

FERC GAS TARIFF

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PORTLAND NATURAL GAS TRANSMISSION SYSTEM

Filed With The
FEDERAL ENERGY REGULATORY COMMISSION

Communications Concerning This Tariff

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PRELIMINARY STATEMENT

Portland Natural Gas Transmission System ("Transporter"), a Partnership formed under the laws of the State of Maine, is a natural gas company engaged in the business of transporting on its System natural gas owned by Shippers. Transporter's System extends in a southeasterly direction from a point on the international border between the United States and Canada near Pittsburg, New Hampshire, where Transporter's facilities interconnect with those of TransCanada PipeLines Limited, through the States of New Hampshire, Vermont, and Maine to an interconnection with the facilities of Tennessee Gas Pipeline Company near Dracut, Massachusetts. Transporter shall transport natural gas for shippers only pursuant to written contracts, in the form of agreements contained herein, and pursuant to authorization granted by the Federal Energy Regulatory Commission. Transporter is not a common carrier.

The currently effective system map is available on Transporter's Interactive Internet Website at
www.gasnom.com/ip/PNGTS/map.

STATEMENT OF TRANSPORTATION RATES

Statement of Transportation Rates
 (Rates per DTH)

Rate Schedule	Rate Component	Base Rate	ACA Unit Charge 1/
FT	Recourse Reservation Rate		
	-- Maximum	\$25.9843	-----
	-- Minimum	\$00.0000	-----
	Seasonal Recourse Reservation Rate		
	-- Maximum	\$49.3701	-----
	-- Minimum	\$00.0000	-----
	Recourse Usage Rate		
	-- Maximum	\$00.0000	2/
	-- Minimum	\$00.0000	2/
FT-FLEX	Recourse Reservation Rate		
	--Maximum	\$17.4406	-----
	--Minimum	\$00.0000	-----
	Recourse Usage Rate		
	--Maximum	\$00.2809	2/
	--Minimum	\$00.0000	2/

The following adjustment applies to all Rate Schedules above:

MEASUREMENT VARIANCE:

Minimum	down to -1.00%
Maximum	up to +1.00%

-
- 1/ ACA assessed where applicable under Section 154.402 of the Commission's regulations and will be charged pursuant to Section 6.18 of the General Terms and Conditions at such time that initial and successive ACA assessments are made.
 - 2/ The currently effective ACA unit charge as published on the Commission's website (www.ferc.gov) is incorporated herein by reference.

Statement of Transportation Rates
 (Rates per DTH)

Rate Schedule	Rate Component	Base Rate	ACA Unit Charge 2/
FT 4/	Short Term Recourse Reservation Rate		
	-- Maximum	See Table 1 Below	
	-- Minimum	\$00.0000	-----
	Recourse Usage Rate		
	-- Maximum	\$00.0000	3/
	-- Minimum	\$00.0000	3/
IT 4/	Recourse Usage Rate		
	-- Maximum	See Table 1 Below	
	-- Minimum	\$00.0000	3/
PAL	Usage Rate		
	-- Maximum	See Table 1 Below	
	-- Minimum	\$00.0000	3/

-- Table 1 --

The following maximum rates apply (by month, as applicable) to all service provided pursuant to: (a) Short Term FT service under Rate Schedule FT (i.e., firm service that has a term of less than one year); (b) IT Service under Rate Schedule IT; and (c) Park and Loan Service under Rate Schedule PAL.

Month	Rate Multiplier	Maximum Base Unit Rate 1/ (\$/Dth/day)	ACA Unit Charge 2/
January	150%	\$1.2814	3/
February	150%	\$1.2814	3/
March	60%	\$0.5126	3/
April	60%	\$0.5126	3/
May	60%	\$0.5126	3/
June	100%	\$0.8543	3/
July	100%	\$0.8543	3/
August	100%	\$0.8543	3/
September	60%	\$0.5126	3/
October	60%	\$0.5126	3/
November	150%	\$1.2814	3/
December	150%	\$1.2814	3/

- 1/ The Maximum Base Unit Rate is stated in \$/Dth/Day. For Short Term FT Service contracts with terms of one month or greater, the maximum Short Term Recourse Reservation Rate shall be calculated as $30.4167 \times$ the Maximum Base Unit Rate for each applicable month.
- 2/ ACA assessed where applicable under Section 154.402 of the Commission's regulations and will be charged pursuant to Section 6.18 of the General Terms and Conditions at such time that initial and successive ACA assessments are made.
- 3/ The currently effective ACA unit charge as published on the Commission's website (www.ferc.gov) is incorporated herein by reference.
- 4/ MEASUREMENT VARIANCE:
(Applicable to Rate Schedules FT and IT)

Minimum	down to -1.00%
Maximum	up to +1.00%

Statement of Transportation Rates
 (Rates per DTH)

Rate Schedule	Rate Component	Base Rate	ACA Unit Rate 1/
HRS	Recourse Capacity Reservation Rate		
	Per Dth of MDQ Monthly for all Flow Rates		
	--Maximum Rate	\$12.9921	-----
	--Minimum Rate	\$00.0000	-----
	Recourse Deliverability Reservation Rate		
	Per Dth of MDQ Monthly:		
	--Maximum Rates		
	4.16%, 1/24 MDQ Hourly Flow Rate	\$12.9921	-----
	5.00%, 1/20 MDQ Hourly Flow Rate	\$15.5906	-----
	6.25%, 1/16 MDQ Hourly Flow Rate	\$19.4882	-----
	7.14%, 1/14 MDQ Hourly Flow Rate	\$22.2685	-----
	8.33%, 1/12 MDQ Hourly Flow Rate	\$25.9843	-----
	--Minimum Rates	\$00.0000	-----
	Recourse Usage Rate		
	Usage-1		
	--Maximum	\$00.0000	3/
	--Minimum	\$00.0000	3/
	Usage-2 (Authorized Overrun) 2/		
	--Maximum		
	4.16%, 1/24 MDQ Hourly Flow Rate	\$0.8543	3/
	5.00%, 1/20 MDQ Hourly Flow Rate	\$0.9397	3/
	6.25%, 1/16 MDQ Hourly Flow Rate	\$1.0678	3/
	7.14%, 1/14 MDQ Hourly Flow Rate	\$1.1593	3/
	8.33%, 1/12 MDQ Hourly Flow Rate	\$1.2814	3/
	--Minimum	\$00.0000	3/

The following adjustment applies to all Rate Schedules:

MEASUREMENT VARIANCE:

Minimum down to -1.00%
 Maximum up to +1.00%

- 1/ ACA assessed where applicable under Section 154.402 of the Commission's regulations and will be charged pursuant to Section 6.18 of the General Terms and Conditions at such time that initial and successive ACA assessments are made.
- 2/ Usage-2 (Authorized Overrun) applies to volumes exceeding Shipper's MDQ on any day or MHQ for any hour, but only to the extent such volumes are nominated by Shipper and scheduled by Transporter.
- 3/ The currently effective ACA unit charge as published on the Commission's website (www.ferc.gov) is incorporated herein by reference.

RATE SCHEDULES
FT - Firm Transportation Service
IT - Interruptible Transportation Service
PAL – Park and Loan Service
FT-FLEX – Limited Firm Transportation Service
HRS – Hourly Reserve Service

FT - FIRM TRANSPORTATION SERVICE

5.1.1 AVAILABILITY

This Rate Schedule FT is available for service by Transporter to any Shipper, where:

(a) Shipper has made a valid request, as defined in Section 6.3 of the General Terms and Conditions, or Shipper has obtained released capacity under Section 6.11 of the General Terms and Conditions;

(b) Shipper has satisfied Transporter's creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions;

(c) Shipper and Transporter have entered into a Gas Transportation Contract for Firm Transportation Service under this Rate Schedule;

(d) Transporter has capacity available to render the service pursuant to the General Terms and Conditions or Shipper will utilize firm capacity released under Section 6.11 of the General Terms and Conditions;

(e) all necessary contracts have been or will be entered into by or on behalf of Shipper for the acquisition of Gas, for the delivery of Gas to Transporter at one or more Receipt Points on the System, and/or the further transportation of Gas from one or more Delivery Points on the System, as applicable; and

(f) all necessary regulatory and governmental approvals to purchase and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained.

5.1.2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to firm service pursuant to a bilaterally executed Gas Transportation Contract for service under this Rate Schedule. Service rendered under this Rate Schedule shall consist of:

- (a) the receipt by Transporter of Shipper's Gas at the Receipt Point(s) specified in the executed Gas Transportation Contract;
- (b) the transportation of Gas up to Shipper's Maximum Contract Demand for the Effective Service Period on a firm Daily basis by forwardhaul, or by displacement, exchange or backhaul on a best efforts basis; and
- (c) the delivery of Gas by Transporter to or for the account of Shipper at Delivery Point(s) specified in the executed Gas Transportation Contract.
- (d) Shipper may nominate as Authorized Overrun and Transporter may schedule, pursuant to Section 6.7.4 of the General Terms and Conditions contained herein, an amount above its MDQ during any Day.

Service rendered under this Rate Schedule is not subject to curtailment or interruption during the Effective Service Period, except as provided in the General Terms and Conditions.

5.1.3. RATES AND CHARGES

5.1.3.1 Applicable Rates.

The applicable maximum and minimum FT recourse reservation rates, Seasonal recourse reservation rate, Short Term recourse reservation rate, maximum and minimum usage rates and applicable unit charges for service under this Rate Schedule are set forth in the currently effective Section 4 of this FERC Gas Tariff and are hereby incorporated herein.

5.1.3.2 Monthly Bill.

The Monthly bill shall consist of:

(a) Reservation Charge. For each Month of the Effective Service Period indicated on Schedules 1 and 2 of the FT Transportation Contract, the reservation charge payable by Shipper shall, unless otherwise agreed upon by Transporter and Shipper as provided herein, be equal to the applicable maximum recourse reservation rate or the maximum Seasonal recourse reservation rate or the maximum Short Term recourse reservation rate, as applicable, multiplied by the Shipper's Maximum Contract Demand as specified in Shipper's FT Transportation Contract.

(b) Usage Charge. For each Month, the usage charge payable by Shipper shall, subject to any discount as provided herein, be equal to the applicable maximum usage rate multiplied by the sum of the Delivery Point Scheduled Quantity or Quantities during such Month.

(c) ACA Charge. For each Month, the ACA charge payable by Shipper shall be equal to an amount obtained by multiplying the sum of the Delivery Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit charge.

(d) Authorized overrun charge. For each Month, the maximum authorized overrun charge payable by Shipper shall be equal to the applicable maximum rate for service under Rate Schedule IT, multiplied by the sum of the Authorized Overrun Scheduled Quantity or Quantities during such Month for such Shipper.

(e) Scheduling, Imbalance and Overrun Penalties. Transporter shall charge Shipper any applicable scheduling, imbalance and overrun penalties in accordance with Section 6.8 of the General Terms and Conditions.

(f) Other Charges. Any other charges as may be applicable from time to time pursuant to the General Terms and Conditions or as otherwise authorized by the FERC.

(g) Capacity Release Credits. To the extent Shipper releases capacity in any Month pursuant to Section 6.11 of the General Terms and Conditions, such Shipper shall receive a credit representing the Monthly reservation charge simultaneously billed to the Replacement Shipper, minus all applicable fees described in Section 6.11.15 of the General Terms and Conditions. Nothing in this Section 5.1.3.2(g) relieves Shipper of its obligation to pay to Transporter the full amount of the reservation charge for any Month in which the Replacement Shipper fails to pay all or any portion of the Replacement Reservation Charge.

5.1.3.3 Discounted Rates.

For purposes of administering rates under this Rate Schedule FT, Transporter shall have the right to discount the maximum reservation rate and maximum usage rate for service under this Rate Schedule FT and to charge a lower rate for some or all of the services performed under this Rate Schedule; provided, however, that in no event shall rates charged under this Rate Schedule be less than the minimum reservation rate and minimum usage rate for firm service. Transporter shall not be obligated to offer service at discount rates, however, discounted rates will not be made on an unduly discriminatory basis and will be made available to all similarly situated customers.

A Shipper with a previously negotiated rate discount limited to service at specific receipt and delivery points may request that such discounted rate apply to alternate points if Shipper chooses to release capacity or use flexible receipt and delivery point rights. There shall be a rebuttable presumption that Shipper will retain its discounted rate when utilizing such points if Transporter currently grants discounts to another Shipper receiving transportation service utilizing such points. However, Transporter can rebut this presumption by demonstrating that Shipper is not similarly situated to the Shipper receiving the discount at those points. If the discount is retained, Shipper shall pay the higher of its contractual discounted rate or the highest discounted rate being applicable to those points.

On any business day, the request to transfer the discount must be submitted at least two hours prior to the nomination that would use the discount at alternate points. Transporter shall respond to the request within two hours of receipt; however, any request received after 4:00 p.m. Central Clock Time on any Business Day shall be responded to by 9:00 a.m. Central Clock time on the following business day.

5.1.3.4 Measurement Variance

Reservation and usage charges shall be based on Shipper's applicable monthly Maximum Contract Demand and Delivery Point Scheduled Quantities, respectively, irrespective of whether the applicable monthly Measurement Variance Factor is positive or negative. Shipper shall receive in-kind adjustments to Scheduled Quantities in order to account for positive and negative Measurement Variance Quantities. Transporter shall publish the applicable monthly Measurement Variance Factor on its Interactive Internet Website. Such published Measurement Variance Factor will be bound by maximum and minimum percentages set forth on currently effective Section 4 of this tariff.

5.1.3.5 Negotiated Rates

Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper. Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, or established for service under this Rate Schedule, shall remain in effect. Transporter shall file with the Commission pursuant to its current policies and/or regulations tariff sections describing the services being provided pursuant to this Section 5.1.3.5. All services provided hereunder are available to all similarly situated Shippers on a non-discriminatory basis.

5.1.3.6 RESERVATION CHARGE CREDITING MECHANISM

(a) In the event that during a Fiscal Period, as defined in Subsection 5.1.3.6(c) below, the total revenue PNGTS collects for rendering jurisdictional services is in excess of twice the annual cost of service applicable for such period, as established in the resolution of Company's last NGA Section 4 general rate case (such difference constituting the "Excess Revenues"), then a Short Term Service Revenue Credit calculated pursuant to Subsection 5.1.3.6(b) below shall be credited by Company.

(b) Long Term FT Shippers may receive the Short Term Service Revenue Credit when such current Long Term FT Shipper has paid Company the Rate Schedule Long Term FT Maximum Recourse Reservation Charges in accordance with Section 6.16.2 of the General Terms and Conditions of PNGTS' FERC Gas Tariff during the Fiscal Period used to calculate the Short Term Service Revenue Credit. The Short Term Service Revenue Credit shall be 75% of the Excess Revenues received during an applicable Fiscal Period. No later than seventy (70) days from the end of each Fiscal Period, the Short Term Service Revenue Credit shall be reflected, in proportion to the Rate Schedule FT Long Term Maximum Recourse Reservation Charges paid by each Shipper receiving FT Long Term service, during the same subject Fiscal Period on such Shipper's invoice.

(c) For purposes of this Section 5.1.3.6, Fiscal Period shall be defined as each biennial anniversary of the first day of January following the year in which this Section 3.6 is in effect.

(d) For purposes of this Section 5.1.3.6, the phrase Long Term means an FT service agreement of greater than two years in duration.

(e) For purposes of this Section 5.1.3.6, the phrase Short Term Service means service performed under Rate Schedules IT and PAL of any duration, and FT service rendered pursuant to service agreements with a term of less than one year.

5.1.4. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to 18 C.F.R. Part 284. All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE

5.2.1. AVAILABILITY

This Rate Schedule IT is available for service by Transporter to any Shipper, where:

- (a) Shipper has made a valid request, as defined in Section 6.3 of the General Terms and Conditions;
- (b) Shipper has satisfied Transporter's creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions;
- (c) Shipper and Transporter have entered into a Gas Transportation Contract for Interruptible Transportation Service under this Rate Schedule;
- (d) Transporter has capacity available to render the service pursuant to the General Terms and Conditions;
- (e) all necessary contracts have been or will be entered into by or on behalf of Shipper for the acquisition of Gas, for the delivery of such Gas to Transporter at one or more Receipt Points on the System, and/or the further transportation of Gas from one or more Delivery Points on the System, as applicable; and
- (f) all necessary regulatory and governmental approvals to purchase and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained.

5.2.2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all interruptible service pursuant to a bilaterally executed Gas Transportation Contract for service under this Rate Schedule, whether rendered by forwardhaul or by displacement, exchange or backhaul. Service rendered under this Rate Schedule is subject to curtailment or interruption as Transporter deems necessary.

5.2.3. RATES AND CHARGES

5.2.3.1 Applicable Rates. The applicable maximum and minimum usage rates and applicable unit charges for service under this Rate Schedule are set forth in the currently effective Section 4 of this FERC Gas Tariff and are hereby incorporated herein.

5.2.3.2 Monthly Bill. The Monthly bill shall consist of:

(a) Usage Charge. For each Month, the usage charge payable by Shipper shall, unless otherwise agreed upon by Transporter and Shipper as provided herein, be equal to the applicable maximum usage rate multiplied by the sum of the Delivery Point Scheduled Quantity or Quantities during such Month.

(b) ACA Charge. For each Month, the ACA charge payable by Shipper shall be equal to an amount obtained by multiplying the sum of the Delivery Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit charge.

(c) Scheduling and Imbalance Penalties. Transporter shall charge Shipper any applicable scheduling and imbalance penalties in accordance with Section 6.8 of the General Terms and Conditions.

(d) Other Charges. Any other charges as may be applicable from time to time pursuant to the General Terms and Conditions or as otherwise authorized by the Federal Energy Regulatory Commission.

5.2.3.3 Discounted Rates. For purposes of administering rates under this Rate Schedule IT, Transporter shall have the right to discount the maximum usage rates for interruptible service under this Rate Schedule IT and to charge a lower rate for some or all of the services performed under this Rate Schedule; provided, however, that in no event shall rates charged under this Rate Schedule be less than the minimum usage rate for interruptible service. Transporter shall not be obligated to offer service at discounted rates, however, discounted rates will not be made on an unduly discriminatory basis and will be made available to all similarly situated customers.

5.2.3.4 Measurement Variance. Usage charges shall be based on Shipper's applicable Delivery Point Scheduled Quantities irrespective of whether the applicable monthly Measurement Variance Factor is positive or negative. Shipper shall receive in-kind adjustments to Scheduled Quantities in order to account for positive and negative Measurement Variance Quantities. Transporter shall publish the applicable monthly Measurement Variance Factor on its Interactive Internet Website. Such published monthly Measurement Variance Factor will be bound by maximum and minimum percentages set forth on currently effective Section 4 of this tariff.

5.2.3.5 Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper. Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, established for service under this Rate Schedule, shall remain in effect. Transporter shall make any filings with the FERC necessary to effectuate a negotiated rate(s).

5.2.4. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to 18 C.F.R. Part 284. All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

RATE SCHEDULE PAL
PARK AND LOAN SERVICE

5.3.1.AVAILABILITY

This Rate Schedule PAL is available for parking and loaning natural gas by Transporter for any Shipper, where:

(a) Shipper has made a valid request for Park and Loan Service as defined in Section 6.3 of the General Terms and Conditions and has satisfied the creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions;

(b) Shipper and Transporter have entered into a Park and Loan Service Contract;

(c) Except where Shipper is both the ultimate consumer and producer of Gas which is being parked or loaned under this Rate Schedule, contracts have been entered into by or on behalf of Shipper for the acquisition or sale of Gas, as the case may be, and for its delivery, to Transporter at one or more Receipt Points on Transporter's system;

(d) Either (i) Shipper's facilities or the facilities where the Gas is to be consumed interconnect with Transporter's transmission system at one or more Delivery Points of Transporter's Master Delivery Point List ("MDPL"), or (2) contracts have been or will be entered into on behalf of Shipper for the transportation of the Gas to and from Transporter's system to such facilities; and

(e) All necessary regulatory and governmental approvals to acquire and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained.

5.3.2 APPLICABILITY AND CHARACTER OF SERVICE

5.3.2.1 This Rate Schedule PAL and the rates established hereunder shall apply to all Park and Loan Service rendered by Transporter. Park and Loan Service is subject to the availability of capacity for the service. Park and Loan Service is subject to curtailment or interruption as Transporter deems necessary and as set forth in this Rate Schedule PAL, and in Section 6.10 of the General Terms and Conditions. Transporter shall not be obligated to add any facilities or expand the capacity of its system in any manner in order to provide Park and Loan Service. Service rendered under this Rate Schedule shall be provided for a minimum of a one day term.

5.3.2.2 Maximum Loaned Quantity. For each Shipper seeking to enter into a contract for service under this Rate Schedule, Transporter shall establish a Maximum Loaned Quantity (MLQ). The MLQ applicable to each Shipper shall be the maximum amount of gas, cumulative at all its Loan Points, that the Shipper is entitled to be loaned by Transporter pursuant to this Rate Schedule.

5.3.2.3 Park and Loan Service available under this Rate Schedule includes:

(a) Parking Service. Parking service shall consist of (i) Transporter's receipt of a Parked Quantity of gas from Shipper at the Parking Point specified in Shipper's nomination, (ii) Transporter holding such Parked Quantities on Transporter's system, and (iii) Transporter's subsequent return of the Parked Quantity to Shipper, or for Shipper's account, at the Parking Point.

(b) Loan Service. Loan Service shall consist of (i) Transporter's advancement of Loaned Quantity of gas to Shipper (up to the Maximum Loaned Quantity specified in Shipper's Park and Loan Service Contract, at the point(s) specified in Shipper's nomination); and (ii) Shipper's subsequent return of the Loaned Quantity and Transporter's acceptance of such quantity for Shipper's account at the Loan Point.

5.3.2.4 Subject to the availability of capacity, any Receipt or Delivery Point on Transporter's system may be nominated as a Parking Point or Loan Point.

5.3.3. ACCOUNT BALANCES; TRANSPORTATION; ASSIGNMENTS

5.3.3.1 Transporter shall establish an account for each Shipper using this service which reflects the Parked Quantity at each Parking Point and the Loan Quantity at each Loan Point. Whenever Transporter receives Parked Quantity from or delivers Loaned Quantity to a Shipper the quantities received or delivered will be reflected in the Shipper's account, as appropriate, for the Parking or Loan Point at which they were received or delivered. When a Parked Quantity or Loaned Quantity is returned, Transporter will credit the Shipper's account to reflect the transaction.

5.3.3.2 Transporter shall return Parked Quantity and accept return of Loaned Quantity only at the Parking Point where Shipper parked the Parked Quantity, or the Loan Point where Transporter advanced the Loaned Quantity to Shipper.

5.3.3.3 In the event that Shipper wishes to move a Parked Quantity or Loaned Quantity from one Parking or Loan Point to another Parking or Loan Point on Transporter's system, Shipper shall be responsible for arranging such transportation in accordance with the provisions of Rate Schedule FT or IT and the General Terms and Conditions.

5.3.3.4 Shippers may assign between themselves Parked Quantity and Loaned Quantity in accordance with the provisions of the Park and Loan Service Contract, provided that (i) the Shipper obtaining such quantities complies with the Tariff, and (ii) each Shipper submits the appropriate nomination to Transporter in accordance with the provisions of Section 6.7 of this Tariff. Transporter will assess all applicable transportation charges for such transactions.

5.3.4. RATES AND BILLING

5.3.4.1 Rates. The rates for service hereunder are set forth in the currently effective Section 4 of this FERC Gas Tariff and such rate Section is hereby incorporated herein by reference. The rates in this Rate Schedule are subject to change pursuant to Section 6.22 of Pipeline's General Terms and Conditions and the PAL Service Agreement. Unless Pipeline and Shipper agree in writing upon a rate for service provided hereunder, the rate applicable to a Shipper for service hereunder shall be the applicable maximum rate(s) as set forth Section 4. In the event a rate less than the applicable maximum rate(s) and not less than the applicable minimum rate(s) is agreed upon, such rate shall be applicable for the period agreed upon by Shipper and Pipeline.

5.3.4.2 The Daily Charges set forth in Section 5.3.4.1 above shall not be applicable for a Day if (i) the Customer requests the delivery of parked quantities and Pipeline is unable to return the gas to Customer on that Day or (ii) the Customer requests to return loaned quantities to Pipeline and Pipeline is unable to accept such gas on that Day. The Daily Charges will be reinstated when Transporter gives written notification to Shipper that pipeline system conditions allow the receipt or delivery of these quantities.

5.3.4.3 Customer shall pay Pipeline a Monthly charge for PAL services consisting of the sum of the Daily charges. Daily charges shall be the product of the quantities of gas in Customer's PAL account (inclusive of quantities subject to Park Service and quantities subject to Loan Service) for each separate transaction and the maximum or mutually agreed upon rate for each Day during the applicable Month that service is provided by Transporter. For each transaction hereunder, charges shall commence on the first Day of the agreed upon transaction and continue until Shipper's account balance for that transaction reaches zero or until the last Day of the agreed upon term as set forth in the executed PAL Service Agreement, whichever comes first.

5.3.5. NOMINATIONS AND SCHEDULING

5.3.5.1 Availability. Park and Loan Service is subject to available Park capacity and available Loan capacity. For each Day Transporter shall project the amount of available Park capacity and available Loan capacity that Transporter's system is capable of providing and post such information on its Interactive Internet Website. As Transporter receives nominations for all services that affect the amount of available Park capacity and available Loan capacity, Transporter will update the information on its Interactive Internet Website accordingly.

5.3.5.2 Nomination. A Shipper seeking Park and Loan Service on any Day under this Rate Schedule shall submit a nomination to Pipeline in accordance with Section 6.7 of Pipeline's General Terms and Conditions. Customer shall nominate the agreed upon Park or Loan quantities at the Parking Point or Loan Point. Such nominated quantities shall be subject to confirmation by Transporter. The confirmed quantity shall be deemed the scheduled quantity. Transporter shall schedule the quantities nominated hereunder in accordance with Section 6.7 of Transporter's General Terms and Conditions.

5.3.5.3 Transporter intends to provide PAL service at given Parking Points and Loan Points to Shippers on a first-come, first-served basis. It is possible that Transporter will receive nominations for more Park or Loan capacity that it can make available, and can therefore not satisfy the nominations of all Shippers. When submitting a Park or Loan bid, a Shipper may determine if it wishes to receive a prorated portion of the capacity for which it submitted a nomination, or alternatively, if it wishes to cancel the nomination if the entire order cannot be filled. As a default choice, if Shipper does not make such an election and Transporter cannot grant Shipper all of the Park or Loan capacity it requested, Shipper shall be allocated a prorated portion of its Park or Loan capacity request.

5.3.5.4 The Park or Loan quantity of Gas in Shipper's account for all Loan Points on any Day shall not exceed the MLQ set forth in Shipper's PAL Service Agreement. Transporter may reject any nomination if Shipper nominates quantities when the balance(s) in Shipper's account exceeds the MLQ or when giving effect to the nomination will result in a balance(s) in Shipper's account that exceeds the MLQ.

5.3.5.5 A shipper that wishes to close its Parked or Loaned position must make a nomination to close the position. Nominations to close Park or Loan positions must be in accordance with Section 6.7 of Pipeline's General Terms and Conditions. Nominations to close existing Park or Loan positions shall take precedent over nominations for new Park or Loan quantities, as applicable, and the available quantities shall be adjusted accordingly prior to allocating such capacity to new requests for PAL service.

5.3.6. INTERRUPTION AND CURTAILMENT OF SERVICE

5.3.6.1 In the event that Transporter determines, in its sole discretion, that some or all Park and Loan services must be interrupted or curtailed in order to satisfy Transporter's obligations to other Shippers consistent with Section 6.10 of the General Terms and Conditions, or that such interruption or curtailment is otherwise necessary or appropriate to avoid adverse impact on the operation of Transporter's system, or if a Shipper has a Parked Quantity or a Loan Quantity of less than 50 Dth, Transporter will notify, by telephone, facsimile, e-mail or other means, any affected Shippers receiving Park or Loan service that they must eliminate or reduce their existing Parked Quantity and/or Loan Quantity, as applicable, over the period specified in Transporter's notice. Such notices shall be issued to Shippers in the order based upon the Present Value for each Shipper's outstanding Parked Quantities or Loan Quantities at all Parking and Loan Points beginning with the lowest Present Value first. Such notices must be given by Transporter with at least one Day notice.

5.3.6.2 If Shipper fails to comply with a notice given in accordance with Section 5.3.6.1 above, Transporter shall cash out the Parked Quantity that Shipper was advised, but failed, to reduce or eliminate at the replacement cost of gas less ten percent (10%), in order to recover Transporter's administrative costs. The cash-out price of gas shall be computed as follows: (i) all volumes subject to cash-out on a particular Day will be aggregated and offered for sale in one lump sum; (ii) all revenues received from the sale of such volumes will be aggregated for such Day; and, (iii) the aggregate revenues, less 10%, for each Day will be applied pro rata to the aggregate cash-out volumes for each Day. All quantities of Gas offered for sale pursuant to this section will be posted on Transporter's Interactive Internet Website in a notice stating the quantity of Gas offered for sale and the deadline for making bids. Such volumes will be sold on a best bid basis, beginning with the highest bid.

5.3.6.3 If Shipper fails to repay its Loan Quantity to Transporter, or fails to comply with a notice given by Transporter in accordance with Section 5.3.6.1 above, Transporter shall cash out Shipper's Loan Quantity at 115% of the price of gas as reported by Gas Daily for Tennessee Gas Pipeline, Zone 6 (Delivered) on the Day following the expiration of the period specified in Transporter's curtailment notice provided pursuant to Section 5.3.6.1 above, multiplied by the Loan Quantity remaining on the Day the Loan Quantity was originally due.

5.3.7. CONTRACT TERMINATION

The Park and Loan Service Contract may be terminated by either party on 30 days notice, or terminated by the Transporter on shorter notice, in its sole discretion, if the Shipper has not complied with the terms of the tariff, including the creditworthiness requirements as set forth in Section 6.3.4 of Pipeline's General Terms and Conditions. Unless a shorter period of time is imposed in a notice issued in accordance with this Section 5.3.7, Shipper shall eliminate any outstanding Parked Quantity or Loan Quantity within five (5) days of termination of its Park and Loan Service Contract. If Shipper fails to eliminate such balance, Transporter shall cash out any quantity remaining after five (5) days at the replacement cost of gas plus fifteen percent (15%) for Loan Quantity or the sale price of the gas less ten percent (10%) for Parked Quantity. For such purposes, the replacement cost and sale price of gas shall be computed as described in Section 5.3.6 above.

5.3.8. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet Transporter's obligations pursuant to 18 C.F.R. Part 284. Unless stated otherwise, all of the General Terms and Conditions of Transporter's FERC Tariff, and any revisions thereof that may be proposed and made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

RATE SCHEDULE FT-FLEX
LIMITED FIRM TRANSPORTATION SERVICE

5.4.1. AVAILABILITY

This Rate Schedule FT-FLEX is available for service by Transporter to any Shipper, where:

- a) Shipper has made a valid request, as defined in Section 6.3 of the General Terms and Conditions, or Shipper has obtained released capacity under Section 6.11 of the General Terms and Conditions;
- b) Shipper has satisfied Transporter's creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions;
- c) Shipper and Transporter have entered into a Gas Transportation Contract for FT-FLEX Limited Firm Transportation Service under this Rate Schedule;
- d) All necessary contracts have been or will be entered into by or on behalf of Shipper for the acquisition of Gas, for the delivery of Gas to Transporter at one or more Receipt Points on the System, and/or the further transportation of Gas from one or more Delivery Points on the System, as applicable; and
- (e) All necessary regulatory and governmental approvals to purchase and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained.

5.4.2. APPLICABILITY AND CHARACTER OF SERVICE

Service rendered under this Rate Schedule shall consist of:

- a) the receipt by Transporter of Shipper's Gas at the Receipt Point(s) specified in the executed Gas Transportation Contract;
- b) the transportation of Gas up to Shipper's Maximum Contract Demand by forwardhaul, or by displacement, exchange or backhaul on a best efforts basis; and
- c) the delivery of Gas by Transporter to or for the account of Shipper at Delivery Point(s) specified in the executed Gas Transportation Contract; and
- d) the transportation service rendered under this Rate Schedule shall be firm between the Receipt Point(s) and Delivery Point(s) set forth in the executed agreement, except that Transporter has the right to not schedule service, in whole or in part, during any Daily Nomination Cycle except as prohibited by Section 6.7.2(iv) of the General Terms and Conditions of Transporter's FERC Gas Tariff. The maximum number of Days in any Month on which Transporter may decline to schedule is 10 Days.

Following Transporter's non-scheduling of a nomination by Shipper on one of the Days on which Transporter does not schedule Shipper's nomination under this Rate Schedule, Shipper is entitled to resubmit the nomination with other receipt and/or delivery points or as a request for service pursuant to any other Rate Schedule in one of Transporter's other Nomination Cycles, provided that Shipper has executed a service contract under such Rate Schedule.

