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GENERAL TERMS AND CONDITIONS
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1. DEFINITIONS

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

- o The term "Balanced Point" shall mean a nominatable non-physical point on Company's system that facilitates the aggregation of quantities of gas to be delivered at a Variable Load Point with quantities of gas to be delivered at certain agreed upon physical interconnections under Rate Schedule TPB. Any operational imbalance is recognized at the Balanced Point.
- o The term "Balancing Party" shall mean any person that has entered into an Operational Balancing Agreement with Company.
- o The term "Balancing Provider" is a party performing a third-party balancing service pursuant to Rate Schedule TPB.
- o The term "Bidder" shall mean any Person that submits a Bid for released transportation capacity pursuant to the terms of Section 21 of Company's General Terms and Conditions.
- o The term "Billing Commencement Date" shall mean the date when a Shipper's service and payment obligation commences. The Billing Commencement Date for any Shipper receiving transportation as a result of placing into service the construction of new facilities shall occur when Company informs such Shipper by at least one day's notice that there is capability, to receive gas at Shipper's Receipt Point and to make related deliveries of gas at Shipper's Delivery Point, all in accordance with the provisions of Shipper's transportation agreement.
- o The term "British thermal unit" or "Btu" shall mean the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at a standard pressure of 14.73 dry psia at 60 degrees Fahrenheit.
- o The term "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States, and similar holidays for transactions occurring in Canada and Mexico.
- o The term "Buyers" shall mean, at any time, the Persons which have entered into certain Agreements for services with Company which are then in effect; and the term "Buyer" shall mean one of such Persons.
- o The terms "Central Clock Time" and "CCT" shall mean Central Daylight Time when daylight savings time is in effect and Central Standard Time when daylight savings time is not in effect.
- o The term "Company" shall mean Midwestern Gas Transmission Company, a "Service Provider" pursuant to NAESB WGQ Standards.
- o The term "Critical System Wide Notices" shall mean information concerning Company's facilities that affects scheduling or adversely affects scheduled gas flow.
- o The term "Cubic Foot" shall mean the quantity of gas that 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 (psia).

- o The term "Customer" shall be defined as any Person, including Shipper, who has executed a gas service agreement with Company under any of Company's rate schedules contained in this Tariff.
- o The term "Customer Activity" shall mean the business function categories related to Nominations, Flowing Gas, Invoicing, Capacity Release, Contracts, and other business functions on industry web sites. [4.2.10/v1.4]
- o The term "day" or "Gas Day" shall mean a period of twenty-four consecutive hours, beginning and ending at 9:00 A.M. CCT. The reference date for any day shall be the date of the beginning of such day. [1.3.1/v1.0]
- o The term "Dekatherm" shall mean 1,000,000 Btu's. The standard quantity for nominations, confirmation and scheduling is Dekatherms per Gas Day in the United States, gigajoules per Gas Day in Canada, and gigacalories per Gas Day in Mexico. (For reference 1 Dekatherm = 1,000,000 Btu's; and 1 gigajoule; and one gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between Dekatherms and gigajoules is 1.055056 gigajoules per Dekatherm and between Dekatherms and gigacalories is 0.251996 gigacalories per Dekatherm. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units. [1.3.14/v1.3]
- o The term "Delivery Point(s)" shall mean the point or points listed on Company's Informational Postings web site for delivery of gas for the account of Shipper.
- o The term "Eastern Mainline" shall mean the approximate 30.9 miles of 16-inch diameter pipeline commencing at the Company's existing mainline compressor station located near Portland, Tennessee and traversing southeasterly to two (2) interstate pipeline interconnections with 1) Columbia Gulf Transmission Company and 2) East Tennessee Natural Gas Company located near Hartsville, Tennessee in Trousdale County, Tennessee.
- o The term "Elapsed Prorata Capacity" or "EPC" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intra-day recall based upon a cumulative uniform hourly use of the capacity. [5.2.3/v1.7]
- o The term "Equivalent Quantity" unless otherwise stated in the transportation agreement shall mean, that during any given period of time, the quantities of gas delivered hereunder at the Delivery Point(s) shall be the thermal equivalent of the quantities of gas received at the Receipt Point(s) for transportation less thermal quantities of gas for Shipper's system fuel use and gas lost and unaccounted for associated with transportation service.
- o The term "Implementation Date" shall mean September 1, 1993.
- o The term "In-Direction" shall mean a firm nomination line item that has a nominated flow direction in the same direction as the nominating party's current Transportation Path.
- o The term "Lending Point" relative to a Buyer shall mean the Lending Points as shown or referenced on Exhibit A to such Buyer's PAL Agreement where such Buyer can borrow gas quantities on Company's system pursuant to such PAL Agreement.
- o The term "long term firm service agreement" shall mean a firm transportation agreement with a term of more than one year.

- o The term "Mainline" shall mean the 30-inch diameter pipeline and appurtenant facilities extending from an interconnection between Company and Tennessee Gas Pipeline Company near Portland, Tennessee and extending to a point of interconnection between Company and ANR Pipeline Company located near Joliet, Illinois.
- o The term "Maximum Balancing Quantity" shall mean the maximum Dekatherms per day quantity of gas authorized by Balancing Provider to Company to deliver to the Variable Load Point on an instantaneous basis as detailed on Exhibit A of the Third Party Balancing Service Agreement.
- o The term "Maximum Park and Loan (PAL) Quantity" shall mean the Dekatherms per day of gas shown as the Maximum Park and Loan (PAL) Quantity that is relative to the Parking Points and Lending Points shown on Exhibit A to a Buyer's PAL Agreement.
- o The term "Mcf" shall mean 1,000 cubic feet of gas.
- o The term "month" shall mean the period beginning at 9:00 A.M. CCT on the first day of the calendar month and ending at 9:00 A.M. CCT on the first day of the next succeeding calendar month.
- o The term "Monthly Cash Out" shall mean payment pursuant to Section 6 of Company's Rate Schedules LMS-MA or LMS-PA.
- o The term "NAESB" shall mean the North American Energy Standards Board. The term "WGQ" shall mean Wholesale Gas Quadrant.
- o The term "Netting" shall describe the process of resolving imbalances for a Shipper or its Agent within an Operational Impact Area. Company shall recognize two types of Netting: summing and offsetting. Summing is the process of accumulation of all imbalances above any applicable tolerance for a Shipper or its Agent. Offsetting is the process of combining positive and negative imbalances above any applicable tolerance for a Shipper or its Agent. [2.2.3/v1.5]
- o The term "Nominating Party" shall mean a Shipper, or its Nomination Agent (one who has been pre-designated by Shipper to serve in such role). If a Shipper elects to use a Nomination Agent for a given service agreement, the Nomination Agent replaces the Shipper as the sender of the nomination information as well as the receiver of the nomination-related information from Company for such agreement.
- o The term "Operational Flow Order" or "OFO" is an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of the transportation service provider's system or to maintain operations required to provide efficient and reliable firm service. Whenever Company experiences these conditions, any pertinent order should be referred to as an Operational Flow Order. Company shall attempt to minimize the use of OFO's and the declaration of critical periods and, when possible, shall direct an OFO to the specific party(s) creating the operating conditions. The declaration to the affected parties of OFO's, critical periods, and/or critical notices shall describe the conditions and the specific responses required from the affected parties. Notice procedures of OFO conditions shall be clearly defined in Company's tariff. [1.2.6/v1.1] [1.1.12/v1.1] [1.3.26/v1.1] [1.3.34/v1.1]
- o The term "Operational Impact Area" shall mean the largest possible area(s) on Company's system in which imbalances have a similar operational effect. For imbalance resolution, Company shall designate its entire pipeline system as a single Operational Impact Area. [2.2.2/v1.5]

- o The term "Out-of-Direction" shall mean a firm nomination line item that has a nominated flow direction opposite of the nominating party's current Transportation Path direction.
- o The term "Parking Point" relative to a Buyer shall mean the Parking Points as shown or referenced on Exhibit A to such Buyer's PAL Agreement where such Buyer can park gas quantities on Company's system pursuant to such Agreement.
- o The term "Person" shall mean an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or a government or political subdivision thereof; and pronouns shall have a similarly extended meaning.
- o The term "Primary Delivery Point" for a given firm transportation agreement shall mean the Delivery Point at which the firm Shipper currently has assigned its primary scheduling rights.
- o The term "Primary Receipt Point" for a given firm transportation agreement shall mean the Receipt Point at which the firm Shipper currently has assigned its primary scheduling rights.
- o The term "Receipt Point(s)" shall mean the point or points listed on Company's Informational Postings site for receipt of gas for Shipper's account.
- o The term "Release Quantity" shall mean the maximum quantity that a Shipper releases under Section 21 of Company's General Terms and Conditions, whether for temporary or permanent assignment.
- o The term "Releasing Shipper" shall mean any Shipper that releases capacity pursuant to the provisions of Section 21 of Company's General Terms and Conditions.
- o The term "Replacement Shipper" shall mean a Person who has obtained firm transportation capacity from a Releasing Shipper.
- o The term "Scheduled Quantity" or "Scheduled Quantities" shall mean the quantity of natural gas that (i) Shipper/Buyer nominates for receipt at a Receipt Point (including fuel use and gas lost and unaccounted for) or the quantity that Company redelivers to Shipper/Buyer at a Delivery Point, and that (ii) the Balancing Party confirms pursuant to Section 3 of Company's Rate Schedules LMS-MA or LMS-PA, and that (iii) Company schedules for receipt or delivery at a Landing Point, Parking Point, SA Point, or Transfer Point.
- o The term "Shipper" shall mean any transportation customer of Company.
- o The term "Stranded Allocated Capacity" shall mean pipeline and/or point capacity that has been allocated by Company to a given Shipper in a supported nomination and scheduling cycle that was not fully confirmed by the upstream and/or downstream confirming party(ies).
- o The term "summer" shall mean the period commencing April 1 and ending October 31.
- o The term "Supply Aggregation Point" (SA Point) shall mean a non-physical point on Company's system which serves as a single location to aggregate nominated quantities of gas received and delivered pursuant to Rate Schedule SA.
- o The term "System" shall mean Company's computer information and scheduling system, accessed through Company's interactive Internet web site or through Electronic Data Interchange. "Electronic Data Interchange" or "EDI" shall mean electronic communication

through means other than Company's System that complies with the Electronic Delivery Mechanism Standards of the North American Energy Standards Board Wholesale Gas Quadrant ("NAESB WGQ").

- o The term "Third Party Account Administrator" is a Title Transfer Tracking Service Provider other than Company. [1.2.17/v1.5]
- o The term "Title" shall be the term used to identify the ownership of gas. [1.2.13/v1.5]
- o The term "Title Transfer" shall be the term used to reflect the change of Title to gas between parties at a location. [1.2.14/v1.5]
- o The term "Title Transfer Nomination" shall mean a nomination line item requesting the service of Title Transfer Tracking and is sent by an Account Holder to a Title Transfer Tracking Service Provider. [1.2.19/v1.5]
- o The term "Title Transfer Tracking" shall be the process of accounting for the progression of Title changes from party to party that does not affect a physical transfer of gas. [1.2.15/v1.5]
- o The term "Title Transfer Tracking Service Provider" shall be a party conducting the title transfer tracking activity. [1.2.16/v1.5]
- o The term "Total Heating Value", when applied to a cubic foot of gas, shall mean the number of Btu's produced by the complete combustion with air, at constant pressure, of one anhydrous (dry) cubic foot of gas under a pressure of 14.73 psia and a temperature of 60 degrees Fahrenheit and when the products of combustion are cooled to the initial temperature of the gas and air and the water formed by combustion is condensed to the liquid state.
- o The term "Transfer Point" shall be used to describe a point on Company's system where, for purposes of scheduling and nominations, in-line transfers of gas from one transportation agreement to another shall occur.
- o The term "Transportation Path" shall mean the pipeline path and flow direction from and including the farthest Receipt Point to and including the farthest Delivery Point as stated in the Exhibit A for each firm transportation agreement contracted on Company's system.
- o The term "Transportation Quantity" shall mean the quantity of natural gas specified in Shipper's Firm Transportation Agreement that Company obligates itself to be ready to transport and deliver each day on behalf of Shipper.
- o The term "Variable Load Point" shall be defined as a physical delivery point of interconnection on Company's system directly supplying an end-use market whose load requirements are expected to fluctuate widely during the day, month, or year. An OBA must be executed at a Variable Load Point.
- o The term "Variable Load Point Customer" is a party receiving balancing services from a Balancing Provider under Rate Schedule TPB.
- o The term "volume", where used herein or in a gas service contract, shall mean the number of Mcf adjusted for heat content (in Dekatherms) as applicable.
- o The term "winter" shall mean the period commencing November 1 and ending March 31.

- o The term "year" shall mean a period of 365 consecutive days; provided, however, that any such year which contains a date of February 29 shall consist of 366 consecutive days.

2. GAS QUALITY AND PRESSURE

2.1 Standards

The provisions set forth below shall apply to all gas delivered to Company by Shipper:

- (a) All gas shall have a Total Heating Value of not less than nine hundred sixty-seven (967) Btu's per cubic foot, and not more than eleven hundred (1100) Btu's per cubic foot.
- (b) All gas shall be commercially free (at prevailing pressure and temperature in Company's pipeline) from objectionable odors, dust, hydrocarbon liquids, water and any other substance that might become separated from the gas in Company's facilities, and Shipper shall furnish, install, maintain and operate such drips, separators, heaters, and other mechanical devices as may be necessary to effect compliance with such requirements (after having secured the prior approval of Company as to the design and construction of such facilities, which approval shall not be unreasonably withheld).
- (c) All gas shall not contain more than twenty (20) grains of total sulphur, nor more than one fourth (1/4) of one grain of hydrogen sulphide per one hundred (100) cubic feet.
- (d) All gas shall not contain more than two-tenths of one percent (0.2%) by quantity of oxygen and Shipper shall make every reasonable effort to keep the gas free of oxygen.
- (e) All gas shall not contain more than four percent (4%) by quantity of a combined total of carbon dioxide and nitrogen components; provided however, that the total carbon dioxide content shall not exceed three percent (3%) by quantity.
- (f) The temperature of all gas shall not exceed one hundred twenty degrees (120°) Fahrenheit.
- (g) All gas shall have been dehydrated by Shipper for removal of entrained water present therein in a vapor state and in no event contain more than seven (7) pounds of entrained water per million cubic feet; at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch and a temperature of sixty degrees (60°) Fahrenheit as determined by dew-point apparatus approved by the Bureau of Mines or such other apparatus as may be mutually agreed upon.

2.2 Prior Approval of Gas Quality Facilities

The design and construction of any facilities to be installed by Shipper, in order to comply with the quality specifications in Subsection 2.1 above, shall be approved by Company prior to such facilities being placed in service; such approval not to be unreasonably withheld.

2.3 Gas Quality Testing

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

2.4 Refusal of Out of Quality Specification Gas

As to gas which fails to meet the quality specifications set out in Subsection 2.1 above, or, if applicable, the quality specifications set out in the transportation agreement or applicable Rate Schedule, Company shall have the right to refuse to accept delivery of such gas and in

the event Shipper does not correct the quality deficiency within 48 hours Company may terminate all receipts under the transportation agreement involving the deficient gas.

2.5 Reimbursement of Equipment or Repair Costs

Notwithstanding the exercise by Company of the options in Subsection 2.4 above, Shipper shall use its best efforts to correct any quality deficiency in the gas tendered for transportation. Further notwithstanding Company's election under Subsection 2.4 above, Shipper shall reimburse Company for all expenses incurred in repairing damages to Company's facilities resulting from deliveries of gas which do not conform to the quality specifications set forth in Subsection 2.1 above.

Company shall have the right to collect from all Shippers delivering gas to Company at a common Receipt Point their pro rata share of the cost of any additional gas analysis and quality control equipment which Company, at its reasonable discretion, determines is required to be installed at such Receipt Point to monitor the quality of gas delivered. With respect to Shipper subject to Rate Schedule(s) FT-A, FT-B, FT-C, FT-D, FT-GS, and/or IT, the collection shall be by means of an Incidental Charge.

2.6 Separation, Dehydration and Processing

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

2.7 Minimum Delivery Pressure

Company shall deliver natural gas to Shipper as nearly as practicable at such pressure as may be agreed upon in the gas service contract, provided that the maximum pressure shall be Company's line pressure at the Point(s) of Delivery and the minimum pressure shall be 100 pounds per square inch gauge.

2.8 Posting of Gas Quality Data

2.8.1 Required Posting

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

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

- Heating Value
- Hydrocarbon Components (% of C1 - Cnn)
- Specific Gravity
- Water
- Nitrogen
- Carbon Dioxide
- Oxygen

- Hydrogen
- Helium
- Total Sulfur
- Hydrogen Sulfide
- Carbonyl Sulfide
- Mercaptans
- Mercury and/or other contaminants being measured
- Other pertinent gas quality information that is specified in Subsection 2.1 above of the General Terms and Conditions of Company's FERC Gas Tariff. [4.3.90]

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

The information available for the identified location(s) shall be provided in a downloadable format. Such format shall be a tabular downloadable file, as described by Company, with the first row of the file containing the column headers. [4.3.90] [4.3.92]

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

2.8.2 Discretionary Posting

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

2.8.3 Compliance with Gas Quality Requirements

In any event, compliance with gas quality requirements is in accordance with Subsection 2.1 of the General Terms and Conditions of Company's FERC Gas Tariff. [4.3.90]

3. MEASUREMENT REPORTING AND SCHEDULING OF RECEIPTS AND DELIVERIES

3.1 Reporting Unit of Measurement

The reporting unit for energy quantities transported and used by Company will be Dekatherms at the standardized reporting basis as defined by NAESB WGQ.

