

GENERAL TERMS AND CONDITIONS  
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GENERAL TERMS AND CONDITIONS

1. DEFINITION OF TERMS

Except where the context expressly states another meaning, the following terms when used in this Tariff and in any gas sales, or transportation contract incorporating said Tariff, shall be construed to have the following meanings:

1.1 The term "Agent" shall mean any party that Shipper may contract with for purposes of administering Shipper's Service Agreement(s) with Transporter. An Agent has only those rights designated in writing by such Shipper to Transporter.

1.2 The term "Begin Date" shall mean the Gas Day specified by Shipper on which a transaction is to begin.

1.3 The term "British thermal unit" or "Btu" shall mean the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at 60 degrees Fahrenheit.

1.4 The term "Business Day" shall mean Monday through Friday excluding Federal Banking Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico.

1.5 The term "Confirmation" shall mean verification of the quantity of gas, in dekatherms, which an interconnecting party has confirmed Transporter can receive from a specific receipt point(s) or deliver to a specific delivery point(s) on behalf of Shipper.

1.6 The term "Commission" or "FERC" shall mean The Federal Energy Regulatory Commission or any successor entity thereto.

1.7(a) The term "Confirmation by Exception" or "CBE" means that the Confirming Parties agree that one party deems that all requests at a location are confirmed by the other party (the CBE party) without response communication from that party. The CBE party can take exception to the request by so informing the other party within a mutually agreed upon time frame.

GENERAL TERMS AND CONDITIONS  
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1. DEFINITION OF TERMS (Continued)

1.7(b) The term "Confirming Party" is Service Provider (including a Point Operator) which provides confirmation for a quantity of gas via the information outlined in GISB Standard 1.4.4 to another Service Provider (the Confirmation Requester) with respect to a nomination at a location.

1.7(c) The term "Confirming Parties" refers to the Confirmation Requester and the Confirming Party.

1.7(d) The term "Confirmation Requester" is a Service Provider (including a Point Operator) which is seeking to confirm a quantity of gas via the information outlined in NAESB Standard 1.4.3 with another Service Provider (the Confirming Party) with respect to a nomination at a location.

1.7(e) The term "Contract Demand," where used herein or in a gas sales contract, shall mean the quantity of natural gas specified in such contract which Transporter obligates itself to be ready to deliver daily to Shipper.

1.8 The term "Cubic Foot" shall mean the volume of gas which occupies one cubic foot when such gas is at a temperature of 60 degrees Fahrenheit, and at a pressure of thirty-three hundredths (0.33) pounds per square inch above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch (fourteen and seventy three hundredths (14.73) pounds per square inch absolute).

GENERAL TERMS AND CONDITIONS  
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1. DEFINITIONS OF TERMS (continued)

1.9 The term "Day" or "Gas Day" shall mean a period of twenty-four consecutive hours, beginning and ending at 9 a.m. Central Clock Time (CCT).

1.10 The term "Dth" shall mean dekatherm and shall be the quantity of heat energy equal to 1,000,000 British thermal units (MMBtu). Dth is the standard quantity for Nominations, Confirmations, Imbalance and Scheduled Quantities in the United States. The standard quantity per gas day in Canada is gigajoule (GJ), which is equal to 1,000,000,000 joules. The standard quantity per gas day in Mexico is gigacalorie (GC), which is equal to 1,000,000,000 calories. For commercial purposes, the standard conversion factor between Dth and GJ is 1.055056 GJs per Dth and between dekatherms and GCs is 0.251996 per Dth. The standard Btu is the international Btu, or Btu(IT); the standard joule is the joule specified in the SI system of units.

1.11 The term "Delivery Point" shall mean a point at which Transporter agrees to deliver gas on behalf of Shipper.

1.12 The term "Designated Site" shall mean an electronic address designated by Transporter or Shipper for the receipt or delivery of NAESB standardized data sets.

1.13(a) The term "Elapsed-Prorated Capacity" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

1.13(b) The term "Elapsed-prorated-scheduled quantity" means that portion of the scheduled quantity that would have theoretically flowed, up to the effective time of the intraday nomination being confirmed, which is based upon a cumulative uniform hourly quantity for each nomination period affected.

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

1.13(d) The term "End Date" shall mean the gas day specified by Shipper on which a transaction is to end.

1.14 The term "Equivalent Quantity" unless otherwise stated in the transportation contract shall mean that during any given period of time the quantities of gas delivered hereunder at the Delivery Point(s) shall be the thermal equivalent of the quantities of gas received at the Receipt Point(s) for transportation less any applicable quantities of gas for Transporter's system fuel and use requirements and gas lost and unaccounted-for associated with transportation service.

1.15 The term "NAESB Standards" shall mean standardized procedures for critical business practices which were issued by the Gas Industry Standards Board ("NAESB") and adopted by FERC.

1.16 The term "Total Heating Value," when applied to a cubic foot of gas, means the number of British thermal units produced by the complete combustion with air, at

GENERAL TERMS AND CONDITIONS  
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1. DEFINITION OF TERMS (Continued)

the constant pressure of one anhydrous (dry) cubic foot of gas, at 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.

1.17 The term "Intra-Day Nomination" shall mean a Nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that gas day.

1.18 The term "load factor" for any given period of time shall mean the percentage obtained by dividing the amount of the average daily Dth delivery of gas during said period by the amount of gas in Dth delivered on the maximum day during said period.

1.19 The term "Mcf" shall mean 1,000 cubic feet of gas.

1.20 The term "MMBtu" shall mean one million British thermal units. One MMBtu equals One Dth.

1.21 The term "Maximum Annual Transportation Quantity" or "MATQ" shall mean the maximum quantity of natural gas in Dth which Transporter is willing to receive for the account of Shipper during any contract year at all Receipt Points(s), exclusive of any applicable fuel reimbursement quantity. Shipper's Maximum Annual Transportation Quantity shall be specified in the executed Transportation Contract hereunder. During any leap year, the Maximum Annual Transportation Quantity shall be increased for such year by 1/365. The Maximum Annual Transportation Quantity limitation shall be applied on a Contract Year basis commencing on November 1, and ending on the following October 31.

1.22 The term "Maximum Daily Delivery Obligation" (at Individual Delivery Point) or "MDDO" shall mean the maximum quantity of natural gas which Transporter is willing to deliver on any day at any indicated Delivery Point(s) as specified in the executed Transportation Contract. The sum of the Maximum Daily Delivery Obligations at all Delivery Point(s) shall not be in excess of the Maximum Daily Transportation Quantity.

GENERAL TERMS AND CONDITIONS  
(continued)

1. DEFINITION OF TERMS (continued)

1.23 The term "Maximum Daily Receipt Obligation" (at Individual Receipt Points) or "MDRO" shall mean the maximum quantity of natural gas which Transporter is willing to receive on any day at an indicated Primary Receipt Point(s) as specified in the executed Transportation Contract, exclusive of any applicable fuel reimbursement quantity. The sum of the Maximum Daily receipt Obligations at all Receipt Point(s) shall not be in excess of the Maximum Daily Transportation Quantity.

1.24 The term "Maximum Daily Transportation Quantity" or "MDTQ" shall mean the maximum quantity of natural gas in Dth which Transporter is willing to receive on any day for transportation for the account of Shipper at all Receipt Points as specified in an executed Transportation Contract, exclusive of any applicable fuel reimbursement quantity.

1.25 The term "month" shall mean the period beginning at 9 a.m. Central Time on the first day of the calendar month and ending at. The same time on the first day of the next succeeding calendar month.

1.25A The term "negotiated rate" shall mean a rate or rate formula mutually agreed upon by Transporter and Customer pursuant to Section 35 of the General Terms and Conditions with respect to rates, rate components, charges, or credits differing from the otherwise applicable recourse rate. The negotiated rate may be less than, equal to, or greater than the maximum recourse rate; shall not be less than the minimum tariff rate; may be a rate design other than straight fixed-variable; and may include a minimum quantity.

1.26 The term "Nomination" shall mean a request for service, which conforms with NAESB issued and FERC approved standard data sets, pertaining to the transportation of gas under an executed Service Agreement.

1.27 The term "Nominating Party" shall mean the Shipper or party designated by Shipper to communicate Shipper's nominations to Transporter.

1.28 The term "Nomination Period" shall mean the period of time Shipper designates in its nomination for Transportation service.

1.29 The term "Receipt Point" shall mean a point at which Transporter agrees to receive gas for Shipper.

1.30 The term "Scheduled Quantity" shall mean the quantity of natural gas Transporter has scheduled to transport from a specific receipt point(s) to a specific delivery point(s) for a defined period of time pursuant to a Shipper's executed Service Agreement

1.30A The term "recourse rate" shall mean the rates (other than a negotiated rate as defined in Section 1.25A) applicable to Part 284 services as effective from time to time.

GENERAL TERMS AND CONDITIONS  
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1. DEFINITION OF TERMS (continued)

1.31 The term "Shipper", "Buyer" or "Service Requester" shall mean any party that executes a Service Agreement with Transporter under one or more of the Rate Schedules contained in the tariff.

1.32 The term "Standing Nomination" shall mean an original Nomination submitted by Shipper that extends from a specified Begin Date to a specified End Date, spanning days, months or years but not exceeding the term of Shipper's executed Service Agreement. A Standing Nomination can be replaced by a new Daily Nomination or Intra-Day Nomination for specified periods; however, effective on the End Date of any such replacement Nomination, the original Standing Nomination resumes.

1.33 The term "Transportation Service" shall mean the receipt of Shipper's gas by Transporter at Receipt Point(s) and the delivery of thermally equivalent quantities by Transporter to Shipper or for Shipper's account, less any applicable fuel reimbursement, at Delivery Point(s) and shall include off-system transportation, exchange, or backhaul service.

1.34 The term "Transporter" or "Seller" shall mean Granite State Gas Transmission, Inc., acting in its capacity as Transporter or Seller.

1.35 The term "Year" or "Contract 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 gas sales or gas transportation contract, 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.

GENERAL TERMS AND CONDITIONS  
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2. QUALITY

The gas received by Transporter for Shipper's account, or delivered by Transporter to Shipper, shall be natural gas, conforming to the Quality specification as provided for in the General Terms and Conditions of the gas tariffs of the upstream pipelines that interconnect with Transporter's system.

GENERAL TERMS AND CONDITIONS  
(Continued)

3. MEASUREMENT

3.1 Measurement Unit: The unit of measurement of gas delivered by Transporter shall be a dekatherm.

3.2 Determination of volume and total heating value: The volume and the total heating value of the gas delivered by Transporter shall be determined as follows:

(a) The unit of volume, for the purposes of measurement, shall be one cubic foot of gas at a temperature of 60 degrees Fahrenheit, and at a pressure of thirty-three hundredths (.33) pounds per square inch above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch (fourteen and seventy-three hundredths (14.73) pounds per square inch absolute pressure.)

The reporting basis for gas volume is as cubic feet at standard conditions of 14.73 psia, 60 degrees F, and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry. The reporting basis for gigacalorie is as 1.035646 Kg/cm<sup>2</sup> and 15.6 degrees C and dry.

(b) The total heating value of the gas per cubic foot shall be that reported to the Transporter by the interconnecting upstream pipeline(s) or Canadian Supplier(s).

(c) The Dth delivered shall be calculated by multiplying the Mcf delivered by a fraction, the numerator of which is the total heating value and the denominator of which is 1,000.

(d) The temperature of the gas passing through the meters shall be determined for any day by the continuous use of a recording thermometer so installed that it may properly record the temperature of the gas flowing through the meters. The arithmetical average of the temperature recorded each day shall be used in computing gas volumes.

(e) The specific gravity of the gas delivered by Transporter on any day shall be that reported to Transporter by the upstream pipeline or Canadian supplier.

GENERAL TERMS AND CONDITIONS  
(Continued)

3. MEASUREMENT

3.2 (f) The deviation of the natural gas from Boyle's Law shall be that reported to Transporter by the connecting upstream pipelines or Canadian suppliers.

(g) The closing of measurement shall be no later than the fifth (5th) business day after the close of the business month.

3.3 Gas measured and delivered for Transporter's account at off-system delivery point(s) shall be in accordance with the measurement provisions in the tariff(s) of the upstream pipeline(s) providing such delivery.

GENERAL TERMS AND CONDITIONS  
(Continued)

4. MEASURING EQUIPMENT

4.1 Measuring Station on Transporter's pipeline system: Transporter will install, maintain and operate at its own expense, at or near the Delivery Point on Transporter's pipeline system, a measuring station properly equipped with meters, and other necessary measuring equipment by which the volume of gas delivered under the gas transportation contract shall be measured.

(a) Orifice meters, if used, shall be installed and operated in accordance with American National Standard Bulletin ANSI, API 2530, Orifice Metering of Natural Gas, dated June 1979, and any modification and amendments thereof, and shall include the use of flange connections and straightening vanes.