- e) Shipper may nominate as Authorized Overrun and Transporter may schedule, pursuant to Section 6.7.4 of the General Terms and Conditions contained herein, an amount above its MDQ during any Day.

5.4.3. RATES AND CHARGES

5.4.3.1 Applicable Rates. The applicable maximum and minimum reservation rates, maximum and minimum usage rates and applicable unit charges for service under this Rate Schedule are set forth in the currently effective rates of this FERC Gas Tariff and are hereby incorporated herein.

5.4.3.2 Monthly Bill. The Monthly bill shall consist of:

i) Reservation Charge. For each Month, the reservation rate payable by Shipper shall, subject to any discounted or negotiated rate as provided herein, be equal to the applicable maximum reservation rate, multiplied by the Shipper's Maximum Contract Demand as specified in Shipper's Gas Transportation Contract.

ii) Usage Charge. For each Month, the usage rate payable by Shipper shall, subject to any discounted or negotiated rate as provided herein, be equal to the applicable maximum usage rate multiplied by the sum of the Delivery Point Scheduled Quantity or Quantities during such Month.

iii) ACA Charge. For each Month, the ACA rate payable by Shipper shall be equal to an amount obtained by multiplying the sum of the Delivery Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit rate.

iv) Scheduling, Imbalance and Overrun Penalties. Transporter shall charge Shipper any applicable scheduling, imbalance and overrun penalties in accordance with Section 6.8 of the General Terms and Conditions.

v) Authorized overrun charge. For each Month, the maximum authorized overrun charge payable by Shipper shall be equal to the applicable maximum rate for service under Rate Schedule IT, multiplied by the sum of the Authorized Overrun Scheduled Quantity or Quantities during such Month for such Shipper.

vi) Other Charges. These include any other charges as may be applicable from time to time pursuant to the General Terms and Conditions or as otherwise authorized by the FERC.

vii) Capacity Release Credits. To the extent Shipper releases capacity in any Month pursuant to Section 6.11 of the General Terms and Conditions, Shipper shall receive a credit representing the Monthly reservation charge simultaneously billed to the Replacement Shipper, minus all applicable fees described in Section 6.11.15 of the General Terms and Conditions. Nothing in this Section 5.4.3.2(vii) relieves Shipper of its obligation to pay to Transporter the full amount of the reservation charge for any Month in which the Replacement Shipper fails to pay all or any portion of the Replacement Reservation Charge.

5.4.3.3 Discounted Rates. Transporter shall have the right to discount the maximum reservation rate and maximum usage rate for service under this Rate Schedule and to charge a lower rate for some or all of the services performed under this Rate Schedule; provided, however, that in no event shall rates charged under this Rate Schedule be less than the minimum reservation rate and minimum usage rate for FT-FLEX service. Transporter is not obligated to offer service at discounted rates; however, rates will not be discounted on an unduly discriminatory basis and discounts will be made available to all similarly situated customers.

A Shipper with a previously negotiated rate discount limited to service at specific receipt and delivery points may request that such discounted rate apply to alternate points if Shipper chooses to release capacity or use flexible receipt and delivery points rights. There shall be a rebuttable presumption that Shipper will retain its discounted rate when utilizing such points if Transporter currently grants discounts to another Shipper receiving transportation service utilizing such points. However, Transporter can rebut this presumption by demonstrating that Shipper is not similarly situated to the Shipper receiving the discount at those points. If the discount is retained, Shipper shall pay the higher of its contractual discounted rate or the highest discount rate being applicable to those points.

On any Business Day, the request to transfer the discount must be submitted at least two hours prior to the nomination that would use the discount at alternate points. Transporter shall respond to the request within two hours of receipt; however, any request received after 4:00 p.m. Central Clock Time on any Business Day shall be responded to by 9:00 a.m. Central Clock Time on the following Business Day.

5.4.3.4 Measurement Variance. Reservation and usage charges shall be based on Shipper's applicable monthly Maximum Contract Demand and Delivery Point Scheduled Quantities, respectively, irrespective of whether the applicable monthly Measurement Variance Factor is positive or negative. Shipper shall receive in-kind adjustments to Scheduled Quantities in order to account for positive and negative Measurement Variance Quantities. Transporter shall publish the applicable monthly Measurement Variance Factor on its Interactive Internet Website. Such published Measurement Variance Factor will be bound by maximum and minimum percentages set forth in Section 4 of this Tariff.

5.4.3.5 Negotiated Rates. Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper. Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, or established for service under this Rate Schedule, shall remain in effect. Transporter shall make any filings with the FERC necessary to effectuate a negotiated rate(s).

5.4.4. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

RATE SCHEDULE HRS
Hourly Reserve Service

5.5.1. AVAILABILITY

This Rate Schedule HRS is available for service by Transporter to any Shipper, where:

- a) Transporter has determined that it has sufficient available and uncommitted capacity to perform service requested by shipper; and
- b) Shipper has made a valid request, as defined in Section 6.3 of the General Terms and Conditions, or Shipper has obtained released capacity under Section 6.11 of the General Terms and Conditions; and
- c) Shipper has satisfied Transporter's creditworthiness provisions as set forth in Section 6.3.4 of the General Terms and Conditions; and
- d) Shipper and Transporter have entered into a Gas Transportation Contract for HRS Service under this Rate Schedule; and
- e) All necessary contracts have been or will be entered into by or on behalf of Shipper for the acquisition of Gas, for the delivery of Gas to Transporter at one or more Receipt Points on the System, and/or the further transportation of Gas from one or more Delivery Points on the System, as applicable; and
- f) All necessary regulatory and governmental approvals to purchase and sell, transport and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained; and
- g) Transporter is not already providing service under Rate Schedule HRS at the desired Primary Delivery Point.

5.5.2 APPLICABILITY AND CHARACTER OF SERVICE

- a) This Rate Schedule shall apply to all Transportation Service rendered by Transporter for Shipper pursuant to the executed Gas Transportation Contract under this Rate Schedule.
- b) Transportation Service under this Rate Schedule shall consist of: (1) the receipt of Gas on behalf of Shipper, (2) the Transportation of Gas, and (3) the Tender of Gas for delivery by Transporter to Shipper, or for Shipper's account up to Shipper's MDQ, at hourly rates up the Shipper's MHQ.
- c) Transportation Service rendered under this Rate Schedule shall be firm, up to the Primary Delivery Point MDQs and MHQs specified in the executed Agreement. Transporter shall enter into no more than one agreement for Rate Schedule HRS Service at any Primary Delivery Point on the system. Transportation service under this rate schedule at secondary points shall be firm, up to the shipper's MDQ at an MHQ equal to the Shipper's MDQ divided by 24, provided, however, that Transporter shall honor Shipper's MHQ at a Secondary Delivery Point if doing so will not interfere with the provision of any other service request on the system.
- d) Shipper shall be deemed to be within its contract entitlement to the extent the actual flow rate during any hour is less than the combined scheduled hourly flow rates at the primary point pursuant to Section 6.7.10 of the General Terms and Conditions contained in Transporter's FERC Gas Tariff and within its MDQ during any Gas Day.
- e) Shipper may nominate as Authorized Overrun and Transporter may schedule, pursuant to Section 6.7.4 of the General Terms and Conditions contained herein, an amount above its MDQ during any Day and/or above its MHQ during any hour. Shipper may nominate an MHQ overrun for a limited number of hours during any day but no less than one hour of service overrun may be nominated.

5.5.3. RATES AND CHARGES

5.5.3.1 Reservation Rates shall consist of:

- a) A Capacity Reservation Rate, as stated on Section 4.3, paid each month. The Capacity Reservation Charge shall be the product of Shipper's MDQ (in Dekatherms) multiplied by the rate shown in Section 4.3 (or such discounted/negotiated rate as may be established under Section 5.3.3.3 of Rate Schedule HRS), and
- b) A Deliverability Reservation Rate, as stated in Section 4.3, paid each Month. The Deliverability Reservation Charge shall be the product of Shipper's MDQ (in Dekatherms), times the rate shown on Section 4.3 applicable to the Maximum Hourly Flow Rate selected by Shipper and agreed to by Transporter which appears on Schedule 1 of Shipper's service agreement (or such discounted/negotiated rate as may be established under Section 5.5.3.3 of Rate Schedule HRS).

5.5.3.2 Usage Rates

- a) On a monthly basis, the Usage-1 Rate, as stated in Section 4.3, will be multiplied by that portion of the total quantity of Gas deliveries on any Day during the month, pursuant to the Shipper's Agreement which is not in excess of the lower of (i) 105% of the scheduled quantities of Gas under the Agreement for such Day or (ii) the MDQ in effect under the Agreement for such Day.
- b) On a monthly basis, the Usage-2 Rate, as stated in Section 4.3, will be multiplied by that portion of the total quantity of Gas scheduled as Authorized Overrun on any Day during the month, which Shipper nominates and Transporter schedules pursuant to Section 6.7.4 of the General Terms and Conditions contained herein.
- c) ACA Charge. For each month, the ACA rate payable by the Shipper shall be equal to an amount obtained by multiplying the sum of the Delivery Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit rate.
- d) Scheduling, Imbalance and Overrun Penalties. Transporter shall charge Shipper any applicable scheduling, imbalance or overrun penalties in accordance with Section 6.8 of the General Terms and Conditions.
- e) Other Charges. These include any other charges as may be applicable from time to time pursuant to the General Terms and Conditions or as otherwise authorized by the FERC.
- f) Capacity Release Credits. To the extent Shipper releases capacity in any Month pursuant to Section 6.11 of the General Terms and Conditions, Shipper shall receive a credit representing the Monthly reservation charge simultaneously billed to the Replacement Shipper, minus all applicable fees described in Section 6.11.15 of the General Terms and Conditions. Nothing in this Section 5.3.3.2(f) relieves Shipper of its obligation to pay to Transporter the full amount of the reservation charge for any Month in which the Replacement Shipper fails to pay all or any portion of the Replacement Reservation Charge.

5.5.3.3 Discounted Rates

Transporter shall have the right to discount the maximum reservation rate and maximum usage rate for the service under this Rate Schedule and to charge a lower rate for some or all of the services performed under this Rate Schedule; provided, however, that in no event shall rates charged under this Rate Schedule be less than the minimum reservation rate and minimum usage rate for firm service. Transporter is not obligated to offer service at discounted rates; however, rates will not be discounted in an unduly discriminatory manner and comparable discounts will be made available to all similarly situated customers.

A Shipper with a previously negotiated rate discount limited to service at specific receipt and delivery points may request that such discounted rate apply to alternate points if Shipper chooses to release capacity or use flexible receipt and delivery points rights. There shall be a rebuttable presumption that Shipper will retain its discounted rate when utilizing such points if Transporter currently grants discounts to another Shipper receiving transportation service utilizing such points. However, Transporter can rebut this presumption by demonstrating that Shipper is not similarly situated to the Shipper receiving the discount at those points. If the discount is withheld, Shipper shall pay the higher of its contractual discounted rate or the highest discount rate being applicable to those points.

On any Business Day, the request to transfer the discount must be submitted at least two hours prior to the nomination that would use the discount at alternate points. Transporter shall respond to the request within two hours of receipt; however, any request received after 4:00 p.m. Central Clock Time on any Business Day shall be responded by 9:00 a.m. Central Clock Time on the following Business Day.

5.5.3.4 Measurement Variance

Subject to the terms of Sections 5.5.3.1 and 5.5.3.2 of this Section 5.5, reservation and usage charges shall be based on Shipper's applicable monthly Maximum Contract Demand and Delivery Point Scheduled Quantities, respectively, irrespective of whether the applicable monthly Measurement Variance Factor is positive or negative. Shipper shall receive in-kind adjustments to Scheduled Quantities in order to account for positive and negative Measurement Variance Quantities. Transporter shall publish the applicable monthly Measurement Variance Factor on its Interactive Internet Website. Such published Measurement Variance Factor will be bound by maximum and minimum percentages set forth on currently effective Section 4 of this Tariff.

5.5.3.5 Negotiated Rates

Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper.

Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, or established for service under this Rate Schedule, shall remain in effect. Transporter shall make any filings with the FERC necessary to effectuate a negotiated rate(s).

5.5.4 RECEIPT AND DELIVERY POINTS

5.5.4.1 The Receipt Point(s) at which Transporter shall receive Gas for Transportation hereunder shall be those listed in Schedule 1 appended to each Gas Transportation Contract and such Schedule shall designate all of Shipper's potential Receipt Point(s) and shall further designate Shipper's Primary Receipt Point(s).

5.5.4.2 Shipper shall have the right to redesignate any points listed on Schedule 1 appended to each Gas Transportation Contract as Primary Receipt Point(s), subject to available capacity and provisions of the General Terms and Conditions. Furthermore, Shipper shall have the right to utilize all other Receipt Point(s) as Secondary Receipt Point(s), subject to available capacity and the provisions of the General Terms and Conditions.

5.5.4.3 Shipper shall have a single Primary Delivery Point listed in Schedule 1 to its Gas Transportation Contract. Shipper shall have the right to utilize all other Delivery Points as Secondary Delivery Points, except that a request for service at a Secondary Delivery Point shall be scheduled as a request for service at an uniform hour flow rate without regard to Shipper's MHQ; provided, however, that Transporter shall honor Shipper's MHQ at a Secondary Delivery Point if doing so will not interfere with the provision of any other service request on the system.

5.5.4.4 Shipper shall have the right to redesignate any point listed on Schedule 1 appended to each Gas Transportation Contract as Primary Delivery Point, subject to available capacity and the provisions of the General Terms and Conditions; provided, however, if Shipper is paying a Negotiated Rate for service under the Agreement and requests to change its Primary Delivery Point under the Agreement, then unless otherwise agreed to in writing by Shipper and Transporter the rate applicable for service to such new Primary Delivery Point shall be the maximum Recourse Rate. Furthermore, Shipper shall have the right to utilize all other Delivery Points as Secondary Delivery Points, except that a request for service at a Secondary Delivery Point shall be scheduled as a request for service at an uniform hour flow rate without regard to Shipper's MHQ; provided, however, that Transporter shall honor Shipper's MHQ at a Secondary Delivery Point if doing so will not interfere with the provision of any other service request on the system.

5.5.4.5 Shipper shall elect the MHQ for Shipper's Gas at the Primary Delivery Point at the time its request for Transportation Service is submitted to Transporter pursuant to Section 6.3 of the General Terms and Conditions. Such election may not include more than one MHQ at a Primary Delivery Point. Such MHQ shall reflect deliveries at Maximum Hourly Flow Rates of 1/24th, 1/20th, 1/16th, 1/14th, or 1/12th of MDQ. Such election by Shipper will be set forth in the Agreement. Shipper shall have the right to utilize all other Delivery Points as Secondary Delivery Points, except that a request for service at a Secondary Delivery Point shall be scheduled as a request for service at an uniform hour flow rate without regard to Shipper's MHQ; provided, however, that Transporter shall honor Shipper's MHQ at a Secondary Delivery Point if doing so will not interfere with the provision of any other service request on the system.

5.5.5. COMMISSION AND OTHER REGULATORY FEES

Shipper will reimburse Transporter for any separately stated fees required by the Commission or any other federal or state regulatory body.

5.5.6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter shall apply to and are made a part of this Rate Schedule.

GENERAL TERMS AND CONDITIONS

6.1. INTRODUCTORY STATEMENT

These General Terms and Conditions shall apply to all service rendered by Transporter and shall be considered a part of Transporter's Rate Schedules and Gas Transportation Contracts. Except as provided in the Negotiated Rates Section of each Rate Schedule, these General Terms and Conditions shall control in the event of a conflict between these General Terms and Conditions and any Gas Transportation Contract.

6.2 DEFINITIONS

Except where another meaning is expressly stated, the following terms shall have the following meanings when used in this Tariff and in any Gas Transportation Contract incorporating this Tariff. Whenever the singular or neuter is used the same shall be construed as meaning the plural or corporate and vice versa where the context so requires:

6.2.1 British Thermal Unit or BTU: shall mean the amount of heat required to raise the temperature of one pound of distilled water 1 degree Fahrenheit at 60 degrees Fahrenheit, at a constant pressure of 14.73 pounds per square inch absolute.

6.2.2 Business Day: shall mean the period from 8:00 a.m. to 6:00 p.m. Eastern Time, Monday through Friday, excluding Federal banking holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico.

6.2.3 Commencement Date: shall mean the date on which service begins, as set forth in a Gas Transportation Contract, or the date on which the facilities required to enable Transporter to render service to Shipper are constructed, installed and made operational, as set forth in Transporter's initial written notice to Shipper, which shall be given at least thirty (30) Days in advance of the estimated date ("Advance Notice"), followed by a written notice to transport Shipper's Gas by Transporter ("Final Notice"), which shall be given not less than five (5) Days prior to the date on which the service shall begin, unless Shipper and Transporter mutually agree to a shorter notice period.

6.2.4 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 14.73 pounds per square inch absolute.

6.2.5 Day or Daily or Gas Day: shall mean a period of twenty-four consecutive hours, beginning and ending at 9:00 a.m. Central Clock Time.

6.2.6 Delivery Point(s): shall mean a point or points at which Transporter is authorized to make Gas available to or for the account of Shipper. With respect to firm transportation service, a Delivery Point shall be either Primary or Secondary. The System Delivery Points are listed on Transporter's Interactive Internet Website.

6.2.7 Dth: shall mean the quantity of heat energy which is 1,000,000 British Thermal Units.

6.2.8 Eastern Time: shall mean Eastern Daylight Savings Time when in effect and Eastern Standard Time at all other times.

6.2.9 EDI: shall mean the Electronic Data Interchange as defined by then-effective standards established by the Gas Industry Standards Board and approved by the FERC.

6.2.10 Effective Service Period: shall mean the portion of a Year that a FT Shipper's Maximum Contract Demand is available for nomination, which shall be the entire year unless a lesser period is set forth on Schedules 1 and 2 of the FT Transportation Contract.

6.2.11 FERC: shall mean the Federal Energy Regulatory Commission or any successor agency having jurisdiction over this Tariff.

6.2.12 Force Majeure: shall mean acts of God, strikes, lockouts, sabotage, acts of the public enemy, terrorism, wars, blockades, insurrections, riots, epidemics, landslides, mudslides, lightning, snowstorms, ice storms, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage of or accident to machinery or lines of pipe, line freeze-ups, and any other act, omission or cause whether of the kind herein enumerated or otherwise, including the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, all of which are not reasonably expected and within the control of the party invoking this section 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 excuse. Under no circumstances will lack of funds or finances, or failure of or change in gas supply, markets or storage facilities or fields be construed to constitute Force Majeure.

6.2.13 Gas: shall mean natural gas of the quality specified in Section 6.5 herein.

6.2.14 Gas Transportation Contract: shall mean a contract for firm or interruptible service under this Tariff made by and between Transporter and Shipper, or by and between Transporter and a Replacement Shipper. Specifically, such term shall include the Gas Transportation Contracts for Firm Transportation Service, Interruptible Transportation Service, FT-FLEX Limited Firm Transportation Service, Hourly Reserve Service, Park and Loan Service, and Gas Transportation Contracts with replacement Shippers, the forms of which are included in this Tariff.

6.2.15 General Terms and Conditions: shall mean the General Terms and Conditions of this Tariff, as they may be amended from time to time.

6.2.16 Hour: Shall mean a period of sixty consecutive minutes beginning at the top of any hour, e.g., 9:00.

6.2.17 Intraday Nomination: shall mean a Nomination submitted after the deadline which effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day. Intraday Nominations may be used to nominate new supply or market. Shippers receiving service under any of Transporters rate schedules may make Intraday Nominations

which can be used to request increases or decreases in total flow, changes to Receipt Points, or changes to Delivery Points of scheduled gas for less than one Day. Intraday Nominations shall be stated in daily quantities, indicating the revised total flow for the 24 hour period commencing at 9:00 am Central Clock Time, and shall include an effective date and time. Such Nominations do not replace the remainder of a standing Nomination which may extend past that Gas Day.

6.2.18 Loan Point: shall mean the location where Transporter delivers Gas to Shipper for Loan Service.

6.2.19 Loaned Quantity: shall mean the quantity of Gas delivered by Transporter to Shipper at the Loan Point for loan service.

6.2.20 Maximum Contract Demand: shall mean the sum of the Receipt Point Maximum Daily Quantity or Quantities, as set forth in an executed Gas Transportation Contract under Rate Schedule FT.

6.2.21 Maximum Daily Quantity or MDQ: shall mean the maximum number of DTH (adjusted by the applicable Measurement Variance Quantity), specified in a firm Gas Transportation Contract in accordance with one or more firm Rate Schedules herein, that Transporter is obligated to transport Daily for Shipper to a specified Delivery Point or from a specified Receipt Point. Nothing in this definition is intended to conflict with WGQ Standards 1.3.15, 1.3.16, 1.3.28 and 1.3.31.

6.2.22 Maximum Hourly Flow Rate: shall mean the percentage of MDQ at a Primary Delivery Point that Transporter shall be obligated to deliver on behalf of Shipper on a firm basis during any hour and shall be expressed as the quotient of MHQ divided by MDQ.

6.2.23 Maximum Hourly Quantity or MHQ: shall mean the greatest number of Dekatherms that Transporter is obligated to deliver at a Primary Delivery Point to or on behalf of Shipper, on a firm basis, for any Hour.

6.2.24 Mcf: shall mean 1,000 Cubic Feet of Gas.

6.2.25 Measurement Variance Quantity: shall mean the product, rounded to the nearest DTH, of the applicable Measurement Variance Factor and the Receipt Point Scheduled Quantity in the case of a positive Measurement Variance Factor, or the Delivery Point Scheduled Quantity in the case of a negative Measurement Variance Factor. Nothing in this definition is intended to conflict with WGQ Standards 1.3.15, 1.3.16, 1.3.28 and 1.3.31.

6.2.26 Measurement Variance Factor: shall mean the applicable percentage, determined on a Monthly basis pursuant to this Section 6.2.26, to account for and recover lost and unaccounted-for gas on the System. The Monthly percentages shall be within the minimum and maximum percentages set forth in Section 4 of this Tariff for the applicable Rate Schedule. At least ten (10) days prior to the beginning of each Month, Transporter will publish the

Measurement Variance Factor via its Interactive Internet Website. Nothing in this definition is intended to conflict with WGQ Standards 1.3.15, 1.3.16, 1.3.28 and 1.3.31. The Monthly Measurement Variance Factor shall be calculated in the following manner:

$$= \frac{[\text{Receipts-Deliveries +/- Line Pack Change +/- Accumulated Imbalance}]}{[\text{Forecasted System Deliveries For The Applicable Month}]}$$

Where:

Receipts = Actual measured quantities received by Transporter at Receipt Point(s) for transportation during the Month ending one Month prior to the applicable Month ("Measurement Month").

Deliveries = Actual measured quantities made available by Transporter at Delivery Point(s) during the Measurement Month.

Line Pack Change = The change in line pack quantities in the System that occurred during the Measurement Month.

Accumulated Imbalance = Any gas (measurement variance) which has been over or under collected during the Month(s) prior to the Measurement Month.

6.2.27 Month or Monthly: shall mean the period beginning at 8:00 a.m. Eastern Time on the first Day of the calendar Month and ending at 8:00 a.m. Eastern Time on the first Day of the next succeeding calendar Month.

6.2.28 Nomination: shall mean a transmittal by Shipper to Transporter electronically of request for receipt and/or delivery of gas for the account of the shipper for each Gas Day that service is desired.

6.2.29 Operational Balancing Agreement: shall mean an executed agreement between Transporter and another willing, mutually agreeable, creditworthy third party (creditworthiness determined pursuant to Section 6.3.4 of this Tariff) that will aggregate the receipt and delivery obligations and entitlements of one or more Shipper(s) with respect to gas transportation Nominations, scheduling, dispatching, balancing and related gas receipt or delivery functions.

6.2.30 Operator: shall mean an entity other than Transporter, which has been designated by Transporter to operate the System.

6.2.31 Parking Point: shall mean the location where the Shipper delivers Gas to Transporter for parking service.

6.2.32 Parked Quantity: shall mean the quantity of Gas delivered by Shipper at the Parking Point for parking service.

6.2.33 Present Value (PV): unless otherwise specified, shall mean the value produced from the application of the following formula:

$$PV = [r (1-(1+i)^{-n})] / i$$

Where: r = contract rate per Dth

i = Monthly equivalent of the interest rate set forth in Section 154.501(d)(1) of the Commission's Regulations

n = term of the agreement, in Months

6.2.34 Primary Delivery Point(s): shall mean, with respect to any Shipper, the Delivery Point(s) set forth on Schedule 1 appended to its firm Gas Transportation Contract.

6.2.35 Primary Receipt Point(s): shall mean, with respect to any Shipper, the Receipt Point(s) set forth on Schedule 1 appended to its firm Gas Transportation Contract.

6.2.36 Rate Schedule: shall mean Rate Schedules FT, and IT under Transporter's FERC Gas Tariff, and any additional or superseding rate schedule(s).

6.2.37 Receipt Point(s): shall mean a point or points at which Transporter is authorized to receive Gas from or for the account of Shipper. With respect to firm transportation service, a Receipt Point shall be either Primary or Secondary. The System Receipt Points are listed on Transporter's Interactive Internet Website.

6.2.38 Recourse Rate(s): shall mean the maximum rate, rate component, charge or credit that is available to all Shippers under this Tariff, as displayed in Section 4 in this Tariff.

6.2.39 Seasonal or Seasonal Service: shall mean service provided pursuant to Rate Schedule FT during the consecutive monthly period of November 1 through March 31 or any portion thereof.

6.2.40 Scheduled Quantity (or Quantities): shall mean the quantity of Gas which is nominated Daily by Shipper for a specified Receipt or Delivery Point in accordance with a Gas Transportation Contract and the General Terms and Conditions of Transporter's Tariff; unless Transporter determines, in accordance with Section 6.7.4 herein, that it is unable to satisfy any part of Shipper's original Nomination. In the event of such a determination, the Scheduled Quantity shall be the lesser of: (1) the quantity of Gas reported in Transporter's response in accordance with Section 6.7.5(b) herein; or (2) Shipper's revised Intraday Nomination in accordance with Section 6.7.5(c) herein.

6.2.41 Secondary Delivery Point(s): shall mean, with respect to any Shipper, the Delivery Point(s) other than the Primary Delivery Point(s).

6.2.42 Secondary Receipt Point(s): shall mean, with respect to any Shipper, the Receipt Point(s) other than the Primary Receipt Point(s).

6.2.43 Segment: shall mean any Receipt Point or Delivery Point or any portion of the System between any such points.

6.2.44 Segmented Capacity: a portion of a Shipper's firm capacity used for the purpose of receiving Gas at more than one Receipt Point and/or delivering Gas at more than one Delivery Point. In no event shall the applicable MDQ of a contract be exceeded on any segment.

6.2.45 Shipper: shall mean any entity seeking or subscribing to service on the System pursuant to this Tariff.

6.2.46 Short Term: shall mean service provided pursuant to the Pro Forma Gas Transportation Contract for Short Term Firm Transportation Service and Rate Schedule FT with a term of less than one year.

6.2.47 System: shall mean the pipeline and appurtenant facilities of Transporter that are used in the transportation of Gas.

6.2.48 System Capacity: shall mean the capacity available for transportation on any Segment of the System, as determined by Transporter, to the best of its ability.

6.2.49 Tariff: shall mean Transporter's currently effective FERC Gas Tariff.

6.2.50 Timely Nomination: shall mean a Nomination for service beginning at the start of the next Day.

6.2.51 Total Heating Value: shall mean, when applied to a Cubic Foot of Gas, the number of British Thermal Units produced by the complete combustion in a recording calorimeter at constant pressure, of the amount of Gas which would occupy a volume of one Cubic Foot at a temperature of 60 degrees Fahrenheit, with the Gas free of water vapor, and under a pressure equal to that of 30 inches of mercury at 32 degrees Fahrenheit and under a standard gravitational force (acceleration of 980.665 cm per second per second) with air of the same temperature and pressure as the Gas, 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.

6.2.52 Transporter: shall mean Portland Natural Gas Transmission System, its successors or assignees.

6.2.53 Transporter Overrun Costs: shall mean the costs incurred by Transporter due to unauthorized firm service Shipper overruns, which costs are not otherwise included in Transporter's rates. Such costs shall consist of : (a) costs incurred by Transporter to correct the effect of any tampering with or alteration of Transporter's facilities which permitted an overall overrun to occur at the affected Delivery Point and the costs incurred by Transporter to repair such facilities; (b) costs incurred by Transporter to acquire additional gas to prevent or alleviate curtailments and to reestablish appropriate operating pressure on its system; (c) penalties paid by Transporter to third parties; and(d) costs incurred by Transporter to collect overrun penalties and to administer the crediting provisions set forth in Section 6.8.4.

6.2.54 Year: shall mean any period of twelve consecutive Months.

6.2.55 100% Load Factor Equivalent Rate: shall mean, for any Rate Schedule, the sum of the products of: (1) the Recourse Demand Rate times the number of Months the service is Applicable each Year, and/or (2) the Recourse Usage Rate times the number of days the service is applicable each Year; divided by the number of days Transporter may schedule service under such Rate Schedule in each Year.

6.3. REQUESTS FOR SERVICE/CREDITWORTHINESS

6.3.1 Qualifications for Service. All Shippers requesting service must:

- (a) provide the information required by this Section 6.3;
- (b) complete a request for service described herein, on a form that appears hereafter in this Tariff beginning at Section 7.6, or on such form that is provided by Transporter;
- (c) satisfy creditworthiness pursuant to Section 6.3.4; and
- (d) satisfy the availability provisions of the applicable Rate Schedule.

6.3.2 Submission of Requests for Service. Requests for service should be directed to the following address:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

6.3.3 Information to be Included in Request for Service.

Any request for service shall include the following:

(a) Type of Service. A statement that Shipper is requesting service under one of Transporter's Rate Schedules, as those services are defined in those Rate Schedules.

(b) Gas Quantities. For firm transportation service, the Maximum Daily Quantity at each Receipt and Delivery Point for which Shipper requests service, stated in DTH, and the estimated total quantities of Gas for which Shipper is requesting transportation during the term of service. The Maximum Daily Quantities at each Receipt and Delivery Point must exceed 200 DTH/Day.

(c) Receipt/Delivery Point(s). For firm transportation service, the Receipt Point(s) and Delivery Point(s) for the requested service together with the name of the entity which will deliver the Gas to Transporter and the name of the entity to receive the Gas from Transporter.

(d) Term. The proposed commencement and termination dates of service.

(e) Shipper Certification. A statement by Shipper certifying:

(1) that Shipper has title or will enter into all contractual agreements necessary to acquire title to the Gas for which transportation is requested; and

(2) that Shipper has or will enter into all contractual agreements necessary to ensure that all upstream and downstream transportation is in place prior to the date on which service is requested to commence.

(f) Facilities. Identification and location of any facilities to be constructed or installed by any party which are necessary for receipt of Gas by Transporter or for delivery to and/or utilization of Gas by the Shipper or direct or indirect customers of the Shipper.

(g) Rate. Percentage of the maximum effective rate under the applicable Rate Schedule which Shipper is willing to pay or a negotiated rate which Shipper is willing to pay. Transporter shall not be obligated to accept any bid or execute a Gas Transportation Contract at a rate less than the maximum rate allowable under such Rate Schedule(s) or effective tariff section. Agents. Shipper shall identify all parties whom Shipper intends to act as its agent, and shall provide Transporter with sufficient information, as requested, to verify that such agent is authorized, willing and able to act in that capacity. Changes in agent designation shall be submitted by Shipper to Transporter in a fashion similar to original requests for service.

6.3.4 Creditworthiness.

6.3.4.1 Creditworthiness Evaluation.

(1) Transporter shall not be required to commence or continue service under this Tariff, on behalf of any Shipper who fails to establish or maintain creditworthiness.

(2) Determining Creditworthiness.

Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine Shipper's financial ability to perform payment obligations due to Transporter over the term of the requested or existing agreement. If Shipper has multiple agreements with Transporter, then the total of potential fees and charges of all such agreements shall be considered in determining creditworthiness. A credit evaluation shall be performed in accordance with the following:

(a) Creditworthiness Standard – Shipper will establish creditworthiness if (i) its unenhanced senior unsecured debt securities are rated at least BBB- by Standard & Poor's Financial Services LLC ("S&P") or at least Baa3 by Moody's Investors Service, Inc. ("Moody's") and (ii) the contractual obligation derived from the sum of reservation charges for the contract term, on a net present value basis, plus applicable commodity charges and any other associated fees and charges, plus the value of any loaned or imbalance gas, is no greater than 10% of Shipper's Tangible Net Worth. Transporter will set credit limits at 10% of a Shipper's Tangible Net Worth (defined as total assets, less total liabilities, less intangible assets, less noncontrolling interest, less off-balance sheet obligations).