3.2 Measurement Reporting

The volume and the Total Heating Value of gas received and delivered by Company shall be determined for all purposes, including invoicing by Company and payment by Shippers and LMS-MA and LMS-PA parties, on the basis of the electronic measurement equipment installed by Company at receipt and delivery points.

3.2.1 Unit of Volume

The unit of volume, for the purpose of measurement, shall be defined as one cubic foot (1cf) of gas at a temperature of sixty degrees (60) Fahrenheit, and at a pressure of thirty-three hundredths (.33) pounds per square inch above an assumed atmospheric pressure of fourteen and four tenths (14.4) pounds per square inch resulting in a pressure base of (fourteen and seventy-three hundredths (14.73) pounds per square inch absolute pressure). One thousand (1,000) cubic feet shall be denoted as one (1) Mcf.

3.2.2 Determination of Gas Temperature

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

3.2.3 Determination of Total Heating Value

The Total Heating Value of the gas per cubic foot (Btu/cf) shall be determined by taking the average of the heating values as determined each day by a chromatograph or the chromatographic analysis of a collected gas sample, or any other method mutually agreed upon.

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

3.2.4 Determination of Specific Gravity

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

3.2.5 Deviation from Boyle's Law

The deviation of the natural gas from Boyle's Law shall be determined by the use of the tables of formulae published by the American Gas Association Par Research Project NX-19 corrected for carbon dioxide (CO₂) and nitrogen (N₂), or any applicable formulae published by the American Gas Association. The molecular percentage of N₂ and CO₂ shall be determined at approximately the same time or from the same analyzed gas sample used for the determination of heating value and shall be used to determine the compressibility factors, with corrections for temperature and pressure.

3.2.6 Calculation of Dekatherm Quantity

The measured Dekatherm quantity of natural gas shall be determined by multiplying the volume of gas in Mcf by the ratio of the heating value per cubic foot to 1,000.

3.3 Measurement Closing

The closing of measurement shall be no later than the fifth (5th) Business Day after the close of the Production Month.

3.4 Allocation of Receipt and Delivery Point Measurement

3.4.1 Allocation of Receipts Pursuant to Operational Balancing Agreement

Unless prohibited by applicable law or regulation, the Dekatherm quantity of gas received by Company at any receipt point shall be allocated in accordance with the allocation procedures specifically agreed to by Company and the Balancing Party at the receipt point(s) as set forth in the Operational Balancing Agreement governing the point; provided, however, Company will not be required to enter into such arrangements with a party if that party does not meet Company's creditworthiness provisions set forth in Section 25 of the General Terms and Conditions.

3.4.2 Allocation of Deliveries Pursuant to the Operational Balancing Agreement

Unless prohibited by applicable law or regulation, the Dekatherm quantity of gas delivered by Company at any delivery point shall be allocated in accordance with the allocation procedures specifically agreed to by Company and the Balancing Party, as set forth in the Operational Balancing Agreement governing the point provided, however, Company will not be required to enter into such allocating arrangements with: (i) a party if that party does not meet Company's creditworthiness provisions set forth in Section 25 of the General Terms and Conditions or, (ii) a market aggregator if the aggregator does not demonstrate that it has the physical or contractual ability to control the flow of gas at the applicable delivery point(s) and the contractual right to allocate gas deliveries at such point(s).

3.4.3 Allocation of Receipts/Deliveries in Absence of Operational Balancing Agreement

In the absence of a point allocation methodology at a given point as described above due to the lack of an Operational Balancing Agreement or for other reasons, the interconnected party shall advise Company, prior to the commencement of the day, of a Predetermined Allocation Methodology ("PDA") to be utilized in allocating scheduled receipts or deliveries among all parties and scheduling services at such points; provided that such methodology must allocate flows based on scheduled quantities.

Company shall accept NAESB WGQ-approved allocation methodology types from the upstream or downstream custody transfer party who is providing the point confirmation. [2.3.19/v1.4]

Company shall confirm receipt of the PDA within 15 minutes. Confirmation of receipt of PDAs transmitted via EDI shall be Company's PDA quick response via EDI. Confirmation of receipt of PDAs transmitted via facsimile shall be the sending party's facsimile transmission report.

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

Company shall operate in a manner such that allocated quantities will equal scheduled quantities for gas quantities into and out of a Title Transfer Tracking Service Provider from or to a pool(s). Company shall not be required to accept Pre-determined Allocations for those transactions nor separately provide, or transmit, Allocations to parties to such transactions. [1.3.71/v1.5]

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

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

Such information shall be delineated at the level of the nomination line items provided by the Title Transfer Tracking Service Provider to Company for the purpose of allocating quantities out of the Title Transfer Tracking Service Provider. [1.3.71/v1.5]

3.4.4 Notification of Allocation Rules

Upon receipt of a request from a Nominating Party at a given point, Company will notify such Nomination Party of the applicable rules governing the allocation of Nominating Party's gas at the point.

3.4.5 Time Limit for Allocation Disputes

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

3.5 Access to System to Transact Business

All Nominating and Confirming Parties are responsible for purchasing and maintaining the equipment reasonably necessary to communicate with the System and for using the System for all transactions relating to transportation services.

3.6 Nominations

3.6.1 Standard Nomination and Confirmation Timeline

The NAESB WGQ standard nomination timeline is as follows [1.3.2/v1.4]:

(i) The Timely Nomination Cycle

11:30 a.m. for nominations leaving control of the Nominating Party; 11:45 a.m. for receipt of nominations by the Company; noon to send Quick Response; 3:30 p.m. for receipt of completed confirmations by Company from Confirming Parties; 4:30 p.m. for receipt of scheduled quantities by Shipper and interconnecting party (Central Clock Time on the day prior to flow).

(ii) The Evening Nomination Cycle

6:00 p.m. for nominations leaving control of the Nominating Party; 6:15 p.m. for receipt of nominations by the Company; 6:30 p.m. to send Quick Response; 9:00 p.m. for receipt of completed confirmations by Company from the Confirming Parties; 10:00 p.m. for Company to provide scheduled quantities to affected Shippers and interconnecting party, and to provide scheduled quantities to bumped parties (notice to bumped parties), (Central Clock Time on the day prior to flow).

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

(iii) Intra-day 1 Nomination Cycle

10:00 a.m. for nominations leaving control of the Nominating Party; 10:15 a.m. for receipt of nominations by the Company; 10:30 a.m. to send Quick Response; 1:00 p.m. for receipt of completed confirmations by Company from Confirming Parties; 2:00 p.m. for Company to provide scheduled quantities to affected Shippers and interconnecting party, and to provide scheduled quantities to bumped parties (notice to bumped parties), (Central Clock Time on the Gas Day). Scheduled quantities resulting from Intra-day 1 Nominations should be effective at 5:00 p.m. on Gas Day.

(iv) The Intra-day 2 Nomination Cycle

5:00 p.m. for nominations leaving control of the Nominating Party; 5:15 p.m. for receipt of nominations by Company; 5:30 p.m. to send Quick Response; 8:00 p.m. for receipt of completed confirmations by Company from the Confirmation Parties; 9:00 p.m. for Company to provide scheduled quantities to affected Shippers and interconnecting party

(Central Clock Time on the Gas Day). Scheduled quantities resulting from Intra-day 2 Nominations should be effective at 9:00 p.m. on Gas Day. Bumping is not allowed during the Intra-day 2 Nomination Cycle.

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

3.6.2 Transmittal Nominations

Upon execution of a service agreement, the Nominating Party shall send its nomination(s) to Company through the System with the information specified pursuant to the currently effective NAESB standards, as set forth in this Tariff.

If the System is unavailable for nomination purposes, the Nominating Party may fax its nomination(s) to Company.

No transportation service will commence unless or until Company has received the nomination(s) through the System or by fax in the event the System is unavailable, and all applicable upstream/downstream connected parties have submitted to Company the information required by Section 3 of Rate Schedules LMS-MA or LMS-PA, as applicable.

3.6.3 Responsibility to Confirm Nominations

The Confirming Parties at the applicable Receipt and Delivery Points will confirm with Company through the System that Nominating Party's nominated quantities will be received or delivered.

If the System is unavailable, the Confirming Party may fax its confirmation to Company.

Company has determined that it will employ the confirmation process in its interactions with a Title Transfer Tracking Service Provider including a Title Transfer Tracking Service Provider acting as Company's agent, if any. Company shall also offer to employ with similarly situated Title Transfer Tracking Service Providers, and may at its discretion require that other Title Transfer Tracking Service Providers employ, the confirmation process in addition to the nomination on behalf of process for the purpose of coordinating activities at Company's locations with respect to Title Transfer Tracking. [1.3.77/v1.5]

With respect to Title Transfer Tracking activity, when a reduction on a party's delivery side occurs at a location, and Company does not keep the party whole, Company shall pass the reduction to the appropriately ranked receipt transaction. When a reduction on a party's receipt side occurs at a location, and Company does not keep the party whole, Company shall pass the reduction to the appropriately ranked delivery transaction. [1.3.76/v1.5]

Absent ranking information provided by the Third Party Account Administrator and absent a contrary mutual agreement to proceed otherwise, where transactions related to Third Party Account Administrator activities are not balances at the end of any confirmation cycle, transactions entering the Third Party Account Administrator (receipt) or leaving the Third Party Account Administrator (delivery), whichever is

higher, shall be reduced pro rata to match the total of the transactions on the other side of the Third Party Account Administrator. [1.3.72/v1.5]

3.6.4 Change in Scheduled Transportation Service Via Nomination

For purposes of requesting any change in previously scheduled transportation service, Shipper will send its nomination(s) via the System to Company when necessary pursuant to the NAESB WGQ standard nomination timelines stated in Subsection 3.6.1 above.

Company shall attempt to confirm such nomination changes with the corresponding Confirmation Parties pursuant to the NAESB WGQ standard nomination timelines stated in Subsection 3.6.1 above.

If Company is unable to confirm such nomination changes with the corresponding Confirmation Parties, Company shall utilize NAESB WGQ Standard 1.3.22 to direct how such nomination change is to be treated.

3.6.5 Duration of Timely and Evening Nominations

The service specified for a given scheduled timely and/or evening nomination shall be effective commencing at 9:00 a.m. CCT on the beginning calendar day and terminating at 9:00 a.m. CCT on the ending calendar day provided that the requested time period is wholly within the term of the applicable service agreement pursuant to which the nomination is submitted.

Company shall attempt to confirm Intra-day 1 and 2 Nomination changes subject to the restrictions set forth in Subsection 3.6.8 below.

3.6.6 Treatment of Hourly Requests During Off Hours

A Nominating Party may request a change in its nomination quantity sixty minutes in advance to be effective on any hour of the day between 10:00 p.m. CCT and 8:00 a.m. CCT by making an hourly nomination request via the System.

It is the responsibility of the Shipper to verbally notify Company's Gas Control Department that an hourly request is desired.

Upon verbal notice of an hourly request, Company shall attempt to confirm such request subject to the restrictions set forth in Subsection 3.6.8.

3.6.7 Nomination Quantity

All nominations, including intra-day nominations and hourly requests, shall be stated in terms of a daily transportation quantity.

Company shall not be required to schedule an intra-day nomination or an hourly request where the nominated quantity exceeds the Maximum Daily Quantity permitted under the service agreement pursuant to which service is requested or which would require Company to provide an unreasonably excessive change in the hourly flow rate contrary to Subsection 4.5 of Rate Schedule(s) FT-A, FT-C, FT-D or Subsection 4.4 of Rate Schedule FT-GS.

Company shall not be required to schedule any intra-day nomination or hourly request for a quantity that is less than the quantity of gas that has been scheduled to flow on such day prior to the effective time of such intra-day nomination or hourly request.

The last daily nominated quantity stated in an intra-day nomination or an hourly request received with respect to a given Gas Day shall be deemed to be the valid nomination quantity for such day and shall supersede any previous nomination quantity for such Gas Day.

An intra-day nomination or hourly request shall terminate at the end of the day for which it was submitted and the nomination in effect prior to the submission of any intra-day nomination or hourly request for such day shall continue in effect for the time period stated in the nomination or request.

Company shall also make available at the end of the day information on any intra-day or hourly nomination made by a Nominating Party that is scheduled or not scheduled for delivery, or if any scheduled nomination is amended or changed by Company.

3.6.8 Bump Protection

Company shall not schedule an intra-day nomination or hourly request change, if the result of scheduling such nomination or request would be to bump flowing and/or scheduled transportation under any firm primary or secondary service.

Company shall give an intra-day nomination submitted by a firm Shipper priority over nominated and scheduled gas quantities for shippers flowing gas quantities with a priority below secondary firm service.

Company shall provide bump notice by the notice procedures set forth in Subsection 8.5 of the General Terms and Conditions to the bumped shippers.

Company will not permit bumping for intra-day nominations submitted by the Intra-day 2 Nomination Cycle.

3.6.9 Consolidated Nomination

A Shipper transporting natural gas under:(i) Rate Schedule FT-A and Rate Schedule FT-B,(ii) Rate Schedule FT-C and Rate Schedule FT-B or (iii) Rate Schedule FT-D and Rate Schedule FT-B shall be allowed to aggregate nominations into a single nomination referred to as a consolidated nomination for scheduling purposes subject to the following conditions:

- (a) Shipper shall have a currently effective Rate Schedule FT-A, FT-C or FT-D Firm Transportation Agreement and a currently effective Rate Schedule FT-B Firm Transportation Agreement; and
- (b) A nomination under a single Rate Schedule FT-A, FT-C or FT-D Firm Transportation Agreement shall be allowed to be aggregated with a nomination to a single Rate Schedule FT-B Agreement; and

- (c) Either the Receipt Point or Delivery Point specified in the Transportation Path set forth in Exhibit A of Shipper's Rate Schedule FT-A, FT-C or FT-D Firm Transportation Agreement also must be a Receipt Point or Delivery Point on the same Shipper's Transportation Path set forth in Exhibit A of Shipper's Rate Schedule FT-B Firm Transportation Agreement; and
- (d) The flow direction of the Transportation Path specified in Exhibit A of Shipper's Rate Schedule FT-A, FT-C or FT-D Firm Transportation Agreement must be identical to the flow direction of the Transportation Path specified in Exhibit A of Shipper's Rate Schedule FT-B Firm Transportation Agreement; and
- (e) The Transportation Quantity specified in Exhibit A of Shipper's Rate Schedule FT-A, FT-C or FT-D Firm Transportation Agreement must equal the Transportation Quantity specified in Exhibit A of Shipper's Rate Schedule FT-B Firm Transportation Agreement; and
- (f) The consolidated nomination shall be submitted using the agreement number assigned to Shipper's Rate Schedule FT-A, FT-C or FT-D Firm Transportation Agreement.

The primary capacity scheduling rights resulting from the consolidated nomination shall be used by Company to determine whether such consolidated nomination shall be classified as primary, secondary in-path, or secondary out-of path at a given constraint point location as set forth in Subsection 3.7.2 of the General Terms and Conditions of Company's FERC Gas Tariff.

A Rate Schedule FT-A, FT-B, FT-C or FT-D Shipper desiring to relocate its primary capacity scheduling rights shall be subject to Subsection 15.2.2 of the General Terms and Conditions of Company's FERC Gas Tariff.

The Transportation Path resulting from the consolidated nomination shall be utilized by Company to determine whether such nomination shall be classified as in- path or out-of- path at a given constrained pipeline location as set forth in Subsection 3.7.1 of the General Terms of Company's FERC Gas Tariff.

The flow direction of the consolidated nomination shall be utilized by Company to determine whether such nomination will be classified as in-direction or out-of-direction at a given constrained pipeline location as set forth in Subsection 3.7.1 of the General Terms and Conditions of Company's FERC Gas Tariff.

A consolidated nomination shall be subject to the applicable allocation, scheduling, and curtailment procedures set forth in Section 3 of the General Terms and Conditions of Company's FERC Gas Tariff.

3.7 Capacity Allocation, Confirmation and Scheduling Processes

If nominated quantities exceed stated pipeline or point capacity at any location on Company's system for a given scheduling cycle, Company shall attempt to allocate nominated quantities of gas as set forth in Subsections 3.7.1 and 3.7.2 prior to confirmation with the interconnecting parties.

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

3.7.1 Allocation of Pipeline Capacity

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

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

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

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

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

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

- (i) In-Path, In-Direction (IPID) firm transportation nominations.

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

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

- (ii) In-Path, Out-of-Direction (IPOD) firm transportation nominations.

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

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

- (iii) Out-of-Path, In-Direction (OPID) firm transportation nominations.

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

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

- (iv) Out-of-Path, Out-of-Direction (OPOD) firm transportation nominations.

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

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

(c) Interruptible nominations.

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

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

(d) Authorized overrun nominations.

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

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

3.7.2 Allocation of Point Capacity

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

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

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

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

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

(i) Primary scheduling rights firm nominations.

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

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

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

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

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

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

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

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

(c) Interruptible nominations.

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

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

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

(d) Authorized overrun nominations.