(b) Diaphragm or Turbine meters, if used, shall be installed, and gas volumes computed, in accordance with generally accepted industry practices.

(c) Electronic Flow Computer, if used, shall be installed, and gas volumes computed, in accordance with generally accepted industry practices.

(d) New Measurement Techniques. If at any time a new method or technique is developed with respect to gas measurement, such new method or technique may be substituted upon mutual agreement thereto by the parties.

4.2 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 Transporter's measuring equipment at or near the Delivery Point.

GENERAL TERMS AND CONDITIONS  
(Continued)

4. MEASURING EQUIPMENT (continued)

4.3 Right to be present: Transporter 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 deliveries of gas under the gas transportation contract(s). 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 refund within ten days after receipt thereof.

4.4 Care required: All installation 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 volume of gas delivered under the gas transportation contract(s).

4.5 Calibration and test of meters: The accuracy of Transporter's measuring equipment shall be verified by Transporter at reasonable intervals, and if requested in the presence of representatives of Shipper, but Transporter shall not be required to verify the accuracy of such equipment more frequently than once in any thirty-day period. In the event either 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 Shipper if the measuring equipment tested is found to be in error not more than 2 percent.

GENERAL TERMS AND CONDITIONS  
(Continued)

4. MEASURING EQUIPMENT (Continued)

4.6 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:

(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), then;

(c) by estimating the quantity of delivery by deliveries during periods under similar conditions when the meter was registering accurately.

4.7 Off-system delivery measuring station: In the event that deliveries for Transporter's account are made at Delivery Points off Transporter's pipeline system through the meters and measuring equipment installed by others, then Transporter's and Shipper's rights to check such equipment and to make adjustments for correction of metering errors will be determined by the provisions in the Tariff of the party through whose equipment delivery is made for Transporter's account.

4.8 Preservations of metering records: Transporter and Shipper shall each preserve for a period of at least one year all test data, charts and other similar records.

GENERAL TERMS AND CONDITIONS  
(Continued)

5. BILLINGS

5.1 Monthly Billing: Transporter shall render an invoice on or before the ninth business day of each month, (defined as postmarked, time-stamped and delivered to the designated site) for all gas delivered and gas services furnished during the preceding calendar month. The form and content of such invoice as well as any backup shall comply with the Common Codes Standards adopted by the NAESB and incorporated by reference in Section 284.10 of the Commission's Regulations. Each such invoice shall contain a statement reflecting the following:

(i) The quantity of gas in Dth received by Transporter for Shipper's account during the preceding month;

(ii) The quantity of gas in Dth scheduled for delivery by Transporter for Shipper's account during the preceding month;

(iii) The imbalance, if any, between the quantity of gas received by Transporter and the quantity of gas actually delivered by Transporter for Shipper or for Shipper's account, net of any applicable fuel reimbursement whereby any transfer imbalance will be listed as a separate charge, if applicable;

(iv) The computation of charges due and payable by Shipper for services rendered during the preceding month, including any applicable outstanding balances;

(v) The outstanding balances by invoice; and

(vi) Any pooling point transactions and charges, if applicable.

5.2 Right of Examination: Both Transporter 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 gas sales or transportation contracts.

GENERAL TERMS AND CONDITIONS  
(Continued)

6. PAYMENTS

6.1 Monthly Payments: On or before the 10th day following the date of Transporter's invoice for the natural gas and natural gas services, Shipper shall make payment for all amounts due to Transporter at its address designated herein, or if requested by Transporter, by wire transfer of Federal Funds to a bank designated by Transporter. Shipper shall provide Transporter with supporting documentation with any payment, including invoice number, on which Transporter shall rely in applying such payment.

6.2 Remedies for Nonpayment: Subject to Section 6.3 below, should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay a Charge for Late Payment which shall be included by Transporter on the next regular monthly bill rendered to Shipper under Article 5 hereof. Such Charge for Late Payment shall be determined by multiplying (a) the unpaid portion of the bill by (b) the ratio of the number of days from the due date to the date of actual payment to 365, by (c) a rate of interest calculated in accordance with 18 C.F.R. 154.501(d) for the applicable period(s) from the due date to the date of payment. If such failure to pay continues for thirty days after payment is due, Transporter, in addition to any other remedy it may have under the applicable contract, may after application to and authorization by the Federal Energy Regulatory Commission, suspend further delivery of gas until such amount is paid.

6.3 Disputed Bills: If Shipper in good faith shall dispute the amount of any such bill or part thereof and pay Transporter such amounts as it concedes to be correct, and at any time thereafter within thirty days of a demand made by Transporter shall furnish good and sufficient surety bond, guaranteeing payment to Transporter of the amount ultimately found due upon such bills after a final determination, which may be reached either by agreement or judgment of the courts, as may be the case, then Transporter shall not be entitled to seek to suspend further delivery of gas unless and until default be made in the conditions of such bond. In the event of a dispute, Shipper shall provide written notification to Transporter of the amount billed that is in dispute, for which payment is being withheld and provide adequate supporting documentation and reasons why Shipper believes full payment is not appropriate.

GENERAL TERMS AND CONDITIONS  
(Continued)

6. PAYMENTS (continued)

6.4 Prior Period Adjustment of underpayment, overpayment or error in billing: If it shall be found that at any time or times the Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the gas sales and/or transportation contract(s) and Shipper shall have actually paid the bills containing such overcharge or undercharge, then within thirty days after the final determination thereof, Transporter shall refund the amount of any such overcharge with interest thereon at a rate of interest calculated in accordance with 18 C.F.R. 154.501(d) applicable to the period(s) from the time such overcharge was paid to the date of refund, and Shipper shall pay the amount of any such undercharge but without interest. Such error will be rectified based on latest actual data available from month in which error occurred. In the event an error is discovered in the amount billed in any invoice or statement rendered by Transporter, such error shall be adjusted within thirty days of the determination thereof provided that claim thereof shall have been made within six (6) months from the date of the initial transportation statement and seven (7) months from the date of the initial sales invoice with a 3-month rebuttal period, excluding government-required rate changes, this standard will not apply in the case of deliberate omission, misrepresentation or mutual mistake of fact. In addition, Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

6.5 Record Retention: Transporter and Shipper shall retain all records pertaining to billing and payment for at least two (2) years.

GENERAL TERMS AND CONDITIONS  
(Continued)

7. POSSESSION, TITLE, AND WARRANTY OF GAS

7.1 Transporter shall be deemed to be in possession of the gas delivered hereunder by Shipper only from the time it is received by Transporter for transportation at the Receipt Point(s) until it is delivered to Shipper at the Delivery Point(s) as provided for in the transportation rate schedule thereunder. Shipper shall be deemed to be in possession of such gas prior to such receipt and after such delivery. Transporter shall have no responsibility thereunder with respect to such gas before receipt by it or after delivery to Shipper.

7.2 It is expressly understood that title to all gas delivered by Shipper to Transporter for transportation thereunder shall be held by Shipper. In no event shall Transporter take title to gas transported pursuant to the transportation contract except as provided for in Section 6 of the transportation Rate Schedule(s).

7.3 Shipper hereby warrants that it has good title to all the gas delivered to Transporter free and clear of all liens, encumbrances, and claims whatsoever. Shipper agrees to indemnify and hold harmless Transporter against any loss or cost incurred by Transporter on account of such liens, encumbrances and claims whatsoever. Transporter warrants that at the time of delivery to Shipper at the Delivery Point(s) the gas so delivered shall be free and clear of all liens, encumbrances and claims whatsoever resulting from Transporter's possession or transportation of gas pursuant to the transportation Rate Schedule(s). Transporter agrees to indemnify and hold harmless Shipper against any loss or cost incurred by Shipper on account of liens, encumbrances or claims resulting from any possession or transportation by Transporter.

GENERAL TERMS AND CONDITIONS  
(Continued)

8. PRESSURES AND AVAILABILITY OF DELIVERY POINT

Unless otherwise provided in the applicable rate schedule, or transportation contract, this Article 8 shall apply to all transportation services. Transporter shall make available to each Shipper one or more delivery points on its pipeline system, the exact number to be determined by mutual agreement between Transporter and Shipper made with respect to the operating conditions involved.

Shipper shall deliver natural gas to Transporter at the pressure required from time to time to enable the gas to enter Transporter's facilities at the Receipt Point(s). Transporter shall deliver gas to Shipper or Shipper's designees at Transporter's line pressure existing at the Delivery Point(s).

GENERAL TERMS AND CONDITIONS  
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9. FORCE MAJEURE AND REMEDIES

9.1 Relief from liability: Neither Transporter nor Shipper shall be liable in damages to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrest and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, 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 case, 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 gas sales, or transportation contract between Transporter and Shipper 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.

9.2 Liabilities not relieved: Such causes or contingencies affecting the performance of said contract by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and which all reasonable dispatch, 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 or by telegraph to the other party as soon as possible after the occurrence relied on.

GENERAL TERMS AND CONDITIONS  
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9. FORCE MAJEURE AND REMEDIES (continued)

9.3 Termination of contracts: If either Transporter or Shipper shall perform any of the covenants or obligations imposed upon it by the gas sales or transportation contract, subject to the applicable provisions of this Tariff, 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 thirty 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 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, within said period of thirty days, the contract shall terminate; provided, however, that Transporter may not terminate the contract until it has obtained the authorization required by valid laws, order, rules and regulations of duly constituted authorities having jurisdiction. Any cancellation of such contract pursuant to the provisions of this paragraph shall be without prejudice to the right of Transporter to collect any amounts then due to it for natural gas delivered 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 for 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 such contract.

GENERAL TERMS AND CONDITIONS  
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10. NOTICES

Any communication, notice, request, demand, statement, or bill provided for in this tariff or in a gas sales, or transportation contract, or any notice which either Transporter or Shipper may desire to give to the other, shall be in writing and shall be considered as duly delivered when transmitted via Electronic Notice Delivery, mailed by postpaid registered, certified, or ordinary mail, or when sent by telegram, cable, telecopy, fax, telex, express mail service, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to said party at its last known post office address, or at such other address as either party may designate in writing. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered, certified, or ordinary mail.

11. MODIFICATION

No modification of the terms and provisions of any sales, or transportation contract shall be made except by the execution of written contracts.

12. NONWAIVER AND FUTURE DEFAULT

No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provision of a gas sales, or transportation contract shall operate or be constructed as a waiver of any future default or defaults, whether of a like or of a different character.

13. SCHEDULES AND CONTRACT SUBJECT TO REGULATIONS

This Tariff, including these General Terms and Conditions and the respective obligations of the parties under referenced contracts is subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

GENERAL TERMS AND CONDITIONS  
(Continued)

14. OPERATING INFORMATION AND ESTIMATES

At Transporter's request, any Shipper which has executed a contract with Transporter will furnish to Transporter estimates of the daily, monthly and annual quantities of natural gas which Shipper desires Transporter to furnish or transport to Shipper.

15. LATERAL PIPELINE POLICY

Transporter shall not be obligated to build or contribute to the cost of building any lateral pipelines to any sales or transportation customer. For the purpose of this provision, "lateral pipelines" are defined as pipelines connected to Transporter's pipeline system for service to customers. Nothing in this policy statement shall require Transporter to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act. Nothing in this policy statement, further, shall prevent Transporter from contesting an application for service filed pursuant to Section 7(a). Transporter reserves the right to seek a waiver of the policy set forth herein, for good cause shown, during any proceeding before the Federal Energy Regulatory Commission instituted under Section 7 of the Natural Gas Act.

GENERAL TERMS AND CONDITIONS  
(Continued)

16. CURTAILMENT OF GAS SUPPLY

If for any reason whatever, Transporter is unable to deliver the requirements of its Shippers within the limits of their gas purchase contract Transporter's available gas supply shall be allocated among its Shippers according to the priority of service categories in this Article.

16.1 Priority of Service Categories

Curtailments under this Article shall be based on the following priority categories:

- (0) Shipper's use for fuel and loss and unaccounted for gas.
- (1) Residential, small commercial (less than 50 Dth on a peak day), schools, hospitals, police protection, fire protection, sanitation facility, or correctional facility requirements.
- (2) Essential agricultural requirements.
- (3) Large commercial requirements (50 Dth or more on a peak day), firm industrial requirements for plant protection, feedstock and process needs, pipeline customer storage injection requirements, and firm industrial sales up to 300 Dth per day.
- (4) All industrial requirements not specified in (2), (3), (5), (6), (7), (8), (9), or (10).
- (5) Firm industrial requirements for boiler fuel use at less than 3,000 Dth per day, but more than 1,500 Dth per day, where alternate fuel capability can meet such requirements.

