rates

Rate Schedule	Base Tariff Rate
<b>Category 1 (Contract Term of Less than 3 Years)</b>	
Monthly Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$3.6918
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate <sup>1/</sup>	\$4.7894
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$2.0972
Zone 2-2 Minimum Rate	\$0.0000
<b>Category 2 (Contract Term of 3 Years to less than 5 Years)</b>	
Monthly Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$3.5448
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$4.6424
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$1.9502
Zone 2-2 Minimum Rate	\$0.0000
<b>Category 3 (Contract Term of 5 or more Years)</b>	
Monthly Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$3.3978
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$4.4954
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$1.8032
Zone 2-2 Minimum Rate	\$0.0000

1/ Throughout Viking's Statement of Rates and Tariff, "Zone 1-2" shall mean Transportation Service for quantities received in Zone 1 and delivered in Zone 2 or received in Zone 2 and delivered in Zone 1 whether by transport, exchange, or Displacement.

Rate Schedule	Base Tariff Rate
<hr/>	
Category 1 (Contract Term of Less than 3 Years)	
<hr/>	
Daily Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$0.1214
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$0.1575
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$0.0689
Zone 2-2 Minimum Rate	\$0.0000
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Category 2 (Contract Term of 3 Years to less than 5 Years)	
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Daily Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$0.1165
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$0.1526
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$0.0641
Zone 2-2 Minimum Rate	\$0.0000
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Category 3 (Contract Term of 5 or more Years)	
<hr/>	
Daily Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$0.1117
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$0.1478
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$0.0593
Zone 2-2 Minimum Rate	\$0.0000

Rate Schedule	Base Tariff Rate	Fuel and Loss Retention Percentages 2/
Commodity Rates 1/		
FT-A – Maximum Rates		
Zone 1-1	\$0.0127	0.00%
Zone 1-2	\$0.0127	0.00%
Zone 2-2	\$0.0127	0.00%
Minimum Rate	\$0.0127	
IT and AOT		
Zone 1-1	\$0.1341	0.00%
Zone 1-2	\$0.1702	0.00%
Zone 2-2	\$0.0816	0.00%
Minimum Rate	\$0.0127	

- 1/ Pursuant to Section 19 of the General Terms and Conditions, the maximum and minimum commodity rates shall be increased to include the Commission-authorized Annual Charge Adjustment unit rate as published on the Commission’s Web Site located at <http://www.ferc.gov>.
- 2/ The Fuel and Loss Retention Percentages shall be applicable to all transportation rate schedules and includes the following Gas Lost and Unaccounted For Percentages: 0.00% for Zone 1-1, 0.00% for Zone 1-2, and 0.00% for Zone 2-2. Transportation entirely by Displacement will incur only the Gas Lost and Unaccounted For Percentages.

Rate Schedule	Base Tariff Rate	Adjustment Under Section 27 1/	Rate After Current Adjustment
LMS – Monthly Demand Rate	\$0.9800		\$0.9800
LMS – Daily Overrun Rate	\$0.1702		\$0.1702
LMS – Load Management Cost Reconciliation Adjustment		\$0.0116	

- 1/ Pursuant to Section 27 of the General Terms and Conditions of this Tariff, a mechanism is established to reconcile through surcharges or credits to the Rate Schedule LMS rate, as appropriate, differences between the cost to maintain Company’s line pack gas and the amounts Company receives or pays for such gas arising out of the purchase and sale of such gas.

Rate Schedule	Maximum Rate Per Dekatherm	Minimum Rate Per Dekatherm
PAL		
NPL, OPL, and APL Service:		
Daily Commodity Rate	\$0.1702	\$0.0000
RPL Service:		
Daily Reservation Rate	\$0.1702	\$0.0000

STATEMENT OF NEGOTIATED RATES

Shipper	Rate Schedule	Negotiated Rate	Quantity	Point(s) of Receipt	Point(s) of Delivery
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RATE SCHEDULES

RATE SCHEDULE FT-A  
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on a firm basis by Company for any Shipper:

- (a) that completes a valid request for service and executes a Firm Transportation Agreement; and
- (b) provided that capacity is available on Company's system necessary to provide the service on a firm basis.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 The service rendered shall be the transportation of natural gas up to the Transportation Quantity ("TQ") for the Transportation Path set forth in Exhibit A of the Firm Transportation Agreement performed under Subparts B or G of Part 284 of the Commission's Regulations. Firm transportation service under this Rate Schedule shall be provided to the extent Company determines firm capacity is available, to any Shipper in the order in which such Shipper has fulfilled the requirements of Section 3 below.
- 2.2 In accordance with Section 3 of the General Terms and Conditions, Company shall not commence service until Company and Shipper have executed a Firm Transportation Agreement.
- 2.3 Company shall file all new service agreements which are dependent entirely on Displacement under this Rate Schedule FT-A for Commission approval.
- 2.4 Company shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule except as provided in Section 16 of the General Terms and Conditions.
- 2.5 Service shall be provided on a firm basis. Service shall be allocated and scheduled pursuant to Sections 3 and 30 of the General Terms and Conditions of Company's FERC Gas Tariff. However, service may be curtailed for any of the reasons set out in Section 10 of the General Terms and Conditions.

3. QUALIFICATION FOR SERVICE

- 3.1 All Shippers requesting firm transportation service under this Rate Schedule must qualify pursuant to Section 22 of the General Terms and Conditions of Company's FERC Gas Tariff.
- 3.2 All Shippers requesting firm transportation service must execute a Firm Transportation Agreement in accordance with the provisions of Section 22 of the General Terms and Conditions of Company's FERC Gas Tariff.

#### 4. DELIVERIES AND RECEIPTS

##### 4.1 Primary Receipt Points

A Shipper may designate as a Primary Receipt Point under this Rate Schedule any receipt point on Company's system covered by an Operational Balancing Agreement ("OBA") to the extent that capacity is available on a firm basis at such receipt point.

##### 4.2 Secondary Receipt Points

For a given FT-A Shipper, any receipt point on Company's system covered by an OBA that is not a designated Primary Receipt Point shall be deemed a Secondary Receipt Point.

##### 4.3 Primary Delivery Points

A Shipper may designate as a Primary Delivery Point under this Rate Schedule any delivery point on Company's system covered by an OBA to the extent that capacity is available on a firm basis at such delivery point.

##### 4.4 Secondary Delivery Points

For a given FT-A Shipper, any delivery point on Company's system covered by an OBA that is not a designated Primary Delivery Point shall be deemed a Secondary Delivery Point.

##### 4.5 OBA Coverage

A receipt or delivery point on Company's system shall be deemed to be covered by an OBA if the Balancing Party at such point has entered into such an OBA with Company in the form set forth in this Tariff or in a form acceptable to Company and such OBA is in full force and effect. Notwithstanding anything in this Rate Schedule to the contrary, Company shall not refuse to receive gas at a receipt point(s) or deliver gas at a delivery point(s) due to the lack of an effective OBA at such point, provided that the Balancing Party at such point is exercising reasonable efforts to enter promptly into an OBA with Company in the form set forth in this Tariff or in a form acceptable to Company.

##### 4.6 Gas Quantities at Receipt/Delivery Points

The sum of the Maximum Daily Quantity (MDQ) applicable to a Shipper's designated Primary Receipt Points or the sum of the MDQ applicable to a Shipper's designated Primary Delivery Points may not exceed the TQ under Shipper's Firm Transportation Agreement. Shipper's TQ and MDQ shall be a uniform quantity throughout the term of the Firm Transportation Agreement, except that Company may, on a not unduly discriminatory basis, agree to certain differing levels in Shipper's TQ and MDQ for specified periods throughout the term of the Firm Transportation Agreement. Shipper's TQ and MDQ, along with the effective period of such differing TQ and MDQ levels, shall be specified in Exhibit A of the Firm Transportation Agreement.

##### 4.7 Uniform Quantities

As nearly as practicable, Shipper shall deliver and receive gas in uniform hourly quantities during any Gas Day.



## 5. RATES AND CHARGES

### 5.1 Applicable Rates and Charges

The rates and charges for service under this Rate Schedule shall be set forth in the Statement of Rates and, if applicable, any charges pursuant to Section 5 of this Rate Schedule. A Shipper's reservation rate shall be based on the term-differentiated rate, i.e., Category 1 Rates, Category 2 Rates or Category 3 Rates, applicable to the term of the Firm Transportation Agreement. The term of Firm Transportation Agreements in effect as of July 1, 2002 shall be from the service commencement date of the Firm Transportation Agreement to the first possible termination or expiration date under such Firm Transportation Agreement. The rate category applicable to the term of Firm Transportation Agreements that are entered into on or after July 1, 2002 shall be specified in the Firm Transportation Agreement, and the term shall be from the service commencement date of the Firm Transportation Agreement to the first possible termination or expiration date of the Firm Transportation Agreement.

### 5.2 Transportation Rates

The applicable rates for service under this Rate Schedule are the applicable maximum Reservation and Commodity Rates shown on the effective Statement of Rates; provided, however, Company has the right at any time and from time to time to adjust the Reservation and Commodity Rates applicable to any service upon agreement with Shipper to any level not less than the minimum or more than the maximum Reservation and Commodity Rates established for this Rate Schedule and set forth on the effective Statement of Rates.

When a Shipper has firm transportation service agreements in effect for both Zone 1-1 and Zone 2-2, such Shipper may utilize its Zone 1-1 firm transportation service agreement in conjunction with its Zone 2-2 firm transportation service agreement to make deliveries from one zone into the other zone without paying an extended delivery charge for the transportation outside of each contract zone provided that the Shipper seeking to use its Zone 1-1 and Zone 2-2 firm transportation service agreements in conjunction with each other has a corresponding available receipt MDQ to match its available delivery MDQ from the receipt zone to the corresponding delivery zone and actual quantities do not exceed the MDQ under each agreement. For example, a Shipper with a Zone 1-1 firm transportation service agreement and a Zone 2-2 transportation service agreement nominating 10,000 Dth/day from zone 1-1 to Zone 2-2 must have available MDQ in both such zones of at least 10,000 Dth/day and not receive or deliver in excess of 10,000 Dth/day to avoid paying extended delivery charges. The ability of a Shipper to use its Zone 1-1 and Zone 2-2 firm transportation service agreements in conjunction with each other will not relieve the Shipper of any other applicable rates, charges or surcharges pursuant to Company's FERC Gas Tariff including but not limited to the applicable Transportation Rates, ACA or overrun charges.

The sum of the MDQ applicable to each Primary Receipt and Primary Delivery Point combination shall not exceed the TQ under the Firm Transportation Agreement.

On any Gas Day that transportation service is scheduled for a Shipper at a Primary or Secondary Receipt Point(s) in an upstream rate zone that is in excess of the MDQ applicable to such rate zone for such Shipper or is scheduled at a Primary or Secondary Delivery Point(s) in a downstream rate zone that is in excess of the MDQ applicable to such rate zone for such Shipper, Shipper shall pay a charge equal to the difference between the applicable daily demand rates for the upstream and downstream rate zones on the quantity of gas received or delivered in excess of the MDQ of the respective rate zone.

In the event Company and Shipper agree to establish a fixed rate to be charged for the duration of the transportation service, such rate will be set forth in the applicable Firm Transportation Agreement.

### 5.3 Incidental Charges

In addition to the charges pursuant to Subsection 5.2 of this Rate Schedule, Company shall charge Shipper an amount to reimburse Company 100 percent for any filing or similar fees, which have not been previously paid by Shipper, which Company incurs in establishing or rendering service. Company shall not use the amounts so collected (both costs and revenues) in establishing its general system rates.

### 5.4 Overrun Charge

If Shipper should on any Gas Day take, under this Rate Schedule, a quantity of gas more than the effective quantity applicable to such Shipper established in an Operational Flow Order pursuant to Section 8 of the General Terms and Conditions, then such excess quantity shall constitute an unauthorized overrun quantity.

Shipper shall pay Company an unauthorized overrun charge equal to fifteen dollars (\$15.00) for each Dth of excess deliveries to Shipper. The payment of the overrun charge is in addition to any other remedies Company may have against Shipper for Shipper's unauthorized overrun.

If Shipper, upon receiving the advanced approval by Company, should on any Gas Day transport under this Rate Schedule a quantity of natural gas in excess of Shipper's TQ under Shipper's Firm Transportation Agreement, then such excess quantity shall constitute authorized overrun quantities.

Shipper shall nominate authorized overrun quantities through Company's System. Authorized overrun quantities shall be requested on a separate transaction. [1.3.19]

Shipper shall pay Company a rate equal to the volumetric derivative of the maximum transportation charge applicable to the service under its Firm Transportation Agreement pursuant to this Rate Schedule designed on a 100 percent load factor basis multiplied by the amount of the authorized overrun quantity, unless the parties mutually agree otherwise.

## 6. FUEL AND LOSSES

Shipper shall furnish the quantity of gas required for fuel and losses associated with rendering transportation service pursuant to this Rate Schedule in accordance with Section 26 of the General Terms and Conditions.

## 7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to:

### (a) Reservation Charge

A reservation rate or rates determined under Section 5 of this Rate Schedule multiplied by the TQ applicable to the month as specified in the Firm Transportation Agreement; and

(b) Commodity Charge

The applicable Commodity Rate(s) under Section 5 of this Rate Schedule multiplied by the applicable quantities of gas delivered in the month; and

(c) Other Charges

If applicable, any Incidental Charges and any Overrun Charges pursuant to Subsections 5.3 and 5.4 of this Rate Schedule.

8. WAIVER

Company may waive any rights hereunder or any obligations of Shipper hereunder on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.

9. GENERAL TERMS AND CONDITIONS

Shipper shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's Tariff, which are incorporated into this Rate Schedule.

RATE SCHEDULE IT  
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on an interruptible basis by Company for any Shipper, which has executed an Interruptible Transportation Agreement wherein Company agrees to transport gas for Shipper's account up to a specific TQ for the Transportation Path set forth in Exhibit A of the Interruptible Transportation Agreement.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Interruptible transportation services under this Rate Schedule shall be provided when and to the extent that Company determines that capacity is available in its existing facilities without detriment or disadvantage to Company's firm Shippers.

2.2 Company may interrupt service to any Shipper under this Rate Schedule at any time and without prior notice to the extent required to provide service to any firm Shipper under Rate Schedules FT-A or LMS. Interruption of service includes decreasing, suspending, or discontinuing either the receipt or delivery of gas. Interruption and the allocation of available interruptible capacity shall be in accordance with Section 3 of the General Terms and Conditions.

2.3 Company shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule. Further, Company shall not be required to provide any service that threatens the integrity of its system.

2.4 Company shall not be required to transport gas under this Rate Schedule when the total quantity of gas scheduled for transportation is less than that required to operate existing compression facilities necessary to provide such transportation service.

3. QUALIFICATION FOR SERVICE

3.1 All Shippers requesting new interruptible transportation service must qualify for service pursuant to Section 22 of the General Terms and Conditions of Company's FERC Gas Tariff.

3.2 All Shippers requesting interruptible transportation service must execute an Interruptible Transportation Agreement in accordance with the provisions of Section 22 of the General Terms and Conditions of Company's FERC Gas Tariff.

4. DELIVERIES AND RECEIPTS

4.1 Receipt Points

All receipt point(s) on Company's system covered by an Operational Balancing Agreement ("OBA") shall be available as receipt points for all gas transported by Company under this Rate Schedule.

4.2 Delivery Points

All delivery point(s) on Company's system covered by an OBA shall be available as delivery points for all gas transported by Company under this Rate Schedule.

#### 4.3 OBA Coverage

A receipt or delivery point on Company's system shall be deemed to be covered by an OBA if the Balancing Party at such point has entered into such an OBA with Company in the form set forth in this Tariff or in a form acceptable to Company and such OBA is in full force and effect. Notwithstanding anything in this Rate Schedule to the contrary, Company shall not refuse to receive gas at a receipt point(s) or deliver gas at a delivery point(s) due to the lack of an effective OBA at such point, provided that the Balancing Party at such point is exercising reasonable efforts to enter promptly into such an OBA with Company in the form set forth in this Tariff or in a form acceptable to Company.

#### 4.4 Pressures

Shipper shall deliver gas to Company at the pressure required from time to time to enable the gas to enter Company's facilities at the receipt point(s), but in no event shall such pressure exceed the maximum allowable operating pressure of Company's system at such point(s). Company shall deliver gas to Shipper or Shipper's designee at Company's line pressure existing at the delivery point(s).

#### 4.5 Uniform Quantities

As nearly as practicable, Shipper shall deliver and receive gas in uniform hourly quantities during any Gas Day.

### 5. RATES AND CHARGES

#### 5.1 Applicable Rates and Charges

The rates for service under this Rate Schedule are listed on the Statement of Rates of Company's FERC Gas Tariff; provided, however, that Company has the right at any time and from time to time to adjust the rates applicable to service under this Rate Schedule, including the component for fuel and losses, upon agreement with Shipper to any level not less than the Minimum or more than the Maximum Rates. In the event that Company makes such an adjustment, such adjusted rate shall apply solely to service at the receipt and/or delivery points agreed upon by Shipper and Company and shall be applicable solely for the period agreed upon by Shipper and Company.

In the event Company and Shipper agree to establish a rate which is not subject to change and which is to be charged for the duration of the transportation service, such rate will be set forth in the applicable Transportation Agreement.

#### 5.2 Incidental Charges

In addition to the rates and charges pursuant to Subsection 5.1 of this Rate Schedule, Company shall charge Shipper an amount to reimburse Company 100 percent for any filing or similar fees, which have not been previously paid by Shipper, which Company incurs in establishing or rendering service. Company shall not use the amounts so collected (both costs and revenues) in establishing its general system rates.

#### 5.3 Overrun Charge

If Shipper should on any Gas Day take, under this Rate Schedule, a quantity of gas more than the effective quantity applicable to such Shipper established in an Operational Flow Order pursuant to Section 8 of the General Terms and Conditions, then such excess quantity shall constitute an unauthorized overrun quantity.

Shipper shall pay Company an unauthorized overrun charge equal to fifteen dollars (\$15.00) for each Dth of excess deliveries to Shipper. The payment of the overrun charge is in addition to any other remedies Company may have against Shipper for Shipper's unauthorized overrun.

A Shipper, upon receiving the advanced approval by Company, should on any Gas Day take under this Rate Schedule a quantity of natural gas in excess of Shipper's TQ under Shipper's IT Transportation Agreement, then such excess quantity shall constitute authorized overrun quantities.

Shipper shall nominate authorized overrun quantities through Company's system. Authorized overrun quantities shall be requested on a separate transaction. [1.3.19]

Shipper shall pay Company a rate equal to the volumetric derivative of the maximum transportation charge applicable to the service under its IT Transportation Agreement pursuant to this Rate Schedule designed on a 100 percent load factor basis multiplied by the amount of the authorized overrun quantity, unless the parties mutually agree otherwise.

#### 5.4 Negotiated Rates

Notwithstanding any provision of Company's effective FERC Gas Tariff to the contrary, Company and Shipper may mutually agree in writing to a Negotiated Rate with respect to rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Company's effective FERC Gas Tariff. The Negotiated Rate may be less than, equal to or greater than the Maximum Rate; shall not be less than the Minimum Rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity. The Maximum Rate shall be available to any Shipper that does not choose a Negotiated Rate. Nothing in the provisions governing Negotiated Rate Agreements shall authorize Company or Shipper to violate FERC's policy with respect to negotiation of terms and conditions of service.

Such Negotiated Rate shall be set forth on an Exhibit of the executed Interruptible Transportation Agreement and listed on the Statement of Negotiated Rates in Company's FERC Gas Tariff.

If Company agrees to such Negotiated Rate(s), then the Negotiated Rate(s) shall be effective only for the period agreed upon by Company. During such period, the Negotiated Rate shall govern and apply to the Shipper's services and the otherwise applicable rate, rate component, charge or credit which the parties have agreed to replace with the Negotiated Rate, shall not apply to, or be available to, the Shipper. Only those rates, rate components, charges or credits identified by Company and Shipper in writing as being superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated Rate is effective; all other rates, rate components, charges, or credits prescribed, required, established or imposed by this Rate Schedule or Company's Tariff shall remain in effect.

At the end of the period during which the Negotiated Rate is in effect, the otherwise applicable Maximum Rates or charges shall govern the service provided to Shipper.

Shippers paying a Negotiated Rate which exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of scheduling, curtailment and interruption, and calculating the economic value of a request.

6. FUEL AND LOSSES

Shipper shall furnish the quantity of gas required for fuel and losses associated with rendering transportation service pursuant to this Rate Schedule in accordance with Section 26 of the General Terms and Conditions.

7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to:

(a) Applicable Rates

The applicable rates as determined pursuant to Section 5 of this Rate Schedule multiplied by the quantity of natural gas actually delivered by Company to Shipper from each point of receipt to the corresponding point of delivery; and

(b) Other Charges

If applicable, any Incidental Charges and Overrun Charges pursuant to Subsections 5.2 and 5.3 of this Rate Schedule.

8. WAIVER

Company may waive any rights hereunder or any obligations of Shipper hereunder on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or further rights or obligations, whether of a like or different character.

9. GENERAL TERMS AND CONDITIONS

Shipper shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's Tariff, which are incorporated into this Rate Schedule.

RATE SCHEDULE AOT  
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on an interruptible basis by Company for any Shipper which

- (a) received service under Rate Schedule AO or authorized overrun transportation service under Rate Schedule T-9 prior to November 1, 1992, provided that the quantity of service received by Shipper under this Rate Schedule shall not exceed the quantity of authorized overrun service received by Shipper under Rate Schedule AO or T-9; and
- (b) has elected service under this Rate Schedule and has executed an AOT Transportation Agreement.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 Interruptible transportation services under this Rate Schedule shall be provided when and to the extent that Company determines that capacity is available in its existing facilities without detriment or disadvantage to Company's firm Shippers.
- 2.2 Company may interrupt service to any Shipper under this Rate Schedule at any time and without prior notice to the extent required to provide service to any firm Shipper under Rate Schedules FT-A or LMS. Interruption of service includes decreasing, suspending, or discontinuing either the receipt or delivery of gas. Interruption and the allocation of available interruptible capacity shall be in accordance with Section 3 of the General Terms and Conditions.
- 2.3 Company shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule. Further, Company shall not be required to provide any service that threatens the integrity of its system.
- 2.4 Company shall not be required to transport gas under this Rate Schedule when the total quantity of gas scheduled for transportation is less than that required to operate existing compression facilities necessary to provide such transportation service unless the Shipper requesting such service provides at its own cost the additional quantity of gas required to operate such facilities.

3. QUALIFICATION FOR SERVICE

- 3.1 All Shippers requesting new interruptible transportation service must qualify for service pursuant to Section 22 of the General Terms and Conditions of Company's FERC Gas Tariff.
- 3.2 All Shippers requesting interruptible transportation service must execute an AOT Transportation Agreement in accordance with the provisions of Section 22 of the General Terms and Conditions of Company's FERC Gas Tariff.



4. DELIVERIES AND RECEIPTS

4.1 Receipt Points

All receipt point(s) on Company's system covered by an Operational Balancing Agreement (OBA) shall be available as receipt points for all gas transported by Company under this Rate Schedule.

4.2 Delivery Points

All delivery point(s) on Company's system covered by an OBA shall be available as delivery points for all gas transported by Company under this Rate Schedule.

4.3 OBA Coverage

A receipt or delivery point on Company's system shall be deemed to be covered by an OBA if the Balancing Party at such point has entered into such an OBA with Company in the form set forth in this Tariff and such OBA is in full force and effect. Notwithstanding anything in this Rate Schedule to the contrary, Company shall not refuse to receive gas at a receipt point(s) or deliver gas at a delivery point(s) due to the lack of an effective OBA at such point, provided that the Balancing Party at such point is exercising reasonable efforts to enter promptly into such an OBA with Company in the form set forth in this Tariff or in a form acceptable to Company.

4.4 Pressures

Shipper shall deliver gas to Company at the pressure required from time to time to enable the gas to enter Company's facilities at the receipt point(s), but in no event shall such pressure exceed the maximum allowable operating pressure of Company's system at such point(s). Company shall deliver gas to Shipper or Shipper's designee at Company's line pressure existing at the delivery point(s).

4.5 Uniform Quantities

As nearly as practicable, Shipper shall deliver and receive gas in uniform hourly quantities during any Gas Day.

5. RATES AND CHARGES

5.1 Applicable Rates and Charges

The rates for service under this Rate Schedule are listed on the Statement of Rates of Company's FERC Gas Tariff; provided, however, that Company has the right at any time and from time to time to adjust the rates applicable to service under this Rate Schedule, including the component for fuel and losses, upon notice to Shipper to any level not less than the Minimum or more than the Maximum Rates. In the event that Company makes such an adjustment, such adjusted rate shall apply solely to service at the receipt and/or delivery points agreed upon by Shipper and Company and shall be applicable solely for the period agreed upon by Shipper and Company.

In the event Company and Shipper agree to establish a rate which is not subject to change and which is to be charged for the duration of the transportation service, such rate will be set forth in the applicable AOT Transportation Agreement. Company shall post on Company's Informational Posting site the required reports of any adjustment below the Maximum Rates for service under this Rate Schedule.

## 5.2 Incidental Charges

In addition to the rates and charges pursuant to Subsection 5.1 of this Rate Schedule, Company shall charge Shipper an amount to reimburse Company 100 percent for any filing or similar fees, which have not been previously paid by Shipper, which Company incurs in establishing or rendering service. Company shall not use the amounts so collected (both costs and revenues) in establishing its general system rates.

## 5.3 Overrun Charge

If Shipper should on any Gas Day take, under this Rate Schedule, a quantity of gas more than the effective quantity applicable to such Shipper established in an Operational Flow Order pursuant to Section 8 of the General Terms and Conditions, then such excess quantity shall constitute an unauthorized overrun quantity.

Shipper shall pay Company an unauthorized overrun charge equal to fifteen dollars (\$15.00) for each Dth of excess deliveries to Shipper. The payment of the overrun charge is in addition to any other remedies Company may have against Shipper for Shipper's unauthorized overrun.

If Shipper, upon receiving the advanced approval by Company, should on any Gas Day take under this Rate Schedule a quantity of natural gas in excess of Shipper's TQ under Shipper's AOT Transportation Agreement, then such excess quantity shall constitute authorized overrun quantities.

Shipper shall nominate authorized overrun quantities through Company's system. Authorized overrun quantities shall be requested on a separate transaction. [1.3.19]

Shipper shall pay Company a rate equal to the volumetric derivative of the maximum transportation charge applicable to the service under its AOT Transportation Agreement pursuant to this Rate Schedule designed on a 100 percent load factor basis multiplied by the amount of the authorized overrun quantity, unless the parties mutually agree otherwise.

## 6. FUEL AND LOSSES

Shipper shall furnish the quantity of gas required for fuel and losses associated with rendering transportation service pursuant to this Rate Schedule in accordance with Section 26 of the General Terms and Conditions.

## 7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to:

### (a) Applicable Rates

The applicable rates as determined pursuant to Subsection 5.1 of this Rate Schedule multiplied by the quantity of natural gas actually delivered by Company to Shipper from each point of receipt to the corresponding point of delivery; and

### (b) Other Charges

If applicable, any Incidental Charges and Overrun Charges pursuant to Subsections 5.2 and 5.3 of this Rate Schedule.

8. WAIVER

Company may waive any rights hereunder or any obligations of Shipper hereunder on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or further rights or obligations, whether of a like or different character.

9. GENERAL TERMS AND CONDITIONS

Shipper shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's Tariff, which are incorporated into this Rate Schedule.

RATE SCHEDULE LMS  
LOAD MANAGEMENT SERVICE

1. AVAILABILITY

- (a) Company shall provide a monthly balancing service to any person (herein referred to as "Balancing Party") who has executed an Operational Balancing Agreement ("OBA") in the form set forth on Company's Web Site ([www.vgt.oneokpartners.com](http://www.vgt.oneokpartners.com)) under Customer Activities. An OBA will be available to:
- (i) the Balancing Party at a receipt point(s) on Company's system;
  - (ii) the Balancing Party at a delivery point(s) on Company's system;
  - (iii) a pipeline whose facilities interconnect with Company's system; provided, however, that this Rate Schedule shall not be applicable to a pipeline who entered into an OBA with Company prior to November 1, 1993 for so long as such agreement is in effect.
  - (iv) a market aggregator who has obtained agency agreements from delivery point Balancing Party that impose responsibility on aggregator for all scheduling and balancing at stated delivery points and that provide authority and ability to aggregator to change physical flows at stated delivery points upon notice from the pipeline to the aggregator.
- (b) Subject to Section 6 of this Rate Schedule, Company shall provide a Daily Demand Service with respect to swings in excess of the 5 percent daily variance described in Section 4 of this Rate Schedule to Shippers which operate delivery point(s) and have executed an OBA specifying a daily demand quantity (DDQ) for swing service at specified delivery points, provided that the DDQ requested by a Shipper may not exceed the lesser of (a) 10,000 Dth, or (b) 100 percent of the Maximum Daily Quantity provided at each delivery point under a Shipper's Firm Transportation Agreement.

Daily Demand Service shall also be available on a pro rata basis to other delivery point Balancing Parties not qualifying under Subsection 1(b)(i) of this Rate Schedule to the extent Company determines that there is additional capacity available for the service and that there will be no impairment of firm services.

2. APPLICABILITY

The terms, conditions and charges set forth in this Rate Schedule governing daily variances and monthly balancing shall apply to all gas flowing through meters covered by an OBA. A receipt point OBA may include all receipt points within a rate zone controlled by a single Balancing Party. A delivery point OBA may include all delivery points within a rate zone controlled by a single Balancing Party. A market aggregator OBA may include all delivery points located in the same rate zone of the quantities to be scheduled.

3. SCHEDULING AND CONFIRMATION BY BALANCING PARTY

A Balancing Party will confirm nominations of the quantities to be scheduled at receipt or delivery points, as applicable. Such nominations shall provide a rank ordering of the markets to be served by gas quantities nominated at the receipt point. The Balancing Party will notify Shipper and Company, within two hours of any change in the nomination by an affected Shipper to confirm nominations scheduled for delivery.

Company agrees to perform as Balancing Party on other pipelines' systems at its existing points of interconnection with other pipelines to the extent necessary and agreed to by the other pipelines. To the extent Company incurs any imbalance or cash-out charges or any penalties or other liabilities on such other pipelines, all such expenditures shall be borne by Balancing Parties on Company's system in relation to the share of each Balancing Party's firm deliveries related to such other pipelines.

#### 4. DAILY VARIANCES

- (a) The daily variance for a receipt point OBA shall be the difference between the total quantities scheduled for receipt at that point by confirmed nominations and the actual quantity delivered into Company's system at that point on any Gas Day. The daily variance for a delivery point OBA shall be the difference between the total quantities scheduled for delivery at that point by confirmed nomination and the actual quantity of gas delivered by Company at such point on any Gas Day.
- (b) A Balancing Party electing Daily Demand Service shall pay the daily overrun charges for that portion of a daily variance that exceeds 5 percent of the scheduled quantities plus the DDQ specified in its OBA. A Balancing Party electing Daily Demand Service may also be subject to an unauthorized overrun charge for quantities outside of the daily limitation as set forth in Section 29 of the General Terms and Conditions. A Balancing Party electing Daily Demand Service that is a Consenting Party under the terms and conditions of the Docket No. RP02-132-000 Stipulation and Agreement shall pay the Daily Overrun Rate set forth in the Statement of Rates for that portion of a daily variance that exceeds the greater of 500 Dth or 5 percent of the scheduled quantities plus the DDQ specified in its OBA.
- (c) A Balancing Party not electing Daily Demand Service shall pay daily overrun charges for that portion of a daily variance that exceeds 5 percent of the scheduled quantities. A Balancing Party may also be subject to an unauthorized overrun charge for quantities outside of the daily limitation as set forth in Section 29 of the General Terms and Conditions. A Balancing Party not electing Daily Demand Service that is a Consenting Party under the terms and conditions of the Docket No. RP02-132-000 Stipulation and Agreement shall pay the Daily Overrun Rate set forth in the Statement of Rates for that portion of a daily variance that exceeds the greater of 500 Dth or 5 percent of the scheduled quantities.
- (d) Based upon the best information available, Balancing Party shall take action to correct any imbalances occurring during the month by making adjustments in nominations, receipts or deliveries. If Balancing Party fails to take such corrective action, then Company may, upon 48 hours notice, adjust Balancing Party's scheduled receipts and deliveries over the remainder of the calendar month in order to maintain a balance of receipts, deliveries and nominations.
- (e) Section 27 of the General Terms and Conditions shall apply to Rate Schedule LMS Service. Adjustments under Section 27 shall be listed on the Statement of Rates in Company's FERC Gas Tariff.

#### 5. MONTHLY IMBALANCES

- (a) Monthly Imbalance Trading
  - (i) Availability

Monthly Imbalance Trading shall be available to any non-interstate pipeline, market aggregator, receipt point Balancing Party, delivery point Balancing Party or its designated agent. Monthly Imbalance Trading shall mean the trading of the monthly imbalances between two such Balancing Parties for the month in which the imbalances occurred.

(ii) Operational Impact Area

Operational Impact Area is the largest possible area on Company's system in which imbalances have a similar operational effect and within which the Balancing Party can trade imbalances without incurring any charges for Transportation Service, except for any fuel and losses resulting from the trade. On Company's system there are two (2) Operational Impact Areas corresponding to the two (2) rate zones on the system.

(iii) Posting of Imbalances for Trade

The Balancing Party may notify Company either electronically or in writing that it wishes its imbalances to be posted on Company's Web Site as being available for trading. The Balancing Party shall communicate to Company the quantity available for trading; the area where the imbalance is located; a contact name, phone number, and e-mail address; and any special conditions. Authorization to post imbalances received by Company by 11:45 a.m. (CCT) shall be posted by 8:00 a.m. (CCT) on the following Gas Day.

The Balancing Party may also notify Company to post automatically the Balancing Party's imbalances on Company's Web Site. The Balancing Party shall communicate to Company a contact name, phone number, and e-mail address and any special conditions. Company shall continue to post imbalances for trading until subsequent notice is received by Company to discontinue such posting.

(iv) Trading of Imbalances

After a trade has been negotiated between Balancing Parties, one Balancing Party (the Initiating Trader) shall notify Company electronically or in writing of its request to trade imbalances with another Balancing Party (the Confirming Trader).

In the form prescribed by Company, the Initiating Trader must communicate to Company the parties to the trade; contact names, phone numbers, and e-mail addresses; quantity and zone location of the imbalances to be traded; and the direction of the imbalance trade.

Before Company shall facilitate the imbalance trade, the Confirming Trader must verify the terms of the trade and, in the form prescribed by Company, notify Company of its acceptance of such terms.

Company shall notify both the Initiating Trader and the Confirming Trader of Company's acceptance of the imbalance trade no later than noon (CCT) on the first Business Day after the Confirming Trader has notified Company of its acceptance of the terms of the trade.

Any imbalance trade must be requested and confirmed by no later than the fifth Business Day after the end of the month in which the imbalances occurred.

Imbalance trades may only be withdrawn by the Initiating Trader and only prior to the acceptance of the trade by the Confirming Trader. Imbalance trades are considered final when the Company is notified of the Confirming Trader's acceptance of the terms of the trade and the trade is effectuated by Company.

Company shall permit imbalance trades to the extent operationally feasible. Imbalance trades shall be facilitated at no cost, except the Initiating Trader shall pay for any fuel and losses resulting from the trade.

Company shall reflect the imbalance trade in the month in which it occurred on that month's Imbalance Statement for both parties to the trade.

(b) Imbalance Cash Out

Balancing Party's monthly imbalance shall reflect the net total of daily variances from all points covered by the OBA and any imbalance trades implemented under Subsection 5(a) of this Rate Schedule. Unless Company and Balancing Party mutually agree to correct the imbalance in kind on a nondiscriminatory basis, each month Company and Balancing Party shall "cash out" any imbalance between scheduled nominations at receipt points covered by a receipt point OBA and between deliveries and scheduled nominations at delivery points covered by a delivery point OBA. Company shall divide the monthly imbalance by the sum of the scheduled nominations for all Gas Days of the month for all points covered by the OBA to determine the monthly imbalance to be cashed out as set forth below:

(i) Receipt Point OBA

If the monthly imbalance is due to an excess of receipts relative to scheduled nominations, Company shall pay Balancing Party in accordance with Schedule A below. If the monthly imbalance is due to a deficiency in receipts relative to scheduled nominations, Balancing Party shall pay Company in accordance with Schedule B below. A monthly imbalance that is less than 1000 Dths shall be cashed out at the 0-5 percentage level in accordance with the applicable Schedule A or Schedule B below, regardless of the monthly imbalance percentage.

(ii) Delivery Point OBA

If the monthly imbalance is due to an excess of deliveries relative to scheduled nominations, Balancing Party shall pay Company in accordance with Schedule B below. If the monthly imbalance is due to a deficiency of deliveries relative to scheduled nominations, Company shall pay Balancing Party in accordance with Schedule A below. A monthly imbalance that is less than 1000 Dths shall be cashed out at the 0-5 percentage level in accordance with the applicable Schedule A or Schedule B below, regardless of the monthly imbalance percentage. In addition to correcting the monthly imbalance in cash, (a) Balancing Party shall pay to Company the "Transportation Component" if deliveries are greater than scheduled nominations, or (b) Company shall pay to Balancing Party the "Transportation Component" if deliveries are less than scheduled nominations. The "Transportation Component" shall be equal to the Commodity Rate under the applicable rate schedule for transportation to the applicable zone multiplied by the monthly imbalance, plus any applicable fuel and use charges.

Schedule A

<u>Monthly Imbalance Percentage</u>	<u>Company Pays Balancing Party the Following Percentage of the Index Price</u>
0-5%	100%
>5-10%	85%
>10-15%	70%
>15-20%	60%
>20%	50%

Schedule B

<u>Monthly Imbalance Percentage</u>	<u>Balancing Party Pays Company the Following Percentage of the Index Price</u>
0-5%	100%
>5-10%	115%
>10-15%	130%
>15-20%	140%
>20%	150%

The Index Price shall be determined on a weekly and monthly basis. Each Weekly Index Price shall equal the higher of either price published in Gas Daily's "Weekly Price Survey" for Emerson, Viking GL or for ANR, ML 7 for such week. The Weekly Index Price will be posted on Company's System a reasonable time after receipt of Gas Daily's "Weekly Price Survey." For purposes of determining the cash out of imbalances in accordance with Schedules A and B herein, the Average Monthly Index Price shall be the average of the Weekly Index Prices determined during a given month.

If none of the Gas Daily's "Weekly Price Surveys" for a given month includes a price for Emerson, Viking GL or ANR, ML 7, the Average Monthly Price Index for such month shall be the average of the existing Weekly Index Prices for the month.

If a Weekly Index Price for gas at Emerson, Viking GL or ANR, ML 7 is no longer published, Company shall identify on its Internet Web Site an alternative spot price index to be used.

A delivery point Balancing Party or market aggregator which has OBAs in more than one rate zone may net the monthly imbalances between such OBAs; provided however, that such Balancing Party or market aggregator shall pay to Company a charge equal to the difference between the applicable daily reservation rates applied to any excess quantities delivered in a downstream rate zone which are netted against quantities not delivered in an upstream rate zone.

The amounts due hereunder shall be paid in accordance with Sections 5 and 6 of the General Terms and Conditions of Company's FERC Gas Tariff; provided that Company shall have the right, but not the obligation, to delay invoicing for such matters until the fifteenth (15th) day of the second month following the month of delivery.

(c) Access to Information

Upon request, and to the extent Company has electronic measurement information available to it, Company will make available within one Business Day the best information it has concerning the total physical deliveries at applicable receipt and delivery points. Company will also make available by electronic means the best information it has concerning the scheduled and allocated receipts and deliveries at all of Balancing Party's receipt and delivery points by the end of the third Business Day after each Gas Day. This information will include electronic gas measurement data at meters where such data is utilized for billing purposes (Electronic Data). Company will designate the points where Electronic Data is available. Balancing Parties will be entitled to rely on the Electronic Data for purposes of correcting imbalances during the month. Balancing Parties will not be entitled to rely on the data from other receipt or delivery points for purposes of correcting imbalances during the month and will be responsible for verifying the actual receipts and deliveries at receipt and delivery points where no Electronic Data is available. Imbalances will be cashed-out on the basis of actual receipts and deliveries and scheduled nominations; provided that the penalty level associated with imbalances that are associated with



receipt or delivery points where Electronic Data is available will be based upon the lesser of (1) the monthly imbalance reported by Company for the last day of the month based upon the Electronic Data or (2) the monthly imbalance based upon actual receipts and deliveries at such locations; provided, however, that if the monthly imbalance reported by Company for the 20th day of the calendar month based upon Electronic Data is subsequently adjusted during the remainder of the month and (1) such adjustment materially increases the level of the imbalance and (2) Balancing Party did not have adequate time to correct the imbalance by adjusting nominations, receipts or deliveries, then the penalty level associated with imbalances at points where Electronic Data is available will be based upon the lesser of (a) the imbalance reported on the 20th day of the calendar month plus the imbalance reported for each subsequent day in the calendar month, or (b) the monthly imbalance based upon actual deliveries at such points to the extent that applicable OBA documents the situation. Notwithstanding anything to the contrary, if the Electronic Data at any point is inaccurate, through no fault of Company, but rather as the result of the action or inaction of third parties, then the penalty level associated with monthly imbalances occurring at such points will be based upon the Electronic Data, unless Company also incurs penalties, in which event the penalties to Shipper will be determined based upon actual deliveries.

- (d) Any imbalances caused by an event as set forth in Section 10 of the General Terms and Conditions or caused by Company's actions (1) will not be included in the calculation of the total monthly imbalance for purposes of determining the appropriate cash-out level and (2) will be cashed out at the 0-5 percentage tolerance level, as set forth in Section 5 of this Rate Schedule.
- (e) Operational Integrity

Nothing in this Section 5 shall limit Company's right to take action as may be required to adjust receipts and deliveries of gas in order to alleviate conditions which threaten the integrity of its system or the ability of Company to transport quantities scheduled by any Shipper.