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

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

3.8 Partial Curtailment or Full Interruption of Scheduled Capacity

3.8.1 Allocation of Scheduled Capacity Due to Capacity Limitations

If, on any day, Company determines that the capacity of its system, or any portion thereof including the point(s) at which gas is tendered for transportation, is insufficient to serve all Shippers that are scheduled to receive service on such day,

then capacity that requires allocation shall be allocated in a manner that results in curtailment of capacity, to zero if necessary, sequentially in reverse order to the scheduling priorities provided for in Subsection 3.7 above.

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

3.8.2 Allocation of Scheduled Capacity Due to Loss of Line Pack

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

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

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

3.9 Shipper Imbalances

3.9.1 Shipper's Duty to Control Imbalances

A Shipper receiving any transportation service from Company will use, or will cause any party receiving or delivering Shipper's gas to use all reasonable efforts to ensure that receipts and deliveries of gas equal the Scheduled Quantities.

A Shipper receiving service from Company at a Receipt and/or Delivery Point(s) not covered by an Operational Balancing Agreement shall also be responsible for controlling, and if necessary, adjusting receipts and deliveries of gas to maintain a balance between such receipts, deliveries, and the corresponding Scheduled Quantities.

To the extent a Shipper is out of balance at a point not covered by an Operational Balancing Agreement, such Shipper will be subject to the daily and monthly balancing provisions contained in the Rate Schedule LMS-MA for Delivery Points or Company's Rate Schedule LMS-PA for Receipt Points. Imbalances at such points will be allocated pro rata based on Scheduled Quantities.

3.9.2 Balancing at Contract Termination

Following the termination of the service agreement, Shipper shall be required to "cash out" any remaining excess or deficiency in receipts and deliveries in accordance with the procedures established in the Rate Schedules LMS-MA and LMS-PA, unless Company and Shipper agree otherwise.

3.10 Imbalance Trading

Company shall allow a Shipper, or its Agent, to Trade Shipper Imbalances within the same Operational Impact Area on and across Agreements. [2.3.30/v1.5]

Company shall provide the ability to post and Trade Shipper Imbalances until at least the close of the 19th Business Day of the month. [2.3.41/v1.5]

Authorization to post Imbalances that are received by Company by 11:45 a.m. CCT shall be effective at 8:00 a.m. CCT the next Business Day. Imbalances previously authorized for posting shall be posted on or before the ninth Business Day of the month. [2.3.40/v1.5]

Company shall provide the ability to view and, upon request, download posted Shipper Imbalances. [2.3.42/v1.5]

Shipper Imbalances to be posted for Trading shall be authorized by Shipper. [2.3.43/v1.5]

Company shall not be required to post a Shipper Imbalance that has a quantity of zero. [2.3.44/v1.5]

When Trading Shipper Imbalances, a quantity shall be specified. [2.3.45/v1.5]

Shipper Imbalance Trades are considered final when confirmed by the confirming trader and effectuated by Company.

4. MEASURING EQUIPMENT

4.1 Company's Measuring Equipment

Company shall install, maintain, and operate electronic measurement equipment, including Supervisory Control and Data Acquisition ("SCADA"), at all meters that shall be used to measure the quantity and Total Heating Value of gas received and delivered by Company that have a Maximum Daily Quantity of more than 5,000 Dekatherms per day.

The cost of such equipment installed by Company shall be borne by the Balancing Party at each receipt and delivery point or the Shippers using the point as a Primary Receipt and Delivery Point. Gas delivered shall be measured and determined in accordance with Subsection 3.2 of the General Terms and Conditions.

4.1.1 Orifice Meters

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

4.1.2 Positive Displacement Meters

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

4.1.3 Turbine Meters

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

4.1.4 Electronic Flow Computers

Electronic or other types of flow computers if used, shall be installed, and gas quantities calculated in accordance with generally accepted industry practices.

4.1.5 New Measurement Techniques

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

4.2 Check Measuring Equipment

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

4.3 Right to be Present

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

4.4 Reasonable Care

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

4.5 Calibration and Test of Meters

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

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

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

4.6 Correction of Metering Errors

4.6.1 Failure of Meters

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

- (a) by using the registration of any check meter or meters, if installed and accurately registering or, in the absence of (a);
- (b) by correcting the error if the percentage of error is ascertainable by calibration, tests, or mathematical calculation; or, in the absence of both (a) and (b);

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

4.6.2 Measurement Data Correction

Company shall estimate missing or late measurement data and treat actual as a prior period adjustment (PPA), with the measuring party to provide the estimate. [2.3.13/v1.0]

For treatment of measurement prior period adjustments, Company shall treat the adjustment by taking it back to the Production Month. A meter adjustment becomes a prior period adjustment after the fifth Business Day following the business month. [2.3.11/v1.0]

Measurement prior period adjustments shall be reported with the restated line item with new total quantity for the day and the month. [2.3.12/v1.0]

Measurement data corrections should be processed within 6 months of the Production Month with a 3-month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. [2.3.14/v1.3]

4.7 Preservation of Metering Records

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

5. INVOICING

5.1 General

Compensability of particular products or services shall be determined by Company and its trading partners and/or by the FERC as applicable, but not by NAESB WGQ. [1.1.6/v1.0]

5.2 Monthly Invoicing Date

On or before the 9th Business Day of the month after the end of the Production Month, Company shall render to Customer, an invoice for such Production Month. The imbalance statement should also be rendered prior to or with the invoice. Rendered is defined as postmarked, time-stamped, and delivered to the designated site. [3.3.14/v1.0]

5.3 Separate Invoices

Company may render separate invoices for demand charges, for commodity charges, for cash-out charges, and for other charges.

5.4 Format and Content of Invoices

Subject to regulatory and/or contractual consideration for standardizing billing units on invoices, Company shall use Dekatherms only on invoices to be consistent with standards proposed for nominations. [3.3.3/v1.0]

Unless otherwise agreed, transportation invoices shall state the net billing rate, rather than the maximum discount Tariff rate and the discount amount. [3.3.4/v1.0]

Company shall differentiate between sales, transportation and storage transactions through charge codes. Sales, transportation and storage invoices shall use the same electronic format. [3.3.5/v1.0]

Transactions at pooling points shall not be consolidated for billing purposes. [3.3.6/v1.0]

Transfer imbalances shall be clearly identified as separate charge types. [3.3.7/v1.0]

The statement of account is separate from the invoice as a transaction type. [3.3.20/v1.0]

Invoices shall be based on actuals (if available) or best available data. Quantities at points where OBAs exist shall be invoiced based on scheduled quantities. [3.3.9/v1.0]

Required invoice backup data shall accompany or precede the invoice. [3.3.10/v1.0]

Information provided with invoices shall be consistent with information previously provided by the billing party, as updated for changes for settlement. [3.3.11/v1.0]

All statements shall be standardized to the same level of detail. The specific minimum level of detail on invoice, remittance and statement of account shall be guided by the development of the data elements. [3.3.12/v1.0]

Regarding inadequate detail supporting documentation, supporting documentation shall be provided upon request, with timing of supporting documentation to follow the timing of the flowing gas transactions. [3.3.13/v1.0]

Electronic invoicing functions shall use common codes as identified by the NAESB WGQ Common Codes Task Force. [3.3.1/1.0]

5.5 Right of Examination

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

6. PAYMENTS

6.1 Monthly Payment Date

Customer shall pay Company, at a bank designated by Company, so that payment is received and Company has available funds within ten (10) calendar days from the receipt of the invoice, for the natural gas service purchased by Customer during the preceding month and billed by Company pursuant to the Tariff and the gas service agreement.

Customer shall provide Company with supporting documentation with any payment as well as the appropriate invoice number on the payment(s). [3.3.18]

Party making payment shall submit supporting documentation; party receiving payment shall apply payment per supporting documentation provided by the paying party; and if payment differs from invoiced amount, remittance detail shall be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two Business Days of the effective due date. [3.3.17]

If invoice is in dispute, Customer shall pay portion not in dispute and provide documentation identifying basis for the dispute. [3.3.19]

6.2 Remedies for Non-Payment

Should Customer fail to pay the entire amount of any invoice as herein provided when such amount is due, interest on the unpaid portion of such amount shall accrue at the rate of interest set forth in Section 154.501(d) of FERC's regulations from the date when the payment was due until the date payment is made. Interest applicable to such bill will be invoiced to Customer, pursuant to Section 5 of General Terms and Conditions, to the extent that the amount of interest is \$25 or more.

If any portion of an amount so paid to Company by Customer is finally determined to be repayable to Customer, Company shall pay or credit such amount to Customer, together with interest thereon computed at the rate of interest set forth in Section 154.501(d) of FERC's regulations and accrued from the date payment thereof was made by Customer to Company to the date payment or credit thereof is made by Company.

If such failure to pay continues for thirty (30) days after payment is due and Company has provided Customer and the FERC with thirty (30) days notice that service will terminate due to the non-payment, Company, in addition to any other remedy it may have under the gas service agreement, may terminate the service agreement according to its terms; provided, however, that if Customer in good faith shall dispute the amount of any such invoice or part thereof and shall pay to Company such amounts as it concedes to be correct in addition to providing such remittance detail and documentation identifying the basis for the dispute; and at any time within thirty (30) days after a demand made by Company, shall furnish good and sufficient surety bond, guaranteeing payment to Company of the amount ultimately found due upon such invoices after a final determination, which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to terminate the service agreement until default is made on the conditions of such bond; provided further that should Customer prevail on the dispute, Company shall reimburse Customer for the cost of the surety bond.

6.3 Billing Error

If it shall be found that at any time Customer has been overcharged or undercharged in any form whatsoever under the provisions of this Tariff, or a gas service agreement and Customer shall have actually paid the invoice containing such overcharge or undercharge, then within thirty days after the final determination thereof, Company shall refund the amount of such overcharge and Customer shall pay the amount of any such undercharge; provided, however, that interest calculated in accordance with Subsection 6.2 above shall apply to any overcharge or undercharge not paid or refunded within thirty days from the date of the determination of the amount of the undercharge or overcharge.

If a claim for an adjustment of the amount invoiced in any statement rendered by Company is made, such claim shall include documentation of the error, and the error shall be adjusted within thirty (30) days of the determination thereof; provided that any claim for an adjustment must be made no later than six months from the date the invoice to which the claimed error pertains was rendered unless (i) the parties mutually agree otherwise or (ii) the claimed error is the result of a deliberate omission or misrepresentation by either party or a mutual mistake of fact. In all cases in which a claim for an adjustment is made, the Customer or Company, as applicable has 90 days to dispute the claimed adjustment. In the case of adjustment claims made under (i) or (ii) above, the period for resolving adjustments will be tolled until the claimed adjustment is settled.

6.4 Prior Period Adjustments

Prior period adjustments are reported by production date, but they do not have to be invoiced separately by Production Month - nor is each Production Month a separate paper invoice page. [3.3.16/v1.0]

Prior period adjustment time limits shall be 6 months from the date of the initial transportation invoice with a 3-month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. [3.3.15/v1.0]

No imbalance penalty shall be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty. [2.3.31/v1.1]

The statement of account shall report outstanding balances by invoice. [3.3.21/v1.2]

7. POSSESSION OF GAS

7.1 Control and Possession

Unless otherwise provided in the service agreement or applicable Rate Schedule, as between Company and Shipper, Shipper shall be deemed to be in exclusive control and possession of the gas to be transported (i) prior to receipt by Company at the Receipt Point(s), (ii) after receipt by Company, when the gas is in the custody of Shipper or Shipper's designee for separation, processing or other handling, and (iii) after delivery by Company at the Delivery Point(s); otherwise, Company shall be in exclusive control and possession of the gas. The party in exclusive control and possession of the gas shall be responsible for all injury or damage caused thereby to any third party.

7.2 Indemnification

In the absence of gross negligence or willful misconduct on the part of Company, Shipper waives any and all claims and demands against Company, its officers, employees or agents, arising out of or in any way connected with (i) the quality, use or condition of the gas after delivery from Company for the account of such Shipper, (ii) any losses or shrinkage of gas during or resulting from transportation hereunder, and (iii) all other claims and demands arising out of Company's performance of its duties hereunder.

8. OPERATIONAL FLOW ORDERS (OFO)

8.1 Circumstances Warranting OFO

Company shall have the right to issue OFOs as specified in this Section that require actions by Shippers/Balancing Parties in order (i) to alleviate conditions that threaten the integrity of Company's system, (ii) to maintain pipeline operations at the pressures required to provide efficient and reliable transportation services, (iii) to have adequate gas supplies in the system to deliver on demand, (iv) to maintain service to all firm Shippers, and (v) to maintain the system in balance for the foregoing purposes.

Specific conditions that could prompt Company issuance of an OFO include:

- (a) The inability of Company to receive scheduled gas at a Receipt Point or to deliver scheduled gas at a Delivery Point due to either an operational or weather related condition on the associated interconnected system.
- (b) The receipt of gas that does not conform to Company's quality standards, as specified in Subsection 2.1 of the General Terms and Conditions.

8.2 Preliminary Notifications

Company shall provide, via posting on the System, prior notice to all Shippers and Balancing Parties of upcoming system events such as anticipated weather patterns and operational problems that may necessitate the issuance of an OFO.

8.3 Follow-up Reports

On a quarterly basis, Company will provide every Shipper and Balancing Party that was affected by an OFO during the previous quarter, a written report that details the underlying causes that warranted the issuance of the OFO during the quarter and explains why the actions required by the OFO were necessary to alleviate the identified problems.

8.4 Applicability of OFO

Company shall make an OFO as localized as is reasonably practicable based on Company's good faith and reasonable judgment concerning the situations requiring remediation such that an OFO will be directed (i) first to Shippers/Balancing Parties causing the problem necessitating the OFO or transporting gas in the area of the System in which there is an operational problem, and (ii) second to those Shippers/Balancing Parties transporting gas in the area of the System where action is required to correct the problem necessitating the OFO. Company will tailor the OFO to match the severity of the known or anticipated operational problem requiring remediation as more fully set forth in Subsections 8.6 and 8.7 hereof.

8.5 Action Taken by Company Prior to Issuance of OFO

Company shall first attempt to isolate the impact of the operational problem by utilizing an OBA(s) at or in the area of Company's system where the problem is occurring. However, if neither the Balancing Party(ies) or the related Shippers are actively addressing the operational problem, Company shall then issue an OFO watch for such location.

Affected parties shall be directly notified via telephone and followed by a facsimile and subsequent posting to the System of the issuance of an OFO watch.

An OFO watch will state a period of time affected Shipper(s) have to address such condition with the Balancing Party(ies) and/or prepare alternative arrangements in the event an OFO is issued.

8.6 OFO Notification

If the Company determines that the operational problem detailed in the OFO watch has not been adequately addressed with the time period specified in the OFO watch, Company shall then have the right to issue an OFO.

All OFOs will be issued via telephone and followed by a facsimile to the affected Shipper/Balancing Party, with subsequent posting to the System. The OFO will set forth (i) the time and date of issuance, (ii) the actions Shipper/Balancing Party is required to take, (iii) the time by which Shipper/Balancing Party must be in compliance with the OFO, (iv) the anticipated duration of the OFO, and (v) any other terms that Company may reasonably require to ensure the effectiveness of the OFO.

Each Shipper and Balancing Party must designate one or more persons, but not more than three persons, for Company to contact on operating matters at any time, on a 24-hour a day, 365-day a year basis. Such contact persons must have adequate authority and expertise to deal with such operating matters.

If Company cannot contact any Shipper/Balancing Party because that Shipper/Balancing Party has failed to designate a contact person or Shipper's/Balancing Party's contact person is unavailable, Company shall not be responsible for any consequences that could have been prevented by communication. Company will make reasonable continuing efforts to notify the affected Shipper/Balancing Party.

8.6.1 OFOs can be issued to effect any of the following:

- (a) Curtailment of interruptible services;
- (b) Restrictions of deliveries to a specific point or points covered by a Balancing Agreement to the aggregate Transportation Quantity under the firm transportation agreements with primary Delivery Points at the affected locations; and/or
- (c) Forced balancing such that Balancing Parties will be required to assure that nominations equal flows and that receipts and deliveries fall within the tolerance level designated in the OFO.

8.6.2 Notice of Service Interruption

If a full interruption, partial curtailment, or reduction of service due to an OFO shall become necessary, Company shall directly notify affected Shipper(s) and post, as soon as possible, a summary of the service interruption. The posting shall contain information about the status of the operational variables that 1) prompted such service interruption and 2) the estimated effective period that the interruption will be in effect. In addition, Company shall post routine status updates throughout the interruption period.

Company shall provide an estimate of the quantity of gas it will be able to transport for the affected Shippers during the service interruption period and shall give like notice of the cessation of such interruption.

8.7 Shipper/Balancing Party Compliance

A Shipper/Balancing Party must comply with an OFO within the time period set forth therein unless the Shipper/Balancing Party is able to demonstrate that such compliance (i) is not within the Shipper's/Balancing Party's physical control or capability; (ii) is prevented by operating conditions on a third party system that are beyond the Shipper's/Balancing Party's control; (iii) is precluded by contractual restrictions or the lack of any contract at all with persons other than Company; and/or (iv) is prevented due to a force majeure event as defined in Section 10 of Company's General Terms and Conditions. The Shipper/Balancing Party shall make a good faith effort to comply with any such OFO, including seeking waivers of any contractual limits with third parties or modifications of operating conditions on third party systems. Shipper/Balancing Party shall notify Company immediately if it believes that it is excused from compliance with the OFO for any of the above stated reasons and shall provide Company with documentation sufficient to support its basis for non-compliance.