In the event a split rating occurs between rating agencies, Transporter will rely upon the lower of the ratings. Nothing herein shall limit Transporter's ability to evaluate any of the factors set forth in Section 6.3.4.1(2)(b)(i)–(vii) below where Shipper's creditworthiness is established by a rating agency if such factor(s) would alter Transporter's evaluation of Shipper.

- (b) If Shipper does not meet the creditworthiness standard described in part (a) above, Transporter shall evaluate creditworthiness based upon the level of Shipper's current and requested service(s) with Transporter relative to Shipper's current and future ability to meet its obligations. Such creditworthiness evaluation shall be based upon Transporter's evaluation of any or all of the following requested information in (i) through (vii) below:
- (i) S&P, Moody's and other credit reporting agencies' opinions, outlooks, watch alerts, and rating actions.
 - (ii) Financial reports whereby consistent financial statement analysis will be applied by Transporter to determine the acceptability of Shipper's current and future financial strength. Shipper's balance sheets, income statements, cash flow statements, notes to financial statements, and auditor's opinions will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability.
 - (iii) Whether Shipper is operating under any chapter of the bankruptcy code and is subject to liquidation or debt reduction procedures under state laws and whether there is pending any petition for involuntary bankruptcy. Transporter may give consideration for a Shipper who is a debtor-in-possession operating under Chapter 11 of the Federal Bankruptcy Code if Transporter is assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future to make payment.
 - (iv) Whether Shipper is subject to any lawsuits or outstanding judgments which could materially impact its ability to remain solvent.
 - (v) The nature of Shipper's business and the effect on that business of economic conditions, including Shipper's ability to recover the costs of Transporter's services through filings with regulatory agencies or otherwise to pass on such costs to its customers.
 - (vi) Whether Shipper has or has had any delinquent balances outstanding for services provided previously by Transporter and whether Shipper is paying

and has paid its account balances according to the terms established in its agreement(s) (excluding amounts as to which there is a good faith dispute).

- (vii) Any other information, including any information provided by Shipper, that is relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of the agreement(s).

6.3.4.2 Failure to Establish or Maintain Creditworthiness.

- (1) If Shipper fails to establish or maintain creditworthiness as described in Section 6.3.4.1(2), Shipper has the option of receiving or continuing service under this Tariff by providing and maintaining one of the following financial assurances in accordance with the requirements as set forth in Section 6.3.4.2(3) below:
 - (i) **Guarantee:** Shipper may provide a guarantee of financial performance in a form satisfactory and acceptable to Transporter and for the term of the agreement from a person or entity which meets the creditworthiness standards discussed in Section 6.3.4.1(2) (guarantor). For these Shippers, the credit limit will be based upon the financial information of the guarantor.
 - (ii) **Cash Security Deposit:** Shipper may provide a cash security deposit for service. Transporter will accrue simple interest on cash security deposits at the applicable monthly "Federal Funds (effective)" rate published in the Federal Reserve Statistical Report H.15. Interest will be paid by Transporter on an annual basis each September 1 or at the time Shipper's deposit is returned.
 - (iii) **Letter of Credit:** Shipper may post an irrevocable standby letter of credit (LC) in a form acceptable to Transporter and issued by a bank or financial institution deemed acceptable by Transporter.
 - (iv) Any other financial assurance mutually agreed upon by Transporter and Shipper. Such other financial assurance shall be accepted on a nondiscriminatory basis and may include, as related to interruptible service, a prepayment equal to an amount defined by Shipper. Such defined balance prepayment will remain in place until Shipper exhausts its prepaid balance by utilizing interruptible transportation service. At the point Shipper's prepayment is exhausted, Transporter may suspend further activity for interruptible service collateralized by a prepayment. Shipper will not earn interest on defined balance prepayments.

- (2) Transporter may deny subsequent requests to substitute financial assurances on a not unduly discriminatory basis and will provide Shipper with a written explanation of any denial of a request to substitute financial assurances.

Within five (5) business days of Transporter’s notification to Shipper that Shipper has returned to creditworthiness in accordance with Section 6.3.4.1(2) herein, Transporter will return Shipper's financial assurance held by Transporter along with any applicable interest and interest calculation reconciliations.

Upon expiration of Shipper's obligations under its agreement(s), Transporter will return Shipper's financial assurance associated with undisputed invoice amounts within five (5) business days of Shipper paying its final invoice. Any remaining financial assurance will be returned after resolving any and all disputed invoice amounts under the expired agreement(s). In either case, Transporter will pay applicable interest and provide Shipper final billing reconciliations detailing interest calculations.

(3) Financial Assurance Requirement Table

Service	Column A: Guarantee Requirement	Column B: Cash Security Deposit or Letter of Credit Amount
Firm Service	Shipper’s contractual obligation under its firm service agreements with Transporter.	Up to the value of 3 months reservation charges
Interruptible Service	Shipper's highest interruptible service accounts receivable over previous rolling twelve (12) months x three (3). Initial requirement based upon Shipper's anticipated usage for a three (3) month period as determined by Shipper and Transporter.	Same as under Column A
Park and Loan Service	Shipper's highest park and loan service accounts receivable over previous rolling twelve (12) months x three (3) plus value of loaned gas in accordance with Section 6.3.4.3. Initial requirement based upon Shipper's anticipated usage for a three (3) month period as determined by Shipper and Transporter plus value of loaned gas in accordance with Section 6.3.4.3.	Same as under Column A
Imbalance Gas	In accordance with Section 6.3.4.3	Same as under Column A

6.3.4.3 Credit Requirement for Loaned/Imbalance Gas Owed To Transporter.

For lending services under Transporter's Rate Schedule PAL, the credit requirement shall include an amount to adequately account for the value of loaned gas. Such amount will be up to Shipper's Maximum Loaned Quantity multiplied by the most recent monthly midpoint average "Tennessee, zone 6 del" price as reported in Platts Gas Daily Price Guide or any successor publication thereto. Transporter shall have no obligation to lend any quantity of gas beyond amounts for which Transporter holds security.

For imbalance gas owed to Transporter pursuant to an Operational Balancing Agreement, the credit requirement shall be an amount no greater than the maximum accumulated operational imbalance allowable under such agreement multiplied by the most recent monthly midpoint average "Tennessee, zone 6 del" price as reported in Platts Gas Daily Price Guide or any successor publication thereto.

6.3.4.4 Collateral Requirements for Expansion Capacity.

Collateral requirements for expansion capacity will be separately identified within the nondiscriminatory project requirements included as part of any open season for expansion capacity. The amount of collateral (for example, Cash Security Deposit or Letter of Credit) initially required for expansion capacity on lateral facilities will be determined by Transporter and may be up to the cost of the facilities to be constructed ("Maximum Allowable Collateral Requirement or MACR"). Where new lateral facilities serve multiple Shippers, an individual Shipper's maximum collateral obligation will be for no more than its proportionate share of the MACR ("Shipper's Maximum Collateral Obligation or SMCO"). Subsequent to expansion capacity on lateral facilities being placed into service, the SMCO shall be reduced in proportion to contract term or as mutually agreed. Shipper's actual collateral requirement, as identified within the open season project requirements, may be equal to or less than the SMCO ("Shipper's Actual Collateral Obligation or SACO"). Unless otherwise provided for, when the SMCO equals the SACO held by Transporter, Transporter shall thereafter return Shipper's collateral on either a monthly basis or as mutually agreed with Shipper consistent with the reduction in SMCO. Transporter is only permitted to recover the cost of expansion capacity on lateral facilities once through either transportation rates or, in the event of Shipper default, by means of the collateral provided through this provision.

6.3.4.5 Notification of Failure to Meet Creditworthiness.

Transporter shall have the right, on an ongoing basis, to review Shipper's creditworthiness and acceptability of any financial assurance, and upon Transporter's request, Shipper shall provide within three (3) Business Days, or such later date acceptable to Transporter, information in order to facilitate such review. If Shipper is found by Transporter to be non-creditworthy, Transporter will, upon request, inform Shipper in writing as to the reasons. Upon notification by Transporter of Shipper's non-creditworthiness status, Shipper must,

within five (5) Business Days, pay for one month of service in advance to continue service. Shipper must, within thirty (30) days, provide an acceptable financial assurance as set forth in Section 6.3.4.2. For Shippers utilizing expansion capacity on lateral facilities, the financial assurance that must be provided within thirty (30) days shall be in accordance with Section 6.3.4.4. If Shipper fails to provide one of the financial assurances within these time periods, Transporter may suspend service immediately (Shippers are not responsible for reservation charges after service is suspended) and may provide simultaneous written notice to Shipper, the Commission, and any replacement Shipper(s) that service will be terminated in thirty (30) days. Transporter also may exercise any other remedy available to it hereunder, at law or in equity.

6.3.5 Reserved for Future Use.

6.3.6 Reserved for Future Use.

6.3.7 Reserved for Future Use.

6.3.8 Validation of Service Request.

Each request for firm service shall be evaluated by Transporter to determine Shipper's creditworthiness, whether there is adequate System Capacity to fulfill the request, and whether the request is compatible with the System's operating conditions. Transporter may require any additional information necessary to process the request for service, consistent with all applicable rules, regulations, or orders of the FERC or other regulatory authority having jurisdiction. After validation of the information submitted by Shipper in support of a request for service, Transporter shall notify Shipper in writing.

6.3.9 Pre-qualification for Creditworthiness.

Any prospective bidder for capacity on the System is encouraged to demonstrate creditworthiness prior to submitting a bid for capacity. Upon request from a prospective bidder, Transporter will evaluate the prospective bidder's creditworthiness in accordance with the provisions of Section 6.3.4 and advise the prospective bidder of its determination. The provisions of Section 6.3.4 shall continue to remain applicable to pre-qualified prospective bidders.

6.4. GENERAL SERVICE CONDITIONS

6.4.1 Facilities to be in Place Prior to Request. Transporter shall not be required to render service on behalf of any Shipper in the event that all facilities necessary to render such service do not exist at the time such service is requested.

6.4.2 Shipper to Comply with all Terms. Transporter shall not be required to render service on behalf of any Shipper which on any Day fails to comply with any or all of the terms of the Gas Transportation Contract(s), the applicable Rate Schedule, or the General Terms and Conditions, provided, however, that prior to stopping service to a Shipper, Transporter shall notify the Shipper in accordance with the notice procedure outlined in Section 6.24.4 herein.

6.4.3 Form of Agreement. Transporter and Shipper shall execute a Gas Transportation Contract covering the service contemplated. The executed Gas Transportation Contract and any applicable schedules, exhibits and attachments, together with the General Terms and Conditions and applicable Rate Schedules, shall constitute the entire agreement between the parties for service provided therein and shall be modified only by written amendment.

6.4.4 Order of Discounts. To the extent Transporter discounts the rates applicable for service under any Gas Transportation Contract under Rate Schedules in Transporter's FERC Gas Tariff, the amount of any such discount shall be accounted for as a reduction of maximum rates in the following sequence to the extent any of the following components are included in the maximum rate. The first item discounted shall be trackable rate components (other than the ACA charges), if any, to the extent not otherwise agreed to in approved settlements then followed by the base rate (maximum less minimum rate and excluding the trackable rate components cited above.)

6.5. QUALITY OF GAS

6.5.1 Heating Value. The Gas to be delivered to Transporter at the Receipt Point(s) and made available to or on behalf of Shipper at the Delivery Point(s) under this Tariff shall be Gas having a Total Heating Value of not less than 967 BTU per Cubic Foot, and not more than 1100 BTU per Cubic Foot, unless Transporter and Shipper otherwise agree.

6.5.2 Freedom from Objectionable Matter. The Gas to be made available to Transporter at the Receipt Point(s) and made available to or on behalf of Shipper at the Delivery Point(s) under this Tariff shall be commercially free (at prevailing pressure and temperature) from objectionable odors, dust and other solid, liquid or gas matters which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows, and shall not contain levels of the following contaminants higher than specified below:

(a) Sulfur/Hydrogen Sulfide

Not more than twenty (20) grains of total sulfur nor more than one-fourth (1/4) grain of hydrogen sulfide per one hundred (100) Cubic Feet;

(b) Oxygen

Not more than two-tenths of one percent (0.2%) by volume of oxygen, and Shipper shall make every reasonable effort to keep the Gas free of oxygen;

(c) Carbon Dioxide and Nitrogen

Not more than four percent (4%) by volume of a combined total of carbon dioxide and nitrogen components; provided, however, that the total carbon dioxide component shall not exceed three percent (3%) by volume;

(d) Water

Shall not contain more than seven pounds (7 lbs.) of water per MMcf.

6.5.3 Temperature. The Gas to be made available to Transporter at the Receipt Point(s) and made available to or on behalf of Shipper at the Delivery Point(s) under this Tariff shall have a temperature of not more than one hundred twenty (120) degrees Fahrenheit.

6.5.4 Failure to Conform to Specifications. If the Gas offered to be made available to Transporter at the Receipt Point(s) or made available to or on behalf of Shipper at the Delivery Point(s) shall fail at any time to conform to any of the specifications set forth in Sections 6.5.1, 6.5.2, or 6.5.3, then the party receiving such Gas (the "receiving party") shall notify the other

party (the "tendering party") of such deficiency and thereupon the receiving party may at its option refuse to accept such Gas pending correction by the tendering party. Upon the tendering party's failure promptly to remedy any deficiency, the receiving party may accept such Gas and may make changes necessary to bring such Gas into conformity with such specifications, and the tendering party shall reimburse the receiving party for any reasonable expense incurred by it in effecting such changes. In no event shall the failure of any Gas offered for delivery to Transporter by Shipper or for Shipper's account to conform to any of the specifications set forth in Sections 6.5.1, 6.5.2 or 6.5.3 relieve Shipper of Shipper's obligation to pay all applicable reservation and/or usage charges. Further, Shipper shall reimburse Transporter for all expenses incurred in repairing injuries to Transporter's facilities resulting from Transporter's receipt of Gas for the account of Shipper which does not conform to the specifications set forth in Sections 6.5.1, 6.5.2 and 6.5.3 and, notwithstanding the provisions of Sections 6.20 and 6.21, shall indemnify and save harmless Transporter against any claims for damages arising from such failure to conform to these specifications.

6.6 MEASUREMENT OF GAS AND MEASUREMENT EQUIPMENT

6.6.1 The volume and the Total Heating Value of the Gas made available to Transporter at the Receipt Point(s) and made available to or on behalf of Shipper at the Delivery Point(s) shall be determined as follows:

(a) Unit of Measurement. The unit of Gas, for the purpose of measurement, shall be one (1) Mcf.

(b) Heating Value per Cubic Foot. The Total Heating Value of the Gas per Cubic Foot shall be determined for any Month by taking the weighted average of the heating values as recorded each Day by an on-line gas chromatograph or as determined by chromatographic analysis of a sample of Gas collected Daily during the Month, or any other method mutually agreed upon by Shipper and Transporter.

(c) Determination of DTH Delivered. The DTH delivered shall be determined by multiplying the Mcf delivered by the ratio of the BTU per Cubic Foot delivered to 1,000. For purposes of this determination, the specific gravity (relative density) and heating value shall be determined at the same time, as described in Section 6.6.1(b) herein.

(d) Determination of Temperature. The temperature of the Gas passing through each meter 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 each meter. The arithmetical average of the temperature recorded each Day shall be used in computing Gas quantities. Where electronic gas measurement is used, live flowing temperature values shall be used.

(e) Specific Gravity. The specific gravity of the Gas shall be determined by the use of a recording gravitometer, which shall be checked by Transporter at least once each Month, or any other method mutually agreed upon by Shipper and Transporter.

(f) Deviation from Boyle's Law. The deviation of the Gas from Boyle's Law shall be determined by the use of the table of formulas published by the American Gas Association Par Research Project NX-19 corrected for carbon dioxide and nitrogen, or any superseding applicable tables or calculation methods published by the American Gas Association. Determinations of the molecular percentage of N₂ and CO₂ in the Gas shall be made within thirty (30) Days after the Commencement Date and with each chromatographic analysis. The molecular percentage of N₂ and CO₂ thus determined will be used to determine the super compressibility factors during the ensuing period, with corrections for specific gravity, temperature and pressure.

6.6.2 Measuring Equipment. Unless Transporter and Shipper agree otherwise, all gas volume measuring equipment, devices and materials at the point(s) of receipt and/or delivery shall be

furnished and installed by Transporter at Shipper's expense including the tax-on-tax effect. All such equipment, devices and materials shall be owned, maintained and operated by Transporter. Shipper may install and operate check measuring equipment provided it does not interfere with the use of Transporter's equipment.

(a) Orifice Meters. Orifice meters, if used, shall be installed, and Gas quantities computed, in accordance with American Gas Association Report No. 3 ANSI/API 2530, Orifice Metering of Gas and Other Related Hydrocarbons, dated September 1985.

(b) Positive or Turbine Meters. Displacement or turbine meters, if used, shall be installed, and Gas quantities computed, in accordance with A.G.A. Gas Measurement Manual, Auxiliary Devices, Part No. Six, Copyright 1980; and Measurement of Gas By Turbine Meters, Transmission Measurement Committee Report No. 7, Copyright 1985.

(c) New Measurement Techniques. Upon agreement of Transporter and affected Shipper(s), electronic or other types of flow computers or any new Gas measurement technique or method may be installed by Transporter, and quantities of Gas shall be calculated in accordance with generally accepted industry practices.

6.6.3 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 any Delivery Point.

6.6.4 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 any Gas Transportation Contract. The records from such measuring equipment shall remain the property of the owner of the measuring equipment, but upon request each will submit to the other its records and charts, together with calculations therefor, for inspection and verification, subject to return within thirty (30) Days after receipt thereof.

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

6.6.6 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 (30) Day period. In the event either party

shall notify the other that it desires a special test of any measuring equipment the parties shall 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 not to be in error in the amount which would cause an aggregate flow rate calculation greater than two percent (2%).

If, upon test, any measuring equipment, including recording calorimeters, is found to be in error, and causing a flow rate calculation error of not more than two percent (2%), previous recording of such equipment shall be considered accurate in computing deliveries of Gas, but such equipment shall be adjusted to record accurately.

If, upon test, any measuring equipment shall be found to be inaccurate by an amount exceeding two percent (2%), at a recording corresponding to the average hourly rate of flow for the period since the last preceding test, then any previous recordings of such equipment shall be corrected to zero error for any period which is known definitely, but in case the period is not known or agreed upon, such correction shall be for a period of the latter of one-half of the time elapsed since the date of last test, or a period of sixteen (16) Days.

6.6.7 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, provided that the check meter is of a type commonly used in the industry and has been tested and with eased on the same frequency as the meter; 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 on the basis of deliveries during periods under similar conditions when the meter was registering accurately.

6.6.8 Preservation of Metering Records. Transporter and Shipper shall each preserve for a period of at least three (3) Years all test data, charts and other similar records.

6.7. NOMINATIONS AND SCHEDULING

6.7.1 Nominations.

(a) For service requested for any Nomination period under each of Shipper's Gas Transportation Contracts, Shipper, or Shipper's agent, shall provide Transporter, at a minimum, the mandatory data elements included in the NAESB standards and any additional business-conditional or mutually agreeable data elements. Transporter shall provide, upon request, an indication of which data elements it is using and what it is using them for. Such Nominations are to be provided to Transporter under the timeline set forth in Section 6.7.2 via EDI. All such transmissions for Nomination purposes shall comply with all format and protocol requirements specified by the applicable trading partner agreement. Nominations may be sent to Transporter for each Nomination cycle described in Section 6.7.2 either in hard copy or facsimile not later than one hour prior to the applicable Nomination receipt deadline.

Nominations for Park and Loan Service under Rate Schedule PAL may only be made by entities that are party to a Park and Loan Service Contract with Transporter. Such nominations can be made on Transporter's Interactive Internet Website consistent with Rate Schedule PAL.

All Nominations shall be considered original Nominations and must be replaced to be changed. When a Nomination for a date range is received, each day within the 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.

Transporter shall support a seven-days-a-week, twenty-four-hours-a-day Nomination process. Personnel may be reached by telephone or other electronic means after normal business hours.

All Nominations should include Shipper defined begin dates and end dates. All Nominations, excluding Intraday Nominations, should have roll-over options.

6.7.2 Nomination Cycles.

In accordance with NAESB Standard 1.3.2, Transporter will utilize the following standard nomination cycles (pursuant to NAESB WGQ Standard 0.3.17 all times are Central Clock Time):

- (i) The Timely Nomination Cycle
On the day prior to gas flow:
 - 1:00 p.m. Nominations leave control of the service requester;

- 1:15 p.m. Receipt of Nomination by Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Transporter sends the quick response to the service requester;
- 4:30 p.m. Receipt of completed confirmations by Transporter from confirming parties;
- 5:00 p.m. Service requester and point operator receive Scheduled Quantities from Transporter.

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

(ii) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the service requester;
- 6:15 p.m. Receipt of Nominations by Transporter (including from TTTSPs);
- 6:30 p.m. Transporter sends the quick response to the service requester;
- 8:30 p.m. Receipt of completed confirmations by Transporter from confirming parties;
- 9:00 p.m. Transporter provides Scheduled Quantities to the affected service requester and point operator, including bumped parties (notice to bumped parties).

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

(iii) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:00 a.m. Nominations leave control of the service requester;
- 10:15 a.m. Receipt of Nominations by Transporter (including from TTTSPs);
- 10:30 a.m. Transporter sends the quick response to the service requester;
- 12:30 p.m. Receipt of completed confirmations by Transporter from confirming parties;
- 1:00 p.m. Transporter provides Scheduled Quantities to the affected service requester and point operator, including bumped parties (notice to bumped parties).

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

(iv) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of the service requester;
- 2:45 p.m. Receipt of Nominations by Transporter (including from TTTSPs);
- 3:00 p.m. Transporter sends the quick response to the service requester;

- 5:00 p.m. Receipt of completed confirmations by Transporter from confirming parties;
- 5:30 p.m. Transporter provides Scheduled Quantities to the affected service requester and point operator, including bumped parties (notice to bumped parties).

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

(v) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:00 p.m. Nominations leave control of the service requester;
- 7:15 p.m. Receipt of Nominations by Transporter (including from TTTSPs);
- 7:30 p.m. Transporter sends the quick response to the service requester;
- 9:30 p.m. Receipt of completed confirmations by Transporter from confirming parties;
- 10:00 p.m. Transporter provides Scheduled Quantities to the affected service requester and point operator.

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

- (vi) For purposes of NAESB WGQ Standard 1.3.2(ii), (iii), (iv), and (v) (as reflected in this Section 6.7.2 above), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

6.7.3 Measurement Variance.

Shipper shall receive or cause the applicable Measurement Variance Quantity to be furnished in kind each Month. If necessary, Transporter shall use the applicable Measurement Variance Factor to adjust a Shipper's Scheduled Quantities, or to calculate the Measurement Variance Quantity that a Shipper may tender at the applicable Receipt Point in lieu of an adjustment to the Scheduled Quantity. In no instance shall the Measurement Variance Quantity be less than one (1) DTH.

6.7.4 Allocation of Capacity.

(a) On each Day Transporter shall determine with respect to all Gas Transportation Contracts:

- (1) the total quantities which all Shippers have nominated to be received on that Day;

(2) the total quantities which all Shippers have nominated to be delivered on that Day;
and

(3) Transporter's capacity available in each pipeline Segment to perform all of the nominated services.

(b) If due to any cause whatsoever Transporter is unable, on any Day, to satisfy all Nominations for service through any pipeline Segment pursuant to the procedures in Section 6.7.1 above, then Transporter shall allocate available service in the constrained Segment according to the following allocation procedure:

(1) First, Transporter shall schedule the following service on a pro-rata basis based on Maximum Contract Demand: (1) service under Rate Schedule FT-Flex for Shippers whose nominated volumes Transporter has previously declined to schedule on 10 days during the current Month and whose current nomination is for Primary Receipt and Delivery Point(s), (2) service under Rate Schedule FT and (3) service under Rate Schedule HRS nominated at Primary Receipt and Delivery Point(s) based on evenly hourly flows at 1/24th of MDQ. For purposes of allocating mainline capacity pursuant to this paragraph, any Nomination for service at a Secondary Receipt Point located downstream of a Shipper's Primary Receipt Point, shall be treated as a Nomination for service at Shipper's Primary Receipt Point, up to the Shipper's Maximum Contract Demand at such Primary Receipt Point. For purposes of allocating mainline capacity pursuant to this paragraph, any Nominations for service at a Secondary Delivery Point located upstream of a Shipper's Primary Delivery Point, shall be treated as a Nomination for service at Shipper's Primary Delivery Point, up to the Shipper's Maximum Daily Quantity, pursuant to Section 6.7.10(a) herein, regardless of the contracted flow rate, at such downstream Primary Delivery Point.

(2) Second, Transporter shall schedule service under Rate Schedule HRS nominated at Primary Receipt and Delivery Points up to Shipper's MDQ and MHQ to the extent not scheduled in accordance with Paragraph 1 herein. For purposes of allocating mainline capacity pursuant to this paragraph, any Nomination for service at a Secondary Receipt Point located downstream of a Shipper's Primary Receipt Point, shall be treated as a Nomination for service at Shipper's Primary Receipt Point, up to the Shipper's Maximum Contract Demand at such Primary Receipt Point. For purposes of allocating mainline capacity pursuant to this paragraph, any Nominations for service at a Secondary Delivery Point located upstream of a Shipper's Primary Delivery Point, shall be treated as a Nomination for service at Shipper's Primary Delivery Point, up to the Shipper's Maximum Daily Quantity, pursuant to Section 6.7.10(a) herein, regardless of the contracted flow rate, at such downstream Primary Delivery Point. In the event Transporter has insufficient capacity to schedule all service within this priority, service shall be scheduled on a pro-rata basis based on hourly quantity nominated.

(3) Third, Transporter shall schedule service under Rate Schedule FT-FLEX for Shippers whose nominated volumes Transporter has previously declined to schedule on 10 Days during the current Month and whose current nomination is for Secondary Receipt and Delivery Point(s) and

Rate Schedule FT and Rate Schedule HRS at Secondary Receipt and Delivery Point(s) on a pro-rata basis based on the highest percentage of the Maximum Demand Rate for the service being provided. Shippers that are paying the same percentage of the Maximum Demand Rate for such service shall be allocated capacity on a pro rata basis. For purposes of allocating mainline capacity pursuant to this paragraph, any nomination for service at a Secondary Delivery Point, up to Shipper's Maximum Daily Quantity, shall be scheduled pursuant to Section 6.7.10(a) herein, regardless of the contracted flow rate.

(4) Fourth, Transporter shall schedule service on the basis of the rate being paid from highest to lowest, under Rate Schedule IT, Authorized Overrun under any firm rate schedule, and Rate Schedule FT-FLEX Shippers for whom Transporter has failed to schedule nominated service less than 10 Days during the current Month. Nominations for service that are being provided at the same rate shall be scheduled on a pro-rata basis based on Daily Nominations. For purposes of this paragraph, the rate being paid under FT-FLEX shall be the Usage rate being paid.

(5) Fifth, Transporter shall schedule service on a pro-rata basis under Rate Schedule PAL which is being provided at the maximum rate applicable to the service.

(6) Sixth, Transporter shall schedule service on a pro-rata basis under Rate Schedule PAL on the basis of the rate being paid.

(7) Seventh, Transporter shall schedule "make-up" quantities contemplated in Section 6.10.4 herein.

(8) Eighth, Transporter shall schedule service pursuant to Article III of Gas Transportation Contracts (having an initial term of 20 years or longer) under Rate Schedule FT.

For purposes of applying the above priorities only, any Shipper paying a rate above the maximum 100% Load Factor Equivalent Rate for the Shipper's service, shall be deemed to be paying the maximum applicable rate.

Notwithstanding any other provision in this Section, with regard to service under Rate Schedule IT, Transporter reserves the right, after one (1) Business Day's notice, to subordinate service to a Shipper with respect to any service provided to that Shipper under a discounted rate or negotiated rate(s) in order to provide service to another Shipper if such subordination would result in a higher unit rate to Transporter. Transporter will afford any Shipper whose service is being subordinated pursuant to this provision an opportunity to renegotiate its Gas Transportation Contract to increase its unit rate, during the period the Shipper's service is being subordinated, to maintain its priority; provided, however, if a Shipper who is paying a discount rate or negotiated rate(s) chooses to increase the unit rate in response to the higher offer, it must do so within one (1) Business Day, and Transporter is obligated to accept any such increase that equals or exceeds the higher offer. Once Shipper exercises its right to pay the higher rate and matches or exceeds the higher offer, then it retains its priority as between Shippers requesting service at the same rate, and priority shall be determined as in paragraph (b)(3) if the maximum

rate will be paid, or paragraph (b)(4) above if a rate less than the maximum rate will be paid. If Shipper is unwilling to pay the higher rate, it may not offer at a later date to pay the higher rate and reclaim its priority.

Where multiple Nominations have the same scheduling priority as determined by this Section 6.7.4(b), Transporter will allocate capacity by the ranking provided by Shipper in accordance with Section 6.7.

6.7.5 Scheduling.

Shipper's Nomination shall be deemed to be the Scheduled Quantity if Transporter determines, pursuant to Section 6.7.4 above, that adequate capacity is available to accommodate such Nomination.

(a) In the event that Transporter determines in accordance with Section 6.7.4 above that it is unable to accept all or any part of any Shipper's Nomination, Transporter shall advise Shipper by the time set forth in Section 6.7.2 for each Nomination cycle of the quantity of Gas, if any, that Transporter is prepared to make available at each Receipt and Delivery Point under each Gas Transportation Contract.

(b) Forthwith after receiving such response from Transporter, Shipper may provide an Intraday Nomination to Transporter which shall be no greater than the available capacity for each Receipt and Delivery Point. The least of Shipper's revised Nomination, original Nomination, revised Transporter's response to that Nomination or Shipper's Intraday Nomination for each Receipt and Delivery Point shall be deemed the Scheduled Quantity.

(c) If such revised Nomination for any Receipt or Delivery Point is not provided within the time required in Section 6.7.5(b) above, or if it exceeds the available capacity for any Receipt or Delivery point, then the Scheduled Quantity for such Receipt or Delivery Point shall be deemed to be the quantity of Gas reported in Transporter's response in accordance with Section 6.7.5(b) above.

6.7.6 Late Nominations, Modifications of Scheduled Quantities and Nominations by Replacement Shippers. Requests for modifications of previously scheduled service, and Nominations by Replacement Shippers which have just acquired capacity pursuant to the General Terms and Conditions, will be accommodated where such requested Nomination or modification does not interfere with operation of the System or Transporter's ability to render other scheduled service. In the event capacity remains available on the System after service has been nominated and scheduled in accordance with Sections 6.7.1 through 6.7.5 above, or capacity becomes available either due to requests from Shippers which have previously scheduled service to change such scheduled service, or due to operational or weather situations which permit Transporter to render additional service without compromising service already scheduled, Transporter will accept late Nominations for service and shall endeavor, but shall not be obligated, to provide service which implements such late Nominations.

6.7.7 Minimum Quantity Meterable. In no event shall Transporter be required to schedule for service a quantity of Gas which Transporter cannot meter with reasonable accuracy at the Receipt or Delivery Points for which Shipper is requesting service. If Shipper nominates a quantity of Gas which Transporter cannot meter with reasonable accuracy at the requested Receipt and/or Delivery Point(s), Transporter will promptly so inform Shipper and advise Shipper of the minimum quantity that can be metered with reasonable accuracy at the proposed Receipt and/or Delivery Point(s).

6.7.8 Coordination with Other Parties. Shipper shall make all necessary arrangements with other parties at or upstream of the Receipt Point(s) where Gas is delivered to Transporter by Shipper or for Shipper's account and downstream of the Delivery Point(s) where Gas is made available to Shipper, which arrangements shall be compatible with the System operations and coordinated with Transporter's dispatchers.

6.7.9 Shipper to Provide Information.

(a) Balancing. Prior to the first Day of each Month, Shippers shall furnish to Transporter, either electronically or in writing, Shipper's good-faith estimates of the Gas quantities Shipper intends to nominate for service on each Day of such Month. Such good-faith estimates will be used by Transporter for balancing purposes and shall not substitute for the Nomination procedures outlined above, nor shall such good-faith estimates be made available to Transporter's marketing affiliates unless the information is posted simultaneously on Transporter's Interactive Internet Website.

(b) Other. Shipper shall endeavor to provide Transporter with all information and material in the possession of or reasonably accessible to Shipper and required by Transporter to calculate and verify Shipper's Scheduled Quantity at Receipt and Delivery Point(s) each Day and to calculate and verify the Total Heating Value, the quality specifications, and Shipper's Maximum Daily Quantity at Receipt and Delivery Point(s) each Day.

6.7.10 Flow Rates.

(a) FT-Flex, FT, IT and PAL Receipts and Deliveries, and HRS at Secondary Delivery Points. Shipper shall deliver and receive Gas in uniform Daily quantities during any Month and in uniform hourly quantities during any Day as nearly as possible at uniform hourly flows. Any departure from uniform hourly quantities shall be allowed if mutually agreeable.

(b) HRS Receipts. Unless otherwise agreed, Shipper shall deliver, or cause to be delivered and Transporter shall receive at each Receipt Point, Gas in uniform hourly quantities during any Day.