#### 6. CONDITIONS AND LIMITATIONS APPLICABLE TO DAILY DEMAND SERVICE

- (a) The availability of Daily Demand Service shall be subject to the following conditions:
  - (i) the maintenance by Company at all times of a quantity of line pack sufficient to ensure the delivery of all nominated firm quantities, such quantity to be determined by Company after taking into account the operational and other requirements existing from time to time on its system; and
  - (ii) the execution by each Shipper receiving Daily Demand Service of a gas supply contract that obligates the gas supplier to deliver at such Shipper's Primary Receipt Point(s), on a firm basis and within the time period and at the hourly rate specified in an Operational Flow Order, a quantity of gas during any Gas Day at least equal to such Shipper's level of Daily Demand Service; and
  - (iii) the designation by each Shipper receiving Daily Demand Service of an agent, employee, department or group with the authority to (a) control the nomination of quantities under each of the gas supply contracts entered into by such Shipper described in Subsection 6(a)(ii) of this Rate Schedule, and (b) implement Operational Flow Orders with respect to such Shipper. Shipper's designee shall be available during all hours of the Gas Day to control such nominations and implement Operational Flow Orders.
  - (iv) the full compliance by Shipper's designees and by all Shippers not receiving Daily Demand Service with the terms of any Operational Flow Orders; and

- (v) the installation of any facilities necessary to electronically measure the receipt and delivery of natural gas at such points as determined by Company on its system.
- (b) Daily Demand Service is only available to those Shippers eligible for and electing to receive such service in accordance with the procedures established in Docket No. RS92-52. In no event shall a Shipper's DDQ exceed the quantity such Shipper elected to receive pursuant to the procedures in Subsection 1(b) of this Rate Schedule.
- (c) If, on any Gas Day, Company determines that the capacity of its system, or any portion thereof, including the points at which gas is tendered for transportation, is insufficient to satisfy all requirements for Daily Demand Service, or if any of the conditions set forth in Subsection 6(a) of this Rate Schedule are not satisfied in full, Company shall reduce the Daily Demand Service available to each Shipper pro rata on the basis of the Daily Demand Quantity of such Shipper; provided, however, that if the amount of Daily Demand Service is reduced due to the failure of a Shipper to comply with an Operational Flow Order, Company shall, to the extent practicable, first reduce the Daily Demand Service available to such Shipper prior to reducing the Daily Demand Service available to other Shippers.
- (d) Nothing in Subsection 6(a) of this Rate Schedule shall limit the ability of a Shipper to contract with any gas supplier it desires, provided that Shipper agrees to the appointment of a Shipper's designee in accordance with Subsection 6(a)(iii) of this Rate Schedule.

7. RESERVED FOR FUTURE USE

8. APPLICABLE RATES

The rates for service under this Rate Schedule, when applicable, are the applicable Maximum Rates listed on the Statement of Rates in Company's FERC Gas Tariff.

9. WAIVER

Company may waive any rights hereunder or any obligations of Balancing Provider hereunder on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or further rights or obligations, whether of a like or different character.

10. GENERAL TERMS AND CONDITIONS

Balancing Provider shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's Tariff, which are incorporated into this Rate Schedule.

RATE SCHEDULE PAL  
PARK AND LOAN SERVICES

1. AVAILABILITY

This Rate Schedule is available for the parking and loaning (PAL) of natural gas by Company for any Buyer which has completed a valid request for service and which has executed a Gas Park and Loan Agreement ("PAL Agreement") for service under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

PAL services under this Rate Schedule shall be provided when and to the extent that Company determines that it may provide PAL services without detriment or disadvantage to Company's firm Shippers. Company may interrupt service to any Buyer under this Rate Schedule at any time and without prior notice to the extent required to provide service to any firm Shipper under Rate Schedules FT-A or LMS or any interruptible Shipper under Rate Schedule IT or Rate Schedule AOT. To the extent Company interrupts PAL services, Company shall interrupt service under the NPL, OPL and APL service options before it interrupts service under the RPL service option.

Company shall provide PAL service for a minimum of one (1) Gas Day. The term and quantity(ies) of each PAL Agreement shall be set forth in the effective Exhibit A of an executed PAL Agreement. PAL transactions shall occur at a PAL Point mutually agreed upon by Company and Buyer. In the event parked quantities remain in Company's system and/or loaned quantities have not been returned to Company's system by the expiration of a PAL Agreement, Company and Buyer may mutually agree to an extended time frame and/or modified terms, including the rate, of such PAL Agreement, to permit Buyer to return such quantities to Company or to permit Company to return such quantities to Buyer.

A PAL Point shall mean a logical or "paper" point at which Company is authorized to receive and hold on behalf of Buyer or advance to Buyer a quantity of gas nominated by Buyer pursuant to the PAL service of Rate Schedule PAL. Company has established PAL Point to correspond to each physical receipt and delivery point on its system.

2.1 Service under this Rate Schedule shall be provided as follows:

2.1.1 Park Service

Park Service is a service which provides for:

- (a) Company's receipt of gas quantities that have been delivered by Buyer to a PAL Point on Company's system;
- (b) Company holding the parked quantities on Company's system; and
- (c) Company's return of parked quantities of gas to Buyer at the PAL Point where Buyer delivered the gas.

2.1.2 Loan Service

Loan Service is a service which provides for:

- (a) Buyer's receipt of gas quantities from Company at a PAL Point on Company's system; and

- (b) Buyer's return of the loaned gas quantities to Company at the PAL Point where Buyer received the gas.

## 2.2 Park and Loan (PAL) Service Options

### 2.2.1 Buyer Nominated Parking/Lending (NPL)

Buyer Nominated Parking/Lending (NPL) is an interruptible service option that allows a Buyer to nominate and link supplemental PAL service to nominated transportation service on Company's system, subject to availability, in each of the supported nomination and scheduling cycles subject to the applicable NPL PAL service daily commodity rate.

### 2.2.2 Buyer Requested Term Parking/Lending (RPL)

Buyer Requested Term Parking/Lending (RPL) is a service option that allows a Buyer to request PAL service from Company for a mutually agreed to term. For purposes of this service option, the quantity of gas parked and/or loaned shall be the quantities set forth on Exhibit A of Buyer's Rate Schedule PAL Service Agreement. The RPL service option is a pre-authorized service option subject to the applicable RPL PAL service daily reservation rate with reservation rate credits if Company is unable to provide the nominated RPL PAL service quantities as further described in Section 6.1 of this rate schedule.

### 2.2.3 Company Offered Parking/Lending (OPL)

Company Offered Parking/Lending (OPL) is an interruptible service option that allows Company to post offers for PAL service to potential Buyers for a mutually agreed to term.

Company shall post all OPL offers, detailing the specific terms and conditions of each OPL offer.

Bids for OPL service shall be submitted in accordance with the procedure specified in the OPL offer.

For the purposes of determining the Best Bid(s) for a posted OPL service option, Company will award service on the basis of highest rate bid. In the event there is more than one Best Bid, Company will allocate service on a pro-rata basis. The daily commodity rate shall be the rate agreed to by Company and Buyer in the posting and bidding process. If the agreed upon rate differs from the maximum rate, the agreed upon rate shall be either designated as a Negotiated Rate pursuant to Section 6.3 of this rate schedule or a discounted rate pursuant to Part 8.17 of the GT&C. In no event shall Company be obligated to provide services at less than the applicable maximum rate.

### 2.2.4 Buyer Authorized Automatic Parking/Lending (APL)

Buyer Authorized Automatic Parking/Lending (APL) is an interruptible service option that allows a Buyer to pre-authorize Company to nominate, on the Buyer's behalf, PAL service within a supported nomination cycle in an attempt to minimize the Buyer's stranded allocated capacity in such cycle subject to the applicable PAL APL service daily commodity rate.

2.2.5 For all options listed in Subsections 2.2.1 through 2.2.4 above, service under this Rate Schedule shall be subject to confirmation by Company prior to being scheduled.

2.3 Services under this Rate Schedule shall be made available on a first-come, first-served basis, to any Buyer willing and able to pay Maximum Rates or such other rate mutually agreed upon by Company and Buyer, subject to all applicable provisions of the General Terms and Conditions of this Tariff.

2.4 Company shall not be required to install, operate or maintain any additional facilities in order to provide services under this Rate Schedule. Further, Company shall not provide any service that threatens the integrity of its system.

### 3. QUALIFICATIONS FOR SERVICE

3.1 All Buyers requesting new PAL service must qualify for service pursuant to Section 22 of the General Terms and Conditions of Company's FERC Gas Tariff.

3.2 All Buyers requesting PAL service must execute a PAL Agreement in accordance with the provisions of Section 22 of the General Terms and Conditions of Company's FERC Gas Tariff. The PAL Agreement shall be considered a master PAL Agreement and Buyer and Company may agree to additional PAL services by executing additional PAL Agreement Exhibit A(s).

3.3 In addition to the information provided in the PAL Agreement, Buyer also shall provide the following information to Company with its initial request for service:

3.3.1 Certification - Certification from Buyer that:

(a) Buyer shall warrant for itself, its successors and assigns, that it shall at the time of delivery to Company have title to all gas free and clear of all liens, encumbrances, and claims whatsoever. Buyer shall indemnify Company and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse claims of any or all persons or parties to said gas, including claims for royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to Company under this Rate Schedule; and

(b) it has entered into all necessary arrangements to assure that upstream and downstream transportation, if any, shall be in place prior to the commencement of a PAL service option on Company.

3.3.2 Credit information - Buyer shall furnish credit information as prescribed in Section 22 of the General Terms and Conditions.

### 4. NOMINATIONS AND SCHEDULING

4.1 Buyer shall nominate PAL services under this Rate Schedule in accordance with the nomination deadlines set forth in Section 3 of the General Terms and Conditions of this Tariff. Buyer shall nominate the agreed upon park or loan quantities at the PAL Point. Such nominated quantities shall be subject to confirmation by Company. The confirmed quantity shall be deemed the scheduled quantity.

4.2 Interruption of PAL services may include decreasing, temporarily suspending, or discontinuing the receipt or delivery of gas if Company in its reasonable discretion determines that such decrease, suspension or discontinuance is necessary to maintain system integrity or when a higher priority service so requires. To the extent operationally feasible, if Company determines that it should interrupt some but not all PAL services, Company shall interrupt service under

the NPL, OPL and APL service options before interrupting service under the RPL service option.

- 4.3 If, on any Gas Day, Buyer nominates quantities of gas to be withdrawn from or deposited into its PAL account for the NPL, OPL or APL service options, but Company is unable to schedule any of the quantities nominated, Company shall suspend the PAL Service rate charges for that quantity not scheduled until Company is able to schedule the quantity nominated. Additionally, Company and Buyer may mutually agree to extend the agreed upon term for the amount of time that Company was unable to schedule the PAL Service. Failure to schedule service under the RPL service option shall be governed by Section 6.1 of this Rate Schedule.

## 5. NOTIFICATION, ALLOCATIONS AND CURTAILMENT

- 5.1 For purposes of restricting PAL services, Company shall give priority to PAL Agreements with the highest daily revenue commitment to Company. For purposes of calculating the daily revenue commitment, Buyers willing to pay more than the Maximum Rate listed on the Statement of Rates of this Tariff shall be considered to be paying the maximum Tariff rate. For purposes of curtailment under this Section 5.1, PAL service provided under the RPL service option shall be deemed to have a higher revenue commitment than service provided under the NPL, OPL or APL service options. Service shall be curtailed pro rata, if necessary, in the event two or more Buyers have an equal revenue commitment and will be based on the validated nominated quantity.
- 5.2 Buyer may be required, upon notification from Company, to suspend or reduce deliveries for the agreed upon Park Service, or receipts for the agreed upon Loan Service. Further, Buyer may be required, upon notification from Company, to remove quantities of gas previously provided to Company under the Park Service, or return quantities of gas previously loaned to Buyer under the Loan Service. Such notification shall be by telephone and then by facsimile, e-mail or posting on the Company's Internet Web Site. To the extent operationally feasible, if Company determines that it should recall some but not all PAL service, Company shall recall service under the NPL, OPL and APL service options before recalling service under the RPL service option.
- 5.3 In the event Company notifies Buyer to remove or return quantities of gas pursuant to Subsection 5.2 of this Rate Schedule, Company's notification shall specify the time frame within which Park Service quantities shall be removed, and/or Loan Service quantities shall be returned. Such notifications shall be consistent with Company's operating conditions, but in no event shall the specified time frame by which all Park Service quantities must be removed and/or Loan Service quantities must be returned be less than three (3) calendar days from the date of Company's notification unless Company and Buyer mutually agree to a different time frame. The obligation of Buyer to comply with the issued notification shall be monitored until such time as Company is able to recommence the PAL Services. In the event Company is unable to schedule gas nominated by a Buyer in response to such notification, Company shall extend the time available for the Buyer to remove their parked quantities or return their loaned quantities by one Gas Day for every Gas Day that the Buyer is unable to schedule the removal or return of gas, respectively.
- 5.4 In the event any of the following occurs, parked quantities shall become the property of Company at no cost to Company, free and clear of any adverse claims:
- (i) Company's prevailing operations require Company to notify Buyer that deliveries of parked quantities must be suspended or be reduced, and Buyer fails to comply with such notification; and/or

- (ii) Company's prevailing operations require Company to notify Buyer that all or part of Buyer's parked quantities must be removed, and Buyer fails to comply within the specific time frame; and/or
- (iii) Subject to Section 2 herein, the PAL account reflects a balance at the termination date of the executed PAL Agreements.

If Company notifies Buyer that deliveries of parked quantities must be suspended or be reduced, only those quantities parked in violation of the notification shall become the property of Company at no cost to Company, free and clear of any adverse claims.

- 5.5 In the event any of the events listed below occurs, loaned quantities shall be sold to Buyer at twice the higher of (1) the highest weekly index price for gas at Emerson, Viking GL or (2) the highest weekly index price at ANR, ML 7 as set forth in Gas Daily's "Weekly Price Survey" for the month in which the PAL activity occurred.

If a weekly index price for gas at Emerson, Viking GL or ANR, ML 7 is no longer published in Gas Daily's "Weekly Price Survey," Company shall identify on its Internet Web Site an alternative spot price index to be used.

- (i) Company's prevailing operations require Company to notify Buyer that receipt of Buyer's loaned quantities must be suspended or be reduced, and Buyer continues to receive loaned quantities; and/or
- (ii) Company's prevailing operations require Company to notify Buyer that all or part of Buyer's loaned quantities must be returned to Company, and Buyer fails to comply within the specified time frame; and/or
- (iii) Subject to Section 2 herein, the PAL account reflects a balance at the termination date of the executed PAL Agreement.

If Company notifies Buyer that receipt of Buyer's loaned quantities must be suspended or be reduced, only those quantities loaned in violation of the notification shall be sold to Buyer at twice the higher of 1) the highest weekly index price for gas at Emerson, Viking GL or (2) the highest weekly index price for gas at ANR, ML 7 as set forth in this Subsection.

## 6. RATES AND CHARGES

### 6.1 Applicable Rates

The rates for service under this Rate Schedule are the applicable maximum and minimum daily unit rates shown on the effective Statement of Rates of Company's FERC Gas Tariff; provided, however, that Company has the right at any time and from time to time to adjust the rates applicable to service under this Rate Schedule upon agreement with Buyer to any level not less than the Minimum or more than the Maximum Rates. In the event that Company makes such an adjustment, such adjusted rate shall apply solely to service at the receipt and/or delivery points agreed upon by Buyer and Company and shall be applicable solely for the period agreed upon by Buyer and Company.

Buyer shall pay the Maximum Rate for service under this Rate Schedule unless Company and Buyer mutually agree to a different rate. By mutual agreement between Company and Buyer, discounts may be limited consistent with the provisions of Article 3 of the pro forma agreement applicable to this Rate Schedule PAL.

The monthly charges for NPL, OPL and APL PAL services shall be the product of the quantities of gas in Buyer's PAL account for each separate transaction and the maximum or mutually agreed upon PAL daily commodity rate for each day service is tendered by Company. Charges shall commence on the first day of the agreed upon transaction and continue until Buyer's account balance reaches zero or until the last day of the agreed upon term as set forth in the Exhibit A of the executed PAL Agreement, whichever comes first.

The monthly charges for RPL PAL services shall be the product of the quantities of gas that Company has made available to be parked or loaned as set forth in Exhibit A of the executed PAL Agreement and the maximum or mutually agreed upon PAL daily reservation rate for each day service is made available by Company. Charges shall commence on the first day of the agreed upon transaction and continue until the last day of the agreed upon term as set forth in the Exhibit A of the executed PAL Agreement.

#### RPL Daily Parking/Lending Charge Reservation Rate Credit

To the extent Company fails to make available the requested RPL quantities during the agreed upon term as set forth in Exhibit A of Buyer's Rate Schedule PAL Service Agreement, and such failure is the result of action or inaction within the reasonable control of Company including the failure of Company to provide the related confirmed transportation service necessary to provide the requested RPL quantities to or from the applicable PAL Point, then the RPL reservation rate shall be reduced by an amount equal to the applicable daily reservation rate per Dekatherm times the difference between the quantity nominated by Buyer and the actual quantity tendered and delivered or received at the applicable PAL Point by Company. Notwithstanding, Buyer shall not receive an RPL PAL reservation rate credit to the extent Company and Buyer agree to an alternate means of satisfying Buyer's PAL request (such as by transporting quantities to or from another PAL Point).

### 6.2 Incidental Charges

In addition to the rates and charges pursuant to Subsection 6.1 of this Rate Schedule, Company shall charge Buyer an amount to reimburse Company 100 percent for any filing or similar fees, which have not been previously paid by Buyer, which Company incurs in establishing or rendering service. Company shall not use the amounts so collected (both costs and revenues) in establishing its general system rates.

### 6.3 Negotiated Rates

Notwithstanding any provision of Company's effective FERC Gas Tariff to the contrary, Company and Buyer may mutually agree in writing to a Negotiated Rate with respect to rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Company's effective FERC Gas Tariff. The Negotiated Rate may be less than, equal to or greater than the Maximum Rate; shall not be less than the Minimum Rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity. The Maximum Rate shall be available to any Buyer that does not choose a Negotiated Rate. Nothing in the provisions governing Negotiated Rate Agreements shall authorize Company or Buyer to violate FERC's policy with respect to negotiation of terms and conditions of service.

Such Negotiated Rate shall be set forth on an Exhibit of the executed PAL Agreement and on the Negotiated Rates section of the Tariff.

If Company agrees to such Negotiated Rate(s), then the Negotiated Rate(s) shall be effective only for the period agreed upon by Company. During such period, the Negotiated Rate shall govern and apply to the Buyer's services and the otherwise applicable rate, rate component,



charge or credit which the parties have agreed to replace with the Negotiated Rate, shall not apply to, or be available to, the Buyer.

Only those rates, rate components, charges or credits identified by Company and Buyer in writing as being superseded by a Negotiated Rate shall be in effect during the period that the Negotiated Rate is effective; all other rates, rate components, charges, or credits prescribed, required, established or imposed by this Rate Schedule or Company's Tariff shall remain in effect.

At the end of the period during which the Negotiated Rate is in effect, the otherwise applicable Maximum Rates or charges shall govern the service provided to Buyer.

Buyers paying a Negotiated Rate which exceeds the Maximum Rate shall be considered to be paying the Maximum Rate for purposes of scheduling, curtailment and interruption, and for calculating the economic value.

#### 7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to:

(a) Applicable Rates

The applicable rates as determined pursuant to Subsection 6.1 of this Rate Schedule multiplied by the total quantity of natural gas purchased and/or loaned in accordance with the effective Exhibit A of Buyer's PAL Agreement; and

(b) Other Charges

If applicable, any other charges including Incidental Charges pursuant to Subsection 6.2 of this Rate Schedule.

#### 8. WAIVER

Company may waive any rights hereunder or any obligations of Buyer hereunder on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or further rights or obligations, whether of a like or different character.

#### 9. GENERAL TERMS AND CONDITIONS

Buyer shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's Tariff, which are incorporated into this Rate Schedule.

GENERAL TERMS AND CONDITIONS

<b>Part</b>	<b>Title</b>
1	DEFINITIONS
2	QUALITY
3	MEASUREMENT AND SCHEDULING OF RECEIPTS AND DELIVERIES
4	MEASURING EQUIPMENT
5	INVOICING
6	PAYMENTS
7	POSSESSION OF GAS
8	PRESSURE OF GAS DELIVERY AND OPERATIONAL FLOW ORDERS
9	WARRANTY OF TITLE TO GAS
10	EXCUSE OF PERFORMANCE
11	NOTICES
12	MODIFICATION TO TERMS OF AGREEMENT
13	NONWAIVER AND FUTURE DEFAULT
14	SCHEDULES AND AGREEMENTS SUBJECT TO REGULATION
15	SALES AND PURCHASES OF GAS FOR OPERATIONAL PURPOSES
16	NEW FACILITIES POLICY
17	NEGOTIATED AND DISCOUNTED RATES
18	LIABILITY
19	FERC ANNUAL CHARGE ADJUSTMENT
20	INFORMATION AND COMMUNICATIONS REGARDING TRANSPORTATION SERVICES
21	RELEASES OR ASSIGNMENTS OF FIRM TRANSPORTATION AGREEMENTS
22	REQUESTS FOR SERVICE

23	RIGHT OF FIRST REFUSAL AND EXTENSION OF SERVICE AGREEMENTS
24	TERMINATION OR MUTUAL EXTENSION OF SERVICE AGREEMENTS
25	NORTH AMERICAN ENERGY STANDARDS BOARD WORKING GAS QUADRANT (NAESB WGQ) STANDARDS
26	FUEL AND LOSSES RETENTION ADJUSTMENT
27	LOAD MANAGEMENT COST RECONCILIATION ADJUSTMENT
28	INCORPORATION IN RATE SCHEDULES AND AGREEMENTS
29	UNAUTHORIZED OVERRUNS AND PENALTY REVENUE CREDITS
30	SEGMENTATION AND RECEIPT AND DELIVERY POINTS
31	ELECTRONIC TRANSACTIONS CONTRACTING
32	NON-CONFORMING AGREEMENTS
33	CONDITIONS FOR FIRM TRANSPORTATION QUANTITY REDUCTION
34	RESERVATION CHARGE CREDITS
35	POOLING

## 1. DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Tariff and in any Transportation Agreement incorporating this Tariff, shall be construed to have the following meanings:

- The term "Agreement" shall mean an executed agreement, including Transportation Agreement, for service under any of Company's existing rate schedules.
- The terms "Balancing Party" or "Balancing Parties" shall mean person(s) or entity(s) who have executed an OBA in the form set forth on Company's Web Site ([www.vgt.oneokpartners.com](http://www.vgt.oneokpartners.com)) under Customer Activities or in a form acceptable to Company and who satisfy the requirements of Subsection 1(a) of Rate Schedule LMS.
- The term "British thermal unit" or "Btu" shall mean the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at the standard pressure of 14.73 dry psia at 60 degrees Fahrenheit. [2.3.9]
- The term "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico. [3.2.1]
- The term "Category 1 Rates" shall mean those rates shown in the applicable Rate section of this Tariff applicable to Firm Transportation Agreements under Rate Schedule FT-A with a term of less than three (3) years.
- The term "Category 2 Rates" shall mean those rates shown in the applicable Rate section of this Tariff applicable to Firm Transportation Agreements under Rate Schedule FT-A with a term of three (3) years to less than five (5) years.
- The term "Category 3 Rates" shall mean those rates shown in the applicable Rate section of this Tariff applicable to Firm Transportation Agreements under Rate Schedule FT-A with a term of five (5) years or more.
- The term "Company" shall mean Viking Gas Transmission Company, a "Service Provider" pursuant to NAESB WGQ Standards.
- The term "cubic foot" shall mean the quantity of gas that occupies one (1) cubic foot when such gas is at a temperature of 60 degrees Fahrenheit, and at a pressure of .33 pounds per square inch above an assumed atmospheric pressure of 14.44 pounds per square inch (14.73 pounds per square inch absolute).
- The term "Customer" shall be defined as any person, including Shipper, who has executed an agreement with Company under any of Company's rate schedules contained in this Tariff.
- The term "Dekatherm" or "Dth" shall mean the quantity of heat energy which is 1,000,000 British thermal units. The standard quantity for nominations, confirmation and scheduling is Dths per Gas Day in the United States, gigajoules per Gas Day in Canada, and gigacalories per Gas Day in Mexico. (For reference 1 Dth = 1,000,000 Btu's; and 1 gigajoule; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between Dths and gigajoules is 1.055056 gigajoules per Dth and between Dths and gigacalories is 0.251996 gigacalories per Dth. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units. [1.3.14]

- The term "Displacement" or "Displacement Service" shall mean the non-physical movement of gas volumes, which is dependent on a substitution from one source of natural gas at one point for another source of natural gas from a different point.
- The term "Equivalent Quantity" unless otherwise stated in the Transportation Agreement shall mean that during any given period of time the quantities of gas delivered hereunder at the Point(s) of Delivery shall be the thermal equivalent of the quantities of gas received at the Point(s) of Receipt for transportation less thermal quantities of gas for Shipper's system fuel and use requirements and gas lost and unaccounted for associated with this transportation service.
- The term "FERC" shall mean the Federal Energy Regulatory Commission, or any successors thereto.
- The term "Gas Day" shall mean a period of twenty-four consecutive hours beginning and ending at 9:00 a.m. Central Clock Time (CCT). The reference date for any Gas Day shall be the date of the beginning of such Gas Day. [1.3.1]
- The term "In-Direction" shall mean a firm nomination line item that has a nomination for movement in the same direction as the Customer's current Transportation Path.
- The term "In-Path" shall mean a firm nomination line item that has a nomination with both the receipt point and delivery point within the Customer's current Transportation Path.
- The terms "Internet Web Site" or "System" shall mean Company's computer information and scheduling system, accessed through Company's Interactive Internet Web Site or through Electronic Data Interchange.
- The term "Mcf" shall mean 1,000 cubic feet of gas.
- The term "month" shall mean the period from 9:00 a.m. CCT on the first day of the calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month.
- The terms "Operational Balancing Agreement" or "OBA" shall mean the contract between Company and Balancing Party which specifies the procedures to manage operating variances at an interconnect. Company shall use the NAESB WGQ Model OBA whenever possible. Company shall enter into an OBA at all pipeline-to-pipeline (interstate and intrastate) interconnects. The OBA parties will take the necessary steps to ensure that the cumulative daily OBA imbalance is maintained at or tends towards a zero imbalance. [2.2.1][6.5.2] [2.3.29]
- The term "Operational Flow Order" (OFO) shall mean 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. Company shall attempt to minimize the use of OFOs and the declaration of critical periods and, when possible, shall direct an OFO to the specific party(s) creating the operating conditions. The declaration to the affected parties of OFOs, critical periods, and/or Critical Notices shall describe the conditions and the specific responses required from the affected parties. Notice procedures of OFO conditions shall be clearly defined in Company's Tariff. [1.2.6] [1.1.12] [1.3.26] [1.3.34]
- The term "Out-of-Direction" shall mean a firm nomination line item that has a nomination for movement in the opposite direction as the Customer's current Transportation Path.

- The term "Out-of-Path" shall mean a firm nomination line item that has a nomination from or to a point outside of the Customer's current Transportation Path.
- The term "Primary Delivery Point(s)" shall mean the Delivery Point(s) that the firm Customer has designated as its Primary Delivery Point(s) in Exhibit A of its Firm Transportation Agreement.
- The term "Primary Receipt Point(s)" shall mean the Receipt Point(s) that the firm Customer has designated as its Primary Receipt Point(s) in Exhibit A of its Firm Transportation Agreement.
- The term "quantity", where used herein, shall mean the number of Mcf adjusted for heat content (in Btus or Dths). The standard quantity for nominations, confirmation and scheduling is Dths per Gas Day in the United States, gigajoules per Gas Day in Canada, and gigacalories per Gas Day in Mexico. (For reference 1 Dth = 1,000,000 Btu's; and 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between Dths and gigajoules is 1.055056 gigajoules per Dth and between Dths and gigacalories is 0.251996 gigacalories per Dth. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units. [1.3.14]
- The term "Shipper" shall mean any transportation customer of Company.
- The term "Summer Season" shall refer to the months of April through October.
- The terms "System" or "Internet Web Site" shall mean Company's computer information and scheduling system, accessed through Company's interactive Internet Web Site or through Electronic Data Interchange.
- The term "Title Transfer Tracking Service Provider" (TTTSP) shall be a party conducting the title transfer activity. [1.2.16]
- The term "Total Heating Value", when applied to a cubic foot of gas, shall mean the number of Btu's produced by the complete combustion with air, at constant pressure, of one anhydrous (dry) cubic foot of gas under a pressure of 14.73 psia and a temperature of 60 degrees Fahrenheit when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state, as determined under Subsection 2.1 of the General Terms and Conditions.
- The term "Transportation Agreement" shall mean an executed transportation service agreement in the form set forth in this Tariff pursuant to Rate Schedule(s) FT-A, IT and/or AOT.
- The term "Transportation Service" shall include transportation, exchange or Displacement Service.
- The term "Transportation Path" shall mean the pipeline path and flow direction from and including the farthest Primary Receipt Point to and including the farthest Primary Delivery Point as stated in Shipper's Exhibit A for each firm transportation agreement. In the event of multiple Primary Receipt Points and/or Primary Delivery Points, unless otherwise indicated on Shipper's Exhibit A, the Primary Path(s) shall be determined by allocating the MDQ designated for each Primary Receipt Point in the Firm Transportation Agreement on a pro rata basis to each Primary Delivery Point designated in the Firm Transportation Agreement; provided however, that in no event can the Primary Path capacity extending from a Primary Receipt Point to a Primary Delivery Point exceed the MDQ at either that Primary Receipt

Point(s) or that Primary Delivery Point(s) as was designated in the Firm Transportation Agreement for that specific point.

- The term "Transportation Quantity" or "TQ" shall mean the sum of the MDQs in Dths of gas as specified for the Primary Delivery Points on Exhibit A of the Firm Transportation Agreement and shall mean the quantity of natural gas specified on Exhibit A of the IT Agreement which Company agrees to transport and deliver, subject to Article 2 of the applicable Firm or Interruptible Transportation Agreement, for the account of Shipper on each Gas Day during the term hereof which shall be expressed in Dth per Gas Day.
- The term "Winter Season" shall refer to the months of November through March.
- The term "year" shall mean a period of 365 consecutive days beginning on the date natural gas is first delivered or is to be delivered under the Transportation Agreement, whichever is earlier, or on any anniversary thereof; provided, however, that any such year which contains a date of February 29 shall consist of 366 consecutive days.

## 2. QUALITY

### 2.1 Gas Delivered by Company

The provisions set forth below shall apply to all gas delivered by Company under this Tariff.

#### (a) Heating Value

The natural gas shall have a Total Heating Value of not less than nine hundred and sixty-seven (967) British thermal units per cubic foot. Company may subject, or permit the subjection of, the natural gas to compression, cooling, cleaning and other processes and helium, natural gasoline, butane, propane, and any other hydrocarbons except methane may be removed prior to delivery to Shipper.

In the event that the Total Heating Value of gas, per cubic foot, falls below nine hundred and sixty-seven (967) (or above eleven hundred (1100) in the case of citygate deliveries) British thermal units per cubic foot, Shipper shall have the option to refuse to accept said gas so long as said Total Heating Value remains below nine hundred and sixty-seven (967) (or above eleven hundred (1100) in the case of citygate deliveries) British thermal units per cubic foot.

#### (b) Freedom from Objectionable Matter

The natural gas delivered by Company under this Tariff shall be commercially free (at prevailing pressure and temperature in Company's pipeline) from objectionable odors, dust, or other solid or liquid matters which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows.

#### (c) Hydrogen Sulphide

The gas shall not contain more than one (1) grain of hydrogen sulphide per one hundred (100) cubic feet.

#### (d) Failure to Conform to Specifications Against Objectionable Matter and Hydrogen Sulphide

If the gas offered for delivery by Company shall fail at any time to conform to any of the specifications set forth in Subsections 2.1(b) and (c) of these General Terms and Conditions, then Shipper shall notify Company of such deficiency and thereupon may at Shipper's option refuse to accept delivery pending correction by Company. Upon Company's failure promptly to remedy any deficiency in quality as specified, Shipper may accept delivery of such gas and may make changes necessary to bring such gas into conformity with such specifications, and Company may reimburse Shipper for any reasonable expense incurred by it in effecting such changes.

### 2.2 Gas Received by Company

Unless otherwise provided in the Transportation Agreement or applicable Rate Schedule, the provisions set forth below shall apply to all gas delivered to Company by Shipper.

#### (a) All gas shall have a Total Heating Value of not less than nine hundred sixty-seven (967) Btus per cubic foot, and not more than eleven hundred (1100) Btu's per cubic foot.



- (b) All gas shall be commercially free (at prevailing pressure and temperature in Company's pipeline) from objectionable odors, dust, hydrocarbon liquids, water and any other substance that might become separated from the gas in Company's facilities, and Shipper shall furnish, install, maintain and operate such drips, separators, heaters, and other mechanical devices as may be necessary to effect compliance with such requirements (after having secured the prior approval of Company as to the design and construction of such facilities, which approval shall not be unreasonably withheld).
- (c) All gas shall not contain more than twenty (20) grains of total sulphur, nor more than one fourth (1/4) of one grain of hydrogen sulphide per one hundred (100) cubic feet.
- (d) All gas shall not contain more than two-tenths of one percent (0.2%) by volume of oxygen, and Shipper shall make every reasonable effort to keep the gas free of oxygen.
- (e) All gas shall not contain more than four percent (4%) by volume of a combined total of carbon dioxide and nitrogen components; provided, however, that the total carbon dioxide content shall not exceed three percent (3%) by volume.
- (f) The temperature of all gas shall not exceed one hundred twenty degrees (120 degrees) Fahrenheit.
- (g) All gas shall have been dehydrated by Shipper for removal of entrained water present therein in a vapor state, and in no event contain more than seven (7) pounds of entrained water per million cubic feet, at a pressure base of fourteen and seventy three hundredths (14.73) pounds per square inch and a temperature of sixty degrees (60 degrees) Fahrenheit as determined by dew-point apparatus approved by the Bureau of Mines or such other apparatus as may be mutually agreed upon.

### 2.3 Prior Approval of Gas Quality Facilities

The design and construction of any facilities to be installed by Shipper in order to comply with the quality specifications in Subsection 2.2 of these General Terms and Conditions shall be approved by Company prior to such facilities being placed in service, such approval not to be unreasonably withheld.

### 2.4 Gas Quality Testing

Tests to determine sulphur, hydrogen sulphide, oxygen, carbon dioxide and nitrogen content shall be made by approved standard methods in general use in the gas industry.

### 2.5 Refusal of Out of Quality Specification Gas

As to gas which fails to meet the quality specifications set out in Subsection 2.2 of these General Terms and Conditions, or, if applicable, the quality specifications set out in the Transportation Agreement or applicable Rate Schedule, Company shall have the right to refuse to accept delivery of such gas and in the event Shipper does not correct the quality deficiency within a reasonable period of time, Company may terminate all receipts under the Transportation Agreement involving the deficient gas.

2.6 Reimbursement of Equipment or Repair Costs

Notwithstanding the exercise by Company of the options in Subsection 2.5 above, Shipper shall use its best efforts to correct any quality deficiency in the gas tendered for transportation. Further, notwithstanding Company's election under Subsection 2.5 of these General Terms and Conditions, Shipper shall reimburse Company for all expenses incurred in repairing injuries to Company's facilities resulting from deliveries of gas which do not conform to the quality specifications set forth in Subsection 2.2 of these General Terms and Conditions.

Company shall have the right to collect from all Shippers delivering gas to Company at a common receipt point their pro rata share of the cost of any additional gas analysis and quality control equipment which Company, at its reasonable discretion, determines is required to be installed at such receipt point to monitor the quality of gas delivered. The collection shall be by means of an Incidental Charge.

2.7 Separation, Dehydration and Processing

Company at its reasonable discretion may require that some or all of the gas to be transported be processed to remove liquid and liquefiable hydrocarbons prior to delivery to Company or may require evidence that satisfactory arrangements have been made for the removal of liquid and liquefiable hydrocarbons at a separation and dehydration and/or processing plant on Company's system. In the event separation and dehydration and/or processing is to occur after delivery of transportation gas to Company, Company and Shipper shall determine a mutually agreeable charge for the transportation of liquid and liquefiable hydrocarbons.

2.8 Posting of Gas Quality Data

2.8.1 Required Posting

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

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

- Heating Value
- Hydrocarbon Components (% of C1 - Cnn)
- Specific Gravity
- Water
- Nitrogen
- Carbon Dioxide
- Oxygen
- Hydrogen
- Helium
- Total Sulfur
- Hydrogen Sulfide
- Carbonyl Sulfide
- Mercaptans
- Mercury and/or other contaminants being measured
- Other pertinent gas quality information that is specified in Subsection(s) 2.1 and 2.2 above of the General Terms and Conditions of Company's FERC Gas Tariff.

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

The information available for the identified location(s) shall be provided in a downloadable format. Such format shall be a tabular downloadable file, as described by Company, with the first row of the file containing the column headers.

Company shall provide on its Informational Posting Web Site a link to the natural gas quality provisions within the General Terms and Conditions of Company's FERC Gas Tariff. [4.3.89]

#### 2.8.2 Discretionary Posting

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

#### 2.8.3 Compliance with Gas Quality Requirements

In any event, compliance with gas quality requirements is in accordance with Subsection(s) 2.1 and 2.2 of the General Terms and Conditions of Company's FERC Gas Tariff.

3. MEASUREMENT AND SCHEDULING OF RECEIPTS AND DELIVERIES

3.1 Determination of Quantity and Total Heating Value

The quantity and the Total Heating Value of gas received and delivered by Company shall be determined as follows:

(a) Unit of Volume

One thousand (1,000) cubic feet shall be denoted as one (1) Mcf.

(b) Determination of Total Heating Value

The Total Heating Value of the gas per cubic foot shall be determined by taking the average of the heating values determined as determined by chromatographic analysis of a sample of gas or any other method mutually agreed upon.

The average (flow weighted) heating value of the gas per cubic foot (Btu/cf) for a unit of time shall be determined by the total Dths divided by the total Mcf quantity multiplied by 1000.

The standardized reporting basis for Btu is 14.73 dry psia and 60 degrees F (101.325 kPa and 15 degrees C, and dry). The standardized reporting basis for gigacalorie is 1.035646 Kg/cm<sup>2</sup> and 15.6 degrees C and dry. [2.3.9]

Dths shall be determined by multiplying the Mcf quantity by the ratio of the heating value per cubic foot to 1,000.

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

(c) Determination of Gas Temperature

The temperature of the gas passing through the meters shall be determined continuously by a recording thermometer so installed that it may properly record the temperature of the gas flowing through the meters. Arithmetic averages of the temperature recorded each Gas Day shall be used in computing the measured volume of gas in Mcf.

(d) Determination of Specific Gravity

The specific gravity of the gas delivered shall be determined by the use of chromatographic analysis or any other method mutually agreed upon. Determination of the specific gravity and heating value per cubic foot (Btu/cf) shall be determined at approximately the same time or from the same analyzed gas sample.

(e) Deviation from Boyle's Law

The deviation of the natural gas from Boyle's Law shall be determined by the use of the tables of formulae published by the American Gas Association Par Research Project NX-19 corrected for carbon dioxide (CO<sub>2</sub>) and nitrogen (N<sub>2</sub>), or any applicable formulae published by the American Gas Association. The molecular percentage of N<sub>2</sub> and CO<sub>2</sub> shall be determined at approximately the same time or from the same analyzed gas sample used for the determination of the compressibility factors, with corrections for specific gravity, temperature and pressure.

3.2 Measurement Closing

The cutoff for the closing of measurement is five (5) Business Days after business month. [2.3.7]

3.3 Allocation of Receipt and Delivery Point Measurement

Company supports the following NAESB WGQ flowing gas related Principles by reference: [2.1.1, 2.1.2, 2.1.3, 2.1.4, and 2.1.5.]

There are two types of allocations: daily and monthly. [2.3.15]

(a) For Points of Interconnection Where an OBA is the Predetermined Allocation (PDA) Methodology

(i) Allocation of Receipts

Unless prohibited by applicable law or regulation, the quantities received by Company at any receipt point shall be allocated among Shippers and services in accordance with the allocation procedures specifically agreed to by Company and the Balancing Party at the receipt point set forth in the OBA governing the point provided, however, Company will not be required to enter into such arrangements (i) with a party if that party does not meet Company's creditworthiness provisions as set forth in Section 22 of the General Terms and Conditions, or (ii) with aggregators of supplies other than a Balancing Party or producer at the receipt point(s) if the producer(s) covered by the allocation agreement between Company and aggregator have not provided their written consent to the arrangement, or if the aggregator does not demonstrate that it has the authority and ability to control the flow of gas from the applicable receipt point(s).

(ii) Allocation of Deliveries

Unless prohibited by applicable law or regulation, the quantities delivered by Company at any delivery point shall be allocated in accordance with the allocation procedures specifically agreed to by Company and the Balancing Party, as set forth in the OBA governing the point provided, however, Company will not be required to enter into an arrangement with: (i) a Balancing Party if that party does not meet Company's creditworthiness provisions as set forth in Section 22 of the General Terms and Conditions or (ii) an aggregator if the aggregator does not demonstrate that it has the physical or contractual ability to control the flow of gas at the applicable delivery point(s) and the contractual right to allocate gas deliveries at such point.

(b) For Points of Interconnection Where a Predetermined Allocation (PDA) Methodology Other Than an OBA is in Effect

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

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

Allocated quantities and imbalances shall be expressed in the same units as the nominated quantities. [2.3.27]

The data elements should accommodate multi-tier allocations. If Company chooses to support multi-tier allocations or already accepts multi-tier allocations, the data elements should accommodate it. [2.3.25]

Measurement data available upstream of aggregated points shall be sent to the allocating party and used to allocate the aggregated volume back to the upstream points. [2.3.8]

The upstream or downstream party providing the point confirmation shall submit the pre-determined allocation to the allocating party after or during confirmation and before start of Gas Day. [2.3.5]

The allocating party shall send back "confirmation" of receipt of the pre-determined allocation within 15 minutes. [2.3.6]

Company shall accept NAESB WGQ-approved allocation methodology types from the upstream or downstream custody transfer party who is providing the point confirmation. [2.3.19]

Company shall confirm receipt of the PDA within 15 minutes.

Confirmation of receipt of PDAs transmitted via EDI shall be Company's PDA quick response via EDI.

Confirmation of receipt of PDAs transmitted via facsimile shall be the sending party's facsimile transmission report.

In the absence of receipt of a PDA, Company shall allocate quantities received or delivered at a certain point in proportion to the Scheduled Quantities.

Where the allocated quantities with respect to a Title Transfer Tracking Service Provider are different than the scheduled quantities provided by Company to the Title Transfer Service Provider, for the same period, the Company shall provide to the Title Transfer Tracking Service Provider Allocation (NAESB WGQ Standard 2.4.3) for the quantities into the Title Transfer Tracking Service Provider. In addition, Company shall either accept:

- (i) Allocations from the Title Transfer Tracking Service Provider, or
- (ii) PDAs from the Title Transfer Tracking Service Provider.

Such information shall be delineated at the level of the nomination line items provided by the Title Transfer Tracking Service Provider to Company for the purpose of allocating quantities out of the Title Transfer Tracking Service Provider. [1.3.71]

(c) Notification of Allocation Rules

Upon receipt of a request from Shipper, Company will promptly notify Shipper of the applicable rules governing the allocation of Shipper's gas at Shipper's receipt and delivery points.