8.8 Treatment of Shipper Imbalances

At the time an OFO is issued, affected Shippers will be notified of any imbalances that require immediate resolution pursuant to one of Company's imbalance resolution methods as detailed in Subsection 3.9 of the General Terms and Conditions of Company's FERC Gas Tariff.

Quantities parked and loaned under Rate Schedule PAL may be utilized by Shipper to net or trade against Shipper Imbalances to facilitate the immediate elimination of such imbalances.

8.9 Failure to Respond to OFO

8.9.1 Unilateral Action

In the event that Shipper/Balancing Party does not respond to an OFO, or the actions taken thereunder are insufficient to correct the System problem for which the OFO was issued, or there is insufficient time to carry out the procedures with respect to OFO's, Company may periodically take unilateral action, including the curtailment of firm service, to maintain the operational integrity of Company's system (or any portion thereof).

For purposes of this Section, the operational integrity of Company's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of gas delivered.

8.9.2 OFO Penalty

If a Shipper/Balancing Party fails to comply with an OFO it will be subject to a Failure to Respond OFO Charge for each Dekatherm of gas by which it deviated from the requirements of the OFO. The daily Failure to Comply OFO Charge shall be computed based on a price per Dekatherm equal to three times the midpoint of

the range of prices reported for "Chicago city-gates" as published in the Daily price survey in Platts Gas Daily for the flow day on which the OFO is issued.

8.9.3 Waiving of Penalty/Charges

A Balancing Party shall not incur any charges or penalties if such charges or penalties resulted from Shipper's/Balancing Party's compliance with an OFO, including any preliminary action taken by Shipper/Balancing Party in response to an OFO watch issued by Company as a precondition to an OFO.

A Shipper/Balancing Party shall not incur any penalties if the OFO was necessitated exclusively by Company's negligence or willful misconduct.

8.9.4 All amounts invoiced and collected by Company as payment of OFO penalties under Subsection 8.9.2, net of incremental administrative charges, will be treated as OFO penalties and shall be allocated by Company to Shippers using the methodology set forth in Subsection 23.1 of the General Terms and Conditions.

8.10 Liability of Company

Company shall not be liable for any costs incurred by any Shipper/Balancing Party in complying with an OFO. Company shall not be responsible for any damages that result from any interruption in Shipper's/Balancing Party's service that is a result of a Shipper's/Balancing Party's failure to comply promptly and fully with an OFO, and the noncomplying Shipper/Balancing Party shall indemnify Company against any claims of responsibility. However, Company shall use reasonable efforts to minimize any such costs or damages, and nothing herein shall exempt Company from liability in the event of Company's negligence or willful misconduct.

9. TITLE TO GAS

9.1 General

This Section shall apply to all transportation service unless otherwise provided in the applicable Rate Schedule or service agreement.

9.2 Warranty of Title to Gas

Shipper warrants for itself, its successors and assigns, that it will have, at the time of delivery of gas hereunder, good title and/or the good right to deliver the gas, that the gas it delivers hereunder shall be free and clear of all liens, encumbrances and claims whatsoever, that Shipper will indemnify Company and save Company harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, license fees, or charges thereon that are applicable for such delivery of gas and that Shipper will indemnify Company and save Company harmless from all taxes or assessments that may be levied and assessed upon such delivery and that are by law payable by and the obligation of the party making such delivery. If Shipper's title or right to deliver gas to be transported is questioned or involved in any action, Shipper shall not qualify for or shall be ineligible to continue to receive service until such time as Shipper's title or right to delivery is free from question; provided, however, Company shall allow Shipper to qualify for or continue receiving service under this Tariff if Shipper furnishes a bond satisfactory to Company. Title to the gas received by Company at the Receipt Point(s) shall not pass to Company, except as provided in Company's Rate Schedules LMS-MA and LMS-PA, and title to gas delivered for Company's system fuel and uses and gas lost and unaccounted for shall pass to Company upon delivery at the Receipt Point(s). To the extent Company sells gas to a Shipper or Balancing Party pursuant to the cash out provisions in Rate Schedules LMS-MA or LMS-PA, Company shall indemnify and hold Shipper or Balancing Party harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse claims of any and all persons to said gas and/or royalties, taxes, license fees, or charges thereon.

9.3 Title Transfer Tracking

9.3.1 General

Title transfer tracking improves quantity certainty. [1.1.10]

Users of title transfer tracking services shall bear the cost of that service if Company determines that the incremental cost to provide such service measurably exceeds the administrative costs to invoice for such service. [1.1.11/v1.01]

Title transfers into and/or out of Title Transfer Tracking Service Provider shall be able to occur regardless of the service class of any related transportation. [1.1.21/v1.5]

At a minimum, Company shall be responsible for accommodating Title Transfer Tracking services at all points identified by Company as pooling points (Transfer Points), where Title Transfer Tracking services are requested. In absence of existing pooling points or in addition to existing pooling points where access to Title Transfer Tracking is not reasonably accessible for supply receipt locations covered by an OBA, Company shall be responsible for accommodating Title Transfer Tracking at no less than one location. [1.3.64/v1.5]

All Title Transfer Tracking services shall be performed under a contract or other arrangements between the Account Holder and their Title Transfer Tracking Service Provider. [1.3.68/v1.5]

The Title Transfer Tracking services shall be supported by means of nominations, quick responses and scheduled quantities processes. [1.3.65/v1.5]

A party to a transaction shall nominate, or otherwise communicate in a mutually agreeable manner, the identity of their transaction counterparty along with the applicable, associated nominations-related information to the appropriate Confirming Party or Title Transfer Service Provider. Failure to so act can result in the failure of the subject transaction to be communicated to and scheduled by Company. [1.3.74/v1.5]

9.3.2 Nominations for Company Provided Title Transfer Tracking

A title transfer Nomination is a nomination line item requesting service of Title Transfer Tracking and is sent by an Account Holder to a Title Transfer Tracking Service Provider. [1.2.19/v1.5]

9.3.3 Third Party Provided Title Transfer Tracking

All Third Party Account Administrators wishing to provide title transfer tracking service shall so notify Company. All coordination between Third Party Account Administrators and Company shall be performed under a contract between the parties. Where Company is a Title Transfer Tracking Service Provider on its system, tariff provisions (terms, conditions, and rates) or general terms and conditions of Company, will take the place of a contract. [1.3.66/v1.5]

Upon reasonable request of the Third Party Account Administrator, Company shall provide the Third Party Account Administrator with one of the following for conducting title transfer tracking activity:

- (a) location code(s);
- (b) contract identifier(s) used in the exchange of transactional data;
- (c) both (a) and (b) above.

In any event, Title Transfer Tracking activity is always performed at or with respect to a location (physical or logical). [1.3.67/v1.5]

Company shall communicate with any Title Transfer Tracking Service Provider that performs according to the applicable contract between the Title Transfer Tracking Service Provider and Company, and that operates in accordance with those NAESB WGQ standards applicable to Title Transfer Tracking. [1.3.69/v1.5]

If Company has decided to offer Title Transfer Tracking service by means of an arrangement (including an agreement) with a party which will act as Company's designated party, and regardless of communication methodology between Account Holders and such designated party, Company shall, upon request, identify the Title Transfer Tracking Service Provider(s) at a location which have established active

Title Transfer Tracking arrangements with Company. The relevant information to be provided shall include the name of each Title Transfer Tracking Service Provider, the ID code for each Title Transfer Tracking Service Provider used by Company, the contract number for each Title Transfer Tracking Service Provider assigned by Company (where applicable), the location code(s) nominatable to Company for transportation service to or from the location associated with each Title Transfer Tracking Service Provider. If, in the future, the common code for locations central repository includes listing of Title Transfer Tracking Service Providers by location, the requirements of this standard shall be met. [1.3.73/v1.5]

10. EXCUSE OF PERFORMANCE

10.1 Relief from Liability

Neither Company nor Shipper shall be liable in damages to the other for any act, omission or circumstances occasioned by or in consequence of any (i) maintenance, construction, tests, rehabilitation, repairs on pipeline or (ii) force majeure events, including acts of God, strikes, lockouts or other industrial disturbances, controversies with landowners, acts of the public enemy or terrorists, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, tropical storms or hurricanes, washouts, arrests or restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, temporary failure of gas supply that was contracted on a firm basis, partial or total failure or unavailability of capacity that was contracted on a firm basis, inability to obtain or unavoidable delay in obtaining materials, supplies, equipment, permits or labor to perform or comply with any obligations or conditions of an agreement, inability to obtain access to right-of-way, the binding order of any court or governmental authority that has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, and whether caused or occasioned by or happening on account of the act or omission of one of the parties to the gas service agreement between Company and Shipper or some person or concern not a party thereto, not within the control of the party claiming suspension, and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

10.2 Liabilities Not Relieved

Such causes or contingencies affecting the performance of said gas transportation contract by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telegraph to the other party as soon as possible after the occurrence relied on. The inability to obtain and resell gas supply at a profit shall not relieve a party of liability. Nothing contained herein shall be construed to require either party to settle or prevent a strike or other controversy with employees or with anyone purporting or seeking to represent employees or a controversy with a landowner.

10.3 Termination of Agreements

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

In case the party in default does not so remedy and remove the cause or causes or does not indemnify the party giving the notice for any and all consequences of such breach within said period of thirty days, the agreement shall terminate; provided, however, that Company may not terminate the agreement until it has obtained the authorization required by valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

Any cancellation of the agreement pursuant to the provisions of this paragraph shall be without prejudice to the right of Company to collect any amounts then due to it for natural gas service rendered prior to the time of cancellation and shall be without prejudice to the right of Customer to receive any gas which it has not received but has delivered to Company, 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.

11. NOTICES

11.1 Contractual Notices

Except when the General Terms and Conditions of Company's Tariff requires communication via the System, any communication, notice, request, demand, or statement provided for in the Tariff or in a service agreement, or any notice that either Company or Customer may desire to give to the other, shall be in writing and shall be considered as duly presented, rendered, or delivered five days after the date the notice is mailed by either post-paid registered or ordinary mail or when sent by cable, telecopy, telex, express mail service, electronic mail or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known post office address, or at such other address as either party may designate.

11.2 System-Wide Notices

System-wide notices have a separate category for notices that are not critical. [5.3.18/v1.0]

Company shall post system-wide notices. Such notices shall use the standard data elements dictated by the NAESB WGQ and adopted by FERC.

11.3 Critical Notices

Critical notices shall be defined to pertain to information on Company conditions that affect scheduling or adversely affect scheduled gas flow. [5.2.1/v1.0]

Company shall post critical notices. Such notices shall use the standard data elements dictated by the NAESB WGQ and adopted by FERC.

Notices shall describe the conditions and the specific responses required from the affected parties.

11.4 Intra-day Bump Notices

Intra-day bump notices shall contain at least the affected Service Requester Contract, Receipt and/or Delivery Location, and Receipt and/or Delivery Point Quantity from the Scheduled Quantity (NAESB WGQ Standard 1.4.5). [5.3.40/v1.4]

Intra-day bump notices shall indicate whether daily penalties apply for the Gas Day for which quantities are reduced. [1.3.51/v1.4]

11.5 Electronic Notice Delivery

Electronic notice delivery is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM. [5.2.2/v1.4]

Company shall provide affected parties with notification of intra-day bumps, Operational Flow Orders and other critical notices through the affective party's choice of Electronic Notice Delivery mechanism(s). [5.3.34/v1.4]

Company shall support the concurrent sending of electronic notification of intra-day bumps, Operational Flow Orders and other critical notices to two Internet E-mail addresses for each affected party. [5.3.36/v1.4]

Unless the affected party and Company have agreed to exclusive notification via EDI/EDM, the affected party shall provide Company one Internet E-mail address to be used for Electronic Notice Delivery of intra-day bumps, Operational Flow Orders and other critical notices. Company's obligation to provide notification is waived until the above requirement has been met. [5.3.35/v1.4]

Affected parties shall manage internal distribution of notices received by Electronic Notice Delivery. [5.3.37/v1.4]

When sending Internet E-mail notifications for intra-day bumps, Operational Flow Orders and other critical notices, the subject line of the E-mail shall include the following information separated by commas in the following order: (i) "Critical", (ii) Notice Type label (per NAESB WGQ Standard 4.3.29), (iii) the Notice Effective Date in YYYYMMDD format, (iv) the name or abbreviation of Company (excluding commas), and (v) Company's D-U-N-S(R) Number. [5.3.38/v1.4]

Company may offer notification mechanisms in addition to those referenced in NAESB WGQ Standard 5.3.34 (e.g., EBB/EDM, FF/EDM). Company shall include at least the same level of information for notification of an intra-day bump, Operational Flow Order or other critical notice regardless of the method of notification. [5.3.39/v1.4]

11.6 Recalled Capacity Notices

Recalled capacity notices shall indicate whether penalties will apply for the Gas Day for which quantities are reduced due to a capacity recall. [5.3.49/v1.7]

Affected Replacement Shippers shall manage internal distribution of notification of recall received from Company. [5.3.52/v1.7]

Notice of the allocation of capacity between the Releasing Shipper, provided through Company's Customer Activity Web site, and the Replacement Shipper(s), provided for in NAESB WGQ Standards 5.3.45 and 5.3.46, shall be provided in a manner that will permit affected parties sufficient time, as provided for in NAESB WGQ Standard 5.3.44, to place nominations or take other corrective actions to avoid penalties. [5.1.4/v1.7]

12. (RESERVED FOR FUTURE USE)

13. NONWAIVER AND FUTURE DEFAULT

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

14. SCHEDULES AND AGREEMENTS SUBJECT TO REGULATION AND CHANGE

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

15. FLEXIBLE POINT RIGHTS AND SEGMENTATION

15.1 Flexible Point Rights

A Rate Schedule FT-A, FT-B, FT-C, FT-D or IT Shipper, or its agent, may, pursuant to its transportation agreement, nominate any Receipt Point or Delivery Point on Company's pipeline system.

A Rate Schedule FT-GS Shipper, or its agent, may, pursuant to its transportation agreement, nominate any Receipt Point on Company's system.

Rate Schedule FT-A, FT-B, FT-C or FT-D Shippers shall have access to all Receipt Points and Delivery Points within their Transportation Path at a higher capacity allocation priority than Receipt Points and Delivery Points outside of their Transportation Path.

Rate Schedule FT-GS Shippers shall have access to all Receipt Points within their Transportation Path at a higher capacity allocation priority than Receipt Points outside of their Transportation Path.

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

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

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

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

15.2 Point Capacity Scheduling Rights

15.2.1 Primary Scheduling Rights

A Rate Schedule FT-A, FT-B, FT-C, FT-D or FT-GS Shipper's primary capacity scheduling rights will be initially located at the Receipt Point and Delivery Point that define such Shipper's Transportation Path.

15.2.2 Relocation of Primary Scheduling Rights

Subject to the availability of firm point capacity on Company's system in the direction of flow specified in a Rate Schedule FT-A, FT-B, FT-C or FT-D Shipper's Transportation Path, such Shipper shall have the ability to relocate primary capacity scheduling rights at one or more Receipt Points or Delivery Points under its transportation agreement up to a total quantity of gas equal to the Shipper's Transportation Quantity.

Subject to the availability of firm point capacity on Company's system in the direction of flow specified in a Rate Schedule FT-GS Shipper's Transportation Path, such Shipper shall have the ability to relocate primary capacity scheduling rights at one or more Receipt Points under its transportation agreement up to a total quantity of gas equal to the Shipper's Transportation Quantity.

A request by a Rate Schedule FT-A, FT-B, FT-C, FT-D or FT-GS Shipper to Company to relocate its primary scheduling rights under its transportation agreement, which includes the term of the relocation, must be made no later than 1:00 P.M. CCT on the day before nominations are due.

Company shall notify Shipper of its inability to relocate primary scheduling rights. Such notification, which will detail the reason for the request not being implemented, shall be made at least one hour before the timely cycle nominations are due.

A Rate Schedule FT-A, FT-B, FT-C, FT-D or FT-GS Shipper retains the option to return to its base original scheduling rights position at the end of the relocation period.

15.2.3 Obligation Under Relocation of Primary Scheduling Rights

If Shipper's service is provided pursuant to Rate Schedule(s) FT-A, FT-B, FT-C, FT-D or FT-GS, Shipper's charges, as determined in accordance with Section 5 of Rate Schedule(s) FT-A, FT-B, FT-C, FT-D or FT-GS, shall not be affected by the relocation of primary scheduling rights.

15.2.4 Secondary/Interruptible Capacity Scheduling Rights

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

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

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

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

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

15.3 Segmentation Rights

15.3.1 Segmentation via Nominations

A Rate Schedule FT-A, FT-B, FT-C, FT-D or IT Shipper, or its Agent, may segment its transportation agreement into separate parts for its own use through the

nomination process, to the extent such segmentation is operationally feasible. The primary scheduling rights for a segment shall be relocated in accordance with Subsection 15.2.2 hereof.