GENERAL TERMS AND CONDITIONS  
(Continued)

16. CURTAILMENT OF GAS SUPPLY (continued)

16.1 Priority of Service Categories (continued)

(6) Firm industrial requirements for large volume (3,000 Dth or more per day) boiler fuel use where alternate fuel capabilities can meet such requirements.

(7) Interruptible requirements of more than 300 Dth per day but less than 1,500 Dth per day, where alternate fuel capabilities can meet such requirements.

(8) Interruptible requirements of intermediate volumes (from 1,500 Dth per day through 3,000 Dth per day), where alternate fuel capabilities can meet such requirements.

(9) Interruptible requirements of more than 3,000 Dth per day, but less than 10,000 Dth per day, where alternate fuel capabilities can meet such requirements.

(10) Interruptible requirements of more than 10,000 Dth per day, where alternate fuel capabilities can meet such requirements.

16.2 Definitions of Terms in Priority of Service Categories

(1) Residential: Service to customers which consists of direct natural gas usage in a residential dwelling, including apartments and other multi-unit buildings, predominately for space heating, air conditioning, cooking, clothes-drying, water heating and other residential uses.

GENERAL TERMS AND CONDITIONS  
(Continued)

16. CURTAILMENT OF GAS SUPPLY (continued)

16.2 Definitions of Terms in Priority of Service Categories (Continued)

(2) Hospital: Service to a facility, the primary function of which is delivering medical care to patients who remain at the facility including nursing and convalescent homes but excluding out-patients clinics or doctors' offices.

(3) Schools: Service to a facility, the primary function of which is to deliver instruction to regularly enrolled students in attendance at such facility.

(4) Essential Agricultural: Service to customers for natural gas usage which is certified by the Secretary of Agriculture pursuant to 7 C.F.R. Subsection 2900, et seq. exclusive of requirements as to which the Federal Energy Regulatory Commission has determined in 18 C.F.R. Part 281, Subpart C, that an alternative fuel is reasonably available and economically practicable.

(5) Commercial: Service to customers engaged primarily in the sale of goods or services, including institutions and local, state and federal government agencies, for uses other than those involving manufacturing or electric power generation.

(6) Industrial: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power.

GENERAL TERMS AND CONDITIONS  
(Continued)

16. CURTAILMENT OF GAS SUPPLY (continued)

16.2 Definitions of Terms in Priority of Service Categories (Continued)

(7) Firm Service: Service from schedules or contracts under which Shipper is not expressly obligated to deliver specific quantities within a given time period, and which anticipates no interruptions, but which may permit unexpected interruption in case the supply to higher priority customers is threatened.

(8) Interruptible Service: Service from schedules or contracts under which Shipper is not expressly obligated to deliver specific quantities within a given time period, and which anticipates and permits interruption on short notice, or service under schedules or contracts which expressly or implicitly require installation of alternate fuel capability.

(9) Plant Protection Gas: Is defined as minimum quantities required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

(10) Feedstock Gas: Is defined as natural gas used as a raw material for its chemical properties in creating an end product.

GENERAL TERMS AND CONDITIONS  
(Continued)

16. CURTAILMENT OF GAS SUPPLY (continued)

16.2 Definitions of Terms in Priority of Service Categories (continued)

(11) Process Gas: Is defined as gas use for which alternate fuels are not technically feasible such as in applications requiring precise temperature controls and precise flame characteristics. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

(12) Boiler fuel: Is considered to be natural gas used as a fuel for the generation of steam or electricity, including the utilization of gas turbines for the generation of electricity.

(13) Alternate Fuel Capabilities: Is defined as a situation where an alternate fuel could have been utilized whether or not the facilities for such use have actually been installed; provided, however, where the use of natural gas is for plant protection, feedstock, or process uses and the only alternate fuel is propane or other gaseous fuel, then the customer will be treated as if he had no alternate fuel capacity.

GENERAL TERMS AND CONDITIONS  
(Continued)

16. CURTAILMENT OF GAS SUPPLY (continued)

16.3 Services Subject to Curtailment

All deliveries under Transporter's sales Rate Schedules are subject to curtailment under the provisions of this Article, a specific sales service can be excluded from any curtailment if and to the extent that curtailment would not assist in maintaining deliveries to other Shippers.

16.4 Method of Curtailment

Depending upon circumstances, Transporter may administer curtailments on a daily, seasonal, or annual basis to Shippers hereunder. Transporter shall notify each affected Shipper as far in advance as possible and reasonable of the inception of curtailment on its system and the projected quantities available to Shippers during the curtailment period.

GENERAL TERMS AND CONDITIONS  
(Continued)

17. ANNUAL CHARGE ADJUSTMENT CLAUSE PROVISION (ACA)

17.1 Purpose

Annual charges are assessed against gas pipelines by the Federal Energy Regulatory Commission (FERC) under Part 382 of the Commission's Regulations prior to each fiscal year in order to cover the cost of the operation of the FERC. For the purpose of recovering annual charges assessed Transporter by the FERC, this Article 17 establishes pursuant to Section 154.38(d)(6) of the Commission's Regulations an ACA Surcharge to be applicable to all quantities transported by Transporter. Transporter shall not recover any annual charges recorded in FERC Account No. 928 in an NGA Section 4 rate case. This ACA Surcharge is in addition to any amounts otherwise payable to Transporter under said Rate Schedules.

17.2 Rate Schedules to ACA Surcharge

The ACA Surcharge shall be applicable to the quantities transported under Transporter's Transportation Rate Schedules FT-1, FT-NN, and IT-1.

17.3 Basis of the ACA Surcharge

The ACA Surcharge shall be that increment, which has been approved by FERC Orders approving an annual charge unit rate. The currently effective ACA Surcharge shall be reflected in this FERC Gas Tariff.

17.4 Filing Procedure

The initial ACA Surcharge or any subsequent changes in such surcharge shall be filed by Transporter at least thirty (30) days prior to the proposed effective date unless the establishment by the FERC of the annual

GENERAL TERMS AND CONDITIONS  
(Continued)

17. ANNUAL CHARGE ADJUSTMENT CLAUSE PROVISION (ACA) (continued)

17.4 Filing Procedure (continued)

charge unit rate for a particular fiscal year prohibits Transporter from making a timely filing, whereupon the FERC's notice requirements under 18 C.F.R. 154.22 shall be deemed waived for purposes of this Article 17.

The proposed effective date of filings pursuant to this Subsection shall be the effective date prescribed by the Federal Energy Regulatory Commission. Such filing shall become effective without suspension or refund obligation.

17.5 Payment by Shipper

The amount of ACA charges applicable to each Shipper shall be due and payable with the bill for the month of each such Shipper.

GENERAL TERMS AND CONDITIONS  
(Continued)

18. TRANSITION COSTS RECOVERY MECHANISM

This Article establishes procedures under which Transporter will recover the costs incurred as a result of implementing, in connection with implementing, or attributable to the requirements of the Commission's Order No. 636, as it may be modified or amended ("Order No. 636"), (such costs hereinafter referred to as "Transition Costs").

18.1 Recovery

Any Transition Costs incurred by Transporter shall be recovered under this Tariff in the following manner:

(a) Unrecovered Gas Costs: Unrecovered Gas Costs (including interest) will be allocated as follows among applicable Shippers under Rate Schedule FT-NN:

(i) The portion of deferred gas cost that relates to demand charges shall be allocated on the basis of each customer's Maximum Daily Quantity under Transporter's former CD sales rate schedule in effect on the day before the effective date of this tariff sheet; and

(ii) The portion of deferred gas cost that relates to commodity charge shall be allocated on the basis of each customer's purchases under Transporter's former CD sales rate schedule during the twelve months immediately preceding the effective date of this tariff sheet.

GENERAL TERMS AND CONDITIONS  
(Continued)

18. DELIVERY POINT CAPACITY

Shippers shall be allocated Primary Delivery Point Capacity at the same points listed under their sales and transportation contracts in effect immediately prior to the effective date of this tariff sheet.

19. ALLOCATION OF FIRM RECEIPT POINT CAPACITY

19.1 Shippers shall be allocated total Primary Receipt Point capacity equal to the levels specified in their firm sales, storage, and transportation contracts in effect immediately prior to the effective date of this tariff sheet, plus an amount necessary to recognize fuel and losses, as may be applicable.

19.2 All remaining Receipt Point capacity on Transporter's system shall be available to each firm Shipper as a Secondary Receipt Point on a pro-rata basis.

GENERAL TERMS AND CONDITIONS  
(Continued)

20. ALLOCATION OF UPSTREAM TRANSPORTATION CAPACITY

20.1 Transporter shall allocate and assign its rights to firm transportation and/or storage capacity under its contracts with upstream pipelines, as related to and underlying Transporter's former CD sales service, to the former CD customers on the basis of each customer's Contract Demand in effect immediately prior to the effective date of this tariff sheet.

20.2 All Shippers that were receiving gas services from Transporter under storage and/or transportation rate schedules shall receive a corresponding amount of storage capacity and upstream transportation capacity in the same proportion that each customer was initially allocated capacity under the Certificate authorizing such services.

20.3 Shippers receiving allocation and assignment of firm transportation and/or storage capacity shall be responsible for all upstream pipeline transition costs charges associated with such capacity, including but not limited to gas supply realignment costs and Take-or-Pay costs, effective on the implementation date of Transporter's filing in FERC Docket No. RS93-1.

GENERAL TERMS AND CONDITIONS  
(Continued)

18. TRANSITION COSTS RECOVERY MECHANISM (continued)

18.1 Recovery (continued)

(a) Unrecovered Gas Costs: (continued)

Transporter shall direct bill or in the case of a negative balance, refund customer for its share of the unrecovered gas cost, as determined above, within 60 days of the Commission's acceptance of this tariff sheet. Such amounts are subject to adjustment in order to permit recovery by Transporter of 100% of its unrecovered gas costs. Transporter shall revise its billings to permit recovery of out-of-period cost incurred within nine months from the date its PGA is terminated. Refunds related to purchases prior to November 1, 1993 shall be flowed through to the former CD sales customers regardless of when Transporter receives such refunds.

Customer may elect, in the case of a positive balance, to be billed in twelve equal monthly installments, in which case, Customer shall also be required to pay interest on the unpaid balance at the applicable annual interest rate specified in Section 154.67 of the Commission's regulations. Payment of such billed amount shall be due within 10 days of Customer's receipt of Transporter's invoice.

(b) Gas Supply Realignment Costs: All Gas Supply Realignment ("GSR") (including interest) costs incurred or anticipated to be incurred by Transporter in realigning gas supply contracts as required by Order No. 636 will be recovered by Transporter by means of a reservation surcharge contained in its Rates for firm transportation under Rate Schedules FT-NN and FT-1; provided, however, that the transportation rate to be charged for service under Rate Schedule IT-1

GENERAL TERMS AND CONDITIONS  
(Continued)

18. TRANSITION COSTS RECOVERY MECHANISM (continued)

18.1 Recovery (continued)

(b) Gas Supply Realignment Costs: (continued)

shall include a component to recover ten percent (10%) of any GSR costs incurred or anticipated to be incurred by Transporter and such revenues actually received and retained by Transporter (or which it is entitled to retain) from Rate Schedule IT-1 Shippers will be credited against the GSR costs recovered by means of the direct bill or charge described above. Such credited amounts shall be excluded from and not subject to the crediting mechanism for any other Rate Schedule IT-1 revenues. Such component shall be adjusted from time to time as required to permit Transporter to recover one hundred percent (100%) of its GSR Costs.

(c) New Facilities Costs: Transporter shall be permitted to recover the full cost of any new facilities obtained to implement, or which are the result of implementing, restructured services pursuant to Order No. 636 in all rate filings under Section 4 of the Natural Gas Act made by Transporter subsequent to construction/purchase of such facilities.

(d) Stranded Costs: Transporter shall be permitted to recover all costs incurred in connection with bundled sales service that is not subscribed or assigned to unbundled service customers, which recovery shall be made in all rate filings under Section 4 of the Natural Gas Act made by Transporter in which Transporter has determined that such stranded costs have been incurred.

GENERAL TERMS AND CONDITIONS  
(Continued)

21. TRANSPORTATION SERVICE REQUESTS

All Shippers requesting transportation service must provide the information required by this Article 21 and on Transporter's Service Request Form in order to qualify for transportation service. No request for service will be entered on Transporter's log, as required by Section 284.13 of the Commission's Regulations, or gas scheduled for receipt and delivery until a completed Service Request has been provided. In the event Transporter determines that Shipper's request does not comply with this Article 21 and Transporter's Service Request Form, Transporter shall notify Shipper of the deficiencies and the additional information or changes required to complete the request. Shipper shall have the right for a period of ten days after such notice to supplement Shipper's request as required to comply with this Article 21 and Transporter's Service Request Form. If Shipper's request, as supplemented within said ten days after such notice, is satisfactory, then Shipper's original request shall be utilized for purposes of Transporter's log, as required by Section 284.13 of the Commission's Regulations. If Shipper's request, as supplemented within said ten days remains incomplete and deficient, then Shipper's request shall be deemed void.