(d) Time Limit for Allocation Disputes

The time limitation for disputes of allocations shall be 6 months from the date of the initial month-end allocation with a 3-month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. [2.3.26]

At the time Company:

- (i) provides parties with the ability to request statement(s) of allocation via its Customer Activity site; and
- (ii) provides parties with the ability to view such requested statements of allocation via its Customer Activity site; and
- (iii) does not provide such parties with the ability to request a NAESB WGQ Standard 2.4.3 Allocation via at least a fax, phone, or e-mail;

then, Company shall support the ability of such party (or their agent) to request NAESB WGQ Standard 2.3.4 Allocations via the Request for Information and to receive Company's response via a NAESB WGQ Standard 2.4.3 document. Where the conditions in (i) and (ii) above exist and Company does provide such parties with the ability to request a NAESB WGQ Standard 2.4.3 Allocation via at least a fax, phone, or e-mail, the Company is not required to support Request for Information. [2.3.36]

The period of time (how far back in time a request may specify) shall be comparable as between the electronic request/view method and the upload request/receive response method, provided, however, Company shall not be required to respond with information generated prior to its implementation of NAESB WGQ Standard 2.4.3. [2.3.36]

At the time Company supports the ability of a party (or its agent) to:

- (i) request NAESB WGQ Standard 2.4.3 document(s) pursuant to NAESB WGQ Standard 2.3.36 and
- (ii) receive the NAESB WGQ Standard 2.4.3 document in response to such request;

then, Company shall provide the documents requested at the party's designated site by 9:00 a.m. CCT on a Business Day when the request is received prior to 3:00 p.m. CCT on the prior Business Day. [2.3.37]

3.4 Nominations

(a) General Rules and Timeline

Pursuant to NAESB WGQ Standards 1.3.2, 1.3.3, 1.3.5, 1.3.6, 1.3.20, 1.3.21: All Transportation Service Providers should support the following standard nomination cycles:

(i) The Timely Nomination Cycle

11:30 a.m. for nominations leaving control of the nominating party; 11:45 a.m. for receipt of nominations by the Transportation Service Provider (including from Title Transfer Tracking Service Providers (TTTSPs)); noon to send Quick Response; 3:30 p.m. for receipt of completed confirmations by Transportation Service Provider from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by Shipper and Balancing Party (Central Clock Time on the Gas Day prior to flow).

(ii) The Evening Nomination Cycle

6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by the Transportation Service Provider (including from TTTSPs); 6:30 p.m. to send Quick Response; 9:00 p.m. for receipt of completed confirmations by Transportation Service Provider from upstream and downstream connected parties; 10:00 p.m. for Transportation Service Provider to provide scheduled quantities to affected Shippers and Balancing Parties, and to provide scheduled quantities to bumped parties (notice to bumped parties), (Central Clock Time on the Gas Day prior to flow).

Scheduled quantities resulting from an Evening Nomination that does not cause another Service Requester on Transportation Service Provider's system to receive notice that it is being bumped should be effective at 9:00 a.m. on Gas Day; and when an Evening Nomination causes another Service Requester on the subject Transportation Service Provider's system to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. on Gas Day.

(iii) The Intra-day 1 Nomination Cycle

10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by the Transportation Service Provider (including from TTTSPs); 10:30 a.m. to send Quick Response; 1:00 p.m. for receipt of completed confirmations by Transportation Service Provider from upstream and downstream connected parties; 2:00 p.m. for Transportation Service Provider to provide scheduled quantities to affected Shippers and Balancing Parties, and to provide scheduled quantities to bumped parties (notice to bumped parties), (Central Clock Time on the Gas Day). Scheduled quantities resulting from Intra-day 1 Nomination should be effective at 5:00 p.m. on Gas Day.



(iv) The Intra-day 2 Nomination Cycle

5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by the Transportation Service Provider (including from TTTSPs); 5:30 p.m. to send Quick Response; 8:00 p.m. for receipt of completed confirmations by Transportation Service Provider from upstream and downstream connected parties; 9:00 p.m. for Transportation Service Provider to provide scheduled quantities to affected Shippers and Balancing Parties (Central Clock Time on the Gas Day). Scheduled quantities resulting from Intra-day 2 Nomination should be effective at 9:00 p.m. on Gas Day. Bumping is not allowed during the Intra-day 2 Nomination Cycle.

(v) For purposes of 1.3.2 ii, iii, and iv, "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal it shall mean send or post.

The nomination timelines apply to capacity release transactions that are finalized in accordance with Section 21 of the General Terms and Conditions of Company's FERC Gas Tariff at least one (1) hour prior to the start of any nomination cycle.

At the end of each Gas Day, Transportation Service Providers should provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the 1.4.x scheduled quantity related standards, Transportation Service Providers should send an end of Gas Day Scheduled Quantity document. Receivers of the end of Gas Day Scheduled Quantity document can waive the sender's sending of the end of Gas Day Scheduled Quantity document. [1.3.3]

All nominations should include Shipper defined begin dates and end dates. All nominations excluding Intra-day Nominations should have rollover options. Specifically, Shippers should have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of Shipper's contract. Nominations received after nomination deadline should be scheduled after the nominations received before the nomination deadline. The receiver of a nomination initiates the confirmation process. The party that would receive a Request For Confirmation or an unsolicited Confirmation Response may waive the obligation of the sender to send. The sending party should adhere to nomination, confirmation, and scheduling deadlines. It is the party receiving the request who has the right to waive the deadline.

(b) To Initiate or Change Service

For purposes of initiating or changing service, Shipper shall send its nomination(s) via the System, or by fax in the event the System is unavailable, pursuant to the NAESB WGQ standard nomination timelines stated in Subsection 3.4 above.

Overrun quantities should be requested on a separate transaction. [1.3.19] No transportation service will commence unless and until Company has received complete nomination(s) through the System or by fax in the event the System is unavailable, and all applicable upstream/downstream connected parties have submitted to Company the information required.

(c) Intra-day Changes in Nominations

All nominations, including Intra-day Nominations, should be based on a daily quantity; thus, an intra-day nominator need not submit an hourly nomination. Intra-day Nominations should include an effective date and time. The interconnected parties should agree on the hourly flows of the Intra-day Nomination, if not otherwise addressed in Transportation Service Provider's contract or Tariff. Intra-day Nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas. Gas Day nominations do not rollover (i.e. Intra-day Nominations span one Gas Day only). Intra-day Nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if Intra-day Nomination modifies existing nomination. [1.3.9, 1.3.11, and 1.3.13]

Company may accept, on a not unduly discriminatory basis, a nomination change, following the Intra-day 2 Nomination Cycle for the remainder of the Gas Day, under any rate schedule in this Tariff if, in Company's reasonable judgment, the acceptance of such nomination will not adversely affect the timely processing by Company of all other nominations which do comply with the timelines hereunder and sufficient capacity is available to provide the requested service.

The calculation of any penalties provided for under Company's Tariff shall take into consideration all scheduled nominations on a pro rata basis.

(d) Notification of Scheduling

The Balancing Party of the applicable receipt and delivery points will confirm with Company that Shipper's nominated quantities will be received or delivered. Shipper and applicable Balancing Party(s) will transmit and receive information in accordance with Subsection 3.4(a).

(e) Routing of Gas

Scheduling and billing for transportation services will be determined by the information that Shipper provides Company specifying the daily point-to-point routing for receipts and deliveries.

If actual deliveries are greater than actual receipts, excess deliveries will be deemed to have been received from Zone 1 for purpose of the billing for such excess deliveries.

3.5 Scheduling Priority

Transportation Service Provider shall schedule receipts and deliveries of gas in accordance with the priority categories specified below. Ranking should be included in the list of data elements. Transportation Service Provider should use service requester provided rankings when making reductions during the scheduling process when this does not conflict with Tariff-based rules. [1.3.23 and 1.3.22]

- (a) With respect to the timely nomination/confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities 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.

- (b) With respect to the processing of requests for increases during the Intra-Day Nomination/confirmation process, 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.
- (c) With respect to the processing of requests for decreases during the Intra-Day Nomination/confirmation process, 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.
- (d) With respect to NAESB WGQ Standard 1.3.22 in Subsections 3.5(a), (b), and (c) of these General Terms and Conditions, 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.

### 3.6 Capacity Allocation, Confirmation, and Scheduling Processes

If nominated quantities exceed stated pipeline or point capacity at any location on Company's system for a given scheduling cycle, Company shall attempt to allocate nominated quantities of gas as set forth in Subsections 3.6.1 and 3.6.2 prior to confirmation with the interconnecting parties.

Company shall deem nominated quantities to be scheduled once the capacity allocation, and confirmation and scheduling processes are completed for a given scheduling cycle.

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

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

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

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

### 3.6.1 Allocation of Pipeline Capacity

In those instances in which the aggregate quantity of all validated nominations in a given flow direction exceeds the physical capacity of Company's system at a specific pipeline location or segment, Company will allocate capacity to the validated nominations at the constrained pipeline location in the priority categories specified below (listed from highest priority to lowest priority).

- (a) Firm nominations with a flow direction opposite of the physical flow direction, irrespective of contract path, at a constrained pipeline location.

Such nomination class will be initially allocated capacity at this priority level given that it potentially creates capacity at the constrained location.

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

- (b) Firm nominations with a flow direction in the same direction as the physical flow direction at a constrained pipeline location.

If required, Company shall prioritize nominations within this nomination class as follows:

- (i) IPID firm transportation nominations.

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

If all available constrained capacity is allocated to this nomination class, Company will cease the allocation process at this step.

- (ii) IPOD firm transportation nominations.

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

If all available constrained capacity is allocated to this nomination class, Company will cease the allocation process at this step.

- (iii) OPID firm transportation nominations.

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

If all available constrained capacity is allocated to this nomination class, Company will cease the allocation process at this step.

- (iv) OPOD firm transportation nominations.

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

If all available constrained capacity is allocated to this nomination class, Company will cease the allocation process at this step.

- (c) Rate Schedule AOT nominations for transportation services to Primary Delivery Points that are identified on Exhibit A of the Shipper's Transportation Agreement.

- (d) Interruptible nominations.

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

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

#### 3.6.2 Allocation of Point Capacity

In those instances in which the aggregate net quantity of all validated nominations exceeds Company's physical capacity to receive gas at a specific Receipt Point or deliver gas at a specific Delivery Point, Company will allocate capacity to the validated nominations at the constrained point location in the following priority categories specified below (listed from highest to lowest).

- (a) Firm nomination quantities in the opposite direction of the net nominated quantity at the constrained point location.

Such nomination class will be initially allocated capacity given that it potentially adds capacity at the point in the direction of the constraint.

- (b) Firm nomination quantities in the same direction as the net nominated quantity at the constrained point location.

If required, Company shall prioritize nominations within this nomination class as follows:

- (i) Primary scheduling rights firm nominations.

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

If all available constrained capacity is allocated to this nomination class, Company will cease the allocation process at this step.

(ii) Secondary In-Path (SIP) firm nominations.

The Receipt Points and Delivery Points within a Rate Schedule FT-A Shipper's Transportation Path that do not have primary capacity scheduling rights are automatically assigned SIP capacity scheduling rights by Company.

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

If all available constrained capacity is allocated to this nomination class, Company will cease the allocation process at this step.

(iii) Secondary Out-of-Path (SOP) firm nominations.

The Receipt Points and Delivery Points outside of a Rate Schedule FT-A Shipper's Transportation Path are automatically assigned SOP capacity scheduling rights by Company.

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

If all available constrained capacity is allocated to this nomination class, Company will cease the allocation process at this step.

(c) Interruptible nominations.

The Receipt Points and Delivery Points under an Interruptible Rate Schedule IT Transportation Agreement share equal interruptible scheduling priority rights.

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

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

If all available constrained capacity is allocated to this nomination class, Company will cease the allocation process at this step.

(d) Authorized overrun nominations.

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

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

(e) PAL nominations.

If required, Company shall prioritize nominations within the nomination class as described in Rate Schedule PAL.

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

3.7 Partial Curtailment or Full Interruption of Scheduled Capacity

3.7.1 Allocation of Scheduled Capacity Due to Capacity Limitations

If, on any day, Company determines that the capacity of its system, or any portion thereof including the point(s) at which gas is tendered for transportation, is insufficient to serve all Shippers that are scheduled to receive service on such day, then capacity that requires allocation shall be allocated in a manner that results in curtailment of capacity, to zero if necessary, sequentially in reverse order to the scheduling priorities provided for in Subsection 3.6 above.

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

3.7.2 Allocation of Scheduled Capacity Due to Loss of Line Pack

If Company experiences an unanticipated loss of line pack due to the under delivery of gas quantities by Shipper(s) to Company's mainline, then:

- (a) if the deficient source is known, Company will curtail the corresponding scheduled firm and/or interruptible markets; or
- (b) if the deficient sources are undeterminable, then Company will localize the smallest affected area, and will curtail scheduled interruptible service first in reverse scheduling order and then scheduled firm services will be curtailed pro rata; provided that verifiable Receipt Point gas quantities will not be subject to a deficiency of receipts curtailment.

To the extent that information concerning the deficient source is, or becomes available, Company will provide such information via the System to all curtailed Shippers.

3.8 Shipper Imbalances

3.8.1 Shipper Duty to Control Imbalances

A Shipper receiving any transportation service from Company will use, or will cause any party receiving or delivering Shipper's gas to use, all reasonable efforts to ensure that receipts and deliveries of gas are equal to the nominations confirmed by Company. Shipper shall also be responsible to control, and if necessary, adjust receipts and deliveries of gas to maintain a balance between such receipts, deliveries and confirmed nominations. To the extent a Shipper is out of balance it will be subject to the daily and monthly balancing provisions contained in Rate Schedule LMS of Company's FERC Gas Tariff. No imbalance penalty should be imposed

when a prior period adjustment applied to the current period causes or increases a current month penalty.

### 3.8.2 Unauthorized Delivery Imbalance Charge

Unauthorized deliveries are deliveries of transportation gas made to Company at the receipt point(s) prior to execution of a Transportation Agreement or submission of a nomination by the Shipper provided in Subsection 3.4 of these General Terms and Conditions. For any unauthorized deliveries, Company shall assess a charge equal to two times the Index Price as determined in accordance with the procedures established in Subsection 5(b) of Rate Schedule LMS. Company shall have the right to retain unauthorized deliveries at receipt point(s) which have not been cured in accordance with above after 30 days notice to the responsible party.

### 3.8.3 Balancing at Agreement Termination

Following the termination of the Transportation Agreement, Shipper shall be required to correct any remaining imbalance in receipts and deliveries in cash in accordance with the procedures established in Section 5 of Rate Schedule LMS, unless the parties mutually agree otherwise.

## 3.9 Delegation Rights

A Shipper may delegate, for a term of one or more calendar months starting on the first day of a month, to a third party responsibility for submitting and receiving notices, making nominations, or performing other administrative duties under any Firm Transportation Agreement under Rate Schedule FT-A or any OBA, subject to the following conditions:

- (a) Shipper must designate in writing the third party to whom it is delegating its responsibilities at least three Business Days prior to the requested effective date. Any changes to the designation must be submitted in writing to (i) Company and (ii) Balancing Party(s) at the receipt and delivery points through which the delegated transportation service is received three Business Days prior to the effective date of the requested change. Shipper's representative shall have all rights and obligations under the Firm Transportation Agreement for the receipt and delivery points so delegated, except that Shipper's representative cannot change the Primary Receipt Points or Primary Delivery Points or otherwise amend the Firm Transportation Agreement. The invoice for all activity during the month will be presented to Shipper in accordance with these General Terms and Conditions.
- (b) Company may rely on communications and actions of Shipper's designated representative for all purposes. Communications with, and actions by, the designated representative shall be deemed communications with or actions by Shipper. Shipper shall indemnify and hold Company harmless from suits, actions, costs, losses and expenses (including, without limitation, attorney's fees) arising from claims associated with Company's reliance on the communications and actions of Shipper's designated representative, except to the extent attributable to the negligence or misfeasance of Company. If Shipper's representative fails to meet its obligations under the Firm Transportation Agreement, then, without Company being obligated to proceed against such representative, Shipper shall be liable for all obligations under the Firm Transportation Agreement.
- (c) A third party may administer and aggregate rights under multiple Firm Transportation Agreements as the designated representative for one or more Shippers; provided however, that such representative (1) shall separately administer and account for each



such Firm Transportation Agreement, including without limitation submitting nominations and calculating any imbalances and (2) shall utilize such Firm Transportation Agreement for the transportation of gas for only those Shippers that have delegated the rights and obligations under their Firm Transportation Agreement.

#### 4. MEASURING EQUIPMENT

##### 4.1 Measuring Station

With respect to gas received or delivered under a Transportation Agreement, unless otherwise mutually agreed upon, all measuring facilities shall be installed, if necessary, owned, maintained and operated by Company or Company's designee near the receipt point(s) and delivery point(s). The heating value of natural gas delivered shall be measured and determined in accordance with Section 3 of the General Terms and Conditions.

###### (a) Orifice Meters

Orifice meters, if used, shall be installed, and gas quantities computed, in accordance with American National Standard Bulletin ANSI/API 2530, Orifice Metering of Natural Gas, dated September, 1985, and any modification and amendments thereof, and shall include the use of flange connections and straightening vanes.

###### (b) Positive Displacement Meters

Diaphragm or rotary meters, if used, shall be installed, and gas quantities computed, in accordance with generally accepted industry practices.

###### (c) Turbine Meters

Turbine meters, if used, shall be installed, and quantities computed, in accordance with American Gas Association report 7 dated November, 1984 and any modifications and amendments thereof.

###### (d) Electronic Flow Computers

Electronic or other types of flow computers, if used, shall be installed, and quantities calculated in accordance with generally accepted industry practices. Company, on a nondiscriminatory basis, may require the installation of electronic measurement and communications equipment at receipt or delivery points that are estimated to deliver in excess of 500 Mcf per Gas Day. Company may require all Shippers delivering gas to, or receiving gas from, Company at any such receipt or delivery points to contribute their pro rate share of the cost of such equipment.

###### (e) New Measurement Techniques

If, at any time, a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, such new method or technique may be substituted upon mutual agreement thereto by the parties.

##### 4.2 Check Measuring Equipment

Company, Shipper or a Balancing Party may install, maintain, and operate at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of the other party's measuring equipment.

#### 4.3 Right to be Present

Company, Shipper or a Balancing Party shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas under the Transportation Agreement. The records from such measuring equipment shall remain the property of their owner, but, upon request, each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.

#### 4.4 Care Required

All installations of measuring equipment applying to or affecting deliveries of gas shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by both parties in the installation, maintenance, and operation of pressure-regulating equipment so as to prevent any inaccuracy in the determination of the quantity of gas delivered under the Transportation Agreement.

#### 4.5 Calibration and Test of Meters

The accuracy of Company's, Shipper's or Balancing Party's measuring equipment shall be verified at reasonable intervals and, if requested, in the presence of representatives of Company, Shipper or Balancing Party, but no party shall be required to verify the accuracy of such equipment more frequently than once in any thirty day period. In the event that a party shall notify the other that it desires a special test of any measuring equipment, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for, shall be borne by the requesting party if the measuring equipment tested is found to be in error not more than two percent.

If, upon test, any measuring equipment is found to be in error by not more than two percent, previous recordings of such equipment shall be considered accurate in computing deliveries of gas, but such equipment shall be adjusted at once to record accurately.

If, upon test, any measuring equipment shall be found to be inaccurate by an amount exceeding two percent, at a recording corresponding to the average hourly rate of flow for the period since the last preceding test, then any previous recordings of such equipment shall be corrected to zero error for any period which is known definitely, but in case the period is not known or agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of the last test, not exceeding a correction period of sixteen days.

#### 4.6 Correction of Metering Errors - Failure of Meters

In the event a meter is out of service or registering inaccurately, the quantity of gas delivered shall be determined:

- (a) by using the registration of any check meter or meters, if installed and accurately registering; or, in the absence of (a);
- (b) by correcting the error if the percentage of error is ascertainable by calibration, tests, or mathematical calculation; or, in the absence of both (a) and (b);
- (c) by estimating the quantity of delivery by deliveries during periods under similar conditions when the meter was registering accurately.

4.7 Measurement of Allocations

Pursuant to NAESB WGQ Standards 2.3.7, 2.3.11, 2.3.12, 2.3.13, 2.3.14:

The cutoff for the closing of measurement is 5 Business Days after business month. For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the production month. A meter adjustment becomes a prior period adjustment after the fifth Business Day following the business month. For reporting measurement prior period adjustments, report it with the restated line item with new total quantity for the Gas Day and the month. Estimate missing or late measurement data and treat actual as a prior period adjustment, with the measuring party to provide the estimate. Measurement data corrections should be processed within 6 months of the production month with a 3 month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

4.8 Preservation of Metering Records

Company and Shipper shall each preserve for a period of at least one year all test data, charts, and other similar records.

5. INVOICING

5.1 Monthly Invoicing Date

Company shall render to Customer invoices for each month gas service was furnished under any of Company's rate schedules during the preceding invoicing period. Pursuant to NAESB WGQ Standards 3.3.4, 3.3.14, 3.3.15, 3.3.16: Unless otherwise agreed, invoices should state the net billing rate, rather than the maximum discount Tariff rate and the discount amount. The imbalance statement should be rendered prior to or with the invoice. The invoice should be prepared on or before the 9th Business Day after the end of the production month. Rendered is defined as postmarked, time-stamped, and delivered to the designated site. Prior period adjustment time limits should be 6 months from the date of the initial invoice and 7 months from date of initial sales invoice with a 3-month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Prior period adjustments are reported by production date, but they do not have to be invoiced separately by production month--nor is each production month a separate paper invoice page. Company may render separate invoices for demand charges, commodity charges and cash-out charges.

5.2 Right of Examination

Both Company and Customer shall have the right to examine at any reasonable time the applicable books and records (or portions thereof) of the other to the extent necessary to verify the accuracy of any statement made under or pursuant to the provisions of the Agreement. Upon receipt of a request, the requestee will either send the relevant information to the requestor or will provide the requestor the right to review such information in the requestee's offices.

6. PAYMENTS

6.1 Monthly Payment Date

Customer (or other payor) shall pay Company, at a bank designated by Company, so that payment is received and Company has available funds therefrom within ten (10) calendar days from the receipt of the invoice, for the gas service purchased by Customer during the preceding month and billed by Company pursuant to the provisions of this Tariff and the Agreement. Pursuant to NAESB WGQ Standards 3.3.17 and 3.3.18: Party making payment should submit supporting documentation; party receiving payment should apply payment per supporting documentation provided by the paying party; and if payment differs from invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two Business Days of the payment due date. Identify invoice number(s) on all payments.

6.2 Remedies for Non-Payment

Should Customer fail to pay all of the amount of any invoice as herein provided when such amount is due, Customer shall pay a Charge for Late Payment. Such Charge for Late Payment shall be determined by multiplying (a) the unpaid portion of the invoice, by (b) the ratio of the number of days from the due date to the date of actual payment to 365, by (c) the interest rate determined in accordance with Section 154.501 of FERC's regulations. Interest applicable to such bill will be invoiced to Shipper, pursuant to Section 5 of the General Terms and Conditions, to the extent that the amount of interest is \$25 or more. If such failure to pay continues for thirty days after payment is due and Company has provided Customer and the FERC with at least thirty (30) days notice that service will terminate due to the non-payment, Company, in addition to any other remedy it may have under the Agreement, may terminate the Agreement; provided, however, that if Customer in good faith shall dispute the amount of any such invoice or part thereof and shall pay to Company such amounts as it concedes to be correct and at any time within thirty days after a demand made by Company shall furnish good and sufficient surety bond, guaranteeing payment to Company of the amount ultimately found due upon such invoices after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to terminate the Transportation Agreement until a default is made in the conditions of such bond.

6.3 Adjustment of Underpayment, Overpayment or Error in Invoicing

If invoice is in dispute, Customer shall pay the portion of the invoice not in dispute and provide documentation identifying basis for the dispute. If it shall be found that at any time Customer has been overcharged or undercharged in any form whatsoever under the provisions of this Tariff or the Agreement and Customer shall have actually paid the invoices containing such overcharge or undercharge, then within thirty days after the final determination thereof, Company shall refund the amount of such overcharge and Customer shall pay the amount of any such undercharge; provided, however, that interest calculated in accordance with Subsection 6.2 of these General Terms and Conditions shall apply to any undercharge or overcharge not paid or refunded within thirty days from the date of the determination of such undercharge or overcharge. In the event an error is discovered in the amount invoiced in any statement rendered by Company such error shall be adjusted within thirty days of the determination thereof provided that claim therefore shall have been made within sixty days from the date of discovery of such error. [3.3.19]

7. POSSESSION OF GAS

Unless otherwise provided in the Transportation Agreement or applicable Rate Schedule, as between Company and Shipper, Shipper shall be deemed to be in exclusive control and possession of the gas to be transported (i) prior to receipt by Company at the receipt point(s), (ii) after receipt by Company, when the gas is in the custody of Shipper or Shipper's designee for separation, processing or other handling, and (iii) after delivery by Company at the delivery point(s); otherwise, Company shall be in exclusive control and possession of the gas. The party which shall be in exclusive control and possession of the gas shall be responsible for all injury or damage caused thereby to any third party. In the absence of negligence, bad faith, fault or willful misconduct on the part of Company, Shipper waives any and all claims and demands against Company, its officers, employees or agents, arising out of or in any way connected with (i) the quality, use or condition of the gas after delivery from Company for the account of such Shipper, (ii) any losses or shrinkage of gas during or resulting from transportation hereunder, and (iii) all other claims and demands arising out of Company's performance of its duties hereunder.

8. PRESSURE OF GAS DELIVERY AND OPERATIONAL FLOW ORDERS

8.1 Pressure

With respect to all deliveries by Company, Company shall make deliveries at Shipper's designated delivery points as nearly as practicable at Company's line pressure; provided that the minimum pressure shall be as stated in Shipper's Transportation Agreement and shall not be less than 100 pounds per square inch gauge.

Shipper shall deliver gas to Company at the pressure required from time to time to enable the gas to enter Company's facilities at the receipt point(s), but in no event shall such pressure exceed the maximum allowable operating pressure of Company's system at such point(s).

8.2 Operational Flow Orders

- (a) Due to the effects of changes in weather, gas demands, flowing gas supplies and/or other factors, it may be necessary for Company to informally, via telephone, electronic mail, or facsimile, request adjustments in the portfolio of flowing gas supplies of Balancing Party(s) to accommodate the demands on Company's system. In cases of high line pack, Company will request Balancing Party(s) responsible for such conditions to reduce supply nominations or increase delivery quantities. In cases of low line pack, Company will request Balancing Party(s) responsible for such conditions to increase supply nominations or reduce delivery quantities. Company will coordinate operational adjustments in flowing gas quantities and pressures with interconnecting pipelines where appropriate in order to alleviate operating concerns caused by line pack levels, planned or unplanned maintenance and repairs.

Balancing Party(s) without 24-hour gas monitoring capability shall provide Company with the name and telephone number of a representative whom Company may contact at any time to request such adjustments. If Company does not receive full cooperation from its informal request(s), it may be necessary for Company, after making informal request, and subject to the limitation of Section 8.2 (c) hereof, to issue Operational Flow Orders (OFO) to control the situation(s). All OFOs will be posted on Company's System, to be followed by a facsimile, electronic mail, written notice or other mutually agreeable means of communication to affected Shippers that will set forth the causes or conditions necessitating the OFO.

- (b) Company shall issue OFOs as necessary to maintain firm deliveries of scheduled quantities. Additional circumstances under which Company may determine that OFOs may be issued include, but are not limited to:
- (i) Responding to an event of force majeure;
  - (ii) Accommodating maintenance and repairs;
  - (iii) Ensuring current and future maintenance of line pack; and
  - (iv) Responding to any event which Company believes in its sole judgment may jeopardize the integrity of its system.

The OFO will begin when one of the circumstances described above occurs and shall remain in effect until the circumstance has been remedied. Although Company shall follow the procedures set forth in paragraph (a) in order to avoid issuing an OFO, Balancing Party(s) are on notice that OFOs will begin when the circumstances described in this paragraph (b) occur. While an OFO is in effect, Company shall



provide updates on the status of the circumstance that occasioned the OFO through postings on the System.

Company shall issue all OFOs on a non-discriminatory basis. Company shall apply OFOs to the smallest number of affected Balancing Party(s) as possible. The extent and severity of an OFO called shall be determined by the overall operating conditions of the Company's system. Company shall attempt to identify offending Balancing Party(s) and limit the issuance of the OFO to those Balancing Party(s), where feasible.

- (c) Notwithstanding anything to the contrary in Sections 8.2 (a) and 8.2 (b) hereof, an OFO shall not be issued (and nominations on a Displacement Service will not be confirmed), to maintain firm deliveries under a Displacement Service agreement entered into, and approved by FERC, pursuant to Section 2.3 of Rate Schedule FT-A, when sufficient Displacement quantities are not available.
- (d) Upon the issuance of an OFO by Company, it shall be incumbent upon each Balancing Party to adjust gas supplies as directed. Such response shall be required within the time frame specified in the OFO. Failure to comply in a timely fashion with an OFO may result in an immediate interruption of all or a portion of Balancing Party's service and cause Balancing Party to incur penalties as provided for in Section 29 of the General Terms and Conditions.
- (e) In the event Balancing Party(s) does not respond to the OFO and Company believes it is necessary to take actions (i.e., buying or selling gas, etc.) to maintain system integrity or to prevent interrupting service to another Shipper, Company shall have the right, but not the obligation, to take such remedial actions as it deems necessary. If Company takes these actions, it shall be made whole by the non-responding Balancing Party(s) for all costs that Company incurs.
- (f) Company shall not be liable for any costs incurred by any Balancing Party in complying with an OFO.
- (g) Company shall not be responsible for any damages that result from any interruption in Balancing Party's service that is a result of a Balancing Party's failure to comply promptly and fully with an OFO and the non-complying Balancing Party(s) shall indemnify Company against any claims of responsibility.
- (h) Notwithstanding the foregoing, when gas supplies necessary to effectuate transportation deliveries are not flowing on the system, Company will not be responsible for backing up such supplies and the associated deliveries will be subject to interruption.
- (i) OFO Notice, Contents and Procedures

Company shall issue an OFO as expeditiously as is reasonable and practicable in the circumstances. When practicable, Company will provide sufficient notice to Shippers to accommodate scheduling requirements on upstream pipelines. Each OFO will contain the following provisions:

- (i) time and date of issuance;
- (ii) time that OFO is considered to be effective (if no time is specified, the OFO shall be effective immediately);
- (iii) duration of the OFO (if none is specified, the OFO will be effective until further notice);

- (iv) the party or parties in the attached pipeline segment receiving the OFO;
- (v) the quantity of gas required to remedy the operational condition requiring the issuance of the OFO; and
- (vi) any other term Company may reasonably require to ensure the effectiveness of the OFO.

Company will also post information about the status of operational variables that determine the duration of an OFO as soon as such information becomes available.

Except in cases where the curtailment of IT and AOT services would not alleviate the causes or conditions necessitating the issuance of an OFO, Company will, where practicable, curtail IT and AOT services prior to issuing an OFO as described in Section 3 of the General Terms and Conditions. Company shall not be required to curtail IT and AOT services to individual Shippers when curtailment of service to those Shippers would not affect the OFO.

(j) Reporting

Company shall post on its System the factors that caused the OFO to be issued and then lifted.

9. WARRANTY OF TITLE TO GAS

This Section shall apply to all transportation service unless otherwise provided in the applicable Rate Schedule or Transportation Agreement. Shipper and Company each warrant for itself, its successors and assigns, that it will have, at the time of delivery of gas hereunder, good title or the right to acquire title to the gas it delivers, that the gas it delivers hereunder shall be free and clear of all liens, encumbrances and claims whatsoever, that each will indemnify the other and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, license fees, or charges thereon which are applicable for such delivery of gas and that each will indemnify the other and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by and the obligation of the party making such delivery. If Shipper's title or right to deliver gas to be transported is questioned or involved in any action Shipper shall not qualify for or shall be ineligible to continue to receive service until such time as Shipper's title or right to deliver is free from question; provided, however, Company shall allow Shipper to qualify for or continue receiving service under this Tariff if Shipper furnishes a bond satisfactory to Company. Title to the gas received by Company at the receipt point(s) shall not pass to Company, except that title to gas delivered for Company's system fuel and uses and gas lost and unaccounted for shall pass to Company upon delivery at the receipt point(s).

## 10. EXCUSE OF PERFORMANCE

### 10.1 Relief From Liability

Neither Company nor Shipper shall be liable in damages to the other for any act, omission or circumstances occasioned by or in consequence of any (1) maintenance, construction, tests, rehabilitation and repairs on pipelines, or (2) force majeure events, including any acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, military action, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms or storm warnings, crevasses, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the necessity for testing or making repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, inability of either Shipper or Company to obtain necessary materials, supplies or permits due to existing or future rules, regulations, orders, laws or proclamations of the governmental authorities (federal, state and local), including both civil and military, temporary failure of gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, and whether caused or occasioned by or happening on account of the act or omission of one of the parties to the Transportation Agreement or some person or concern not a party thereto, not within the control of the party claiming suspension, and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension. Company or Shipper shall exercise reasonable diligence to (i) schedule maintenance so as to minimize or avoid service interruptions, and (ii) not schedule routine, non-emergency maintenance during periods of peak demand.

### 10.2 Liabilities Not Relieved

Such causes or contingencies affecting the performance of the Transportation Agreement by either party, as defined in Subsection 10.1 of these General Terms and Conditions, however, shall not relieve it of liability in the event of its failure to use due diligence to remedy the situation and remove the causes or contingencies affecting the performance of such Agreement, nor, except as set forth in Section 34 of these General Terms and Conditions, shall such causes or contingencies affecting the performance of said contract relieve either party from its obligations to make payments of amounts then due thereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing to the other party as soon as possible after the occurrence relied on.

### 10.3 Termination of Transportation Agreement

If either Company or Shipper shall fail to perform any of the covenants or obligations imposed upon it by the Transportation Agreement, subject to the applicable provisions of this Tariff, then in such event the other party may at its option terminate such Agreement by proceeding as follows: the party not in default shall cause a written notice to be served on the party in default stating specifically the cause for terminating the contract and declaring it to be the intention of the party giving the notice to terminate the same; thereupon the party in default shall have thirty Gas Days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the notice for terminating the Transportation Agreement, and if within said period of thirty days the party in default does so remove and remedy said cause or causes and fully indemnifies the party not in default for any and all consequences of such breach, then such notice shall be withdrawn and the Transportation Agreement shall continue in full force and

effect. In case the party in default does not so remedy and remove the cause or causes or does not indemnify the party giving the notice for any and all consequences of such breach, within said period of thirty days, the Transportation Agreement shall terminate. Any cancellation of the Transportation Agreement pursuant to the provisions of this paragraph shall be without prejudice to the right of Company to collect any amounts then due to it for natural gas service rendered prior to the time of cancellation, and shall be without prejudice to the right of Shipper to receive any gas which it has not received but which it has delivered to Company for transportation, prior to the time of cancellation, and without waiver of any remedy to which the party not in default may be entitled for violations of the Transportation Agreement.

11. NOTICES

Except when the terms of this Tariff require or allow for communication via Company's System, any communication, notice, request, demand, statement, or bill provided for in the Tariff or in a Transportation Agreement, PAL Agreement, LMS Agreement, or OBA, or any notice which either Company or Shipper may desire to give to the other, shall be in writing and shall be considered as duly presented, rendered, or delivered when mailed by either post-paid registered or ordinary mail or when sent by telegram, cable, telecopy, telex, express mail service, electronic mail, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known post office address, or at such other address as either party may designate.

12. MODIFICATION TO TERMS OF AGREEMENT

No modification of the terms and provisions of a Transportation Agreement, PAL Agreement, or OBA shall be made except by the execution of written contracts.

13. NONWAIVER AND FUTURE DEFAULT

No waiver by either Company or Shipper of any one or more defaults by the other in the performance of any provisions of a gas service contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.



14. SCHEDULES AND AGREEMENTS SUBJECT TO REGULATION

This Tariff, including these General Terms and Conditions and the respective obligations of the parties under the Transportation Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction and are subject to change from time to time by addition, amendment, or substitution as provided by law.

## 15. SALES AND PURCHASES OF GAS FOR OPERATIONAL PURPOSES

### 15.1 Operational Transactions

Company may from time to time, in its discretion, enter into purchase or sale transactions with third parties to balance its system and to maintain operational integrity of the system. Such transactions may include, but are not limited to, purchases or sales:

- (i) to maintain system pressure and line pack;
- (ii) to balance fuel quantities;
- (iii) to resolve Shipper imbalances or other imbalances;
- (iv) to adjust line pack in advance of anticipated changes in demand (e.g., due to forecasted temperatures) or operational conditions (e.g., planned maintenance on Company's system or the systems of upstream or downstream pipelines); and
- (v) to perform other operational functions of Company. Company shall conduct such transactions on a not unduly discriminatory basis.

### 15.2 Gas Sales Procedures

Company shall have the right to make the interruptible sales of excess gas described in this subsection of the General Terms and Conditions from time to time at system Receipt Points and Delivery Points pursuant to the terms of the blanket certificate of public convenience and necessity granted to Company pursuant to 18 C.F.R. Part 284, Subpart J and Order No. 636 of the Commission. Sales of gas pursuant to this subsection shall be made under rates, terms and conditions mutually agreed upon between Company and purchasers, provided, however, that all such sales shall be fully interruptible and shall be curtailable pro rata without regard to transportation arrangements made by purchasers. Company shall either post notice of such sales on its Informational Postings Web Site in order to obtain bids for such gas or shall make such sales through an independent party such as the IntercontinentalExchange (ICE) or another independent trading platform, exchange or clearing house.

### 15.3 Gas Sales and Purchase Report

This report describes Company's gas purchases and sales for the prior annual period. At the end of each annual period, Company will file with the Commission a report describing Company's gas purchases and sales for the prior annual period, which for purposes of this report, begins on September 1.

16. NEW FACILITIES POLICY

Company will build, acquire and/or install service lateral pipelines, taps and metering facilities necessary to provide transportation service to any new or existing Shipper, provided:

- 16.1 Company determines in its sole discretion it has sufficient unutilized mainline transportation capacity to provide the service requested by the Shipper without impairing the operational integrity of its system, or Company has obtained certificate authorizations to expand its mainline capacity by an amount sufficient to allow Company to provide the requested service; and
- 16.2 Company has or obtains any certificate authorizations necessary to build, acquire and/or install the service lateral pipeline(s), tap(s) and/or meter facilities; and
- 16.3 Shipper agrees in writing to reimburse or compensate Company for 100 percent of Company's construction, acquisition and/or installation costs (including any associated tax effects) through one or a combination of the following payment methods:
  - (a) payment of an up-front contribution in aid of construction prior to the commencement of construction, acquisition and/or installation; and/or
  - (b) payment of a separately stated reservation charge for the new facilities under a firm transportation contract for the use of those facilities; and/or
  - (c) payment of reservation charges for a new and/or incremental quantity of mainline firm transportation service.

Shippers choosing payment methods under Subsection 16.3(b) and/or under Subsection 16.3(c) of these General Terms and Conditions shall be required to enter into new or incremental Firm Transportation Agreements for sufficient entitlement and duration to produce an incremental net revenue stream providing a present value equal to or greater than Company's construction, acquisition, and/or installation costs (including any associated tax effects). Shipper shall be required to demonstrate creditworthiness as specified in Section 22 of these General Terms and Conditions to support said Firm Transportation Agreements.

In addition, Company's construction, acquisition and/or installation cost for any project or portion of a project under payment method detailed in Subsection 16.3(b) or Subsection 16.3(c) of these General Terms and Conditions shall not exceed ten (10) million dollars; any Shipper requiring new facilities costing more than ten (10) million dollars must elect payment method Subsection 16.3(a) of these General Terms and Conditions for Company's costs in excess of ten (10) million dollars. Company may waive this ten (10) million dollar cap on a non-discriminatory basis if funds are available to Company to support a requested new facilities project.

For the purposes of this Section, Company's construction, acquisition, and/or installation costs shall include, but shall not be limited to: Company's design costs, equipment costs, labor costs, material costs, supervision costs, construction financing costs, taxes (whether income or otherwise), filing fees, right of way costs and permitting costs. Nothing in this Section shall require Company to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act.

Nothing in this Section, further shall prevent Company from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. Finally, nothing in this Section shall require Company to build any facilities, the construction or operation of which would subject Company to the jurisdiction of any state regulatory agency. Company 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.

## 17. NEGOTIATED AND DISCOUNTED RATES

### 17.1 Negotiated Rates

Notwithstanding any provision of Company's effective FERC Gas Tariff to the contrary, Company and Shipper may mutually agree in writing to a Negotiated Rate with respect to rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed in this Section 17 or by any other applicable provision of Company's effective FERC Gas Tariff. The Negotiated Rate may be less than, equal to or greater than the Maximum Rate; shall not be less than the Minimum Rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity. The Maximum Rate shall be available to any Shipper that does not choose a Negotiated Rate. Nothing in the provisions governing Negotiated Rate Agreements shall authorize Company or Shipper to violate FERC's policy with respect to negotiation of terms and conditions of service.

Such Negotiated Rate shall be set forth on an Exhibit of an executed Transportation Agreement or PAL Agreement and the agreement shall be filed as a tariff record in Part 10 of Company's FERC Gas Tariff.

If Company agrees to such Negotiated Rate(s), then the Negotiated Rate(s) shall be effective only for the period agreed upon by Company. During such period, the Negotiated Rate shall govern and apply to the Shipper's services and the otherwise applicable rate, rate component, charge or credit which the parties have agreed to replace with the Negotiated Rate, shall not apply to, or be available to, the Shipper. Only those rates, rate components, charges or credits identified by Company and Shipper in writing as being superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated Rate is effective; all other rates, rate components, charges, or credits prescribed, required, established or imposed by this this Section 17 or Company's Tariff shall remain in effect.

At the end of the period during which the Negotiated Rate is in effect, the otherwise applicable Maximum Rates or charges shall govern the service provided to Shipper.

Shippers paying a Negotiated Rate which exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of scheduling, curtailment and interruption, and calculating the economic value of a request for unsubscribed firm capacity.

For capacity releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, Replacement Shippers may not bid or pay a rate greater than the Maximum Rate and are not eligible for Negotiated Rates. In the event that capacity subject to a Negotiated Rate which is based on a rate design other than straight fixed variable is released, Shipper and Company may agree on billing adjustments to the Releasing Shipper that may vary from or are in addition to those set forth in Section 21 of the General Terms and Conditions of Company's effective FERC Gas Tariff in order to preserve the economic bases of the Negotiated Rate. Such payment obligation and crediting mechanism for capacity release shall be set forth on an Exhibit of the executed Firm Transportation Agreement.

### 17.2 Order of Discounting

Unless otherwise specified in the Firm Transportation Agreement, to the extent Company discounts the rates for service pursuant to this Tariff, the rates for service will be deemed to have been discounted in the following order:

- (a) Reservation Charge, but not below the stated Minimum Rate.
- (b) Commodity Charge, but not below the stated Minimum Rate.

### 17.3 Types of Discounts

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

In all circumstances, the discounted rate shall be between the Maximum Rate and the Minimum Rate applicable to the service being provided.