Company will not permit a Rate Schedule FT-A, FT-B, FT-C, FT-D or IT Shipper, or its Agent, to segment capacity via the nomination process when the nominations by such party exceed the Transportation Quantity of the underlying transportation agreement at any mainline location, within or outside of its Transportation Path for a given nomination cycle. Nominations of gas quantities in opposing flow directions to the same point location may overlap at such point to the extent individual nominated gas quantities do not exceed the Transportation Quantity.

If Company determines that a Shipper, or its Agent, has nominated a transportation agreement in a way that is not operationally feasible, Company shall notify the nominating party, in writing, at the time the nomination is rejected. In such notice, Company shall describe why the nomination was denied for operational reason(s).

15.3.2 Segmentation via Capacity Release

A Rate Schedule FT-A, FT-B, FT-C or FT-D Shipper may segment its transportation agreement for the purpose of releasing capacity in accordance with Section 21 of the General Terms and Conditions of Midwestern's FERC Gas Tariff to the extent such segmentation is operationally feasible.

The primary capacity scheduling rights for both the unreleased segment and the released segment shall be relocated in accordance with Subsection 15.2 hereof.

Company will not permit a Rate Schedule FT-A, FT-B, FT-C or FT-D Shipper to segment capacity via the capacity release process when the Transportation Path segments requested by the Shipper exceed the Transportation Quantity of the underlying transportation agreement at any mainline location within or outside of its Transportation Path subject to Section 21 of the GT&C.

If Company determines that a Rate Schedule FT-A, FT-B, FT-C or FT-D Shipper has requested to segment its transportation agreement in a way that is not operationally feasible, Company shall notify the Releasing Shipper, in writing, at the time the request is rejected. In such notice, Company shall describe why the capacity release request was denied for operational reason(s).

16. ELECTION OF RIGHT-OF-FIRST REFUSAL AND EXTENSION OF LONG TERM FIRM SERVICE AGREEMENTS

16.1 Applicability

Unless Company and Shipper expressly agree otherwise in Shipper's service agreement, this Section 16 shall apply only to long term firm service agreements at the applicable Maximum Rate or to long term firm service agreements entered into prior to March 27, 2000 (qualifying agreement(s)).

16.2 Right of First Refusal

A Shipper holding a qualifying agreement may exercise a right-of-first refusal in accordance with, and subject to, the procedures and limitations set forth below; provided, however, that if the qualifying agreement is at a negotiated or less than maximum rate, such agreement must be extended at the applicable maximum rate for a term of one year or more in order to retain a right-of-first refusal beyond the extended term.

Company shall provide notice to a Shipper receiving service from Company pursuant to Part 284 of the Commission's regulations under a qualifying agreement thirteen (13) months prior to the expiration of the agreement's primary term.

For agreements with a primary term extending for more than one year and less than five years, unless Shipper elects upon six (6) months prior written notice to Company to terminate the agreement in whole or to request a lesser extension of term, the agreement will automatically extend upon the expiration of the primary term for a term of five years. Thereafter the agreement shall repeatedly extend for successive five year terms unless Shipper provides notice as described herein in advance of the expiration of a succeeding term.

For agreements with a primary term extending for a minimum term of five years, unless Shipper elects upon one year's prior written notice to Company to terminate the agreement or to request a lesser extension of term, the agreement will automatically extend upon the expiration of the primary term for a term of five years. Thereafter the agreement shall repeatedly extend for successive five year terms unless Shipper provides notice as described herein in advance of the expiration of a succeeding term.

Unless Company and Shipper expressly agree otherwise in Shipper's service agreement, a right-of-first refusal does not apply to negotiated rate arrangements, to firm service agreements at less than the applicable maximum rate or to firm service agreements with a term of less than one year. In addition, the right of first refusal will not be applicable to interim service agreements for entitlement associated with expansion/extension projects as set forth in Section 35 of the General Terms and Conditions.

16.3 Extension of Less Than One Year

If a Shipper, pursuant to the terms of a qualifying agreement, elects to 1) extend its agreement or any portion thereof for less than one year or 2) terminate its agreement in its entirety or 3) request an extension of its agreement for a term less than five (5) years which is rejected by Company or 4) request an extension of its agreement at a rate less than the maximum rate, then Company, at its option, shall either accept Shipper's lesser extension period or Shipper's request at less than the maximum rate or the capacity under such agreement shall be made available in accordance with the following:

- (a) Company shall post the capacity for bidding on the System 180 days prior to the termination of the service agreement. The capacity will remain posted on the System for a minimum of 20 days with such posting containing the following information with respect to the capacity:
 - (i) daily and other applicable quantity limitations of capacity available;
 - (ii) Transportation Path;
 - (iii) maximum demand charge as set forth in the Summary of Rates and Charges in Company's FERC Gas Tariff;
 - (iv) any minimum acceptable Bid;
 - (v) any applicable restrictions; and
 - (vi) the last day of the Bidding Period.
- (b) Upon conclusion of the Bidding Period, Company shall evaluate the Bids in accordance with the present value formula set forth in Section 21 of the General Terms and Conditions for the evaluation of Bids under Company's capacity release mechanism; provided that any Bid rate higher than the maximum applicable rate shall be deemed to be equal to the maximum applicable rate.
- (c) Within 5 days of the close of the Bidding Period, Company shall notify Shipper of the Bid meeting all the criteria in Section (a) hereof that has the highest present value to Company ("Highest Bid"). Shipper shall have 25 days after receiving notice to notify Company as to whether it will match the Highest Bid. If the Shipper elects to match the Highest Bid, it must execute a new service agreement that contains the terms of that Bid prior to the termination of its existing long term firm service agreement; provided, however, that Shipper shall not be required to pay any rate higher than the maximum applicable rate.
- (d) If Company receives no qualifying Bids on the capacity, then Shipper may continue to receive service at the maximum rate or such other rate as Company and Shipper mutually agree. A Shipper paying the maximum rate may determine the term of the extended service. If such a term is one year or more, a Shipper who continues service under such basis shall retain its right of first refusal.

17. (RESERVED FOR FUTURE USE)

18. FERC ANNUAL CHARGE ADJUSTMENT

18.1 General

Company, from time to time, shall adjust the rates for Funding Services as specified in Section 18 hereof, to reflect the annual charge assessed Company by the Federal Energy Regulatory Commission (Annual Charge) pursuant to Order No. 472 or any other superseding or related rule or order.

18.2 Funding Services

Funding Services shall include all transportation services under Rate Schedules in Volume No. 1 of Company's FERC Gas Tariff, and all transportation services for interstate pipelines, intrastate pipelines, distribution companies, or for ultimate consumers under Rate Schedules in Volume No. 2 of Company's FERC Gas Tariff.

18.3 Filing of Annual Charge Rate Adjustment

The effective rates for Funding Services under Rate Schedules in Volume No. 1 of Company's FERC Gas Tariff shall be the Rate After Adjustments for each applicable Rate Schedule shown on Company's effective Summary of Rates and Charges reflecting the Current Annual Charge Rate Adjustment under this Section 18.

18.4 Effective Date of Adjustment

The Effective Date of Adjustment for each Annual Charge Rate Adjustment filed pursuant to this Section 18 shall be October 1 of each year. The Annual Charge Rate Adjustment shall become effective on the Effective Date of Adjustment without suspension or refund obligation.

18.5 Filing Procedures

At least thirty days prior to the Effective Date of Adjustment, Company shall file with the Federal Energy Regulatory Commission and post revised Tariff sections reflecting the Current Annual Charge Rate Adjustment.

18.6 Current Annual Charge Rate Adjustment

The Current Annual Charge Rate Adjustment shall be the unit amount, adjusted as necessary for heating value and pressure base, that the Federal Energy Regulatory Commission orders to be effective for the fiscal year commencing on the Effective Date of Adjustment.

18.7 Retention of Revenues Collected under Annual Charge Rate Adjustment

Company shall retain all revenues collected under this Section 18. Except as provided by this Section 18, Company shall not have the right to seek to recover in any proceeding under Section 4(e) of the Natural Gas Act, any Annual Charges recorded in its FERC Account No. 928.

19. INFORMATION AND COMMUNICATIONS REGARDING TRANSPORTATION SERVICES

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

19.1 Access to Internet Web Site

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

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

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

Phone Number: (918) 588-7745
Fax Number: (918) 588-7750

19.2 Informational Posting Site

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

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

Information on Company's Informational Posting site shall be made available so as to permit users to download data to be used in their applications.

19.3 Customer Activity Site

Company's proprietary business functions are accessible via its Customer Activity site. [4.3.39/v1.4]

- (a) The Customer Activity site will be maintained to provide equal and timely access to certain transportation information, as it pertains to Company's pipeline system and in accordance with applicable currently effective FERC's adopted NAESB WGQ standards.
- (b) Any person may communicate with Company via the System by:
 - (i) acquiring compatible personal computer capability
 - (ii) executing the applicable access forms with Company; and

(iii) receiving a user identification password for accessing such site.

- (c) Company agreements located on the Customer Activity site (www.mgt.oneokpartners.com) include the: (i) Operational Balancing Agreement (For use at Receipt Points(s)); (ii) Operational Balancing Agreement (For use at Delivery Points(s)); (iii) Operational Balancing Agreement (For Aggregator at Delivery Points(s)); (iv) Operational Balancing Agreement for Pipelines; (v) Master Electronic Transactions Agreement; (vi) Electronic Communication Agreement; (vii) Electronic Data Interchange Trading Partner Agreement and (viii) Agency Authorization Agreement.

19.4 Electronic Data Interchange

A person may communicate with Company via Electronic Data Interchange (EDI) by executing an Electronic Data Interchange Trading Partner Agreement with Company. The Electronic Data Interchange Trading Partner Agreement and the Electronic Communication Agreement can be found on Company's Web Site (www.mgt.oneokpartners.com) under Customer Activities. The Electronic Data Interchange Trading Partner Agreement follows the format of the NAESB form Electronic Data Interchange Trading Partner Agreement (NAESB Standard 6.3.3).

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

19.5 Service Complaints

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

20. INCORPORATION IN RATE SCHEDULES AND GAS SERVICE AGREEMENTS

These General Terms and Conditions are incorporated in and are a part of Company's Rate Schedules and gas service agreements. To the extent there is any inconsistency between terms in these General Terms and Conditions and terms in Company's Rate Schedules or gas service agreements, these General Terms and Conditions shall govern. Company may waive any rights hereunder or any obligations of Shipper on a basis that is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.

21. CAPACITY RELEASE

21.1 Applicability of Capacity Release

This section is applicable to any Shipper(s) (including Replacement Shipper(s)) who elect to release all or a portion of its firm capacity under Rate Schedule FT-A, FT-B, FT-C or FT-D.

21.2 Capacity Release Offer

A Releasing Shipper that desires to release its rights to firm capacity pursuant to this Section 21, shall notify Company of its intent by posting directly on the System a capacity release offer containing information consistent with the currently effective FERC adopted NAESB WGQ standards. A Releasing Shipper shall notify Company of prearranged releases exempt from competitive bidding pursuant to the prior posting provisions of Subsection 21.4(a).

21.3 Pre-qualification to Submit Bid

Persons that desire to Bid on released transportation rights must pre-qualify with Company in the same manner and subject to the same standards and procedures as required for firm Shippers under Section 25 of these General Terms and Conditions.

21.4 Prearranged Releases Permitted Without Competitive Bidding

- (a) A Releasing Shipper may release some or all of its firm transportation rights to a qualified Replacement Shipper(s) without competitive bidding, pursuant to Subsection 21.10, if its proposed release meets the following requirements: ("Exempt Prearranged Bidder")
 - (i) the release of capacity is to an asset manager as defined in 18 C.F.R. § 284.8(h)(3);
 - (ii) the release of capacity is to a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. § 284.8(h)(4);
 - (iii) the release of capacity is for more than one year at the applicable Maximum Rate for the applicable firm transportation service being released; and
 - (iv) the release of capacity is for any period of 31 days or less.

Notice of the prearranged releases that qualify under this Subsection 21.4(a) of these General Terms and Conditions must be posted on the System as soon as possible, but not later than the first nomination, after the release transaction commences. This posting shall contain information consistent with the currently effective FERC adopted NAESB WGQ standards. In addition, for releases to an asset manager the posting should include the volumetric level of the asset manager's delivery or purchase obligation and the time periods during which that obligation is in effect. The posting should also include whether the release is to a marketer participating in a state-regulated retail access program.

- (b) A Releasing Shipper that releases capacity for any period of 31 days or less pursuant to Subsection 21.4(a)(iv) may not rollover, renew, or otherwise continue the original

capacity release to the same Replacement Shipper until twenty-eight (28) days after the original release period has expired, unless:

- (i) for the re-release to the same Replacement Shipper, the Releasing Shipper follows the prior posting and bidding procedures set forth in Subsection 21.5 of these General Terms and Conditions; or
- (ii) the re-release to the same Replacement Shipper qualifies for any of the other exemptions from competitive bidding under Subsections 21.4(a)(i), (ii), and (iii).

21.5 Prearranged Releases Subject to Competitive Bidding

Prearranged Releases with a term greater than thirty-one (31) days but less than one year are subject to prior posting and competitive bidding. ("Non-Exempt Prearranged Bidder")

- (a) Releasing Shipper shall submit to Company all applicable information required by Subsection 21.2 and be subject to the bidding process required by Subsection 21.10 of these General Terms and Conditions on the System. The System will automatically assign an individual offer number to such capacity release offer. The period of time for posting of the information ("Posting Period"), and the period of time during which Bids will be received on such capacity release offer ("Bidding Period"), shall be as set forth in Subsection 21.11 of these General Terms and Conditions unless otherwise specified in the capacity release offer. The Bidding Period shall be enclosed within the Posting Period.
- (b) Releasing Shipper may withdraw its capacity release offer, by written or electronic notice of withdrawal, up to the close of the applicable Bidding Period where unanticipated circumstances justify such withdrawal and no qualified Bid has been submitted.

21.6 Non-Prearranged Releases Subject to Competitive Bidding

Releases that are not prearranged are subject to prior posting and competitive bidding.

- (a) Releasing Shipper shall submit to Company all applicable information required by Subsection 21.2 and be subject to the bidding process required by Subsection 21.10 of these General Terms and Conditions on the System. The System will automatically assign an individual offer number to such capacity release offer. The period of time for posting of the information ("Posting Period"), and the period of time during which Bids will be received on such capacity release offer ("Bidding Period"), shall be as set forth in Subsection 21.11 of these General Terms and Conditions unless otherwise specified in the capacity release offer. The Bidding Period shall be enclosed within the Posting Period.
- (b) Releasing Shipper may withdraw its capacity release offer, by written or electronic notice of withdrawal, up to the close of the applicable Bidding Period where unanticipated circumstances justify such withdrawal and no qualified Bid has been submitted.

21.7 Rights and Obligations of Releasing Shipper

Notwithstanding any release hereunder, Releasing Shipper(s) shall remain responsible for payment of the demand charge associated with the released capacity up to the demand charge specified in the Releasing Shipper's Firm Transportation Agreement with Company. However, Company and Shipper may agree to a Negotiated Rate under a Firm Transportation Agreement and agree upon payment obligations and crediting mechanisms, in the event of a capacity release, that vary from or are in addition to those set forth herein and in Subsection 21.13(a) of these General Terms and Conditions; provided that nothing in the foregoing provision shall authorize Company or Shipper to violate the FERC's policy with respect to negotiation of terms and conditions of service.

Any increase in Company's rates, charges, and surcharges shall remain the responsibility of the Releasing Shipper; provided, however, that the Releasing Shipper may provide, in its capacity release offer, for the rates, charges or surcharges for released transportation rights to increase in accordance with any increases in Company's rates, charges and surcharges.

If a Shipper releases firm capacity, then Releasing Shipper's firm capacity rights shall be reduced by an amount equal to the quantity released, in accordance with Subsection 21.2 of these General Terms and Conditions, for the period of the capacity release, except for any period that the firm capacity is recalled by the Releasing Shipper (if permitted in the successful bid) and until such capacity is re-put to the Replacement Shipper, in accordance with this Subsection 21.12.

A release for the entire remaining term of the Releasing Shipper's Firm Transportation Agreement shall effect a permanent release or a temporary release. In the event Releasing Shipper designates the capacity release offer as a permanent release, the Replacement Shipper shall be subject to all rights and obligations associated with the released capacity.

If a Releasing Shipper elects a temporary release, all contractual rights and obligations associated with the released capacity remain with the Releasing Shipper at the end of the term of the temporary release.

In accordance with the terms of a permanent release or a temporary release, the Replacement Shipper shall execute a new Firm Transportation Agreement under the applicable rate schedule pursuant to Part 284 of the Commission's regulations.

A Releasing Shipper shall describe fully in its capacity release offer any rights to recall the capacity being released and under what conditions the capacity shall be re-put to the Replacement Shipper following any such recall.

A release by a Replacement Shipper shall not relieve the original Shipper or the Replacement Shipper of their obligations under this Section 21.

21.8 Rights and Obligations of Replacement Shipper

The Replacement Shipper's service under a capacity release shall be subject to and governed by the terms and conditions of the Releasing Shipper's Firm Transportation Agreement, the terms and conditions of the Replacement Shipper's winning bid, and the capacity release offer.

A Replacement Shipper shall be allowed to release the capacity under its Firm Transportation Agreement, provided that the original capacity release offer was not volumetrically based, and contained a provision to allow for the re-release.

The sum of the capacity re-released cannot exceed the awarded capacity to the Replacement Shipper under each individual capacity release offer.