(c) HRS Deliveries. Unless otherwise agreed, Transporter shall deliver and Shipper shall receive, or cause to be received at a specified Primary Delivery Point, Gas up to the

Maximum Hourly Flow Rate, and within Shipper's MHQ, as provided in Shipper's Agreement. Transporter shall deliver at secondary points subject to the provisions of Section 6.7.10(a) above and the provisions of Section 4.3 of Rate Schedule HRS.

6.7.11 Pooling. If requested by a Shipper or supplier on Transporter's system, Transporter will offer at least one pool. Deliveries from Receipt Points should be able to be delivered directly into at least one pool, and Delivery Points should be able to receive quantities from at least one pool, excluding non-contiguous facilities.

6.7.12 Confirmation

(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 Scheduled Quantity for the Timely Nomination Cycle of the previous Gas Day 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 a request for confirmation or an unsolicited confirmation response, the Scheduled Quantity for the previous intraday nomination cycle 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 Section 6.7.12(i) through (iii) above, if there is no response to a request for confirmation or an unsolicited confirmation response, the Transporter shall provide the service requester with the following information to explain why the Nomination failed, as applicable:

(1) the Transporter did not conduct the confirmation;

(2) the service requester is told by Transporter that the upstream confirming party did not conduct the confirmation;

(3) the service requester is told by Transporter that the upstream service requester did not have the gas or submit the Nomination;

(4) the service requester is told by Transporter that the downstream confirming party did not conduct the confirmation;

(5) the service requester is told by Transporter that the downstream service requester did not have the market or submit the Nomination.

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

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, based upon a cumulative uniform hourly quantity for each Nomination period affected.

6.8. BALANCING AND PENALTIES

6.8.1 Daily Balancing Obligations.

(a) Transporter. To the best of its ability, Transporter shall monitor Nominations, deliveries, and receipts for each transportation transaction and, based upon available information, notify Shipper(s) of any scheduling, imbalance, or overrun problem which has occurred, or may occur unless corrective action is taken. Transporter shall not be obligated on any Day to receive from Shipper at any Receipt Point, or make available to Shipper at any Delivery Point, any quantity of Gas in excess of such Shipper's Scheduled Quantity for that Receipt or Delivery Point. Any allocation of scheduled receipt or delivery quantities due to operational conditions occurring during the gas Day shall be reported to the affected Shipper(s) within one Business Day of the end of the Day in which such allocation occurred.

(b) Shippers.

(1) For firm transportation service, each Shipper shall ensure that each of its Scheduled Quantities on any Day does not exceed its MDQ for the applicable Primary Receipt Point or Primary Delivery Point; provided, however, that Shipper may exceed its MDQ to deliver make-up quantities when capacity is available and subject to the capacity allocation procedures of Section 6.7 herein. If Shipper designates Secondary Receipt and/or Delivery Point(s) on any Day, the sum of its Receipt Point Scheduled Quantities on that Day shall not exceed the sum of the MDQs specified in Schedule 1 of its Gas Transportation Contract, and the sum of its Delivery Point Scheduled Quantities shall not exceed the sum of the MDQs specified in Schedule 1 of its Gas Transportation Contract.

(2) For each Day on which Transporter receives Gas from or delivers Gas to multiple Shippers at a common Receipt or Delivery Point, and on which the total quantities received or delivered exceed or fall short of the sum of all affected Shippers' Scheduled Quantities for such Day, Shippers whose quantities are commingled at such Delivery or Receipt Point not subject to an Operational Balancing Agreement shall have the obligation to accept the pre-determined allocation method in effect for that meter for each allocation period for which the Shipper has scheduled deliveries or receipts. Transporter shall allocate quantities in accordance with Operational Balancing Agreements with the operator of the common Receipt or Delivery Point to the extent operational balancing agreements are in effect at such points.

(3) To the best of its ability, Shipper shall on a Daily basis:

(A) make available at each applicable Receipt Point a quantity of Gas equal to Shipper's Scheduled Quantity for that Receipt Point;

(B) take at each applicable Delivery Point a quantity of Gas equal to Shipper's Scheduled Quantity for that Delivery Point;

(C) maintain a balance of deliveries and receipts;

(D) upon notification by Transporter, take appropriate corrective action in accordance with the provisions of this Tariff; and

(E) coordinate with Transporter any adjustment to receipts and deliveries which is undertaken, whether or not the adjustment is undertaken pursuant to notification from Transporter.

6.8.2 Scheduling Penalty.

(a) **Applicability.** Transporter may assess against Shipper, for any day, the greater of the scheduling penalties in accordance with this Section 6.8.2, so long as Transporter has notified Shipper that a scheduling problem has occurred (or will occur absent corrective action having been taken by Shipper in response to a prior problem that is ongoing, for which notice was already given by Transporter to Shipper); provided, however, that Transporter shall not assess a scheduling penalty against Shipper:

(1) in the event Shipper's failure to take corrective action is caused by Force Majeure conditions as defined in Section 6.2 of this Tariff; or

(2) during any period an Operational Balancing Agreement is in effect at Shipper's Receipt Point and Delivery Point.

(b) **Receipt Point Scheduling.** If on any Day Shipper delivers a quantity of Gas to Transporter at any Receipt Point which exceeds or falls short of the Scheduled Quantity for such Receipt Point by the greater of five percent (5%) or 400 DTH, then Shipper shall pay to Transporter \$1.30 per DTH for all quantities in excess or which fall short of the Scheduled Quantity by more than the greater of five percent (5%) or 400 DTH of the Scheduled Quantity for such Receipt Point.

(c) **Delivery Point Scheduling.** If on any Day Shipper takes delivery of a quantity of Gas from Transporter at any Delivery Point which exceeds or falls short of the Scheduled Quantity for such Delivery Point by the greater of five percent (5%) or 400 DTH, then Shipper shall pay to Transporter \$1.30 per DTH for all quantities in excess of or which fall short of the Scheduled Quantity by more than the greater of five percent (5%) of the Scheduled Quantity or 400 DTH for such Delivery Point.

(d) **Penalty Waiver.** Transporter shall waive such scheduling penalties in the event that Shipper's reason for exceeding the applicable tolerance is the result of actions by Transporter or an interruption of upstream gas supply or transportation service. As to any such upstream gas supply or transportation service interruption, Shipper must furnish to Transporter all information necessary to document and quantify the dimensions of that upstream interruption.

6.8.3 Imbalance Penalties.

(a) Applicability. Transporter may assess against Shipper one or more imbalance penalties in accordance with this Section 6.8.3, so long as Transporter has notified Shipper that an imbalance has occurred (or will occur, absent corrective action having been taken by Shipper in response to a prior problem that is ongoing, for which notice was already given by Transporter to Shipper); provided, however, that Transporter shall not assess a Daily or Monthly imbalance penalty against Shipper:

(1) in the event Shipper's failure to take corrective action is caused by Force Majeure conditions as defined in Section 6.2 of this Tariff; or

(2) during any period an Operational Balancing Agreement is in effect at Shipper's Receipt Point and Delivery Point.

In addition, Transporter shall not assess a Monthly imbalance penalty against Shipper if, upon receiving Transporter's notification of an imbalance situation, Shipper takes action, in coordination with Transporter, which corrects such imbalance within thirty (30) days of notification.

(b) Daily Balancing. If on any Day the quantities of Gas Shipper delivers to Transporter at the Receipt Point(s) ("Receipts") (adjusted by the applicable Measurement Variance Quantity) are in excess of or deficient by the greater of five percent (5%) or 400 DTH of the quantities of Gas taken by Shipper at the Delivery Point(s), Transporter shall provide Shipper with notification, within such period of time as reasonably required by Transporter to protect the integrity of its System, to initiate corrective action. In the event Shipper fails to initiate during the next available timely nomination cycle the corrective action as advised by Transporter, Transporter may charge Shipper \$1.30 per DTH for any receipts which are in excess or deficient by the greater of five percent (5%) or 400 DTH of deliveries. Shipper shall have 30 Days after notification to reduce the cumulative imbalance to zero.

(c) Monthly Balancing.

(1) At least seven (7) Days prior to the end of each Month Transporter shall notify Shipper if it appears that Receipts (adjusted by the applicable Measurement Variance Quantity) will be in excess of or deficient by two percent (2%) or more of deliveries. Transporter may charge Shipper \$1.30 per DTH for any Receipts (adjusted by the applicable Measurement Variance Quantity) which are in excess of or deficient by two percent (2%) of deliveries, if:

(A) within one (1) Business Day after Transporter's notification, Shipper fails to come to an agreement with Transporter upon the appropriate corrective action to be implemented;

(B) Shipper fails to implement the agreed-upon corrective action; and/or

(C) such corrective action fails to reduce the cumulative balance to zero within 30 days after Transporter's notification.

(2) Imbalances for any Month that become apparent after the time for notice has expired shall be considered as an imbalance for the Month following the Month in which the imbalance became apparent.

(3) In any Month in which Shipper may be liable for both Daily and Monthly imbalance penalties, the sum of the excess and deficiency quantities for which Shipper has been assessed a Daily imbalance penalty shall be deleted from excess or deficient quantities used in calculating the Monthly imbalance penalty. In calculating excess and deficient quantities, Transporter shall take into consideration make-up quantities that were used pursuant to Transporter's notification to correct any excess or deficiency in deliveries under other Gas Transportation Contracts between Transporter and Shipper.

(d) Penalty Waiver. Transporter shall waive such balancing penalties in the event that Shipper's reason for exceeding the applicable tolerance is the result of actions by Transporter or an interruption of upstream gas supply or transportation service. As to any such upstream gas supply or transportation service interruption, Shipper must furnish to Transporter all information necessary to document and quantify the dimensions of that upstream interruption.

6.8.4 Overrun Penalty.

(a) Applicability. Transporter may assess against a firm service Shipper one or more overrun penalties in accordance with this Section 6.8.4; provided, however, that during the period that an Operational Balancing Agreement is in effect at the relevant Delivery Point:

(1) overrun penalties shall apply during the periods in which operational balancing agreements are in effect at the relevant Delivery Point(s) only if: (A) there is an overall overrun at the Delivery Point and (B) such overrun causes operational difficulties or affects the integrity of the System or Transporter's ability to render scheduled service.

(2) upon giving or receiving notice of the termination of any effective Operational Balancing Agreement, Transporter shall promptly notify all Shippers via posting on its Interactive Internet Website, and will provide written notification of the giving or receiving of such notice to the affected shippers by fax or overnight mail.

(b) Overrun Penalties. If on any Day a firm service Shipper takes delivery of a quantity of Gas from Transporter at any Delivery Point which exceeds Shipper's MDQ at such Delivery Point by two percent (2%) or more, then Shipper shall pay to Transporter \$2.50 for each Dth up to 50 Dth in excess of the applicable MDQ, and \$25 per DTH for any additional quantity of unauthorized Daily overrun taken by Shipper at such Delivery Point.

6.8.5 Crediting of Penalty Revenues. In the event that Transporter assesses and collects penalties in accordance with the provisions of Sections 6.8.2 – 6.8.4, such revenues in excess of Transporter Penalty Costs (such excess revenues herein referred to as "Excess Penalty Revenues") shall be credited to the bills of firm and interruptible service Shippers who did not receive scheduled service as a result of the actions that led to penalties being assessed by Transporter. If more than one firm or interruptible service Shipper was unable to receive scheduled service, then the Excess Penalty Revenues shall be credited among such Shippers based on the ratios of the Scheduled Quantity of gas each Shipper was unable to receive under firm or interruptible service rate schedules divided by the total Scheduled Quantities of gas that all Shippers were unable to receive under such firm or interruptible service rate schedules.

Shippers entitled under this Section 6.8.5 to Excess Penalty Revenue Credits shall receive such credits to their invoices for the month following the month in which the later of the following events occurs:

- (1) Transporter collects the associated Excess Penalty Revenues from all Shippers responsible for the actions that led to penalties being assessed by Transporter; and
- (2) Transporter reasonably is able to determine the total amount of all Transporter Penalty Costs.

6.8.6 Automatic Waiver. If no shipper has been impeded from receiving its scheduled service, Transporter shall not impose penalties under this Section 6.8.

6.8.7 Penalty Provisions Not Exclusive. Nothing in this Section 6.8 shall limit Transporter's right to take such action as may be required to adjust deliveries and receipts in order to alleviate conditions which threaten the integrity of its System, nor prevent Transporter from exercising any other legal remedies which may be available.

6.8.8 Operational Balancing Agreements: Transporter will operate its system in a manner that will discourage and limit any instances in which the actions of one or more shippers (e.g., excess or deficient tenders of gas at Receipt Points, excess or deficient takes of gas at Delivery Points, or similarly disruptive imbalances between gas that is nominated, scheduled and transported for shippers) result in degraded service or operational conditions for other Shippers. Transporter's Scheduling, Imbalance and Overrun penalties are intended to deter such actions in situations in which the interests of an individual Shipper depart from those of the Joint interests of Transporter's entire base of Shippers. Consequently, it is Transporter's policy to mitigate such adverse operating circumstances by entering into Operational Balancing Agreements with willing, mutually agreeable, creditworthy third parties (creditworthiness determined pursuant to Section 6.3.4 of this Tariff) that will aggregate the receipt or delivery entitlements of two or more Shippers, with respect to gas transportation Nominations, scheduling, dispatching, balancing and related gas receipt or delivery functions. During those periods when an Operational Balancing Agreement is in effect for any Shipper's Receipt and Delivery Points,

such Shipper shall not be subject to the scheduling and imbalance penalties of Sections 6.8.2 and 6.8.3 hereof.

6.8.9 Apportionment Practices. Shipper's respective entitlements shall be determined with reference to the reverse order of the priorities specified in Section 6.10.2 herein, regardless of whether the Shipper receives service under one or multiple contracts. In the absence of an Operational Balancing Agreement at a Receipt or Delivery Point, gas will be apportioned pro rata on any Day among multiple Shippers, based upon each Shipper's accepted and approved Nomination, across all applicable services.

6.8.10 Imbalance Trading and Netting

Imbalance Trading is available for any daily imbalance that would otherwise be resolved pursuant to Section 6.8.3(b) above. Transporter will allow Shippers to trade daily imbalances if the two daily imbalances offset each other in such a way that the net daily imbalance after the completion of the trade for each Shipper would be reduced to a quantity closer to zero. A Shipper may trade any daily imbalance with another Shipper, provided that the trade does not violate any notices issued by Transporter relating to operation of Transporter's system. A Shipper may net imbalances between its service agreements.

Imbalance trading may be done at any time during the gas flow month, and until the seventeenth Business Day after the end of the month. To facilitate the trading process, Transporter will, upon receipt of Shipper's authorization, post the Shipper's daily imbalance quantity on Transporter's Interactive Internet Website. Authorizations to post imbalances that are received by Transporter by 11:45 A.M. will be effective by 8 A.M. the next business day (central clock time). An authorization to post imbalances will remain in effect until cancelled by the Shipper giving the authorization. Daily imbalances previously authorized for posting will be posted as they become available, but no later than the ninth business day of the month; however, Transporter will not be required to post zero imbalances. The information posted will also identify the contract, the area where the imbalance arose and the gas day applicable to the posted daily imbalance quantity. Transporter will provide to all customers the ability to view, and upon request, download posted imbalance information.

Transporter shall enable the imbalance trading process by (i) receiving the request for imbalance trade, (ii) receiving the imbalance trade confirmation, (iii) sending the imbalance trade notification to all affected parties, and (iv) reflecting the trade prior to or on the next monthly Shipper Imbalance. When trading imbalances, the quantity to be traded must be specified. After receipt of an imbalance trade confirmation, Transporter will send the imbalance trade notification to the initiating trader and the confirming trader no later than noon (central clock time) on the next business day. 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. Transporter shall update the Shipper's daily imbalance data to reflect any final trades of imbalance quantities no later than 9 a.m. CT on the next business day after the trade is finalized.

6.9. RECEIPT POINTS AND DELIVERY POINTS

6.9.1 Receipt Points. The Primary Receipt Point(s) at which Transporter will receive Gas from a firm service Shipper or for a firm service Shipper's account shall be those set forth on Schedule 1 appended to the Gas Transportation Contract. Such Schedule 1 shall also set forth the Maximum Daily Quantity applicable to each Primary Receipt Point. Maximum Contract Demand is listed in Schedule 1 of Gas Transportation Contracts for firm and winter firm service. Subject to the availability of capacity, all other Receipt Points shall be available, under 18 C.F.R. Part 284 of the FERC's Regulations, as Secondary Receipt Point(s) for Shippers with Gas Transportation Contracts for firm service, subject to Section 6.8.1(b)(1) herein.

6.9.2 Additions and Deletions of Primary Receipt Points. Subject to Section 6.9.5 herein, the currently effective Schedule 1 appended to each firm Gas Transportation Contract may be revised from time to time in order to reflect additions or deletions of Primary Receipt Points, or changes in the Maximum Contract Demand or Maximum Daily Quantities applicable to Primary Receipt Points.

6.9.3 Delivery Points. The Primary Delivery Point(s) at which Transporter will make Gas available to or on behalf of firm service Shipper shall be those set forth on Schedule 1 appended to the Gas Transportation Contract(s). Such Schedule 1 shall also set forth the Maximum Daily Quantity applicable to each such Primary Delivery Point. Transporter shall make deliveries at each Delivery Point as nearly as practicable at System line pressures. Subject to the availability of capacity, all other Delivery Points shall be available, under Part 284 of the FERC's Regulations, as Secondary Delivery Point(s) for Shippers receiving firm service, subject to Section 6.8.1(b)(1) herein.

6.9.4 Additions and Deletions of Primary Delivery Points. Subject to Section 6.9.5 herein, the currently effective Schedule 1 appended to each firm Gas Transportation Contract may be revised from time to time in order to reflect additions or deletions of Primary Delivery Points or changes in the Maximum Daily Quantities applicable to such Primary Delivery Points.

6.9.5 Primary Receipt and Delivery Points to be Added Only where Capacity Available. Shippers may add a Primary Delivery Point or Primary Receipt Point for firm service only if sufficient firm capacity is available at that point of Segment and there are no pending requests for firm service at that point or Segment.

6.10. SERVICE INTERRUPTIONS AND PRIORITIES

6.10.1 Service under this Tariff may be interrupted or curtailed for reasons of Force Majeure or other unforeseen circumstance, and Transporter shall give Shipper notice as soon as reasonably possible of such interruption or curtailment.

6.10.2 In the event that Force Majeure or other unforeseen circumstances require Transporter to curtail previously scheduled service through any pipeline Segment, such curtailment shall be undertaken as follows:

(a) First, Transporter shall curtail service pursuant to Article III of Gas Transportation Contracts (having an initial term of 20 years or longer) under Rate Schedule FT.

(b) Second, Transporter shall curtail "make-up" service contemplated in Section 6.10.4.

(c) Third, Transporter shall curtail on a pro-rata basis service under Rate Schedule PAL on the basis of the rate being paid.

(d) Fourth, Transporter shall curtail on a pro-rata basis service under rate Schedule PAL which is being provided at the maximum rate applicable to the service.

(e) Fifth, Transporter shall curtail service under Rate Schedule IT and Rate Schedule HRS Overrun on the basis of the rate being paid, from lowest to highest. Service which is being provided at the same rate shall be curtailed on a pro-rata basis based on Scheduled Quantities.

(f) Sixth, Transporter shall curtail service, on a pro-rata basis based on Scheduled Quantities, to those Shippers receiving service under Rate Schedule FT nominated at Secondary Receipt or Delivery Point(s), those Shippers receiving service under Rate Schedule HRS at Secondary Receipt or Delivery Point(s) and those Shippers receiving service under Rate Schedule FT-FLEX nominated at Secondary Receipt or Delivery Point(s).

(g) Seventh, Transporter shall curtail service, on a pro-rata basis, for Shippers receiving service under Rate Schedule HRS nominated at Primary Receipt and Delivery Point(s) for that portion of service that is above a flow rate per hour equal to 1/24 of Shipper's MDQ.

(h) Eighth, Transporter shall curtail service, on a pro-rata basis based on Scheduled Quantities, to Shippers receiving service under Rate Schedule FT nominated at Primary Receipt and Delivery Point(s), those Shippers receiving service under Rate Schedule HRS nominated at Primary Receipt and Delivery Point(s) for that portion of service that is equal to 1/24 of Shipper's MDQ, and Shippers receiving service under Rate Schedule FT-FLEX nominated at Primary Receipt and Delivery Point(s).

For purposes of applying the above priorities only, any shipper paying a rate above the maximum 100% Load Factor Equivalent Rate for the shipper's service, shall be deemed to be paying the maximum applicable rate.

6.10.3 Repair and Maintenance. Transporter shall have the right to interrupt or curtail service in whole or in part on all or a portion of its System from time to time to perform repair or maintenance that are non-routine in nature, and other construction or testing procedures as necessary to maintain operational capability on the System or to comply with applicable regulatory requirements. Transporter shall exercise due diligence to schedule such activity so as to minimize disruptions of service to Shippers, and shall confirm Nominations as set forth in Section 6.7.5(b) herein taking into account routine repair and maintenance.

(a) Annual Notices. No later than each March 31, Transporter will post on its Interactive Internet Website a projection of repair, maintenance, and other construction or testing procedures scheduled for the upcoming Year, from April 1 through March 31, which are likely to affect Transporter's capacity. Transporter may in good faith modify the projected schedule in any manner, at any time during such Year, and will provide notice of any change in the schedule as soon as possible after deciding to make such a change. Transporter will have no liability if actual activity does not conform to the projected annual schedule.

(b) Monthly Notices. At least ten (10) Days prior to the first Day of each Month, Transporter will post on its Interactive Internet Website a schedule of repair, maintenance, and other construction or testing procedures for such Month which are likely to affect System Capacity. Such notice will include an estimate of the duration of the activity. Transporter will have no liability if it must modify the schedule or perform additional unscheduled repair, maintenance and other construction or testing procedures during the Month.

6.10.4 Make-up Service. In the event of interruption or curtailment of service, Shipper shall be given the opportunity on a subsequent Day or Days to make up such loss of service provided that such make-up service shall not preclude or interfere with the service priorities set forth in Section 6.7. In no event shall Shipper be liable for duplicative charges with respect to interrupted scheduled service, for which Shipper has previously paid, which was interrupted and subsequently made up pursuant hereto.

6.11. CAPACITY RELEASE

6.11.1 Purpose. This Section 6.11 sets forth the specific terms and conditions applicable to Transporter's implementation of the capacity release program, as provided by Order Nos. 636 and 636-A, 712 and 712-A, and 18 C.F.R.

6.11.2 Definitions. For purposes of this Section, the following definitions shall apply:

(a) Asset Manager: shall be a party that agrees to manage gas supply and transportation arrangements for another party, as a Replacement Shipper.

(b) Asset Management Arrangement: shall mean any pre-arranged release to an Asset Manager which contains a condition that the Releasing Shipper may call upon the Asset Manager to deliver gas to, or purchase gas from, the Releasing Shipper in an amount up to 100 percent of the released capacity, subject to the following conditions:

(1) For releases of one year or less, the Asset Manager's delivery or purchase obligation must apply on any day during a minimum period of the lesser of five months (or 155 days) or the term of the release.

(2) For releases of more than one year, the Asset Manager's delivery or purchase obligation must apply on any day during a minimum period of five months (or 155 days) of each twelve-month period of the release, and on five-twelfths of the days of any additional period of the release not equal to twelve months.

(c) Prearranged Replacement Shipper: shall mean a Shipper that has reached an agreement with a Releasing Shipper to acquire its released capacity prior to the time that the Releasing Shipper submits its Release Notice to Transporter in accordance with the provisions of this Section.

(d) Release Notice: shall mean the notice that a Releasing Shipper provides to Transporter in accordance with the provisions of Section 6.11.6 herein.

(e) Releasing Shipper: shall mean any Shipper that has executed a Gas Transportation Contract for firm service and that elects to release, on a temporary or permanent basis, all or a portion of its firm capacity rights on the System to Transporter for resale by Transporter to another Shipper under the terms and conditions set forth in this Section.

(f) Replacement Reservation Charge: shall mean the reservation charge billed to the Replacement Shipper by Transporter.

(g) Replacement Shipper: shall mean any Shipper that executes a Gas Transportation Contract in the form prescribed by this Tariff, acquiring capacity rights from a Releasing Shipper.

(h) Retail Access Program: shall mean a pre-arranged release to a party which will use the released capacity to provide gas supply to retail customers pursuant to a retail access program approved by a state agency with jurisdiction over the local distribution company that provides service to such retail customers.

(i) Successful Bidder: shall mean the Shipper that Transporter determines submitted the highest bid in accordance with the criteria specified in Sections 6.11.9 or 6.11.10 herein.

6.11.3 Applicability. This Section is applicable to any Releasing Shipper. A Releasing Shipper shall have the right to release any portion of its firm capacity on a temporary or permanent basis, but only to the extent that the capacity so released is acquired by another party pursuant to the provisions of this Section. Transporter may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied by Transporter, Transporter shall notify Shipper in writing and shall include in the notification the reasons for such denial. A Replacement Shipper may re-release firm capacity to a secondary Replacement Shipper pursuant to the same terms and conditions that apply to a Releasing Shipper. This Section is also applicable to offers by Shippers to assume or acquire capacity pursuant to Section 6.11.13 herein.

6.11.4 Minimum and Maximum Release Provisions. The following minimum and maximum release provisions shall apply. The maximum term of any release of firm capacity shall not exceed the remaining term of Releasing Shipper's Gas Transportation Contract. Any release of capacity must be of an amount that can be reasonably accurately measured. The maximum quantity released may not exceed on a Daily basis or over the remaining term of the Replacement Shipper's Gas Transportation Contract the maximum capacity to which the Releasing Shipper has right under its Gas Transportation Contract.

6.11.5 Exceptions to Release Notice, Bidding and Allocation Requirements of this Section. In the following situations, the Releasing Shipper will not be required to post a Release Notice or to comply with the bidding and allocation requirements of Sections 6.11.6, 6.11.7, 6.11.8 and 6.11.9 herein:

(a) Capacity Release to Prearranged Replacement Shippers for Thirty-One (31) Days or less. If a Releasing Shipper has found a Prearranged Replacement Shipper willing to acquire released capacity for a term equal to or less than thirty-one (31) Days, the Releasing Shipper may, but need not, post a Release Notice or comply with the bidding and allocation requirements of this Section. The Releasing Shipper shall notify Transporter of the terms of the proposed release transaction in writing or via Transporter's Interactive Internet Website as soon as possible, but in any event no later than twenty-four (24) hours after it has found such

Prearranged Replacement Shipper. The Releasing Shipper's Notice to Transporter shall include all information listed in Section 6.11.6(c)(1)-(15), as well as any other relevant terms of the proposed release transaction. If applicable, Transporter shall verify the creditworthiness of the Prearranged Replacement Shipper in accordance with this Tariff. As soon as these provisions are satisfied, Transporter shall make available a Gas Transportation Contract to the Prearranged Replacement Shipper and a Capacity Release Agreement to the Releasing Shipper, which shall then have two (2) Business Days to execute the agreements. Transporter shall post a notice describing the terms of the release transaction on Transporter's Interactive Internet Website as soon as possible, but in no event later than forty-eight (48) hours after the commencement of the release transaction.

Unless the released capacity otherwise qualifies for an exception to the capacity release notice, bidding, and allocation requirements under this Section 6.11.5, Releasing Shipper shall not rollover, extend or in any way continue any release subject to Section 6.11.5(a) until 28 days after the initial release period has ended, unless it posts a Release Notice and follows the bidding and allocation requirements of Section 6.11. Nothing in the preceding sentence shall preclude a Releasing Shipper from releasing capacity on a different Segment of the pipeline, which does not utilize or overlap the Segment on which capacity previously was released, to such Prearranged Replacement Shipper during the twenty-eight (28) Day restricted period.

(b) Capacity Releases for a term greater than one year to Prearranged Replacement Shippers Offering to Pay the Maximum Rate that Transporter is Authorized to Charge. If a Releasing Shipper has found a Prearranged Replacement Shipper willing to acquire, for a term greater than one year, the full amount of the capacity released at the maximum rate Transporter is authorized to charge, the Releasing Shipper need not post a Release Notice or comply with the bidding and allocation requirements of this Section. The Releasing Shipper shall notify Transporter of the terms of the proposed release transaction in writing or via Transporter's Interactive Internet Website. The Releasing Shipper's notice to Transporter shall include all information listed in Section 6.11.6(c)(1)-(15), as well as any other relevant terms of the proposed release transaction. Transporter shall post notice of the terms of the proposed accepted release on its Interactive Internet Website as soon as possible, but in no event later than forty-eight (48) hours after the commencement of the release transaction, and, if applicable, will verify the creditworthiness of the Prearranged Replacement Shipper in accordance with this Tariff. As soon as these provisions are satisfied, Transporter shall make available a Gas Transportation Contract to the Prearranged Replacement Shipper and a Capacity Release Agreement to the Releasing Shipper, which shall then have two (2) Business Days to execute the agreements.

(c) Capacity Releases to a Prearranged Replacement Shipper participating in a Retail Access Program. If a Releasing Shipper has found a Prearranged Replacement Shipper acquiring capacity for a Retail Access Program, the Releasing Shipper need not post a Release Notice or comply with the bidding and allocation requirements of this Section. The Releasing Shipper shall notify Transporter of the terms of the proposed release transaction in writing or via Transporter's Interactive Internet Website. The Releasing Shipper's notice to Transporter shall include all information listed in Section 6.11.6(c)(1)-(15), as well as any other relevant terms of

the proposed release transaction, including an indication that the release is being completed pursuant to a Retail Access Program. Transporter shall post notice of the terms of the proposed accepted release on its Interactive Internet Website as soon as possible, but in no event later than the first nomination after the release truncation commences, and will verify the creditworthiness of the Prearranged Replacement Shipper in accordance with this Tariff. As soon as these provisions are satisfied, Transporter shall make available a Gas Transportation Contract to the Prearranged Replacement Shipper and a Capacity Release Agreement to the Releasing Shipper, which shall then have two (2) Business Days to execute the agreements.

(d) Capacity Releases to an Asset Manager pursuant to an Asset Management Arrangement. If a Releasing Shipper has found a Prearranged Replacement Shipper acquiring capacity pursuant to an Asset Management Arrangement, the Releasing Shipper need not post a Release Notice or comply with the bidding and allocation requirements of this Section. The Releasing Shipper shall notify Transporter of the terms of the proposed release transaction in writing or via Transporter's Interactive Internet Website. The Releasing Shipper's notice to Transporter shall include all information listed in Section 6.11.6(c)(1)-(15), as well as any other relevant terms of the proposed release transaction, including an indication that the release is being completed pursuant to an Asset Management Arrangement. Transporter shall post notice of the terms of the proposed accepted release on its Interactive Internet Website as soon as possible, but in no event later than the first nomination after the release truncation commences, and will verify the creditworthiness of the Prearranged Replacement Shipper in accordance with this Tariff. As soon as these provisions are satisfied, Transporter shall make available a Gas Transportation Contract to the Prearranged Replacement Shipper and a Capacity Release Agreement to the Releasing Shipper, which shall then have two (2) Business Days to execute the agreements.

(e) Emergency Capacity Releases. In the event that:

(1) Transporter has an emergency on its System, which would otherwise cause it to curtail service to one or more Shippers under Section 6.10 herein; or

(2) a Shipper notifies Transporter that it faces an emergency situation that requires or will require it to obtain alternative transportation capacity on the System;

Transporter shall post notice of that emergency on its Interactive Internet Website as soon as possible. Transporter shall make all reasonable efforts to facilitate voluntary releases of capacity from one shipper to another at negotiated rates in order to remedy the emergency capacity curtailment. In the event of an emergency of which Transporter has been notified in accordance with this Section, where two Shippers have negotiated a pre-arranged agreement to release capacity to remedy the emergency, the Releasing Shipper need not post a Release Notice or comply with the bidding and allocation requirements applicable to pre-arranged transactions set forth in Sections 6.11.6 through 6.11.10 herein. The Releasing Shipper shall notify Transporter of the terms of the proposed pre-arranged release transaction in writing or via Transporter's Interactive Internet Website as soon as possible, but in no event later than twenty-

four (24) hours after reaching an agreement to release capacity. The Releasing Shipper's notice to Transporter shall include all information listed in Section 6.11.6(c)(1)-(15), as well as any other relevant terms of the proposed release transaction. If applicable, Transporter shall verify the creditworthiness of the Prearranged Replacement Shipper in accordance with this Tariff. As soon as these provisions are satisfied, Transporter shall make available a Gas Transportation Contract to the Prearranged Replacement Shipper and a Capacity Release Agreement to the Releasing Shipper, which shall have two (2) Business Days to execute the agreements. Transporter shall post a notice describing the terms of the emergency agreement on its Interactive Internet Website as soon as possible, but in no event later than forty-eight (48) hours after the commencement of the emergency release transaction.