For example, Company may provide a specific discounted rate:

- (a) to certain specified quantities under the Agreement (referred to as quantity rate type); or
- (b) if specified quantity levels are actually achieved or with respect to quantities above or below a specified level (referred to as quantity level rate type); or
- (c) during specified time periods (referred to as time period rate type or contract rate type); or
- (d) to receipt points (referred to as point rate type), delivery points (referred to as point rate type), Transportation Paths (referred to as point to point rate type) or defined geographical areas (referred to as zone rate type); or
- (e) in a specified relationship to the quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to quantities actually transported) (referred to as relationship rate type); or
- (f) to provide that if one rate component which was equal to or within the applicable Maximum and Minimum Rate at the time the discount agreement was executed subsequently exceeds the applicable Maximum Rate or is below the applicable Minimum Rate due to a change in Company's Maximum Rates and/or Minimum Rates, so that such rate component must be adjusted downward or upward to equal the new applicable Maximum or Minimum Rate, then other rate components may be adjusted upward or downward to achieve the agreed-upon overall rate, so long as none of the resulting rate components exceed the Maximum Rate or are below the Minimum Rate applicable to the rate component. Such changes to rate components shall be applied prospectively, commencing with the date the Commission issues an order accepting applicable revised Maximum and Minimum Rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable (referred to as rate component rate type).
- (g) Based upon published index prices for specific receipt and/or delivery points or other agreed-upon published pricing reference points for price determination. (Such discounted rate may be based upon the differential between published index prices or arrived at by formula and shall be referred to as index price differential rate type.) Each service agreement entered into pursuant to this Subsection 17.3(g) shall not change the underlying rate design; 2) shall not include any minimum bill or minimum take provision that has the effect of guaranteeing revenue; 3) shall define the rate component to be discounted.

## 18. LIABILITY

### 18.1 Indirect Damages

EXCEPT AS EXPRESSLY SET FORTH IN SECTIONS 18.2, 18.3 AND 18.4, BUT NOTWITHSTANDING ANY OTHER PROVISION OF THIS FERC GAS TARIFF OR ANY SERVICE AGREEMENT, IN NO EVENT SHALL SHIPPER (INCLUDING A RELEASING SHIPPER AND A REPLACEMENT SHIPPER), COMPANY, ANY PARTY TO AN AGREEMENT SUBJECT TO THIS FERC GAS TARIFF, OR ANY OF THEIR RESPECTIVE AFFILIATES BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES, OR ANY OF THEIR EMPLOYEES, OFFICERS, DIRECTORS OR AGENTS, FOR LOSS OF PROFITS OR EARNINGS OR FOR SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSSES DUE TO BUSINESS INTERRUPTION OR DIMINUTION IN VALUE OF THE ASSETS OR BUSINESS TO WHICH THEY RELATE) ARISING OUT OF OR RESULTING FROM OR IN CONNECTION WITH SERVICE SUBJECT TO THIS FERC GAS TARIFF.

### 18.2 Direct Damages for Negligent Acts

The provisions of this Section 18 shall not limit the liability of Shipper, Company, any Balancing Party, or any party to an agreement subject to this FERC Gas Tariff for direct damages arising from any such party's negligence or willful misconduct.

### 18.3 Liability for Gross Negligence or Intentional Wrongful Acts

The provisions of this Section 18 shall not limit the liability of Shipper, Company, any Balancing Party, or any party to an agreement subject to this FERC Gas Tariff for damages arising from any such party's gross negligence, bad faith, or willful misconduct. The preceding sentence shall not be construed as nullifying any limitations on liability that exist under applicable laws.

### 18.4 Liability of Guarantors

The liability of a party that has guaranteed the obligations of a Shipper or other party to an agreement subject to this FERC Gas Tariff shall be set forth in its guaranty and the provisions of this Section 18 shall limit the liability of such guarantor only to the extent that it limits the liability of that Shipper or other party.

19. FERC ANNUAL CHARGE ADJUSTMENT

Company shall adjust the rates for Funding Services as specified below from time to time to reflect the annual charge assessed Company by FERC (Annual Charge) pursuant to Order No. 472 or any other superseding or related rule or order.

19.1 Funding Services

Funding services shall include all services under Rate Schedules in Company's FERC Gas Tariff.

19.2 Annual Charge Adjustment

Company shall charge Customer the applicable Annual Charge Adjustment (ACA) unit charge per Dth as an additional commodity rate in addition to the rates listed in the Statement of Rates. The applicable ACA unit charge is incorporated into this FERC Gas Tariff by reference and shall be the ACA unit charge specified in the Commission's annual notice and as published on the Commission's Web Site located at <http://www.ferc.gov>.

19.3 Effective Date of Adjustment

The applicable ACA unit charge shall be effective the first day of October following the issuance of the annual Commission Notice (ACA Effective Date) and shall extend to the last day of September of the following year (i.e. the duration of the fiscal year). Company may assess the new applicable ACA unit charge to its Customers as of the ACA Effective Date provided that the Company has paid its annual assessment to the Commission. The ACA unit charge shall become effective on the ACA Effective Date without suspension or refund obligation.

19.4 Retention of Revenues Collected under Annual Charge Rate Adjustment

Company shall retain all revenues collected under this Section 19. Except as provided by this Section 19, Company shall not have the right to seek to recover in any proceeding under Section 4(e) of the Natural Gas Act any Annual Charges recorded in its FERC Account No. 928.



## 20. INFORMATION AND COMMUNICATIONS REGARDING TRANSPORTATION SERVICES

This Section describes the information and procedures Company will make available to any person.

### 20.1 Access to Internet Web Site

Company shall provide access to Informational Posting and Customer Activity sites via designated Internet Web Sites.

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

Company's Trading Partners shall maintain redundant connections to the public Internet for NAESB WGQ Electronic Delivery Mechanism (EDM) web sites, which include all NAESB WGQ standardized Internet communication. These redundant connections shall be topographically diverse (duality of) paths to minimize the probability of a single point of failure. [4.1.36]

For further information relative to Company's designated Internet Web Site, potential users should contact:

Customer Services Department  
Viking Gas Transmission Company  
P.O. Box 871  
Tulsa, Oklahoma 74102-0871

Phone Number: (918) 588-7745  
Fax Number: (918) 588-7964

### 20.2 Informational Posting Site

The Informational Posting site will be maintained to provide equal and timely access to certain transportation information, as it pertains to Company's pipeline system including: 1) Operationally Available and Unsubscribed Capacity; 2) Energy Affiliate Information; 3) Gas Quality Information; 4) Index of Customers; 5) Non-Discrimination Reporting Requirements under the FERC Standards of Conduct of Transmission Providers, 18 CFR Part 358; 6) Critical, Non-Critical, and Planned Service Outage Notices; 7) Organization Charts; 8) Posted Imbalances; 9) Company's FERC Gas Tariff and 10) Transactional Reporting. Other information and/or capabilities to comply with current and future reporting or other requirements as dictated by the FERC also shall be included.

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

### 20.3 Customer Activity Site

Company's proprietary business functions are accessible via its Customer Activity site. [4.3.39]

- (a) The Customer Activity site will be maintained to provide equal and timely access to certain transportation information, as it pertains to Company's pipeline system, in accordance with applicable effective FERC adopted NAESB WGQ standards.

- (b) Any person may communicate with Company via the System by:
  - (i) acquiring compatible personal computer capability
  - (ii) executing the applicable access forms with Company; and
  - (iii) receiving a user identification password for accessing such site.
  
- (c) Company agreements located on the Customer Activity site ([www.vgt.oneokpartners.com](http://www.vgt.oneokpartners.com)) include the: (i) Operational Balancing Agreement (For Use at Receipt Points(s)); (ii) Operational Balancing Agreement (For Use at Delivery Points(s)); (iii) Master Electronic Transactions Agreement; (iv) Electronic Communication Agreement; (v) Electronic Data Interchange Trading Partner Agreement; and (vi) Agency Authorization Agreement.

#### 20.4 Electronic Data Interchange

A person may communicate with Company via Electronic Data Interchange (EDI) by executing an Electronic Data Interchange Trading Partner Agreement with Company.

To transact business via the Customer Activity site, a person must execute an Electronic Communication Agreement with Company.

The Electronic Data Interchange Trading Partner Agreement and the Electronic Communication Agreement can be found on Company's Web Site ([www.vgt.oneokpartners.com](http://www.vgt.oneokpartners.com)) under Customer Activities. The Electronic Data Interchange Trading Partner Agreement follows the format of the NAESB form Electronic Data Interchange Trading Partner Agreement [6.3.3]

#### 20.5 Service Complaints

Customers are encouraged to resolve any disputes informally with their designated representatives. A formal complaint concerning any services offered by Company shall be directed, preferably in writing, to the Chief Compliance Officer (CCO), Viking Gas Transmission Company, ONEOK Plaza, 100 West 5th Street, Tulsa, Oklahoma 74103. The CCO or a designee will respond initially to the complainant within 48 hours (exclusive of weekends and holidays), and in writing within 30 days.

## 21. RELEASES OR ASSIGNMENTS OF FIRM TRANSPORTATION AGREEMENTS

A Shipper (herein referred to as "Releasing Shipper") under Rate Schedule FT-A may notify Company that Releasing Shipper desires to be relieved of all or a portion of the TQ as set forth in its then effective Firm Transportation Agreement. A release for the entire remaining term of the Releasing Shipper's Firm Transportation Agreement shall effect either a permanent assignment or a temporary release. If a Releasing Shipper elects a permanent assignment, the assignee ("Replacement Shipper") shall receive all contractual rights associated with the released capacity, including any rights of extension or first refusal associated with the assigned capacity.

If a Releasing Shipper elects a temporary release, all contractual rights associated with the released capacity, including any rights of extension or first refusal associated with the capacity, remain with the Releasing Shipper at the end of the term of the temporary release of all or part of the Releasing Shipper's Transportation Agreement to the Replacement Shipper.

### 21.1 Releasing Shipper's Request for Assignment

A Releasing Shipper that desires to release its rights to service on a basis that does not qualify for an exemption from prior posting pursuant to Subsection 21.3 of these General Terms and Conditions, may post directly on Company's System the following information:

- (a) Releasing Shipper's name and Firm Transportation Agreement number;
- (b) the portion of the Releasing Shipper's TQ to be released (including any minimum acceptable quantity);
- (c) the proposed commencement date and term of the release (including any minimum acceptable term);
- (d) the amount of the firm capacity to be released at each Primary Point (the total receipt point capacity released shall be equal to the total delivery point capacity released);
- (e) the reservation and/or usage rates and all other applicable rates, charges and surcharges for the released service, including any applicable Minimum Rate(s). For releases with a term of one year or less and the release is to take effect on or before one year from the date on which the Releasing Shipper notifies the Company of the release, the reservation and/or usage rates that may be bid may exceed the Maximum Rates for the applicable service being released as set forth on the applicable currently effective tariff sections;
- (f) whether the transportation rights are to be released on a firm or recallable basis and, if on a recallable basis, the specific conditions for recall of the capacity; Pursuant to NAESB WGQ Standard 5.3.7: Transportation Service Providers should support the function of reputting by Releasing Shippers. Pursuant to NAESB WGQ Standard 5.3.8: Reput method and rights should be specified at the time of the deal. Reput method and rights are individually negotiated between the Releasing Shipper and Replacement Shipper;
- (g) whether contingent bids will be accepted for evaluation and, if so, whether the contingency can extend beyond the Bidding period; if the contingency may extend beyond the Bidding Period, whether, and for what time period, the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder exercise its option not to take the capacity;

- (h) whether the release is contingent on Releasing Shipper's ability to release associated capacity on another pipeline and, if so, all conditions associated with such contingency;
- (i) whether bids based on a one part volumetric rate will be accepted and, if so, the method for evaluating one part rate bids vis-à-vis two part rate bids and any special conditions associated with release on a volumetric basis;
- (j) any objective, non-discriminatory economic value standard (including tie-breaking methodology) which Releasing Shipper desires Company to utilize to determine the award of released transportation rights as an alternative to the method set forth in Subsection 21.6 of these General Terms and Conditions, including any alternative to the use of a lottery to choose between bids of equal value. If Releasing Shipper wishes such standard to permit more than one Replacement Shipper, Releasing Shipper must set forth the methodology to be used to select more than one winning bidder.
- (k) the manner in which any refunds in rates and charges ordered by FERC with respect to the released capacity will be distributed by Releasing Shipper to Replacement Shipper;
- (l) whether the Releasing Shipper has made prior arrangements with a person to release to such person such transportation rights ("Prearranged Bidder"). In such event, the Releasing Shipper additionally shall submit:
  - (i) the identity of the Prearranged Bidder;
  - (ii) the term, quantity and reservation and/or usage rates and all other applicable rates, charges and surcharges to which the Prearranged Bidder has agreed;
  - (iii) a statement that the Prearranged Bidder has agreed unconditionally to accept the transportation rights on the terms prescribed in the release; and
  - (iv) evidence that the Prearranged Bidder meets Company's creditworthiness requirement, unless the Releasing Shipper requests Company to waive the application of such requirement for the Prearranged Bidder and for other Bidders on a non-discriminatory basis and provides Company with a guarantee satisfactory to Company of all financial obligations of the Replacement Shipper under its Released Transportation Agreement prior to commencement of service to the Replacement Shipper.
- (m) any other conditions of the release, including whether Releasing Shipper will require Replacement Shipper to indemnify Releasing Shipper in connection with the release, and if so, the terms of the indemnification.

#### 21.2 Replacement Shipper's Request for Assignment

A Shipper that desires to acquire rights to certain transportation service may post on Company's System in accordance with Subsection 21.4(b) of these General Terms and Conditions, a Replacement Shipper's request to release capacity which shall contain the following information:

- (a) Replacement Shipper's name;
- (b) the TQ desired;
- (c) the desired commencement date and term of the transportation service;

- (d) the desired Primary Receipt and Primary Delivery Point capacity for the transportation service;
- (e) whether Replacement Shipper is seeking firm or recallable service.

### 21.3 Releases Permitted Without Prior Posting

A Releasing Shipper may release some or all of its transportation rights without competitive bidding if its proposed release qualifies under this Subsection 21.3.

#### (a) Short-Term Release Election

Competitive bidding for released capacity will not be required if:

- (i) the release term is for a period of 31 days or less;
- (ii) the Releasing Shipper provides Company with the information specified in Subsections 21.1(a), (b), (c), (d), (e), (f), (k) and (m) of these General Terms and Conditions with respect to the short term release as soon as possible, but not later than the first nomination, after the release transaction commences; and
- (iii) either the Releasing Shipper acts as agent for the Replacement Shipper with respect to the released capacity and agrees to remain directly liable for all rates, charges and surcharges associated with the released capacity, or prior to the commencement of service the short-term Replacement Shipper enters into a separate Released Transportation Agreement with Company incorporating the information required by Subsection 21.3(a)(ii) of these General Terms and Conditions and establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

Releases made pursuant to this Subsection 21.3(a) may not be rolled-over, renewed or otherwise extended beyond the term of the original capacity release described above in Subsection 21.3(a)(i) to the same Replacement Shipper unless the Releasing Shipper follows the prior posting and bidding procedures or the Replacement Shipper qualifies for any of the other exemptions from the prior posting and bidding procedures pursuant to Subsections 21.3(b), (c), and (d). The Releasing Shipper may use this Subsection 21.3(a) to release the capacity again to the same Replacement Shipper commencing 28 days from the end of the original release.

#### (b) Maximum Rate Prearranged Bidder

Competitive bidding for released capacity will not be required if a Prearranged Bidder has agreed to pay Company's maximum applicable rates and to the maximum term and quantity stated in the Release Request and the pre-arranged release is for a term of more than one year. Provided that:

- (i) the Releasing Shipper provides Company with the information in accordance with Subsections 21.1(a), (b), (c), (d), (e) (f), (k) and (m) of these General Terms and Conditions as soon as possible, but not later than the first nomination, after the release transaction commences; and

- (ii) prior to the commencement of service the Prearranged Bidder enters into a Released Transportation Agreement with Company (a) incorporating the information required by item (i) above and (b) establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

(c) Asset Manager

Competitive bidding for released capacity will not be required if a Prearranged Bidder is an asset manager as defined in 18 C.F.R. 284.8(h)(3). Provided that:

- (i) the Releasing Shipper provides Company with the information in accordance with Subsections 21.1 (a), (b), (c), (d), (e), (f), (k) and (m) of these General Terms and Conditions as soon as possible, but not later than the first nomination, after the release transaction commences. In addition, the Releasing Shipper shall notify the Company of the volumetric level of the asset manager's delivery or purchase obligation and the time periods during which that obligation is in effect.
- (ii) prior to the commencement of service the Prearranged Bidder enters into a Released Transportation Agreement with Company (a) incorporating the information required by item (i) above and (b) establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

(d) Marketer participating in a state-regulated retail access program

Competitive bidding for released capacity will not be required if a Prearranged Bidder is a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. 284.8(h)(4). Provided that:

- (i) the Releasing Shipper provides Company with the information in accordance with Subsections 21.1(a), (b), (c), (d), (e) (f), (k) and (m) of these General Terms and Conditions as soon as possible, but not later than the first nomination, after the release transaction commences. In addition, the Releasing Shipper shall notify the Company that the release is to a marketer participating in a state-regulated retail access program.
- (ii) prior to the commencement of service the Prearranged Bidder enters into a Released Transportation Agreement with Company (a) incorporating the information required by item (i) above and (b) establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

21.4 Posting of Release Requests and Replacement Shipper Requests

- (a) Releasing Shipper shall post all applicable information required by Subsection 21.1 of these General Terms and Conditions on Company's System, which system will automatically assign an individual release number to such release. The period of time for posting of the information ("Posting Period"), and the period of time during which bids will be received on such release ("Bidding Period"), shall be as set forth in Subsection 21.8 of these General Terms and Conditions.

- (b) Releasing Shipper may withdraw its release up to the close of the applicable Bidding Period; provided, however, withdrawal will not be allowed if a valid bid(s) meeting the Releasing Shipper's minimum requirements has been submitted unless such Releasing Shipper can demonstrate a valid basis for such withdrawal which does not work to unduly discriminate against Bidders.

The releasing party has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no minimum bid has been made. [5.3.16]

- (c) Replacement Shipper shall post all applicable information required by Subsection 21.2 of these General Terms and Conditions on Company's System. Such requests shall remain posted for a period of four weeks or until a transaction is effected, whichever is the shorter period.
- (d) Capacity release facilitator should post offers and bids, including prearranged deals, upon receipt. A Releasing 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 the standard Capacity Release timeline specified in NAESB WGQ Standard No. 5.3.2. Company makes no representation or warranty to any party concerning the accuracy or completeness of any posted information or concerning the willingness or ability of any Releasing Shipper to release transportation rights hereunder or of any Replacement Shipper to accept transportation rights hereunder. Company shall not be liable to any party for any damages, of any nature whatsoever, including without limitation any special, incidental, or consequential damages or any other kind that may arise in connection with the posting of information hereunder, except that resulting from the negligence, bad faith, fraud or willful misconduct of Company. [5.3.24]
- (e) Company may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Releasing Shipper's request to permanently release capacity is denied, Company shall notify Releasing Shipper in writing of the reason for such denial.

#### 21.5 Bidding for Transportation Rights

- (a) Persons that desire to bid on released transportation rights must pre-qualify with Company by entering into a Released Transportation Agreement with Company and by demonstrating creditworthiness, in the same manner and subject to the same standards and procedures as required for firm Shippers under Section 22 of these General Terms and Conditions. The creditworthiness requirement shall be continuing in nature in the same manner and to the same extent as prescribed for firm Shippers under Subsection 22.3.1 of these General Terms and Conditions. Company will waive the creditworthiness requirement on a non-discriminatory basis for Bidders on a release, and permit them to submit Bids, if the Releasing Shipper provides Company with a guarantee satisfactory to Company of all financial obligations of the Replacement Shipper under its Released Transportation Agreement prior to the commencement of service to the Replacement Shipper.
- (b) Bidders prequalified pursuant to Subsection 21.5(a) of these General Terms and Conditions may submit Bids during the Bidding Period applicable to a release. All bids must be submitted via Company's System. In transmitting a Bid, Bidders recognize that such Bids will be accessible by other Bidders through the System; provided that the System will be programmed such that upon submission all Bids will be assigned a Bid number and the identity of the Bidder will not be revealed during the Bidding Period. Bidding will be an iterative process in that a Bidder may submit any number of Bids

during the Bidding Period; provided that each new submission of a Bid effects the withdrawal of the previous one such that a Bidder may not have more than one Bid in contention for the capacity at the same time. If a Bidder withdraws its Bid by resubmitting a new one, such new Bid must be at a higher rate. Pursuant to NAESB WGQ Standards 5.3.13, 5.3.14, 5.3.15: Bids should be binding until notice of withdrawal is received by the capacity release service provider on its Customer Activities Web Site. Offers should be binding until notice of withdrawal is received by the capacity release service provider on its Customer Activities Web Site. Bids cannot be withdrawn after the bid period ends. Bids must contain the information set forth on Company's Web Site ([www.vgt.oneokpartners.com](http://www.vgt.oneokpartners.com)), including:

- (i) the identity of the Bidder (which will be concealed during the Bidding Period);
- (ii) the Firm Transportation Agreement number of the Releasing Shipper and release number to which the Bid relates;
- (iii) the bid rate(s) that the Bidder is willing to pay for the released transportation rights, which shall be no less than any minimum bid rate(s) specified in the release;
- (iv) the quantity applicable to the Bid, which must be no less than the minimum specified in the release;
- (v) the term for which the Bidder wishes to obtain the transportation rights, which must be the same as the term specified in the release, or be no less than any minimum term specified in the release; and
- (vi) whether the Bid is contingent and, if so, the basis for the contingency.

All bids must be for the receipt and delivery points specified in the release. The receipt and delivery points awarded a Replacement Shipper in accordance with this Section shall be specified on its Transportation Agreement. Replacement Shipper shall be eligible for the use of secondary points in accordance with the priority afforded the released transportation in accordance with Subsection 3.5 of these General Terms and Conditions.

#### 21.6 Determination of Successful Bidder

Company shall determine the successful bidder in accordance with the following procedures:

- (a) If the release specifies an economic value standard for the award of released transportation rights, Company shall apply such standard including any designated tie-breaking procedure if necessary, to determine the successful Bidder. Company's application of Releasing Shipper's economic value standard shall result in as many successful bidders as mandated thereby.

For the capacity release business process timing model, only the following methodologies are required to be supported by capacity release service providers and provided to Releasing Shippers as choices from which they may select and, once chosen should be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. Other choices of bid evaluation methodology (including other Releasing Shipper defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of the capacity release service provider. However, the capacity release service provider is not required



to offer other choices or similar timeline treatment for other choices, nor, is the capacity release service provider held to the timeline should the Releasing Shipper elect another method of evaluation. [5.3.3]

- (i) If the Present Value Method is chosen in the release, Company shall evaluate the Bids and award the capacity based on the following procedures. Company shall determine the bid or bids having the highest present value ("PV") based on the following formula:

$$PV = (\text{Bid Rate}) \times (\text{Bid Quantity}) \times \frac{1 - (1+i)^{-n}}{i}$$

where

Bid Rate = for firm releases, the reservation charge which the Bidder has agreed to pay; for interruptible releases, the usage charge which the Bidder has agreed to pay.

Bid Quantity = the quantity stated in the Bid.

i = interest rate per month (which shall be the then current maximum yield on five year U.S. Government Treasury notes divided by 12), (Company will post the current Treasury note rate on its System); and

n = the lesser of (i) the term proposed by the Bidder or (ii) 60 months.

- (ii) If the net revenue method is chosen, Company shall determine the bid or bids having the highest net revenue (NR) using the following formula:

$$NR = (\text{Bid Rate}) * (\text{Bid Term}) * (\text{Bid TQ})$$

where

Bid Rate = the daily charge which the Bidder has agreed to pay; for reservation rate bids, the charge is calculated by multiplying the bid rate received from the Bidder by 12/365.

Bid Term = the term proposed by the Bidder in days.

Bid TQ = the TQ stated in the Bid measured in Dekatherms.

- (b) If a release includes a Prearranged Bidder, then the released transportation rights shall be awarded to the Prearranged Bidder if its Bid either (a) is equal to or is higher than the Bid with the greatest economic value under the standard submitted by the Releasing Shipper, or (b) has a rate which is equal to or higher than the highest rate of the Bids submitted by all other Bidders, or (c) if the Prearranged Bidder agrees to match any Bid having a greater economic value or higher rate, as applicable, within the time period provided by Subsection 21.7 of these General Terms and Conditions.
- (c) If only one Bidder has submitted a Bid which reflects either the greatest economic value or highest rate, as applicable, then the transportation rights shall be awarded to that Bidder, subject to any Prearranged Bidder's exercise of its right of first refusal (matching) as set forth above.

- (d) If two or more Bidders have submitted Bids which reflect the greatest economic value or the highest rate, as applicable, then, subject to any Prearranged Bidder's exercise of its right of first refusal, the released transportation rights will be awarded on the basis of a lottery that is limited to such Bidders, unless the Releasing Shipper has specified an alternative means for awarding the released capacity as between two or more equal bids ("alternative tie breaker"). The winner of the lottery or alternative tie breaker shall be awarded the transportation rights for which it has submitted a Bid. Company will conduct the lottery or alternative tie breaker in a non-discriminatory manner.
- (e) Company's application of Company's present value formula and the lottery shall result in only one successful Bidder per release.

When the capacity release service provider makes awards of capacity for which there have been multiple bids meeting minimum conditions, the capacity release facilitator should award the bids, best bid first, until all offered capacity is awarded. [5.3.4]

- (f) For informational purposes only, Company shall post on its System the identity of the winning bidder and the terms of the successful bid.
- (g) Prior to the commencement of service pursuant to the release, Company shall prepare and transmit to the successful Bidder a Transportation Agreement stating the quantity, rates, term, MDQ at all Primary Receipt Points and the MDQ at all Primary Delivery Points, governing rate schedule, and any special terms and conditions for each awarded release. Releasing Shipper's Transportation Agreement will be amended to reflect that the Releasing Shipper has released all or a portion of its transportation rights.
- (h) Company shall not award capacity release offers to Replacement Shipper until and unless Replacement Shipper meets Company's creditworthiness requirements applicable to all services that it receives from Company, including the service represented by the capacity release. [5.3.59]

#### 21.7 Applicable Deadlines

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 credit worthy before the capacity release bid is tendered and 2) for index-based capacity release transactions, the releasing shipper has provided the capacity release service provider 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, the Company 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 the Company). [5.3.1]

- (a) Releasing Shipper shall post the release on Company's System. Releases shall remain posted for the following period:
- (b) For biddable releases (1 year or less) [5.3.2]:
  - Offers should be tendered by 12:00 p.m. on a Business Day;

- open season ends no later than 1:00 p.m. on a Business Day (evaluation period begins at 1:00 p.m. during which contingency is eliminated, determination of best bid is made, and ties are broken);
- evaluation period ends and award posting if no match required at 2:00 p.m.;
- match or award is communicated by 2:00 p.m.;
- match response by 2:30 p.m.;
- where match required, award posting by 3:00 p.m.;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

For biddable releases (more than 1 year):

- Offers should be tendered by 12:00 p.m. four Business Days before award;
- open season ends no later than 1:00 p.m. on the Business Day before timely nominations are due (open season is three Business Days);
- evaluation period begins at 1:00 p.m. during which contingency is eliminated, determination of best bid is made, and ties are broken;
- evaluation period ends and award posting if no match required at 2:00 p.m.;
- match or award is communicated by 2:00 p.m.;
- match response by 2:30 p.m.;
- where match required, award posting by 3:00 p.m.;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

For non-biddable releases:

Timely Cycle

- posting of prearranged deals not subject to bid are due by 10:30 a.m.;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Evening Cycle

- posting of prearranged deals not subject to bid are due by 5:00 p.m.;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Intra-day 1 Cycle

- posting of prearranged deals not subject to bid are due by 9:00 a.m.;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Intra-day 2 Cycle

- posting of prearranged deals not subject to bid are due by 4:00 p.m.;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

21.8 Reassignment of Released Capacity

A Replacement Shipper shall be allowed to release the capacity under its Released Transportation Agreement, provided that the re-release is not inconsistent with the original Releasing Shipper's release. Replacement Shipper seeking to re-release capacity will be subject to the same terms and conditions set forth in this Section that apply to Releasing Shippers as well as any limitations established in the original release of capacity.

The Transportation Service Provider should allow re-releases on the same terms and basis as the primary release (except as prohibited by regulations). [5.3.19]

21.9 Submission of Information

Shippers shall submit all necessary information, releases, Replacement Requests and bids to Company via Company's System.

21.10 Marketing of Released Capacity

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

21.11 Further Conditions on Release of Transportation Rights

- (a) Persons participating in this release program agree to be bound by and shall comply with the terms and conditions of this Tariff, and all applicable FERC rules, orders and regulations.
- (b) All terms and conditions in all releases must be objectively stated, applicable to all Bidders and non-discriminatory.
- (c) The minimum term for any release shall be one day and the maximum term shall be the remaining term of the Releasing Shipper's Released Transportation Agreement.
- (d) For volumetric releases with a term of more than one year, or for volumetric releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, the Maximum Rate shall not exceed the daily demand rate for the released capacity. Such Maximum Rate for

volumetric releases only applies to the reservation portion for the rate; the Replacement Shipper will also be liable for all applicable usage charges. The Maximum Rates for all other releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release shall be the applicable maximum reservation rate and commodity rate, as well as all other applicable rates, charges and surcharges set forth in this Tariff, notwithstanding any discount to such rates, charges or surcharges then in effect for the Releasing Shipper. To the extent the Commission has a policy providing a Maximum Rate ceiling for capacity releases, for a Shipper that is a Consenting Party under the terms and conditions of the Docket No. RP02-132-000 Stipulation and Agreement, the Maximum Rate ceiling for capacity releases, regardless of the term of the underlying contract, shall be the Category 1 rate applicable to the Rate Schedule of the underlying contract.

- (e) All terms and conditions of all releases must be consistent with the terms and conditions of the Releasing Shipper's Agreement and with this Tariff, including the provisions on nominations and scheduling of service and curtailment of service.
- (f) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) at the Timely Nomination cycle and the Evening Nomination cycle, and recall unscheduled released capacity at the Intra-day 1 and Intra-day 2 Nomination cycles by providing notice to the Company by the following times for each cycle: 8 a.m. CCT for the Timely Nomination cycle; 5:00 p.m. CCT for the Evening Nomination Cycle; 8 a.m. CCT for the Intra-day 1 Nomination cycle, and 3:00 p.m. CCT for the Intra-day 2 Nomination cycle. Notification to Replacement Shippers provided by Company within one hour of receipt of recall notification.
- (g) Company may invalidate any release or any bid subsequent to its posting on its System which does not conform in all respects to the requirements of Company's Tariff and such invalidated release or bid shall be deemed null and void.
- (h) Notwithstanding any release hereunder, all Releasing Shippers shall remain responsible for payment of the reservation charge for firm transportation service released. The Releasing Shipper shall receive a reservation credit equaling the reservation dollars which Company receives from the Replacement Shipper. The Releasing Shipper will receive credit at the same time Company invoices the Replacement Shipper for the released capacity, provided, if the Replacement Shipper defaults and Company must seek payment from the Releasing Shipper, Company will assess the Releasing Shipper interest at the FERC approved rate. A reservation rate for the purposes of this Section consists of (i) the base reservation rate, and (ii) all applicable surcharges, provided that for releases made on a volumetric basis, the reservation charge shall equal the daily reservation rate multiplied by the applicable quantity plus all applicable surcharges. Any discount from said rate comes first off the surcharges and then off the base reservation rate. Therefore, a Releasing Shipper paying a discounted rate is only entitled to receive any revenues from the release of its capacity that exceed the amount of the applicable surcharges. Company shall adjust the Releasing Shipper's reservation credit to the extent necessary to implement the reservation charge credits set forth in Section 34 of these General Terms and Conditions. In no event shall the reservation charge credits set forth in Section 34 of the General Terms and Conditions plus any reservation credits provided under this Section 21.11 exceed in total, with respect to the Releasing Shipper and Replacement Shipper(s) combined, the total amount invoiced by Company to such Releasing Shipper and Replacement Shipper(s) combined.

- (i) Company shall bill Replacement Shipper based upon the rates, charges and surcharges incorporated by Exhibit into the Released Transportation Agreement. For releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, the commodity charges for the Replacement Shipper will include the maximum commodity rate under the applicable rate schedule including all adjustments. If the Replacement Shipper fails to pay all or any portion of any bill by the due date specified on the invoice, Company shall send an invoice to the Releasing Shipper for all unpaid amounts up to the amount of the Releasing Shipper's reservation charge, which the Releasing Shipper shall pay to Company with interest thereon, which interest shall be calculated from the date which Company credited the Releasing Shipper for the applicable reservation charges in accordance with the above.

As a courtesy to Releasing Shipper, Company shall endeavor to notify Releasing Shipper of the Replacement Shipper's failure to pay its bill in full when due after Company becomes aware of such failure; provided, however, that Company's inability or failure to provide notice to Releasing Shipper shall not excuse Releasing Shipper from making timely and full payment of the applicable reservation charges. Releasing Shipper shall be responsible for obtaining reimbursement for any such payment from Replacement Shipper. Failure of either the Replacement Shipper or Releasing Shipper to pay bills shall entitle Company to exercise the remedies available under the Firm Transportation Agreement and this Tariff, including suspension of service to the Releasing Shipper and the Replacement Shipper, as well as any other remedies available to Company.

- (j) Any increase in Company's rates, charges and surcharges shall remain the responsibility of the Releasing Shipper; provided, however, that the Releasing Shipper may provide in its release for the rates, charges or surcharges for released transportation rights to increase in accordance with any such increases in Company's rates, charges and surcharges. In either circumstance, any refunds of any rates or charges ordered by the FERC shall be paid by Company to the Releasing Shipper and distributed to the Replacement Shipper in the manner specified in the release and incorporated in the Released Transportation Agreement. For releases not subject to the Maximum Rate, i.e., with a term of one year or less and the release is to take effect on or before one year from the date on which the Releasing Shipper notifies the Company of the release, the rate paid by the Replacement Shipper will be deemed to be a final rate and is not subject to refund.
- (k) The Replacement Shipper's service under a release shall be subject to and governed by the terms and conditions of the Releasing Shipper's Firm Transportation Agreement and governing rate schedule and the Released Transportation Agreement.
- (l) Company shall accept nominations, schedule service, afford priority of service and curtail service based on instructions and communications from the Releasing Shipper and the Replacement Shipper which are consistent with one another and with the terms and conditions of Company's Tariff and their respective Firm Transportation Agreements. In the event that instructions or nominations from the Releasing Shipper and Replacement Shipper are, in Company's sole opinion, inconsistent or conflicting, Company shall use reasonable efforts to contact the Releasing Shipper and Replacement Shipper to resolve the conflicting communications. In the event Company is unable to resolve the conflict prior to the time that it must take the required action, Company shall comply with the instructions of the Releasing Shipper; provided however that such instructions must not be inconsistent with Company's Tariff or the terms of either the Releasing Shipper's or

Replacement Shipper's Firm Transportation Agreement, in Company's sole opinion. The Releasing Shipper will indemnify Company against any claim or suit by the Replacement Shipper, its successors or assigns, arising from any action taken by Company in reliance upon the Releasing Shipper's nominations and instructions and will hold Company harmless for any action taken by Company in reliance upon the nominations and scheduling instructions of the Replacement Shipper. The Replacement Shipper will indemnify Company against any claim or suit by the Releasing Shipper, its successors or assigns, arising from any action taken by Company in reliance upon the nominations and scheduling instructions of the Replacement Shipper and will hold Company harmless for any actions taken by Company in reliance upon the instructions of the Releasing Shipper.

21.12 Nondiscrimination

Company will consider requests for release and bids on a nondiscriminatory basis.

21.13 Offers to Purchase Capacity

A Shipper that desires to make an offer to purchase capacity under this Section 21 may post on Company's System of its interest to purchase capacity and the terms of the request. Company shall post on its Informational Postings Web Site any offer to purchase capacity for the period requested by the offering party.

## 22. REQUESTS FOR SERVICE

Subject to any conditions set forth in the applicable Rate Schedules, this Section shall govern qualification for receipt of service under Rate Schedules FT-A, IT, LMS and PAL.

### 22.1 Requests for Service

- (a) All Shippers requesting transportation service under Rate Schedules FT-A or IT or persons requesting service under PAL and Rate Schedule LMS must provide, via the System or by facsimile or in writing when necessary, the information required by this Section 22 and the information necessary to complete the fill in the blank in the applicable form of agreement in order to qualify for service. No request for service will be scheduled until all of the information has been provided.
- (b) Except as expressly set forth in Section 22.1(d) or other provisions of this FERC Gas Tariff, Company may award available capacity for firm transportation service to commence at a future date only within the following timeframes:
  - (1) For service with a primary contract term of three months or less, Company may award a request for service no earlier than fifteen (15) calendar days prior to the proposed commencement date of service.
  - (2) For service with a primary contract term of greater than three months, but less than one year, Company may award a request for service no earlier than thirty (30) calendar days prior to the proposed commencement date of service.
  - (3) For service with a primary contract term of one (1) year or longer, Company may award a request for service no earlier than ninety (90) days prior to the proposed commencement date of service.
- (c) Company shall deny a request for capacity to the extent honoring the request would have the effect of awarding capacity prior to the timeframes set forth in Section 22.1(b), due to the unavailability of the requested capacity for any portion of the requested primary contract term. For example, if, on October 1, a Shipper requested that Company award capacity with a primary contract term of one year beginning on November 1, but the capacity was available only for the following June through October (i.e. for the last five months of the requested term), Company would treat the request as a request for capacity with a term of five months, with the date the capacity became available deemed to be the start of the requested primary term. Pursuant to Section 22.1(b)(2), Company would reject the request as premature. Notwithstanding the above:
  - (i) Company may consider a request described above pursuant to Section 22.1(d).
  - (ii) Company and Shipper may agree to contract for less than all the requested capacity as long as the award is within the timeframes set forth in Section 22.1(b). For example, if a Shipper requested 15,000 dth/day of capacity for a term of one year, and only 5,000 dth/day was available for a six-month period beginning four months after the request was made, Company and Shipper could agree to contract for the available capacity for a six month term consistent with the timeframe set forth in Section 22.1(b)(2).
- (d) Company may consider, on a not unduly discriminatory basis, a request for firm service



outside the time periods specified in Section 22.1(b), if the request involves circumstances which include the following:

- (i) The request is for capacity offered on a pre-arranged basis pursuant to the process set forth in Section 22.6 below;
  - (ii) The request is for capacity offered pursuant to an open season initiated by Company pursuant to the process set forth in Section 22.7 below; or
  - (iii) The request involves the acquisition, modification or construction of facilities or, terms and conditions that may require prior Commission approval or notice.
- (e) If Company allows a variation from the time periods specified in Section 22.1(b) in accordance with the circumstances described in Section 22.1(d)(i)-(iii) or otherwise, Company shall provide reasons for the variation in the notice of the open season or by means of an Informational Postings notice on Company's Web Site. Company shall deviate from the time periods specified in Subsection 22.1(b) only in a not unduly discriminatory manner consistent with Commission regulations.

## 22.2 Modification of Service

Any modification of an existing Agreement shall be requested by Customer's submission of a new request with notation on the request that the service requested is a modification of an existing service. Such request, after having been fully processed and accepted by Company, shall be deemed to have the full force and effect of the underlying Agreement.

## 22.3 Credit Evaluation

- (a) Unless previously provided to Company in the prior three months, a Shipper seeking service from Company under Rate Schedules FT-A, IT, or PAL must provide:
- (i) a copy of Shipper's most recent audited financial statement;
  - (ii) a copy of Shipper's most recent twelve months audited financial statement or Annual Report and, if applicable, 10-K form;
  - (iii) a list of Shipper's affiliates, including parent and subsidiaries, if applicable.
- (b) In the event Shipper cannot provide the information in Subsection 22.3 of these General Terms and Conditions, Shipper shall, if applicable, provide that information for its parent company. Company shall not be required to perform or to continue service under any Rate Schedule on behalf of any Shipper who is or has become insolvent or who, at Company's request, fails within a reasonable period to demonstrate credit worthiness, provided, however, such Shipper may receive service under any Rate Schedule if Shipper prepays for such service or furnishes good and sufficient security, as determined by Company in its reasonable discretion, in an amount equal to the cost of performing the service requested by Shipper for a three month period. For purposes herein, the insolvency of a Shipper shall be conclusively demonstrated evidenced by the filing by Shipper or any parent entity thereof (hereinafter collectively referred to as "the Shipper") of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the

Shipper under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Shipper or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days.

22.4 Creditworthiness Notices

(a) Company Responsibilities

- (i) Company shall designate, on its Internet website or in written notices to Customer, the Internet E-mail addresses of up to two representatives who are authorized to receive notices regarding Customer's creditworthiness. Customer's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and Company shall manage internal distribution of any such confirmations. [0.3.7]
- (ii) If Company requests additional information to be used for credit evaluation after the initiation of service, Company, contemporaneous with the request, shall provide its reason(s) for requesting the additional information to Customer and designate to whom the response shall be sent. Company and Customer may mutually agree to waive this requirement. [0.3.3]
- (iii) Upon receipt from Customer of all credit information provided, Company shall notify Customer's authorized representative(s) that it has received such information. Company and Customer may mutually agree to waive this requirement. [0.3.6]
- (iv) After Company's receipt of Customer's request for re-evaluation, including all required information ("Customer's Request"), within five (5) Business Days, Company shall provide a written response to Customer's Request. Such written response shall include either a determination of creditworthiness status, clearly stating the reason(s) for Company's decision, or an explanation supporting a future date, which a re-evaluation determination will be made. In no event shall such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of the Customer's Request unless specified in Company's FERC Gas Tariff or if the parties mutually agree to some later date. [0.3.9]
- (v) Regarding capacity release transactions, Company shall provide the original releasing Shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Company to the Releasing Shipper's Replacement Shipper(s), of the following:
  - (A) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to this Section 22 and Section 6 of the General Terms and Conditions of Company's FERC Gas Tariff.
  - (B) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;
  - (C) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and

(D) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to this Section 22. [5.3.60]

(b) Customer Responsibilities

- (i) Customer shall designate up to two representatives who are authorized to receive notices regarding the Customer's creditworthiness, including requests for additional information, and shall provide to Company the Internet E-mail addresses of such representatives prior to the initiation of service. Written requests and responses shall be provided via Internet E-mail, unless otherwise agreed by the parties. The obligation of Company to provide creditworthiness notifications is waived until the above requirement has been met. Customer shall manage internal distribution of any creditworthiness notices that are received. [0.3.7]
- (ii) Upon receipt of either an initial or follow-up request from Company for information to be used for creditworthiness evaluation, the Customer's authorized representative(s) shall acknowledge receipt of Company's request. Company and Customer may mutually agree to waive this requirement. [0.3.4]
- (iii) Customer's authorized representative(s) shall respond to Company's request for credit information, as allowed by this Section 22 on or before the due date specified in the request. Customer shall provide all the credit information requested by Company or provide the reason(s) why any of the requested information was not provided. [0.3.5]
- (iv) At any time after Customer is determined to be non-creditworthy by Company, Customer may initiate a creditworthiness re-evaluation by Company. As part of Customer's re-evaluation request, Customer shall either update or confirm in writing the prior information provided to Company related to Customer's creditworthiness. Such update shall include any event(s) that Customer believes could lead to a material change in Customer's creditworthiness. [0.3.8]

(c) Designating Notice Representatives

Company's and Customer's authorized creditworthiness representative(s) for Internet E-mail notifications, responses and requests as described in this Section 22 shall be established by initiating a request as prescribed on Company's Customer Activity site.