Nominations to a point outside of the released Transportation Path by the Replacement Shipper or within the released Transportation Path by the Releasing Shipper shall be permitted. In the event that the combined quantity nominated by the Releasing Shipper and the Replacement Shipper exceed the Releasing Shipper's original mainline capacity entitlements, Company shall accept nominations for quantities in excess of the original mainline capacity entitlements in the overlapped portion of its system. When an overlap occurs at a point between a Releasing Shipper and its Replacement Shipper, in the circumstance of nominations to the same point, such nominations are allowed as long as the Transportation Quantity is not exceeded. When the Releasing Shipper and the Replacement Shipper each nominate to a secondary point out of their respective Transportation Path causing total nominated quantities to exceed a capacity limitation at a location on Company's system, Company shall schedule such nominations pursuant to Subsection 3.7 of the General Terms and Conditions.

The Replacement Shipper is entitled to nominate any Receipt Point or Delivery Point on Company's system, consistent with the same conditions applicable to any other firm Shipper on Company's system.

21.9 Rights and Obligations of Company

Company makes no representation or warranty to any party concerning the accuracy or completeness of any posted information or concerning the willingness or ability of any Releasing Shipper to release transportation rights hereunder or of any Replacement Shipper to accept transportation rights hereunder. Company shall not be liable to any party for any damages, of any nature whatsoever, including without limitation any special, incidental or consequential damages, or any other kind that may arise in connection with the posting of information hereunder.

Company may invalidate any capacity release offer or any Bid subsequent to its posting on the System that does not conform in all respects to the requirements of Company's Tariff, or any Commission Order or regulation, and such invalidated capacity release offer or Bid shall be deemed null and void.

21.10 Bid and Award Process

(a) Bid Process

Bidders may submit Bids during the Bidding Period applicable to a capacity release offer. All Bids must be submitted via the System and must be expressed in absolute dollars and cents or percents of applicable maximum tariff rate, whichever is stated in the capacity release offer. All contingencies must be identified on the Bid or capacity release offer.

In submitting a Bid, Bidders recognize that such Bids will be accessible by other Bidders through the System. Upon submission, all Bids will be assigned a Bid number and the identity of the Bidder will not be revealed during the Bidding Period.

For releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, bids shall not exceed the applicable Maximum Rate for the

applicable firm transportation service being released as set forth on the currently effective Summary of Rates and Charges. The Maximum Rate shall not apply to Capacity Releases for a period of one year or less if the release is to take effect on or before one year from the date on which the Releasing Shipper notifies the Company of the release. For all releases, bids shall not be less than the applicable minimum rate set forth in the capacity release offer.

The quantity specified in a Bid may not exceed the maximum quantity or be less than the minimum quantity specified in a capacity release offer.

The release term specified in a Bid must meet the term specifications in the capacity release offer.

Bidding will be an iterative process such that a Bidder may submit any number of Bids during the Bidding Period; provided that each new submission of a Bid requires the withdrawal of any previous Bid submitted by Bidder such that a Bidder cannot have more than one Bid in contention for the same capacity at one time. If a Bidder withdraws its Bid and resubmits a new Bid, such new Bid must be at a higher rate. A Bidder retains the right to withdraw its Bid by resubmitting a new Bid, until the close of the Bidding Period, at which time, such Bid shall become binding.

Bids must contain information consistent with the currently effective FERC adopted NAESB standards.

(b) Awarding of Capacity to a Successful Bidder

The determination of the successful Bidder shall be effected in accordance with the following procedures:

(1) Bid Evaluation Methodologies

The Releasing Shipper shall specify in the capacity release offer one of the following Bid evaluation methodologies: (i) highest rate, (ii) net revenue, or (iii) present value. A capacity release offer submitted specifying one of these methods shall be accorded the timeline treatment described in Subsection 21.11. However, the Releasing Shipper may choose another Bid evaluation method and this request also shall be accorded the timeline treatment described in Subsection 21.11 of these General Terms and Conditions. Company shall apply the method chosen to determine the successful Bidders as mandated thereby, provided that the capacity released to each successful Bidder shall be no less than one Dekatherm. If the Releasing Shipper desires to award more than one winner, the Releasing Shipper should allow for the acceptance of partial quantity Bids.

(2) If the present value method is chosen, then Company shall evaluate the Bids and award the capacity based on the following procedures:

Company shall determine the Bid or Bids having the highest present value ("PV") based on the following formula:

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

where

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

Bid MDQ = the MDQ stated in the Bid.

i = interest rate per month (which shall be the then current maximum yield on five-year U.S. Government Treasury note divided by 12), and

N = term proposed by the Bidder.

- (3) If the net revenue method is chosen, Company shall determine the Bid or Bids having the highest net revenue (NR) using the following formula:

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

where

Bid Rate = the daily charge which the Bidder has agreed to pay; for demand rate Bids, the charge is calculated by dividing the Bid rate received from the Bidder by 30.4 days per month (average days per month in a 365-day year).

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

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

- (4) If a capacity release offer includes a Non-Exempt Prearranged Bidder, then the released transportation rights shall be awarded to the Non-Exempt Prearranged Bidder if (a) its Bid has a value determined in accordance with Subsection 21.6(a) equal to or higher than the highest value of the Bids submitted by all other Bidders, or (b) the Non-Exempt Prearranged Bidder agrees to match any Bid having a higher value, as applicable, within the time period provided by Subsection 21.11.
- (5) If only one Bidder has submitted a Bid that reflects the highest value, then the transportation rights shall be awarded to that Bidder, subject to any Non-Exempt Prearranged Bidder's exercise of its right of first refusal (matching) as set forth above.
- (6) If two or more Bidders have submitted Bids that reflect the highest value, then subject to any Non-Exempt Prearranged Bidder's exercise of its right of matching, the released transportation rights will be awarded on the basis of a lottery that is limited to such Bidders, unless the Releasing Shipper has specified an alternative means for awarding the released capacity as between two or more equal Bids ("alternative tiebreaker"). The winner of the lottery or alternative tiebreaker shall be awarded the transportation rights for which it has submitted a Bid. Company will conduct the lottery or alternative tiebreaker in a non-discriminatory manner.

- (7) Company shall not award capacity release offers to Shipper until and unless Shipper meets Company's creditworthiness requirements applicable to all services that it receives from Company, including the service represented by the capacity release. (5.3.59/v1.7)
- (8) For informational purposes only, Company shall post on the System the identity of the winning Bidder, the terms of the successful Bid, and the Replacement Shipper's contract number.

21.11 Standard Capacity Release Timeline

The standard capacity release administrative timeline is as follows [5.3.2/v1.7]:

- (a) For biddable capacity releases less than one year:
 - (i) offers shall be tendered by 12:00 p.m. (CCT) on a Business Day;
 - (ii) open season ends no later than 1:00 p.m. (CCT) on a Business Day (evaluation period begins at 1:00 p.m. (CCT) during which contingency is eliminated, determination of Best Bid is made, and ties are broken);
 - (iii) evaluation period ends and awards posted if no match required at 2:00 p.m. (CCT);
 - (iv) match or award is communicated by 2:00 p.m. (CCT);
 - (v) match response by 2:30 p.m. (CCT);
 - (vi) where match required, award posting by 3:00 p.m. (CCT);
 - (vii) contract issued within with one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.
- (b) For biddable capacity releases of one year or more:
 - (i) offers shall be tendered by 12:00 p.m. (CCT) four Business Days before award;
 - (ii) open season ends no later than 1:00 p.m. (CCT) on the Business Day before timely nominations are due (open season is three Business Days);
 - (iii) evaluation period begins at 1:00 p.m. (CCT) during which contingency is eliminated, determination of Best Bid is made, and ties are broken;
 - (iv) evaluation period ends and awards are posted if no match required at 2:00 p.m. (CCT);
 - (v) match or award is communicated by 2:00 p.m. (CCT);
 - (vi) match response by 2:30 p.m. (CCT);
 - (vii) where match required, award posting by 3:00 p.m. (CCT);
 - (viii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.
- (c) For non-biddable releases in the Timely Cycle:
 - (i) posting of prearranged deals not subject to bid are due by 10:30 a.m. (CCT);
 - (ii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

- (d) For non-biddable releases in the Evening Cycle:
 - (i) posting of prearranged deals not subject to bid are due by 5:00 p.m. (CCT);
 - (ii) contract issue within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.
- (e) Intra-day 1 Cycle
 - (i) posting of prearranged deals not subject to bid are due by 9:00 a.m. (CCT);
 - (ii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.
- (f) Intra-day 2 Cycle
 - (i) posting of prearranged deals not subject to bid are due by 4:00 p.m. (CCT);
 - (ii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

(g) Methodologies Supported by Standard Timeline

For the capacity release business process timing model, only the following methodologies are required to be supported by Company and provided to Releasing Shippers as choices from which they may select and, once chosen, shall be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenue, and 3) present value. [5.3.3/v1.0]

(h) Methodologies Not Supported by Standard Timeline

Other choices of bid evaluation methodologies (including other Releasing Shipper defined evaluation methodologies) shall be accorded similar timeline evaluation treatment at the discretion of Company. However, Company is not required to offer other choices or similar timeline treatment for other choices, nor, is Company held to the timeline should the Releasing Shipper elect another method of evaluation. [5.3.3/v1.0]

- (i) The deadlines set forth in this Subsection are only applicable if (i) all the information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy in accordance with Subsection 21.13 of these General Terms and Conditions; and (ii) there are no special terms or conditions of the release. Nominations by the winning Bidder may be submitted at the earliest available nomination cycle.

21.12 Standard Recall and Reput Notification Periods

Company shall support the following recall notification periods for all released capacity subject to recall rights [5.3.44/v1.7]:

- (a) Timely Recall Notification
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 8:00 a.m. (CCT).
 - (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. (CCT).
- (b) Early Evening Recall Notification
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 3:00 p.m. (CCT).
 - (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. (CCT).
- (c) Evening Recall Notification
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 5:00 p.m. (CCT).
 - (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. (CCT).
- (d) Intra-day 1 Recall Notification
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 7:00 a.m. (CCT).
 - (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. (CCT).
- (e) Intra-day 2 Recall Notification
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 2:30 p.m. (CCT).
 - (ii) Company shall provide notification of such recall to all affected Replacement Shippers no later than 3:30 p.m. (CCT).
- (f) Deadline for Reput

The deadline for notifying Company of a reput is 8:00 a.m. (CCT) to allow for timely nominations to flow on to the next Gas Day. [5.3.54/v1.7]

For recall notifications provided to Company prior to the recall notification deadlines above (NAESB WGQ Standard 5.3.44) and received between 7:00 a.m. and 5:00 p.m. (CCT), Company shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. [5.3.45/v1.7]

For recall notification provided to Company after 5:00 p.m. and prior to 7:00 a.m. (CCT), Company shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. (CCT) after receipt of such recall notification. [5.3.45/v1.7]

The Releasing Shipper shall provide capacity recall notification to its affected Replacement Shipper(s) at the same time it provides notification to Company. The mode of notification shall be mutually agreed between the Releasing Shipper and its Replacement Shipper(s). [5.1.2/v1.7]

In the event of an intra-day capacity recall, Company shall determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity (EPC). Variations to the use of EPC may be necessary to reflect the nature of Company's tariff, services, and/or operational characteristics. [5.3.56/v1.7]

Company shall support the ability for the Releasing Shipper to specify, as a condition of the release, whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day. [5.3.51/v1.7]

Company shall support the ability for the Releasing Shipper to specify, as a condition of a capacity release offer, which recall notification period(s), as provided in NAESB WGQ Standard 5.3.44 and detailed in this Subsection, will be available for use by the parties. [5.3.50/v1.7]

When capacity is recalled, it may not be reput for the same Gas Day. [5.3.53/v1.7]

The service flexibility available to either the Releasing Shipper or the Replacement Shipper(s) for the subject capacity shall not be less as a result of the recall. [5.1.3/v1.7]

For the recall notification provided to Company, the quantity shall conform to Company's capacity recall notification specification. Company shall, on its Customer Activity Web site, specify whether the quantity shall be expressed in terms of 1) total released capacity entitlements or 2) adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity. The capacity entitlements resulting from the use of either 1) or 2) shall be the same. [5.3.55/v1.7]

The amount of capacity allocated to the Replacement Shipper(s) shall equal the original released capacity less the recalled capacity. [5.3.58/v1.7]

21.13 Billing

- (a) Company shall invoice Replacement Shipper in accordance with Section 5 of the General Terms and Conditions based upon the rates, charges and surcharges incorporated into the Firm Transportation Agreement as a result of the release. The demand charges for the Replacement Shipper will include the demand rate at which the firm transportation service is released including all adjustments subject to Subsections 21.14(d) and 21.13(c). For releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, the commodity charges for the Replacement Shipper will include the maximum commodity rate including all adjustments subject to Subsection 21.14(d). If the Replacement Shipper fails to pay all or any portion of any bill by the due date specified on the invoice, Company shall send an invoice to the Releasing Shipper for all unpaid amounts up to the amount of the Releasing Shipper's demand charge, which the Releasing Shipper shall pay to Company with interest on the unpaid amount, which interest shall be calculated from the date that Company credited the Releasing Shipper for the applicable demand charges in accordance with Subsection 21.13(c). Releasing Shipper shall submit the payment

within ten days of receipt of Company's invoice. Releasing Shipper shall be responsible for obtaining reimbursement for any such payment from Replacement Shipper. Failure of either the Replacement Shipper or Releasing Shipper to make timely payment, in accordance with Section 6 of these General Terms and Conditions, shall entitle Company to exercise the remedies available under the applicable service agreements and this Tariff, including suspension of service to the Releasing Shipper and the Replacement Shipper, as well as any other remedies available to Company.

- (b) The Releasing Shipper shall receive a demand credit equaling the demand charges for which Company has invoiced the Replacement Shipper. The demand charges for the purposes of this Section consist of the base demand rate, and all applicable surcharges. For releases made on a volumetric basis, the demand charges shall equal the daily demand rate multiplied by the volumes actually transported by the Replacement Shipper plus all applicable surcharges. A Releasing Shipper paying a discounted rate shall be entitled to receive any revenues from the release of its capacity that exceed the amount of the applicable surcharges.

21.14 Further Conditions on Release of Transportation Rights

- (a) Persons participating in this release program agree to be bound by and shall comply with the terms and conditions of this Tariff, and all applicable Commission rules, orders and regulations.
- (b) All terms and conditions in all Release Requests must be non-discriminatory, objectively stated, and applicable to all Bidders.
- (c) The minimum term for any release shall be one day and the maximum term shall be the remaining term of the Releasing Shipper's Transportation Service Agreement.
- (d) For releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, the Bid for a volumetric release shall not exceed the daily demand rate for the released capacity. Such rate for volumetric releases only applies to the demand portion of the rate; the Replacement Shipper will also be liable for all usage charges. The rates for all other releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release shall be the applicable demand rate and commodity rate, as well as all other applicable rates, charges and surcharges set forth in this Tariff, notwithstanding any discount to such rates, charges or surcharges then in effect for the Releasing Shipper.
- (e) All terms and conditions of all releases must be consistent with the terms and conditions of the Releasing Shipper's Service Agreement and with this Tariff, including the provisions on nominations and scheduling of service and curtailment of service.
- (f) Company shall not be obligated to deliver in excess of the total daily contract quantity of the release as a result of NAESB WGQ Standard 5.3.55. [5.3.57/v1.7]
- (g) Company shall accept nominations, schedule service, afford priority of service and curtail service based on instructions and communications from the Releasing Shipper and the Replacement Shipper that are consistent with one another and with the terms and conditions of Company's Tariff and their respective service agreements. In the event that instructions or nominations from the Releasing Shipper and Replacement

Shipper are, in Company's sole opinion, inconsistent or conflicting, Company shall use reasonable efforts to contact the Releasing Shipper and Replacement Shipper to resolve the conflicting communications. In the event Company is unable to resolve the conflict prior to the time that it must take the required action, Company shall comply with the instructions of the Releasing Shipper; provided however that such instructions must not be inconsistent with Company's Tariff or the terms of either the Releasing Shipper's or Replacement Shipper's service agreement, in Company's sole opinion. The Releasing Shipper will indemnify Company against any claim or suit by the Replacement Shipper, its successors or assigns, arising from any action taken by Company in reliance upon the Releasing Shipper's nominations and instructions and will hold Company harmless for any action taken by Company in reliance upon the nominations and scheduling instructions of the Replacement Shipper. The Replacement Shipper will indemnify Company against any claim or suit by the Releasing Shipper, its successors or assigns, arising from any action taken by Company in reliance upon the nominations and scheduling instructions of the Replacement Shipper and will hold Company harmless for any actions taken by Company in reliance upon the instructions of the Releasing Shipper.

- (h) Except as provided in Subsection 21.14(i), in the event that the Commission orders refunds of any rates charged by Company, Company shall provide refunds to applicable Releasing Shipper(s), including Replacement Shippers who acquired capacity under a permanent release, to the extent such Shippers have paid a rate in excess of Company's applicable maximum demand rates. Releasing Shipper shall bear the responsibility for providing any refunds to the appropriate Replacement Shipper(s) who acquired capacity under a temporary release.
- (i) For releases not subject to the Maximum Rate, i.e., with a term of one year or less and the release is to take effect on or before one year from the date on which the Releasing Shipper notifies the Company of the release, the rate paid by the Replacement Shipper will be deemed to be a final rate and is not subject to refund.