All completed Service Request Forms are to be sent to:

Transportation Services Department  
Granite State Gas Transmission, Inc.  
6 Liberty Lane West  
Hampton, New Hampshire 03842

GENERAL TERMS AND CONDITIONS  
(Continued)

18. TRANSITION COSTS RECOVERY MECHANISM (continued)

18.1 Recovery (continued)

(e) Departing Shippers: If and to the extent that any Shipper subject to the provisions of this Article terminates or reduces the quantity under its Service Contract prior to Transporter's full recovery of the Transition Costs collectible hereunder, Transporter may accelerate the recovery of all or part, as applicable, from the departing Shipper of its share of such remaining unrecovered Transition Costs.

GENERAL TERMS AND CONDITIONS  
(Continued)

21. TRANSPORTATION SERVICE REQUESTS (continued)

All prepayments made to Transporter as specified in Section 5 of this Article are to be sent to:

By check:

Granite State Gas Transmission, Inc.  
6 Liberty Lane, West  
Hampton New Hampshire 03842  
Re: Firm Transportation Deposit

By wire transfer:

Bank of America  
  
Acct. No.004622844051  
ABA # 026-009-593  
Payable to: Granite State Gas Transmission, Inc.  
Re: Firm Transportation Deposit

Any request shall include the following:

- (a) Complete Legal Name of Shipper
- (b) Type of Legal Entity and State of Incorporation
- (c) Type of Company: Specify whether a local distribution company, interstate pipeline, intrastate pipeline, producer, end-user, marketer, broker, or other.
- (d) Affiliation: The specific affiliation of the requester with Transporter, if any.

GENERAL TERMS AND CONDITIONS  
(Continued)

21. TRANSPORTATION SERVICE REQUEST (continued)

(e) (1) Name of person responsible for this request, mailing address, electronic address, telephone, and fax number to which correspondence or other communications should be directed. State relationship to Shipper.

(2) Name address, telephone and fax number of 24-hour contact person for purposes of dispatching.

(f) Facilities: Identification and location of any facilities to be constructed or installed by any party affected by the proposed transportation service.

(g) Signatory Person: Name and full title of Officer (or general partner) of Shipper who will execute transportation contract with Transporter.

(h) Gas Quantities: The desired MDTQ, MATQ, and the MDRO and MDDO applicable to each Receipt Point and Delivery Point stated in Dth and the estimated total quantities to be received and transported over the delivery period; provided, however, the MDRO at a Receipt Point shall not exceed the quantity which Shipper's supplier has agreed to deliver at such point. In no event shall Transporter be required to accept a request for a quantity insufficient to be measured by the existing measurement facilities at Receipt Point(s) and/or Delivery Point(s).

(i) Term: Date service is requested to commence and the termination date of service.

GENERAL TERMS AND CONDITIONS  
(Continued)

21. TRANSPORTATION SERVICE REQUESTS (continued)

(j) Receipt/Delivery Point(s): The designated primary receipt point(s) and primary delivery point(s) for the requested transportation together with warrants that any of the pipelines transporting the gas immediately upstream or immediately downstream of Transporter will have the necessary authorizations and facilities in place prior to the commencement of service. Acceptance of such Receipt and Delivery Points requested by Shipper is subject to the adequacy of Transporter's existing facilities to receive and transport Shipper's gas with Transporter's existing firm service obligations taking precedence.

(k) Rate Schedule under which service is being requested.

(l) Credit Evaluation: Unless Shipper, at the time of the submission of the request for service pursuant to this Article 21, has an existing satisfactory credit history with Transporter, Shipper shall submit:

(i) a copy of Shipper's most recent audited financial statement; a copy of Shipper's most recent twelve month audited financial statement or Annual Report and, if applicable, 10-K form; a list of Shipper's affiliates, including parent and subsidiaries, if applicable.

(ii) a deposit or a letter of credit, at Shipper's option, payable to Transporter, in an amount equal to three months of transportation at 100% load factor of the requested MDTQ at the maximum applicable unit rate.

GENERAL TERMS AND CONDITIONS  
(Continued)

21. TRANSPORTATION SERVICE REQUEST (continued)

(m) Shipper Certification: A statement by the Shipper certifying that all necessary upstream and downstream arrangements will be in place on the date the transportation service is to commence and that Shipper will have title or the right to acquire title to the gas to be delivered to Transporter.

(n) Shipper understand that a request for service in the form set forth herein, complete and unrevised as to format, must be received by Transporter before the transportation request will be accepted and processed. Customer further understands that Transporter is an interstate pipeline subject to the Regulations of the Federal Energy Regulatory Commission, and renders transportation service on an open-access, non-discriminatory basis.

21.2 Request for Transportation

If Transporter determines that firm capacity is available to satisfy a request, then Transporter shall notify Shipper in writing or electronically of Transporter's acceptance of Shipper's request for service. Following the acceptance of Shipper's request for service, a transportation contract, reflecting the nature of the service requested, shall be executed by Shipper and Transporter. In the event the transportation contract is not executed by Shipper and returned within fifteen days after Transporter tendered the contract, Transporter shall consider the request for service invalid.

If Transporter determines that capacity is not available to satisfy a request for service, then Transporter shall so notify Shipper in writing or electronically.

GENERAL TERMS AND CONDITIONS  
(Continued)

21. TRANSPORTATION SERVICE REQUESTS (continued)

21.3 If the gas to be transported is not for Shipper's system supply, then on or before the date transportation service commences Shipper shall:

(i) identify the name of the corporate entity or entities which will ultimately receive the gas to be transported, and

(ii) provide verification that the identified end-users have executed purchase contracts related to the transportation service to be provided under the transportation contract(s).

21.4 No request for transportation from a receipt point or to a delivery point shall be considered valid or be granted if to do so would impair Transporter's ability to render existing services pursuant to Transporter's firm service rate schedules.

21.5 Prepayment: If requesting firm service, Shipper shall make a prepayment by either check or wire transfer in an amount equal to the Reservation Charges for one month's service at the levels specified in Shipper's request. If firm capacity is available and a transportation contract is executed, then this amount, with interest, shall be credited to Shipper's invoice for the first month of the requested transportation service. If firm capacity is not available, Transporter shall refund the entire amount of the prepayment with interest.

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES

22.1 Initial Service: Upon execution of transportation contract, Shipper shall provide Transporter all information requested in the Customer Nomination Form as set forth in this Tariff, no later than the time specified in the nomination timeline set forth below, or such lesser period of time as is acceptable to Transporter. A copy of the completed Customer Nomination Form shall be provided by Transporter to the Point Operator(s) at the receipt and delivery points through which Shipper desires to receive service, and to:

Granite State Gas Transmission, Inc.  
Transportation Services Department  
6 Liberty Lane West  
Hampton, New Hampshire 03842  
Fax: (603) 773-6672

Transporter supports a seven-days-a-week, twenty-four hours-a day nominations process through Transporter's IWS. Shipper must provide Transporter with Shipper's designated contact person and emergency and after-hours telephone numbers, updating such information as changes occur. Transporter will not be liable to Shipper if Shipper's contact information is outdated and Transporter's communication attempt(s) with such Shipper are unsuccessful.

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (Continued)

22.1 Initial Service

Service Requester's Nomination shall be submitted via Electronic Data Interchange at a Designated Site, (electronic address) mutually agreed to by both Transporter and Seller, or by fax when necessary. All nominations will be considered original nominations and should be replaced to be changed.

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

No transportation service will commence unless or until (1) Transporter and the applicable Point Operator(s) have received the completed nomination information from Service Requester, including:

(i) The Nomination Period during which Service Requester requires transportation service, as defined by a beginning date and an ending date;

(ii) The quantity of gas in Dekatherms which Service Requester desires to have transported each day during the Nomination Period under each Rate Schedule from a specific Receipt Point(s) to a specific Delivery Point(s);

(iii) a ranking of the supplies received at the designated points; and

(iv) all applicable Point Operators have submitted to Transporter the information required by Rate Schedule LMS, as applicable.

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.

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (Continued)

22.2 Change in Service: For purposes of scheduling any change in any transportation service, Shipper will provide Transporter the information contained on a completed Customer Nomination Form in accordance with the above nominations timeline, indicating the changes to be made to the service and the date the revised service is to commence. The completed Customer Nomination Form shall be provided through Electronic Data Interchange, or by Fax when necessary, as provided for above.

Nominations received after the timely nomination deadline will be scheduled, given its service priority after like nominations received by that deadline, subject to available pipeline capacity and upstream/downstream confirmation, provided that like scheduled quantities for other Shippers will not be adversely affected.

Where Transporter exercises its discretion to allow notice to be provided on a time-frame other than that listed above, it shall do so on a non-discriminatory basis.

22.3 Scheduling Duration

The scheduled service specified in a Customer Nomination Form shall be effective for one or more days, months, or years provided the Nomination Begin and End Dates are within the term of the applicable Service Agreement pursuant to which the nomination is submitted.

22.4 Nomination Cycle Timelines

All nominations shall be based on daily quantities. The standard nominations timeline shall be Central Clock Time on the day prior to the commencement of service.

(i) "Timely Nomination Cycle" is 11:30 a.m. for nominations leaving control of the nominating party; 11:45 a.m. for receipt of nominations by the Transporter (including from Title Transfer Tracking Service Providers (TTSPs)); noon to send Quick Response; 3:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by Shipper and Interconnecting Operator (central clock time on the day prior to flow).

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (Continued)

22.4 Nomination Cycle Timelines (Continued)

(ii) "Evening Nomination Cycle" is 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs); 6:30 p.m. to send Quick Response; 9:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the day prior to flow). Scheduled quantities resulting from an Evening Nomination that does not cause another Shipper on the subject Transporter to receive notice that it is being bumped should be effective at 9:00 a.m. on next Gas Day; and when an Evening Nomination causes another Shipper on the subject Transporter to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. on Gas Day.

(iii) "Intraday 1 Nomination Cycle" is 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by the Transporter (including from TTTSPs); 10:30 a.m. to send Quick Response; 1:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 2:00 p.m. Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the Gas Day). Scheduled quantities resulting from Intraday 1 Nominations should be effective at 5:00 p.m. on Gas Day.

(iv) "Intraday 2 Nomination Cycle" is 5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs); 5:30 p.m. to send Quick Response; 8:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the Gas Day). Scheduled quantities resulting from Intraday 2 Nominations should be effective at 9:00 p.m. on Gas Day. Bumping is not allowed during the Intraday 2 Nomination Cycle.

For purposes of b, c and d above, "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (Continued)

22.4 Nomination Cycle Timelines (continued)

For purposes of this Section 22.4, Transporter adopts and incorporates by reference NAESB standards 1.3.2(v) and 1.3.2(vi).

An Intraday nomination is a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the gas day and runs through the end of that gas day. Subject to available capacity and system capability, a Shipper under Rate Schedules FT-1, FT-NN and IT-1 may change its Daily Nomination by making an Intraday Nomination through Transporter's IWS provided that any such Intraday nomination change shall not be effected if the result would be curtailment of any service having a similar priority which is previously scheduled and flowing on that day. Intraday nominations may be used to request increases or decreases in total flow changes to receipt points, or changes to delivery points of scheduled gas. Intraday nominations do not roll-over and shall be effective only for the duration of the Gas Day, wherein the Standing Nomination in effect prior to the submission of any Intraday nomination shall continue in effect for the remainder of the Nomination Period.

Transporter shall provide notification to bumped shippers by 2:00 p.m. as to Intraday nominations submitted at 10:00 a.m. and by 10:00 p.m. as to Intraday nominations submitted at 6:00 p.m. Transporter shall notify parties that are bumped during the Evening and Intraday 1 Nomination Cycles by providing the scheduled quantities information and with notification to Shipper's representative through Shipper's choice of Electronic Notice Delivery mechanism(s). Unless Shipper and Transporter have agreed to exclusive notification via EDI/EDM, Shipper should provide Transporter with at least one Internet E-mail address to be used for Electronic Notice Delivery of Intraday bump notices. The obligation of Transporter to provide notification is waived until the above requirement has been met. Transporter should support the concurrent sending of electronic notification of Intraday bump notices to two Internet E-mail addresses for each Shipper. Intraday bump notices should indicate whether daily penalties will apply for the gas day quantities are reduced.

22.5 Hourly Changes in Nominations

A delivery point OBA Operator with FS service on the Tennessee system may adjust the quantities to be delivered at the OBA delivery point(s) within its MDQ on any hour of the day by notifying Transporter sixty (60) minutes in advance through Transporter's IWS.