Shippers are encouraged to reach agreements among themselves in advance of emergencies to cover capacity releases in the event an emergency should occur. The terms of such advance agreements may be posted on Transporter's Interactive Internet Website at any time in advance of the emergency.

6.11.6 Notice by Releasing Shipper of its Election to Release Capacity.

Any Releasing Shipper that elects to release all or a portion of its firm capacity rights shall provide Transporter with a Release Notice in writing or via Transporter's Interactive Internet Website. Any terms and conditions listed in the Release Notice must be non-discriminatory and consistent with Transporter's Tariff and the Gas Transportation Contract with the Releasing Shipper.

(a) Timeline for Capacity Releases. The capacity release timeline set forth in this Section 6.11.6 is applicable to all parties involved in the capacity release process (pursuant to NAESB WGQ Standard 0.3.17 all times are Central Clock Time); however, in accordance with WGQ Standard 5.3.1, it is only applicable if:

- 1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered
- 2) for index-based capacity release transactions, the releasing shipper has provided the capacity release service provider with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and
- 3) there are no special terms or conditions of the release.

Further, the capacity release service provider may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by the Transportation Service Provider).

In accordance with WGQ Standard 5.3.2, the timeline for biddable releases (1 year or less):

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season ends at 10:00 a.m. on the same or a subsequent Business Day.

- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 noon.
- The contract is issued within one hour of the award posting (with a new contract number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

In accordance with WGQ Standard 5.3.2, the timeline for biddable releases (more than 1 year):

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

In accordance with WGQ Standard 5.3.2, for non-biddable releases:

- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard 1.3.2. The posting deadlines are:
 - Timely Cycle 12:00 noon
 - Evening Cycle 5:00 p.m.
 - Intraday 1 Cycle 9:00 a.m.
 - Intraday 2 Cycle 1:30 p.m.
 - Intraday 3 Cycle 6.00 p.m.
- The contract is issued within one hour of the award posting (with a new contract number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(b) For all releases with a term of one year or less, and for releases with a term greater than one year where there is no Prearranged Replacement Shipper, the Release Notice shall provide the following information:

(1) the Releasing Shipper's legal name, the number of its Gas Transportation Contract, the phone number, the name(s) of the person(s) entering and authorizing the release;

(2) the maximum and minimum quantity of firm capacity that the Releasing Shipper elects to release stated in DTH per Day;

(3) the Receipt and Delivery Point(s) at which the Releasing Shipper will release capacity and the firm capacity to be released at such points;

(4) whether the capacity will be released on a firm or recallable basis, whether the recalled capacity can be reput, and the specifics of any recall and reput rights;

(5) the requested effective date and term of the release; and

(6) whether the Releasing Shipper is willing to release such capacity for a shorter period of time and, if so, the minimum acceptable period of the release;

(7) (a) any minimum reservation rate including all reservation-type surcharges or other requirements, or

(b) index-based rate calculation methodology, including all surcharges;

(8) whether the Releasing Shipper wishes to exclude all bidders except those that have pre-qualified under the creditworthiness provision in Section 6.3.9 of this Tariff;

(9) the length of time (subject to the minimum and maximum posting periods set forth in Section 6.11.7 herein) for which the offer to release capacity shall be placed on Transporter's Interactive Internet Website before Transporter closes the capacity bidding process;

(10) whether the Releasing Shipper requests Transporter's assistance (other than posting information on Transporter's Interactive Internet Website) in marketing the released capacity and, if so, the type of service desired;

(11) any non-discriminatory, economic criteria for evaluating bids that the Releasing Shipper wishes Transporter to apply in place of the highest Present Value;

(12) any non-discriminatory method for breaking ties that the Releasing Shipper wishes Transporter to apply in place of the pro-rata allocation method set forth in Section 6.11.9(c) herein;

(13) the maximum reservation rate, including any reservation-type surcharges, that apply to the release (this subpart (13) is only applicable to releases with a term greater than one year);

(14) whether the Releasing Shipper is willing to accept contingent bids and, if so, the terms on which such bids will be evaluated, the time period in which the Successful Bidder must remove the contingency, and whether, or for what time period, the next highest bidder would be

obligated to acquire the capacity should the winning contingent bidder exercise its option not to take the capacity;

(15) whether the Releasing Shipper will accept bids on a volumetric or one-part basis, and, if so, how it will evaluate and compare volumetric or one-part bids with other bids;

(16) the date and time the Release Notice is posted on Transporter's Interactive Internet Website; and

(17) any other special conditions for the release.

(c) If a Releasing Shipper has a Prearranged Replacement Shipper willing to acquire released capacity for a term greater than one year at a rate less than the maximum rate Transporter is authorized to charge, the Releasing Shipper's Release Notice of such prearrangement shall set forth the following information:

(1) the Releasing Shipper's legal name and DUNS number, the number of its Gas Transportation Contract, the phone number, fax number, e-mail address and the name(s) of the person(s) entering and authorizing the release;

(2) the legal name and DUNS number of the Prearranged Replacement Shipper, the phone number, fax number, e-mail address and name(s) of the contact person(s) for the Prearranged Replacement Shipper, and an indication of whether the Prearranged Replacement Shipper is an affiliate of the Releasing Shipper;

(3) the maximum and minimum quantity of firm capacity, which the Releasing Shipper elects to release stated in DTH per Day;

(4) the Receipt and Delivery Point(s) at which the Releasing Shipper will release capacity and the firm capacity to be released at such points;

(5) whether the capacity will be released on a firm or recallable basis, whether the recalled capacity can be reput and, the specifics of any recall and reput rights;

(6) the requested effective date and term of the release;

(7) (a) the reservation rate the Prearranged Replacement Shipper has agreed to pay, including any reservation-type surcharges, for the released capacity, or
(b) the index-based rate calculation methodology, including all surcharges;

(8) the length of time (subject to the minimum and maximum posting periods set forth in Section 6.11.7 herein) for which the offer to release capacity shall be placed on Transporter's Interactive Internet Website before Transporter closes the capacity bidding process;

(9) any non-discriminatory, economic criteria for evaluating bids that the Releasing Shipper wishes Transporter to apply in place of the highest Present Value;

(10) any non-discriminatory method for breaking ties that the Releasing Shipper wishes Transporter to apply in place of the pro-rata allocation method set forth in Section 6.11.9(c) herein;

(11) the maximum reservation rate, including any reservation-type surcharges, that can be charged for the release;

(12) whether the Releasing Shipper is willing to accept contingent bids and, if so, the terms on which such bids will be evaluated, the time period in which the Successful Bidder must remove the contingency, and whether, or for what time period, the next highest bidder would be obligated to acquire the capacity should the winning contingent bidder exercise its option not to take the capacity;

(13) whether the Releasing Shipper will accept bids on a volumetric or one-part basis, and, if so, how it will evaluate and compare volumetric or one-part bids with other bids;

(14) the date and time the Release Notice is posted on Transporter's Interactive Internet Website; and

(15) all other relevant terms of the prearranged release.

(d) In accordance with WGQ Standard 5.3.16, the Releasing Shipper may withdraw a Release Notice during the bid period, where unanticipated circumstances justify and no minimum bid has been made. Where Transporter has determined that the Release Notice contains no deficiencies, once the bidding period closes, the Release Notice shall constitute a binding offer to release capacity to a Successful Bidder(s) whose bid satisfies all the minimum terms specified in the Release Notice.

6.11.7 Posting of Releasing Shipper's Election to Release Capacity. In accordance with WGQ Standard 5.3.24, all complete Release Notices submitted via Transporter's Interactive Internet Website pursuant to Section 6.11.6 herein shall be posted on the Interactive Internet Website as soon as they are submitted unless otherwise indicated by Releasing Shipper, provided, however, that the names of Pre-Arranged Replacement Shippers shall not be posted by Transporter during the bidding period, and Transporter shall begin accepting bids immediately. Upon Transporter's receipt of a Release Notice, Transporter shall evaluate the notice to determine whether it satisfies the terms of this Section and shall notify the Releasing Shipper of any deficiencies within a minimum period of four (4) hours during one (1) or more Business Days. If there are no deficiencies, Transporter shall indicate the fact that the Release Notice contains no deficiencies on its Interactive Internet Website. If there are deficiencies, Transporter shall promptly notify the Releasing Shipper of the deficiencies and the Releasing Shipper may at any time thereafter submit a revised Release Notice. Following Transporter's determination that

a Release Notice or revised Release Notice contains no deficiencies, all information relevant to the release shall remain on Transporter's Interactive Internet Website and available for bidding in accordance with the timeline specified in Section 6.11.6(a). In accordance with WGQ Standard 5.3.14, all offers to release capacity by the Releasing Shipper shall be binding until notice of withdrawal is received on Transporter's Interactive Internet Website.

6.11.8 Bidding Procedure. Immediately upon the posting of a Release Notice on Transporter's Interactive Internet Website, Transporter shall begin receiving bids for such capacity from potential Replacement Shippers. All Shippers that wish to bid on such released capacity must notify Transporter via Transporter's Interactive Internet Website. All bids submitted shall be posted on the Interactive Internet Website as soon as they are submitted; provided, however, that the names of bidders shall not be posted by Transporter during the bidding period. Any bids received must provide the following information:

- (a) the bidder's legal name, the phone number, and the name of the person entering the bid;
- (b) the Releasing Shipper's legal name, and the number of the Gas Transportation Contract under which bidder desires to acquire released capacity;
- (c) the capacity which the bidder wishes to acquire, stated in DTH;
- (d) the Receipt and Delivery Points at which the bidder desires service;
- (e) the term of the acquisition;
- (f) the maximum rate bidder is willing to pay for the capacity, or the index-based rate calculation methodology, including all surcharges as detailed in the Offer, if applicable;
- (g) whether the bidder is willing to accept less than the full amount of capacity released in the event that there are two or more Successful Bidders and Transporter must pro-rate the capacity in accordance with Section 6.11.9(c) below; and
- (h) any other terms that may be relevant.

A bidder may withdraw its bid during the bidding period, and may submit a higher bid during the bidding period, but may not submit a lower bid. In accordance with WGQ Standard 5.3.13, once a potential Replacement Shipper has submitted a bid, that bid shall be binding until Transporter receives a notice of withdrawal on Transporter's Interactive Internet Website. In accordance with WGQ Standard 5.3.15, once the bidding period closes, any bid posted on Transporter's Interactive Internet Website shall constitute a binding offer to enter into a Gas Transportation Contract for firm service, subject only to the Releasing Shipper's decision to accept a contingent bid. The bid shall be binding until: Transporter selects the Successful Bidder(s); Transporter determines that no bids satisfy the minimum terms specified in the release

Notice; or the time specified by the Releasing Shipper in its Release Notice when it provides for accepting contingent bids.

6.11.9 Allocation of Released Capacity -- Transporter's Criteria. Unless the Releasing Shipper specifies different criteria for evaluating bids in its Release Notice in accordance with the provisions of Section 6.11.6 herein, release capacity will be allocated on a non-discriminatory basis consistent with the following principles:

(a) **Prearranged Replacement Shipper.** If, at the same time it provides its Release Notice to Transporter, the Releasing Shipper provides Transporter with notice of a prearranged agreement with a prospective Prearranged Replacement Shipper, Transporter will post notice of that arrangement on its Interactive Internet Website in accordance with the provisions of Section 6.11.7 herein. In accordance with the timeline specified in Section 6.11.6, Transporter shall evaluate all bids that satisfy the minimum terms of the Release Notice as follows:

(1) For releases with a term greater than one year, if the Prearranged Replacement Shipper's bid is the highest Present Value, rate, or net revenue, the bid methodology to be chosen by the Releasing Shipper, up to the maximum Recourse Reservation charge that Transporter is authorized to charge the Releasing Shipper, then Transporter shall select the Prearranged Replacement Shipper as the Successful Bidder.

(2) For releases with a term of one year or less, if the Prearranged Replacement Shipper's bid is the highest Present Value, rate, or net revenue, the bid methodology to be chosen by the Releasing Shipper, then Transporter shall select the Prearranged Replacement Shipper as the Successful Bidder.

In either case, if a "better offer" (i.e., an offer that meets all other minimum terms of the Release Notice while providing a higher Present Value, rate, or net revenue, the bid methodology to be chosen by the Replacement Shipper, up to the maximum Recourse Rate reservation charge Transporter is authorized to charge for releases with a term greater than one year, or, for releases with a term of one year or less, a higher rate) is received, Transporter shall post the better offer on its Interactive Internet Website, and the Prearranged Replacement Shipper shall have the opportunity to match that offer, in accordance with the timeline specified in Section 6.11.6. If the Prearranged Replacement Shipper matches the better offer, then Transporter shall select the Prearranged Replacement Shipper as the Successful Bidder. For releases with a term greater than one year, the Prearranged Replacement Shipper shall not be required to pay a rate higher than the maximum applicable Recourse Rate.

If the Prearranged Replacement Shipper does not match the better offer, Transporter shall select the bidder(s) that made the better offer as the Successful Bidder(s). If two or more bidders made the same better offer, then the capacity will be prorated in the manner described in Section 6.11.9(c) herein.

(b) No Prearranged Replacement Shipper. If Transporter receives notice of a Releasing Shipper's election to release capacity, without receiving notice of a Prearranged Replacement Shipper, Transporter shall post that notice on its Interactive Internet Website in accordance with the provisions of Section 6.11.7 herein. Within one (1) Business Day of the end of the bidding period, Transporter shall evaluate all bids that satisfy the minimum terms of the Release Notice. The bid providing the highest Present Value, rate, or net revenue, the bid methodology to be chosen by the Replacement Shipper, up to the maximum Recourse Rate reservation charge that Transporter is authorized to charge for releases with a term greater than one year only, or, a higher rate for capacity releases with terms of one year or less, while meeting all other minimum terms of the Release Notice, will be selected as the best bid. If two or more bidders made bids that provide the same highest Present Value, then the capacity will be prorated in the manner described in Section 6.11.9(c) herein.

(c) Two or More Bids with the Same Highest Present Value, Rate, or Net Revenue. In the event two or more bids provide the same highest present value, rate, or net revenue, the bid methodology to be chosen by the Replacement Shipper, the Releasing Shipper has not specified a different method for breaking ties, and none of those successful bids states that the bidder is unwilling to accept proration of the released capacity in the event of a tie, the capacity released will be prorated among the Successful Bidders as follows:

(1) If all successful bids are for the full amount of released capacity, the released capacity will be allocated pro-rata to the Successful Bidders; and

(2) If any or all successful bids are for less than the full amount of released capacity, then the released capacity will be awarded, best bid first, until all offered capacity is awarded, conditioned upon the bids meeting the minimum terms of the Release Notice.

In the event that any Successful Bidder has stated in its bid that it is unwilling to accept a prorated part of the release capacity in the event of a tie; or fails to satisfy the criteria set forth in Section 6.11.11 herein; then the uncommitted capacity will be allocated to the other Successful Bidder(s) in accordance with the applicable proration procedures.

(d) Failure to Execute a Gas Transportation Contract for Firm Service. In the event the Successful Bidder fails to execute a Gas Transportation Contract for firm service within the time frame set forth in 6.11.12, and the Releasing Shipper does not at that time withdraw the Release Notice, Transporter will offer the released capacity to the bidder(s) who submitted the next highest bid(s) in accordance with the criteria specified in Section 6.11.9 or 6.11.10 herein, while meeting all other minimum terms of the Release Notice.

6.11.10 Allocation of Released Capacity -- Releasing Shipper's Criteria.

When the Releasing Shipper's criteria for evaluating bids or breaking ties are used in place of the bid evaluation or tie-breaking procedures specified in Section 6.11.9, Transporter shall use Releasing Shipper's criteria to evaluate and rank all bids and will select the Successful Bidder.

6.11.11 Criteria for Transporter's Tender of a Gas Transportation Contract. All Successful Bidders shall be subject to the creditworthiness requirements as provided in Section 6.3.4 of this Tariff. Transporter shall have no obligation to make available a Gas Transportation Contract to a Successful Bidder unless the Transporter has verified the creditworthiness of such bidder in accordance with the provisions of Section 6.3.4. Transporter shall verify the creditworthiness of a Successful Bidder within one (1) Business Day of receipt of information requested pursuant to Section 6.3.4 of this Tariff. In the event that information about the Successful Bidder's credit is not available within eight (8) hours of its selection as the Successful Bidder, and the Releasing Shipper does not at that time withdraw the Releasing Notice, Transporter will offer the released capacity to the bidder(s) who submitted the next highest bid(s) in accordance with the criteria specified in Sections 6.11.9 or 6.11.10 herein while meeting all other minimum terms of the Release Notice.

6.11.12 Procedure upon Selection of Successful Bidder(s). In accordance with the timeline specified in Section 6.11.6, Transporter shall

- (a) notify the Releasing Shipper of the Successful Bidder(s);
- (b) post the successful bid(s), including the name of the Successful Bidder, on its Interactive Internet Website; and
- (c) if applicable, verify the creditworthiness of the Successful Bidder(s) in accordance with the provisions of Sections 6.11.3 and 6.11.11 herein.

As soon as the criteria for Transporter's tender of a Gas Transportation Contract to a Successful Bidder are satisfied in accordance with the provisions of Section 6.11.11 herein, Transporter shall make available a Gas Transportation Contract to the Successful Bidder(s) and a Capacity Release Agreement to the Releasing Shipper. The Releasing Shipper and the Successful Bidder(s) shall then have two (2) Business Days to execute such agreements.

6.11.13 Offers to Assume or Acquire Capacity. Any Shipper that wishes to assume or acquire capacity on the System may request Transporter to post a notice of its offer to acquire capacity on Transporter's Interactive Internet Website. The offering Shipper shall provide Transporter with the following information about its offer to purchase capacity:

- (a) the offering Shipper's legal name;
- (b) the amount of firm Daily capacity sought stated in DTH;
- (c) the Receipt and Delivery Point(s) desired;
- (d) the proposed effective date and term of the proposed capacity release transaction;
- (e) (1) the maximum rate acceptable, or

(2) the index based rate calculation methodology, including any rate floor and all surcharges;

(f) the length of time the Notice should remain on Transporter's Interactive Internet Website; and

(g) any other relevant terms.

Within one (1) Business Day, Transporter shall determine whether the offer to acquire capacity is consistent with the terms of this Tariff and Transporter's Gas Transportation Contracts, and, if there are no deficiencies, shall post notice of the offer to acquire capacity on its Interactive Internet Website for the length of time specified by the offering Shipper, up to a maximum of eight (8) weeks. If this notice results in an agreement to assign capacity, the provisions of this Section relating to capacity releases to Prearranged Replacement Shippers shall apply.

6.11.14 Rates.

(a) The rate charged for any released firm capacity with a release term of greater than one year shall be the rate set forth in the Gas Transportation Contract entered into between Transporter and the Replacement Shipper, but in no event more than the sum of Transporter's currently effective maximum Recourse Rate reservation charge and usage charge under the applicable Rate Schedule plus any fees and/or charges that would have been paid by Releasing Shipper.

(b) The rate charged for any released firm capacity with a release term of one year or less shall be the rate set forth in the Gas Transportation Contract entered into between Transporter and the Replacement Shipper. No maximum rate limitation shall apply to any capacity releases with terms of one year or less.

(c) A Replacement Shipper will not be charged for any marketing fee assessed in relation to the released capacity.

(d) Unless Transporter agrees in writing otherwise, the Releasing Shipper shall remain liable for the maximum reservation charge(s), any other fixed charges associated with the released capacity and any late charges resulting from the Replacement Shipper's failure to pay Replacement Reservation Charge(s).

(e) Bidders may bid for released firm capacity by submitting bids up to: (1) the maximum Recourse Rate reservation charge under the applicable Rate Schedule for release terms of greater than one year; or (2) any rate for capacity releases of one year or less, plus any fees and/or charges that would have been paid by Releasing Shipper.

(f) The minimum rate charged for any released firm capacity shall be the minimum rate set forth in the Statement of Transportation Rates contained in this Tariff.

6.11.15 Fees.

When a Releasing Shipper reaches an agreement with Transporter to actively market its released capacity (beyond simply posting release information on Transporter's Interactive Internet Website), the Releasing Shipper shall pay the fee for such service negotiated by Transporter and Releasing Shipper.

6.11.16 Replacement Shipper Billing and Payment. Transporter shall directly bill the Replacement Shipper for the released capacity it has acquired and for any other applicable charges in accordance with this Section. The Replacement Shipper shall pay the billed amounts directly to Transporter in accordance with the General Terms and Conditions (including Section 6.16.4 herein), and in accordance with its Gas Transportation Contract.

6.11.17 Releasing Shipper Crediting and Billing.

(a) Crediting. At the same time Transporter bills the Replacement Shipper pursuant to Section 6.11.16 herein, the Releasing Shipper shall receive a credit representing the reservation charge billed to the Replacement Shipper, minus all applicable fees described in Section 6.11.15 herein.

(b) Delinquency of Replacement Shipper. In the event the Replacement Shipper fails to pay its bill by the date payment is due:

(1) Transporter shall notify the Releasing Shipper of the delinquency within five (5) Business Days after payment is due; and

(2) If Replacement Shipper does not pay Transporter the amount billed within thirty (30) Days of the original billing date, the Releasing Shipper's previously granted credit shall be reversed. If a credit is reversed, interest shall be calculated in accordance with Section 154.501(d) of the FERC's Regulations, and charged to the Releasing Shipper on the amount of the credit received from the date due until paid by the Releasing Shipper.

6.11.18 Other Obligations of Releasing Shipper. Where capacity has been released for the entire remaining term of a Releasing Shipper's Gas Transportation Contract, the Releasing Shipper may request Transporter to amend its Gas Transportation Contract to reflect that release of capacity. Unless Transporter agrees in writing to such an amendment, which may be conditioned on exit fees or other terms and conditions, the Releasing Shipper shall remain bound by and liable for payment of the reservation charge(s) applicable to the released capacity. In the event that the Replacement Shipper(s) fails to pay any or all of the amount of its Replacement Reservation Charge(s) in a timely manner, all the terms of Section 6.16.4 herein with regard to nonpayment shall apply; provided, however, that Transporter and any Shipper may, in connection with their agreement to a negotiated rate under a firm transportation rate schedule, agree upon Releasing Shipper payment obligations and procedures and crediting mechanisms in the event of a capacity release that vary from or are in addition to those set forth in this Section and in Section 6.11.14 herein. In no event, shall any remedy under Section 6.16.4 relieve the Releasing Shipper from its obligations under its Gas Transportation Contract for firm service or

this Tariff. In no event shall the fact that Transporter has followed the creditworthiness provisions provided in Section 6.3.4 herein release the Releasing Shipper from its obligations to pay the reservation charge(s) or its equivalent if a negotiated rate(s) is applicable to the released capacity.

6.11.19 Priority of Released Capacity. Capacity released under the terms of this Section shall have the same priority as the capacity held by the Releasing Shipper under its original Gas Transportation Contract, which shall include the right to Secondary Receipt and Delivery Points set forth in Section 6.9 herein.

6.11.20 Recall of Capacity.

In accordance with WGQ Standard 5.3.44, Transporter supports the following recall notification periods for all released capacity subject to recall rights (pursuant to NAESB WGQ Standard 0.3.17 all times are Central Clock Time).

(i) Timely Recall Notification:

(a) A Releasing Shipper recalling capacity should 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;

(b) The Transporter should 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;

(ii) Early Evening Recall Notification:

(a) A Releasing Shipper recalling capacity should 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;

(b) The Transporter should 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;

(iii) Evening Recall Notification:

(a) A Releasing Shipper recalling capacity should 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;

(b) The Transporter should 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;

(iv) Intraday 1 Recall Notification:

(a) A Releasing Shipper recalling capacity should 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;

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

(v) Intraday 2 Recall Notification:

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the Transporter and the first Replacement Shipper no later than 12:00 noon on the day that Intraday 2 Nominations are due;

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

(vi) Intraday 3 Recall Notification:

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

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

The recall notice provided by the Releasing Shipper must state the quantity to be recalled expressed in terms of the adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity.

6.11.21 Reput of Capacity

In accordance with WGQ Standard 5.3.7, capacity that has been recalled by the Releasing Shipper may be reput to the Replacement Shipper. A Releasing Shipper must notify Transporter of the capacity reput by 8:00 a.m. CCT on the day the reput is to be effective.

In accordance with WGQ Standard 5.3.8, reput method and rights should be specified as part of the relevant terms of the release.

6.12 SEGMENTED CAPACITY

A Shipper may segment its capacity into separate parts for its own use or for the purpose of releasing that capacity to Replacement Shippers. Transporter shall not have the obligation to schedule Shipper's firm capacity in segments if, in Transporter's discretion, scheduling such segments (whether such segments be on the mainline or on a lateral) will: (a) impair the safe operation of Transporter's system, (b) impair Transporter's ability to provide reliable service to any Shipper, or (c) result in the combined nominations of Releasing Shipper and any Replacement Shipper who has obtained all or a portion of Releasing Shipper's capacity through capacity release to exceed Releasing Shipper's MDQ for the contract with Transporter on any segment of capacity (but Transporter will schedule overlapping segmented capacity nominations when the releasing shippers' MDQ for that overlapping segment is not exceeded). A Shipper's segmented transactions may consist of a forward haul up to the Shipper's MDQ and a backhaul up to Shipper's MDQ to the same point at the same time.

Unless Releasing Shipper and its Replacement Shipper agree otherwise, if Releasing Shipper and its Replacement Shipper do submit combined nominations that exceed Releasing Shipper's MDQ for the contract with Transporter on any segment of capacity, then Releasing Shipper's nomination shall be scheduled first by Transporter up to the level of Releasing Shipper's MDQ, and the remaining segmented capacity, if any, shall be available for scheduling Replacement Shipper's nomination.

If Transporter does deny a Shipper's request for scheduling use of segmented capacity, Transporter must provide Shipper with an explanation of the reasons for the denial within 24 hours.

6.13 AVAILABLE CAPACITY AND RIGHT OF FIRST REFUSAL

6.13.1 Available Capacity. Transporter shall post available capacity on its Interactive Internet Website. A requestor that submits a valid request may submit a bid via the website for the available capacity subsequent to Transporter's posting of such capacity.

- (a) Capacity that becomes available and is not subject to Section 6.13.3 (Right of First Refusal) or Section 6.26 (Reservation of Capacity for Expansion Projects) may be sold with service commencement dates less than one year in the future either on a first-come, first-served basis or through an open season process, subject to the terms and limitations set forth herein.

First-Come, First-Served.

To the extent available capacity is not subject to an open season bidding process, requests for such available capacity that reflect continuous service at a constant contract quantity for the entire term of service at the maximum rate will be honored on a first-come, first-served basis, if such requests for capacity fall within the following timelines:

<u>Requested Service Term</u>	<u>Service Commencement Date</u>
1 Year or Longer	90 Days from Service Request
> 5 Months but < 1 Year	30 Days from Service Request
> 3 Months but <= 5 Months	10 Days from Service Request
<= 3 Months	5 Days from Service Request

Transporter may agree, but is not obligated, to sell firm capacity outside these timelines on a not unduly discriminatory basis.

Open Season Bid Process.

- (1) Any Shipper desiring to submit a bid for firm capacity in accordance with this Section 6.13 must satisfy the requirements of the applicable firm Rate Schedule and agree to execute the applicable Gas Transportation Contract. A Shipper's bid for firm capacity which exceeds its qualified level of creditworthiness shall not be accepted.
- (2) The bid period will be a minimum of 1 business day for capacity available for up to 1 month; a minimum of 3 business days for capacity available for greater than one month but less than one year; and a minimum of 5 business days for capacity available for one year or more. All bids not withdrawn prior to the close of the bidding period shall be binding. At the end of the

bidding period, Transporter will evaluate the bids and determine the bid(s) having the greatest economic value as determined in Section 6.13.1(a)(5) below.

- (3) If Transporter determines that no bids satisfy the open season criteria, Transporter will post the capacity on its website as available unsubscribed capacity. Transporter will award such capacity on a first-come, first-served basis to Shippers that offer the maximum Recourse Rate or an acceptable discounted or negotiated rate.
- (4) After the close of the bidding period, Transporter may tender a Gas Transportation Contract for execution to the requestor(s) submitting the bid(s) having the greatest economic value for the capacity available, subject to the provisions of Section 6.13.1(a)(6) below.
- (5) Valuation of Bids.

Unless otherwise specified in its open season posting, when evaluating bids for firm capacity, the bid(s) with the greatest economic value will be the bid(s) with the highest Present Value in accordance with Section 6.2.33 of these General Terms and Conditions. If the economic values of separate bids are equal, then service shall be offered to such requestors on a pro-rata basis.

If the Present Value of any Negotiated Rate revenues would exceed the Present Value of the revenue stream produced by paying the maximum Recourse Rate over the same period of time, then the Shipper bidding the Negotiated Rate shall be considered to be paying the maximum Recourse Rate for purposes of determining the bid with the greatest economic value.

- (6) If Transporter accepts the winning bid(s) and tenders a Gas Transportation Contract, requestor(s) shall complete and return the Gas Transportation Contract within thirty (30) days or prior to the service agreement commencement date.
- (7) Transporter shall not be obligated to tender or execute a Gas Transportation Contract for service at any rate less than the maximum Recourse Rate set forth in the Statement of Rates applicable to the service requested.

(b) Future Sales of Capacity.

Capacity that becomes available and is not subject to Section 6.13.3 (Right of First Refusal) or Section 6.26 (Reservation of Capacity for Expansion Projects) may be sold with service commencement dates one year or more in the future by either

conducting an open season or by selling such capacity on a pre-arranged basis, subject to the terms and limitations set forth herein.

- (i) If Transporter conducts a future sale open season, it will post notice of the open season on its Interactive Internet Website for a minimum of five (5) business days to afford all potential shippers an opportunity to acquire the capacity. Transporter will award capacity in accordance with Section 6.13.1(a)(4) through (7) above.
- (ii) If Transporter sells such capacity on a pre-arranged basis, Transporter will post the terms of the pre-arranged transaction and other parties will have an opportunity to bid on the capacity. At the time Transporter enters into a pre-arranged service agreement, Transporter will post a notice on its Interactive Internet Website indicating that the pre-arranged capacity will be subject to an open bidding process within three (3) business days, even if such capacity has already been subject to an open season bidding process and is currently posted as available capacity. If another party submits a bid with a higher incremental economic value, the pre-arranged Shipper will have a one-time right to match the higher bid in order to retain the capacity. If the pre-arranged Shipper elects not to match a higher competing bid, the capacity will be awarded to the highest creditworthy bidder in accordance with Section 6.13.1(a)(5) above. If there is an open season ongoing for certain capacity, Transporter will not enter into a pre-arranged deal for that capacity during the open season.

Transporter will separately identify on its Internet Interactive Website all capacity that is anticipated to become available and is not subject to a right of first refusal or evergreen provision. Transporter will not enter into any pre-arranged deals for capacity that has not previously been posted on its Interactive Internet Website.

Capacity that is sold pursuant to this Section 6.13.1(b) will be made available for transportation service on an interim basis up to the commencement date of the service agreement for such capacity. For such interim service agreements, Transporter reserves the right to limit Shipper extension rights, including the right of first refusal, within the service agreement. Transporter will indicate in any open season posting of this capacity any limitations on extension rights that will apply to such interim transportation service.

6.13.2 Abandonment of Transportation Service. Subject to the terms of this Section 6.13, Transporter shall be entitled to abandon long-term (greater than twelve (12) Months) firm transportation service, as authorized by Section 284.221(d) of the Commission's Regulations, upon the termination, or the expiration of the term (including the expiration of any applicable contract extension provisions), of a long-term firm Gas Transportation Contract, and Transporter shall seek offers from competing Shippers interested in receiving such firm transportation

service. If termination is caused by a failure of Shipper to perform any of the material covenants or obligations imposed upon it by the Gas Transportation Contract, Transporter shall be entitled to abandon service immediately upon termination.

6.13.3 Right of First Refusal. A Shipper with a firm Gas Transportation Contract of one year duration or longer at the maximum rate shall have the right of first refusal regarding continuing service beyond the primary term specified in the Shipper's Gas Transportation Contract for all or a portion of Shipper's Maximum Contract Demand, provided Shipper satisfies the creditworthiness requirements set forth in Section 6.3.4 of these General Terms and Conditions and is current with its obligations and otherwise is in compliance with the terms and conditions of Transporter's Tariff. A Shipper may not exercise its right of first refusal for only a geographic portion of its contracted transportation path.

A limited right of first refusal shall be applicable to an interim Gas Transportation Contract for capacity that has been sold pursuant to Section 6.26 (Reservation of Capacity for Expansion Projects).

(a) Notification. Shippers must notify Transporter one year prior to the primary expiration date of their Gas Transportation Contract whether they elect to terminate or not to terminate the service agreement. In the event a Shipper does not notify Transporter of its election pursuant to this subsection, and the Gas Transportation Contract is not extended pursuant to Section 6.13.4 below, then Shipper's failure to notify shall be deemed notification to Transporter of an election to terminate its Gas Transportation Contract at the end of the contract term.