In complying with the creditworthiness-related notifications pursuant to this Section 22 and Section 6 of the General Terms and Conditions of Company's FERC Gas Tariff, Shipper and Company may mutually agree to other forms of communication in lieu of Internet E-mail notification. [0.3.10]

22.5 Capacity Reserved for Expansion/Extension Projects

Notwithstanding any other provision of this Tariff, Company reserves the right, but shall not be obligated, to reserve for expansion/extension projects capacity that is or that will become available. The four types of capacity that Company may reserve subject to the conditions of this Section are as follows:

- (1) Capacity posted on Company's System as unsubscribed available capacity;
- (2) Capacity posted for bidding pursuant to the provisions of Section 23 of these General Terms and Conditions; provided however that Company's reservation of such capacity shall be conditioned on the existing capacity holder ("Existing Shipper") not retaining such capacity pursuant to the exercise of Existing Shipper's rights of first refusal pursuant to Section 23 of these General Terms and Conditions;
- (3) Capacity that is made available to Company for use in an expansion/extension project in accordance with the terms and conditions of an offer by Company to accept permanent releases of capacity to serve an expansion/extension project;
- (4) Capacity that is returned to Company by an existing capacity holder at the expiration of that capacity holder's contract term(s).

Company shall post any reserved capacity on its System. The reservation posting shall include, but not be limited to, the following information:

- (1) a description of the expansion/extension project for which the capacity is being reserved;
- (2) the quantity of capacity being reserved;
- (3) the location of the reserved capacity on the pipeline system; and
- (4) the estimated in-service date of the expansion/extension project. Company shall make reasonable efforts to update the reservation posting up to the in-service date of the expansion/extension project to reflect any material changes in the scope of the expansion/extension project. Company may only reserve capacity for an expansion/extension project for which an open season has been held or will be held within one (1) year of the date that capacity posted as reserved becomes available on a limited-term basis as set forth below. Company will not, absent Commission approval, accept advance payments to reserve capacity under this Section.

To the extent capacity reserved under this Section is currently available, Company shall make such capacity available for transportation service pursuant to the provisions of Company's FERC Gas Tariff on a limited-term basis up to the in-service date of the expansion/extension project(s). For such limited-term agreements, Company reserves the right to limit any extension rights provided in the Firm Transportation Agreement or under Company's FERC Gas Tariff commensurate with the proposed in-service date of the expansion/extension project. Company will indicate in any open season posting of the capacity any limitations on extension rights that will apply to such limited-term transportation service.

#### 22.6 Capacity Reserved for Pre-arranged Deals

- (a) Pre-Arranged Capacity. Company may sell firm capacity with service commencement dates more than ninety (90) days in the future, when such capacity is either available unsubscribed capacity or capacity that will become available and is not subject to a right of first refusal, by selling such capacity on a pre-arranged basis.
- (b) If Company proposes to sell capacity on a pre-arranged basis, Company will post the terms of the pre-arranged transaction and other parties will have an opportunity to bid on

the capacity pursuant to 22.7 below. At the time Company enters into a pre-arranged service agreement, Company will post a notice on its Internet Web Site indicating that the pre-arranged capacity will be subject to an open bidding process within three (3) 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 an acceptable Bid on a net present value basis, the pre-arranged Shipper will have a one-time right to match the higher Bid in order to retain the capacity. If the pre-arranged Shipper elects not to match a higher competing Bid, the capacity will be awarded to the bidder with the highest net present value acceptable Bid. If there is an open season ongoing for certain capacity, Company will not enter into a pre-arranged deal for that capacity during the open season.

- (c) Company will separately identify on its Internet Web Site all capacity that is anticipated to become available and is not subject to a right of first refusal. Company will not enter into any pre-arranged deals for capacity that has not previously been posted on its Internet Web Site.
- (d) To the extent capacity reserved under this Section is currently available, Company shall make such capacity available for transportation service pursuant to the provisions of Company's FERC Gas Tariff on a limited-term basis up to the in-service date of the pre-arranged transaction. For such limited-term agreements, Company reserves the right to limit any pre-arranged transaction rights provided in the Firm Transportation Agreement or under Company's FERC Gas Tariff commensurate with the proposed in-service date of the pre-arranged transaction. Company will indicate in any open season posting of the capacity any limitations on extension rights that will apply to such limited-term transportation service.

#### 22.7 Solicitation of Bids for Capacity

- (a) Company shall (1) post notices for solicitation of Bids on a first-come, first-served basis, for available capacity for service to start immediately or in the future, or (2) post notice of an open season for its available capacity, or (3) post notice of an open season for expansion projects including requests for incremental service at a date later than the in-service date of the expansion facilities. Regarding (2) and (3), the open season notice will be posted for a period of no less than three Business Days for available capacity and no less than 20 Business Days for expansion projects on Company's system and will include the following information:
  - (i) the location of the capacity or proposed expansion;
  - (ii) the total quantity, if applicable;
  - (iii) the date capacity is available or proposed to be available; and
  - (v) Bid evaluation methodology, if applicable.
- (b) Regarding (2) and (3), the Bid methodology will include a net present value analysis and the notice will be posted at least three Business Days prior to bidding. In addition, Company will post whether Bids have been received, the full net present value (NPV) analysis for the highest Bid received, the Shippers' Bids, and the actual calculation of the NPV. Company will award the capacity based upon the highest net present value. In the event of equal Bids on the basis of a NPV calculation, capacity will be awarded on a pro rata basis. Shipper shall be required to indicate in its Bid whether it is willing to accept a lesser quantity in the event such capacity is awarded on a pro rata basis due to equal Bids.

For purposes of its NPV evaluation, Company may consider the aggregate NPVs of two or more Bids.

- (c) Regarding (2), if no acceptable Bids are received during an open season, Company will post the capacity on its system in order that it may be awarded on a first-come, first-served basis at a mutually agreed upon rate. Shippers must submit a request for such capacity by electronic mail and/or facsimile to Company's Marketing Department. The time stamp on the communication will be used to determine the sequence of Bids. Company reserves the right not to award such capacity at less than the applicable Maximum Rate. Company shall not award such capacity at less than the Maximum Rate to an Affiliate as defined in Part 358 of the Commission's regulations unless a request for a discount from an Affiliate is first posted for competitive Bid and no other competitive Bids are determined to be the best Bid as a result of such posting.

## 23. RIGHT OF FIRST REFUSAL AND EXTENSION OF SERVICE AGREEMENTS

### 23.1 Applicability

This Section 23 shall apply only to firm service agreements:

- (a) for twelve consecutive months or more at the applicable Maximum Rate for that service;
- (b) for more than one year for a service that is not available for twelve (12) consecutive months at the applicable Maximum Rate for the services;
- (c) extended at the applicable Maximum Rates for a term of one year or more pursuant to the terms of such agreements or of Section 24 of these General Terms and Conditions, even if the service was at a negotiated rate or at less than the Maximum Rates prior to such extension period; or
- (d) that expressly apply the provisions of this Section 23 or include a right of first refusal, provided that Company may agree to include a right of first refusal only on a not unduly discriminatory basis.

The right of first refusal will not apply to interim service agreements associated with expansion/extension projects as set forth in Section 22.5 of the General Terms and Conditions or pre-arranged transactions as set forth in Section 22.6 of the General Terms and Conditions.

Shipper may exercise its right to retain a portion of its firm service entitlement, subject to the right of first refusal, however, the Shipper may not exercise the right of first refusal for a geographic portion of the service under its agreement.

Subject only to Shipper's right of first refusal to continue service, Company shall have all necessary abandonment authorization under the Natural Gas Act as of the expiration date of any service agreement and shall not be required to seek case specific authorization prior to abandoning service.

### 23.2 Right of First Refusal

To exercise its right of first refusal to continue service for all or a portion of the firm capacity covered by a service agreement, that meets the requirements of Subsection 23.1 above, the Customer must provide notice to Company pursuant to Subsection 23.3 below that it desires to continue its service agreement and that it may match the best bid that is offered by another person desiring such capacity as set forth in Subsection 23.5 below, provided that Company shall not be obligated to provide service at less than the applicable Maximum Rates.

### 23.3 Notice to Company

Shipper shall notify Company in writing of its intention to exercise a right of first refusal for all or a portion of the Transportation Quantity stated in its service agreement at least six (6) months prior to the expiration of the service agreement. Except as this FERC Gas Tariff or a service agreement expressly provide otherwise, unless Shipper elects upon at least six (6) months prior written notice to Company to terminate the agreement in whole or to request a lesser extension of the term, the agreement will automatically extend upon the expiration of the primary term for a term of one year at the applicable Maximum Rate. Thereafter the agreement shall repeatedly extend for successive one year terms unless Shipper provides at least six (6) months notice as described herein in advance of the expiration of a succeeding term. If Shipper provides notice of its election of right of first refusal under this Section 23.3, Shipper shall not be obligated to provide additional notice of termination under Section 24.5 of the General Terms and Conditions.

#### 23.4 Posting of Capacity

Upon receipt of the notice required in Subsection 23.3, Company shall post on its Web Site that capacity will be available upon the expiration of Shipper's firm transportation service agreement. The capacity shall be posted for a minimum period of fourteen (14) days with such posting containing the following information with respect to the capacity:

- (a) Daily and other applicable quantity limitations of capacity available;
- (b) Transportation Path;
- (c) Maximum Rate (Monthly Demand) as set forth in the Summary of Rates and Charges in Company's FERC Gas Tariff;
- (d) Any minimum acceptable bid;
- (e) Any applicable restrictions; and
- (f) The last day of the bidding period.

#### 23.5 Bidding Procedures

Each bidder for Shipper's firm capacity, or any part thereof, must submit its bid to Company through Company's Web Site within the time specified by Company. Each bid shall contain the term for which the capacity is sought and a Monthly Demand rate that is either (i) a percentage of the Maximum Rate or (ii) a negotiated rate. If Company receives more than one bid for Shipper's capacity, and it does not reject all bids as provided below, it will choose the bid, or combination of bids, having the highest net present value in accordance with the present value formula set forth in Subsection 21.6(a)(i) of the General Terms and Conditions for the evaluation of Bids under Company's capacity release mechanism. Company reserves the right to reject any bid that is for less than the applicable Maximum Rates.

All proposed terms must begin as of the expiration of the Transportation Quantity under the existing service agreement and be for a consecutive period.

For purposes of comparing bids, (i) negotiated rates above the Maximum Rate will be deemed equal to the Maximum Rate and (ii) the Maximum Rates will be deemed to be those in effect as of the date Company posts the capacity as available pursuant to Subsection 23.4.

#### 23.6 Right to Match Best Bid

- (a) Company will notify Shipper within three (3) Business Days of the best bid(s) that Company is willing to accept, and Shipper shall have ten (10) business days from receipt of Company's notice to match the bid and contract term, not to exceed five (5) years, offered in the best bid(s) in order to retain its firm capacity. If Shipper matches the best bid(s), Shipper will enter into a new service agreement for firm service reflecting the terms of Shipper's matching bid within 30 days of the date Shipper provided notice that it would match the best bid. If Shipper fails to match the best bid or fails to execute a new firm service agreement within the time periods set forth in this Section, Shipper's existing service agreement for firm service will be subject to pregranted abandonment upon the effective termination date of Shipper's service agreement for firm service, and Company may enter into a new service agreement for firm service with the party or parties offering the best bid.



- (b) In the event Company does not receive any bids for Shipper's capacity or any bids that are acceptable to Company, Shipper shall have the right to retain its firm capacity at the applicable Maximum Rates applicable thereto, or any discounted rate or negotiated rate agreed to by Company, for an additional term as requested by Shipper, provided that Company shall not be obligated to provide service at less than the applicable Maximum Rate.
- (c) If Shipper does not elect to extend its service agreement pursuant to the provisions contained therein and in this Section 23, such service agreement shall terminate and be subject to pregranted abandonment.

24. TERMINATION OR MUTUAL EXTENSION OF SERVICE AGREEMENTS

24.1 Early Termination in Exchange for Extension

Shipper and Company may mutually agree to the early termination of one or more service agreements in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. A new term shall be determined for the service agreements and shall be from the service commencement date of the extension to the end of the extension period. Shipper need not participate in an open season for the extension nor must the extended capacity be posted on Company's Informational Postings Web Site as unsubscribed, available capacity prior to the extension.

24.2 Extension of Capacity Use

Shipper and Company may mutually agree to extend the term of a service agreement with respect to all or part of the underlying capacity.

24.3 Negotiated Rates

Company and Shipper may mutually agree on a not unduly discriminatory basis that the extension of a service agreement will be at a discounted or negotiated rate as set forth in Section 17 of these General Terms and Conditions.

24.4 Rights of First Refusal

The agreement to extend under this Section 24 must be reached prior to the posting of the capacity pursuant to Subsection 23.4 of the General Terms and Conditions. Nothing in this section shall preclude the Shipper from making a timely election pursuant to Subsections 23.2 and 23.3 of the General Terms and Conditions if Shipper and Company are not able to agree upon a new term length or other terms and conditions of service.

24.5 Termination of Firm Agreements

Agreements made pursuant to firm agreements with a primary term of one year or more shall continue in effect upon expiration of the primary term unless:

- (i) Shipper elects upon six (6) months prior written notice to terminate the agreement in whole or to request a lesser extension of term; or
- (ii) this FERC Gas Tariff (in Section 23 of these General Terms and Conditions or otherwise) or a service agreement expressly provide otherwise.

Such agreements continuing in effect will automatically extend upon the expiration of the primary term for a term of one year at the applicable Category 1 Maximum Rate. Thereafter such agreements shall repeatedly extend for successive one year terms unless Shipper provides notice as described herein at least six (6) months in advance of the expiration of a succeeding term. If Shipper provides notice of its election of right of first refusal under this Section 23.3 of the General Terms and Conditions, Shipper shall not be obligated to provide an additional notice of termination under this Section 24.5.

25. NORTH AMERICAN ENERGY STANDARDS BOARD WORKING GAS QUADRANT (NAESB WGQ) STANDARDS

Compliance with 18 CFR, Section 284.12

Company has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 2.0, which are required by the Commission in 18 CFR Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

**Standards not Incorporated by Reference and their Location in Tariff:**

<u>NAESB Standard</u>	<u>Tariff record</u>
0.3.3	Part 8.22, GT&C – Requests for Service, v. 0.1.0
0.3.4	Part 8.22, GT&C – Requests for Service, v. 0.1.0
0.3.5	Part 8.22, GT&C – Requests for Service, v. 0.1.0
0.3.6	Part 8.22, GT&C – Requests for Service, v. 0.1.0
0.3.7	Part 8.22, GT&C – Requests for Service, v. 0.1.0
0.3.8	Part 8.22, GT&C – Requests for Service, v. 0.1.0
0.3.9	Part 8.22, GT&C – Requests for Service, v. 0.1.0
0.3.10	Part 8.22, GT&C – Requests for Service, v. 0.1.0
1.2.6	Part 8.01, GT&C – Definitions, v. 1.0.0
1.2.16	Part 8.01, GT&C – Definitions, v. 1.0.0
1.3.1	Part 8.01, GT&C – Definitions, v. 1.0.0
1.3.2(i-v)	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.3	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.5	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.6	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.9	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.11	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.13	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.14	Part 8.01, GT&C – Definitions, v. 1.0.0
1.3.15	Part 8.26, GT&C – Fuel and Loss Retention Adjustment, v. 0.1.0
1.3.16	Part 8.26, GT&C – Fuel and Loss Retention Adjustment, v. 0.1.0
1.3.19	Part 7.10, Rate Schedule FT-A, v. 2.0.0; Part 7.20, Rate Schedule IT, v. 1.0.0; Part 7.21, Rate Schedule AOT, v. 1.0.0; Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.20	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.21	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.22	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.23	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
1.3.26	Part 8.01, GT&C – Definitions, v. 1.0.0
1.3.34	Part 8.01, GT&C – Definitions, v. 1.0.0
1.3.71	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.2.1	Part 8.01, GT&C – Definitions, v. 1.0.0
2.3.5	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.6	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.7	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0; Part 8.04, GT&C – Measuring Equipment, v. 1.0.0
2.3.8	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.10	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.11	Part 8.04, GT&C – Measuring Equipment, v. 1.0.0
2.3.12	Part 8.04, GT&C – Measuring Equipment, v. 1.0.0
2.3.13	Part 8.04, GT&C – Measuring Equipment, v. 1.0.0

2.3.14	Part 8.04, GT&C – Measuring Equipment, v. 1.0.0
2.3.15	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.16	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.18	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.19	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.25	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.26	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.27	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries, v. 1.0.0
2.3.29	Part 8.01, GT&C – Definitions, v. 1.0.0
3.2.1	Part 8.01, GT&C – Definitions, v. 1.0.0
3.3.4	Part 8.05, GT&C – Invoicing, v. 1.0.0
3.3.14	Part 8.05, GT&C – Invoicing, v. 1.0.0
3.3.15	Part 8.05, GT&C – Invoicing, v. 1.0.0
3.3.16	Part 8.05, GT&C – Invoicing, v. 1.0.0
3.3.17	Part 8.06, GT&C – Payments, v. 2.0.0
3.3.18	Part 8.06, GT&C – Payments, v. 2.0.0
3.3.19	Part 8.06, GT&C – Payments, v. 2.0.0
4.3.39	Part 8.20, GT&C – Information and Communication for Transportation Services, v. 1.0.0
4.3.89	Part 8.02, GT&C – Quality, v. 1.0.0
4.3.91	Part 8.02, GT&C – Quality, v. 1.0.0
5.3.1	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.2	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.3	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.4	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.7	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.8	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.13	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.14	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.15	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.16	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.19	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.24	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.59	Part 8.21, GT&C – Release or Assignment of Firm Transportation Agreements, v. 1.0.0
5.3.60	Part 8.22, GT&C – Requests for Service, v. 0.1.0

**Standards Incorporated by Reference:**

**Additional Standards:**

**General:**

Standards:

0.3.1, 0.3.2, 0.3.16, 0.3.17, 0.3.18, 0.3.19, 0.3.20, 0.3.21, 0.3.22

**Gas/Electric Operational Communications:**

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0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:

0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

**Operating Capacity and Unsubscribed:**

Standards:

0.3.18, 0.3.19, 0.3.20, 0.3.21, 0.3.22

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**Nominations Related Standards:**

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1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.14, 1.2.15,  
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Standards:

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2.3.32, 2.3.33, 2.3.34, 2.3.35, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47,  
2.3.48, 2.3.49, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.2.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59,  
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4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.51, 4.3.52,  
4.3.53, 4.3.54, 4.3.55, 4.3.56, 4.3.57, 4.3.58, 4.3.59, 4.3.60, 4.3.61, 4.3.62, 4.3.65, 4.3.66,  
4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.73, 4.3.74, 4.3.75, 4.3.76, 4.3.78, 4.3.79, 4.3.80, 4.3.81,  
4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.90, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96,  
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5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40,  
5.3.41, 5.3.42, 5.3.44, 5.3.45, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.53,  
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Data Sets:

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**Internet Electronic Transport Related Standards:**

Definitions:

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

Standards:

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

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

NAESB Standard

Waiver or Extension of Time

26. FUEL AND LOSSES RETENTION ADJUSTMENT

26.1 Fuel and Losses

The quantity of gas retained by Company for fuel and losses shall be equal to the amount established pursuant to NAESB WGQ Standard 1.3.16: Where fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, should be  $(1 - \text{fuel \%}/100)$  multiplied by receipt quantity = delivery quantity. The fuel and loss retention percentages (FLRP) shall equal the applicable percentages shown on the effective Statement of Rates in Company's FERC Gas Tariff; provided, however, (i) for service that is rendered entirely by Displacement, Shipper shall furnish only that quantity of gas associated with losses shown on the Statement of Rates and (ii) the fuel percentage may be reduced to any level not less than the actual fuel required for a transaction. Pursuant to NAESB WGQ Standard 1.3.15: When the fuel reimbursement method is fuel in-kind, the results of the fuel reimbursement calculations for the nomination process should be rounded to the nearest Dekatherm or Gigajoule (Canada).

26.2 Fuel and Losses Retention Adjustment

26.2.1 General

This Section of the General Terms and Conditions sets forth the procedures to reflect changes in Company's fuel and loss retention percentages (FLRPs) applicable to Company's transportation services, including Rate Schedules FT-A, IT, LMS, and AOT, under which Company retains fuel.

26.2.2 Conditions

- (a) The FLRPs set forth in Company's Tariff may be increased to reflect a net positive change in FLRPs and shall be decreased to reflect a net negative change in FLRP's.
- (b) Company shall file with the Federal Energy Regulatory Commission to reflect net changes in FLRPs at least 30 days prior to each April 1 and November 1 which is the beginning date for each Seasonal Period.

26.2.3 Definitions

(a) Seasonal Period

The seven month period beginning each April 1 and ending each October 31 (summer period) and the five month period beginning each November 1 and ending each March 31 (winter period).

(b) Actual Gas Required for Operations (GRO)

Actual gas used in Company's operations including all gas otherwise used, lost or unaccounted for.

(c) Estimated GRO

The sum of the monthly average Actual GRO quantities for the latest three years of a Seasonal Period adjusted, where necessary, for known variations from actual experience.

(d) Estimated Quantities

The sum of the monthly average actual quantity determinants, to which Company allocates or assigns GRO quantities, for the latest three years of a Seasonal Period adjusted, where necessary, for known variations from actual experience.

26.2.4 Determination of the Current FLRPs

Company shall determine the Current FLRPs for each Seasonal Period by the following procedures:

- (a) The Estimated GRO quantities shall be summed with the forecasted balance accumulating in the Deferred GRO Account as of the day immediately preceding the effective date of the change in the FLRP rates. Such resulting quantity shall be allocated to or assigned among zones in accordance with the allocation methods and principles in effect on Company's system.
- (b) The quantities determined in Subsection 26.2.4(a) of these General Terms and Conditions will be divided by the Estimated Quantity determinants, as appropriate.
- (c) Company shall maintain the Deferred GRO Account in accordance with the following procedures:
  - (1) Company shall determine each month the Actual GRO quantities.
  - (2) Each month, Company shall determine the actual recovery of GRO quantities by multiplying, as applicable, Company's FLRPs by the appropriate quantity determinants.
  - (3) Each month, Company shall determine the difference, positive or negative, between the quantities computed in Subsections 26.2.4(c)(1) and 26.2.4(c)(2) of these General Terms and Conditions. The resulting difference shall be recorded each month in a Deferred GRO Account.



27. LOAD MANAGEMENT COST RECONCILIATION ADJUSTMENT

27.1 General

This Section of these General Terms and Conditions sets forth the mechanism to reconcile through surcharges or credits, as appropriate, differences between the cost to Company to maintain its line pack gas and the amounts Company receives or pays for such gas arising out of the purchase and sale of such gas (1) to resolve Balancing Party imbalances as provided for pursuant to Rate Schedule LMS; (2) to resolve imbalances associated with OBAs at interstate pipeline interconnects; and/or (3) as may be otherwise necessary to maintain an appropriate level of line pack for system management purposes. Line pack added for new facilities will be accounted for in Account 101 in accordance with Commission regulations.

27.2 Definitions

Load Management Annual Period - The twelve month period beginning each April 1.

Load Management Deferred Period - The twelve month period ending each December 31.

27.3 Load Management Cost Reconciliation Deferred Account

Effective January 1, 1999, Company shall maintain Account 806.1 as a Load Management Cost Reconciliation Deferred Account ("Load Management Deferred Account") in the manner described below:

Company shall debit to Account 806.1 the actual purchase cost of line pack gas and credit to Account 806.1 cash receipts from the sale of such gas as necessary (1) to resolve Balancing Party imbalances as provided for pursuant to Rate Schedule LMS; (2) to resolve imbalances associated with OBAs at interstate pipeline interconnects; and/or (3) as may be otherwise necessary to maintain an appropriate level of line pack for system management purposes.

27.4 Load Management Cost Reconciliation

- (a) Upon completion of the end of the twelfth full calendar month of the Load Management Deferred Period, Company shall calculate the amounts to be refunded or surcharged adjusted to reflect carrying charges calculated in accordance with Section 154.501 of the Commission's Regulations. Company shall refund if the adjusted Load Management Deferred Account balance is a credit. Company shall surcharge if the adjusted Load Management Deferred Account balance is a debit.
- (b) Company shall divide the balance to be surcharged or refunded by the aggregate absolute value in quantities in Dth for which Company provided service under its LMS Rate Schedule during the Load Management Deferred Period to calculate the "Load Management Cost Reconciliation Adjustment - Surcharge or Refund."
- (c) Company shall file the "Load Management Cost Reconciliation Adjustment - Surcharge or Refund" with the Federal Energy Regulatory Commission at least thirty Gas Days prior to each April 1 that is the beginning of the Load Management Annual Period.
- (d) The Surcharge or Refund shall be shown on the Statement of Rates of Company's FERC Gas Tariff as an adjustment to Company's Rate Schedule LMS rate.

- (e) The total amount of any such refunds applied during any month under the "Load Management Cost Reconciliation Adjustment - Surcharge or Refund" shall be debited to the Load Management Deferred Account and the total amount of any such surcharges collected during any month under the "Load Management Cost Reconciliation Adjustment - Surcharge or Refund" shall be credited to the Load Management Deferred Account.

27.5 Termination of the Load Management Cost Reconciliation Adjustment

In the event that the Load Management Cost Reconciliation Adjustment is terminated, the balance remaining in the Load Management Deferred Account as adjusted to reflect carrying charges calculated in accordance with Section 154.501 of the Commission's Regulations, if a debit, shall be billed and, if a credit, shall be refunded to Balancing Parties on the basis of LMS DDQ demand; provided that Balancing Parties with no DDQ shall have an imputed DDQ of 100 Dth.

28. INCORPORATION IN RATE SCHEDULES AND AGREEMENTS

These General Terms and Conditions are incorporated in and are a part of Company's Rate Schedules and Agreements. To the extent there is any inconsistency between terms in these General Terms and Conditions and terms in Company's Rate Schedules or Agreements, these General Terms and Conditions shall govern.

29. UNAUTHORIZED OVERRUNS AND PENALTY REVENUE CREDITS

29.1 OFO Penalties

- (a) On any Gas Day when a delivery point Balancing Party takes gas outside of the daily limits established under an Operational Flow Order ("OFO") applicable to a delivery point(s) or a receipt point Balancing Party delivers gas outside of the daily limit established under an OFO applicable to a receipt point(s), such Balancing Party shall be subject to an unauthorized overrun penalty charge applicable to each Dth of excess quantities taken or delivered beyond a two (2) percent allowable variation. The daily limit shall be the adjusted TQ applicable to a specified receipt or delivery point(s) pursuant to the OFOs under Section 8 of these General Terms and Conditions of Company's Tariff, as notified to Balancing Party. The penalty charge shall be computed based on a price per Dth equal to three times the higher of (1) the midpoint price for Emerson, Viking GL or (2) the midpoint price for ANR, ML 7 published in Gas Daily's "Daily Price Survey" for the flow day on which the OFO is issued. In the event Gas Daily does not publish a price at either Emerson, Viking GL or ANR, ML 7, Company shall identify on its Internet Web Site an alternative spot price index to be used.
- (b) All penalty revenues received by Company in accordance with this Section 29 that are in excess of Company's costs, including but not limited to administrative costs, will be credited annually when such net penalty revenues are in excess of \$10,000 to Balancing Parties who are in compliance with OFOs. Such net penalty revenue credits will be credited to such Balancing Parties based on scheduled quantities not received due to the failure of other Balancing Parties to comply with OFOs during the OFO period of the year in which the net penalty revenues were received. Credits shall include net penalty revenues plus interest calculated in accordance with Section 154.501 of FERC's regulations.
- (c) The payment of unauthorized overrun penalties does not create the right to exceed the levels established by an OFO.

29.2 Monthly Imbalance Tolerance Penalties

To the extent that Balancing Parties exceed the five (5) percent monthly imbalance tolerance set forth in Section 5 of Company's Rate Schedule LMS and such Balancing Parties are assessed penalties in excess of 100 percent of the average monthly index, Company shall credit such penalty revenues that are in excess of Company's costs, including but not limited to administrative costs, when such net penalty revenues are in excess of \$10,000 on an annual basis to Balancing Parties who comply with the balancing requirements on a pro rata basis per scheduled quantities. Credits shall include net penalty revenues plus interest calculated in accordance with Section 154.501 of FERC's regulations.

30. SEGMENTATION AND RECEIPT AND DELIVERY POINTS

30.1 Flexible Point Rights

(a) A Shipper may request primary points ("Primary Points") under Company's firm Rate Schedules. Each Primary Point agreed to by Shipper and Company shall be identified in Exhibit A of the Firm Transportation Agreement along with the MDQ that is applicable to that Primary Point. The sum of the quantities of gas from the Primary Delivery Points, specified in the Firm Transportation Agreement may not exceed the firm TQ stated in the Firm Transportation Agreement.

(b) Relocation of Primary Point Rights

Subject to availability of firm point capacity on Company's system in the direction of flow specified in Customer's Firm Transportation Agreement's Transportation Path, such Customer may submit a request to amend its Firm Transportation Agreement to change any Primary Point or to modify the quantity of gas assigned to any Primary Point. Such request may be submitted once in any 15 day period. Changes to the Firm Transportation Agreement shall not reduce the economic value of the Firm Transportation Agreement to Company without Company's written consent. Company shall evaluate such requests to amend its Firm Transportation Agreement based on the availability of capacity at such point, the operational needs of its system and the requirements of its FERC Gas Tariff.

30.2 Segmentation Rights

(a) Segmentation via Nomination Process

The Shipper may use the nomination process to segment capacity. To segment its Transportation Path into two or more discrete segments for its own use or in connection with a capacity release pursuant to Section 21 of these General Terms and Conditions, the Shipper must nominate a receipt point and a corresponding delivery point up to the MDQ applicable to each proposed segment of the Transportation Path as provided in Subsections 30.3 and 30.4 of these General Terms and Conditions. Company shall schedule nominations for receipt points and delivery points subject to the availability of capacity on Company's system, Company's operational requirements and the requirements of this Section and its FERC Gas Tariff. All receipt points must be located at a physical point of interconnection between Company and another pipeline.

30.3 Primary Receipt Point Rights

A Shipper may nominate subject to the provisions of Section 3 of the General Terms and Conditions quantities of gas to be transported under a firm Rate Schedule from any Primary Receipt Point identified in the Firm Transportation Agreement up to the quantity of gas assigned to such receipt point in the Firm Transportation Agreement.

- (a) If the Shipper's Firm Transportation Agreement has not been released pursuant to Section 21 of the General Terms and Conditions, the sum of the quantities of gas nominated by the Shipper from any Secondary Receipt Point(s), together with the sum of the quantities of gas nominated from a Primary Receipt Point(s), adjusted for fuel and losses, shall not exceed the MDQ for the Transportation Path(s) allowed by Shipper's Firm Transportation Agreement; provided, however, if the Shipper uses two or more discrete pipeline segments on a Transportation Path, the sum of the quantities of gas nominated by the Shipper from all receipt point(s) may exceed the MDQ for that Transportation Path allowed by the Firm Transportation Agreement so long as the

quantities nominated for transportation at any location on the pipeline system do not exceed the MDQ applicable to such segment of that Transportation Path.

- (b) If the Shipper's Firm Transportation Agreement has been released to a Replacement Shipper pursuant to Section 21 of these General Terms and Conditions:
  - (i) the sum of the quantities of gas nominated by the Replacement Shipper from any Secondary Receipt Point(s), together with the sum of the quantities of gas nominated from Primary Receipt Point(s), adjusted for fuel and losses, shall not exceed the MDQ for the Transportation Path(s) allowed by Replacement Shipper's Firm Transportation Agreement; provided, however, if the Replacement Shipper uses two or more discrete pipeline segments on a Transportation Path, the sum of the quantities of gas nominated by the Replacement Shipper from all receipt point(s) may exceed the MDQ for that Transportation Path allowed by the Firm Transportation Agreement so long as the quantities nominated for transportation at any location on the pipeline system do not exceed the MDQ applicable to such segment of that Transportation Path; and
  - (ii) the sum of the quantities of gas nominated by the Releasing Shipper from any Secondary Receipt Point(s), together with the sum of the quantities of gas nominated from Primary Receipt Point(s), adjusted for fuel and losses, shall not exceed the MDQ for the unreleased portion of the Releasing Shipper's Transportation Path(s) as allowed by the Releasing Shipper's Firm Transportation Agreement; provided, however that where a Releasing Shipper releases a segment or segments of its service rights on a Transportation Path, the Releasing Shipper may nominate for transportation on any day, up to the MDQ for the unreleased segment of that Transportation Path as allowed by its Firm Transportation Agreement applicable to that segment of the Transportation Path wherein it has retained Transportation rights.
  - (iii) The Releasing Shipper and the Replacement Shipper may nominate overlapping quantities of gas, adjusted for fuel and losses, provided the overlapping quantities nominated do not exceed the MDQ allowed by the Firm Transportation Agreement. If the Releasing Shipper and the Replacement Shipper nominate quantities of gas in segments that overlap, the quantities shall be scheduled in accordance with the priority stipulated by the Releasing Shipper as a condition of its release. In the event the Releasing Shipper does not stipulate a priority as a condition of its release, priority shall be given to the Releasing Shipper when the nominations exceed the MDQ allowed by the underlying Firm Transportation Agreement. Any nominations in excess of the MDQ level agreed to by Company in the underlying Firm Transportation Agreement shall be treated as a request for overrun service as provided in Subsection 30.6 of these General Terms and Conditions.

#### 30.4 Primary Delivery Points

A Shipper may nominate subject to the provisions of Section 3 of these General Terms and Conditions, quantities of gas to be delivered under a firm Rate Schedule to any Primary Delivery Point identified in the Firm Transportation Agreement up to the quantity of gas assigned to such Delivery Point in the Firm Transportation Agreement.

- (a) If the Shipper's Firm Transportation Agreement has not been released pursuant to Section 21 of the General Terms and Conditions, the sum of the quantities of gas nominated by the Shipper to any Secondary Delivery Point(s), together with the sum of

the quantities of gas nominated to Primary Delivery Point(s) shall not exceed the MDQ for the Transportation Path(s) allowed by Shipper's Firm Transportation Agreement; provided, however, if the Shipper uses two or more discrete pipeline segments on a Transportation Path, the sum of the quantities of gas nominated by the Shipper to all Delivery Point(s) may exceed the MDQ for that Transportation Path allowed by the Firm Transportation Agreement so long as the quantities nominated for transportation at any location on the pipeline system do not exceed the MDQ applicable to such segment of that Transportation Path.

- (b) If the Shipper's Firm Transportation Agreement has been released to a Replacement Shipper pursuant to Section 21 of these General Terms and Conditions:
- (i) the sum of the quantities of gas nominated by the Replacement Shipper to any Secondary Delivery Point(s), together with the sum of the quantities of gas nominated to Primary Delivery Point(s) shall not exceed the MDQ for the Transportation Path(s) allowed by the Replacement Shipper's Firm Transportation Agreement; provided, however, if the Replacement Shipper uses two or more discrete pipeline segments on a Transportation Path, the sum of the quantities of gas nominated by the Replacement Shipper to all delivery point(s) may exceed the MDQ for that Transportation Path allowed by the Firm Transportation Agreement so long as the quantities nominated for transportation at any location on the pipeline system do not exceed the MDQ applicable to such segment of that Transportation Path; and
  - (ii) the sum of the quantities of gas nominated by the Releasing Shipper to any Secondary Delivery Point(s), together with the sum of the quantities of gas nominated to Primary Delivery Point(s) shall not exceed the MDQ for the unreleased portion of the Releasing Shipper's Transportation Path(s) as allowed by the Releasing Shipper's Firm Transportation Agreement; provided, however that where a Releasing Shipper releases a segment or segments of its service rights on a Transportation Path, the Releasing Shipper may nominate for transportation on any day, up to the MDQ for the unreleased segment of that Transportation Path as allowed by its Firm Transportation Agreement applicable to that segment of the Transportation Path wherein it has retained service rights.
  - (iii) The Releasing Shipper and the Replacement Shipper may nominate overlapping quantities of gas, adjusted for fuel and losses, provided the overlapping quantities nominated do not exceed the MDQ allowed by the Firm Transportation Agreement. If the Releasing Shipper and the Replacement Shipper nominate quantities of gas in segments that overlap, the quantities shall be scheduled in accordance with the priority stipulated by the Releasing Shipper as a condition of its release. In the event the Releasing Shipper does not stipulate a priority as a condition of its release, priority shall be given to the Releasing Shipper when the nominations exceed the MDQ allowed by the underlying Firm Transportation Agreement. Any nominations in excess of the MDQ level agreed to by Company in the underlying Firm Transportation Agreement shall be treated as a request for overrun service as provided in Subsection 30.6 of these General Terms and Conditions.

30.5 Direction of Flow

The direction of flow for Transportation Path segments must be the same direction of flow as for the Transportation Path unless Company otherwise consents.

A Shipper may segment a Displacement Service, but such segmentation shall be subject to review by Company on a case-by-case basis as to whether a Displacement Service on each resulting segment is operationally feasible.

The Shipper (or Replacement Shipper in the case of a release) may nominate service at Receipt Points and Delivery Points for the Transportation Path segment that results in a reverse direction from the Transportation Path. However, if the Transportation Path is a Displacement Service, a forward haul will be treated as being outside of the Transportation Path and the use of the point will be on a secondary basis. If the Transportation Path is a forward haul, a Displacement Service will be treated as being outside of the path and the use of the point will be on a secondary basis. Subject to the availability of point capacity and to Company's nomination procedures, deliveries may be made at the same point at the same time for a forward haul up to contract demand on the upstream segment and a backhaul up to contract demand on the downstream segment; provided that the Transportation Path direction will have priority at the point if the point capacity is not adequate and the non-Transportation Path will use the point on a secondary basis.

30.6 Treatment of Authorized Overrun

The overrun provisions of this Tariff shall apply to each segment and the associated Primary Point and Secondary Point rights. To the extent a Shipper schedules a quantity of gas in excess of the MDQ for the Transportation Path or any segment thereof agreed to by Company under the Firm Transportation Agreement, such quantity would be treated as a request for overrun service. To the extent Shippers nominate and schedule capacity such that an overlap occurs on any segment of Company's system, such Shippers will be subject to the overrun provisions of this Tariff consistent with the requirements of Subsections 30.3(b)(iii) and 30.4(b)(iii) of these General Terms and Conditions.



31. ELECTRONIC TRANSACTIONS CONTRACTING

Electronic transactions contracting as posted on Company's Internet Web Site, is available to parties provided that such party shall have previously met the requirements of a Rate Schedule, if applicable, and agreed to the terms and conditions of Company's Master Electronic Transactions Agreement which can be found on Company's Web Site ([www.vgt.oneokpartners.com](http://www.vgt.oneokpartners.com)) under Customer Activities.

32. NON-CONFORMING AGREEMENTS

1. J.R. Simplot Company, Firm Gas Transportation Agreement dated May 1, 2004. Agreement No. AF0070.
2. Wisconsin Electric Power Company, Gas Transportation Agreement dated November 1, 1995. Agreement No. AF0031 (formerly referred to as Agreement No. 7747).
3. Wisconsin Power & Light Company, Gas Transportation Agreement dated November 1, 1995. Agreement No. AF0028 (formerly referred to as Agreement No. 7745).
4. City of Argyle, Minnesota, Firm Gas Transportation Agreement dated November 1, 1994. Agreement No. AF0002.
5. The City of Warren, Minnesota, Firm Gas Transportation Agreement dated November 1, 1994. Agreement No. AF0006.
6. City of Hallock, Minnesota, Firm Gas Transportation Agreement dated November 1, 1994. Agreement No. AF0008.
7. City of New York Mills, Minnesota, Firm Gas Transportation Agreement dated November 1, 1994. Agreement No. AF0009.
8. City of Stephen, Minnesota, Firm Gas Transportation Agreement dated November 1, 1994. Agreement No. AF0011.
9. St. Croix Valley Natural Gas Company, Inc., Firm Gas Transportation Agreement dated March 6, 2001. Agreement No. AF0020.
10. Midwest Natural Gas, Inc., Firm Gas Transportation Agreement dated March 19, 2001. Agreement No. AF0021.
11. Wisconsin Gas LLC, Firm Gas Transportation Agreement dated November 1, 1993. Agreement No. AF0022.
12. Wisconsin Gas LLC, Firm Gas Transportation Agreement dated March 28, 2000. Agreement No. AF0025.
13. Northern States Power Company, a Wisconsin Corporation, Firm Gas Transportation Agreement dated November 1, 1993. Agreement No. AF0029.
14. Wisconsin Public Service Corporation, Firm Gas Transportation Agreement dated November 1, 2000. Agreement No. AF0030.
15. CenterPoint Energy Gas Services, Inc., Firm Gas Transportation Agreement dated January 26, 1996. Agreement No. AF0034.
16. Integrys Energy Services, Inc., Firm Gas Transportation Agreement dated November 2, 2005. Agreement No. AF0048.
17. Great Plains Natural Gas Company, a division of MDU Resources Group, Inc., Firm Gas Transportation Agreement dated June 1, 2003. Agreement No. AF0049.
18. Northern States Power Company - Wisconsin, Firm Gas Transportation Agreement dated June 1, 1994. Agreement No. AT0001.

19. Northern States Power Company, Firm Gas Transportation Agreement dated June 1, 1994. Agreement No. AT0002.
20. Northern States Power Company, a Minnesota Corporation, Firm Gas Transportation Agreement, Billing Commencement Date shall be the later of: (i) the date the facilities are complete or operational; or (ii) the date when both Shipper and Company have executed the agreement. Agreement No. AF0156.

33. CONDITIONS FOR FIRM TRANSPORTATION QUANTITY REDUCTION

If Shipper is a local distribution company that provides documentation satisfactory to Company that it has experienced a verifiable market loss, including conversion from Shipper's system sales service, as a result of the unbundling of firm retail natural gas supply and transportation services as approved by any applicable state regulatory commission, Shipper shall be granted the right to reduce the Transportation Quantity set forth in Exhibit A of its applicable firm transportation agreement. Unless otherwise mutually agreed, such reduction must be accompanied by a pro rata reduction to all other firm contract quantity Shipper holds on other interstate pipelines. Such Transportation Quantity reduction, shall be granted upon two (2) years prior written notice.