21.15 Marketing of Capacity Release

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

22. DISPOSITION OF EXCESS GAS

22.1 Cash-out Gas

Company may make interruptible sales of gas from time-to-time pursuant to the cash-out procedures of Section 6 of Rate Schedules LMS-MA and LMS-PA. Further, under the cash-out procedures of the LMS Rate Schedules LMS-MA and LMS-PA, and in order to alleviate conditions that threaten the integrity of its system, Company may periodically acquire quantities of gas that are excess to system needs. Company shall have the right to make interruptible sales of such excess gas and gas for cash-outs from time to time at system receipt points pursuant to the terms of the blanket certificate of public convenience and necessity granted to Company pursuant to 18 C.F.R. Section 284.284(6) and Order No. 636 of the Federal Energy Regulatory Commission. Such sales shall be made under rates, terms and conditions mutually agreed upon between Company and purchasers, provided, however, that all such sales shall be fully interruptible and shall be curtailable pro rata without regard to transportation arrangements made by purchasers.

22.2 Excess PAL Gas

Company may be required to make interruptible sales of unauthorized parked gas, from time-to-time, pursuant to the procedures of Subsection 6.1 of Rate Schedule PAL. Company shall have the right to make interruptible sales of such excess gas from time to time at system Delivery Points pursuant to the terms of the blanket certificate of public convenience and necessity granted to Company pursuant to 18 C.F.R. Section 284.284(6) and Order No. 636 of the Federal Energy Regulatory Commission. Such sales shall be made under rates, terms and conditions mutually agreed upon between Company and purchasers, provided, however, that all such sales shall be fully interruptible and shall be curtailable pro rata without regard to transportation arrangements made by purchasers.

23. ALLOCATION AND CREDITING OF PENALTIES

23.1 Amounts Invoiced for OFO and PAL Penalties

All amounts invoiced by Company as payment of OFO and PAL penalties, net of incremental administration charges, shall be credited to Eligible Shippers in the month such penalties are invoiced.

For a given month, Eligible Shippers are Shippers who did not incur an OFO and/or PAL penalty. An Eligible Shipper shall receive a pro rata allocation of the net amount invoiced based on such Shipper's Scheduled Quantities during such month. The resulting allocation will be disbursed monthly to the Eligible Shippers as a credit on their invoice.

Company shall post on its Informational Posting web site each month the amount invoiced from non-LMS penalties.

A non-LMS infraction within a given month will not exclude a Shipper from being an Eligible Shipper for any other month.

23.2 Amounts Invoiced for Daily Imbalance Penalties

All amounts invoiced by Company as payment of Daily Imbalance Charge penalties, net of incremental administration charges, shall be credited to Eligible LMS Parties for the month invoiced.

For a given day, Eligible LMS Parties are Parties who have executed LMS-MA or LMS-PA agreements with Company who did not incur a Rate Schedule LMS related penalty. An Eligible LMS Party shall receive a pro rata allocation of the net amount of penalty invoiced for a day based on such Eligible LMS Party's total Scheduled Quantities for day the penalties are incurred. The resulting daily allocation will be aggregated and disbursed on a monthly basis to the Eligible LMS Parties as a credit on their invoice.

Company shall post on its Informational Posting web site each month the amount of penalties invoiced for the Daily Imbalance Charge and the amount credited to each Eligible LMS Party.

An LMS infraction on a given day will not exclude an Eligible LMS Party from being an Eligible LMS Party for any other day within such calendar month.

24. AGENCY

A Customer may delegate to a third party (Agent), authority to exercise certain or all rights and perform certain or all obligations set forth in one or more agreements entered into between Customer and Company ("Delegated Agreements"). A Customer may delegate to Agent, the specific rights and obligations set forth above pursuant to the terms and conditions of the Agency Authorization Agreement and the terms and conditions of the underlying Delegated Agreements. A Customer may not delegate to more than one Agent the same rights and/or obligations for a Delegated Agreement(s) pursuant to the terms and conditions of the Agency Authorization Agreement.

Company, Customer and Agent must enter into an Agency Authorization Agreement provided on Company's Web Site (www.mgt.oneokpartners.com) under Customer Activities. Such Agency Authorization Agreement must be submitted to Company at least two Business Days prior to the requested effective date. Agent shall have all rights and obligations under the Delegated Agreements as set forth in the Agency Authorization Agreement. Customer's delegation to its Agent(s) pursuant to this Section 24 shall not confer to either Customer or Agent(s) rights outside of or in contravention of the terms and conditions of the Delegated Agreements.

Company shall rely on communications and actions of Agent for all purposes that are within the authority conveyed by the Agency Authorization Agreement. Such communications with, and actions by, Agent that are within the authority conveyed by the Agency Authorization Agreement shall be deemed communications with or actions by Customer. Customer shall indemnify and hold Company harmless from suits, actions, costs, losses and expenses (including, without limitation, attorney's fees) arising from claims associated with Company's reliance on such communications and actions of Agent. If Agent fails to meet such obligations under the Delegated Agreements, then, without Company being obligated to proceed against such Agent, Customer shall be liable for all obligations under the Delegated Agreements.

A third party may administer and aggregate rights under multiple Delegated Agreements as the Agent for one or more Customer(s); provided however, that such Agent (i) shall separately administer and account for each Delegated Agreement, including without limitation submitting nominations and calculating any imbalances and (ii) shall utilize such Delegated Agreements for the transportation, supply aggregation or balancing of gas for only those Customers that have delegated the rights and obligations under their Delegated Agreements.

25. REQUESTS FOR SERVICE

Subject to any conditions set forth in the applicable rate schedule, this Section shall govern qualification for receipt of service from Company.

25.1 Requests for Service

All persons requesting service under any of Company's rate schedules or persons requesting Operational Balancing Agreements must provide, via the System or by fax or in writing when necessary, the information required by this Section 25 and all information necessary to fill in the blanks and complete the applicable form of agreement in order to qualify for service. No request for service will be scheduled until all of the required information has been provided.

25.2 Company Response to Requests for Service

- (a) If Company determines that firm capacity is available to satisfy a request or a successful Bid for released capacity, then Company shall approve on-line, or by fax when necessary, the applicable service agreement as set forth in Company's FERC Gas Tariff, with the agreed upon terms and conditions contained therein. Shipper shall execute on-line, or execute and return via fax, if necessary, the service agreement within the time period specified by the applicable Tariff provision. Shipper's execution on-line shall consummate a binding contract between the parties. In the event that the service agreement is not executed and returned to Company within 30 days after Company tendered it, Company shall consider the request for service invalid.
- (b) If Company determines that firm capacity is not available to satisfy a request for service, then Company shall so notify Shipper.

25.3 Modification of Service

Any modification of an existing service shall be requested either through the System or, when necessary, by Shipper's submission via fax or in writing of a new request for service with a notation on the request that the service requested is a modification of an existing service. Such request, after having been fully processed and accepted by Company, shall be deemed to be an amendment to the underlying service agreement.

25.4 Credit Evaluation

Unless previously provided to Company in the prior three months, a Shipper seeking service from Company under any of Company's rate schedules must provide:

- (a) a copy of Shipper's most recent audited financial statement or financial statements certified by the Chief Financial Officer or Chief Accounting Officer of the Shipper (which certificate shall state that such financial statements fairly present the financial condition and results of operations of the Shipper for the period indicated therein) prepared in accordance with generally accepted accounting principles or, for non-U.S.-based Shippers, prepared in accordance with equivalent standards;
- (b) a copy of Shipper's most recent twelve months audited financial statement or Annual Report and, if applicable, Form 10-K; and
- (c) a list of Shipper's affiliates, including parent and subsidiaries, if applicable.

In the event Shipper cannot provide the information in Subsection 25.4 herein, Shipper shall, if applicable, provide that information for its parent company. Company shall not be required to perform or to continue service under any Rate Schedule on behalf of any Shipper who is or has become insolvent or who, at Company's request, fails within a reasonable period to demonstrate creditworthiness; provided, however such Shipper may receive service under any Rate Schedule if Shipper prepays for such service or furnishes good and sufficient security, as determined by Company in its reasonable discretion, in amount equal to the cost of performing the service requested by Shipper for a three month period.

For purposes herein, the insolvency of a Shipper shall be conclusively demonstrated by the filing by Shipper or any parent entity thereof (hereinafter collectively referred to as "the Shipper"), of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Shipper or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstated and in effect for a period of sixty (60) consecutive days.

25.5 Creditworthiness Notices

25.5.1 Company Responsibilities

- (a) Company shall designate, on its Internet website or in written notices to any Customer, the Internet E-mail addresses of up to two representatives who are authorized to receive notices regarding Customer's creditworthiness. A Customer's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and Company shall manage internal distribution of any such confirmations. [0.3.7/v1.7]
- (b) If Company requests additional information to be used for credit evaluation after the initiation of service, Company, contemporaneous with the request, shall provide its reason(s) for requesting the additional information to Customer and designate to whom the response shall be sent. Company and Customer may mutually agree to waive this requirement. [0.3.3/v1.7]
- (c) Upon receipt from Customer of all credit information provided, Company shall notify Customer's authorized representative(s) that it has received such information. Company and Customer may mutually agree to waive this requirement. [0.3.6/v1.7]
- (d) After Company's receipt of Customer's request for re-evaluation, including all required information ("Customer's Request"), within five (5) Business Days, Company shall provide a written response to Customer's Request. Such written response shall include either a determination of creditworthiness status, clearly stating the reason(s) for Company's decision, or an explanation supporting a future date, which a re-evaluation determination will be made. In no event shall such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of the Customer's Request unless specified in Company's

FERC Gas Tariff or if the parties mutually agree to some later date.
[0.3.9/v1.7]

- (e) Regarding capacity release transactions, Company shall provide the original Releasing Shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Company to the Releasing Shipper's Replacement Shipper(s), of the following:
 - (i) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to this Section 25 and Section 6 of the General Terms and Conditions of Company's FERC Gas Tariff;
 - (ii) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;
 - (iii) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and
 - (iv) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to this Section 25. [5.3.60/v1.7]

25.5.2 Customer Responsibilities

- (a) Customer shall designate up to two representatives who are authorized to receive notices regarding the Customer's creditworthiness, including requests for additional information, and shall provide to Company the Internet E-mail addresses of such representatives prior to the initiation of service. Written requests and responses shall be provided via Internet E-mail, unless otherwise agreed by the parties. The obligation of Company to provide creditworthiness notifications is waived until the above requirement has been met. Customer shall manage internal distribution of any creditworthiness notices that are received. [0.3.7/v1.7]
- (b) Upon receipt of either an initial or follow-up request from Company for information to be used for creditworthiness evaluation, the Customer's authorized representative(s) shall acknowledge receipt of Company's request. Company and Customer may mutually agree to waive this requirement. [0.3.4/v1.7]
- (c) Customer's authorized representative(s) shall respond to Company's request for credit information, as allowed by this Section 25, on or before the due date specified in the request. Customer shall provide all the credit information requested by Company or provide the reason(s) why any of the requested information was not provided. [0.3.5/v1.7]
- (d) At any time after Customer is determined to be non-creditworthy by Company, Customer may initiate a creditworthiness re-evaluation by Company. As part of Customer's re-evaluation request, Customer shall either update or confirm in writing the prior information provided to

Company related to Customer's creditworthiness. Such update shall include any event(s) that Customer believes could lead to a material change in Customer's creditworthiness. [0.3.8/v1.7]

25.5.3 Designating Notice Representatives

Company's and Customer's authorized creditworthiness representative(s) for Internet E-mail notifications, responses and requests as described in this Section 25 shall be established by initiating a request as prescribed on Company's Customer Activity site.

In complying with the creditworthiness-related notifications pursuant to this Section 25 and Section 6 of the General Terms and Conditions of Company's FERC Gas Tariff, Shipper and Company may mutually agree to other forms of communication in lieu of Internet E-mail notification. [0.3.10/v1.7]

25.6 Solicitation of Bids for Capacity

- (a) Company shall (1) post notices for solicitation of Bids on a first-come, first-served basis, for available capacity for service to start immediately or in the future, or (2) post notice of an open season for its available capacity, or (3) post notice of an open season for expansion projects including requests for incremental service at a date later than the in-service date of the expansion facilities.

Regarding (2) and (3), the open season notice will be posted for a period of no less than three Business Days for available capacity and no less than 20 Business Days for expansion projects on Company's system and will include the following information:

- (i) the location of the capacity or proposed expansion;
 - (ii) the total quantity, if applicable;
 - (iii) the date capacity is available or proposed to be available; and
 - (v) Bid evaluation methodology, if applicable.
- (b) Regarding (2) and (3), if an open season notice includes service to start at some time in the future, the Bid methodology will include a net present value analysis and the notice will be posted at least three Business Days prior to bidding. In addition, Company will post whether Bids have been received and show the full net present value (NPV) analysis for the highest Bid received, the Shippers' Bids, and provide the actual calculation of the NPV. Company will award the capacity based upon the highest net present value. In the event of equal Bids on the basis of a NPV calculation, capacity will be awarded on a pro rata basis. Shipper shall be required to indicate in its Bid whether it is willing to accept a lesser quantity in the event such capacity is awarded on a pro rata basis due to equal Bids.
- (c) Regarding (2), if no acceptable Bids are received during an open season, Company will post the capacity on its system in order that it may be awarded on a first-come, first-served basis at a mutually agreed upon rate. Shippers must submit a request for such capacity by electronic mail and/or facsimile to Company's Marketing Department. The time stamp on the communication will be used to determine the sequence of Bids.

Company reserves the right not to award such capacity at less than the applicable maximum rate. Company shall not award such capacity at less than the maximum rate to an Energy Affiliate as defined in Section 358 of the Commission's regulations unless a request for a discount from an Energy Affiliate is first posted for competitive Bid and no other competitive Bids are determined to be the best Bid as a result of such posting.

26. CONDITIONS FOR A CONTRACT DEMAND REDUCTION

If Shipper is (1) an LDC, that provides documentation satisfactory to Company that it is subject to unbundling risks, and is entering into a new transportation agreement, or an extension of its initial transportation agreement, under Rate Schedule FT-A; (2) contracted to pay the Maximum Rate or a Negotiated Rate under Rate Schedule FT-A; (3) not requiring incremental facilities to render service to Shipper for the capacity under Shipper's transportation agreement; (4) contracted for a term of three years or more; and (5) using Portland, Tennessee, as its stated receipt point in its transportation agreement, then Shipper may elect to reduce the Transportation Quantity in such Rate Schedule FT-A Transportation Agreement by up to 17% of the Transportation Quantity on an annual basis after the first year of service, upon a minimum of one year written notice by Shipper to Company.

27. DISCOUNTING POLICY

- 27.1 Company may, from time to time, selectively adjust any or all of the rates charged to any individual Shipper for service under Part 284 of the Commission's regulations for which maximum and minimum rates are stated in this FERC Gas Tariff. AGA Surcharge is non-discountable.
- 27.2 From time to time Shipper or Buyer and Company may agree in writing on a level of discount of the otherwise applicable rates and charges in addition to a basic discount from the stated maximum rates.

In all circumstances the discounted rate shall be between the maximum rate and the minimum rate applicable to the service provided.

For example, Company may provide a specific discounted rate:

- (a) to certain specified quantities under the agreement (referred to as quantity rate type); or
- (b) if specified quantity levels are actually achieved or with respect to quantities below a specified level (referred to as quantity level rate type); or
- (c) during specified time periods (referred to as time period rate type or contract rate type); or
- (d) to points of receipt (referred to as point rate type), points of delivery (referred to as point rate type, transportation paths (referred to as point to point rate type) or defined geographical areas (referred to as zone rate type); or
- (e) in a specified relationship to the quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to quantities actually transported) (referred to as relationship rate type); or
- (f) to provide that if one rate component which was equal to or within the applicable maximum and minimum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate or is below the applicable minimum rate due to a change in Company's maximum rates and/or minimum rates, so that such rate component must be adjusted downward or upward to equal the new applicable maximum or minimum rate, then other rate components may be adjusted upward or downward to achieve the agreed-upon overall rate, so long as none of the resulting rate components exceed the maximum rate or are below the minimum rate applicable to the rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts applicable revised maximum and minimum rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable (referred to as rate component rate type); or
- (g) based upon published index prices for specific Receipt and/or Delivery Points or other agreed-upon published pricing reference points for price determination. (Such discounted rate may be based upon the differential between published index prices or arrived at by formula and shall be referred to as index price differential rate type.) Each service agreement entered into pursuant to this Subsection 27.7 shall not change the underlying rate design; 2) shall not include any minimum bill or minimum take

provision that has the effect of guaranteeing revenue; 3) shall define the rate component(s) to be discounted.

28. CONSTRUCTION AND FINANCING OF LATERALS

Unless otherwise agreed to by the parties, Company shall not be required to own, construct or install gas supply or market area lateral facilities. In the event Company agrees to own, construct or install gas supply or market area lateral facilities, Company shall do so on a not unduly discriminatory basis, and may require the reimbursement of costs associated therewith as agreed to by the parties. In the event that Company determines that it will construct facilities that will result in the expansion of its pipeline system, Company shall offer the proposed expansion capacity to all Shippers on a non-discriminatory basis. Nothing in this policy statement shall require Company to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act. Nothing in this policy statement, further, shall prevent Company from contesting an application for service filed pursuant to Section 7(c) of the Natural Gas Act. Company reserves the right to seek a waiver of the policy set forth herein, for good cause shown.