At the time a Shipper provides notification to Transporter regarding its election to terminate or not to terminate its service agreement, Transporter will post a notice on its Interactive Internet Website that the Shipper's service agreement will expire and whether the Shipper has either elected or not elected to terminate pursuant to this section.

1. A Shipper that holds evergreen rights in addition to a right of first refusal under a Firm Gas Transportation Contract must first elect termination under the evergreen provision in order to initiate the right of first refusal process. When either Transporter or Shipper elects termination under an evergreen provision, Transporter shall not be obligated to continue Shipper's evergreen rights on a contract extended through the right of refusal process. Shippers may exercise their right of first refusal consistent with this Section 6.13.3.

2. In the event an expansion project is proposed that would utilize capacity on Transporter's existing facilities, the sizing of which project could be affected by Shipper's plans regarding the continuation of service, and such proposed expansion project is fully subscribed, then Transporter will have the right to give Shipper notice no more than 36 months prior to termination of Shipper's Gas Transportation Contract that Shipper's capacity is subject to the right of first

refusal election and process. Transporter shall require a response from Shipper no later than ten (10) Business Days from the date the notice is issued. If the Shipper elects to terminate, then Shipper's capacity may be reserved by Transporter pursuant to Section 6.26 (Reservation of Capacity for Expansion Projects).

(b) Right of First Refusal Posting/Bidding Provisions.

1. In the event Shipper elects termination, Shipper shall no longer hold a right of first refusal. To the extent Transporter does not reserve capacity pursuant to Section 6.26, Transporter will post the capacity subject to Section 6.13.1.
2. In the event Shipper does not elect termination, Shipper shall retain its right of first refusal, and Transporter will commence open bidding no later than 45 days prior to the service agreement expiration. The bid period will be no less than 5 business days in duration. Transporter will notify the Shipper of any acceptable bid(s) as soon as practicable, provided, however, that Transporter will have no obligation to accept any bid(s) at rates less than the maximum applicable rate in effect. Acceptable bids will be those having the greatest economic value as determined in Section 6.13.1(a)(5). In the event that Transporter does not receive any acceptable bids, the Shipper shall not be entitled to continue to receive transportation service upon the expiration of its contract except by agreeing to pay the maximum applicable tariff rate. If Transporter accepts any bid(s), the Shipper will have ten (10) business days from the date of notice to match the accepted bid(s) in order of economic value (highest to lowest), provided that the Shipper shall not have to match any bid rate higher than the maximum applicable rate and shall not be subject to the highest incremental rate on the Transporter system.
3. Only valid bids will be accepted. In order for a bid to be considered valid, a bidder must be deemed creditworthy pursuant to Section 6.3.4 of these General Terms and Conditions by the close of the bid period. All bids not withdrawn prior to the close of the bid period shall be binding. At the end of the bid period, Transporter will evaluate the bids and determine the bid(s) having the greatest economic value as determined in Section 6.13.1(a)(5). Bidders may submit valid bids for all or a portion of the capacity that is subject to a right of first refusal provided that the original contract path is maintained.
4. Transporter will announce the winning bid(s) as soon as practicable after the close of the match period. If the Shipper matches an accepted bid, the associated capacity is awarded to the Shipper, and Transporter will enter into a new firm transportation service agreement with Shipper which reflects those terms matched. If the Shipper does not match an accepted bid, the capacity shall be awarded to the highest acceptable bid(s). If there is more than one equivalent winning bid, Transporter shall award capacity on a pro rata basis. New Shippers must execute a firm transportation service agreement with Transporter prior to service commencement. Shipper is

allowed to retain a portion of its capacity by matching the Present Value, based upon price and term, of acceptable bids, according to the procedure outlined in this provision, provided that the original contract path is maintained.

5. Unless Transporter and Shipper expressly agree otherwise in Shipper's Gas Transportation Contract, a Shipper who has entered into an interim service agreement pursuant to this Section 6.13.3 or Section 6.26 of these General Terms and Conditions may not elect to extend such interim service agreement pursuant to this Section 6.13.3.
6. Unless Transporter and Shipper expressly agree otherwise in Shipper's Gas Transportation Contract, a Shipper paying a discounted rate or a negotiated rate will not have the right of first refusal. To the extent that Transporter agrees to such provision, it must do so on a not unduly discriminatory basis.

(c) Renegotiation. If no acceptable bids are received, the rate and terms of continuing service is to be negotiated between Shipper and Transporter. Transporter and Shipper shall have 20 business days from the end of the bid period to mutually agree to acceptable terms. In the event Transporter and Shipper do not mutually agree to continue service, Shipper shall no longer hold a right of first refusal and Transporter shall post the capacity consistent with Section 6.13.1.

However, if during this 20-day period the Shipper agrees to pay the maximum Recourse Rate, the Shipper may determine the term it desires and Transporter will enter into a new firm transportation service agreement with Shipper accordingly. However, in order to retain the right of first refusal, the Shipper must agree to a term of at least one year.

6.13.4 Extension of Service Agreements.

- (a) Prior to the expiration of the term of a Gas Transportation Contract, Transporter and Shipper may mutually agree to an extension of the term of the Gas Transportation Contract with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner).

If a Gas Transportation Contract has a right of first refusal, the mutual agreement to extend must be reached prior to initiation of the right of first refusal posting/bidding procedure pursuant to Section 6.13.3(b)(2) above.

- (b) Transporter and Shipper may mutually agree to the early termination of one or more Gas Transportation Contracts in exchange for Shipper extending the use of some portion of the underlying capacity under terms that are mutually agreeable. Any extension must be in conformance with Transporter's applicable pro forma Gas Transportation Contract. To the extent that Transporter and Shipper have mutually

agreed to this arrangement, Shipper need not participate in an open season for the extension nor must the underlying capacity be posted on Transporter's Interactive Internet Website as unsubscribed, available capacity prior to the extension.

6.14. INTERACTIVE INTERNET WEBSITE

6.14.1 Interactive Internet Website. Transporter has established an Interactive Internet Website to publicize information concerning its services and available transportation capacity. Transporter's Interactive Internet Website is available on a non-discriminatory basis for use by persons that have compatible equipment for electronic transmission of data. Transporter's Interactive Internet Website shall contain at a minimum information regarding:

(a) the unsubscribed capacity available on the System for firm and interruptible transportation, including capacity availability on the mainline and at Receipt Points and Delivery Points;

(b) the operationally available capacity on the System for firm and interruptible transportation, including capacity availability on the mainline and at Receipt Points and Delivery Points;

(c) the master Receipt Point list and the master Delivery Point list including for each the following:

- (i) Designation of Delivery or Receipt Point;
- (ii) Location of Delivery or Receipt Point;
- (iii) Operator name and phone number; and
- (iv) Total firm capacity subscribed at the Delivery or Receipt Point;

(d) the Capacity Release information described in Section 6.11 herein;

(e) standards of conduct information under Order No. 497;

(f) offers to purchase released transportation rights from firm Shippers;

(g) FERC Order No. 566 Affiliated Marketer Information - Offers of discount rates to marketing affiliates of Transporter and procedures for similarly-situated non-affiliates to obtain comparable discounts;

(h) Index of Customers;

(i) Transporter's currently effective FERC Gas Tariff and General Terms and Conditions;

(j) critical Notices (when operational);

(k) the following information for each transportation contract between Transporter and any marketing affiliate of Transporter executed during the previous three years:

- (i) the name of the Shipper;

- (ii) its affiliation with Transporter;
- (iii) the contract number; and
- (iv) the date on which such Shipper requested service pursuant to this tariff; and

(l) notice of Shippers' monthly Measurement Variance Factor. These notices will be available for download in RTF and HTML format.

6.14.2 Features of the Interactive Internet Website. Transporter shall update the information on its Interactive Internet Website as frequently as necessary, but shall not be obligated to provide updates more frequently than once per Day. Transporter's Interactive Internet Website is menu-driven and incorporates search functions, an on-line help feature and the capability for users to download information. The Interactive Internet Website displays the most recent information ahead of less current data. Information from completed transactions shall be purged from current files regularly. Transporter shall cause Daily back-up records of the information displayed on the Interactive Internet Website to be retained and will make provisions for such records to be available for review upon request, for up to three Years. Persons who wish to utilize the Interactive Internet Website, to comment on the Interactive Internet Website, or to make inquiries about the information posted on the Interactive Internet Website, should contact Transporter at the address below to obtain detailed access and log-on information:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

6.14.3 Accuracy of Information. Transporter shall use reasonable efforts to ensure the accuracy of information presented on the Interactive Internet Website; however, Transporter makes no representation or warranty of any kind to any person concerning the use of Transporter's Interactive Internet Website, including, without limitation, the accuracy of any posted information, and shall not be liable to any person for damages, including without limitation any special, incidental, or consequential damages which may arise in connection with Transporter's, or any third party's, posting of information on the Interactive Internet Website, or as a result of any person's use, abuse or misuse of Transporter's Interactive Internet Website.

6.15. LATERAL FACILITIES POLICY

6.15.1 Transporter's Policy. Transporter may own, construct, and operate transmission laterals and related facilities, and intends to apply for rolled-in rate treatment for the cost of these facilities at the FERC, as long as this cost is supported by long-term firm transportation agreements, and rolled-in rate treatment does not cause the transportation rates paid by other firm shippers to increase. Transporter will agree to own, construct and operate such laterals and related facilities for new as well as existing Shippers as long as Transporter's laterals criteria are met.

6.15.2 Provisos. Nothing in this Section 6.15 shall:

(a) require Transporter to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act; or

(b) prevent Transporter from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act.

Transporter reserves the right to seek a waiver of the policy set forth in this Section 6.15, on a basis that is not unduly discriminatory.

6.16. BILLINGS AND PAYMENTS

6.16.1 Monthly Billing Date. Transporter shall render bills on or before the seventh (7th) Day of each Month for all amounts due from Shipper for the preceding Month in a statement for such Month according to the measurement, computations and charges provided in this Tariff and the Gas Transportation Contract(s).

6.16.2 Monthly Payment Date. Shipper shall pay Transporter, at a bank designated by Transporter, so that payment is received and Transporter has available funds there from on or before the twentieth (20th) Day of each Month, the full amount billed by Transporter to Shipper under Section 6.16.1 for the immediately preceding Month. Such payment shall not be considered overdue if the twentieth (20th) Day of the Month is a Saturday, Sunday, or national holiday, and Transporter receives payment on the next Business Day.

6.16.3 Estimated Statement. If for any reason Transporter is unable to render a statement on or before the seventh (7th) Day of a Month, Transporter may at its option render an estimated statement to Shipper, which statement shall contain Transporter's best estimate of the total amount payable to Transporter by Shipper under the Gas Transportation Contract(s) for the preceding Month. Shipper shall pay to Transporter the full amount of such estimated statement within thirteen (13) Days of its receipt; provided, however, that Transporter shall render to Shipper a final statement no later than the fifteenth (15th) Day of the Month in which such estimated statement is rendered, unless Transporter's failure to do so is due to the fault of Shipper, in which case Transporter shall render to Shipper a final statement which shall be added to or deducted from, as appropriate, Transporter's next succeeding Monthly statement to Shipper.

6.16.4 Remedies For Nonpayment.

(a) Charge for Late Payment. Should Shipper fail to pay any or 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. Such charge for late payment shall be determined by multiplying:

(1) the unpaid portion of the bill; by

(2) the ratio of the number of Days payment is overdue to 365; by

(3) the applicable rate of interest calculated in accordance with Section 154.501(d) of the FERC's Regulations.

(b) Suspension of Service. If such failure to pay continues for thirty (30) Days after payment is due, Transporter, in addition to any other remedy it may have under the Gas Transportation Contract, may:

(1) discontinue service for self-implementing transactions without FERC approval; and/or

(2) after any required application to and authorization by the FERC, suspend further transportation of Gas until such amount is paid.

(c) Termination of Contract. If such default continues for thirty (30) additional Days, Transporter may thereafter, in addition to any other remedy it may have under the Gas Transportation Contract, terminate said Contract in accordance with the provisions of Section 6.21.6 herein.

6.16.5 Disputed Bills.

(a) If Shipper in good faith disputes the amount of any bill or part thereof and pays to Transporter the undisputed amounts when due, and on or before the due date of such bill, furnishes to Transporter a good and sufficient financial assurance acceptable to Transporter of the disputed amount (which may ultimately be found due Transporter upon 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 suspend or terminate service under the Gas Transportation Contract unless a default is made in the conditions of such financial assurance; provided further that should Shipper prevail on the dispute, Transporter shall reimburse Shipper up to the reasonable and customary costs of the financial assurance provided.

(b) In the event of a dispute concerning any billing or statement, payment shall nevertheless be made for such amounts as it concedes to be correct, as provided in Section 6.16.2 but such payment shall not be deemed to be a waiver of any rights to recoup any amounts in dispute. Such payment must be accompanied by a statement of the disputed amounts, the reason for the dispute and the amounts not in dispute. Any billing or statement of volumes or allocations tendered pursuant to this Section 6.16, or the measurement data associated therewith, shall be disputed, if at all, within six (6) months from the end of the month for which such billing or statement has been rendered, otherwise such billing or statement and associated measurement data shall be conclusively deemed to be correct. This restriction does not apply in the event of a deliberate misrepresentation or omission or mutual mistake of fact. The responding party to such dispute shall provide any rebuttal claims to the other party within three months of receipt of notice of dispute. Parties' other statutory or contractual rights shall not otherwise be diminished by this Section 6.16.5.

6.16.6 Adjustment of Bills. If it is determined that at any time or times Shipper has been overcharged or undercharged under the provisions of the Gas Transportation Contract and Shipper has actually paid the bills containing such overcharge or undercharge, then within thirty (30) Days after the final determination thereof, subject to the limitations in Section 6.16.5(b) above, Transporter shall refund the amount of any such overcharge, and Shipper shall pay the amount of any such undercharge; provided, however, that interest calculated in accordance with Section 6.16.4(a) shall apply to any undercharge not paid and to any overcharge not returned

within thirty (30) Days from the date of Transporter's notification to Shipper of the amount of the undercharge or overcharge. In the event an error is discovered by Shipper in the amount billed in any statement rendered by Transporter, such error shall be adjusted within thirty (30) Days of the final determination thereof provided that claim therefore shall have been made within six (6) months from the date of the initial transportation invoice month and seven (7) months from date of Initial sales invoice with a three (3) month rebuttal period in which such overcharge or undercharge occurred except claims for government required rate changes. Parties' other statutory or contractual rights shall not otherwise be diminished by this Section 6.16.6.

6.16.7 Examination of Books. Both Transporter and Shipper 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 this Tariff or the Gas Transportation Contract.

6.16.8 Third Party Charges. Shipper shall be responsible for delivering all Gas to, and accepting redelivery of all Gas from, Transporter's system, and shall be free to contract with third party(s) upstream or downstream of Transporter's system to achieve such result. If Shipper requests, and Transporter agrees, that Transporter shall, to provide service to Shipper, use service which Transporter has contracted for with third party(s) for the benefit of Shipper, Shipper shall pay Transporter an amount equal to the charges Transporter is obligated to pay such third party(s), which charges may include, but are not limited to, reservation and/or usage charges and surcharges, fuel charges, compression fees, balancing or storage fees, measurement fees, processing fees, and/or facility charges. Such charges shall be set forth as separate items on billings rendered to Shipper.

6.17. COST REIMBURSEMENTS

6.17.1 Reimbursable Costs. Shipper shall reimburse Transporter, such reimbursement which may be in the form of a prepayment, a lump sum payment, an operations fee, or other mutually agreed upon method, for the following costs, to the extent that they are attributable to Shipper:

(a) The costs of any facilities installed by Transporter with Shipper's consent to transport, deliver, receive or measure Gas for the account of Shipper;

(b) Filing fees required in connection with the Gas Transportation Contract(s) that Transporter is obligated to pay to the FERC or any other governmental authority having jurisdiction, less generally applicable regulatory fees necessary for rendition of Transporter's service generally to all customers;

(c) Any and all occupation, sales tax, user fee, or taxes or fees similar in nature or equivalent in effect which are now or hereafter imposed or assessed against Transporter by any lawful authority as a result of the transportation of Gas pursuant to the Gas Transportation Contract(s), and which the FERC has determined, after a Section 4 rate filing, to be directly assignable to the specific service to be rendered by Transporter on behalf of Shipper thereunder; and

(d) Any and all overrun costs including:

(1) costs incurred by Transporter to correct the effect of any tampering with or alteration of Transporter's facilities which permitted an overall overrun to occur at the affected Delivery Point and the costs incurred by Transporter to repair such facilities;

(2) costs incurred by Transporter to acquire additional Gas to prevent or alleviate curtailments and to reestablish appropriate operating pressure on its System;

(3) penalties paid by Transporter to third parties; and

(4) costs incurred by Transporter to collect overrun penalties.

6.18. ACA CHARGE

6.18.1 ACA Charge. The rates set forth in the Rate Schedules shall include a charge, adjusted from time to time, to reflect the annual charge adjustment (ACA) assessed Transporter by the FERC pursuant to Order No. 472, or any other superseding rule or order.

6.18.2 Charge Ordered by FERC. The current ACA Charge under the Rate Schedules shall be the unit amount, adjusted as necessary for heating value and pressure base, which the FERC orders to be effective for the fiscal Year commencing on the effective date of the adjustment.

6.18.3 Transporter shall retain all revenues collected under this Section 6.18. Except as provided by this Section 6.18, Transporter shall not have the right to seek to recover, in any proceeding under Section 4 of the Natural Gas Act any such costs recorded in its FERC Account No. 928.

6.19. WARRANTY OF TITLE AND POSSESSION OF GAS

6.19.1 Warranty.

(a) Title to all Gas tendered to Transporter at the Receipt Point(s) for transportation shall be held by Shipper free and clear of liens, encumbrances and adverse claims of any kind. Transporter hereby expressly disclaims that it has or will have title to any Gas to be transported to or on behalf of Shipper.

(b) If Shipper's title or right to deliver Gas to be transported is questioned or involved in any action, Shipper shall not qualify for nor be eligible to continue to receive service until such time as Shipper's title or right to deliver is free from question; provided, however, Transporter shall allow Shipper to qualify for or continue receiving service under this Tariff if Shipper furnishes a bond satisfactory to Transporter.

6.19.2 Indemnification as to Warranted Gas. Shipper shall indemnify Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of claims of any or all persons to the Gas warranted in Section 6.19.1, and claims of any or all persons to royalties, taxes, license fees or charges thereon resulting from breach of said warranty.

6.19.3 Control and Possession. Transporter shall be deemed to be in control and possession of the Gas deliverable pursuant to a Gas Transportation Contract, from the time it is received by Transporter at the Receipt Point(s) until it shall have been made available to or for the account of Shipper at the Delivery Point(s). Prior to the time Gas is received by Transporter at the Receipt Point(s) and after such Gas is made available to or for the account of Shipper at the Delivery Point(s), Shipper shall be deemed to be in control and possession thereof.

6.19.4 Responsibility.

(a) Shipper shall have no responsibility:

(1) with respect to any Gas after it is received by Transporter at the Receipt Point(s) until it is made available to or on behalf of Shipper at the Delivery Point(s); or

(2) on account of anything which may be done, happen or arise with respect to such Gas after it is received by Transporter at the Receipt Point(s) and before it is made available to or on behalf of Shipper at the Delivery Point(s).

(b) Transporter shall have no responsibility:

(1) with respect to any Gas before it is received by Transporter at the Receipt Point(s) or after it is made available to or on behalf of Shipper at the Delivery Point(s); or

(2) on account of anything which may be done, happen or arise with respect to such Gas before it is received by Transporter at the Receipt Point(s) and after it is made available to or on behalf of Shipper at the Delivery Point(s).

6.19.5 Right to Commingle. From the time Gas is made available to Transporter at the Receipt Point(s), Transporter shall have the unqualified right to commingle such Gas with other Gas in the System.

6.20. INDEMNITY

6.20.1 Indemnification. Transporter and Shipper shall each indemnify and save harmless the other from all liability, damages, costs, losses and charges of every character resulting from or arising out of any claim made against such other for injury or death to persons, or damage to property, in any way connected with the property and equipment of the indemnitor or the presence of Gas deemed under Section 6.18.4 herein to be the responsibility of the indemnitor, unless such injury, death or damage is caused by the negligence of the indemnitee or anyone for whose actions the indemnitee is responsible in law.

6.20.2 Notice. Notwithstanding the provisions of Section 6.20.1 herein, neither Transporter nor Shipper shall be liable to indemnify the other unless the person requesting indemnification shall have promptly notified the other in writing of any claim, suit or action for or in respect of which indemnification is to be claimed. The person receiving such notification shall be entitled to participate in any such suit or action, and, to the extent that it may wish, assume the defense thereof with counsel who shall be to the reasonable satisfaction of the person requesting indemnification, and after notice from the indemnitor to the indemnitee of its election so to assume the defense thereof, the indemnitor will not be liable to the indemnitee for any legal or other expenses incurred by the indemnitee in connection with the defense thereof.

6.20.3 Limitation of Liability. An indemnitor shall not be liable to indemnify an indemnitee on account of any settlement of any claim, suit or action effected without the consent of such indemnitor.

6.20.4 Survival of Claims. Claims made under this Section 6.20 with respect to injury or death to persons or damage to property occurring during the term of a Shipper's Gas Transportation Contract shall survive the termination thereof.

6.21 LIABILITY AND REMEDIES

6.21.1 Relief from Liability. Neither Transporter nor Shipper shall be liable in damages to the other for any act, omission or circumstances, including any curtailment or interruption, occasioned by or in consequence of any event constituting Force Majeure and, except as otherwise provided in Section 6.21.4(a) herein, the obligations of Transporter and Shipper shall be excused during the period thereof to the extent affected by such events of Force Majeure. Neither Transporter nor Shipper shall be liable in any manner to the other person for indirect, consequential or special losses or damages including attorneys' fees. There are no intended, incidental or third-party beneficiaries under this Tariff or any contract thereunder.

6.21.2 Liabilities not Relieved. No such cause as described in Section 6.21.1 affecting the performance of either party shall continue to relieve such party from its obligation after the expiration of a reasonable period of time within which by the use of due diligence such party could have remedied the situation preventing its performance, nor shall any such cause relieve either party from any obligation unless such party shall give notice thereof in writing to the other party with reasonable promptness; and like notice shall be given upon termination of such cause.

6.21.3 Overriding Obligation to Pay Reservation Charges. Shipper's obligation to pay applicable reservation charges under a Gas Transportation Contract shall not be suspended by any failure of Transporter to deliver Gas to or on behalf of Shipper for any reason or cause whatsoever, whether or not described in this Section 6.21, except in the event that such failure is caused by the negligent or intentional misconduct of Transporter, or as provided in Section 6.21.4.

6.21.4 Reservation Charge Reimbursement. As used in this Section 6.21.4, Firm Daily Volume shall mean the volume of gas which Transporter is obligated to deliver on a firm basis at Shipper's primary firm delivery point(s) on a Gas Day, based on confirmable nominations for firm service within Shipper's Maximum Daily Quantity.

(a) Force Majeure Event.

If, due to an event of Force Majeure as defined in Section 6.2.12 of the General Terms and Conditions of this FERC Gas Tariff, Transporter is unable to deliver any portion of Shipper's Firm Daily Volume for a period greater than ten (10) consecutive days, then for each day beyond the ten (10) days that Transporter so fails to provide service the applicable reservation charges, including applicable reservation-based surcharges, shall not apply to the quantity of gas not delivered by Transporter within the Shipper's Firm Daily Volume; provided, however, that these charges shall not be eliminated to the extent that the Shipper utilizes secondary point service.

(b) Non-Force Majeure Event

Except as provided for in Section 6.21.4 (a) above, in the event Transporter fails to deliver Shipper's Firm Daily Volume on any Gas Day under any firm contract then the applicable reservation charges, including applicable reservation-based surcharges, shall

not apply to the quantity of gas not delivered by Transporter within the Shipper's Firm Daily Volume; provided, however, that these charges shall not be eliminated to the extent that the Shipper utilizes secondary point service.

(c) Reservation Charge Credits – PHMSA.

For a two-year transitional period beginning June 1, 2013, reservation charge credits associated with outages that are required to comply with orders issued by the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Section 60139 (c) of Title 49 of the United States Code, Chapter 601,013, shall be calculated in accordance with paragraph (a) above. Notices of outages pursuant to this section shall identify the specific PHMSA order of requirement with which Pipeline is complying.

(d) Reservation Charge Credit - Confirmable Nominations.

Any exemption from crediting for nominated amounts not confirmed, as provided in Sections 6.21.4(a) and 6.21.4(b) hereof, is limited to events caused solely by the conduct of others, such as Shipper or upstream or downstream facility operators not controlled by Transporter.

6.21.5 Unavailability of Capacity. Transporter shall not be liable to any person for any curtailment or interruption of service to Shipper due to Force Majeure or other unforeseen circumstances; repair, maintenance, other construction, or testing procedures necessary to maintain operational capability on the System; and/or efforts to comply with applicable regulatory requirements.

6.21.6 Termination of Gas Transportation Contract. If either Transporter or Shipper shall fail to perform any of the material covenants or obligations imposed upon it by the Gas Transportation Contract, subject to the applicable provisions of this Tariff, then in such event the other party may at its option terminate said contract and discontinue service 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 (30) 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 (30) Days the party in default does so remove and remedy said cause or causes, then such notice shall be withdrawn and the contract shall continue in full force and effect. In case the party in default does not so remedy and remove the cause or causes within said period of thirty (30) Days, the contract shall terminate and service shall be discontinued; provided, however, that no termination of the contract or discontinuance of service shall occur if the party in default has initiated action to cure such material default but, despite its best efforts, has been unable to complete cure within such thirty (30) Day period and is continuing its action to complete cure in good faith beyond the end of the thirty (30) Day period. The termination or cancellation of any Gas Transportation Contract shall be without prejudice to the right of Transporter to collect any amounts then due to it for services rendered prior to the time of cancellation, and shall be without prejudice to the right of Shipper to receive any services which have not been rendered but for which Shipper has

paid prior to the time of cancellation, and without waiver of any remedy to which the party not in default may be entitled for violations of the contract.

6.22. SUPERVENING LAWS AND CHANGES BY THE TRANSPORTER

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

6.22.2 Transporter shall have the right to unilaterally file, from time to time and in the manner provided by law, such changes in its Tariff and/or Rate Schedules as Transporter may find necessary.

6.23. MARKETING AFFILIATE RULE

6.23.1 This Section describes Transporter's compliance with the requirements of 18 C.F.R. Section 250.16.

6.23.2 Shared Operating Personnel and Facilities. Transporter and its marketing affiliates have no shared operating personnel or facilities. Any changes to the terms of this Section will be filed with FERC on a quarterly basis.

6.23.3 Complaint Resolution. Transporter will attempt to resolve any complaints by Shippers or potential Shippers without the necessity of a written complaint. To this end, Shippers are encouraged to attempt to resolve disputes informally with their designated service representatives. A formal complaint concerning any services offered by Transporter must specifically state that it is a complaint under 18 C.F.R. Section 250.16 and should be directed, preferably in writing, to Manager, Transportation and Marketing, at Portland Natural Gas Transmission System, One Harbour Place, Suite 375, Portsmouth, New Hampshire 03801. Transporter will respond initially to the complaint within 48 hours and in writing within thirty (30) Days.

6.23.4 Any person desiring information on the availability, pricing or other terms of Transporter's service should contact the Transportation and Marketing Department at Portland Natural Gas Transmission System, One Harbour Place, Suite 375, Portsmouth, New Hampshire 03801.

6.24. MISCELLANEOUS

6.24.1 Waiver of Default. No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provisions of a Gas Transportation Contract, the General Terms and Conditions or the applicable Rate Schedule shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character. This provision shall not be interpreted as providing Transporter or Shipper with any powers or authorizations to grant or deny waivers over and above such powers as are provided under the FERC's regulations and Maine contract law.

6.24.2 Assignability. A Gas Transportation Contract shall bind and inure to the respective successors and assigns of the parties thereto, but no assignment shall release either party from such party's obligations without the written consent of the other party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent either party from pledging, mortgaging or assigning its rights as security for its indebtedness and either party may assign to the pledges or mortgages (or to a trustee for the holder of such indebtedness) any money due or to become due under any Gas Transportation Contract.

6.24.3 Effect of Headings. The headings used throughout this Tariff and in executed Gas Transportation Contracts are inserted for reference purposes only and are not to be considered or taken into account in construing the terms and provisions of any paragraph nor to be deemed in any way to qualify, modify or explain the effects of any such terms or provisions.

6.24.4 Notice. Any communication, notice, request, demand, statement or bill provided for in this Tariff or in a Gas Transportation Contract, or any notice which either Transporter or Shipper may desire to give to the other, shall be offered in writing, unless transmitted via Transporter's Interactive Internet Website, and shall be considered as duly presented, rendered, or delivered when sent, if sent by email or fax; or, if sent by express mail service, shall be considered as duly presented one Day after mailing; or, if prepaid registered or ordinary mail, shall be considered as duly presented five (5) Days after mailing. The material so sent shall be addressed to the pertinent party at its last known address.

6.24.5 References. When used immediately after a section number reference in a particular document (e.g., the General Terms and Conditions) in this Tariff, the word "herein" shall refer to a section of that same document, irrespective of whether such cited section occurs before or after the subject reference.

6.24.6 Negotiated Rate Accounting. Consistent with FERC directives set forth in "Statement of Policy and Request for Comments" (74 FERC 61,076), Transporter shall separately account for all costs and revenues that are associated with negotiated-rate services implemented in accordance with such FERC policy. Transporter shall accomplish that separate accounting by using separately designated subaccounts, as required by the facts and circumstances, of the Uniform System of Accounts.

6.25 COMPLIANCE WITH WGQ STANDARDS

Compliance with 18 CFR, Section 284.12

6.25.1 Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.0, and the standards revised by Minor Corrections MC15003, MC15004, MC15005, MC15009 and MC15012 all marked with an asterisk [*], which are required by the Commission in 18 CFR Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

Standards not Incorporated by Reference and their Location in Tariff:

<u>NAESB Standard</u>	<u>Tariff record</u>
1.2.4	GT&C – Definitions, 6.2.17
1.2.12	GT&C – Nominations and Scheduling, 6.7.12
1.3.1*	GT&C – Definitions, 6.2.5
1.3.2(i-vi)	GT&C – Nominations and Scheduling, 6.7.2(i-vi)
1.3.4	GT&C – Nominations and Scheduling, 6.7.1
1.3.5*	GT&C – Nominations and Scheduling, 6.7.1
1.3.6	GT&C – Nominations and Scheduling, 6.7.6
1.3.7	GT&C – Nominations and Scheduling, 6.7.1
1.3.8*	GT&C – Definitions, 6.2.17
1.3.9*	GT&C – Definitions, 6.2.17
1.3.11*	GT&C – Definitions, 6.2.17
1.3.13	GT&C – Definitions, 6.2.17
1.3.14	GT&C – Definitions, 6.2
1.3.17	GT&C – Nominations and Scheduling, 6.7.11
1.3.18	GT&C – Nominations and Scheduling, 6.7.11
1.3.22	GT&C – Nominations and Scheduling, 6.7.12
1.3.33*	GT&C – Definitions, 6.2.17
1.3.34	GT&C – Service Interruptions and Priorities, 6.10
3.2.1	GT&C – Definitions, 6.2
5.3.1	GT&C – Capacity Release, 6.11.6
5.3.2	GT&C – Capacity Release, 6.11.6
5.3.7	GT&C – Capacity Release, 6.11.21
5.3.8	GT&C – Capacity Release, 6.11.21
5.3.13	GT&C – Capacity Release, 6.11.8
5.3.14	GT&C – Capacity Release, 6.11.7
5.3.15	GT&C – Capacity Release, 6.11.8
5.3.16	GT&C – Capacity Release, 6.11.6

5.3.24 GT&C – Capacity Release, 6.11.7
5.3.44 GT&C – Capacity Release, 6.11.20

Standards Incorporated by Reference:

Additional Standards:

General:

Standards:
0.3.1, 0.3.2, 0.3.16, 0.3.17

Creditworthiness:

Standards:
0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10

Gas/Electric Operational Communications:

Definitions:
0.2.1, 0.2.2, 0.2.3, 0.2.4, 0.2.5

Standards:
0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

Standards:
0.3.18, 0.3.20, 0.3.21, 0.3.22

Data Sets:
0.4.2*, 0.4.3

Location Data Download:

Standards:
0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset:
0.4.4*

Storage Information:

Data Sets:

0.4.1*

Nominations Related Standards:

Definitions:

1.2.1, 1.2.2, 1.2.3, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.13, 1.2.14, 1.2.15,
1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards:

1.3.3, 1.3.15, 1.3.16, 1.3.19, 1.3.20, 1.3.21, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27,
1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 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, 1.3.48, 1.3.51, 1.3.53, 1.3.55, 1.3.56,
1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72,
1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81

Data Sets:

1.4.1*, 1.4.2*, 1.4.3*, 1.4.4*, 1.4.5*, 1.4.6*, 1.4.7*

Flowing Gas Related Standards:

Definitions:

2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12, 2.3.13,
2.3.14, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25,
2.3.26, 2.3.27, 2.3.28, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.40, 2.3.41, 2.3.42, 2.3.43,
2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55,
2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

Data Sets:

2.4.1*, 2.4.2, 2.4.3*, 2.4.4*, 2.4.5*, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17,
2.4.18

Invoicing Related Standards:

Standards:

3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14,
3.3.15, 3.3.16, 3.3.17, 3.3.18, 3.3.19, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26

Data Sets:

3.4.1*, 3.4.2, 3.4.3, 3.4.4

Quadrant Electronic Delivery Mechanism Related Standards:

Definitions:

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

Standards:

4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.61, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105

Capacity Release Standards:

Definitions:

5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5

Standards:

5.3.3, 5.3.4, 5.3.5, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.25, 5.3.26, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.45, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.55, 5.3.56*, 5.3.57, 5.3.58, 5.3.59, 5.3.60, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

Data Sets:

5.4.14, 5.4.15, 5.4.16*, 5.4.17, 5.4.20*, 5.4.21*, 5.4.22*, 5.4.23, 5.4.24*, 5.4.25, 5.4.26*, 5.4.27

Internet Electronic Transport Related Standards

Definitions:

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

Standards:

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

6.26 Reservation of Capacity for Expansion Projects.

1. Applicability.

Transporter may elect to reserve capacity required for a future expansion project out of unsubscribed capacity or capacity under expiring Gas Transportation Contracts where such agreements do not have a right of first refusal or Shipper does not exercise its right of first refusal or turnback capacity which Transporter has agreed to accept in response to a direct solicitation from Transporter to serve an expansion project.