34. RESERVATION CHARGE CREDITS

34.1 Reservation Charge Credits – Force Majeure Events

- (a) To the extent Company fails to deliver the Entitlement Quantity (as defined in Section 34.1(b), below) the Company is obligated by the FT-A Agreement to deliver to Shipper on such day, due to a force majeure event that excuses performance under Section 10 of the General Terms and Conditions,
  - (i) Shipper shall remain liable for all amounts due or that become due under the FT-A Rate Schedule during the first ten (10) Gas Days of the curtailment, and
  - (ii) thereafter, Company shall provide Shipper Reservation Charge credits for any Entitlement Quantities that Company failed to deliver due to the force majeure event until Company provides notice that the force majeure event has ended and Shippers may nominate on the next gas cycle.
- (b) When Company has posted notice of a force majeure event, a Shipper’s “Entitlement Quantity” for any Gas Day during the force majeure event shall be Shipper’s average usage of primary FT-A service, up to the contract demand, for the seven (7) Gas Days prior to the first Gas Day of the curtailment.
- (c) Entitlement Quantity shall not be increased if Shipper has segmented its capacity, released its capacity, or partially assigned its capacity pursuant to Company’s FERC Gas Tariff.

34.2 Reservation Charge Credits – Non-Force Majeure Events

- (a) To the extent Company fails to deliver the Entitlement Quantity (as defined in Section 34.2(b), below) the Company is obligated by the FT-A Agreement to deliver to Shipper on any Gas Day due to reasons other than a force majeure event that excuses performance under Section 10 of the General Terms and Conditions, Company shall provide Shipper Reservation Charge credits for any Entitlement Quantities that Company fails to deliver.
- (b) When Company has posted notice of a non-force majeure event before the first opportunity to schedule service for a Gas Day, a Shipper’s “Entitlement Quantity” for any Gas Day during the non-force majeure event shall be the Shipper’s average usage of primary FT-A service, up to the contract demand, for the seven (7) Gas Days prior to the first Gas Day of the curtailment, except that, during the first Gas Day of a curtailment, the Shipper’s “Entitlement Quantity” shall be the quantity of primary FT-A service that Shipper nominated or, the quantity it would have scheduled but for the curtailment, if:
  - (i) Company did not post notice of the curtailment prior to the first opportunity to submit scheduling nominations for the day in question; and
  - (ii) the Shipper had not changed its nominations under Rate Schedule FT-A after Company posted notice of the potential curtailment.

The previous seven (7) days’ average daily quantity usage will only be used in the determination of the Entitlement Quantity when Company has posted notice prior to the first opportunity to submit scheduling nominations that the capacity will be unavailable for the day in question.

Entitlement Quantity shall not be increased if Shipper has segmented its capacity, released its capacity, or partially assigned its capacity pursuant to Company's FERC Gas Tariff.

34.3 Secondary Service and Alternative Service

Company shall provide Reservation Charge credits for primary FT-A service but not for secondary FT-A service. If Shipper nominates to or from alternate points during the curtailment, Company shall not provide Reservation Charge credits to the extent Company provides such alternate FT-A service.

34.4 Curtailments Due to Shipper or Third-Party Action

The Entitlement Quantities shall be reduced to the extent any curtailments are the result of Shipper's negligence or intentional wrongful acts. Shipper shall not be entitled to Reservation Charge credits as a result of loss of any of the following: (a) gas supply, (b) markets, or (c) transportation upstream or downstream of the Company's pipeline system.

34.5 Computation of Reservation Charge Credits

- (a) Reservation Charge credits shall equal Shipper's applicable daily Reservation rate per dekatherm multiplied by the number of dekatherms subject to a credit (that is, for each Gas Day, the Entitlement Quantity minus the quantity Company delivered) as determined by Sections 34.1 through 34.4, above.
- (b) If Shipper has released all or a portion of its firm capacity under Section 21 of the General Terms and Conditions or partially assigned its capacity in a permitted partial assignment, with any such assignee included in the term "Replacement Shipper" for purposes of this Section 34.5(b)), Company shall determine the total Reservation Charge credit due for the Entitlement Quantity and allocate the applicable Reservation Charge credit among the Releasing Shipper and the Replacement Shipper(s) in a not unduly discriminatory manner. However, Company shall not allocate any of the credit to a Replacement Shipper receiving service under a volumetric rate.
- (c) Releasing Shipper and Replacement Shipper may, by contract, agree to a credit allocation in lieu of allowing Company to allocate the Reservation Charge credit. However, absent notice to Company of any agreement to the contrary, Company shall allocate the Reservation Charge credits in a non-discriminatory manner.
- (d) Under no circumstance shall the total of the Reservation Charge credits provided by Company exceed the Reservation Charge credits Company would have paid for the affected Entitlement Quantity under an FT-A Agreement absent a capacity release, permitted partial assignment, or segmentation by Shipper.

35. POOLING

35.1 Transfer Point Pooling at Physical Receipt Points

Each physical receipt point on Company's pipeline system shall have a non-physical pooling point associated with it, also described as a Transfer Point. Pooling will be available as an optional service for supply aggregation from any requested physical receipt point to a Transfer Point and for delivery from a Transfer Point to any requested delivery point on Company's system.

35.2 Volumes Scheduled into Transfer Point from Associated Physical Receipt Point

Company shall not assess a transportation charge (including overrun charges) or Fuel and Loss Retention Percentage for gas volumes scheduled from the associated physical receipt point into a Transfer Point at the same milepost, on the same Gas Day. A transportation charge will be incurred if the shipper scheduling the volumes, or another shipper that is a successor in title to the gas, schedules the same volumes from the Transfer Point to another milepost point on Company's pipeline system.

For example, if for a particular Gas Day, Company accepted Shipper A's transportation nomination of 500 Dth of gas from Emerson to Emerson Transfer Point, Shipper A transferred title to the 500 Dth to Shipper B at Emerson Transfer Point, and Company accepted Shipper B's transportation nomination of the same gas from Emerson Transfer Point to the Marshfield delivery point, a transportation charge would apply to Shipper B's activity but not to Shipper A's. The provisions of this paragraph shall apply even if the physical transportation from the Transfer Point is under separate service agreements, involves multiple shippers, or involves multiple delivery points.

35.3 PAL Deposits and Withdrawals

Company shall not assess a transportation charge (including overrun charges) or Fuel and Loss Retention Percentage for gas volumes scheduled into or out of a Transfer Point from a PAL Point at the same milepost, on the same Gas Day. A transportation charge will be incurred if the shipper scheduling the volumes, or another shipper that is a successor in title to the gas, schedules the same volumes from the Transfer Point or the PAL Point to another milepost point on Company's pipeline system.

35.4 Other Scheduled Volumes

Except as set forth in Subsections 35.2 and 35.3, transportation charges (including overrun charges) and Fuel and Loss Retention Percentage under the appropriate rate schedule shall apply for transportation to or from any pooling point.

35.5 Balancing

No imbalances at Transfer Points are allowed. If volumes nominated into a Transfer Point do not match volumes nominated and confirmed out of the Transfer Point, Company will schedule the lower volume.

35.6 Rate Schedule LMS

The provisions of this Section 35 shall not apply (and the otherwise applicable charges shall apply) to services that Company provides under Rate Schedule LMS.

FORMS OF TRANSPORTATION AGREEMENTS



FIRM TRANSPORTATION AGREEMENT  
Rate Schedule FT-A

THIS AGREEMENT (Agreement No. \_\_\_\_\_) is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Viking Gas Transmission Company, a Delaware corporation, hereinafter referred to as "Company," and \_\_\_\_\_, hereinafter referred to as "Shipper." Company and Shipper shall be collectively referred to as the "Parties."

WITNESSETH:

NOW, THEREFORE, in consideration of the premises and of the mutual agreements below, Company and Shipper agree as follows:

ARTICLE I - DEFINITIONS

- 1.1 Equivalent Quantity - shall mean that during any given period of time, the quantities of gas delivered by Company hereunder at the Delivery Point(s) shall be the thermal equivalent of the quantities of gas received by Company for the account of Shipper for transportation hereunder at the Receipt Point(s), less quantities provided by Shipper for Company's system fuel and use requirements and gas lost and unaccounted for associated with this transportation service. For purposes of determining Equivalent Quantity, Company shall use established thermal conversion factors derived from measurement on a dry Dth basis pursuant to the General Terms and Conditions of Company's FERC Gas Tariff and the applicable Rate Schedules.
- 1.2 Receipt Point(s) - shall mean the Primary Receipt Point(s) as specified on Exhibit A attached hereto or the Secondary Receipt Point(s) as defined in Section 4.2 of Rate Schedule FT-A Firm Transportation Service.
- 1.3 Delivery Point(s) - shall mean the Primary Delivery Point(s) as specified on Exhibit A attached hereto or the Secondary Delivery Point(s) as defined in Section 4.4 of Rate Schedule FT-A Firm Transportation Service.

ARTICLE II - TRANSPORTATION

Company agrees to accept and receive daily, on a firm basis, at the Receipt Point(s), from Shipper such quantity of gas as Shipper makes available and deliver for Shipper to the Delivery Point(s) an Equivalent Quantity of gas up to the TQ, subject to the MDQs specified on Exhibit A for the Primary Receipt Point(s) and Primary Delivery Point(s).

ARTICLE III - RECEIPT AND DELIVERY PRESSURES

Shipper shall deliver, or cause to be delivered, to Company the gas to be transported hereunder at pressures sufficient to deliver such gas into Company's system at the Receipt Point(s), provided such pressure shall not exceed 877 psig. Company shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in Company's system at the Delivery Point(s) unless otherwise specified on Exhibit A.

ARTICLE IV - QUALITY SPECIFICATIONS AND STANDARDS FOR MEASUREMENTS

For all gas received, transported and delivered hereunder, the Parties agree to the quality specifications and standards for measurement as provided for in the General Terms and Conditions of Company's FERC Gas Tariff. Company shall be responsible for the operation of measurement facilities at the Delivery Point(s), the North Branch, Minnesota Receipt Point and at any other mutually agreeable Receipt Point(s). In the event that measurement facilities are not operated by Company, then the responsibility for operations shall

be deemed to be that of the operator of the measurement facilities at such point. If the measurement facilities are not operated by Company and there is no third-party operator at such point, then the responsibility for operations shall be deemed to be Shipper's.

#### ARTICLE V - FACILITIES

The facilities necessary to receive, transport and deliver gas as described herein are in place and no new facilities are anticipated to be required.

or

[If facilities are contemplated to be constructed, a brief description of the facilities will be included, as well as who is to construct, own, and/or operate such facilities.]

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#### ARTICLE VI - RATES FOR SERVICE

- 6.1 Transportation Charge - Commencing on the date of implementation of this Agreement under Section 10.1, the compensation to be paid by Shipper to Company shall be in accordance with Company's effective Rate Schedule FT-A and the General Terms and Conditions of Company's Tariff. Where applicable, Shipper shall also pay the Annual Charge Adjustment surcharge as such rate may change from time to time.
- 6.2 System Fuel and Losses - Shipper will provide to Company, at no cost to Company, a daily quantity of gas in Dths for Company's system fuel and uses and gas lost and unaccounted for, in accordance with Company's effective Rate Schedule FT-A. Company shall have the unilateral right to effectuate changes in its system fuel and use and/or lost and unaccounted for factors at such time, or times, as it finds it necessary.
- 6.3 New Facilities Charge - \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- 6.4 Incidental Charges - Shipper agrees to pay Company for all known and anticipated filing fees, reporting fees or similar charges required for the rendition of the transportation service provided for herein. Further, Shipper agrees to reimburse Company for all other filing fees, reporting fees or similar charges paid by Company to the Federal Energy Regulatory Commission or any other agency in connection with the rendition of the transportation service provided for herein within thirty (30) days after receiving proof of payment from Company.
- 6.5 Overrun Charges - Shipper agrees to pay Company all overrun charges in accordance with the terms and conditions of Company's effective Rate Schedule FT-A and the General Terms and Conditions in Company's FERC Gas Tariff.
- 6.6 Imbalance Charges - Shipper agrees to pay Company all imbalance charges in accordance with the terms and conditions of Company's effective Rate Schedule FT-A and the General Terms and Conditions in Company's FERC Gas Tariff.

- 6.7 Changes in Rates and Charges - Shipper agrees that Company shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the rates and charges stated in this Article, (b) the rates, charges, terms and conditions applicable to service pursuant to the Rate Schedule under which this service is rendered and (c) any provisions of the General Terms and Conditions in Company's FERC Gas Tariff as such Tariff may be revised or replaced from time to time. Without prejudice to Shipper's right to contest such changes, Shipper agrees to pay the effective rates and charges for service rendered pursuant to this Agreement.

#### ARTICLE VII - RESPONSIBILITY DURING TRANSPORTATION

As between the Parties hereto, it is agreed that from the time gas is delivered by Shipper to Company at the Receipt Point(s) and prior to delivery of such gas to or for the account of Shipper at the Delivery Point(s), Company shall have the unqualified right to commingle such gas with other gas in its available system and shall have the unqualified right to handle and treat such gas as its own.

#### ARTICLE VIII - BILLINGS & PAYMENTS

Billings and payments under this Agreement shall be in accordance with the terms and conditions of Company's FERC Gas Tariff as such Tariff may be revised or replaced from time to time.

From time to time Company and Shipper may agree to a Negotiated Rate or a discount rate for a specific term for service hereunder. Provisions governing such Negotiated Rate, discount rate and term shall be set forth on an Exhibit hereto.

#### ARTICLE IX - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Agreement and all terms and provisions contained or incorporated herein are subject to the effective provisions of Company's applicable Rate Schedule(s) and Company's General Terms and Conditions on file with the Federal Energy Regulatory Commission (FERC), or other duly constituted authorities having jurisdiction, as the same may be changed or superseded from time to time in accordance with the rules and regulations of the FERC, which Rate Schedule(s) and General Terms and Conditions are incorporated by reference and made a part hereof for all purposes. To the extent a term or condition set forth in this Agreement is inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. Furthermore, to the extent a term or condition set forth in this Agreement is inconsistent with the applicable rate schedule, the rate schedule shall govern unless the relevant provision is inconsistent with the General Terms and Conditions.

#### ARTICLE X - TERM OF AGREEMENT

- 10.1 This Agreement shall become effective upon its execution and shall, under all circumstances, continue in effect in accordance with Company's FERC Gas Tariff after the effective date as set forth in Exhibit A. If the primary term of this Agreement shall be one year or more, then this Agreement shall continue in effect thereafter until extended or terminated in accordance with Sections 23 or 24 of the General Terms and Conditions of Company's FERC Gas Tariff. Service rendered pursuant to this Agreement shall be abandoned upon termination of this Agreement.
- 10.2 Any portions of this Agreement necessary to balance receipts and deliveries under this Agreement upon its termination, as required by the General Terms and Conditions of Company's FERC Gas Tariff, shall survive the other parts of this Agreement until such time as such balancing has been accomplished.
- 10.3 In addition to any other remedy Company may have, this Agreement will terminate automatically in the event Shipper fails to pay all of the amount of any bill for service rendered by Company hereunder when that amount is due, provided Company shall give Shipper and the FERC thirty (30) days notice prior to any termination of service. Service may continue hereunder if within the thirty

(30) day notice period satisfactory assurance of payment is made in accordance with the General Terms and Conditions of Company's FERC Gas Tariff.

#### ARTICLE XI - REGULATION

- 11.1 This Agreement shall be subject to all applicable governmental statutes, orders, rules and regulations and is contingent upon the receipt and continuation of all necessary regulatory approvals or authorizations upon terms acceptable to Company. This Agreement shall be void and of no force and effect if any necessary regulatory approval or authorization is not so obtained or continued. All parties hereto shall cooperate to obtain or continue all necessary approvals or authorizations, but no party shall be liable to any other party for failure to obtain or continue such approvals or authorizations. Further, if any governmental body having jurisdiction over the service provided for herein authorizes abandonment of such service on a date other than the Termination Date as defined in Section 10.1 herein, then the Termination Date shall nevertheless be the abandonment date so authorized.
- 11.2 Promptly following the execution of this Agreement, the Parties will file, or cause to be filed, and diligently prosecute, any necessary applications or notices with all necessary regulatory bodies for approval of the service provided for herein.
- 11.3 In the event the Parties are unable to obtain all necessary and satisfactory regulatory approvals for service prior to the expiration of two (2) years from the effective date hereof, then, prior to receipt of such regulatory approvals, either party may terminate this Agreement by giving the other Party at least thirty (30) days prior written notice, and the respective obligations hereunder, except for the provisions of Article VI herein, shall be of no force and effect from and after the effective date of such termination.

#### ARTICLE XII - ASSIGNMENTS

- 12.1 Either Party may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture, or other instrument which it has executed or may execute hereafter as security for indebtedness; otherwise, Shipper shall not assign this Agreement or any of its rights and obligations hereunder except pursuant to the capacity release provisions of Company's FERC Gas Tariff.
- 12.2 Any person or entity which shall succeed by purchase, transfer, merger, or consolidation to the properties, substantially or as an entirety, of either Party hereto shall be entitled to the rights and shall be subject to the obligations of its predecessor in interest under this Agreement, provided that such party shall have obtained all required FERC approvals required for performance under this Agreement.

#### ARTICLE XIII - WARRANTIES

In addition to the warranties set forth in Section 9 of the General Terms and Conditions of Company's FERC Gas Tariff, Shipper warrants the following:

- 13.1 Shipper warrants that all upstream and downstream transportation arrangements are in place, or will be in place, as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit(s) \_\_\_\_\_ attached hereto. Shipper agrees to indemnify and hold Company harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.

- 13.2 If transportation hereunder is pursuant to Subpart B of Part 284 of the FERC's Regulations, Shipper warrants that the service provided hereunder is on behalf of an intrastate pipeline or a local distribution company within the meaning of Section 311(a)(1) of the Natural Gas Policy Act of 1978. If transportation hereunder is pursuant to Subpart G, Section 284.222 of the Commission's Regulations, Shipper warrants that the service provided hereunder is on behalf of an interstate pipeline company.
- 13.3 If a party is acting as an agent hereunder, such party warrants that it is authorized to act for its principals in arranging the transportation service provided for herein.
- 13.4 Shipper agrees to indemnify and hold Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses (including reasonable attorneys fees) arising from or out of breach of any warranty, express or implied, by the Shipper herein.
- 13.5 Shipper warrants that it will have title to the gas delivered to Company under this Agreement.
- 13.6 Company shall not be obligated to provide or continue service hereunder in the event of any breach of warranty; provided, Company shall give Shipper and the FERC fifteen (15) days notice prior to any termination of service. Service will continue if within the fifteen (15) day notice period Shipper cures the breach of warranty.

#### ARTICLE XIV - ADDITIONAL REPRESENTATIONS AND WARRANTIES

- 14.1 The Shipper hereby represents and warrants that (i) it has all requisite corporate power and authority, or other authority as applicable, to execute and perform this Agreement, (ii) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action, or other action as applicable, (iii) this Agreement constitutes the legal, valid and binding obligations of the Shipper enforceable against the Shipper pursuant to its terms except as enforceability may be limited by bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally and by general principles of equity, and (iv) all government approvals necessary for the execution, delivery and performance by the Shipper of its obligations under this Agreement have been obtained and are in full force and effect.

#### ARTICLE XV - MISCELLANEOUS

- 15.1 No modification of or supplement to the terms and provisions hereof shall be or become effective, except by the execution of supplementary written consent.
- 15.2 No waiver by any Party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.
- 15.3 Any notice, request, demand, statement, or bill provided for in this Agreement or any notice which either Party may desire to give to the other shall be in accordance with Section 11 of the General Terms and Conditions of Company's FERC Gas Tariff.
- 15.4 The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the State of Oklahoma, except for Choice of Law doctrine that refers to the laws of another jurisdiction.
- 15.5 Exhibit(s) \_\_\_\_\_ attached hereto is/are incorporated herein by reference and made a part of this Agreement for all purposes.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed in several counterparts as of the date first hereinabove written.

VIKING GAS TRANSMISSION COMPANY

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

SHIPPER: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

EXHIBIT A-\_\_\_ 1/  
TO FIRM TRANSPORTATION AGREEMENT  
DATED

BETWEEN

\_\_\_\_\_

AND  
VIKING GAS TRANSMISSION COMPANY

Effective from \_\_\_\_\_ through \_\_\_\_\_ 2/

Transportation Quantity: \_\_\_\_\_ Dth/d

Transportation Path:

Primary Receipt Point(s)	DRN Number	Maximum Daily Quantity
_____	_____	_____
_____	_____	_____
_____	_____	_____

Primary Delivery Point(s)	DRN Number	Maximum Daily Quantity
_____	_____	_____
_____	_____	_____
_____	_____	_____

Displacement Service: Yes \_\_\_\_\_ No \_\_\_\_\_

1/ Pursuant to Section 4.6 of Rate Schedule FT-A, if the Transportation Quantity (TQ) and/or the Maximum Daily Quantity (MDQ) differ during the term of this Agreement, the TQ and the MDQ and Receipt and Delivery Point information for each specific period shall be set forth in different Exhibits, with the first designated Exhibit A-1, the second Exhibit A-2, etc.

2/ If the TQ and/or the MDQ for any point(s) vary during the term of this Agreement, state the effective dates (e.g., "March 1 through October 31") of the information set forth in this Exhibit.

SUPERSEDES EXHIBIT A DATED \_\_\_\_\_.

Agreement No. \_\_\_\_\_

EXHIBIT B  
TO FIRM TRANSPORTATION AGREEMENT  
Rate Schedule FT-A

NEGOTIATED RATE AGREEMENT

Shipper agrees to the Negotiated Rate option in accordance with Subsection 5.5 of Rate Schedule FT-A and notifies Company that it desires to be billed, and agrees to pay, the charges specified below for the period commencing \_\_\_\_\_, 20\_\_ and continuing until \_\_\_\_\_, 20\_\_. Except as specified below, Shipper shall pay all other applicable charges pursuant to the Company's FERC Gas Tariff, as revised from time to time. Shipper acknowledges that this election is an alternative to the billing of charges for Rate Schedule FT-A set forth on the Statement of Rates in Company's FERC Gas Tariff, as revised from time to time. Shipper also acknowledges that its election constitutes waiver of its reliance on and its right to use the recourse rates which are available to it under Rate Schedule FT-A.

Specification of Negotiated Rate:

Company and Shipper agree that the Transportation Rate shall include a Monthly Reservation Rate and a Commodity Rate as indicated below:

1. Monthly Reservation Rate for the category corresponding to the term of the attached Firm Transportation Agreement and the applicable Zone(s) (select (i), (ii), or (iii) below and complete the blank if applicable):

\_\_\_(i) at a rate of \$\_\_\_\_\_ /Dth; or

\_\_\_(ii) a reduction, stated on a percentage basis, from the maximum unit reservation charge, of \_\_\_\_\_ %/Dth; or

\_\_\_(iii) at the maximum applicable rate shown in Company's Statement of Rates as it may change from time to time; and

2. Commodity Rate for the category corresponding to the term of the attached Firm Transportation Agreement and the applicable Zone(s) (select (i) or (ii) below and complete the blank if applicable)

\_\_\_(i) at a rate of \$\_\_\_\_\_ /Dth; or

\_\_\_(ii) at the maximum applicable rate shown in Company's Statement of Rates as it may change from time to time.

Narrative Description of Negotiated Rate:

SUPERSEDES EXHIBIT B DATED: \_\_\_\_\_

Agreement No. \_\_\_\_\_



EXHIBIT C  
TO FIRM TRANSPORTATION AGREEMENT  
Rate Schedule FT-A

DISCOUNTED RATE AGREEMENT

Shipper and Company agree to a discounted rate in accordance with Subsection 5.2 of Rate Schedule FT-A and Section 17 of the General Terms and Conditions of Company's FERC Gas Tariff and agree that Shipper will be billed and pay the charges specified below for the period commencing \_\_\_\_\_, 20\_\_ and continuing until and including \_\_\_\_\_, 20\_\_. Except as specified below, Shipper shall pay all other applicable charges pursuant to the Company's FERC Gas Tariff, as revised from time to time. Shipper acknowledges that the changes designated on this Exhibit C are the only changes to its obligation to otherwise pay charges for Rate Schedule FT-A service in accordance with the general Statement of Rates contained in the Company's FERC Gas Tariff, as revised from time to time.

Specification of discounted rate: 1/

Company and Shipper agree that the Transportation Rate shall be discounted as indicated below:

Discounted Rate:

Rate Type: \_\_\_\_\_

Quantity: \_\_\_\_\_

Quantity Level: \_\_\_\_\_

Time Period: Start Date \_\_\_\_\_ End Date \_\_\_\_\_

Contract: Discounted Monthly Reservation Rate per Dth \_\_\_\_\_

Discounted Daily Commodity Rate per Dth \_\_\_\_\_

Point: Receipt Point \_\_\_\_\_

Delivery Point \_\_\_\_\_

Point to Point: Receipt Point \_\_\_\_\_ to Delivery Point \_\_\_\_\_

Zone: Receipt Point \_\_\_\_\_ to Delivery Point \_\_\_\_\_

Relationship: \_\_\_\_\_

Rate Component: \_\_\_\_\_

Index Price Differential: \_\_\_\_\_

Narrative Description of Discount Rate:

SUPERSEDES EXHIBIT C DATED: \_\_\_\_\_

1/ See Section 17.3 of the General Terms and Conditions of Company's FERC Gas Tariff for descriptions of the discount rate types.

Agreement No. \_\_\_\_\_

INTERRUPTIBLE TRANSPORTATION AGREEMENT  
Rate Schedule IT

THIS AGREEMENT (Agreement No. \_\_\_\_\_) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Viking Gas Transmission Company, a Delaware corporation, hereinafter referred to as "Company," and \_\_\_\_\_, hereinafter referred to as "Shipper." Company and Shipper shall be collectively referred to herein as the "Parties."

WITNESSETH:

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, Company and Shipper agree as follows:

ARTICLE I - DEFINITIONS

- 1.1 Equivalent Quantity - shall mean that during any given period of time, the quantities of gas delivered by Company hereunder at the Delivery Point(s) shall be the thermal equivalent of the quantities of gas received by Company for the account of Shipper for transportation hereunder at the Receipt Point(s), less quantities provided by Shipper for Company's system fuel and use requirements and gas lost and unaccounted for associated with this transportation service. For purposes of determining Equivalent Quantity, Company shall use established thermal conversion factors derived from measurement on a dry Dth basis pursuant to the General Terms and Conditions of Company's FERC Gas Tariff and the applicable Rate Schedules.
- 1.2 Receipt Point(s) - shall mean all designated receipt points of Company as specified on Exhibit A attached hereto.
- 1.3 Delivery Point(s) - shall mean all designated delivery points of Company as specified on Exhibit A attached hereto.

ARTICLE II - TRANSPORTATION

Company agrees to accept and receive daily, on an interruptible basis, at the Receipt Point(s), from Shipper such quantity of gas as Shipper makes available and deliver for Shipper to the Delivery Point(s) an Equivalent Quantity of gas up to the TQ.

ARTICLE III - RECEIPT AND DELIVERY PRESSURES

Shipper shall deliver, or cause to be delivered, to Company the gas to be transported hereunder at pressures sufficient to deliver such gas into Company's system at the Receipt Point(s), provided such pressure shall not exceed 877 psig. Company shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in Company's system at the Delivery Point(s) unless otherwise specified on Exhibit A.

ARTICLE IV - QUALITY SPECIFICATIONS AND STANDARDS FOR MEASUREMENTS

For all gas received, transported and delivered hereunder, the Parties agree to the quality specifications and standards for measurement as provided for in the General Terms and Conditions of Company's FERC Gas Tariff. Company shall be responsible for the operation of measurement facilities at the Delivery Point(s), the North Branch, Minnesota Receipt Point and at any other mutually agreeable Receipt Point(s). In the event that measurement facilities are not operated by Company, then the responsibility for operations shall be deemed to be that of the operator of the measurement facilities at such point. If the measurement facilities are not operated by Company, and there is no third-party operator at such point, then the responsibility for operations shall be deemed to be Shipper's.

ARTICLE V - FACILITIES

The facilities necessary to receive, transport and deliver gas as described herein are in place and no new facilities are anticipated to be required.

or

[If facilities are contemplated to be constructed, a brief description of the facilities will be included, as well as who is to construct, own and/or operate such facilities.]

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ARTICLE VI - RATES FOR SERVICE

6.1 Transportation Charge - Commencing on the date of implementation of this Agreement under Section 10.1, the compensation to be paid by Shipper to Company shall be in accordance with Company's effective Rate Schedule IT and the General Terms and Conditions of Company's Tariff. Where applicable, Shipper shall also pay the Annual Charge Adjustment surcharge as such rate may change from time to time.

6.2 System Fuel and Losses - Shipper will provide to Company, at no cost to Company, a daily quantity of gas in Dths for Company's system fuel and uses and gas lost and unaccounted for, in accordance with Company's effective Rate Schedule IT. Company shall have the unilateral right to effectuate changes in its system fuel and use and/or lost and unaccounted for factors at such time, or times, as it finds necessary.

6.3 New Facilities Charge - \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6.4 Incidental Charges - Upon execution of this Agreement, Shipper agrees to pay Company for all known and anticipated filing fees, reporting fees or similar charges required for the rendition of the transportation service provided for herein. Further, Shipper agrees to reimburse Company for all other filing fees, reporting fees or similar charges paid by Company to the Federal Energy Regulatory Commission or any other agency in connection with the rendition of the transportation service provided for herein within thirty (30) days after receiving proof of payment from Company.

6.5 Overrun Charges - Shipper agrees to pay Company all overrun charges in accordance with the terms and conditions of Company's effective Rate Schedule IT and the General Terms and Conditions in Company's FERC Gas Tariff.

6.6 Imbalance Charges - Shipper agrees to pay Company all imbalance charges in accordance with the terms and conditions of Company's effective Rate Schedule IT and the General Terms and Conditions in Company's FERC Gas Tariff.

6.7 Changes in Rates and Charges - Shipper agrees that Company shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the rates and charges stated in this Article, (b) the rates, charges, terms and conditions applicable to service pursuant to the Rate Schedule under which this service is rendered and (c) any provisions of the General Terms and Conditions in Company's FERC Gas Tariff as such Tariff may be revised or replaced from time to

time. Without prejudice to Shipper's right to contest such changes, Shipper agrees to pay the effective rates and charges for service rendered pursuant to this Agreement.

#### ARTICLE VII - RESPONSIBILITY DURING TRANSPORTATION

As between the Parties hereto, it is agreed that from the time gas is delivered by Shipper to Company at the Receipt Point(s) and prior to delivery of such gas to or for the account of Shipper at the Delivery Point(s), Company shall have the unqualified right to commingle such gas with other gas in its available system and shall have the unqualified right to handle and treat such gas as its own.

#### ARTICLE VIII - BILLINGS & PAYMENTS

Billings and payments under this Agreement shall be in accordance with the terms and conditions of Company's FERC Gas Tariff as such Tariff may be revised or replaced from time to time.

From time to time Company and Shipper may agree to a Negotiated Rate or a discount rate for a specific term for service hereunder. Provisions governing such Negotiated Rate, discount rate and term shall be set forth on an Exhibit hereto.

#### ARTICLE IX - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Agreement and all terms and provisions contained or incorporated herein are subject to the effective provisions of Company's applicable Rate Schedule(s) and Company's General Terms and Conditions on file with the FERC, or other duly constituted authorities having jurisdiction, as the same may be changed or superseded from time to time in accordance with the rules and regulations of the FERC, which Rate Schedule(s) and General Terms and Conditions are incorporated herein by reference and made a part hereof for all purposes. To the extent a term or condition set forth in this Agreement is inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. Furthermore, to the extent a term or condition set forth in this Agreement is inconsistent with the applicable rate schedule, the rate schedule shall govern unless the relevant provision is inconsistent with the General Terms and Conditions.

#### ARTICLE X - TERM OF AGREEMENT

- 10.1 This Agreement shall become effective on the date of its execution, and shall be implemented upon the receipt of all necessary regulatory approvals satisfactory to Company, subject to scheduling requirements, and shall remain in full force and effect until \_\_\_\_\_ and month to month thereafter. Either party may elect to terminate this Agreement as of the end of said initial term or as of the end of any extended period (Termination Date) by giving thirty (30) days' prior written notice to the other party of such termination to be effective on the Termination Date.
- 10.2 Any portions of this Agreement necessary to balance receipts and deliveries under this Agreement upon its termination, as required by the General Terms and Conditions of Company's FERC Gas Tariff, shall survive the other parts of this Agreement until such time as such balancing has been accomplished.
- 10.3 In addition to any other remedy Company may have, this Agreement will terminate automatically in the event Shipper fails to pay all of the amount of any bill for service rendered by Company hereunder when that amount is due, provided Company shall give Shipper and the FERC fifteen (15) day notice prior to any termination of service. Service may continue hereunder if within the fifteen (15) day notice period satisfactory assurance of payment is made in accordance with the General Terms and Conditions of Company's FERC Tariff.
- 10.4 This Agreement shall terminate if Shipper for the previous twelve (12) months has not had gas scheduled on any of its Transportation Agreement(s) with Company, provided Company has provided Shipper thirty (30) days prior written notice of the termination.

#### ARTICLE XI - REGULATION

- 11.1 This Agreement shall be subject to all applicable governmental statutes, orders, rules and regulations and is contingent upon the receipt and continuation of all necessary regulatory approvals or authorizations upon terms acceptable to Company. This Agreement shall be void and of no force and effect if any necessary regulatory approval or authorization is not so obtained or continued. All parties hereto shall cooperate to obtain or continue all necessary approvals or authorizations, but no party shall be liable to any other party for failure to obtain or continue such approvals or authorizations. Further, if any governmental body having jurisdiction over the service provided for herein authorizes abandonment of such service on a date other than the Termination Date as defined in Section 10.1 herein, then the Termination Date shall nevertheless be the abandonment date so authorized.
- 11.2 Promptly following the execution of this Agreement, the Parties will file, or cause to be filed, and diligently prosecute, any necessary applications or notices with all necessary regulatory bodies for approval of the service provided for herein.
- 11.3 In the event the Parties are unable to obtain all necessary and satisfactory regulatory approvals for service prior to the expiration of two (2) years from the effective date hereof, then, prior to receipt of such regulatory approvals, either Party may terminate this Agreement by giving the other Party at least thirty (30) days prior written notice, and the respective obligations hereunder, except for the provisions of Article VI herein, shall be of no force and effect from and after the effective date of such termination.

#### ARTICLE XII - ASSIGNMENTS

- 12.1 Either Party may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture, or other instrument which it has executed or may execute hereafter as security for indebtedness; otherwise, Shipper shall not assign this Agreement or any of its rights and obligations hereunder.
- 12.2 Any person or entity which shall succeed by purchase, transfer, merger, or consolidation to the properties, substantially or as an entirety, of either Party hereto shall be entitled to the rights and shall be subject to the obligations of its predecessor in interest under this Agreement.

#### ARTICLE XIII - WARRANTIES

In addition to the warranties set forth in Section 9 of the General Terms and Conditions of Company's FERC Gas Tariff, Shipper warrants the following:

- 13.1 Shipper warrants that all upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit(s) \_\_\_\_\_ attached hereto. Shipper agrees to indemnify and hold Company harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.
- 13.2 If transportation hereunder is pursuant to Subpart B of Part 284 of the FERC's Regulations, Shipper warrants that the service provided hereunder is on behalf of an intrastate pipeline or a local distribution company within the meaning of Section 311(a)(1) of the Natural Gas Policy Act of 1978. If transportation hereunder is pursuant to Subpart G, Section 284.222 of the Commission's Regulations, Shipper warrants that the service provided hereunder is on behalf of an interstate pipeline company.

- 13.3 If a party is acting as an agent hereunder, such party warrants that it is authorized to act for its principals in arranging the transportation service provided for herein.
- 13.4 Shipper agrees to indemnify and hold Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses (including reasonable attorneys fees) arising from or out of breach of any warranty, express or implied, by Shipper herein.
- 13.5 Shipper warrants that it will have title or the right to acquire title to the gas delivered to Company under this Agreement.
- 13.6 Company shall not be obligated to provide or continue service hereunder in the event of any breach of warranty; provided, Company shall give Shipper and the FERC fifteen (15) days notice prior to any termination of service. Service will continue if within the fifteen (15) day notice period Shipper cures the breach of warranty.

ARTICLE XIV - MISCELLANEOUS

- 14.1 No modification of or supplement to the terms and provisions hereof shall be or become effective, except by the execution of supplementary written consent.
- 14.2 No waiver by any Party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.
- 14.3 Any notice, request, demand, statement, or bill provided for in this Agreement or any notice which either Party may desire to give to the other shall be in accordance with Section 11 of the General Terms and Conditions of Company's FERC Gas Tariff.
- 14.4 The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the State of Oklahoma, except for Choice of Law doctrine that refers to the laws of another jurisdiction.
- 14.5 Exhibit(s) \_\_\_\_\_ attached hereto is/are incorporated herein by reference and made a part of this Agreement for all purposes.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed in several counterparts as of the date first hereinabove written.

VIKING GAS TRANSMISSION COMPANY

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

SHIPPER: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

EXHIBIT A  
TO INTERRUPTIBLE TRANSPORTATION AGREEMENT  
Rate Schedule IT

DATED \_\_\_\_\_  
BETWEEN

\_\_\_\_\_  
AND  
VIKING GAS TRANSMISSION COMPANY

Transportation Quantity: \_\_\_\_\_ Dth

Transportation Path:

Receipt Point(s)	DRN Number
_____	_____
_____	_____
_____	_____
_____	_____

Delivery Point(s)	DRN Number
_____	_____
_____	_____
_____	_____
_____	_____

SUPERSEDES EXHIBIT A DATED: \_\_\_\_\_

Agreement No. \_\_\_\_\_

EXHIBIT B  
TO INTERRUPTIBLE TRANSPORTATION AGREEMENT  
Rate Schedule IT

NEGOTIATED RATE AGREEMENT

Shipper agrees to the Negotiated Rate option in accordance with Subsection 5.4 of Rate Schedule IT and notifies Company that it desires to be billed, and agrees to pay, the charges specified below for the period commencing \_\_\_\_\_, 20\_\_ and continuing until \_\_\_\_\_, 20\_\_. Except as specified below, Shipper shall pay all other applicable charges pursuant to Company's FERC Gas Tariff, as revised from time to time. Shipper acknowledges that this election is an alternative to the billing of charges for Rate Schedule IT set forth on the Statement of Rates in Company's FERC Gas Tariff, as revised from time to time. Shipper also acknowledges that its election constitutes waiver of its reliance on and its right to use the recourse rates which are available to it under Rate Schedule IT.

Specification of Negotiated Rate:

Company and Shipper agree that the Transportation Rate shall include a Commodity Rate for the applicable zone(s) as indicated below:

at a rate of \$\_\_\_\_\_ /Dth

Narrative Description of Negotiated Rate:

SUPERSEDES EXHIBIT B DATED: \_\_\_\_\_

Agreement No. \_\_\_\_\_



EXHIBIT C  
TO INTERRUPTIBLE TRANSPORTATION AGREEMENT  
Rate Schedule IT

DISCOUNTED RATE AGREEMENT

Shipper and Company agree to a discounted rate in accordance with Subsection 5.1 of Rate Schedule IT and Section 17 of the General Terms and Conditions of Company's FERC Gas Tariff and agree that Shipper will be billed and pay the charges specified below for the period commencing \_\_\_\_\_, 20\_\_ and continuing until and including \_\_\_\_\_, 20\_\_. Except as specified below, Shipper shall pay all other applicable charges pursuant to the Company's FERC Gas Tariff, as revised from time to time. Shipper acknowledges that the changes designated on this Exhibit C are the only changes to its obligation to otherwise pay charges for Rate Schedule IT service in accordance with the general Statement of Rates contained in the Company's FERC Gas Tariff, as revised from time to time.

Specification of discounted rate: 1/

Company and Shipper agree that the Transportation Rate shall be discounted as indicated below.

Discounted Rate:

Rate Type: \_\_\_\_\_  
Quantity: \_\_\_\_\_  
Quantity Level: \_\_\_\_\_  
Time Period: Start Date \_\_\_\_\_ End Date \_\_\_\_\_  
Contract: Discounted Monthly Reservation Rate per Dth \_\_\_\_\_  
Discounted Daily Commodity Rate per Dth \_\_\_\_\_  
Point: Receipt Point \_\_\_\_\_  
Delivery Point \_\_\_\_\_  
Point to Point: Receipt Point \_\_\_\_\_ to Delivery Point \_\_\_\_\_  
Zone: Receipt Point \_\_\_\_\_ to Delivery Point \_\_\_\_\_  
Relationship: \_\_\_\_\_  
Rate Component: \_\_\_\_\_  
Index Price Differential: \_\_\_\_\_

Narrative Description of Discount Rate:

SUPERSEDES EXHIBIT C DATED: \_\_\_\_\_

1/ See Section 17.3 of the General Terms and Conditions of Company's FERC Gas Tariff for descriptions of the discount rate types.

Agreement No. \_\_\_\_\_

VIKING GAS TRANSMISSION COMPANY  
PARK AND LOAN ("PAL") AGREEMENT

THIS AGREEMENT (the Agreement) (Agreement No. \_\_\_\_\_) is made and entered into at Tulsa, Oklahoma as of \_\_\_\_\_, 20\_\_, by and between VIKING GAS TRANSMISSION COMPANY, hereinafter referred to as "Company" and \_\_\_\_\_, hereinafter referred to as "Buyer".

WHEREAS, Buyer desires to engage Company to provide PAL service; and

WHEREAS, Company desires to provide PAL service to Buyer;

NOW THEREFORE, in consideration of their respective covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

Article 1 - Basic Receipts

Buyer shall be entitled to nominate a quantity of gas up to Buyer's Maximum PAL Quantity at a Parking Point as set forth in the Exhibit(s) A attached hereto. Once scheduled by Company, Company shall receive gas in accordance with the applicable terms and conditions of Rate Schedule PAL.

Article 2 - Basic Deliveries

Buyer shall be entitled to nominate a quantity of gas up to Buyer's Maximum PAL Quantity at a Lending Point as set forth in the Exhibit(s) A attached hereto. Once scheduled by Company, Company shall deliver gas in accordance with the applicable terms and conditions of Rate Schedule PAL.

Article 3 - Rates

Rates for service under this Agreement shall be at Company's Maximum Rate plus all applicable surcharges in effect under Rate Schedule PAL unless otherwise agreed to by the parties and set forth in the Exhibit(s) A attached hereto.

Article 4 - Payments

Buyer shall make payments to Company in accordance with the terms and conditions specified on the Exhibit(s) A attached hereto, Rate Schedule PAL, Section 6 of the General Terms and Conditions, and the other applicable terms and provisions of this Agreement.

Article 5 - Change in Tariff Provisions

Upon notice to Buyer, Company shall have the right to file with the Federal Energy Regulatory Commission any changes in the terms of any of its Rate Schedules, General Terms and Conditions or Form of Agreement as Company may deem necessary, and to make such changes effective at such times as Company desires and is possible under applicable law. Buyer may protest any filed changes before the Federal Energy Regulatory Commission and exercise any other rights it may have with respect thereto.