29. PERIODIC REPORTS

The following is a list of periodic reports that Company must make pursuant to Commission order or to a settlement initiated under Parts 154 or 284 of the Commission's regulations:

(a) Cash Out Report

This report reflects the net cash out activity for the prior year, which for purposes of the report, begins on the restructuring anniversary of September 1 and must be filed with the Commission at the end of each annual period. For more information, see Company's Rate Schedule LMS-MA.

(b) OFO Report

This report provides details regarding OFOs if issued during the previous quarter and must be provided to all Shippers and Balancing Parties quarterly. For more information, see Section 8 of the General Terms and Conditions of Company's FERC Gas Tariff.

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

30.1 By Reference

Company hereby incorporates into this FERC Gas Tariff, by reference, the following NAESB WGQ standards required by the Commission in 18 CFR Part 284.12(a) and related definitions and data sets, Version 1.8:

0.1.3, 0.2.1, 0.2.2, 0.2.3, 0.3.1, 0.3.2, 0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15, 1.1.13, 1.1.20, 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.18, 1.3.2(vi), 1.3.3, 1.3.4, 1.3.5, 1.3.6, 1.3.7, 1.3.8, 1.3.9, 1.3.11, 1.3.13, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.19, 1.3.20, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.47, 1.3.48, 1.3.49, 1.3.50, 1.3.52, 1.3.53, 1.3.54, 1.3.55, 1.3.56, 1.3.57, 1.3.58, 1.3.59, 1.3.60, 1.3.61, 1.3.62, 1.3.63, 1.3.65, 1.3.70, 1.3.74, 1.3.75, 1.3.79, 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7, 2.2.1, 2.2.4, 2.2.5, 2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.8, 2.3.9, 2.3.10, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.28, 2.3.29, 2.3.32, 2.3.33, 2.3.34, 2.3.35, 2.3.46, 2.3.47, 2.3.48, 2.3.49, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.12, 2.4.13, 2.4.14, 2.4.15, 2.4.16, 2.4.17, 2.4.18, 3.3.2, 3.3.3, 3.3.8, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.4.1, 3.4.2, 3.4.3, 3.4.4, 4.1.40, 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20, 4.3.1, 4.3.2, 4.3.3, 4.3.5, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.29, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.39, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.51, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.56, 4.3.57, 4.3.58, 4.3.59, 4.3.60, 4.3.61, 4.3.62, 4.3.65, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.73, 4.3.74, 4.3.75, 4.3.76, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.13, 5.3.14, 5.3.15, 5.3.16, 5.3.17, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 5.3.26, 5.3.27, 5.3.28, 5.3.29, 5.3.30, 5.3.31, 5.3.32, 5.3.33, 5.3.41, 5.3.42, 5.3.43, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.52, 5.3.59, 5.4.1, 5.4.2, 5.4.3, 5.4.4, 5.4.5, 5.4.6, 5.4.7, 5.4.8, 5.4.9, 5.4.10, 5.4.11, 5.4.12, 5.4.13, 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.18, 5.4.19, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 6.3.1., 6.3.4, 6.5.4, 10.1.1, 10.1.2, 10.1.3, 10.1.4, 10.1.5, 10.1.6, 10.1.7, 10.1.8, 10.1.9, 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, 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, 10.3.13, 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, and 10.3.25.

30.2 Not Applicable, Superseded, or Deleted NAESB WGQ Principals, Definitions and Standards

1.1.6/v1.7, 1.1.8/v1.7, 1.1.19/v1.7, 1.2.7/v1.3, 1.3.10/v1.3, 1.3.12/v1.3, 1.3.78/v1.7, 2.3.24/v1.7, 2.3.36/v1.7, 2.3.37/v1.7, 2.3.38/v1.7, 2.3.39/v1.7, 4.1.1/v1.6, 4.1.5/v1.5, 4.1.8/v1.5, 4.1.11/v1.6, 4.1.14/v1.7, 4.1.25/v1.8, 4.3.6/v1.8, 4.3.19/v1.8, 4.3.21/v1.8, 4.3.63/v1.8, 4.3.77/v1.5, 5.3.6/v1.7, 6.3.2/v1.3, 6.5.1/v1.7

31. POOLING OF GAS SUPPLIES

Any party may aggregate nominations for receipt points within Pooling Areas for delivery to confirmed transportation or other supply aggregation service pursuant to the terms and conditions of Company's Rate Schedule SA. Shippers who choose to receive supplies from a supply aggregator may elect to return to nominating point-to-point transportation service at the next applicable nomination deadline.

32. NON-CONFORMING AGREEMENTS

1. NJR Energy Services Company, Firm Gas Transportation Agreement dated June 8, 2004. Contract No. FA0323.
2. ProLiance Energy, LLC, Firm Transportation Agreement, dated April 28, 2005, effective November 1, 2005. Contract No. FA0524.
3. Piedmont Natural Gas Company, Inc., Firm Transportation Agreement, dated October 1, 2007, effective as of the in-service date of the Eastern Extension, anticipated to be December 1, 2007. Contract No. FB0006.
4. BP Canada Energy Marketing Corp., Firm Transportation Agreement - FT-A, dated January 20, 2009, Billing Commencement Date shall be the in-service date of the Scotland-REX interconnect. Contract No. FA0873.
5. NJR Energy Services Company, Firm Gas Transportation Agreement - FT-A, dated January 20, 2009, Billing Commencement Date shall be the "in-service date" as defined in Section 3 of the Precedent Agreement dated February 27, 2008 between the Parties. Contract No. FA0874.
6. NJR Energy Services Company, Firm Gas Transportation Agreement - FT-A, dated January 16, 2009, Billing Commencement Date shall be the first date gas can be nominated, scheduled and transported south from the Interconnect. Contract No. FA0875.
6. Pro-Liance Energy, LLC, Firm Transportation Agreement - FT-A, dated November 17, 2008, Billing Commencement Date shall be the first date gas can be nominated, scheduled and transported south from the Interconnect. Contract No. FA0876.
7. Merrill Lynch Commodities, Inc., Firm Transportation Agreement - FT-A, dated January 13, 2009, Billing Commencement Date shall be the first date gas can be nominated, scheduled, and transported off of the Rockies Express Pipeline Company, LLC pipeline south from the completed Interconnect (as defined in the Precedent Agreement between the Parties). Contract No. FA0877.
8. CONOCOPHILLIPS Company, Firm Gas Transportation - FT-A, dated February 3, 2009, Billing Commencement Date shall be the in-service date of the Scotland-REX interconnect. Contract No. FA0878.
9. National Energy & Trade, LP, Firm Gas Transportation Agreement - FT-C, dated November 26, 2008, Billing Commencement date shall be the first date gas can be nominated, scheduled and transported south from the interconnect pursuant to Rate Schedule FT-C. Contract No. FC0002.
10. United Energy Trading LLC, Firm Gas Transportation Agreement - FT-C, dated January 20, 2009, Billing Commencement Date shall be the first date gas can be nominated, scheduled and transported south from the interconnect pursuant to Rate Schedule FT-C. Contract No. FC0003.
11. Tenaska Marketing Ventures, Firm Gas Transportation - FT-A, dated February 5, 2009, Billing Commencement Date shall be the in-service date of the Scotland-REX interconnect which is the first date gas can be nominated and scheduled through the Scotland-Rex facility on both REX and Midwestern. Contract No. FA0879.
12. Northern Indiana Public Service Company, Firm Gas Transportation - FT-A, dated February 20, 2009, Billing Commencement Date shall be the in-service date of the Scotland-REX interconnect. Contract No. FA0880.

13. Spark Energy Gas, LP, Firm Gas Transportation - FT-A, dated February 20, 2009, Billing Commencement Date shall be the in-service date of the Scotland-REX interconnect. Contract No. FA0881.
14. CIMA Energy Ltd., Inc., Firm Gas Transportation Agreement - FT-C, dated February 3, 2009, Billing Commencement Date shall be the first date gas can be nominated, scheduled and transported south from the interconnect pursuant to Rate Schedule FT-C. Contract No. FC0005.
15. Roanoke Gas Company, Firm Gas Transportation Agreement - FT-A, dated June 16, 1998, effective October 1, 1998. Contract No. FA0016.
16. Constellation Energy Commodities Group, Inc, Firm Gas Transportation Agreement - FT-A, dated June 3, 1999, effective October 1, 1998. Contract No. FA0020.
17. Grain Processing Corporation, Firm Gas Transportation Agreement - FT-A, dated August 9, 1999, effective August 1, 1999. Contract No. FA0022.
18. Scepter, Inc., Firm Gas Transportation Agreement - FT-A, dated March 1, 2000, effective March 1, 2000. Contract No. FA0025.
19. Duke Energy Indiana, Inc., Firm Gas Transportation Agreement - FT-A, dated July 19, 2000, effective April 1, 2001. Contract No. FA0028.
20. ProLiance Energy, LLC, Firm Gas Transportation Agreement - FT-A, dated September 12, 2002, effective September 12, 2002. Contract No. FA0100.
21. ProLiance Energy, LLC, Firm Gas Transportation Agreement - FT-A, dated January 21, 2003, effective January 21, 2003. Contract No. FA0122.
22. Alcoa, Inc., Firm Gas Transportation Agreement - FT-A, dated October 25, 2004, effective October 25, 2004. Contract No. FA0364.
23. ProLiance Energy, LLC, Firm Gas Transportation Agreement - FT-A, dated August 30, 2005, effective August 30, 2005. Contract No. FA0742.
24. City of Marshall, Illinois, Firm Gas Transportation Agreement - FT-GS, dated September 1, 1993, effective September 15, 1993. Contract No. FG0004.
25. Town of Grandview, Indiana, Firm Gas Transportation Agreement - FT-GS, dated September 1, 1993, effective September 15, 1993. Contract No. FG0005.
26. Central Illinois Light Company, Firm Gas Transportation Agreement - FT-GS, dated September 1, 1993, effective September 1, 1993. Contract No. FG0006.
27. Central Illinois Public Service Company, Firm Gas Transportation Agreement - FT-GS, dated September 1, 1993, effective September 1, 1993. Contract No. FG0007.
28. Community Natural Gas Co., Inc, Firm Gas Transportation Agreement - FT-GS, dated August 31, 1993, effective September 1, 1993. Contract No. FG0008.
29. City of Casey, Illinois, Firm Gas Transportation Agreement - FT-GS, dated September 1, 1993, effective September 1, 1993. Contract No. FG0009.

30. Community Natural Gas Co., Inc, Firm Gas Transportation Agreement - FT-GS, dated September 17, 2003, effective September 17, 2003. Contract No. FG0227.
31. Northern Illinois Gas Company (d/b/a Nicor Gas Company), Rate Schedule SA, dated March 4, 2003, effective March 4, 2003. Contract No. SA0001.
32. Northern Illinois Gas Company (d/b/a Nicor Gas Company), Rate Schedule SA, dated June 1, 2003, effective June 1, 2003. Contract No. SA0002.
33. Constellation NewEnergy-Gas Division, LLC, Rate Schedule SA, dated April 4, 2006, effective April 5, 2006. Contract No. SA0006.
34. EDF Trading North America, LLC, Firm Gas Transportation Agreement – FT-A, dated June 18, 2010. Contract No. FA0884.
35. Chevron U.S.A. L.L.C., Firm Gas Transportation Agreement – FT-A, dated October 28, 2010. Contract No. FA0885.

33. OFF-SYSTEM AND THIRD-PARTY SERVICES

33.1 Off-system Services

From time to time, Company may enter into service agreements with other interstate and intrastate pipelines, local distribution, and storage companies ("off-system services"). In the event that Company acquires off-system services, Company will use such for operational reasons or to render service for its customers. In the event that Company utilizes off-system services on behalf of its customers, it will only render such service to customers pursuant to Company's FERC Gas Tariff and subject to Company's approved rates, as such Tariff and rates may change from time to time.

33.2 Third Party Services

Nothing in this Tariff shall be construed as prohibiting a Shipper/Balancing Party from availing itself of the opportunity to obtain imbalance management services similar to those offered by Company from third party providers. Company shall provide such Shipper/Balancing Party access to transportation and other pipeline services without undue discrimination or preference.

34. ELECTRONIC CONTRACT EXECUTION

Electronic contract execution is available to Shippers and Buyers for agreements under Rate Schedule(s) FT-A, FT-B, PAL, and IT provided that such party shall have previously 1) met the requirements of the applicable Rate Schedule and the General Terms and Conditions of this Tariff and 2) electronically agreed to the terms and conditions of Company's Master Electronic Transactions Agreement.

A Releasing Shipper may contract to release firm capacity in accordance with Section 21 of the General Terms and Conditions of this Tariff electronically and a Designated Replacement Shipper or a Replacement Shipper may contract for firm capacity in accordance with Section 21 of the General Terms and Conditions of this Tariff electronically.

35. RESERVATION OF CAPACITY FOR EXPANSION/EXTENSION PROJECTS

Company may elect to reserve for a future expansion/extension project any unsubscribed capacity or capacity under expiring or terminating Service Agreements where such Agreements do not have a right of first refusal or Shipper does not exercise its right of first refusal. Company may only reserve capacity for a future expansion/extension project for which an open season has been or will be held within one (1) year of the date that Company posts such capacity as being reserved. Prior to reserving capacity for an expansion/extension project, Company shall first post for bid all of its available capacity on its web site as set forth on its Informational Postings web site for at least five (5) Business Days before capacity will be reserved. Company shall post available capacity in accordance with Subsection 19.2 of the General Terms and Conditions of Company's FERC Gas Tariff. Capacity shall be awarded pursuant to Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.

Capacity may be reserved for expansion/extension projects only for a 12-month period prior to Company filing for certificate approval for construction of proposed expansion/extension facilities, and thereafter until all expansion/extension facilities related to the certificate filing are placed into service.

If Company reserves capacity for an expansion/extension project, it will notify Shippers of its intent as part of Company's posting of capacity on its Informational Postings web site. Company's posting for reserved capacity for future expansion/extension 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, Company anticipates that an open season for the capacity will be held or the reserved capacity will otherwise be posted for bids; (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. Company 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 unsubscribed capacity, that has been posted for bid remains unsubscribed after posting, and if such unsubscribed capacity is insufficient to serve the expansion/extension project, the reservation posting or open season will include a non-binding solicitation for turnback capacity from Company's existing Shippers to serve the expansion/extension project. Company shall post on its Informational Postings web site 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 term for a response to the solicitation.

Any capacity reserved under this Subsection will be made available for transportation service pursuant to Company's FERC Gas Tariff on a limited-term basis up to the in-service date of the expansion/extension project. Company reserves the right to limit any extension rights provided in the Service Agreement and pursuant to Section 16 of the General Terms and Conditions commensurate with the proposed in-service date of any facilities. 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. The previously reserved capacity will become available when the Company posts the capacity on its Informational Postings web site.

36. OPERATIONAL BALANCING AGREEMENT POLICY

36.1 Purpose

The Operational Balancing Agreement (OBA), is intended to govern the treatment of any differences between the actual quantity of gas received/delivered at a point of interconnection with Company's system and the quantity of gas that is scheduled.

Company's OBA shall be based upon the NAESB WGQ Model OBA whenever possible.
[6.5.2/v1.4]

Company considers an OBA to be a predetermined allocation method.

36.2 Policy

It is Company's policy to negotiate and execute, if possible, the Company's applicable form of OBA at all points of interconnection. However, if an OBA does not exist at a point of interconnection, the imbalance charges, cash-outs, or penalties incurred at such point shall be the responsibility of Shipper(s) that are out of balance. Company shall enter into an OBA at all pipeline-to-pipeline (interstate and intrastate) interconnects. [2.3.29/v1.6]

If it is not possible to utilize Company's form of OBA for an interstate pipeline interconnection, an acceptable OBA for such interconnection must include the following provisions:

- (a) The OBA must be in energy terms with stated bases.
- (b) The OBA parties intend that the quantity actually received/delivered each day at the interconnection will equal the scheduled nominations.
- (c) Any differences between the metered quantity and the scheduled nomination is treated as an OBA imbalance and exists solely between the OBA parties.
- (d) The OBA parties will take the necessary steps to ensure that the cumulative daily OBA imbalance is maintained at or tends towards a zero imbalance. No imbalance penalty shall be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty. [2.3.31/v1.1]
- (e) The OBA parties will regularly reconcile scheduled nominations during a given Production Month. A mutually agreed upon scheduled nomination summary must be completed as soon as practical after each Production Month end.
- (f) The monthly metered flow data for such interconnection will be determined and communicated by the Measurement Party in writing as soon as possible to the other OBA party.
- (g) The OBA parties at such interconnection may temporarily suspend the OBA in accordance with the terms thereof if either party discovers or anticipates extraordinary circumstances, such as significant interruption of transportation service, severe weather, or some other event which affects the gas supplies available for delivery at the interconnection.
- (h) A mutually agreeable commencement date, termination date, and cancellation clause.

An operational imbalance at a given point of interconnection is subject to resolution under Rate Schedule LMS-MA and Rate Schedule LMS-PA, if applicable, as set forth in the form of OBA.

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