2. Time Period.

Capacity may be reserved for expansion projects for which an open season has been or will be held only during a 12-month period prior to Transporter filing for certificate approval for construction of proposed expansion facilities, and following the certificate filing, only until all expansion facilities related to the certificate filing are placed into service.

3. Notice to Shipper.

If Transporter reserves capacity for an expansion project, it will notify Shippers of its intent as part of Transporter's posting of capacity on its Interactive Internet Website. Transporter's posting for reserved capacity for future expansion projects shall include the following information: (a) a description of the project for which the capacity will be reserved; (b) the total quantity of capacity to be reserved; (c) the location of the proposed reserved capacity on the pipeline system; (d) whether, and if so when, Transporter anticipates that an open season for the capacity will be held or the reserved capacity will otherwise be posted for bid in conjunction with the open season for the expansion project; (e) the projected in-service date of new facilities; and (f) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a right of first refusal.

4. Solicitation of Turnback.

Transporter will make reasonable efforts to update the reservation posting up to the in-service date of the project to reflect any material changes in the scope of the project. If capacity that has been posted remains unsubscribed after posting, and if such unsubscribed capacity is insufficient to serve the expansion project, the reservation posting or open season will include a non-binding solicitation for turnback capacity from Transporter's existing Shippers to serve the expansion project. Transporter shall post a non-binding solicitation for expansion project related turnback capacity no later than 90 days after the close of an expansion

project's open season, specifying the minimum terms for a response to the solicitation.

5. Interim Capacity.

Any capacity reserved hereunder will be made available for transportation service pursuant to Transporter's FERC Gas Tariff on a limited-term basis up to the in-service date of the expansion project. Transporter reserves the right to limit any extension rights provided in such Gas Transportation Contract(s), pursuant to Section 6.13.3 - Right of First Refusal - commensurate with the proposed in-service date of any facilities.

6. Reposting of Capacity.

Any capacity reserved for a project that does not go forward for any reason shall be reposted as generally available within 30 days of the date the capacity becomes available.

6.27 OFF-SYSTEM CAPACITY

From time to time, Transporter may enter into transportation and/or storage agreements with other interstate and intrastate pipelines and storage providers (“Off-System Capacity”). In the event that Transporter acquires Off-System Capacity, Transporter will use such capacity for operational reasons or to render service for its Shippers. In the event that Transporter uses Off-System Capacity to render service for its Shippers, it will only render service to Shippers on the acquired capacity pursuant to Transporter’s Tariff and subject to Transporter’s approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this section, the “Shipper must have title” requirement is waived.

PRO FORMA CONTRACTS
Firm Transportation Service
Interruptible Transportation Service
Master Capacity Release Agreement
Master Gas Transportation Contract with Replacement Shipper
Park and Loan Service Contract
Request for Service
FT- FLEX Limited Firm Transportation Service
Hourly Reserve Service
Short Term Firm Transportation Service

GAS TRANSPORTATION CONTRACT
FOR FIRM TRANSPORTATION SERVICE

This Gas Transportation Contract ("Contract") is made as of the ____ Day of _____ by and between the Portland Natural Gas Transmission System, a Maine general partnership, herein "Transporter" and [name of Shipper] a [state] [entity], herein "Shipper," pursuant to the following recitals and representations:

WHEREAS, Shipper intends to enter into natural gas supply arrangements, including transportation upstream of Transporter's System, and to make arrangements for the delivery of such gas supply for the account of Shipper to the receipt point(s), and to make arrangements for the receipt and transportation of such gas downstream of the delivery point(s) on Transporter's System;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

1. Shipper shall apply for or cause to be applied for and use reasonable best efforts to obtain all of the agreements and governmental authorizations or exemptions necessary to enable Shipper to deliver to and receive from Transporter the transportation quantities specified below.

2. Subject to the condition herein, Transporter hereby agrees to provide to Shipper, and Shipper hereby agrees to accept, firm natural gas transportation service on Transporter's System under Transporter's Rate Schedule FT, providing for firm transportation from the receipt point(s) of the quantities of natural gas specified below. Such firm transportation service shall be provided for the term specified in Schedule 1. The transportation service, unless otherwise agreed upon, will be provided at the maximum applicable rate as approved by the FERC in the Tariff, as the Tariff may be changed from time to time, subject to the rate discount provisions set forth below.

ARTICLE I - SCOPE OF CONTRACT

1. On the Commencement Date and each Day thereafter on which Shipper and Transporter schedule Gas for transportation hereunder, Shipper shall cause the Scheduled Quantity, up to the Maximum Daily Quantity (MDQ), to be delivered to Transporter at the Receipt Point(s).

2. On the Commencement Date and each Day thereafter, Transporter shall make the Scheduled Quantity available to or on behalf of Shipper at the Delivery Point(s) on a firm basis.

3. Shipper shall be solely responsible for securing faithful performance by gas supplier(s) and/or any applicable upstream or downstream shippers and transporters in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable

hereunder to Shipper as a result of the failure of gas supplier(s) and/or any applicable upstream or downstream shippers and transporters to so perform.

ARTICLE II - RESERVATION OF FIRM TRANSPORTATION CAPACITY

1. Shipper hereby reserves the right to cause Transporter to receive from or for the account of Shipper at each Receipt Point on any Day such quantities of Gas up to the MDQ for such Receipt Point as set forth on the currently effective Schedule 1 appended hereto and Transporter shall make available to or on behalf of Shipper at each Delivery Point on any Day such quantities of Gas up to the MDQ for such Delivery Point as set forth on the currently effective Schedule 1 appended hereto. Schedule 1 is hereby incorporated as part of this Contract.

2. Transporter shall make available to Shipper the service reserved under this Article II on the Days and for the quantities of Gas for which such service has been reserved, subject to Shipper's compliance with the terms and conditions of this Contract.

ARTICLE III - ALLOCATION OF OFF-PEAK CAPACITY

On any Day during the period from April 1 through October 31 that System Capacity is not otherwise scheduled under any Rate Schedule, such capacity will be allocated pro rata to Rate Schedule FT Shippers whose Gas Transportation Contracts have initial terms of twenty (20) Years or longer, and were in existence prior to June 1, 2013, based on these Shippers' annual reservation charges under Rate Schedules FT.

ARTICLE IV - RATE

1. For each Month, Shipper agrees to pay the Recourse Usage Rate, or a usage rate mutually agreed to in writing by Shipper and Transporter as set forth on the currently effective Schedule 1 attached hereto, multiplied by the sum of the Delivery Point Scheduled Quantity or Quantities during such Month; provided, however, that in the event that Transporter determines, in its sole discretion on a basis that is not unduly discriminatory, or otherwise pursuant to this Contract, to render service on behalf of Shipper for a discounted usage rate, Transporter shall notify Shipper in writing of the amount of such discounted usage rate, the Day(s) on which such rate shall be in effect and the quantities to which such rate applies. For each DTH of Scheduled Quantity to which a discounted usage rate applies, as set forth in Transporter's notice, Shipper agrees to pay and shall pay the applicable discounted usage rate in lieu of the maximum usage rate.

2. For each Month, Shipper agrees to pay the Recourse Reservation Rate, or the Seasonal Recourse Reservation Rate if applicable, or a rate mutually agreed to in writing by Shipper and Transporter as set forth on the currently effective Schedule 1 attached hereto, multiplied by the Shipper's Maximum Contract Demand as specified in this Contract; provided however, that in the event that Transporter determines, in its sole discretion or otherwise pursuant to this Contract, to render service on behalf of Shipper for a discounted reservation rate,

Transporter shall notify Shipper in writing of the amount of such discounted reservation rate, the Day(s) on which such rate shall be in effect and the quantities of which such rate applies. For each DTH of the Maximum Contract Demand to which a discounted reservation rate applies, as set forth in Transporter's notice, Shipper agrees to pay and shall pay the applicable discounted reservation rate in lieu of the maximum reservation rate.

3. Shipper agrees to pay and shall pay all applicable charges specified in Rate Schedule FT.

4. For all capacity allocated to Shipper under Article III herein, Shipper shall not pay reservation charges but Shipper shall pay transportation usage charges, surcharges, fees, and other charges allocated to such capacity or the quantities transported.

ARTICLE V - RESERVED FOR FUTURE USE

ARTICLE VI - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule FT and of the General Terms and Conditions of Transporter's Tariff, as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule FT shall control in the event of a conflict between the General Terms and Conditions or Rate Schedule FT and this Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

(if applicable)

Shipper shall be entitled to the Right of First Refusal provided for in Section 6.13.3(b)(6), of the General Terms and Conditions of Transporter's Tariff, notwithstanding the fact that Shipper would otherwise be ineligible for this right under Section 6.13.3.

ARTICLE VII - TERM

1. This Contract shall be effective as of [INSERT DATE].

2. This Contract shall continue in force and effect until [expiration date], and [_____] thereafter unless terminated by either party upon at least [_____] prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.

3. The termination of this Contract by expiration of fixed Contract term or by termination notice provided by Shipper triggers pregranted abandonment under Section 7 of the Natural Gas Act as of the effective date of the termination.

4. Any provision of this Contract necessary to correct imbalances or to make payment under this Contract as required by the Tariff will survive the other parts of this Contract until such time as such balancing or payment has been accomplished.

ARTICLE VIII - NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

Notices to Shipper hereunder shall be addressed to:

[Name of Shipper]
[address]

Either party may change its address under this Article by written notice to the other party.

ARTICLE IX - TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract. Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article IX shall not in any way prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

Shipper acknowledges that Transporter intends to make a collateral assignment of this Contract to financial institutions (collectively, the "Lenders") in connection with a Financing Agreement and agrees that if the Lenders succeed to the interest of Transporter by foreclosure or otherwise Shipper shall accord the Lenders the same rights as Transporter hereunder.

In order to facilitate obtaining financing or refinancing for the System, Shipper shall execute such consents, agreements or similar documents with respect to a collateral assignment hereof to the Lenders, and any credit support documents, and shall deliver an opinion of counsel on behalf of Shipper and any provider of credit support, as Lenders may reasonably request in connection with the documentation of the financing or refinancing for the System, which consent

and opinion shall, among other things warrant or opine the enforceability of this Contract and of any credit support documents under the applicable governing law(s) and the compliance thereof with all applicable law.

ARTICLE X - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that: (a) Transporter is a Maine general partnership; (b) Shipper shall have no recourse against any partner in Transporter with respect to Transporter's obligations under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Contract; (c) no claim shall be made against any partner under or in connection with this Contract; (d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter; (e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company for all such claims; and (f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE XI - LAW OF CONTRACT

Notwithstanding conflict-of-laws rules, the interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE XII - CHANGE IN TARIFF PROVISIONS

Shipper agrees that Transporter shall have the unilateral right to file with the Federal Energy Regulatory Commission or any successor regulatory authority any changes in any of the provisions of its Tariff, including of any of its Rate Schedules, or the General Terms and Conditions, as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST: PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____

By: _____

ATTEST: [NAME OF SHIPPER]

By: _____

SCHEDULE 1

Receipt Point(s):

Delivery Point(s):

Maximum Daily Quantity:

Maximum Contract Demand Quantity:

Effective Service Period:

Rate Provision(s) (check if applicable rate):

_____ Discounted Rate

_____ Negotiated Rate

Shipper's charges and fees shall be calculated as follows:

RESERVED FOR FUTURE USE

PRO FORMA
GAS TRANSPORTATION CONTRACT
FOR INTERRUPTIBLE TRANSPORTATION SERVICE

This Gas Transportation Contract ("Contract") is made as of the [date] Day of [Month], [Year] by and between Portland Natural Gas Transmission System, a Maine general partnership, herein called "Transporter," and [name of Shipper], a [state] [entity] herein called "Shipper," pursuant to the following recital and representations:

WHEREAS, the Federal Energy Regulatory Commission ("FERC") has issued a Certificate of Public Convenience and Necessity, authorizing Transporter to construct, own, operate, and maintain a natural gas transmission system (herein called "System");

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

ARTICLE I - SCOPE OF CONTRACT

1. On the Commencement Date and each Day thereafter on which Shipper and Transporter schedule Gas for transportation hereunder, Shipper shall cause the Scheduled Quantity to be delivered to Transporter at the Receipt Point(s).

2. On the Commencement Date and each Day thereafter on which the Scheduled Quantity is delivered to Transporter at the Receipt Point(s) pursuant to Section 1 of this Article I, Transporter shall, subject to interruption of service by Transporter in accordance with this Contract and Transporter's Tariff, make the Scheduled Quantity available to or on behalf of Shipper at the Delivery Point(s).

3. Shipper shall be solely responsible for securing faithful performance by gas supplier(s) and/or any applicable upstream or downstream shippers and transporters in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable hereunder to Shipper as a result of the failure of gas supplier(s) and/or any applicable upstream or downstream shippers and transporters to so perform.

ARTICLE II - INTERRUPTIBLE TRANSPORTATION CAPACITY

1. Shipper hereby contracts for the right to cause Transporter to receive from or for the account of Shipper at each Receipt Point such Scheduled Quantities of Gas for such Receipt Point on any Day on which Transporter has interruptible capacity available to Shipper, and Transporter shall make available to or on behalf of Shipper on an interruptible basis at each Delivery Point on such Day such Scheduled Quantities of Gas for such Delivery Point.

2. Transporter shall make available to Shipper the service contracted for under this Article II on the Days and for the Scheduled Quantities of Gas for which Transporter has interruptible capacity available to Shipper, subject to Shipper's compliance with the terms and conditions of this Contract.

ARTICLE III - RATE

1. For each Month, Shipper agrees to pay the Recourse Rate, or a negotiated rate mutually agreed to in writing by Shipper and Transporter, multiplied by the sum of the Receipt Point Scheduled Quantity or Quantities during such Month; provided, however, that in the event that Transporter determines, in its sole discretion on a basis that is not unduly discriminatory, or otherwise pursuant to this Contract to render service on behalf of Shipper for a discounted usage rate, Transporter shall notify Shipper in writing of the amount of such discounted usage rate, the Day(s) on which such rate shall be in effect and the quantities to which such rate applies. For each DTH of Scheduled Quantity to which a discounted usage rate applies, as set forth in Transporter's notice, Shipper agrees to pay and shall pay the applicable discounted usage rate in lieu of the maximum usage rate.

2. Shipper agrees to pay and shall pay all other applicable charges specified in Rate Schedule IT.

ARTICLE IV - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule IT and of the General Terms and Conditions as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule IT shall control in the event of a conflict between the General Terms and Conditions or Rate Schedule IT and this Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

ARTICLE V - TERM

1. This Contract shall be effective as of [INSERT DATE].

2. This Contract shall continue in force and effect until [expiration date], and Year to Year thereafter, unless terminated by either party upon thirty (30) Days prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.

3. Any provision of this Contract necessary to correct imbalances or to make payment under this Contract as required by the Tariff will survive the other parts of this Contract until such time as such balancing or payment has been accomplished.

ARTICLE VI - NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

Notices to Shipper hereunder shall be addressed to:

[Name of Shipper]
[address]

Either party may change its address under this Article by written notice to the other party.

ARTICLE VII - TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract. Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article VII shall not in any way prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

ARTICLE VIII - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that: (a) Transporter is a Maine general partnership; (b) Shipper shall have no recourse against any partner in Transporter with respect to the obligations of Transporter under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Contract; (c) no claim shall be made against any partner under or in connection with this Contract; (d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter; (e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company

for all such claims; and (f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE IX - LAW OF CONTRACT

Notwithstanding conflict-of-law rules, the interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE X - CHANGE IN TARIFF PROVISIONS

Shipper agrees that Transporter shall have the unilateral right to file with the Federal Energy Regulatory Commission or any successor regulating authority any changes in any of the provisions of its Tariff, including any of its Rate Schedules, or the General Terms and Conditions, as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST: PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____

By: _____

ATTEST: [NAME OF SHIPPER]

By: _____

RESERVED FOR FUTURE USE

RESERVED FOR FUTURE USE

MASTER CAPACITY RELEASE AGREEMENT

This Master Capacity Release Agreement ("Agreement") is made as of the [date] Day of [Month], [Year], by and between Portland Natural Gas Transmission System, a Maine general partnership, herein called "Transporter," and [name of Releasing Shipper], a [state] [entity], herein called "Releasing Shipper," pursuant to the following recitals and representations:

WHEREAS Transporter and Releasing Shipper have executed a Gas Transportation Contract for firm service dated [date], identified as Contract No. [#];

WHEREAS Releasing Shipper desires, from time to time, to release all or a portion of the capacity reserved by it under such Gas Transportation Contract for use by a Replacement Shipper pursuant to the capacity release provisions set forth in Section 6.11 of the General Terms and Conditions;

WHEREAS Transporter and Releasing Shipper now desire to establish the terms and conditions of a Master Capacity Release Agreement under which Releasing Shipper will, from time to time, release all or a portion of its firm capacity on a temporary or permanent basis;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Releasing Shipper agree as follows:

ARTICLE I - SCOPE AND PURPOSE OF THIS AGREEMENT

1. Subject to the terms and conditions of this Agreement and of Transporter's Tariff, Releasing Shipper may from time to time release all or part of its firm capacity to Transporter. Releasing Shipper agrees that subject to any recall rights stated in the Gas Transportation Contract between Transporter and Replacement Shipper, it will not request or be entitled to receive service under its Gas Transportation Contract to the extent and during the period that such service has been released hereunder and that Releasing Shipper's Gas Transportation Contract for firm service will effectively be amended to such extent.

The terms of a specific capacity release, including its quantity and duration, and the specific receipt and delivery points shall be set forth in the Addendum(s) to this Master Capacity Release Agreement, in the form attached hereto, executed by Releasing Shipper. The Addendum(s) shall be deemed to be an executed Capacity Release Agreement, under this Master Capacity Release Agreement, and shall be subject to the terms and conditions hereof and of Transporter's Tariff, including the provisions of Section 6.11 of the General Terms and Conditions. An officer of Shipper shall notify Transporter in writing of the person(s) authorized on behalf of Shipper to submit to Transporter specific capacity release transactions in the form of the Addendum attached hereto.

2. To the extent that Releasing Shipper does not hereunder release all of its rights to serve under its Gas Transportation Contract for firm service and/or if the term of Releasing Shipper's Gas Transportation Contract extends beyond the period of the release as described in the Addendum, Transporter agrees to provide service to Releasing Shipper under such Gas Transportation Contract as such Gas Transportation Contract is amended by the provisions of this Master Capacity Release Agreement.

ARTICLE II - RATE CREDITING PROVISIONS

1. Releasing Shipper's reservation charge shall be credited each Month by the reservation charge billed to Replacement Shipper(s) by Transporter (hereinafter the "Replacement Reservation Charge"), as well as any additional charges paid by Replacement Shipper, subject to such further crediting conditions as may be outlined in the Addendum and in Section 6.11 of the General Terms and Conditions.

2. Releasing Shipper shall remain liable to Transporter for the full amount of the reservation charge for any Month in which the Replacement Shipper(s) fails to pay all or any portion of the Replacement Reservation Charge owing under the Replacement Shipper's Gas Transportation Contract.

ARTICLE III- CAPACITY RELEASE MARKETING FEES

Releasing Shipper shall pay Transporter any applicable marketing fees set forth in Section 6.11 of the General Terms and Conditions.

ARTICLE IV - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Agreement and all terms and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule FT, and of the General Terms and Conditions as such may be revised or superseded from time to time, all of which are by this reference made a part hereof. The General Terms and Conditions and Rate Schedule FT shall control in the event of a conflict between the General Terms and Conditions or Rate Schedule FT and this Agreement. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Agreement.

ARTICLE V - LAW OF CONTRACT

Notwithstanding conflict-of-law rules, the interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE VI - NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, NH 03801

Notices to Releasing Shipper shall be addressed to:

[Name of Releasing Shipper]
[Address]

Either party may change its address under this Article by written notice to the other party.

ARTICLE VII - TERM OF AGREEMENT

This Agreement shall become effective as of the date set forth herein above and shall continue in effect for a term of _____ ("Primary Term") and shall remain in force from thereafter unless terminated by either party by written notice _____ prior to the end of the Primary Term or any successive term thereafter.

IN WITNESS WHEREOF, the parties hereto have caused this Master Capacity Release Agreement to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST: PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____

By: _____

ATTEST: [NAME OF RELEASING SHIPPER]

By: _____

ADDENDUM 1
CAPACITY RELEASE

This capacity release is performed subject to the terms of the Master Capacity Release Agreement between Transporter and Shipper.

RELEASING CONTRACT REFERENCE:

TERM OF RELEASE:

RECEIPT POINT(S):

DELIVERY POINT(S):

QUANTITY:

CREDIT PROVISIONS:

1. Releasing Shipper's reservation charge shall be credited each Month as follows:

[Credit to be equal to the reservation charges billed to the Replacement Shipper as set forth on Attachment A of such Replacement Shipper's Gas Transportation Contract for firm service times the MDQ for each Day at each Receipt Point.]

SPECIAL CONDITIONS OF RELEASE:

This Addendum 1 is generated by Releasing Shipper's capacity release to [REPLACEMENT SHIPPER] (identified in PNGTS' electronic records as contract CR-XXXX-XXX) with a reservation rate of [\$X.XXXX / Dth /].

Releasing Shipper's release of capacity hereunder is subject to the following terms and conditions:

[LIST OF OTHER TERMS AND CONDITIONS IF APPLICABLE]

ATTEST:

[NAME OF RELEASING SHIPPER]

By: _____

MASTER GAS TRANSPORTATION CONTRACT
WITH REPLACEMENT SHIPPER

This Master Gas Transportation Contract with Replacement Shipper ("Master Contract") is made as of the [date] Day of [Month], [Year] by and between Portland Natural Gas Transmission System, a Maine general partnership, herein called "Transporter," and [name of Replacement Shipper], a [state] [entity], herein called "Replacement Shipper," pursuant to the following recitals and representations:

WHEREAS Replacement Shipper may from time to time seek capacity released from a Releasing Shipper pursuant to the terms of Section 6.11 of the General Terms and Conditions and the specific terms and conditions described in each effective Addendum which is appended hereto;

WHEREAS Replacement Shipper, or another person on behalf of Replacement Shipper, has entered or is about to enter into all necessary contracts for the acquisition of Gas, for the delivery of such Gas to Transporter at one or more Receipt Point(s) on the System, and/or the further transportation of such Gas from one or more Delivery Point(s) on the System, as applicable;

WHEREAS Replacement Shipper represents that all necessary regulatory and governmental approvals to acquire and sell, transport, and, if appropriate, export and/or import the Gas to be transported by Transporter have been obtained;

WHEREAS Transporter and Replacement Shipper now desire to establish the terms and conditions under which Transporter will render firm services to Replacement Shipper by entering into this Master Contract;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Replacement Shipper agree as follows:

ARTICLE I - SCOPE OF CONTRACT

1. During the term of this Master Contract, on each Day on which Replacement Shipper and Transporter schedule Gas for transportation hereunder, Replacement Shipper shall cause the Scheduled Quantity up to the Maximum Daily Quantity (MDQ) to be delivered to Transporter at the Receipt Point(s).

2. Replacement Shipper shall execute each Addendum in the form appended hereto for each transaction under this Master Contract, which for purposes of Section 6.7 of the General Terms and Conditions shall set forth the term of the release transaction, the rate Replacement Shipper is obligated to pay, the Receipt and Delivery Point(s) Replacement Shipper may use, the maximum quantity of capacity Replacement Shipper has available for its use at such point(s), and other relevant terms and conditions associated with Replacement Shipper's acquisition of the

released capacity. An officer of Shipper shall notify Transporter in writing of the person(s) authorized on behalf of Shipper to submit to Transporter such specific replacement shipper contracts.

The Addendum(s) shall be deemed to be an executed Capacity Release Agreement, under this Master Contract, and shall be subject to the terms and conditions hereof and of Transporter's Tariff, including the provisions of Section 6.11 of the General Terms and Conditions. An officer of Shipper shall notify Transporter in writing of the person(s) authorized on behalf of Shipper to submit to Transporter specific transactions in the form of the Addendum attached hereto.

3. On each Day during the Term of a transaction under this Master Contract, Transporter shall make the Scheduled Quantity available to or on behalf of Replacement Shipper at the Delivery Point(s) on a firm basis.

4. Replacement Shipper shall be solely responsible for securing faithful performance by gas supplier(s) and/or any applicable upstream or downstream shippers and transporters in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable hereunder to Replacement Shipper as a result of the failure of gas supplier(s) and/or any applicable upstream or downstream shippers and transporters to so perform.

ARTICLE II - RESERVATION OF FIRM TRANSPORTATION CAPACITY

1. Replacement Shipper hereby reserves the right to cause Transporter to receive from or for the account of Replacement Shipper at each Receipt Point on any Day such quantities of Gas up to the MDQ for such Receipt Point as set forth on each currently effective Addendum, and Transporter shall make available to or on behalf of Replacement Shipper at each Delivery Point on any Day such quantities of Gas up to the MDQ for such Delivery Point as set forth on the currently effective Addendum; provided, however, Replacement Shipper's right to request service hereunder, and Transporter's obligation to provide such service, shall be subject to the provisions of any Capacity Release Agreement executed by Replacement Shipper and Transporter; and, provided further, Replacement Shipper's right to request service hereunder and Transporter's obligation to provide such service shall be subject to the terms and conditions stated in each effective Addendum appended thereto.

2. Transporter shall make available to Replacement Shipper the service reserved under this Article II on the Days and for the quantities of Gas for which such service has been reserved, subject to Replacement Shipper's compliance with the terms and conditions of this Master Contract.

ARTICLE III- RATE

1. For each Month, Replacement Shipper agrees to pay the applicable maximum usage rate multiplied by the sum of the Receipt Point Scheduled Quantity or Quantities nominated by

Replacement Shipper during such Month; provided, however, that in the event that Transporter determines, in its sole discretion on a basis that is not unduly discriminatory, or otherwise pursuant to this Contract, to render service on behalf of Replacement Shipper for a discounted usage rate, Transporter shall notify Replacement Shipper in writing of the amount of such discounted usage rate, the Day(s) on which such rate shall be in effect and the quantities to which such rate applies. For each DTH of Scheduled Quantity to which a discounted usage rate applies, as set forth in Transporter's notice, Replacement Shipper agrees to pay and shall pay the applicable discounted usage rate in lieu of the maximum usage rate.

2. During the Term of this Contract, Replacement Shipper agrees to pay and shall pay the Monthly reservation charges set forth in each effective Addendum attached hereto.

3. If Replacement Shipper is a Releasing Shipper, as defined in Section 6.11 of the General Terms and Conditions, for each Month, the reservation charge billed to Replacement Shipper shall be credited in accordance with the applicable Rate Schedule and Section 6.11.17 of the General Terms and Conditions.

4. Replacement Shipper agrees to pay and shall pay all applicable charges specified in Rate Schedule FT.

5. Any additional rates or charges to be paid by Replacement Shipper shall be set forth in the Addendum applicable to each transaction hereunder.

ARTICLE IV - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Master Contract and all terms and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule FT, and of the General Terms and Conditions as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule FT shall control in the event of a conflict between the General Terms and Conditions or Rate Schedule FT and this Master Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Master Contract.

ARTICLE V - TERM

1. This Master Contract shall become effective as of the date set forth herein above and shall continue in effect for a term of ____ ("Primary Term") and shall remain in force from thereafter unless terminated by either party by written notice _____ prior to the end of the Primary Term or any successive term thereafter.

2. This Master Contract shall be effective as of the date first herein above written; provided, however, that Transporter shall have no liability under this Master Contract and shall be under no obligation to receive or to deliver any quantities of Gas hereunder prior to the first Day of the Term.

3. This Master Contract shall continue in force and effect until the last Day of the Term; provided, however, that if the FERC authorizes Transporter to abandon service to Replacement Shipper on an earlier date, this Master Contract shall terminate as of such earlier date.

4. The termination of this Master Contract by expiration of fixed Contract term or by termination notice provided by Shipper triggers pregranted abandonment under Section 7 of the Natural Gas Act as of the effective date of the termination.

5. Any provision of this Master Contract necessary to correct imbalances or to make payment under this Master Contract as required by the Tariff will survive the other parts of this Master Contract until such time as such balancing or payment has been accomplished.

ARTICLE VI - NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

Notices to Replacement Shipper hereunder shall be addressed to:

[Name of Replacement Shipper]
[address]

Either party may change its address under this Article by written notice to the other party.

ARTICLE VII - TRANSFER AND ASSIGNMENT OF MASTER CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Replacement Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Master Contract. Any party may, without relieving itself of its obligations under this Master Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Master Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Replacement Shipper in the event of an assignment by Transporter or Transporter in the event of an assignment by Replacement Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article VII shall not in any way prevent either party to this Master Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

ARTICLE VIII - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Replacement Shipper acknowledges and agrees that: (a) Transporter is a Maine general partnership; (b) Replacement Shipper shall have no recourse against any partner in Transporter with respect to Transporter's obligations under this Master Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Master Contract; (c) no claim shall be made against any partner under or in connection with this Master Contract; (d) Replacement Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter; (e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Master Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Replacement Shipper shall provide Operator with a waiver of subrogation of Replacement Shipper's insurance company for all such claims; and (f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE IX - LAW OF CONTRACT

Notwithstanding conflict-of-law rules, the interpretation and performance of this Master Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE X - CHANGE IN TARIFF PROVISIONS

Replacement Shipper agrees that Transporter shall have the unilateral right to file with the Federal Energy Regulatory Commission any changes in the terms of any of its Rate Schedules, General Terms and Conditions, or Pro Forma Contracts as Transporter may deem necessary, and to make such changes effective at such times as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law. Replacement Shipper may protest any filed changes before the Federal Energy Regulatory Commission and exercise any other rights it may have with respect thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Master Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST: PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____

By: _____

ATTEST: [NAME OF REPLACEMENT SHIPPER]

By: _____

ADDENDUM
REPLACEMENT SHIPPER CONTRACT

RELEASING CONTRACT REFERENCE:

TERM OF RELEASE:

RATE PROVISIONS:

Maximum Daily Quantity:

Maximum Contract Demand:

Receipt Point(s):

Delivery Point(s):

SPECIAL CONDITIONS OF RELEASE:

Shipper's acquisition of capacity hereunder is subject to the following terms and conditions:

This release is generated by [RELEASING SHIPPER'S NAME] capacity as identified in the Releasing Contract Reference above, Offer [YYYYMMDD-XXXXXX] with a reservation rate of [\$X.XXXX / Dth /].

[LIST OF OTHER TERMS AND CONDITIONS IF APPLICABLE]

The rights and obligations of Transporter and Shipper shall be subject to the terms set forth in this Addendum, the Master Replacement Shipper Agreement, and the General Terms and Conditions of Transporter's Tariff.