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (Continued)

22.5 Hourly Changes in Nominations (continued)

Hourly nomination changes must be nominated and confirmed by all affected parties via telephone to Transporter's Gas Control Center as well as through IWS. Transporter shall schedule hourly nomination changes at the next intra-day effective time, or the next hourly scheduling opportunity if the nomination is received after 5:00 p.m., and adjust the nomination so that the increase or decrease in quantities (identified in Section 8 of Rate Schedules FT-1, FT-NN, and IT-1) are based on the time when the adjustment to gas flow was made rather than the effective time when the nomination was made. The adjustment to gas flow means that the Shipper may increase gas flow by a volume up to 1/24 of their contractual Maximum Daily Quantity multiplied by the number of hours remaining in the day. Shippers may also decrease gas flow down to a volume equal to 1/24 of their scheduled volumes multiplied by the number of hours of flow for that day.

22.6 Authorized Overtime Nominations

Shipper shall Nominate to Transporter in a separate transaction the quantity of natural gas in dekatherms to be scheduled and transported in excess of Shipper's contractual entitlements. Subject to available capacity, such Authorized Overtime Nomination shall be scheduled in accordance with Transporter's Nomination procedures, set forth above.

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (continued)  
22.7 Unconfirmed Nominations (continued)

(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 shall be imparted to the Service Requester on the Scheduled Quantity document.

22.8 Notification of Scheduling

Upon request, information regarding daily Schedule Quantities will be made available by Transporter, subject to the timely receipt of upstream/downstream pipeline Confirmations. At the end of each gas day, Transporter will provide the final scheduled quantities for the just completed gas day. With respect to the implementation of this process via the NAESB 1.4.x scheduled quantity related standards, Transporter will send an end of the gas day Scheduled Quantity document. Receivers of the end of the day Scheduled Quantity document can waive the sender's sending of the end of the gas day Scheduled Quantity document

22.8A Shipper may segment its capacity by nominating receipts or deliveries of gas on a primary point basis within the Shipper's primary path, subject to Section 26 of the General Terms and Conditions. Shipper may segment its capacity by nominating receipts or deliveries of gas at any available point on Transporter's pipeline on a secondary firm basis, subject to Section 26 of the General Terms and Conditions. Shipper may segment its capacity to consist of forwardhauls up to contract demand and backhauls up to contract demand to the same point at the same time, subject to the scheduling and allocation provisions of Section 26 of the General Terms and Conditions. For such a segmentation backhaul to the same point, Transporter shall provide such service on a secondary basis.

22.8B Segmentation of capacity pursuant to Sections 26.8A and 29.3(iv) of the General Terms and Conditions will be permitted to the extent the requested segmentation of capacity:

(a) would not impair Transporter's ability to render services pursuant to Transporter's firm service rate schedules; and

(b) is operationally feasible.

22.9 Scheduling Priorities

Transporter shall schedule receipts and deliveries of gas in the following priority categories specified below, such that any curtailments will result in allocations of available capacity to higher priority services before lower priority services. Unless otherwise specified, scheduling priority within a category shall be pro-rata or in accordance with the rankings provided pursuant to Shipper's Customer Nomination Form.

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (Continued)

22.7 Unconfirmed Nominations

(i) 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.

(ii) With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to the Request for Confirmation or an unsolicited Confirmation Response, the previously scheduled quantity should be the new confirmed quantity.

(iii) With respect to the processing of requests for decreases during the intraday 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.

(iv) With respect to 1.3.22 i, ii, and iii, 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;

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (Continued)

(a) Transporter's firm transportation services; provided that

(1) Quantities scheduled at Primary Receipt Points or Primary Delivery Points shall be scheduled first at any time during the month and shall be given the highest priority; and

(2) Quantities scheduled from Secondary Receipt Points or to Secondary Delivery Points shall be scheduled second; provided that the sum of such nominations are not in excess of the applicable contractual entitlement of Shipper. Any firm Shipper requesting service from a Secondary Receipt Point may interrupt gas that is flowing or has been scheduled to flow pursuant to any interruptible service using the affected receipt point, but may not interrupt another firm Shipper. If there is insufficient capacity to serve all requests to Secondary Points, Transporter shall allocate capacity first to Shippers with Secondary Delivery Points within the Primary Path of such Shippers. Transporter shall award capacity to those Shippers sequentially beginning with the highest rate, based upon those Shippers respective nominated quantities. Where requested deliveries at the highest rate exceed Transporter's capacity at Secondary Delivery Points, Transporter shall allocate such capacity first to those Shippers flowing gas on a pro rata basis, based upon each Shipper's respective confirmed nominations, and second to all remaining Shippers based upon the order in which Transporter received nominations from those Shippers (equally to all Shippers submitting nominations within the same Nomination Cycle on the same day). Any remaining capacity shall then be allocated to Shippers with Secondary Delivery Points outside the Primary Path of such Shippers. Transporter shall award capacity to those Shippers sequentially beginning with the highest rate, based upon those Shippers respective nominated quantities. Where requested deliveries exceed Transporter's capacity at Secondary Delivery Points, Transporter shall allocate such capacity first to those Shippers on a pro rata basis, based upon such Shipper's respective confirmed nominations, and second to all remaining Shippers based upon the order in which Transporter received nominations from those Shippers (equally to any Shippers submitting nominations within the same Nomination Cycle on the same day). These priorities shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand.

(b) Mid-month, make-up volumes to correct prior daily variances under a balancing agreement.

(c) Among Transporter's interruptible transportation Shippers authorized to receive service prior to January 30, 1993 under former Rate Schedules T-1, T-2 and T-3.

(d) Among Transporter's interruptible transportation Shippers according to the quantities scheduled by such Shippers that provided completed Service Request Forms to Transporter during the period beginning 8 a.m. January 12, 1993 and ending 8 a.m. January 22, 1993.

(e) Among all IT-1 Shippers on a first-come, first-served basis based upon the date of receipt of Shipper's request for service from Transporter; provided however, a Shipper willing to pay a higher rate shall have priority over a Shipper willing to pay only a lower rate. A Shipper paying a lower rate shall be entitled to pay the higher rate and retain its priority based solely on the date of receipt of Shipper's request for service and

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (Continued)

among Transporter's other first-come, first-served Shippers requesting quantities of gas to be scheduled in excess of the applicable contractual entitlement of Shipper. For purposes of comparing nominations based on price, a negotiated rate Customer paying a rate higher than the maximum recourse rate will be deemed to be paying a rate equal to such maximum recourse rate.

(f) Among Firm Transportation Shippers requesting quantities of gas to be scheduled in excess of the contractual entitlements of such Shippers.

Upon completion of such procedure, Transporter shall notify each Shipper of their quantities available under each of Transporter's rate schedules. A Shipper receiving interruptible transportation service shall not lose its priority for purposes of this Section 8 by the renewal or extension of the term of that service; provided, however, Shipper's preexisting priority shall not apply to any increase in transportation quantity or new point of delivery. Shipper shall not lose priority by adding or changing receipt point(s) applicable to that service; provided, however, a Shipper receiving interruptible transportation service shall not have priority for service from the new receipt point(s) over a preexisting firm or interruptible transportation customer receiving service from that point(s).

22.10 Allocation of Limited Capacity

If, on any day or month, due to any cause whatsoever, Transporter determines that the capacity of its system, or any portion thereof including the points at which gas is tendered for transportation is insufficient to serve all transportation requirements which are otherwise scheduled to receive service on such day, then any capacity which requires allocation shall be allocated by contract and location in a manner which results in curtailment of capacity to zero, if necessary, first to the last quantities schedule, and then sequentially in reverse order to the scheduling provided for in Section 9. If capacity must be allocated within the services included in (a), (b), (c), (d), and (f) of Section 9, such services shall be curtailed on a pro-rata basis within each service based upon quantities of gas schedule by such Shippers, unless another method of allocation (i.e. ranked, percentage, swing, or operator provided value) is agreed upon by the transporter and other party. If capacity must be allocated within the services included in (e) of Section 9, such services shall be curtailed according to the price ranking used for scheduling.

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (Continued)

Subject to Section 9(e) of this Article 22, no Shipper receiving Interruptible transportation service may be curtailed due to a capacity limitation which is the result of a change in interruptible transportation for other Shippers; provided, however, that interruptible service may be curtailed due to a change in interruptible service for other Shippers where the change is due to (i) the correction of a previously existing conditions of the nature set forth in Article 9 of the General Terms and Conditions, or (ii) the correction of a previous scheduling error by Transporter.

Transporter will report to shippers any required allocations within one business day after the end of its gas day.

22.11 Use or Lose Provision

If during the prior 60-day period a Shipper receiving service pursuant to Transporter's Rate Schedule IT-1 has nominated for transportation less than 80% of the MDTQ under the Shipper's transportation contract with Transporter, than the MDTQ available to Shipper shall be reduced to an amount no less than the average daily nomination made by Shipper for such 60-day period. Transporter may waive the applicability of this Section on a basis which is not unduly discriminatory if Transporter determines, in its reasonable judgment, that

GENERAL TERMS AND CONDITIONS  
(Continued)

22. NOMINATIONS AND SCHEDULING OF TRANSPORTATION SERVICES (continued)

application of this use or lose provision would produce unfair or inequitable results.

22.12 Transporter will determine and offer at least one pooling point, if requested to do so by Shipper.

GENERAL TERMS AND CONDITIONS  
(Continued)

23. STANDARDS OF CONDUCT COMPLIANCE PROCEDURES

This section describes the information required by the Commission's Standards of Conduct regulations.

23.1 Informational Postings

All information required to be posted pursuant to the Commission's currently effective Standards of Conduct regulations will be provided on Pipeline's Internet Web Site under Informational Postings. Such information will be updated as required by applicable regulation(s) issued by the Commission.

23.2 Complaint Procedures

Complaints concerning Transporter's compliance with Pipeline's Standards of Conduct procedures should be communicated to Transporter with a designation that it is a Standards of Conduct regulatory complaint and shall contain a clear and complete statement of the nature and basis of the complaint, together with supporting documentation, if any. Information regarding the appropriate contact personnel shall be posted on Transporter's Internet Web Site. Transporter shall respond initially within forty-eight (48) hours and in writing within thirty (30) Days to such complaints. In the event the required date of Transporter's response falls on a Saturday, Sunday, or a holiday that affects Transporter, Transporter shall respond by the next Business Day.

GENERAL TERMS AND CONDITIONS  
(Continued)

24. North American Energy Standards Board ("NAESB")

Except where this tariff provides otherwise, Transporter shall comply with the NAESB principles, definitions, and standards incorporated in Section 284.12 of the Commission's Regulations (18 C.F.R. § 284.12) in accordance with Order No. 587, et.al. Promulgated by the FERC in Docket No. RM96-1. In addition to those NAESB definitions and standards elsewhere referred to in the Tariff, the following NAESB Standards are hereby incorporated by reference to the NAESB Standard Number and Version, into Transporter's FERC Gas Tariff.

NAESB Standards Version 1.8

0.1.3, 0.2.1, 0.2.2, 0.2.3, 0.3.1, 0.3.2, 0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10, 0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15, 0.4.1, 1.1.9, 1.2.1, 1.2.2, 1.2.3, 1.2.5, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19, 1.3.2(vi), 1.3.24, 1.3.25, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.47, 1.3.48, 1.3.49, 1.3.50, 1.3.51, 1.3.52, 1.3.53, 1.3.54, 1.3.55, 1.3.56, 1.3.57, 1.3.58, 1.3.59, 1.3.60, 1.3.61, 1.3.62, 1.3.63, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7, 2.2.4, 2.2.5, 2.3.13, 2.3.17, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.33, 2.3.34, 2.3.35, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.12, 2.4.13, 2.4.14, 2.4.15, 2.4.16, 2.4.17, 2.4.18, 3.3.1, 3.3.2, 3.3.4, 3.3.5, 3.3.7, 3.3.10, 3.3.12, 3.3.14, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.4.1, 3.4.2, 3.4.3, 3.4.4, 4.1.6, 4.1.7, 4.1.40, 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20, 4.3.1, 4.3.2, 4.3.3, 4.3.5

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Version 1.8 (Continued)

4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.29, 4.3.30, 4.3.31,  
4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.39, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46,  
4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.51, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.56, 4.3.57, 4.3.58, 4.3.59, 4.3.60,  
4.3.61, 4.3.62, 4.3.65, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.73, 4.3.74, 4.3.75, 4.3.76, 4.3.78, 4.3.79,  
4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 5.3.7,  
5.3.9, 5.3.10, 5.3.30, 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 , 5.3.43 , 5.3.46, 5.3.47 , 5.3.48, 5.3.49 , 5.3.50, 5.3.51 , 5.3.52 , 5.3.53 , 5.3.54 , 5.3.56 ,  
5.3.57, 5.3.58 , 5.4.1 , 5.4.2, 5.4.3 , 5.4.4, 5.4.5, 5.4.6 , 5.4.7, 5.4.8 , 5.4.9, 5.4.10, 5.4.11,  
5.4.12, 5.4.13, 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.18, 5.4.19, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 6.3.3, 6.5.4,  
10.1.1-10.1.9, 10.2.1-10.2.38, 10.3.1, 10.3.3-10.3.25

GENERAL TERMS AND CONDITIONS  
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25. INTERNET WEB SITE (IWS)

25.1 Transporter will provide an Internet Web Site (IWS) for the purpose of complying with the posting requirements of Order No. 636 and Order No. 587. Transporter's IWS can be accessed at <http://www.gasnom.com/ip/gsgt/>. Questions about IWS access and operation should be directed to Latitude Technologies, Inc., 11767 Katy Freeway, Suite 535, Houston, Texas 77079, (972) 747-1983. The IWS will include the following:

- (a) The ability for a Shipper to download required files;
- (b) The ability for a Shipper to submit transactions to Transporter (including nominations, and offers of or bids for released capacity) and to receive scheduled quantities.
- (c) The daily back-up of information displayed on the site, which will be retained for Shipper's review for at least three years;
- (d) A periodic purging of information on completed transactions from current files.
- (e) The display of most recent entries ahead of information posted earlier;
- (f) An on-line help and an on-line search function that permits users to locate all information concerning a specific transaction; and
- (g) A display menu that permits users to separately access notices of available capacity, the transportation log, and the standards of conduct information.