Article 6 - Cancellation of Prior Agreements

When this Agreement becomes effective, it shall supersede, cancel and terminate the following Agreements:

#### Article 7 - Term

Where no Exhibit(s) A has been executed by Company and attached hereto within five years of the date of execution of this Agreement then this Agreement shall automatically terminate. Where one or more Exhibit(s) A have been executed by Company and attached hereto, then this Agreement shall automatically terminate five years after the latest Termination of Service Date on such Exhibit(s) A.

Termination of this Agreement shall not relieve Buyer of the obligation to pay money due hereunder to Company and shall be in addition to any other remedies that Company may have.

#### Article 8 - Applicable Law and Submission to Jurisdiction

This Agreement and Company's Tariff, and the rights and obligations of Company and Buyer thereunder are subject to all relevant and United States lawful statutes, rules, regulations and orders of duly constituted authorities having jurisdiction. Subject to the foregoing, this Agreement shall be governed by and interpreted in accordance with the laws of the State of Oklahoma. For purposes of legal proceedings, this Agreement shall be deemed to have been made in the State of Oklahoma and performed there, and the Courts of that State shall have jurisdiction over all disputes which may arise under this Agreement, provided always that nothing herein contained shall prevent Company from proceeding at its election against Buyer in the Courts of any other State, Province or Country.

At the Company's request, the Buyer shall irrevocably appoint an agent in Oklahoma to receive, for it and on its behalf, service of process in connection with any judicial proceeding in Oklahoma relating to the Agreement. Such service shall be deemed completed on delivery to such process agent (even if not forwarded to and received by the Buyer.) If said agent ceases to act as a process agent within Oklahoma on behalf of Buyer, the Buyer shall appoint a substitute process agent within Oklahoma and deliver to the Company a copy of the new agent's acceptance of that appointment within 30 days.

#### Article 9 - Successors

Any person which shall succeed by purchase, amalgamation, merger or consolidation to the properties, substantially as an entirety, of Buyer or of Company, as the case may be, and which shall assume all obligations under Buyer's Agreement of Buyer or Company, as the case may be, shall be entitled to the rights, and shall be subject to the obligations, of its predecessor under Buyer's Agreement. Either party to a Buyer's Agreement may pledge or charge the same under provisions of any mortgage, deed of trust, indenture, security agreement or similar instrument which it has executed, or assign such Agreement to any affiliated Person (which for such purpose shall mean any person which controls, is under common control with or is controlled by such party). Nothing contained in this Article 9 shall, however, operate to release predecessor Buyer from its obligation under its Agreement unless Company shall, in its sole discretion, consent in writing to such release. Company shall not release any Buyer from its obligations under its Agreement unless: (a) such release is effected pursuant to an assignment of obligations by such Buyer, and the assumption thereof by the assignee, and the terms of such assignment and assumption render the obligations being assigned and assumed no more conditional and no less absolute than those at the time provided therein; and (b) such release is not likely to have a substantial adverse effect upon Company. Buyer shall, at Company's request, execute such instrument and take such other action as may be desirable to give effect to any such assignment of Company's rights under such Buyer's Agreement or to give effect to the right of a Person whom the Company has specified pursuant to Section 6 of the General Terms and Conditions of Company's FERC Gas Tariff as the Person to whom payment of amounts invoiced by Company shall be made; provided, however, the: (a) Buyer shall not be required to execute any such instruments or take any such other action the effect of which is to modify the respective rights and obligations of either Buyer or Company under this Agreement; and (b) Buyer shall be under no obligation at any time to determine the status or amount of any payments which may be due from Company to any Person whom the Company has specified pursuant to said Section 6 as the Person to whom payment of amounts invoiced by Company shall be made.

Article 10 - Other Operating Provisions

(This Article to be utilized when necessary to specify other operating provisions).

Article 11 - Exhibit A of Agreement, Rate Schedules and General Terms and Conditions

Buyer shall initiate a request for PAL service by executing and delivering to Company one or more Exhibit(s) A. Upon execution by Company, Buyer's Exhibit(s) A shall be incorporated in and made a part hereof.

Company's Rate Schedules and General Terms and Conditions, which are on file with the Federal Energy Regulatory Commission and in effect, and Exhibit(s) A hereto are all applicable to this Agreement and are hereby incorporated in, and made a part of, this Agreement.

IN WITNESS WHEREOF, The parties hereto have caused this Agreement to be duly executed as of the day and year first set forth above.

VIKING GAS TRANSMISSION COMPANY

BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_

BUYER: \_\_\_\_\_

BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_

EXHIBIT A TO PARK AND LOAN (PAL) AGREEMENT  
 Rate Schedule PAL

COMPANY - Viking Gas Transmission Company

Contract No. \_\_\_\_\_

COMPANY'S ADDRESS - ONEOK Plaza  
 100 West 5th Street  
 Tulsa, OK 74103

Dealbook No. \_\_\_\_\_

BUYER \_\_\_\_\_

BUYER'S ADDRESS \_\_\_\_\_

TYPE OF AGREEMENT – Park \_\_\_\_\_ or Loan \_\_\_\_\_ (check one)

PARK AND LOAN (PAL) SERVICE OPTIONS:

	Check Option	Commencement of Service Date	Termination Of Service Date	Maximum PAL Quantity Dekatherms	Daily*** Rate per Dekatherm	Parking Points	Lending Points
1	Buyer Nominated Parking/Lending Service (NPL)*				Nominated	All Points	
2	Buyer Requested Term Parking/Lending Service (RPL)**				\$		
3	Company Offered Parking/Lending Service (OPL)**				\$		
4	Buyer Authorized Automatic Parking/Lending Service (APL)*				\$	All Points	

\*Maximum PAL Quantity available on a daily basis during the term of the Exhibit A.

\*\*Maximum PAL Quantity available during the term of the Exhibit A.

\*\*\*If this Exhibit A is at a Negotiated Rate, attach an explanation.

If Buyer has entered into both a Parking Agreement and a Lending Agreement, the position on one Agreement must be cleared before Buyer may utilize the other Agreement.

This Exhibit A is made and entered into as of \_\_\_\_\_, 20\_\_.

FORM OF RELEASED TRANSPORTATION AGREEMENT

(Applicable to firm transportation rights  
released pursuant to Section 21 of the  
General Terms and Conditions of this Tariff)

THIS AGREEMENT (Agreement No. \_\_\_\_\_) is made and entered into this \_\_\_\_ day of \_\_\_\_\_ by and between VIKING GAS TRANSMISSION COMPANY, a Delaware corporation, hereinafter called "Company" and \_\_\_\_\_, hereinafter variously called "Bidder" or "Replacement Shipper."

WHEREAS, Company owns and operates an interstate natural gas transmission system and provides transportation service for third-party Shippers on such system;

WHEREAS, Company's Tariff on file with the Federal Energy Regulatory Commission (FERC) permits firm transportation Shippers under Company's Rate Schedule FT-A to release some or all of their transportation rights under the terms and conditions presented in the Tariff;

WHEREAS, Bidder desires to submit bids for transportation rights released by one or more firm Shippers and Company's Tariff requires bidder to enter into this Released Transportation Agreement as a pre-condition to the submission of any such bids; and

WHEREAS, Company is willing to enter into this Agreement with Bidder and provide transportation service to Bidder as a Replacement Shipper to the extent it obtains released transportation rights;

NOW THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the parties hereto agree as follows:

ARTICLE I - RELEASED TRANSPORTATION RIGHTS

In the event transportation rights are released to Bidder, Company shall prepare and submit to Bidder an Exhibit "R-1" setting forth the TQ of the released transportation service, applicable receipt and delivery points, the rates to be paid for service using released rights, the name of the Rate Schedule governing such released transportation rights ("Governing Rate Schedule") and any special terms and conditions applicable to such released transportation rights, including conditions of curtailment or recall. If Replacement Shipper subsequently obtains additional released transportation rights pursuant to the terms and conditions of Company's Tariff, an additional exhibit (designated sequentially as Exhibit R-2, Exhibit R-3, etc.) shall be added to this Agreement for each such award of transportation rights. Each such Exhibit shall be added to this Agreement without any requirement of execution by Replacement Shipper and, upon such addition, shall be incorporated in and be considered a part of this Agreement.

ARTICLE II - RATE SCHEDULES AND TERMS AND CONDITIONS

2.1 This Agreement shall be subject to, shall be governed by, and shall incorporate the applicable provisions of Company's Tariff, including, without limitation, Section 22 of the General Terms and Conditions thereof, the Governing Rate Schedule and special terms and conditions stated in each Exhibit hereto with respect to the released transportation rights described in such Exhibit. Subject to the terms, conditions and limitations of this Agreement and Company's Tariff, Replacement Shipper shall be deemed a Shipper for purposes of the Governing Rate Schedule and the applicable provisions of Company's Tariff and shall be subject to all obligations thereof.

- 2.2 Company expressly reserves all rights granted to it by any Governing Rate Schedule and the applicable provisions of its Tariff to file at the FERC and place into effect unilaterally such changes as Company deems necessary or desirable from time-to-time in the rates, charges, terms, and conditions applicable to service under the Tariff or Governing Rate Schedule, in order to assure Company just and reasonable rates, charges, and terms and conditions of service.

#### ARTICLE III - TERM

This Agreement shall become effective on the date first written above and shall remain in force and effect until terminated by either party upon thirty days prior written notice to the other party; provided however, no such termination may take effect during the term of any release of transportation rights to Replacement Shipper hereunder.

#### ARTICLE IV - NOTICES

Notices given under this Agreement shall be given in accordance with Section 11 of the General Terms and Conditions of Company's Tariff. If notice is given in writing it should be mailed:

If to Company: Viking Gas Transmission Company  
ONEOK Plaza  
100 West 5th Street  
Tulsa, Oklahoma 74103

If to Replacement Shipper: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### ARTICLE V - SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No assignment or transfer by either party of any of its rights hereunder, except for transfers pursuant to the release program set forth in Company's Tariff, shall be made without the prior written consent of the other party. Such consent shall not be unreasonably withheld. No such consent of Company or Replacement Shipper shall be required when an assignment by Replacement Shipper or Company is the result of, and part of, a corporate acquisition, merger or reorganization. Nothing contained herein shall prevent either party from pledging, mortgaging or assigning its rights hereunder as security for its indebtedness and either party may assign to the pledgee or mortgagee (or to a trustee for the holder of such indebtedness) any money due or to become due under this Agreement. As between the parties hereto, such assignment shall become effective on the first day of the month following written notice that such assignment has been effectuated. Upon request of either party, the other party shall acknowledge in writing any permitted assignment described herein and the right of any permitted assignee (and any assignee upon enforcement of any assignment made as security for indebtedness) to enforce this Agreement against such other party, and shall also deliver such certificates, copies of corporate documents and opinions of counsel as may be reasonably requested by such permitted assignee relating to such party, this Agreement and any other matters relevant thereto. No permitted assignment shall relieve the assigning party from any of its obligations under this Agreement. Replacement Shipper hereby confirms that the rights of Company under this Agreement that may be assigned include any right given or reserved to Company in the Agreement to consent to any assignment or transfer by Replacement Shipper of its rights and obligations thereunder.

#### ARTICLE VI - GOVERNMENTAL BODIES

Notwithstanding any other provision hereof, this Agreement shall be subject to all laws, statutes, ordinances, regulations, rules and court decisions of governmental entities now or hereafter having jurisdiction.

#### ARTICLE VII - REPLACEMENT SHIPPER'S INDEMNIFICATION

Replacement Shipper recognizes that its rights to transportation service hereunder are solely those rights released by Releasing Shippers. The Replacement Shipper agrees that it will indemnify Company against any claim or suit of any kind by any Releasing Shipper, its successor or assigns arising from any action taken by Company in reliance upon the nominations, scheduling instructions or other communications from Replacement Shipper or its agents. Replacement Shipper further agrees that it will hold Company harmless for any action taken by Company in reliance upon the nominations, scheduling instructions, or other communications of the Releasing Shipper or its agents. Replacement Shipper further recognizes and agrees that Company shall have no obligation to honor any nomination or scheduling request from Replacement Shipper or its agents that in Company's sole opinion conflicts with communications or instructions received by Company from the Releasing Shipper (or its agents) or with the terms of Company's Tariff.

#### ARTICLE VIII - REPRESENTATIONS AND WARRANTIES

The Replacement Shipper hereby represents and warrants that (i) it has all requisite corporate power and authority, or other authority as applicable, to execute and perform this Agreement, (ii) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action, or other action as applicable, (iii) this Agreement constitutes the legal, valid and binding obligations of the Replacement Shipper enforceable against the Replacement Shipper pursuant to its terms except as enforceability may be limited by bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally and by general principles of equity, and (iv) all government approvals necessary for the execution, delivery and performance by the Replacement Shipper of its obligations under this Agreement have been obtained and are in full force and effect.

#### ARTICLE IX - MISCELLANEOUS PROVISIONS

- 9.1 No waiver by any 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 default or defaults, whether of a like or of a different character.
- 9.2 No liability for any act or omission of Company shall be incurred by, or asserted against, the entities holding a partnership interest in Company or against any owners, subsidiaries or affiliates thereof. Any recourse for any liability of Company shall be against Company only.
- 9.3 The headings of the Articles of this Agreement are inserted for convenience of reference only and shall not affect the meaning or construction thereof.
- 9.4 AS TO ALL MATTERS OF CONSTRUCTION AND INTERPRETATION, THIS AGREEMENT SHALL BE INTERPRETED BY THE LAWS OF THE STATE OF OKLAHOMA, WITHOUT REGARD TO ITS CONFLICT OF LAWS PROVISIONS.
- 9.5 This Agreement, including all provisions expressly incorporated by reference, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, representations and understandings, written or oral, pertaining thereto. Except as otherwise provided herein, any modifications, amendments or changes to this Agreement shall be binding upon the parties only if agreed upon by both parties hereto in a written instrument or by an electronic contract form which expressly refers to this Agreement.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

VIKING GAS TRANSMISSION COMPANY

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

REPLACEMENT SHIPPER:

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

EXHIBIT R-1  
TO RELEASED TRANSPORTATION AGREEMENT  
DATED \_\_\_\_\_

BETWEEN

\_\_\_\_\_  
AND  
VIKING GAS TRANSMISSION COMPANY

Service Package No.: \_\_\_\_\_

Rate Schedule: \_\_\_\_\_

Released Demand Rate: \_\_\_\_\_

Term: \_\_\_\_\_

Transportation Quantity: \_\_\_\_\_ Dth

Transportation Path:

Primary Receipt Point(s)	DRN Number	Maximum Daily Quantity
_____	_____	_____
_____	_____	_____
_____	_____	_____

Primary Delivery Point(s)	DRN Number	Maximum Daily Quantity
_____	_____	_____
_____	_____	_____
_____	_____	_____

Displacement Service: Yes \_\_\_\_\_ No \_\_\_\_\_

Recall Rights: Yes \_\_\_\_\_ No \_\_\_\_\_

Reput Rights: Yes \_\_\_\_\_ No \_\_\_\_\_

Agreement No. \_\_\_\_\_

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**Attachment B**

Viking Gas Transmission Settlement

Rates Tariff Changes Filing



November 14, 2014

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

Re: Viking Gas Transmission Company  
Tariff Changes Pursuant to RP14-1185-000 Settlement Order  
Docket No. RP15-174-000

Dear Ms. Bose:

Pursuant to section 4 of the Natural Gas Act and Part 154 of the Federal Energy Regulatory Commission's (Commission) regulations, Viking Gas Transmission Company (Viking) respectfully submits for filing and acceptance the tariff sections listed below for inclusion in its FERC Gas Tariff, Volume No. 1. The proposed tariff revisions are submitted to become effective January 1, 2015.

Part 5.0, Statement of Rates, v. 21.0.0

Part 8.11, GT&C – Notices, v. 1.0.0

Part 8.23, GT&C – ROFR and Extension of Service Agreements, v. 2.0.0

Part 8.24, GT&C – Termination or Mutual Extension of Service Agreements, v. 2.0.0

**Statement of Nature, Reasons, and Basis for the Proposed Changes**

Viking submits these tariff revisions to comply with the Commission's October 1, 2014, order<sup>1</sup> approving Viking's uncontested Offer of Settlement (Settlement) in Docket No. RP14-1185-000 and implement the *pro forma* tariff records previously submitted by Viking. Pursuant to the terms of the Settlement, Viking requests the tariff records become effective on January 1, 2015.

The submitted tariff records reflect the agreed-upon settlement rates and other tariff revisions relating to Viking's right of first refusal notice and service notice provisions, as set forth in Article I of Viking's Settlement offer and in the form set forth

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<sup>1</sup> *Viking Gas Transmission Company*, 149 FERC ¶ 61,003 (2014).

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in Appendix A and Appendix C of the Settlement documents.<sup>2</sup> The submitted records comply in all material aspects with the Settlement requirements.

As a practical matter, this Part 5.0 Statement of Rates incorporates changes made in superseding versions rather than being identical to the version presented in Attachment A of the Settlement documents since two additional Part 5.0 Statement of Rates tariff update filings have been submitted and approved by the Commission subsequent to Viking's Settlement filing.<sup>3</sup> These interim filings did not impact the base tariff rates presented in Viking's Statement of Rates.

Additionally, while the submitted tariff records for Part 8.11, Part 8.23, and Part 8.24 contain minor typographical changes, these tariff records are substantively identical to the *pro forma* tariff records presented in Appendix C of the Settlement documents. These minor typographical differences include making apostrophes and quotation marks a consistent font, correcting spacing between paragraphs, correcting margin alignment, and adding "(6)" after the word "six" for consistency in Part 8.23 and Part 8.24.

### **Materials Enclosed**

In accordance with section 154.7 of the Commission's regulations, the following items are included in this filing:

- (1) an eTariff XML filing package containing the proposal in electronic format;
- (2) a transmittal letter in PDF format which incorporates the Statement of Nature, Reasons, and Basis for the filing required by section 154.7(a)(6) of the Commission's regulations;
- (3) Appendix A – a clean version of the tariff records in PDF format for publishing in eLibrary; and
- (4) Appendix B – a marked version of the tariff records in PDF format for publishing in eLibrary.

### **Proposed Effective Date**

Pursuant to section 154.7(a)(3) of the Commission's regulations, Viking respectfully requests that the tariff sections submitted herewith be approved effective January 1, 2015, which date is at least thirty (30) days after receipt of this filing by the Commission and is pursuant to the terms of the Settlement. In accordance with section 154.7(a)(9) of the Commission's regulations, Viking hereby files a motion to place the

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<sup>2</sup> *Viking Gas Transmission Company*, Docket No. RP14-1185-000.

<sup>3</sup> *Viking Gas Transmission Company*, Docket No. RP14-1292-000 and *Viking Gas Transmission Company*, Docket No. RP15-17-000.



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proposed tariff sections into effect at the end of any suspension period if one is so ordered by the Commission in this proceeding.

**Waivers**

Pursuant to section 154.7(a)(7) of the Commission's regulations, Viking has not identified any waivers of the Commission's regulations needed to permit its filing to become effective as proposed; however, Viking respectfully requests that, should the Commission determine that any such waivers are required, the Commission grant such waivers as are necessary in order that the revised tariff sections may be made effective as proposed.

**Service and Correspondence**

In accordance with section 154.208 of the Commission's regulations, the undersigned certifies that a copy of this filing has been served electronically on Viking's customers and affected state regulatory commissions. A paper copy of this filing may only be served if a customer has been granted waiver of electronic service pursuant to Part 390 of the Commission's regulations. In addition, a copy of this filing is available for public inspection during regular business hours at Viking's office at 100 West Fifth Street, Tulsa, Oklahoma 74103.

Pursuant to section 385.2005 and section 385.2011(c)(5) 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 knowledge and belief of the undersigned.


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

 Denise Adams Manager, Rates and Regulatory ONEOK Partners GP, L.L.C. 100 West 5th Street Tulsa, Oklahoma 74103 (918) 732-1408 Email: denise.adams@oneok.com	Lisa Nishimuta  Managing Attorney, Interstate Regulatory ONEOK Partners GP, L.L.C. 100 West 5th Street Tulsa, Oklahoma 74103 (918) 588-7730 Email: lisa.nishimuta@oneok.com
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Any questions regarding this filing may be directed to Denise Adams at (918) 732-1408.

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Respectfully submitted,



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Ron M. Mucci  
Vice President, Rates and Regulatory Affairs  
ONEOK Partners GP, L.L.C.  
100 West 5th Street  
Tulsa, Oklahoma 74103

Attachments

# Appendix A

## Clean Tariff

STATEMENT OF RATES  
 (Rates Per Dekatherm)

Currently Effective Term-Differentiated Rates

Rate Schedule	Base Tariff Rate
<b>Category 1 (Contract Term of Less than 3 Years)</b>	
Monthly Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$4.7507
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate <sup>1/</sup>	\$5.7394
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$3.3143
Zone 2-2 Minimum Rate	\$0.0000
<b>Category 2 (Contract Term of 3 Years to less than 5 Years)</b>	
Monthly Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$4.5607
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$5.5494
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$3.1243
Zone 2-2 Minimum Rate	\$0.0000
<b>Category 3 (Contract Term of 5 or more Years)</b>	
Monthly Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$4.3706
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$5.3593
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$2.9343
Zone 2-2 Minimum Rate	\$0.0000

1/ Throughout Viking's Statement of Rates and Tariff, "Zone 1-2" shall mean Transportation Service for quantities received in Zone 1 and delivered in Zone 2 or received in Zone 2 and delivered in Zone 1 whether by transport, exchange, or Displacement.

Rate Schedule	Base Tariff Rate
<hr/>	
Category 1 (Contract Term of Less than 3 Years)	
<hr/>	
Daily Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$0.1562
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$0.1887
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$0.1090
Zone 2-2 Minimum Rate	\$0.0000
<hr/>	
Category 2 (Contract Term of 3 Years to less than 5 Years)	
<hr/>	
Daily Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$0.1499
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$0.1824
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$0.1027
Zone 2-2 Minimum Rate	\$0.0000
<hr/>	
Category 3 (Contract Term of 5 or more Years)	
<hr/>	
Daily Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$0.1437
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$0.1762
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$0.0965
Zone 2-2 Minimum Rate	\$0.0000

Rate Schedule	Base Tariff Rate	Fuel and Loss Retention Percentages 2/
Commodity Rates 1/		
FT-A – Maximum Rates		
Zone 1-1	\$0.0116	0.00%
Zone 1-2	\$0.0116	0.00%
Zone 2-2	\$0.0116	0.00%
Minimum Rate	\$0.0116	
IT and AOT		
Zone 1-1	\$0.1678	0.00%
Zone 1-2	\$0.2003	0.00%
Zone 2-2	\$0.1206	0.00%
Minimum Rate	\$0.0116	

- 1/ Pursuant to Section 19 of the General Terms and Conditions, the maximum and minimum commodity rates shall be increased to include the Commission-authorized Annual Charge Adjustment unit rate as published on the Commission's Web Site located at <http://www.ferc.gov>.
- 2/ The Fuel and Loss Retention Percentages shall be applicable to all transportation rate schedules and includes the following Gas Lost and Unaccounted For Percentages: 0.00% for Zone 1-1, 0.00% for Zone 1-2, and 0.00% for Zone 2-2. Transportation entirely by Displacement will incur only the Gas Lost and Unaccounted For Percentages.

Rate Schedule	Base Tariff Rate	Adjustment Under Section 27 1/	Rate After Current Adjustment
LMS – Monthly Demand Rate	\$1.00		\$1.00
LMS – Daily Overrun Rate	\$0.2003		\$0.2003
LMS – Load Management Cost Reconciliation Adjustment		\$0.0116	

- 1/ Pursuant to Section 27 of the General Terms and Conditions of this Tariff, a mechanism is established to reconcile through surcharges or credits to the Rate Schedule LMS rate, as appropriate, differences between the cost to maintain Company's line pack gas and the amounts Company receives or pays for such gas arising out of the purchase and sale of such gas.

Rate Schedule	Maximum Rate Per Dekatherm	Minimum Rate Per Dekatherm
PAL		
NPL, OPL, and APL Service:		
Daily Commodity Rate	\$0.2003	\$0.0000
RPL Service:		
Daily Reservation Rate	\$0.2003	\$0.0000

11. NOTICES

Except when the terms of this Tariff require or allow for communication via Company's System, any communication, notice, request, demand, statement, or bill provided for in the Tariff or in a Transportation Agreement, PAL Agreement, LMS Agreement, or OBA, or any notice which either Company or Shipper may desire to give to the other, shall be in writing and shall be considered as duly presented, rendered, or delivered when mailed by either registered or ordinary mail or when sent by express mail service, electronic mail, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known address, or at such other address as either party may designate. Shipper shall be responsible for ensuring that its designated notice address is current and accurate for all such notices sent pursuant to this Section 11. For purposes of notices that a Shipper sends to Company pursuant to this Section 11, Company's mailing address and electronic mailing addresses are:

Viking Gas Transmission Company  
P.O. Box 871  
Tulsa, Oklahoma 74102-0871

Contract Administration's E-mail: [NGP\\_contracts@oneok.com](mailto:NGP_contracts@oneok.com)  
and  
Commercial's E-mail: [IPLMarketing@oneok.com](mailto:IPLMarketing@oneok.com).

## 23. RIGHT OF FIRST REFUSAL AND EXTENSION OF SERVICE AGREEMENTS

### 23.1 Applicability

This Section 23 shall apply only to firm service agreements:

- (a) for twelve consecutive months or more at the applicable Maximum Rate for that service;
- (b) for more than one year for a service that is not available for twelve (12) consecutive months at the applicable Maximum Rate for the services;
- (c) extended at the applicable Maximum Rates for a term of one year or more pursuant to the terms of such agreements or of Section 24 of these General Terms and Conditions, even if the service was at a negotiated rate or at less than the Maximum Rates prior to such extension period; or
- (d) that expressly apply the provisions of this Section 23 or include a right of first refusal, provided that Company may agree to include a right of first refusal only on a not unduly discriminatory basis.

The right of first refusal will not apply to interim service agreements associated with expansion/extension projects as set forth in Section 22.5 of the General Terms and Conditions or pre-arranged transactions as set forth in Section 22.6 of the General Terms and Conditions.

Shipper may exercise its right to retain a portion of its firm service entitlement, subject to the right of first refusal, however, the Shipper may not exercise the right of first refusal for a geographic portion of the service under its agreement.

Subject only to Shipper's right of first refusal to continue service, Company shall have all necessary abandonment authorization under the Natural Gas Act as of the expiration date of any service agreement and shall not be required to seek case specific authorization prior to abandoning service.

### 23.2 Right of First Refusal

To exercise its right of first refusal to continue service for all or a portion of the firm capacity covered by a service agreement, that meets the requirements of Subsection 23.1 above, the Customer must provide notice to Company pursuant to Subsection 23.3 below that it desires to continue its service agreement and that it may match the best bid that is offered by another person desiring such capacity as set forth in Subsection 23.5 below, provided that Company shall not be obligated to provide service at less than the applicable Maximum Rates.

### 23.3 Notice to Company

Company will make every reasonable effort to provide Shipper no more than nine (9) months, and no less than eight (8) months, advance written notice of pending service agreement expiration for each service agreement to which this Section 23 applies ("Company Notice"). Shipper shall notify Company in writing of its intention: (i) to exercise a right of first refusal for all or a portion of the Transportation Quantity stated in its service agreement; (ii) to terminate the service agreement or (iii) to request a lesser extension of the term ("Shipper Notice"). The Shipper Notice must be made at least six (6) months in advance of service agreement expiration.

Unless a service agreement expressly provides otherwise, if Shipper fails to provide the Shipper Notice at least six (6) months in advance of the service agreement expiration, the service agreement will automatically extend upon the expiration of the primary term for a term of one year at the



applicable Category 1 Maximum Rate. Thereafter, subject to the notice requirements of this Subsection 23.3, the service agreement shall repeatedly extend for successive one year terms. If Shipper provides its Shipper Notice under this Section 23.3, Shipper shall not be obligated to provide an additional Shipper Notice under Section 24.5 of the General Terms and Conditions.

#### 23.4 Posting of Capacity

Upon receipt of the notice required in Subsection 23.3, Company shall post on its Web Site that capacity will be available upon the expiration of Shipper's firm transportation service agreement. The capacity shall be posted for a minimum period of fourteen (14) days with such posting containing the following information with respect to the capacity:

- (a) Daily and other applicable quantity limitations of capacity available;
- (b) Transportation Path;
- (c) Maximum Rate (Monthly Demand) as set forth in the Summary of Rates and Charges in Company's FERC Gas Tariff;
- (d) Any minimum acceptable bid;
- (e) Any applicable restrictions; and
- (f) The last day of the bidding period.

#### 23.5 Bidding Procedures

Each bidder for Shipper's firm capacity, or any part thereof, must submit its bid to Company through Company's Web Site within the time specified by Company. Each bid shall contain the term for which the capacity is sought and a Monthly Demand rate that is either (i) a percentage of the Maximum Rate or (ii) a negotiated rate. If Company receives more than one bid for Shipper's capacity, and it does not reject all bids as provided below, it will choose the bid, or combination of bids, having the highest net present value in accordance with the present value formula set forth in Subsection 21.6(a)(i) of the General Terms and Conditions for the evaluation of Bids under Company's capacity release mechanism. Company reserves the right to reject any bid that is for less than the applicable Maximum Rates.

All proposed terms must begin as of the expiration of the Transportation Quantity under the existing service agreement and be for a consecutive period.

For purposes of comparing bids, (i) negotiated rates above the Maximum Rate will be deemed equal to the Maximum Rate and (ii) the Maximum Rates will be deemed to be those in effect as of the date Company posts the capacity as available pursuant to Subsection 23.4.

#### 23.6 Right to Match Best Bid

- (a) Company will notify Shipper within three (3) Business Days of the best bid(s) that Company is willing to accept, and Shipper shall have ten (10) business days from receipt of Company's notice to match the bid and contract term, not to exceed five (5) years, offered in the best bid(s) in order to retain its firm capacity. If Shipper matches the best bid(s), Shipper will enter into a new service agreement for firm service reflecting the terms of Shipper's matching bid within 30 days of the date Shipper provided notice that it would match the best bid. If Shipper fails to match the best bid or fails to execute a new firm service agreement within the time periods set forth in this Section, Shipper's existing service agreement for firm service will be subject to

pregranted abandonment upon the effective termination date of Shipper's service agreement for firm service, and Company may enter into a new service agreement for firm service with the party or parties offering the best bid.

- (b) In the event Company does not receive any bids for Shipper's capacity or any bids that are acceptable to Company, Shipper shall have the right to retain its firm capacity at the applicable Maximum Rates applicable thereto, or any discounted rate or negotiated rate agreed to by Company, for an additional term as requested by Shipper, provided that Company shall not be obligated to provide service at less than the applicable Maximum Rate.
- (c) If Shipper does not elect to extend its service agreement pursuant to the provisions contained therein and in this Section 23, such service agreement shall terminate and be subject to pregranted abandonment.

## 24. TERMINATION OR MUTUAL EXTENSION OF SERVICE AGREEMENTS

### 24.1 Early Termination in Exchange for Extension

Shipper and Company may mutually agree to the early termination of one or more service agreements in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. A new term shall be determined for the service agreements and shall be from the service commencement date of the extension to the end of the extension period. Shipper need not participate in an open season for the extension nor must the extended capacity be posted on Company's Informational Postings Web Site as unsubscribed, available capacity prior to the extension.

### 24.2 Extension of Capacity Use

Shipper and Company may mutually agree to extend the term of a service agreement with respect to all or part of the underlying capacity.

### 24.3 Negotiated Rates

Company and Shipper may mutually agree on a not unduly discriminatory basis that the extension of a service agreement will be at a discounted or negotiated rate as set forth in Section 17 of these General Terms and Conditions.

### 24.4 Rights of First Refusal

The agreement to extend under this Section 24 must be reached prior to the posting of the capacity pursuant to Subsection 23.4 of the General Terms and Conditions. Nothing in this section shall preclude the Shipper from making a timely election pursuant to Subsections 23.2 and 23.3 of the General Terms and Conditions if Shipper and Company are not able to agree upon a new term length or other terms and conditions of service.

### 24.5 Termination of Firm Agreements

Company will make every reasonable effort to provide Shipper no more than nine (9) months, and no less than eight (8) months, advance written notice of pending service agreement expiration for each service agreement to which this Section 24 applies ("Company Notice"). Shipper shall notify Company in writing of its intention: (i) to terminate the service agreement or (ii) to request a lesser extension of the term ("Shipper Notice"). The Shipper Notice must be made at least six (6) months in advance of the service agreement expiration.

If Shipper fails to provide the Shipper Notice at least six (6) months in advance of the service agreement expiration, the service agreement will automatically extend upon the expiration of the primary term for a term of one year at the applicable Category 1 Maximum Rate. Thereafter, subject to the notice requirements of this Subsection 24.5, the service agreement shall repeatedly extend for successive one year terms. If Shipper provides its Shipper Notice under this Section 24.5, Shipper shall not be obligated to provide an additional Shipper Notice under Section 23.3 of the General Terms and Conditions. Nothing in this Section 24.5 shall supplant or abridge any ROFR rights, which are covered in Section 23.3 of the General Terms and Conditions.

# Appendix B

## Marked Tariff

STATEMENT OF RATES  
 (Rates Per Dekatherm)

Currently Effective Term-Differentiated Rates

Rate Schedule	Base Tariff Rate
<b>Category 1 (Contract Term of Less than 3 Years)</b>	
Monthly Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	<del>\$3.69184.7507</del>
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate <sup>1/</sup>	<del>\$4.78945.7394</del>
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	<del>\$2.09723.3143</del>
Zone 2-2 Minimum Rate	\$0.0000
<b>Category 2 (Contract Term of 3 Years to less than 5 Years)</b>	
Monthly Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	<del>\$3.54484.5607</del>
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	<del>\$4.64245.5494</del>
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	<del>\$1.95023.1243</del>
Zone 2-2 Minimum Rate	\$0.0000
<b>Category 3 (Contract Term of 5 or more Years)</b>	
Monthly Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	<del>\$3.39784.3706</del>
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	<del>\$4.49545.3593</del>
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	<del>\$1.80322.9343</del>
Zone 2-2 Minimum Rate	\$0.0000

1/ Throughout Viking's Statement of Rates and Tariff, "Zone 1-2" shall mean Transportation Service for quantities received in Zone 1 and delivered in Zone 2 or received in Zone 2 and delivered in Zone 1 whether by transport, exchange, or Displacement.

Rate Schedule	Base Tariff Rate
<u>Category 1 (Contract Term of Less than 3 Years)</u>	
Daily Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$0. <del>1214</del> <u>1562</u>
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$0. <del>1575</del> <u>1887</u>
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$0. <del>0689</del> <u>1090</u>
Zone 2-2 Minimum Rate	\$0.0000
<u>Category 2 (Contract Term of 3 Years to less than 5 Years)</u>	
Daily Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$0. <del>1165</del> <u>1499</u>
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$0. <del>1526</del> <u>1824</u>
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$0. <del>0641</del> <u>1027</u>
Zone 2-2 Minimum Rate	\$0.0000
<u>Category 3 (Contract Term of 5 or more Years)</u>	
Daily Reservation Rates	
FT-A	
Zone 1-1 Maximum Rate	\$0. <del>1117</del> <u>1437</u>
Zone 1-1 Minimum Rate	\$0.0000
Zone 1-2 Maximum Rate	\$0. <del>1478</del> <u>1762</u>
Zone 1-2 Minimum Rate	\$0.0000
Zone 2-2 Maximum Rate	\$0. <del>0593</del> <u>0965</u>
Zone 2-2 Minimum Rate	\$0.0000

Rate Schedule	Base Tariff Rate	Fuel and Loss Retention Percentages 2/
Commodity Rates 1/		
FT-A – Maximum Rates		
Zone 1-1	\$0. <del>0127</del> <u>0116</u>	0.00%
Zone 1-2	\$0. <del>0127</del> <u>0116</u>	0.00%
Zone 2-2	\$0. <del>0127</del> <u>0116</u>	0.00%
Minimum Rate	\$0. <del>0127</del> <u>0116</u>	
IT and AOT		
Zone 1-1	\$0. <del>4344</del> <u>1678</u>	0.00%
Zone 1-2	\$0. <del>4702</del> <u>2003</u>	0.00%
Zone 2-2	\$0. <del>0816</del> <u>1206</u>	0.00%
Minimum Rate	\$0. <del>0127</del> <u>0116</u>	

- 1/ Pursuant to Section 19 of the General Terms and Conditions, the maximum and minimum commodity rates shall be increased to include the Commission-authorized Annual Charge Adjustment unit rate as published on the Commission's Web Site located at <http://www.ferc.gov>.
- 2/ The Fuel and Loss Retention Percentages shall be applicable to all transportation rate schedules and includes the following Gas Lost and Unaccounted For Percentages: 0.00% for Zone 1-1, 0.00% for Zone 1-2, and 0.00% for Zone 2-2. Transportation entirely by Displacement will incur only the Gas Lost and Unaccounted For Percentages.

Rate Schedule	Base Tariff Rate	Adjustment Under Section 27 1/	Rate After Current Adjustment
LMS – Monthly Demand Rate	\$0. <del>9800</del> <u>1.00</u>		\$0. <del>9800</del> <u>1.00</u>
LMS – Daily Overrun Rate	\$0. <del>4702</del> <u>2003</u>		\$0. <del>4702</del> <u>2003</u>
LMS – Load Management Cost Reconciliation Adjustment		\$0.0116	

- 1/ Pursuant to Section 27 of the General Terms and Conditions of this Tariff, a mechanism is established to reconcile through surcharges or credits to the Rate Schedule LMS rate, as appropriate, differences between the cost to maintain Company's line pack gas and the amounts Company receives or pays for such gas arising out of the purchase and sale of such gas.

Rate Schedule	Maximum Rate Per Dekatherm	Minimum Rate Per Dekatherm
PAL		
NPL, OPL, and APL Service:		
Daily Commodity Rate	\$0. <del>4702</del> <u>2003</u>	\$0.0000
RPL Service:		
Daily Reservation Rate	\$0. <del>4702</del> <u>2003</u>	\$0.0000

11. NOTICES

Except when the terms of this Tariff require or allow for communication via Company's System, any communication, notice, request, demand, statement, or bill provided for in the Tariff or in a Transportation Agreement, PAL Agreement, LMS Agreement, or OBA, or any notice which either Company or Shipper may desire to give to the other, shall be in writing and shall be considered as duly presented, rendered, or delivered when mailed by either ~~post-paid~~ registered or ordinary mail or when sent by ~~telegram, cable, telecopy, telex,~~ express mail service, electronic mail, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known ~~post-office~~ address, or at such other address as either party may designate. Shipper shall be responsible for ensuring that its designated notice address is current and accurate for all such notices sent pursuant to this Section 11. For purposes of notices that a Shipper sends to Company pursuant to this Section 11, Company's mailing address and electronic mailing addresses are:

Viking Gas Transmission Company

P.O. Box 871

Tulsa, Oklahoma 74102-0871

Contract Administration's E-mail: [NGP\\_contracts@oneok.com](mailto:NGP_contracts@oneok.com)

and

Commercial's E-mail: [IPLMarketing@oneok.com](mailto:IPLMarketing@oneok.com).



23. RIGHT OF FIRST REFUSAL AND EXTENSION OF SERVICE AGREEMENTS

23.1 Applicability

This Section 23 shall apply only to firm service agreements:

- (a) for twelve consecutive months or more at the applicable Maximum Rate for that service;
- (b) for more than one year for a service that is not available for twelve (12) consecutive months at the applicable Maximum Rate for the services;
- (c) extended at the applicable Maximum Rates for a term of one year or more pursuant to the terms of such agreements or of Section 24 of these General Terms and Conditions, even if the service was at a negotiated rate or at less than the Maximum Rates prior to such extension period; or
- (d) that expressly apply the provisions of this Section 23 or include a right of first refusal, provided that Company may agree to include a right of first refusal only on a not unduly discriminatory basis.

The right of first refusal will not apply to interim service agreements associated with expansion/extension projects as set forth in Section 22.5 of the General Terms and Conditions or pre-arranged transactions as set forth in Section 22.6 of the General Terms and Conditions.

Shipper may exercise its right to retain a portion of its firm service entitlement, subject to the right of first refusal, however, the Shipper may not exercise the right of first refusal for a geographic portion of the service under its agreement.

Subject only to Shipper's right of first refusal to continue service, Company shall have all necessary abandonment authorization under the Natural Gas Act as of the expiration date of any service agreement and shall not be required to seek case specific authorization prior to abandoning service.

23.2 Right of First Refusal

To exercise its right of first refusal to continue service for all or a portion of the firm capacity covered by a service agreement, that meets the requirements of Subsection 23.1 above, the Customer must provide notice to Company pursuant to Subsection 23.3 below that it desires to continue its service agreement and that it may match the best bid that is offered by another person desiring such capacity as set forth in Subsection 23.5 below, provided that Company shall not be obligated to provide service at less than the applicable Maximum Rates.

23.3 Notice to Company

Company will make every reasonable effort to provide Shipper no more than nine (9) months, and no less than eight (8) months, advance written notice of pending service agreement expiration for each service agreement to which this Section 23 applies ("Company Notice"). Shipper shall notify Company in writing of its intention: (i) to exercise a right of first refusal for all or a portion of the Transportation Quantity stated in its service agreement; (ii) to terminate the service agreement or (iii) to request a lesser extension of the term ("Shipper Notice"). The Shipper Notice must be made at least six (6) months ~~prior to in advance of service agreement expiration~~~~the expiration of the service agreement.~~

~~Except Unless as this FERC Gas Tariff or a service agreement expressly provides otherwise, unless Shipper elects upon at least six (6) months prior written notice to Company to terminate the agreement~~

~~in whole or to request a lesser extension of the term, the if Shipper fails to provide the Shipper Notice at least six (6) months in advance of the service agreement expiration, the service~~ agreement will automatically extend upon the expiration of the primary term for a term of one year at the applicable Category 1 Maximum Rate. Thereafter, subject to the notice requirements of this Subsection 23.3, the ~~service~~ agreement shall repeatedly extend for successive one year terms ~~unless Shipper provides at least six (6) months notice as described herein in advance of the expiration of a succeeding term.~~ If Shipper provides its Shipper nNotice ~~of its election of right of first refusal~~ under this Section 23.3, Shipper shall not be obligated to provide an additional Shipper nNotice ~~of termination~~ under Section 24.5 of the General Terms and Conditions.

#### 23.4 Posting of Capacity

Upon receipt of the notice required in Subsection 23.3, Company shall post on its Web Site that capacity will be available upon the expiration of Shipper's firm transportation service agreement. The capacity shall be posted for a minimum period of fourteen (14) days with such posting containing the following information with respect to the capacity:

- (a) Daily and other applicable quantity limitations of capacity available;
- (b) Transportation Path;
- (c) Maximum Rate (Monthly Demand) as set forth in the Summary of Rates and Charges in Company's FERC Gas Tariff;
- (d) Any minimum acceptable bid;
- (e) Any applicable restrictions; and
- (f) The last day of the bidding period.