ATTEST: PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____

By: _____

ATTEST: [NAME OF SHIPPER]

By: _____

RESERVED FOR FUTURE USE

RESERVED FOR FUTURE USE

PARK AND LOAN SERVICE CONTRACT

This Park and Loan Contract ("Contract") is made as of the [date] Day of [month], [year] by and between the Portland Natural Gas Transmission System, a Maine general partnership, herein "Transporter" and [name of Shipper] a [state] [entity], herein "Shipper," pursuant to the following recitals and representations:

WHEREAS, Shipper has entered into Gas supply arrangements, including transportation upstream of Transporter's System, and will make arrangements for the delivery of such gas supply for the account of Shipper to the receipt point(s), and to make arrangements for the receipt and transportation of such gas downstream of the delivery point(s) on Transporter's System; and

WHEREAS, Transporter and Shipper desire to establish the terms and conditions under which Transporter will render park and loan service to Shipper by entering into this Park and Loan Service Contract;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

ARTICLE I - SCOPE OF CONTRACT

1. On the Commencement Date and each day thereafter on which Shipper and Transporter schedule Parking service and subject to the interruption of service by Transporter in accordance with this Contract and Transporter's Tariff, (i) Shipper shall cause the Parked Quantity to be delivered to Transporter at the Parking Point(s) and (ii) Transporter shall hold the Parked Quantity for Shippers Account and, upon scheduling, return any Parked Quantities to or on behalf of Shipper at the Parking Point(s).

2. On the Commencement Date and each day thereafter on which Shipper and Transporter schedule Loan service and subject to the interruption of service by Transporter in accordance with this Contract and Transporter's Tariff, (i) Transporter shall make available to or on behalf of Shipper the Loan Quantity at the Loan Point(s) and (ii) upon scheduling, Shipper shall cause any Loan Quantities to be returned at the Loan Point(s).

3. Pursuant to this Park and Loan Service Contract, Rate Schedule PAL and the General Terms and Conditions, Shipper shall use Transporter's Interactive Internet Website to nominate each individual park and loan transaction.

4. Shipper shall be solely responsible for securing faithful performance by the supplier(s) of Gas under Shipper's Contracts and/or any applicable upstream or downstream shippers in all matters which may affect Transporter's performance hereunder, and Transporter shall not be

liable hereunder to Shipper as a result of the failure of said gas supplier(s) and/or any applicable upstream or downstream shippers to so perform.

5. In the event that Shipper wishes to move Parked Quantities or Loaned Quantities from one Parking or Loan Point to another Parking or Loan Point on Transporter's system, Shipper shall be responsible for arranging such transportation in accordance with the provisions of an appropriate Rate Schedule and the General Terms and Conditions of Transporter's Tariff.

ARTICLE II - PARK AND LOAN CAPACITY

The availability of Park and Loan capacity is subject to Transporter's determination of the availability of such service, as set forth in Rate Schedule PAL.

ARTICLE III- MAXIMUM LOAN QUANTITY

Pursuant to this Contract and Rate Schedule PAL, Transporter and Shipper agree that the Maximum Loaned Quantity (MLQ) available to Shipper, cumulative at all Loaned Points, shall be _____ at any given time.

ARTICLE IV - RATE

The rate for Park or Loan service provided by Transporter to Shipper, shall be as provided in Rate Schedule PAL.

ARTICLE V - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule PAL and of the General Terms and Conditions of Transporter's Tariff, as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule PAL shall control in the event of a conflict between the General Terms and Conditions or Rate Schedule PAL and this Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

ARTICLE VI - TERM

1. The Commencement Date shall be [month] [day], [year], provided, however, that Transporter shall have no liability under this Contract and shall be under no obligation to receive or to deliver any quantities of Gas hereunder, and Shipper shall be under no obligation to pay for transportation, prior to the Effective Date.

2. This Contract shall continue in force and effect until [month] [day], [year] and Year to Year thereafter unless terminated by either party upon thirty (30) days prior written notice to the

other, as set forth in Rate Schedule PAL, or otherwise terminated by Transporter, pursuant to Rate Schedule PAL.

3. The termination of this Contract by expiration of fixed Contract term or by termination notice provided by Shipper triggers pregranted abandonment under Section 7 of the Natural Gas Act as of the effective date of the termination.

4. Any provision of this Contract necessary to correct imbalances or to make payment under this Contract as required by the Tariff will survive the other parts of this Contract until such time as such balancing or payment has been accomplished.

ARTICLE VII - NOTICES

Notices to Transporter shall be addressed to:
Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

Notices to Shipper hereunder shall be addressed to:

[Name of Shipper]
[address]

Either party may change its address under this Article by written notice to the other party.

ARTICLE VIII - TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract. Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article VIII shall not in any way prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

ARTICLE IX - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that: (a) Transporter is a Maine general partnership; (b) Shipper shall have no recourse against any partner in Transporter with respect to Transporter's obligations under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Contract; (c) no claim shall be made against any partner under or in connection with this Contract; (d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter; (e) no claims shall be made against the Operator of Transporter's facilities, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company for all such claims; and (f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE X - LAW OF CONTRACT

Notwithstanding conflict-of-laws rules, the interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE XI - CHANGE IN TARIFF PROVISIONS

Shipper agrees that Transporter shall have the unilateral right to file with the Federal Energy Regulatory Commission or any successor regulatory authority any changes in any of the provisions of its Tariff, including of any of its Rate Schedules, or the General Terms and Conditions, as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST: PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____

By: _____

ATTEST: [NAME OF SHIPPER]

By: _____

REQUEST FOR SERVICE

(1) Type of Service.
(Name) (hereafter "Requester") herein requests service from Portland Natural Gas Transmission System (hereafter "PNGTS") under Rate Schedule (specify)

(2) Complete Legal Name of Service Applicant: _____

(a) Type of Legal Entity:

(b) State of Incorporation:

(c) Shipper is (Check one):

Interstate Pipeline

Intrastate Pipeline

End-User

Local Distribution Company

Broker

Producer

Marketer

Other

(d) DUNS Number: _____

(3) Gas Quantities

Receipt Points
(List)

Maximum Daily Quantity
(Amount)

(Total)

Delivery Points
(List)

Maximum Daily Quantity
(Amount)

(Total)

(4) Agents

For each Receipt and Delivery Point listed above in item (3), identify all parties who will tender or receive gas for Requester's account, or who will otherwise act on behalf of Requester as an agent. Describe fully the particulars of that arrangement. Throughout the term of Shipper's executed Service Agreement, Shipper must use this form of "Request for Service" to designate any changes in such third party designations.

(5) Term

The proposed dates for service commencement and termination are _____ (Date) and _____ (Date), respectively.

(6) Certification

Requester hereby certifies that it has title to the subject gas or that Requester will enter into all contractual agreements to acquire title to the gas for which transportation is requested. Requester furthermore hereby certifies that it has or will enter into all contractual agreements necessary to ensure that all upstream and downstream transportation is in place prior to the date on which service is requested to commence.

(7) Facilities

The identification and location of facilities, to be constructed or installed by any party, that are necessary for receipt of gas by PNGTS or for delivery to and/or utilization of gas by the Requester, or direct or indirect customers of Requester, are as follows:

Facilities (Identification and Description)	Location (Description)
--	---------------------------

(8) Rate

Describe Rate Schedule, percentage of maximum posted rate, the level(s) of a negotiated rate, etc., as applicable.

(9) Officer

Name and full title of officer (or general partner) of Shipper who will execute service agreement with Portland Natural Gas Transmission System:

(10) Contact

Contact person for service request:

Mailing Address:

Street Address:

Phone:

Fax No.:

Email:

(11) Billing Contact

Name of person responsible for invoices and billing notices:

Mailing Address:

Street Address:

Phone:

Fax No.:

Email:

(12) Credit Information

Requester shall provide credit information pursuant to the PNGTS FERC Gas Tariff, Section 6.3.4 of the General Terms and Conditions.

Submitted by: (Name, Position)

On Behalf of: (Requester)

PRO FORMA
GAS TRANSPORTATION CONTRACT
FOR FT-FLEX LIMITED FIRM TRANSPORTATION SERVICE

This Gas Transportation Contract (Contract) is made as of the _____ Day of _____ by and between Portland Natural Gas Transmission System, a Maine general partnership, herein Transporter and [name of Shipper] a [state] [entity], herein Shipper, pursuant to the following recitals and representations:

WHEREAS, Shipper intends to enter into natural gas supply arrangements, including transportation upstream of Transporter's System, and to make arrangements for the delivery of such gas supply for the account of Shipper to the receipt point(s), and to make arrangements for the receipt and transportation of such gas downstream of the delivery point(s) on Transporter's System; and

WHEREAS, Shipper intends to apply for and, subject to the terms and conditions set forth herein, receive and accept all necessary federal, provincial or state regulatory authorization or exemptions in the United States and Canada in order to transport and deliver gas for the account of Shipper from the receipt point(s) and deliver such gas downstream or upstream of the delivery point(s) on Transporter's System;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

ARTICLE I - SCOPE OF CONTRACT

A. Transporter agrees to provide to Shipper, and Shipper hereby agrees to accept, firm natural gas transportation service on Transporter's System under Transporter's Rate Schedule FT-FLEX. The transportation service, unless otherwise agreed upon, will be provided at the maximum applicable rate as approved by the FERC in the Tariff, as the Tariff may be changed from time to time.

B. Subject to Rate Schedule FT-FLEX on the Commencement Date and each Day thereafter on which Transporter schedules Gas for transportation hereunder, Shipper shall cause such quantity, up to the Maximum Daily Quantity (MDQ), to be delivered to Transporter at the Receipt Point(s), and Transporter shall make such quantity available to or on behalf of Shipper at the Delivery Point(s) unless Transporter elects not to schedule such service pursuant to paragraph 2 (d) of Transporter's Rate Schedule FT-FLEX service.

C. Shipper shall be solely responsible for securing faithful performance by gas supplier(s) and/or any applicable upstream or downstream shippers and transporters in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable hereunder to Shipper as

a result of the failure of gas supplier(s) and/or any applicable upstream or downstream shippers and transporters to so perform.

ARTICLE II - RESERVATION OF FIRM TRANSPORTATION CAPACITY

A. Subject to the provisions of Rate Schedule FT-FLEX, Shipper hereby reserves the right to cause Transporter to receive from or for the account of Shipper at each Receipt Point on any Day such quantities of Gas up to the MDQ for such Receipt Point as set forth on the currently effective Schedule 1 appended hereto and Transporter shall make available to or on behalf of Shipper at each Delivery Point on any Day such quantities of Gas up to the MDQ for such Delivery Point as set forth on the currently effective Schedule 1 appended hereto. Schedule 1 is hereby incorporated as part of this Contract.

B. Subject to the provisions of Rate Schedule FT-FLEX, Transporter shall make available to Shipper the service reserved under this Article II on the Days and for the quantities of Gas for which such service has been reserved, subject to Shipper's compliance with the terms and conditions of this Contract.

ARTICLE III - RATE

For each Month, Shipper agrees to pay the rates and charges specified in Section 5.4.3.2 of Rate Schedule FT-FLEX; or a rate mutually agreed to in writing by Shipper and Transporter as set forth on the currently effective Schedule 1 attached hereto, provided however, that in the event that Transporter determines, in its sole discretion or otherwise pursuant to this Contract, to render service on behalf of Shipper for a discounted reservation and/or usage rate, Transporter shall notify Shipper in writing of the amount of such discounted rate, the Day(s) on which such rate shall be in effect and the quantities of which such rate applies. For each DTH of the Maximum Contract Demand to which a discounted reservation and/or usage rate applies, as set forth in Transporter's notice, Shipper agrees to pay and shall pay the applicable discounted reservation and/or usage rate in lieu of the maximum reservation and/or usage rate.

ARTICLE IV - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule FT-FLEX and of the General Terms and Conditions of Transporter's Tariff, as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule FT-FLEX shall control in the event of a conflict between the General Terms and Conditions or Rate Schedule FT-FLEX and this Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

(if applicable)

Shipper shall be entitled to the Right of First Refusal provided for in Section 6.13.3(b)(6), of the General Terms and Conditions of Transporter's Tariff, notwithstanding the fact that Shipper would otherwise be ineligible for this right under Section 6.13.3.

ARTICLE V - TERM

A. The Commencement Date for service under this Contract shall be [, 20].

B. This Contract shall continue in force and effect until [_____, 20], and [_____] thereafter unless terminated by either party upon at least [_____] prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.

C. The termination of this Contract by expiration of fixed Contract term or by termination notice provided by Shipper triggers pre-grant of abandonment under Section 7 of the Natural Gas Act as of the effective date of the termination.

D. Any provision of this Contract necessary to correct imbalances or to make payment under this Contract as required by the Tariff will survive the other parts of this Contract until such time as such balancing or payment has been accomplished.

ARTICLE VI - NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

Notices to Shipper hereunder shall be addressed to:

[Name of Shipper]
[address]

Either party may change its address under this Article by written notice to the other party.

ARTICLE VII - TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract.

Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article VII do not prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

ARTICLE VIII - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that: (a) Transporter is a Maine general partnership; (b) Shipper shall have no recourse against any partner in Transporter with respect to Transporter's obligations under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Contract; (c) no claim shall be made against any partner under or in connection with this Contract; (d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter; (e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company for all such claims; and (f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE IX - LAW OF CONTRACT

Notwithstanding conflict-of-laws rules, the interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE X - CHANGE IN TARIFF PROVISIONS

Shipper agrees that Transporter shall have the unilateral right to file with the FERC or any successor regulatory authority any changes in any of the provisions of its Tariff, including of any of its Rate Schedules, or the General Terms and Conditions, as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law.

ARTICLE XI - DEFAULT AND REMEDIES

If either Party defaults under this Contract, the other Party shall have available all remedies under the law.

ARTICLE XII - MISCELLANEOUS

This Contract, including the Tariff and Rate Schedule FT-FLEX, reflects the whole and entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings among the Parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST: PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____

By: _____

ATTEST: [NAME OF SHIPPER]

By: _____

SCHEDULE 1

Receipt Point(s):

Delivery Point(s):

Maximum Daily Quantity:

Maximum Contract Demand Quantity:

Effective Service Period:

Rate Provision(s) (check if applicable rate):

_____ Discounted Rate

_____ Negotiated Rate

Shipper's charges and fees shall be calculated as follows:

RESERVED FOR FUTURE USE

PRO FORMA
GAS TRANSPORTATION CONTRACT
FOR HOURLY RESERVE SERVICE

This Gas Transportation Contract ("Contract") is made as of the ____Day of _____ by and between the Portland Natural Gas Transmission System, a Maine general partnership, herein "Transporter" and [name of shipper] a [state] [entity], herein "Shipper," pursuant to the following recitals and representations:

WHEREAS, Shipper intends to enter into natural gas supply arrangements, including, as necessary, storage and transportation upstream of Transporter's System, and to make arrangements for the delivery of such gas supply for the account of Shipper to the receipt point(s), and to make arrangements for the receipt and transportation of such gas downstream of the delivery point(s) on Transporter's System; and

WHEREAS, Shipper intends to apply for and, subject to the terms and conditions set forth herein, receive and accept all necessary federal, provincial or state regulatory authorizations or exemptions in the United States and Canada in order to deliver gas for the account of Shipper to the receipt point(s), and receive and transport such gas downstream of the delivery point(s) on Transporter's System; and

WHEREAS, Transporter has applied for and holds all necessary United States regulatory authorizations or exemptions to accept delivery of gas tendered by Shipper at the receipt point(s) and to transport such gas on behalf of Shipper to the delivery point(s), subject to the terms and conditions of this contract for transportation service on Transporter's System between Transporter and Shipper and Transporter's gas tariff as approved by the FERC (the "FERC Tariff");

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

1. Shipper shall apply for or cause to be applied for all of the governmental authorizations or exemptions necessary to enable Shipper to deliver to and receive from Transporter the transportation quantities specified below.
2. Subject to the conditions herein, Transporter hereby agrees to provide the Shipper, and Shipper hereby agrees to accept, firm natural gas transportation service on Transporter's System under Transporter's Rate Schedule HRS, providing for firm hourly transportation of the quantities of natural gas specified below. Such firm hourly transportation service shall be provided for the term specified in Schedule 1. The transportation service, unless otherwise agreed upon, will be provided at the maximum applicable rate as approved by the FERC in the Tariff, as the Tariff may be changed from time to time, subject to the rate discount provisions set forth below.

ARTICLE I - SCOPE OF CONTRACT

1. On the Commencement Date and each Day thereafter on which Shipper and Transporter schedule Gas for transportation hereunder, Shipper shall cause the Scheduled Quantity, up to the Maximum Daily Quantity (MDQ), to be delivered to Transporter at the Receipt Point(s) designated on Schedule 1 hereto. Shipper's tender of Gas shall be at uniform rates over a twenty-four hour period to the extent practicable.
2. On the Commencement Date and each Day thereafter, Transporter shall make the Scheduled Quantity, up to the Maximum Hourly Quantity (MHQ), available to or on behalf of Shipper at the Delivery Point(s) designated on Schedule 1 hereto on a firm hourly basis.
3. Shipper shall be solely responsible for securing faithful performance by gas supplier(s) and/or any applicable upstream or downstream shippers and transporters in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable hereunder to Shipper as a result of the failure of gas supplier(s) and/or any applicable upstream or downstream shippers and transporters to so perform.

ARTICLE II - RESERVATION OF FIRM TRANSPORTATION CAPACITY

1. Subject to the provisions of Rate Schedule HRS, the General Terms and Conditions of Transporter's FERC Tariff, and the terms and conditions of this Contract, Shipper hereby reserves the right to cause Transporter to receive from or for the account of Shipper at each Receipt Point on any Day such quantities of Gas up to the MDQ for such Receipt Point as set forth on the currently effective Schedule 1 appended hereto and Transporter shall make available to or on behalf of Shipper at the Primary Delivery Point on any Day such quantities of Gas up to the MDQ for such Delivery Point as set forth on the currently effective Schedule 1 appended hereto. Schedule 1 is hereby incorporated as part of this Contract.
2. Subject to the provisions of Rate Schedule HRS, the General Terms and Conditions of Transporter's FERC Tariff, and the terms and conditions of this Contract, Transporter shall make available to Shipper the service reserved under this Article II on the Days and Hours, and for the MDQ and MHQ for which such service has been reserved, subject to Shipper's compliance with the terms and conditions of this Contract.

ARTICLE III - RATE

1. For each Month, Shipper agrees to pay the rates and charges specified in Section 5.5.3, of Rate Schedule HRS; or a rate mutually agreed to in writing by Shipper and Transporter as set forth on the currently effective Schedule 1 attached hereto, provided however, that in the event that Transporter determines, in its sole discretion or otherwise pursuant to this Contract, to render service on behalf of Shipper for a discounted reservation and/or usage rate, Transporter shall notify Shipper, in writing, of the amount of such discounted rate, the Day(s) on which such rate

shall be in effect and the quantities of which such rate applies. For each DTH of the Maximum Contract Demand to which a discounted reservation and/or usage rate applies, as set forth in Transporter's notice, Shipper agrees to pay the applicable discounted reservation and/or usage rate in lieu of the maximum reservation and/or usage rate.

ARTICLE IV - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule HRS and of the General Terms and Conditions of Transporter's Tariff, as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule HRS shall control in the event of conflict between the General Terms and Conditions or Rate Schedule HRS and this Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

(if applicable)

Shipper shall be entitled to the Right of First Refusal provided for in Section 6.13.3(b)(6), of the General Terms and Conditions of Transporter's Tariff, notwithstanding the fact that Shipper would otherwise be ineligible for this right under Section 6.13.3.

ARTICLE V - TERM

1. The Commencement Date for service under this Contract shall be [month/date, year].
2. This Contract shall be effective as of the date first hereinabove written, provided, however, that Transporter shall have no liability under this Contract and shall be under no obligation to receive or to deliver any quantities of Gas hereunder, and Shipper shall be under no obligation to pay for transportation, prior to the Commencement Date.
3. This Contract shall continue in force and effect until [expiration date], and [_____] thereafter unless terminated by either party upon at least [_____] prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.
4. The termination of this Contract by expiration of fixed Contract term, by termination notice provided by Shipper or Transporter under Section 3 of this Article V, or by mutual agreement of Shipper and Transporter triggers pre-granted abandonment under Section 7 of the Natural Gas Act as of the effective date of the termination.
5. Any provision of this Contract necessary to correct or cash-out imbalances or to make payment under this Contract as required by the Tariff will survive the other parts of this Contract until such time as such balancing or payment has been accomplished.

ARTICLE VI - NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

Notices to Shipper hereunder shall be addressed to:

[Name of Shipper]
[Address]

Either party may change its address under this Article by written notice to the other party.

ARTICLE VII - TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity, which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Contract. Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to a creditworthy entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld; provided however that nothing in this Article VII is intended to abridge Shipper's right to release capacity in compliance with the provisions of 18 C.F.R. Section 284.8 and the terms and conditions of Transporter's Tariff. It is further agreed that the restrictions on assignment contained in this Article VII shall not in any way prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

Shipper acknowledges that Transporter may make a collateral assignment of this Contract to financial institutions (collectively, the "Lenders") in connection with a Financing Agreement and agrees that if the Lenders succeed to the interest of Transporter by foreclosure or otherwise Shipper shall accord the Lenders the same rights as Transporter hereunder

In order to facilitate obtaining financing or refinancing for the System, Shipper shall execute such consents, agreements or similar documents with respect to a collateral assignment hereof to the Lenders, and any credit support documents, and shall deliver an opinion of counsel at Shipper's disbursement on behalf of the Shipper within ten (10) business days and any provider of credit support, as Lenders may reasonably request in connection with the documentation of the financing or refinancing with respect to the System, which consent and opinion shall, among other things, warrant or opine the enforceability of this Contract.

ARTICLE VIII - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that: (a) Transporter is a Maine general partnership; (b) Shipper shall have no recourse against any partner in Transporter with respect to Transporter's obligations under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Contract; (c) no claim shall be made against any partner under or in connection with this Contract; (d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter; (e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company for all claims; and (f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE IX - LAW OF CONTRACT

Notwithstanding conflict-of-laws rules, the interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE X - CHANGE IN TARIFF PROVISIONS

Shipper agrees that Transporter shall have the unilateral right to file with the Federal Energy Regulatory Commission or any successor regulatory authority any changes in any of the provisions of its Tariff, including any of its Rate Schedules, or the General Terms and Conditions, as Transporter may deem necessary, and to make such changes effective at such time as Transporter desires and is possible under applicable law.

ARTICLE XI - MISCELLANEOUS

This Contract, including the Tariff and Rate Schedule HRS, reflects the whole and entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings among the Parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST: PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____

By: _____

ATTEST: [NAME OF SHIPPER]

By: _____

SCHEDULE 1

Receipt Point(s):

Delivery Point(s):

Maximum Daily Quantity:

Maximum Hourly Quantity: DTH

Maximum Contract Demand Quantity:

Effective Service Period:

Rate Provision(s) (check if applicable rate):

Discounted Rate

Negotiated Rate

Shipper's charges and fees shall be calculated as follows:

RESERVED FOR FUTURE USE

PRO FORMA
GAS TRANSPORTATION CONTRACT
FOR SHORT TERM FIRM TRANSPORTATION SERVICE

This Gas Transportation Contract ("Contract") is made as of the [date] Day of [month], [year] by and between the Portland Natural Gas Transmission System, a Maine general partnership, herein "Transporter" and [name of Shipper] a [state] [entity], herein "Shipper," pursuant to the following recitals and representations:

WHEREAS, Shipper desires to purchase firm transportation service on Transporter's System for a term of less than one year; and

WHEREAS, Shipper intends to enter into natural gas supply arrangements, including transportation upstream of Transporter's System, and to make arrangements for the delivery of such gas supply for the account of Shipper to the receipt point(s), and to make arrangements for the receipt and transportation of such gas downstream of the delivery point(s) on Transporter's System; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

1. Shipper shall apply for or cause to be applied for and use reasonable best efforts to obtain all of the agreements and governmental authorizations or exemptions necessary to enable Shipper to deliver to and receive from Transporter the transportation quantities specified below.

2. Subject to the conditions herein, Transporter hereby agrees to provide to Shipper, and Shipper hereby agrees to accept, firm natural gas transportation service on Transporter's System under Transporter's Rate Schedule FT, providing for firm transportation from the receipt point(s) of the quantities of natural gas specified below. Such firm transportation service shall be provided for the term specified in Schedule 1. The transportation service, unless otherwise agreed upon, will be provided at the maximum applicable rate as approved by the FERC in the Tariff, as the Tariff may be changed from time to time, subject to the rate discount provisions set forth below.

ARTICLE I - SCOPE OF CONTRACT

1. On the Commencement Date and each Day thereafter on which Shipper and Transporter schedule Gas for transportation hereunder, Shipper shall cause the Scheduled Quantity, up to the Maximum Daily Quantity (MDQ), to be delivered to Transporter at the Receipt Point(s).

2. On the Commencement Date and each Day thereafter, Transporter shall make the Scheduled Quantity available to or on behalf of Shipper at the Delivery Point(s) on a firm basis.

3. Shipper shall be solely responsible for securing faithful performance by gas supplier(s) and/or any applicable upstream or downstream shippers and transporters in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable hereunder to Shipper as a result of the failure of gas supplier(s) and/or any applicable upstream or downstream shippers and transporters to so perform.

ARTICLE II - RESERVATION OF FIRM TRANSPORTATION CAPACITY

1. Shipper hereby reserves the right to cause Transporter to receive from or for the account of Shipper at each Receipt Point on any Day such quantities of Gas up to the MDQ for such Receipt Point as set forth on the currently effective Schedule 1 appended hereto and Transporter shall make available to or on behalf of Shipper at each Delivery Point on any Day such quantities of Gas up to the MDQ for such Delivery Point as set forth on the currently effective Schedule 1 appended hereto. Schedule 1 is hereby incorporated as part of this Contract.

2. Transporter shall make available to Shipper the service reserved under this Article II on the Days and for the quantities of Gas for which such service has been reserved, subject to Shipper's compliance with the terms and conditions of this Contract.

ARTICLE III - RATE

1. For each Month, Shipper agrees to pay the Recourse Usage Rate, or a negotiated usage rate mutually agreed to in writing by Shipper and Transporter, as set forth on the currently effective Schedule 1 appended hereto, multiplied by the sum of the Delivery Point Scheduled Quantity or Quantities during such Month.

2. For each Month, Shipper agrees to pay the Short Term Recourse Reservation Rate, or a negotiated rate mutually agreed to in writing by Shipper and Transporter as set forth on the currently effective Schedule 1 attached hereto, multiplied by the Shipper's Maximum Contract Demand as specified in this Contract.

3. Shipper agrees to pay and shall pay all applicable charges specified in Rate Schedule FT.

ARTICLE IV - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule FT and of the General Terms and Conditions of Transporter's Tariff, as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule FT shall control in the

event of a conflict between the General Terms and Conditions or Rate Schedule FT and this Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

ARTICLE V - TERM

1. The Commencement Date shall be [state date].
2. This Contract shall be effective as of the date first hereinabove written, provided, however, that Transporter shall have no liability under this Contract and shall be under no obligation to receive or to deliver any quantities of Gas hereunder, and Shipper shall be under no obligation to pay for transportation, prior to the Commencement Date.
3. This Contract shall continue in force and effect until [state expiration date]; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.
4. The termination of this Contract by expiration of fixed Contract term or by termination notice provided by Shipper triggers pregranted abandonment under Section 7 of the Natural Gas Act as of the effective date of the termination.
5. Any provision of this Contract necessary to correct imbalances or to make payment under this Contract as required by the Tariff will survive the other parts of this Contract until such time as such balancing or payment has been accomplished.

ARTICLE VI - NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

Notices to Shipper hereunder shall be addressed to:

[Name of Shipper]
[address]

Either party may change its address under this Article by written notice to the other party.

ARTICLE VII - TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract. Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article VII shall not in any way prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

ARTICLE VIII - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that: (a) Transporter is a Maine general partnership; (b) Shipper shall have no recourse against any partner in Transporter with respect to Transporter's obligations under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Contract; (c) no claim shall be made against any partner under or in connection with this Contract; (d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter; (e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company for all such claims; and (f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE IX - LAW OF CONTRACT

Notwithstanding conflict-of-laws rules, the interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE X - CHANGE IN TARIFF PROVISIONS

Shipper agrees that Transporter shall have the unilateral right to file with the Federal Energy Regulatory Commission or any successor regulatory authority any changes in any of the provisions of its Tariff, including of any of its Rate Schedules, or the General Terms and Conditions, as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST: PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____

By: _____

ATTEST: [NAME OF SHIPPER]

By: _____

SCHEDULE 1

Primary Receipt Point(s):

Primary Delivery Point(s):

Maximum Daily Quantity:

Maximum Contract Demand Quantity:

Effective Service Period:

Rate Provision(s) (check if applicable rate):

_____ Discounted Rate

_____ Negotiated Rate

Shipper's charges and fees shall be calculated as follows:

Other Terms and Conditions:

[state other terms and conditions, if any]

Negotiated Rates

Negotiated Rates

Transporter will record, in separately designated sub-accounts, all revenues and costs that directly derive from or apply to any of the service contracts listed below. The prospective treatment or disposition of all such revenues and costs shall be addressed explicitly in any prospective rate change filing of Transporter and shall otherwise be governed by any applicable directives or regulations of FERC.

Customer	Contract Date	Negotiated Rate	Service Type	Receipt/Delivery	Volume
Bay State Gas	June 27, 1997	For the period November 1 through March 31, 1.9 times the Recourse Reservation Rate	FT	Pittsburg/ Dracut	40,600 Dth/day
Northern Utilities, Inc.	June 27, 1997	For the period November 1 through March 31, 1.9 times the Recourse Reservation Rate	FT	Pittsburg/ Westbrook GS Eliot Newington NH	33,000 Dth/day
Bay State Gas Company, dba Columbia Gas of Massachusetts	December 1, 2017	Effective on the in-service date of the C2C Project (Docket No. CP17-24-000) and continuing for a period of 15 years thereafter, a fixed rate of \$0.6000/Dth/day	FT	Pittsburg/ Dracut	16,000 Dth/day
Irving Oil Terminals Operations LLC	December 1, 2017	Effective on the in-service date of the C2C Project (Docket No. CP17-24-000) and continuing for a period of 15 years thereafter, a fixed rate of \$0.6000/Dth/day	FT	Pittsburg/ Dracut	25,401 Dth/day

Northern Utilities, Inc.	December 1, 2017	Effective on the in-service date of the C2C Project (Docket No. CP17-24-000) and continuing for a period of 15 years thereafter, a fixed rate of \$0.6000/Dth/day	FT	Pittsburg/ Newington Granite State	40,003 Dth/day
Liberty Utilities (EnergyNorth Natural Gas) Corp.	December 1, 2017	Effective on the in-service date of the C2C Project (Docket No. CP17-24-000) and continuing for a period of 15 years thereafter, a fixed rate of \$18.2633/Dth/month	FT	Pittsburg/ Berlin	1,000 Dth/day

Services provided pursuant to Negotiated Rate contracts are available to any similarly situated Shipper on a non-discriminatory basis.

List of Non Conforming Service Agreements

NON-CONFORMING SERVICE AGREEMENTS
PURSUANT TO § 154.112(b)

<u>Rate Schedule</u>	<u>Contract No.</u>	<u>Shipper Name</u>	<u>Effective Date</u>
FT	FT-1999-002	H.Q. Energy Services (U.S.) Inc.	3/10/1999
FT	FT-1999-001	EnergyNorth Natural Gas, Inc.	11/1/1999
FT	FT-1998-002	The Mead Corporation	3/11/1999
FT	FT-1997-007	Wausau Papers of New Hampshire, Inc.	10/1/1999

NON-CONFORMING SERVICE AGREEMENTS
PURSUANT TO § 154.112(b)

<u>Rate Schedule</u>	<u>Contract No.</u>	<u>Shipper Name</u>	<u>Effective Date</u>
IT	IT-2000-006	CoEnergy Trading Company	7/23/2000
IT	IT-2000-004	Tenaska Marketing Ventures	5/1/2000
IT	IT-1999-018	Sprague Energy Corp.	12/10/1999
IT	IT-1999-003	Wausau Papers of New Hampshire, Inc.	4/29/1999
IT	IT-2003-002	Emera Energy Services, Inc.	3/21/2003
IT	IT-2001-006	Northern Utilities, Inc.	12/5/2001
IT	IT-2001-005	Bay State Gas Company	12/5/2001
IT	IT-2005-007	Maine Natural Gas Corporation	4/1/2005
IT	IT-2004-006	Cargill Incorporated	8/17/2004

NON-CONFORMING SERVICE AGREEMENTS
PURSUANT TO § 154.112(b)

<u>Rate Schedule</u>	<u>Contract No.</u>	<u>Shipper Name</u>	<u>Effective Date</u>
PL	PL-2008-009	United Energy Trading, LLC	12/18/2008
PL	PL-2008-007	Shell Energy North America (US), L.P.	11/18/2008
PL	PL-2008-005	Repsol Energy North America Corporation	09/26/2008
PL	PL-2007-009	Tenaska Gas Storage, LLC	5/1/2007
PL	PL-2007-006	Macquarie Cook Energy LLC	3/6/2007
PL	PL-2006-001	Public Service Company of New Hampshire	5/31/2006
PL	PL-2004-003	Cargill Incorporated	8/17/2004

NON-CONFORMING AGREEMENTS