25.2 The following information will be obtainable through or posted on the IWS:

- (a) Transporter's FERC Gas Tariff
- (b) Transportation request form

GENERAL TERMS AND CONDITIONS  
(Continued)

25. Internet Web Sits (IWS) (Continued)

25.2 The following information will be obtainable through or posted on the electronic bulletin board.  
(continued)

- (c) Standards of Conduct
- (d) Transportation request log
- (e) Receipt and delivery point lists
- (f) Transportation Imbalances
- (g) Available capacity at receipt and delivery points
- (h) Available IT capacity
- (i) Available or released FT capacity
- (j) Bids to purchase available FT capacity
- (k) Shippers desiring FT capacity

(l) Any other information or notices necessary for Transporter and Shipper to arrange for transportation services.

Shippers transacting business on Transporter's IWS, agree to be bound by all the terms and conditions of Transporter's FERC Gas Tariff, Volume No. 1.

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE

26.1 Purpose

This Article sets forth the specific terms and conditions which shall apply on a uniform, non-discriminatory basis to the right of firm Part 284 customers to release capacity entitlements on the Transporter's system.

26.2 Applicability

This Article is applicable to any customer that has executed a service agreement for firm transportation. Any such customer shall have the right to release any portion of the firm capacity entitlements it holds provided that the capacity released is acquired by a Replacement Customer pursuant to the terms of this Article.

26.3 General Provisions

Any firm customer is eligible to release its firm transportation capacity for use by a Replacement Customer subject to the provisions of this Article.

(i) A Releasing Customer may release any portion of its capacity for a minimum term of one day up to the remaining term of its firm service agreement.

(ii) Any Replacement Customer which has previously contracted for released capacity may also release the capacity to another party as long as the remaining term for the released capacity is for more than one month. While there is no restriction on the number of times capacity can be released, the original terms and conditions on release imposed by the Releasing Customer, including any right to recall the capacity will continue to apply to all subsequent releases.

(iii) Any party interested in acquiring capacity through this Capacity Release Program must submit all credit information required in Article 25 of these General Terms and Conditions and be prequalified before the party can submit bids under Transporter's capacity release program.

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (Continued)

26.3 General Provisions

(iv) Transporter will enter into a Service Agreement with the Replacement Customer prior to the commencement of service which confirms the terms and conditions applicable to the released capacity. A Replacement Customer acquires all rights and obligations of the Releasing Customer except that it will not be permitted to change the primary receipt and delivery points specified in its service agreement unless the subject capacity has been released on a permanent, non-recallable basis. A Releasing Customer or Replacement Customer may segment its capacity on Transporter's pipeline, consistent with Section 26.8A of the General Terms and Conditions.

(v) Irrespective of the release of its capacity, the Releasing Customer remains bound and liable for performance under its service agreement unless excused in writing by Transporter. The excuse of performance under a service agreement of a Releasing Customer shall be at Transporter's sole discretion, and may be conditioned on exit fees or other requirements.

(vi) A Releasing Customer may release capacity on a firm or recallable basis, but not both simultaneously.

(vii) Any specific release conditions requested by a Releasing Customer must relate solely to acquiring capacity on the Transporter's system, be operationally feasible, and be nondiscriminatory to other Shippers.

(viii) Upon electronic notification to Transporter, a bid may be withdrawn after it is received by Transporter at any time prior to the expiration of the bidding period. Once a bid from an approved bidder is accepted by Transporter, it shall be considered a legally binding agreement. Transporter will post all completed release transactions on its IWS.

(ix) Bids for released capacity, including bids for released capacity under negotiated rate agreements, may not exceed the maximum tariff rate including all surcharges for the applicable service set forth in Transporter's FERC Gas Tariff, as may be changed from time to time; provided, however, that until September 30, 2002, the maximum rate ceiling does not apply to capacity release transactions of less than one year. Bids may be adjusted to reflect either a daily or monthly rate as well as any other time-period rate. Further, the format of a bid should include the same number of decimal places as the rates included elsewhere in this tariff.

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (continued)

26.4 Notice by Releasing Customer

A Releasing Customer that wishes to place capacity up for bid through Transporter's Capacity Release Program shall submit a complete notice to the Transporter's IWS that it elects to release firm capacity. The notice shall set forth the following:

- (i) Releasing Customer's name and the name and title of the individual authorizing the release of capacity;
- (ii) Service agreement number;
- (iii) The maximum and minimum quantity of firm capacity which the Releasing Customer desires to release, expressed as a numeric quantity per day for transportation service;
- (iv) The primary points of receipt and delivery at which the customer will release the capacity and the capacity to be released at each point;
- (v) Whether the release is firm or recallable and subject to repute, and if so, the specific conditions for recall of the capacity and the repute method and rights, if applicable;
- (vi) The requested effective date and the term of the release;
- (vii) Whether the Releasing Customer is willing to consider release for a shorter time period, and the time period that will be considered;

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (continued)

26.4 Notice by Releasing Customer

(viii) Whether contingent bids will be accepted for evaluation and, if so, for what time period each contingent bidder will be allowed to meet or eliminate the contingency; and, if not met or eliminated, all details concerning the evaluation of other bids, including when the next highest bidder will be obligated to acquire the capacity.

(ix) Whether the Releasing Customer is willing to consider releasing capacity at a minimum rate, including all surcharges, or at a rate lower than the maximum reservation rate for the applicable service, or if the Releasing Customer is willing to consider bids on a volumetric basis, the minimum reservation charge stated on a volumetric basis.

(x) Whether bids should be submitted in dollars and cents or percentages of maximum tariff rate.

(xi) Whether the Releasing Customer wants Transporter to market its released capacity;

(xii) The criteria which Transporter should apply in determining the "best bid" and any tie-breaker to be applied in the event of equal bids, may be one of the following three standard evaluation methods; 1) highest rate, 2) net revenue and 3) present value or such other methodology as defined by the Releasing Shipper. Any said alternative criteria must be objectively stated and non-discriminatory. However, any method other than the three standard methods listed above may be evaluated outside the Capacity Release Timeline outlined in Section 29.7;

(xiii) The length of the bidding period desired.

Releasing Shipper shall not be allowed to specify an extension of the original Bid Period or the Prearrange deal matching period without posting a new release.

Capacity release facilitator should post offers and bids, including prearranged deals upon receipt, unless releasing Shipper requests otherwise. If a releasing Shipper requests a posting time, the capacity release service facilitator should support such request insofar as it comports with the standard timeline set forth in standard 5.3.2.

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26. CAPACITY RELEASE (Continued)

26.4 Notice by Releasing Customer (Continued)

The Releasing Shipper may withdraw its Notice at any time prior to the close of the Bid Period associated with such notice, where unanticipated circumstances justify the withdrawal and no bids meeting the minimum conditions have been made. The Releasing Shipper's notice will be legally binding on the Releasing Shipper until the electronic notice of withdrawal is received by Transporter.

26.5 Notice of Pre-arranged Release

If the Releasing Customer has a Pre-arranged Replacement Customer for the released capacity, it must include in the notice required in this Article 26 the existence of a Pre-arranged Replacement Customer, the terms of the pre-arranged deal and whether the Pre-arranged Replacement Customer is an affiliate of the Releasing Customer. If the pre-arranged release is for a term of 31 days or less, the information required under Article 26.4 (vii)-(xiii) may be omitted. Prearranged short-term releases cannot be rolled over, renewed, or otherwise be extended without complying with the competitive bidding requirements of this Article 26 and may not be re-released to the same Replacement Customer until 28 days after expiration of the original release. A contract shall be issued to the Pre-arranged Replacement Customer in accordance with the Capacity Release timeline under Section 26.8 below. The Pre-arranged Replacement Customer may make a nomination at the beginning of the next available nomination cycle. In the event Shipper has not executed the Contract prior to making its nomination, Shipper shall be deemed to have executed Transporter's *pro forma* Gas Transportation Contract.

26.6 Offers to Purchase Capacity

Any party interested in acquiring capacity through Transporter's Capacity Release Program may provide Transporter with a complete offer to purchase capacity. Transporter will post any such offer on its IWS for the period requested by the offering party. Transporter shall assess a nominal fee for posting such notices to recover its variable cost of providing such service.

GENERAL TERMS AND CONDITIONS  
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26. CAPACITY RELEASE (continued)

26.7 Bidding Process

(a) Posting by Transporter: Transporter will post the release information on its IWS in accordance with Section 26.8 below. The bidding period shall commence on the day that the notice of released capacity is posted. In addition to the information provided by the Releasing Customer, the posting will specify the deadline for submitting bids on the capacity and any other information relevant to the submission of the bids. Such posting will continue for the duration of the bidding period specified in the notice. No prior posting or bidding shall be required for pre-arranged releases of capacity at the applicable maximum rate (for releases with a term of one year or more) or for pre-arranged release which are for a term of 31 days or less; provided that Transporter will post a notice of such transactions within 48 hours of the effective date of release.

(b) Bidding Period: The length of the bidding period for released capacity shall be as specified in the notice provided to Transporter by the Releasing Customer, but shall not be less than one (1) business day. All bids must be submitted during the bidding period through the use of the IWS. Bids which are submitted in some different form or after the bidding period will not be eligible to receive the released capacity. Each bid for released capacity must contain the following information:

(i) Bidder's legal, name, address, and the name and title of the individual(s) responsible for authorizing the bid;

(ii) The term of the proposed acquisition;

(iii) The maximum rate(s) Bidder is willing to pay for the capacity stated in ten-thousandths of one dollar (\$0.0000) per Dth per day per Month for reservation charges, or in hundredths of one cent (0.00¢) per Dth for volumetric rate bids;

(iv) The transportation quantity desired;

(v) The desired receipt and delivery point capacity of the transportation service;

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (continued)

26.7 Bidding Process

(vi) Whether Replacement Shipper is willing to acquire capacity rights subject to recall by the Releasing Shipper, and

(vii) Whether or not the Bidder is an affiliate of the Releasing Shipper.

Any bid received by Transporter during the bidding period shall be binding on the Bidder unless electronic notice of withdrawal is received by Transporter prior to the close of the bidding period. Bids cannot be withdrawn after the bid period ends. To be considered valid, the bid must satisfy the minimum terms imposed by the Releasing Customer.

26.8 Capacity Release Timeline

(a) The Capacity Release timeline is applicable to all parties involved in the Capacity Release process; however, it is only applicable if 1) all information provided by the parties to the transaction is valid and the acquiring Shipper has been determined to be credit worthy before the capacity release bid is tendered and 2) there are no special terms or conditions of the release.