#### 23.5 Bidding Procedures

Each bidder for Shipper's firm capacity, or any part thereof, must submit its bid to Company through Company's Web Site within the time specified by Company. Each bid shall contain the term for which the capacity is sought and a Monthly Demand rate that is either (i) a percentage of the Maximum Rate or (ii) a negotiated rate. If Company receives more than one bid for Shipper's capacity, and it does not reject all bids as provided below, it will choose the bid, or combination of bids, having the highest net present value in accordance with the present value formula set forth in Subsection 21.6(a)(i) of the General Terms and Conditions for the evaluation of Bids under Company's capacity release mechanism. Company reserves the right to reject any bid that is for less than the applicable Maximum Rates.

All proposed terms must begin as of the expiration of the Transportation Quantity under the existing service agreement and be for a consecutive period.

For purposes of comparing bids, (i) negotiated rates above the Maximum Rate will be deemed equal to the Maximum Rate and (ii) the Maximum Rates will be deemed to be those in effect as of the date Company posts the capacity as available pursuant to Subsection 23.4.

#### 23.6 Right to Match Best Bid

- (a) Company will notify Shipper within three (3) Business Days of the best bid(s) that Company is willing to accept, and Shipper shall have ten (10) business days from receipt of Company's notice to match the bid and contract term, not to exceed five (5)

years, offered in the best bid(s) in order to retain its firm capacity. If Shipper matches the best bid(s), Shipper will enter into a new service agreement for firm service reflecting the terms of Shipper's matching bid within 30 days of the date Shipper provided notice that it would match the best bid. If Shipper fails to match the best bid or fails to execute a new firm service agreement within the time periods set forth in this Section, Shipper's existing service agreement for firm service will be subject to pregranted abandonment upon the effective termination date of Shipper's service agreement for firm service, and Company may enter into a new service agreement for firm service with the party or parties offering the best bid.

- (b) In the event Company does not receive any bids for Shipper's capacity or any bids that are acceptable to Company, Shipper shall have the right to retain its firm capacity at the applicable Maximum Rates applicable thereto, or any discounted rate or negotiated rate agreed to by Company, for an additional term as requested by Shipper, provided that Company shall not be obligated to provide service at less than the applicable Maximum Rate.
- (c) If Shipper does not elect to extend its service agreement pursuant to the provisions contained therein and in this Section 23, such service agreement shall terminate and be subject to pregranted abandonment.

## 24. TERMINATION OR MUTUAL EXTENSION OF SERVICE AGREEMENTS

### 24.1 Early Termination in Exchange for Extension

Shipper and Company may mutually agree to the early termination of one or more service agreements in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. A new term shall be determined for the service agreements and shall be from the service commencement date of the extension to the end of the extension period. Shipper need not participate in an open season for the extension nor must the extended capacity be posted on Company's Informational Postings Web Site as unsubscribed, available capacity prior to the extension.

### 24.2 Extension of Capacity Use

Shipper and Company may mutually agree to extend the term of a service agreement with respect to all or part of the underlying capacity.

### 24.3 Negotiated Rates

Company and Shipper may mutually agree on a not unduly discriminatory basis that the extension of a service agreement will be at a discounted or negotiated rate as set forth in Section 17 of these General Terms and Conditions.

### 24.4 Rights of First Refusal

The agreement to extend under this Section 24 must be reached prior to the posting of the capacity pursuant to Subsection 23.4 of the General Terms and Conditions. Nothing in this section shall preclude the Shipper from making a timely election pursuant to Subsections 23.2 and 23.3 of the General Terms and Conditions if Shipper and Company are not able to agree upon a new term length or other terms and conditions of service.

### 24.5 Termination of Firm Agreements

~~Agreements made pursuant to firm agreements with a primary term of one year or more shall continue in effect upon expiration of the primary term unless:~~

~~(i) Shipper elects upon six (6) months prior written notice to terminate the agreement in whole or to request a lesser extension of term; or~~

~~(ii) this FERC Gas Tariff (in Section 23 of these General Terms and Conditions or otherwise) or a service agreement expressly provide otherwise.~~

~~Such agreements continuing in effect will automatically extend upon the expiration of the primary term for a term of one year at the applicable Category 1 Maximum Rate. Thereafter such agreements shall repeatedly extend for successive one year terms unless Shipper provides notice as described herein at least six (6) months in advance of the expiration of a succeeding term. If Shipper provides notice of its election of right of first refusal under this Section 23.3 of the General Terms and Conditions, Shipper shall not be obligated to provide an additional notice of termination under this Section 24.5.~~

Company will make every reasonable effort to provide Shipper no more than nine (9) months, and no less than eight (8) months, advance written notice of pending service agreement expiration for each service agreement to which this Section 24 applies ("Company Notice"). Shipper shall notify Company in writing of its intention: (i) to terminate the service agreement or (ii) to request a lesser extension of the term ("Shipper Notice"). The Shipper Notice must be made at least six (6) months in advance of the service agreement expiration.

If Shipper fails to provide the Shipper Notice at least six (6) months in advance of the service agreement expiration, the service agreement will automatically extend upon the expiration of the primary term for a term of one year at the applicable Category 1 Maximum Rate. Thereafter, subject to the notice requirements of this Subsection 24.5, the service agreement shall repeatedly extend for successive one year terms. If Shipper provides its Shipper Notice under this Section 24.5, Shipper shall not be obligated to provide an additional Shipper Notice under Section 23.3 of the General Terms and Conditions. Nothing in this Section 24.5 shall supplant or abridge any ROFR rights, which are covered in Section 23.3 of the General Terms and Conditions.

## **Attachment C**

Centra Pipelines Minnesota Inc. Tariffs

Centra Pipelines Minnesota Inc., FERC Gas Tariff No. 1

Filing Category: Compliance  
FERC Docket: RP11-01898-001  
FERC Order: Delegated Letter Order  
11/07/2014

Filing Date: 09/11/2014  
FERC Action: Accept  
Order Date:

Effective Date: 11/01/2014  
Revised Statement of Rates, Section 4, 3.0.0

Status: Effective

#### 4.0 STATEMENT OF RATES

	Base Rate (\$)	Adj. (\$)	Total Rate (\$)
<b>FT</b>			
Demand	1.778	1.473	3.251
AOS	0.0000	0.0000	0.0000

## **Attachment D**

Centra Transmission Holdings Inc. Tariffs



*Transportation Tariff*

CENTRA TRANSMISSION HOLDINGS INC.

**GENERAL TERMS AND CONDITIONS**

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## I. DEFINITIONS

Except where the context expressly states another meaning, the following terms, when used in these General Terms and Conditions, in any transportation service contract and in any Toll Schedule into which these General Terms and Conditions are incorporated, shall be construed to have the following meanings:

1. “Banking Day” shall mean any day Royal Bank of Canada pursuant to **Section XI** conducts business.
2. “Centra Transmission” or “CTHI” as used herein shall also mean and be the same as the words “Centra Transmission Holdings Inc.”
3. “Contract” shall mean a transportation service contract and shall also mean an Order of the NEB pursuant to **Section 71(2)** of the *National Energy Board Act*, as amended from time to time requiring Centra Transmission to provide transportation service.
4. Save as herein otherwise provided, for the purpose of these General Terms and Conditions, the term “transportation service contract” shall mean and be the same as the words “Contract”, “Firm Service Contract” and “FT Contract”.

5. “Contract Demand” or “CD” shall mean the maximum daily volume of gas specified in the Contract into which the applicable Toll Schedule is incorporated which Centra Transmission obligates itself to be ready to transport daily for Shipper from a specified receipt point to a specified delivery point.
6. “Contract Year” shall mean a period of 12 consecutive months beginning on a first day of November.
7. “Cubic Metre” or “m<sup>3</sup>” shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of fifteen degrees (15°) Celsius and at a pressure of 101.325 kilopascals absolute.
8. The term “10<sup>3</sup> m<sup>3</sup>” shall mean 1000 cubic metres of gas.
9. “Daily Demand Toll” shall mean the toll determined by multiplying the Monthly Demand Toll for transportation service, as approved by the NEB (as set forth in the List of Tolls referred to in **Section III** hereof) , by twelve (12) and dividing the result by three hundred and sixty-five (365).
10. “Day” shall mean a period of 24 consecutive hours, beginning and ending at 10:00 hours Eastern Clock Time (“ECT”), or at such other time as may be mutually agreed upon by shipper and Centra Transmission. The reference date for any day shall be the calendar date upon which the 24 hour period shall commence.

11. “Financial Assurances” shall have the meaning attributed to it in **Section XXI** hereof.
12. “Fuel Quantity” shall mean the quantity of gas, expressed in cubic metres which shall be provided by Shipper and used by Centra Transmission as compressor and line heater fuel as required for the transportation and delivery of Shipper’s Authorized Delivery Volume on a given gas Day.
13. “Gas” shall mean: (i) any hydrocarbons or mixture of hydrocarbons that, at a temperature of fifteen degrees (15°) Celsius and at a pressure of 101.325 kilopascals absolute, is in a gaseous state or (ii) any substance designated as a gas product as defined by regulations made under section 130 of the National Energy Board Act.
14. “Month” shall mean the period beginning at the time agreed beginning on the first “Day” of the calendar month and ending at the same hour on the first “Day” of the next succeeding calendar month.
15. “Monthly Demand Toll” shall mean the toll, as approved by the NEB as set forth in the list of Tolls referred to in **Section III** hereof.
16. “NEB” shall mean the National Energy Board or any regulatory or government authority hereafter having a similar jurisdiction in substitution therefor.

17. “Shipper’s Authorized Delivery Volume” shall mean the volume of gas to be transported by Centra Transmission to Shipper and to be received by Shipper at the delivery point specified in the Shipper’s Contract, which volume shall be determined by Centra Transmission in accordance with **Section XVIII** and **Section XX** of these General Terms and Conditions.
18. “Shipper’s Maximum Hourly Flow Rate” shall mean, on any Day, the maximum hourly rate of flow, expressed in cubic metres per hour, a Shipper may receive at the delivery point specified in the Contract which will be equal to 1/20<sup>th</sup> multiplied by the Shipper Contract Demand.
19. “Shipper” shall mean a customer of transportation service.
20. “Subsidiary” shall mean a company in which 50% or more of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries.
21. “Year” shall mean a period of 365 consecutive days; **PROVIDED** **HOWEVER**, that any such year which contains a date of February 29 shall consist of 366 consecutive days

## II. APPLICABILITY AND CHARACTER OF SERVICE

1. (a) Subject to the provisions of the applicable Toll Schedule and these General Terms and Conditions, on each day for which service is requested by Shipper, and authorized by Centra Transmission pursuant to **Section XX** hereof, Shipper shall deliver and Centra Transmission shall receive, at the receipt point(s) set out in Shipper's Contract (the "receipt point"), a volume of gas equal to Shipper's Authorized Receipt Volume and Centra Transmission shall transport for Shipper and Shipper shall receive, at the delivery point set out in Shipper's Contract (the "delivery point"), a volume of gas equal to the Shipper's Authorized Delivery Volume; PROVIDED HOWEVER, that under no circumstances shall Centra Transmission be obligated to deliver to Shipper in any one day, at the delivery point, a volume of gas in excess of the Contract Demand referred to in paragraph 5 of **Section I** hereof.

(b) If on any day Shipper fails to accept all or any portion of the gas delivered at the delivery point by Centra Transmission pursuant to the Toll Schedule, Centra Transmission shall have the right to curtail further receipts of gas from Shipper at the receipt point in amounts equivalent to that which Shipper failed to accept from Centra Transmission.

If on any day Shipper requests service hereunder but fails, for whatever reason, to deliver gas to Centra Transmission at the receipt point, then Centra Transmission shall have the right to curtail further deliveries of gas to

Shipper at the delivery point in an amount equivalent to that which Shipper failed to deliver to Centra Transmission.

2. Any volume of gas authorized by Centra Transmission for service on any day pursuant to **Section XX** hereof shall, where applicable, be delivered on such day by Shipper to Centra Transmission at the receipt point or taken on such day by Shipper from Centra Transmission at the delivery point, as the case may be, at hourly rates of flow as nearly constant as possible; **PROVIDED HOWEVER**, that Shipper may not, without Centra Transmission's consent, take delivery of such gas at the delivery point at an hourly rate of flow in excess the Shipper's Maximum Hourly Flow Rate. Hourly takes by Shipper which exceed the Shipper's Maximum Hourly Flow Rate shall be considered interruptible and subject to curtailment by Centra Transmission
3. Departures from scheduled daily deliveries due to the inability of Centra Transmission or Shipper to maintain precise control shall be kept to the minimum permitted by operating conditions.
4. From the time if gas is delivered into the possession of Centra Transmission at the receipt point, Centra Transmission shall have the unqualified right to commingle such gas with other gas in Centra Transmission's pipeline system.



### III. TOLLS

1. The tolls applicable to service provided under any Contract into which these General Terms and Conditions are incorporated shall be determined as fixed or approved by the NEB, on the basis of the receipt and delivery points for delivery of gas.
2. The tolls applicable to services provided pursuant to the Toll Schedules of Centra Transmission's Transportation Tariff are set out in the List of Tolls of Centra Transmission's Transportation Tariff as same may be amended from time to time upon acceptance by the NEB.

### IV. SHIPPER PROVISION OF FUEL REQUIREMENTS

#### 1. Daily Operations

- a. For each day and every day in respect of which a Shipper's nominated volume is accepted and authorized by Centra Transmission for transportation, Shipper shall, in addition to such volume, nominate, in accordance with the procedures defined at **Section XX** hereof, and deliver to Centra Transmission at the Spruce receipt point the Fuel Quantity, which quantity shall be determined as follows:

$$Q_f = Q_d \times FR\%$$

Where:

$Q_f$  = the Fuel Quantity

$Q_d$  = Shipper's Authorized Delivery Volume

FR% = the monthly fuel ratio expressed as a percentage

- b. Centra Transmission shall not be required to accept or deliver gas to Shipper on any day if the appropriate Fuel Quantity has not been nominated by Shipper, or if Centra Transmission is unable to confirm that a quantity of gas equal to the Shipper's Authorized Delivery Volume plus the appropriate Fuel Quantity will in fact, be made available by Shipper on such day.
- c. On or before the twenty-fifth day of October preceding the November 1<sup>st</sup> contract year and the twenty-fifth day of March during each contract year, Centra Transmission shall provide Shipper with written notice of the fuel ratio ("FR%") to be applied to each succeeding month. In the absence of any other notice provided to Shipper by CTHI, Shipper shall use the fuel ratio in affect pursuant to the aforementioned seasonal notice.

## **2. Right to Retain and Obligation to Balance**

Centra Transmission shall retain the sole right to retain and consume fuel gas sufficient to safely operate its system at all times throughout a given gas day. Such fuel required for use by Centra Transmission may differ in quantity from time to time when compared to the Fuel Quantity calculated by Shipper and delivered to Centra Transmission pursuant to this Section of the tariff. To the extent such differences occur throughout a gas day, any cumulative excess or

deficiency shall be for the account of and allocated to Shipper's actual receipt volume at the Spruce receipt point. Balancing such volumes shall be the sole responsibility of the Shipper upstream of the Centra Transmission system. Centra will undertake to adjust the prevailing fuel ratio from time to time in a manner so as to minimize such differences to the greatest extent possible.

## V. QUALITY

1. The gas delivered hereunder shall conform to the specifications as identified in the General Terms and Conditions incorporated within the Tariff of TransCanada Pipelines Limited as approved by the NEB and as may be amended from time to time.

## VI. MEASUREMENTS

1. **Unit of Gas:** The unit of gas shall be a volume of 1000 cubic metres  $10^3$  m<sup>3</sup> of gas measured according to "*Boyle's Law*" for the measurement of gas under varying pressures and on the measurement basis set out in subparagraph 2 (a) below. Where appropriate, proper corrections shall be made for the specific gravity and flowing temperatures of the gas for deviation from Boyle's Law as provided in paragraph 2 below.
2. **Determination of Volume:** The volume of the gas received by Centra Transmission from Shipper and delivered to Shipper shall be determined as follows:

(a) The unit of volume, for the purpose of measurement, shall be one cubic metre of gas at a temperature of fifteen degrees (15°) Celsius and at a pressure of 101.325 kilopascals absolute. For the purpose of measurement of gas delivered by Centra Transmission for consumption in Canada at the delivery points provided for in the applicable Contract, the parties agree that the average absolute atmospheric (barometric) pressure at such delivery points shall be assumed to be constant during the term thereof, regardless of variations in actual barometric pressure from time to time, and shall be assumed to be the following for each delivery point unless the appropriate equipment is installed to determine the actual barometric pressure continuously.

Average Absolute Atmospheric  
(Barometric) Pressure  
Kilopascals Absolute

Manitoba Zone	98.595 kPa
Ontario Zone	98.595 kPa

## VII. DELIVERY POINT

1. For the purpose of **Section VII** hereunder, unless otherwise specified in the Contract, the delivery point or points for all gas to be delivered by Centra Transmission to Shipper pursuant to any Contract into which these General Terms and Conditions are incorporated shall be on the outlet side of Centra Transmission's measuring stations located at or near the point or points of connection with the facilities of Shipper or Shipper's agent in receiving the gas, as specified in the Contract.

## VIII. POSSESSION OF GAS

Centra Transmission shall be deemed to be in control and possession of, and responsible for, all gas transported under the Contract from the time that such gas is received by it at the receipt point until such gas is delivered at the delivery point.

## IX. MEASURING EQUIPMENT

1. **Measuring Station:** Where required Centra Transmission will install, maintain and operate at its own expense, at or near each delivery point, a measuring station properly equipped with a meter or meters and other necessary equipment for properly measuring the gas delivered under the Contract.

Positive displacement and turbine meters together with auxiliary equipment shall be of a type approved for use by Measurement Canada, an agency of Industry Canada. When positive displacement and turbine meters are used they shall be equipped with accounting devices indicating the actual volume of gas passing through the meter and gauges for properly recording the pressure and temperature relative to time of such gas. The data recorded by such a device shall be sufficient to allow the determination of delivery volumes relative to time.

They may also be equipped with a device for recording flow rate and/or a device for integrating the product of the volume of gas measured multiplied by the pressure and temperature corrections and indicating the volume of gas delivered. If an integrating device is used, correction for the deviation from Boyle's Law may be built into the device; otherwise such correction shall be applied to the volume of gas indicated.

2. **Check Measuring Equipment:** Shipper may install, maintain and operate at its own expense; such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Centra Transmission's measuring equipment. Any pressure or volume control regulators installed by Shipper shall be operated so as not to interfere with Centra Transmission's measuring facilities.
3. **Rights of Parties:** The measuring equipment so installed by either party together with any building erected by it for such equipment shall be and remain its property. However, Centra Transmission and Shipper shall have the right to have representatives present at the time of any installing,

reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of the delivery of gas under the Contract. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefore, for inspection and verification, subject to return within ten days after receipt thereof.

4. **Care Required:** All installation of equipment applying to or affecting deliveries of gas shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by both parties in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume of gas delivered under the Contract.
  
5. **Calibration and Test of Measuring Equipment:** The accuracy of measuring equipment shall be verified by Centra Transmission at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Centra Transmission shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than 2%.

If upon test any measuring equipment is found to be in error by not more than 2%, then previous recordings of such equipment shall be considered accurate in computing deliveries of gas but such equipment shall be adjusted at once to record accurately.

If, for the period since the last preceding test, it is determined that any measuring equipment shall be found to be inaccurate by an amount exceeding 2% at a recording corresponding to the average hourly rate of flow for such period, then the previous readings of measurement equipment shall be corrected to zero error for any period which is known definitely but in case the period is not known or agreed upon such correction shall be for a period extending over 50% of the time elapsed since the date of the last test.

Notwithstanding the foregoing, when Centra Transmission and Shipper mutually agree that a measurement instrument inaccuracy occurred at a definite point in time, a volume correction shall be made even though said inaccuracy is less than the limits specified above.

**6. Correction of Metering Errors – Failure of Meters:** In the event a meter is out of service, or registering inaccurately, the volume of gas delivered shall be determined by the most equitable method. Such methods shall include but not limited to:

- (a) Mathematical calculations and comparisons including prevailing ratio with a parallel meter,
- (b) The use of Shipper's check measuring equipment, and



- (c) Comparison to deliveries under similar conditions when the meter was registering accurately.

7. **Preservation of Metering Records:** Centra Transmission and Shipper shall each preserve for a period of at least six (6) years all test data, charges and other similar records. Microfilms of the original documents shall be considered true records.

## X. BILLING

1. **Monthly Billing Date:** Centra Transmission shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all transportation services provided notwithstanding Saturdays, Sundays, and statutory or legal holidays under the laws of Canada or the laws of the province of Ontario.

On any gas Day, with respect to any volume of gas which is either delivered by Shipper to Centra Transmission or which is taken by Shipper from Centra Transmission that is not authorized pursuant to **Section XX**, Centra Transmission shall also render bills for charges made pursuant to **Section XX**, paragraph 2 herein on or before the tenth (10<sup>th</sup>) day of each month.

2. **Right of Examination:** Both Centra Transmission and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

3. **Information:** Shipper hereby undertakes to provide Centra Transmission with all the information and material required by Centra Transmission to calculate and verify Shipper's receipt volume, the quality specifications of Shipper's Receipt Volume and the components of Shipper's Receipt Volume.

If such information is not received by Centra Transmission in sufficient time prior to Centra Transmission rendering bills to Shipper pursuant to this **Section XI**, such bills shall be calculated based on Centra Transmission's best estimate of Shipper's Receipt Volume.

## **XI. PAYMENTS**

1. **Monthly Payment Date:** Shipper shall pay to Centra Transmission, at its address designated in the Contract, or at the Royal Bank of Canada for deposit to the account of Centra Transmission so that Centra Transmission shall receive payment from Shipper on or before the twentieth (20<sup>th</sup>) day of each month, (the "Payment Date") for service provided by Centra Transmission to Shipper pursuant to the applicable Toll Schedules and/or for any charges made pursuant to **Section XX** herein during the preceding month and billed by Centra Transmission in a statement for such month according to the nominated and/or measured deliveries, computations, prices and/or tolls provided in the Contract. If the payment date is not a Banking Day, then payment must be received by Centra Transmission on Shipper's account on or before the first (1<sup>st</sup>) Banking Day immediately prior to payment date.

2. **Remedies for non-payment:** Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, interest on the unpaid portion of the bill accrues at a rate of interest equal to the prime rate of interest of as listed by the Royal Bank of Canada on the date such payment is due, plus one percent (1%) in addition thereto and shall be payable on the date of payment. If such failure to pay continues for ten (10) days after payment is due, Centra Transmission, in addition to any other remedy it may have under the Contract, may suspend further delivery of gas until such amount is paid; **PROVIDED HOWEVER**, that if Shipper is in good faith shall dispute the amount of any such bill or part thereof and shall pay to Centra Transmission such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Centra Transmission shall furnish financial assurances pursuant to **Section XXII** herein, guaranteeing payment to Centra Transmission of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Centra Transmission shall not be entitled to suspend further delivery of gas because of such non-payment unless and until default be made in the conditions of such final assurances.

3. **Adjustment of Underpayment, Overpayment or Error in Billing:**  
If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or

undercharge, then within thirty (30) days after the final determination thereof, Centra Transmission shall refund the amount of any such overcharge with interest which is equal to the prime rate of interest as listed by the Royal Bank of Canada from the time such overcharge was paid to the date of refund, plus one percent (1%) in addition thereto. If such refund is made by a credit on an invoice from Centra Transmission to Shipper, then the date of the refund shall be the date upon which the invoice reflecting such credit was rendered to Shipper by Centra Transmission.

Shipper shall pay the amount of any such undercharge, but without interest. In the event an error is discovered in the amount billed in any statement rendered by Centra Transmission, such error shall be adjusted within thirty (30) days of the determination thereof provided that claim therefor shall have been made within sixty (60) days from the date of discovery of such error, but, in any event, within twelve (12) months from the date of payment.

4. **Time of Payment Extended if Bill Delayed:** If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month then the time of payment shall be extended accordingly unless Shipper is responsible for such delay.

## **XII. RECEIPT AND DELIVERY PRESSURE**

Subject to the provisions set out in subsection a), b) and c) below, Centra Transmission shall deliver gas to Shipper at its prevailing line pressure at the

delivery point or points specified in Shipper Contract unless otherwise agreed to by the parties provided however that:

- a. Shipper shall be required to delivery gas to Centra Transmission at the Spruce receipt point as designated in the Shipper Contract at a pressure not less than a gauge pressure of 4,000 kPa (580.0 psig) or such lesser pressure as the parties agree (“Minimum Delivery Pressure Obligation”). If Shipper fails to deliver gas to Centra Transmission at the receipt point at or above the Minimum Delivery Pressure Obligation, Centra Transmission shall, for the duration of that pressure deficiency, be relieved of its contractual obligation to deliver such volumes in the quantities and at the pressures specified in the contract.
  
- b. If deliveries to Shipper at the delivery point exceed the Shipper’s Maximum Hourly Flow Rate without prior consent of Centra Transmission causing the deliver pressure to fall below that which is specified in the Shipper Contract, Centra Transmission shall, for the period of excess deliver to Shipper, be relieved of its contractual obligation to deliver gas at such point or area affected by the excess deliveries at the delivery pressure stipulated in the Contract.
  
- c. Unless otherwise specified by separate agreement in the Shipper Contract, and subject to the provision a) and b) outlined above, Centra

Transmission shall provide Shipper with deliveries at delivery point pressures of 1,034 kPa (150.0 psig):

### **XIII. WARRANTY OF TITLE TO GAS**

Shipper warrants that it owns or controls the right to deliver or have delivered for its account, the gas that is delivered to Centra Transmission under the Contract. Shipper shall indemnify and hold harmless Centra Transmission harmless against all claims actions or damages arising from any adverse claims by third parties claiming an ownership or an interest in the gas delivered for transport to Centra Transmission under the Contract.

### **XIV. FORCE MAJEURE**

In the event of either Shipper or Centra Transmission being rendered unable, wholly or in part, by force majeure to perform or comply with any obligation or condition hereof or any obligation or condition in any Contract into which these General Terms and Conditions are incorporated such party shall give notice and full particulars of such good force majeure in writing or by telegraph to the other party as soon as possible after the occurrence of the cause relied on and the obligations of the party giving such notice, other than obligations to make payments of money then due, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term “force majeure” as used herein shall mean acts of God, strikes, lockouts or other

industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority, civil or military, any act or omission (including failure to deliver gas) of a supplier of gas to, or a transport of gas to or for, Centra Transmission which is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar causes not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. The settlement of strikes, lockouts or other labour disputes shall be entirely within the discretion of the party having the difficulty. Under no circumstances will lack of finances be construed to constitute force majeure.

## **XV. DEFAULT AND TERMINATION**

If either Centra Transmission or Shipper shall fail to perform any of the covenants or obligations imposed upon it by the Contract into which these General Terms and Conditions are incorporated, then in such event the other party may at its option terminate said Contract by proceeding as follows: the party not in default shall cause a written notice to be served on the party in default stating specifically the cause for terminating the Contract and

declaring it to be the intention of the party giving the notice to terminate the same; thereupon the party in default shall have ten (10) days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the notice for terminating the Contract, and if within said period of ten (10) days the party in default does so remove and remedy said cause or causes and full indemnify the party not in default for any and all consequences of such breach, then such notice shall be withdrawn and the Contract shall continue in full force and effect.

In case the party in default does not so remedy and remove the cause or causes or does not indemnify the party giving the notice for any and all consequences of such breach, within said period of ten (10) days, then, at the option of the party giving such notice, the Contract shall terminate. Any cancellation of the Contract pursuant to the provisions of this paragraph shall be without prejudice to the right of Centra Transmission to collect any amounts then due to it for gas delivered prior to the time of cancellation, and shall be without prejudice to the right of the Shipper to receive any gas which it has not received but for the transportation of which it has paid prior to the time of cancellation, and without waiver of any remedy to which the party not in default may be entitled for violations of the Contract.

#### **XVI. NON-WAIVER AND FUTURE DEFAULT**

No waiver by either Centra Transmission or Shipper of any one or more defaults by the other in the performance of any provision of the Contract



shall operate or be construed as a waiver of any continuing or future default or defaults whether of a like or different character.

## **XVII. OPERATING INFORMATION AND ESTIMATES**

Not less than six months prior to the expiry date of Shipper Contract, Shipper shall furnish Centra Transmission with written notice of Shipper's intent to renew. Such notice will include the Contract Demand and Contract Term Shipper wishes CTHI to include in the Contract for service commencing the first day subsequent to expiry of the current Contract. The renewal notice shall include a term not less than 12 months and subject to the availability of system capacity, CTHI will tender a Contract or Contract amendment as the case may be to Shipper in accordance with the requested service provided by shipper in its renewal notice into which these General Terms and Conditions are incorporated. Failure by Shipper to provide such timely renewal notice shall relieve CTHI from any obligation to provide transportation service beyond the Contract expiry date.

## **XVIII. DELIVERY AREAS**

Centra Transmission's delivery areas are as follows:

### **Manitoba Delivery Area**

Extends from a point on Centra Transmission's main pipeline system at the interconnection with the TransCanada Pipelines Limited system near Spruce Manitoba to a point on Centra Transmission's main pipeline system where it interconnects with the Centra Pipelines Minnesota Inc. system near Sprague, Manitoba.

**Ontario Delivery Area**

Extends between points on Centra Transmission system which interconnect with the Centra Pipelines Minnesota Inc. facilities near Rainy River, Ontario and Fort Frances, Ontario.

**XIX. INCORPORATION IN TOLL SCHEDULES AND TRANSPORTATION SERVICE CONTRACTS**

1. These General Terms and Conditions are incorporated in and are a part of all the Centra Transmission's Toll Schedules and transportation service Contracts.
2. These General Terms and Conditions are subject to the provisions of the *National Energy Board Act* or any other legislation passed in amendment thereto or substitution thereafter.
3. Centra Transmission's Transportation Tariff replaces and supersedes the Tariff as Filed June 7, 1993.

**XX. NOMINATIONS AND UNAUTHORIZED VOLUMES**

**1. Nominations:**

For service required on any Day under each Shipper Contract (for the purposes of this **Section XX** the "said Contract"), Shipper shall provide Centra Transmission with a nomination of the volume it desires Centra Transmission to receive at the receipt point inclusive of the Fuel Quantity and the volume of gas to be delivered at the delivery point ("Shipper's Nomination"). Unless otherwise provided under the applicable Toll

schedule, such nominations are to be provided in writing or EDI format, or by other electronic means and received by Centra Transmission's Gas Control Department not later than 12:30 hours ECT on the day immediately preceding the day for which service is requested. Subject to the provisions of the applicable toll schedules and **Section XIV** of these General Terms and Conditions, Centra Transmission shall determine whether or not all or any portion of Shipper's nomination will be accepted.

In the event Centra Transmission determines that it will not accept such nomination, Centra Transmission shall advise Shipper, (on or before 15:00 ECT on the day immediately preceding the day for which service is requested), of the reduced volume (if any) (the "volume available") that Centra Transmission is prepared to deliver under the said Contract. Forth with after receiving such advice from Centra Transmission but no later than 16:00 hours ECT on such day, Shipper shall provide a revised nomination to Centra Transmission which shall be no greater than the volume available. If such revised nomination is not provided within the time allowed as required above or such revised nomination is greater than the volume available, then the revised nomination shall be deemed to be the volume available. If the revised nomination (delivered within the time allowed as required above) is less than the volume available, then such lesser amount shall be revised nomination. Centra Transmission will provide Shipper with confirmation of the volume authorized in accordance with the provisions of the Schedule for Nomination and Confirmation Times outlined below. For the purposes of this **Section XX** that portion of a Shipper's nomination or revised

nomination, which Centra Transmission shall accept for delivery to Shipper shall be known as “Shipper’s Authorized Delivery Volume” which volume shall not in any circumstances, exceed Shipper’s Contract Demand.

Shipper’s Authorized Receipt Volume shall be equal to Shipper’s Authorized Delivery Volume plus the Fuel Quantity for purposes of this **Section XX**.

**Schedule of Nomination and Confirmation Times (ECT)**

<p><b>Legend</b>                  DB = Day Before Gas Flow                  DO = Day of Gas Flow</p>
--------------------------------------------------------------------------------------------------------------

Cycle	Nom Deadline	Confirmations	Schedule Quantities	Effective Flow
Timely	12:30 DB sent  12:45 DB to be received	16:30 DB	17:30 DB	10:00 DO
Evening	19:00 DB	22:00 DB	23:00 DB	10:00 DO
IntraDay <sup>1</sup> (17:00)	11:00 DO	14:00 DO	15:00 DO	18:00 DO*
IntraDay <sup>2</sup> (21:00)	18:00 DO	21:00 DO	22:00 DO	22:00 DO*

\*Elapsed Pro-rate Applies

**2. Determination of Unauthorized Volumes:**

At the end of each Month (“Delivery Month”) in which Shipper has requested service through timely nominations pursuant to the procedures outlined herein and Centra Transmission has authorized volume for transportation and provided such service, Centra Transmission will determine the following in the case of each Shipper:

- (a) For each day of the delivery month, under the Toll Schedule pursuant to which service was requested by Shipper in such month, the following:

- (i) “Shipper Receipt Variance” - the difference between Shipper’s Authorized Receipt Volume and the actual volume delivered by Shipper or Shipper’s agent on behalf of Shipper into Centra Transmission’s system at the point of receipt specified in the Contract, and
  - (ii) “Shipper Delivery Variance” - The difference between Shipper’s Authorized Delivery Volume and the actual volume taken by Shipper or Shipper’s designated agent on behalf of Shipper from Centra Transmission’s system at the delivery point specified in the Contract, and
  - (iii) “Shipper Hourly Flow Variance” – For each hour during each gas Day, the amount, expressed in cubic metres, by which Shipper’s actual hourly takes from the Centra Transmission System at the delivery point specified in the Contract exceeds Shipper’s Maximum Hourly Flow Rate.
- (b) “Gas Imbalance Volume” - For each Gas Day in the delivery Month, the amount by which Shipper’s actual takes from Centra Transmission exceed Shipper’s actual deliveries to Centra Transmission during such delivery Month.

**3. Determination of Charges for Unauthorized Volumes:**

On each day of the delivery month when:

- (a) The Shipper Receipt Variance exceeds 2% of Shipper's Authorized Receipt Volume and/or Shipper's Delivery Variance exceeds 2% of the Shipper's Authorized Delivery Volume (as the case may be) ; and
- (b) Such variance either represents a deliberate abuse by the Shipper or has limited or impaired Centra Transmission's ability to provide the services requested by and authorized for other shippers and represents unauthorized volume and is subject to the following:
  - (i) Shipper shall pay a charge equal to  $\$175.00/10^3\text{m}^3$  multiplied by the sum of:
    - (a) The amount by which the Shipper Delivery Variance exceeds 2% (but is less than 4%) of Shipper's Authorized Delivery Volume, and
    - (b) The amount by which the Shipper Receipt Variance exceeds 2% (but is less than 4%) of Shipper's Authorized Receipt Volume, and in addition,
  - (ii) If either or both such variances exceed 4% of the Shipper's Authorized Delivery Volume, or 4% of Shipper's Authorized

Receipt Volume (as the case may be) Shipper shall pay a charge equal to  $\$525.00/10^3\text{m}^3$  multiplied by the sum of:

- (a) The amount by which the Shipper Delivery Variance exceeds 4% of Shipper's Authorized Delivery Volume, and
- (b) The amount by which Shipper's Authorized Receipt Variance exceeds 4% of Shipper's Authorized Receipt Volume.

**PROVIDED HOWEVER**, that if such sum plus the sum of (a) and (b) in (i) above is less than  $28 \times 10^3\text{m}^3$ , the above referenced charges, applicable thereto, shall not apply.

In respect of Shipper Gas Imbalance Volume, Shipper shall pay Centra Transmission a charge equal to the gas imbalance multiplied by  $\$100.00/10^3\text{m}^3$  if Shipper's actual takes from Centra Transmission exceed Shipper's actual deliveries to Centra Transmission for such month unless Centra Transmission and Shipper agree on a procedure by which Shipper shall make up such gas imbalance. Shipper shall be allowed to make up all gas imbalances commencing no earlier than the first day of the second month following the delivery month during which the gas imbalance occurred, provided however, that the make-up shall be scheduled to take place evenly over a period (the "recovery period"), as approved by Centra Transmission's Gas Control Department. Deliveries of such make-up gas shall be the first deliveries made on each day of the recovery period. If Shipper has already



paid Centra Transmission as aforesaid for such imbalances Centra Transmission shall refund without interest to Shipper on Centra Transmission's first invoice to Shipper following the end of the recovery period, \$100.00/10<sup>3</sup>m<sup>3</sup> of gas imbalance volumes returned. If the Shipper fails to make up all such volumes during the recovery period, Shipper's right to make up such volumes and to the refund shall expire. Centra Transmission shall use its best efforts to schedule such make-up so that the recovery period is as short as possible. Such additional charges payable under this **Section XX** are in addition to any charges otherwise payable by Shipper. The payments hereunder shall not, under any circumstances, be considered as giving Shipper the right to take unauthorized volumes, or to incur monthly gas imbalances, nor shall payment of the aforementioned charges be considered as a substitute for any other remedies available to Centra Transmission.

## **XXI. FINANCIAL ASSURANCES**

1. Prior to commencement, and at any time during the term of service, Centra Transmission may request, and Shipper shall provide if Centra Transmission so requests, security for the payment of the charges to be paid by Shipper to Centra Transmission for service on Centra Transmission's gas transmission system. Such security shall be limited to an irrevocable letter of credit issued by a financial institution acceptable to Centra Transmission or such other equivalent financial guarantees acceptable to Centra Transmission in an amount equal to two months of demand charges plus sixty (60) days of commodity charges based on the full Contract Demand, which shall remain in effect for no less than seventy (70) days beyond the termination of the service; provided that, if

payment in full for the service has been received by Centra Transmission, Centra Transmission shall, return and/or cancel such financial guarantee forthwith.

2. If Shipper fails to provide a requested Financial Assurance to Centra Transmission within four (4) Banking Days of Centra Transmission request, Centra Transmission may upon four (4) Banking Days written notice immediately suspend any or all service being or to be provided to Shipper provided however that any such suspension shall not relieve Shipper from any obligation to pay any rate, toll charge or other amount payable to Centra Transmission. If at any time during such suspension Shipper provides such Financial Assurance to Centra Transmission, Centra Transmission shall within two (2) Banking Days recommence such suspension service.

If Shippers fails to provide such Financial Assurance during such suspension, Centra Transmission may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written notice to shipper immediately:

- Terminate any or all service being or to be provided to Shipper; and
- Declare any and all amounts payable now or in the future by Shipper to Centra Transmission for any and all services to be immediately due and payable as liquidated damages and not as a penalty.

## **XXII. LIABILITY AND LIMITATION OF LIABILITY**

Centra Transmission's and Shipper's liability to each other is limited to direct damages. In no event, other than in the case of gross negligence or willful misconduct or default, shall either Centra Transmission or Shipper be liable or become liable for loss of profits, consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

**Centra Transmission Holdings Inc.**  
**Transportation Tolls**  
**November 1, 2014**

<u>Particulars</u>	Demand Toll November 1, 2014 (\$/10 <sup>3</sup> m <sup>3</sup> /Mo.)
Domestic	446.771
Export	445.769

# **Attachment E**

Request for Proposal



October 6, 2014

Minnesota Energy Resources Corporation (MERC) is requesting written proposals (“RFP”) for an AECO – Emerson swap of firm, warranted natural gas at the Indicated Receipt Point(s). MERC will sell Nova Inventory Transfer (NIT) and buy Emerson #1 and Emerson #2.

**TERM:** November 1, 2014 through April 30, 2015.

**VOLUME:**

Volume (MMBtu)/Day	Term Start	Term End
2,843	November 1, 2014	November 30, 2014
7,476	December 1, 2014	December 31, 2014
7,476	January 1, 2015	January 31, 2015
7,476	February 1, 2015	February 28, 2015
3,109	March 1, 2015	March 31, 2015
3,109	April 1, 2015	April 30, 2015

**PIPELINE(S):** Great Lakes Gas Transmission (GLGT) and Viking Gas Transmission (VGT)

**SELLING RECEIPT POINT(S):** MERC will sell the natural gas supply at the TransCanada Pipeline (TCPL) Alberta System (Nova Gas Transmission Ltd.) Nova Inventory Transfer (NIT) Pool receipt point.

**BUYING RECEIPT POINT(S):** MERC will buy the natural gas supply at Emerson #1 and Emerson #2. MERC requests the right to have the gas delivered at any/all receipt points at MERC’s discretion. MERC will notify supplier of the delivery requests for the next gas day no later than \_\_\_\_\_ a.m. CST. MERC agrees there will be no changes to receipt points on weekends/holidays and no intra-day changes.

**SERVICE TYPE:** Firm Physical Baseload.

**INDEX PRICE:** MERC will accept proposals based on the NGX AB-NIT Month Ahead Index (7A) as published in the Canadian Gas Price Reporter. All prices are for MMBtu and US\$.

Selling Price: NGX AB-NIT Month Ahead Index (7A) + \$ 0.00

Buying Price: NGX AB-NIT Month Ahead Index (7A) + \$ \_\_\_\_\_

**TRIGGER RIGHTS:** None

**CONTRACT:**

The transaction will be confirmed under the NAESB/EDI Base Contract, as applicable, executed with MERC and may include demonstrating creditworthiness and providing financial assurances.

**DEADLINE:**

October 9, 2014 at 11:00 a.m. CST. Please e-mail written proposals to Shawn Gillespie at [sgillespie@integrysgroup.com](mailto:sgillespie@integrysgroup.com) or fax your offer to (402) 614-0592. Feel free to call me at (402) 614-0076 if you have any questions.

Minnesota Energy Resources Corporation reserves the right, in its sole discretion, to reject any or all offers and to rescind the Request for Proposal. MERC will consider bids that differ from the terms and conditions in this RFP and requests that bidders specifically identify any alternatives.

Sincerely,

Shawn Gillespie  
Manager, Gas Supply  
Minnesota Energy Resources Corporation  
1412 Howard Street  
Omaha, NE 68102  
402-614-0076

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA            )  
                                                  ) ss  
COUNTY OF HENNEPIN        )

Kristin M. Stastny hereby certifies that on the 11th day of December, 2014, on behalf of Minnesota Energy Resources Corporation (MERC) she electronically filed a true and correct copy of the enclosed Reply Comments on [www.edockets.state.mn.us](http://www.edockets.state.mn.us). Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

/s/ Kristin M. Stastny  
Kristin M. Stastny

Subscribed and sworn to before me  
This 11th day of December, 2014.

/s/ Alice Jaworski  
Notary Public, State of Minnesota



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500  Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_14-661_M-14-661
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_14-661_M-14-661
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Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_14-661_M-14-661
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