(b) Capacity Release Timeline:

For biddable releases (less than 1 year):

(1) offers should be tendered by 12:00 P.M. on a Business Day;

(2) 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);

(3) evaluation period ends and award posting if no match required at 2:00 P.M.;

(4) match or award is communicated by 2:00 P.M.;

(5) match response by 2:30 P.M.;

(6) where match required, award posting by 3:00 P.M.;

(7) contract issued within one hour of awarding 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)

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (continued)

For biddable releases (1 year or more):

- (8) offers should be tendered by 12:00 P.M. four Business Days before award;
- (9) 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);
- (10) evaluation period begins at 1:00 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken;
- (11) evaluation periods ends and award posting if no match required at 2:00 P.M.;
- (12) match or award is communicated by 2:00 P.M.;
- (13) match response by 2:30 P.M.;
- (14) where match required, award posting by 3:00 P.M.;
- (15) contract issued within one hour of award posting (with 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

- (16) posting of prearranged deals not subject to bid are due by 10:30 A.M.;
- (17) 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

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

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (continued)

Intraday 1 Cycle

(20) posting of pre-arranged deals not subject to bid are due by 9:00 A.M.;

(21) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Intraday 2 Cycle

(22) posting of prearranged deals not subject to bid are due by 4:00 P.M.;

(23) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning a the next available nomination cycle for the effective date of the contract. (Central Clock Time)

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (Continued)

(c) Nominations accepted after notification of the winning bid. In the event Shipper has not executed the Contract prior to making its nomination, Shipper shall be deemed to have executed Transporter's *pro forma* Gas Transportation Contract.

26.9 Awarding of Released Capacity

Release capacity shall be made available on a non-discriminatory basis in accordance with the timeline described above. Wherein Transporter will evaluate all bids received, and select the "Best Bid" which will receive the released capacity. If there are awards of capacity for which there have been multiple bids meeting minimum conditions, the best bid shall be awarded first, until all offered capacity is awarded. Initially, Transporter will eliminate from consideration those bids which do not meet the minimum conditions established by the Releasing Customer and those bids which have not complied with Transporter's own creditworthiness criteria. If the Releasing Customer has provided alternative criteria for determining the "Best Bid," Transporter will apply those criteria to determine which bid receives the capacity. If no evaluation criteria have been provided by the Releasing Customer, Transporter will award the released capacity based on the application of the following criteria:

(i) If there is only one valid bid, Transporter will award the released capacity to that Bidder,

(ii) If more than one valid bid is received, Transporter will award the released capacity to the Bidder offering the maximum applicable rate for the maximum term specified by the Releasing Customer.

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (continued)

26.9 Rewarding of Released Capacity

(iii) If more than one valid bid is received and none offers the maximum applicable rate for the maximum term, Transporter will award the capacity to the bid offering the maximum revenue over the minimum term specified by the Releasing Customer. Such maximum revenue shall be computed from the monthly demand charge or reservation revenues to be received over the minimum term of the release contract, except that under a Negotiated Rate agreement with a minimum quantity, the maximum revenue evaluation shall also include the fixed cost component of the usage revenue at the minimum quantity.

(iv) If two or more equal bids are received, Transporter will award the capacity on the basis of the tie-breaker criteria provided by the Releasing Customer. If no tiebreaker criteria are provided by the Releasing Customer then capacity will be awarded on the basis of a lottery to be held within two (2) business days of the close of the bidding period. The lottery will be conducted by Transporter on a nondiscriminatory basis and on a one (1) business day's notice to the affected parties who will have the right to attend. Capacity shall be awarded on the basis of a draw, on an all or nothing basis.

For less than maximum rate transactions only, converting daily rate to monthly rate is accomplished by multiplying the daily rate times number of days in rate period, dividing the result by number of months in rate period and taking the remainder out to 5 decimal places and rounding up or down to the Transporter's specified decimal place. Converting a monthly rate to a daily rate is accomplished by multiplying the monthly rate by number of months in rate period, dividing the result by number of days in rate period and taking the remainder out to 5 decimal places and rounding up or down to the transporter's specified decimal place.

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

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (continued)

26.10 Right of First Refusal

In the case of a pre-arranged bid, if the bid submitted by another Bidder exceeds the value of the bid submitted by the Pre-arranged Replacement Customer, the Pre-arranged Replacement Customer will be given the opportunity to match the terms of the best bid. Within one (1) hour of the close of the bidding period, Transporter will notify the Releasing Customer and the Pre-arranged Replacement Customer of the terms of the better bid. The Pre-arranged Replacement Customer will then have one (1) hour to match those terms. Otherwise, the capacity will be awarded to the other Bidder.

26.11 Capacity Not Released

The Releasing Customer shall retain all of the capacity that is not acquired by a Replacement Customer as the result of the bidding process or a pre-arranged deal.

26.12 Notice of Completed Transactions:

Immediately after capacity has been awarded pursuant to this Article 26, Transporter will post electronically a notice of completed transaction containing the following information:

- (i) term of release;
- (ii) price(s) as bid;
- (iii) primary receipt and delivery points;
- (iv) quantity in Dth;
- (v) whether the capacity is firm or firm recallable;

(vi) the name of the Replacement Customer and whether the Replacement customer is affiliated with the Releasing Customer.

GENERAL TERMS AND CONDITIONS  
(continued)

26. CAPACITY RELEASE (continued)

26.13 Execution of Agreements

Transporter's acceptance of a bid shall constitute a binding agreement between Transporter and the releasing Customer under which the Releasing Customer releases the capacity described in the accepted bid and a binding agreement between Transporter and the Replacement Customer under which the Replacement Customer acquires those rights of the Releasing Customer that are described in the accepted bid. Within one hour after posting of the capacity award, Transporter will provide electronically to the Replacement Customer a service agreement with a contract number for the capacity awarded. The Replacement Customer will be required to execute and return to Transporter within one day after receipt of such, a service agreement reflecting the terms of the released capacity. Once the service agreement has been executed, the terms of such agreement are not subject to amendment. At the election of Transporter, the Releasing Customer shall promptly execute such further documents as may be necessary to evidence its release of capacity.

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (Continued)

26.14 Obligations of Releasing Customer:

The Releasing Customer shall continue to be responsible and liable for its obligations under the service agreement. Without limitation, these obligations include the following:

(i) The Releasing Customer shall continue to be liable for all demand or reservation and other on-usage related charges owing under its service agreement up to the maximum rate specified in the service agreement, including, but not limited to, any demand or reservation surcharge assessed by Transporter for the purpose of recovering Order No. 636 transition costs in accordance with Article 21 of this Tariff.

(ii) Transporter shall have the right to seek performance directly from the Releasing Customer with respect to the obligations owed by it to Transporter, before, after, or simultaneously with Transporter's attempt to seek performance from the Replacement Customer who owes obligations under any new service agreement and Transporter shall have no obligation to seek performance from the Replacement Customer with respect to such obligations;

(iii) Each Releasing Customer agrees to protect and indemnify Transporter against, and to release and hold harmless against, any loss, liability or expense (including, without limitation, court costs and attorneys' fees) incurred or suffered by Transporter or such Releasing Customer arising out of or in connection with the provisions of this Article 26 except for losses, damages, or expenses caused solely by Transporter's own negligence or willful misconduct.

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (Continued)

26.14 Obligation of the Releasing Customer (continued)

(iv) Transporter will continue to bill the Releasing Customer for all reservation and related charges on a monthly basis, and the Releasing Customer shall make payment in accordance with Article 6 of this tariff. Simultaneous with the billings to Replacement Customer, pursuant to Section 15 (ii) below, Transporter shall credit to Releasing Customer, all reservation and related charges billed to Replacement Customer.

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

Timely Recall Notification:

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

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

Early Evening Recall Notification:

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

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

Evening Recall Notification:

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

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

Intraday 1 Recall Notification:

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

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

GENERAL TERMS AND CONDITIONS (Continued)

Intraday 2 Recall Notification:

(9) Releasing Shipper recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 2:30 p.m. on the day that Intraday 2 nominations are due;

(10) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 3:30 p.m. on the day that Intraday 2 nominations are due (Central Clock Time).

For recall notification provided to Transporter prior to the recall notification deadline specified in NAESB WGC Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., Transporter shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notification provided to Transporter after 5:00 p.m. and prior to 7:00 a.m., Transporter shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification.

(vi) For the recall notification provided to Transporter, the quantity shall conform to Transporter's capacity recall notification specification. Transporter requires that the quantity must be expressed in terms of adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity.

(vii) Any Releasing Customer with recall rights, which include reput rights, may re-release without re-posting the recalled capacity to the original Replacement Customer, subject to the terms negotiated between the Releasing Customer and Replacement Customer.

(viii) In the event of termination of Releasing Customer's Service Agreement with Transporter, Replacement Customer's Service Agreement with Transporter is deemed terminated unless Replacement Customer agrees to pay the lower of: (1) the former Releasing Customer's contract rate or (2) the maximum tariff rate for the service for the remainder of the Replacement Customer's service agreement.

26.15 Obligation of Replacement Customer: By executing a service agreement for released capacity, the Replacement Customer agrees that it will comply with the terms and conditions of Transporter's FERC Gas Tariff

(i) The Replacement Customer agrees to indemnify Transporter against and to release and hold Transporter harmless against any loss, liability, or expense (including, without limitation, court costs and attorneys' fees) incurred or suffered by Transporter or the Replacement Customer arising out of or in connection with the provisions of this Article except

GENERAL TERMS AND CONDITIONS  
(Continued)

26. CAPACITY RELEASE (Continued)

26.15 Obligations of Replacement Customer (Continued)

(ii) The Replacement Customer shall be liable for the portion of the demand or reservation charges specified in its service agreement, along with all commodity related charges applicable to its service utilization, and all applicable penalties. Transporter will bill the Replacement Customer on a monthly basis and the Replacement Customer shall make payment in accordance with Article 6 of this tariff.

26.16 Marketing Fee

Transporter will charge a Marketing fee to be negotiated between Transporter and the Releasing Customer where Transporter successfully markets the released capacity on the Releasing Customer's behalf.

26.17 Formal Notices

Transporter should provide the original releasing shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Transporter to the releasing shipper's replacement shipper(s), of the following:

(i) Notice to the replacement shipper regarding the replacement shipper's past due, deficiency, or default status pursuant to Transporter's tariff;

(ii) Notice to the replacement shipper regarding the replacement shipper's suspension of service notice;

(iii) Notice to the replacement shipper regarding the replacement shipper's contract termination notice due to default or credit-related issues; and

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

GENERAL TERMS AND CONDITIONS  
(Continued)

27. PREGRANTED ABANDONMENT

27.1 Short Term, discounted and Interruptible Contracts: A Shipper receiving service under a firm transportation contract having a primary term of less than 12 consecutive months ("short term firm transportation contract") or a primary term of more than 12 consecutive months at less than the maximum rate, or under an interruptible transportation contract retains no right to continued service after the termination of such contract. Upon termination of a short term or interruptible transportation contract, Transporter shall have all necessary abandonment authorization under the Natural Gas Act as of such termination date, and shall not be required to seek case-specific authorization prior to abandoning service.

27.2 Long Term Contracts. Right of First Refusal: Transportation contracts which have a primary term of 12 consecutive months or more at the maximum rate or multi-year seasonal service at the maximum rate and which contain rollover or evergreen provisions are not subject to pre-granted abandonment under this Article 30. This right of first refusal shall apply only to (1) firm service agreements with a term of 12 or more consecutive months of service at the applicable Recourse Rate for that service, or (2) firm multi-year seasonal service agreements at the applicable Recourse Rate for that service. A "firm multi-year seasonal service agreement" as used in this Section 27 is a firm service agreement that has multi-year term but does not provide for 12 consecutive months of service. A Shipper receiving service under a transportation contract having a primary term of 12 consecutive months or more or firm multi-year seasonal service at the maximum rate ("long term transportation contract") which does not contain a rollover provisions may avoid pregranted abandonment of service in connection with the termination of its transportation contract and continue to receive service by matching the rate and contract term bid by a competing Shipper in accordance with the procedures described below. If the Shipper does not satisfy the bid matching requirements of this Article, Shipper shall no longer have a right to continued service as of the effective date of Transporter's notice of termination. If no other bids are received and the Shipper does not agree to pay the maximum rate, and Transporter and the Shipper do not otherwise agree on the continuation of service, then Shipper shall no longer have a

GENERAL TERMS AND CONDITIONS  
(Continued)

27. PREGRANTED ABANDONMENT (Continued)

27.2 Long Term Contracts (continued)

right to continued service as of the effective date of Transporter's notice of termination. In the event of termination, Transporter shall have all necessary abandonment authorization under the Natural Gas Act. However, a Shipper agreeing to pay the maximum rate is entitled to continue service for whatever term it chooses.

27.3 Notice and Posting: At least sixty (60) business days prior to the expiration of a long term firm transportation contract, Transporter will serve on the affected Shipper a notice of termination advising the Shipper of the pending termination of its agreement and of the Shipper's right to retain its service entitlement by matching the rate and contract term bid by a competing Shipper. At the same time, Transporter will post the available capacity on its IWS, including the quantity available, receipt and delivery points and maximum applicable rate. The notice will remain posted for thirty (30) days, until the end of the bidding period.

27.4 Bidding: Potential Shippers interested in acquiring the service must submit offers to contract for all or part of the available capacity by 5 p.m. thirty (30) business days after the capacity is posted to the IWS. To be valid, a bid must provide all information and data required by Article 25 of Transporter's General Terms and Conditions. In addition, the potential Shipper must provide a refundable prepayment equal to one month's reservation charge based on the quantity desired and the requested price.

GENERAL TERMS AND CONDITIONS  
(Continued)

27. PREGRANTED ABANDONMENT (Continued)

27.5 Best Bid: At the close of the bidding period, Transporter will evaluate all bids received for completeness, rate acceptability and credit-worthiness, and will choose the offer it will accept if the existing Shipper chooses not to match the offer ("the best bid"). For purposes of this Article, the best bid shall be the bid which offers the maximum applicable rate for the full term of the bid which shall not exceed five years. If no bidder offers the maximum rate for the full term of the bid, Transporter may select the best bid based on the maximum revenue over the minimum term of the bid. Such maximum revenue shall be calculated on the basis of the monthly demand charge or reservation revenues to be received over the minimum term of the bid, except that if a bid includes a minimum quantity, the maximum revenue evaluation shall also include the fixed cost component of the usage revenue at the minimum quantity. However, Transporter shall not be required to accept any offer at less than the maximum rate.

27.6 Matching Offer by Existing Shipper: Transporter will notify the existing Shipper of the relevant terms of the best bid. The Shipper will then have twenty (20) business days to notify Transporter that it elects to continue service under the rates and terms applicable to the best bid, and agrees to execute a new transportation contract reflecting those rates and terms, provided, however, that the highest rate that an existing Shipper must match to retain all or a portion of its capacity is the applicable maximum recourse rate. If the existing Shipper agrees to match the best bid, Transporter will refund the prepayments made by all other bidders. Failure to notify Transporter within the 20 day period constitutes a non-revocable waiver of Shippers right to match the best bid, and will result in the abandonment of service to that Shipper. If the existing Shipper chooses not to match the best bid, Transporter will offer the service to the selected bidder. If, for whatever reason, service is not actually provided pursuant to the bids, Transporter will repost the available capacity on its IWS, and the bidding process will repeat.

GENERAL TERMS AND CONDITIONS  
(Continued)

27. PREGRANTED ABANDONMENT (continued)

27.7 No Acceptable Offers. If Transporter receives no acceptable bids for the available capacity, or if Transporter receives acceptable bids for only a portion of the capacity, Transporter and the current Shipper may negotiate the terms of a new transportation contract for the remainder of the available capacity.

GENERAL TERMS AND CONDITIONS  
(Continued)

28. OPERATIONAL BALANCING AGREEMENTS

28.1 General: Any imbalances arising under any transportation agreement at Delivery Points from Transporter's pipeline system, which Delivery Points are subject to Operational Balancing Agreements as more fully described below, on the day or days such imbalances arise, will be resolved by Transporter pursuant to the terms of the applicable Operational Balancing Agreement.

28.2 Terms Governing: For the purpose of minimizing operational conflicts between various natural gas facilities with respect to the delivery of gas to and from Transporter's system, Transporter is willing to negotiate and execute Operational Balancing Agreements with Shippers whose natural gas facilities interconnect with Transporter's system. Such Operational Balancing Agreements shall specify the gas custody transfer procedures to be followed by Transporter/Shipper for the confirmation of scheduled quantities to be received by Transporter at Receipt Points and delivered by Transporter at Delivery Points. Such Operational Balancing Agreements will provide that any variance between actual quantities and scheduled and confirmed quantities for any day shall be resolved in-kind promptly, or pursuant to such cash out provisions as Transporter and the Shipper may agree upon. To facilitate such determination of variances on a timely basis, Transporter and the Shipper will agree in the Operational Balancing Agreement on necessary measurement and accounting procedures. Transporter shall post on its IWS those Delivery Points which are subject to an Operational Balancing Agreement. Transporter will also provide to any party upon request a copy of any executed Operational Balancing Agreement.

GENERAL TERMS AND CONDITIONS  
(Continued)

28. OPERATIONAL BALANCING AGREEMENTS

28.3 Prerequisites to Execution: It is Transporter's intent to negotiate and execute Operational Balancing Agreements on a non-discriminatory basis with all Delivery Point Operators. However, Transporter shall have no obligation to negotiate and execute Operational Balancing Agreements with any Operator that:

- (a) is not credit-worthy as determined pursuant to Article 25 of these General Terms and Conditions;
- (b) does not maintain a dispatching operation which is staffed on a continuous, around-the-clock basis;
- (c) would cause an increase in the level of regulation which Transporter is subject to prior to the execution of the applicable Operational Balancing Agreement; or
- (d) does not commit to timely determination of imbalances based on reasonable available measurement technology.

28.4 Right to Protect System Integrity: Nothing in this Article nor any executed Operational Balancing Agreement shall limit Transporter's rights to take action as may be required to adjust receipts and deliveries under any transportation agreement to reflect actual experience or to alleviate conditions which threaten the integrity of Transporter's pipeline system, including maintenance of service to higher priority Shippers or services.

GENERAL TERMS AND CONDITIONS  
(Continued)

29. OPERATIONAL FLOW ORDERS

29.1 Due to the effects of changes in weather, gas demands, flowing gas supplies and/or other factors, it may be necessary for Transporter to informally, via telephone or facsimile, request adjustments in the portfolio of flowing gas supplies of a Shipper(s)/Operator(s) to accommodate the demands on Transporter's system. If Transporter does not receive full cooperation from its informal request(s), it may be necessary for Transporter to issue Operational Flow Orders (OFO) on a non-discriminatory basis to control the situation(s). Transporter will make every reasonable effort to minimize the issuance and the effect of OFOs on its system and customers. All OFOs will be posted on Transporter's IWS to be followed by a facsimile or written notice to affected Shipper(s)/Operator(s) that will set forth the causes or conditions necessitating the OFO and the specific responses required from the affected parties. Once an OFO has been issued, Transporter will post on its IWS available information regarding the status of operational variables that determine the beginning and end of the OFO. In addition, after the OFO has been lifted, Transporter will post on its IWS information regarding the factors that caused the OFO to be issued and then lifted. Electronic Notice Delivery shall be according to the following provisions:

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

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

(3) Transporter should support the concurrent sending of electronic notification of intraday bumps, operational flow orders and other critical notices to two Internet E-mail addresses for each affected party.

29.2 Circumstances under which Transporter may determine that OFOs must be issued include, but are not limited to:

- (a) Responding to an event of force majeure;
- (b) Accommodating maintenance and repairs;
- (c) Ensuring current and future maintenance of line pack; and

(d) Responding to any event that Transporter believes in its sole judgment may jeopardize the integrity of its system.

GENERAL TERMS AND CONDITIONS  
(Continued)

29. OPERATIONAL FLOW ORDERS (continued)

29.3 Upon the issuance of an OFO by Transporter, it shall be incumbent upon each Shipper/Operator 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 Shipper's/Operator's service and may cause Shipper/Operator to be subject to an unauthorized overrun charge, as provided for in Rate Schedule LMS contained in Transporter's Tariff. Provided, however, a Shipper/Operator shall not incur any charges or penalties if such charges or penalties would not have been incurred but for compliance with the OFO.

29.4 In the event Shipper(s)/Operator(s) does not respond to the OFO and Transporter 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/Operator, Transporter shall have the right, but not the obligation, to take such remedial actions as it deems necessary. If Transporter takes these actions, it shall be made whole by the non-responding Shipper(s)/Operator(s) for all costs that Transporter incurs.

29.5 Transporter shall not be liable for any costs incurred by any Shipper/Operator in complying with the OFO.

29.6 Transporter shall not be responsible for any damages that result from any interruption in Shipper's/Operator's service that is a result of a Shipper's/Operator's failure to comply promptly and fully with an OFO and the non-complying Shipper(s)/Operator(s) shall indemnify Transporter against any claims of responsibility.

GENERAL TERMS AND CONDITIONS  
(Continued)

29. OPERATIONAL FLOW ORDERS (Continued)

29.7 Notwithstanding the foregoing, when gas supplies necessary to effectuate transportation deliveries are not flowing on the system, Transporter will not be responsible for backing up such supplies and the associated deliveries will be subject to interruption.

29.8 OFO Notice, Contents, and Procedures: Transporter shall issue an OFO as expeditiously as is reasonably practicable in the circumstances. Each OFO will contain the following provisions:

- (a) time and date of issuance;
- (b) time that OFO is considered to be effective (if no time is specified, the OFO shall be effective immediately);
- (c) duration of the OFO (if none is specified, the OFO will be effective until further notice);
- (d) the party or parties in the attached pipeline segment receiving the OFO;
- (e) the quantity of gas required to remedy the operational condition requiring the issuance of the OFO; and
- (f) any other terms Transporter may reasonably require to ensure the effectiveness of the OFO.

GENERAL TERMS AND CONDITIONS  
(continued)

30. NEGOTIATED RATES

Pipeline and Customer may mutually agree on a negotiated rate formula with respect to rates, rate components, charges, or credits differing from the otherwise applicable recourse rate under Rate Schedules FT-1, FT-NN, and IT-1.

30.1 Definition.

A negotiated rate may be less than, equal to, or greater than the maximum recourse rate; shall not be less than the minimum recourse rate; may be a rate design other than straight fixed-variable; and may include a minimum quantity.

30.2 Limitations.

This Section 30 does not authorize the negotiation of terms and conditions of service.

30.3 Recourse Rate Availability.

The recourse rate will be available to any customer that does not wish to negotiate a rate.

30.4 Allocation of Capacity.

Under any circumstances where allocation of capacity is determined by the rate being paid, a negotiated rate Customer paying a rate higher than the maximum recourse rate will be deemed to be paying a rate equal to such maximum recourse rate.

30.5 Bidding for Capacity

The cap for bidding for capacity under the right of first refusal provisions in Section 30 of the General Terms and Conditions of this FERC Gas Tariff is the maximum recourse rate.

30.6 Capacity Release.

The release of capacity under a negotiated rate agreement is capped at the maximum recourse rate; provided, however, the negotiated rate Customer will continue to be obligated to pay Transporter the difference by which the negotiated rate exceeds the rate paid by the Replacement Customer. Transporter and a negotiated rate Customer may agree upon payment obligations and crediting mechanisms which vary from or are different from those set forth in Transporter's capacity release provisions.

30.7 Accounting Treatment.

Transporter will establish a new sub-account to record the revenues received from any negotiated rate transactions and shall maintain supporting information at a level of detail that would be sufficient for Natural Gas Act Section 4 rate change filing purposes. Transporter will keep separate and identifiable each volume transported, billing determinant, rate component, surcharge, and revenue associated with a negotiated rate to permit filings in the form of Statements G, I, and J in future rate proceedings.

30.8 Filing Requirement.

Transporter will file, prior to the commencement of service under a negotiated rate agreement, a tariff sheet reflecting the customer's name, rate schedule, negotiated rate, contract quantities, and points of receipt and delivery. Such sheet also affirms that actual negotiated rate agreements do not deviate in any material respect from the form of service agreements.

GENERAL TERMS AND CONDITIONS  
(Continued)

32.9 Negotiated Rate Agreements  
None.

GENERAL TERMS AND CONDITIONS  
(Continued)

31. OFFSYSTEM PIPELINE CAPACITY

From time to time, Transporter may acquire capacity on a third-party system. When Transporter acquires such offsystem capacity, it will utilize the offsystem capacity to provide service to Transporter's shippers under its FERC Gas Tariff, and the "shipper must have title" policy is waived to permit such use. This Section 31 does not preclude Transporter from seeking case specific authorization for the utilization of off-system capacity by Transporter for other purposes.

GENERAL TERMS AND CONDITIONS (Cont'd)

32. Imbalance Netting and Trading

(a) Definitions. For purposes of this Section 36 the following definitions shall be applicable:

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

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

(b) Month-end Imbalances.

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

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

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

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

(5) Authorizations to post imbalances that are received by Transporter by 11:45 a.m. (C.T.) should be effective by 8:00 a.m. (C.T.) the next business day. Imbalances previously authorized for posting should be posted on or before the ninth (9th) business day of the month.

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

(7) Netting, posting, and trading of imbalances shall be accomplished based upon Transporter's current method for accounting for imbalances.

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

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

(10) Imbalance trades can only be withdrawn by the initiating trader and only prior to the confirming trader's confirmation of the trade. Imbalance trades are considered final when confirmed by the confirming trader and effectuated by Transporter.

(11) After receipt of an Imbalance Trade Confirmation, Transporter shall send the Imbalance Trade Notification to the initiating trader and the confirming trader no later than twelve (12) noon (C.T.) the next business day.

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