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GENERAL TERMS AND CONDITIONS

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1. APPLICABILITY

These General Terms and Conditions are incorporated in and are part of each of Transporter's Rate Schedules and Service Agreements.

2. DEFINITIONS

The following terms, when used herein or in any Rate Schedule contained in this Tariff or in any executed Service Agreement for service under a Rate Schedule contained in this Tariff, have the following meanings:

- "Affiliate" means any Person which controls, is controlled by, or is under common control with Transporter or Shipper.
- "Affiliate Guarantor" means a Shipper's Affiliate that executes a corporate guarantee satisfactory to Transporter for Shipper's obligations under a Service Agreement.
- "Aggregation Nomination" means a nomination(s) provided by a Shipper under a Rate Schedule EAW Service Agreement that specifies an EAW Point as the Point of Delivery.
- "Alternative Vector Points of Receipt" means Points of Receipt that may be utilized by Shipper for Rate Schedule OSS and/or Rate Schedule LBS that are not on Transporter's Pipeline Facilities but interconnect Vector with other third-party pipelines.
- "British thermal unit" and "Btu" mean the amount of heat required to raise the temperature of one avoirdupois pound of pure water from fifty-eight and five-tenths degrees (58.5°) Fahrenheit to fifty-nine and five-tenths degrees (59.5°) Fahrenheit at a constant pressure of 14.73 psia.
- "Business Day" means Monday through Friday, excluding Federal Banking Holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico. [3.2.1]
- "Central Clock Time" and "CCT" mean central daylight time when daylight savings time is in effect and central standard time when daylight savings time is not in effect.
- "Commission" and "FERC" mean the Federal Energy Regulatory Commission or any successor regulatory authority having jurisdiction over Transporter under the Natural Gas Act or supervening legislation.
- "Connecting Party" means the operator of the facilities immediately upstream or downstream of Transporter's Pipeline Facilities.
- "Contract Path" means the portion of Transporter's Pipeline Facilities from Shipper's Primary Point of Receipt to Shipper's Primary Point of Delivery, such that the Contract Path includes that portion of Transporter's Pipeline Facilities for which Shipper pays a reservation charge pursuant to Section 5.2(a) of Rate Schedule(s) FT-1 or FT-2.
- "Cubic Foot" means the volume of Natural Gas which occupies one (1) cubic foot of space, measured according to Boyle's and Charles' Laws for the measurement of Natural Gas under varying pressures with deviation therefrom as provided in Section 5 and on the measurement basis likewise specified in Section 5 of the GT&C. One Cubic Foot equals 0.02832 m³.
- "Day" or "Gas Day" means a period of consecutive hours from 9:00 a.m. to the following 9:00 a.m. CCT. [1.3.1]
- "Dekatherm" or "Dth" means the quantity of heat energy that is equivalent to one million British Thermal Units. One "Dekatherm" or "Dth" of gas means the quantity of gas which contains one Dekatherm of heat energy.
- "Designated Limited Notice Receipt Point(s)" means the Point(s) of Receipt designated by Shipper pursuant to Section 4.2 of Rate Schedule(s) FT-1 or FT-2.

- "Disaggregation Nomination" means a nomination(s) provided by a Shipper under any of Transporter's Rate Schedules that specifies an EAW Point as the Point of Receipt.
- "EAW Point" means a virtual point on Transporter's System at which Transporter provides service under Rate Schedule EAW.
- "Elapsed Prorata Capacity" means that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity. [5.2.3]
- "Elapsed-prorated-scheduled quantity" means that portion of the Scheduled Quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed based upon a cumulative hourly quantity for each nomination period affected.
- "Gas Price Index" means for each reported Day, (Saturday, Sunday, holiday or any other non-published Day shall be the average of the immediately preceding and immediately following published Day's price), the midpoint in the range of prices reported for "Chicago city-gates" as published in Platts Gas Daily, or, if not published, an equivalent index or indicator, which substitution shall be posted on Transporter's Web Site, and Transporter shall revise this definition to reflect such substitute index or indicator.
- "GT&C" means the General Terms and Conditions of Transporter's Tariff, as revised and effective from time to time.
- "Injection Transaction" means the transaction on any Day in which Transporter has a Storage Injection Quantity or LBS Undertake Quantity delivered into storage on behalf of Shipper.
- "LBS Account" means the designated account maintained by Transporter for Shipper or for the account of Shipper to track the ongoing balance of Shipper's net LBS Undertake Quantities and LBS Overtake Quantities.
- "LBS MSQ" means the maximum quantity of Natural Gas pursuant to Rate Schedule LBS that Transporter is required to store for Shipper or for the account of Shipper that has executed an LBS Service Agreement. Shipper's LBS MSQ shall be set forth on Exhibit "A" to Shipper's Service Agreement.
- "LBS Overtake MDQ" means the maximum quantity of Natural Gas on any Day pursuant to Rate Schedule LBS that Transporter is required to deliver to Shipper or deliver for the account of Shipper without previous notice provided to Transporter by Shipper, and shall be equal to the LBS MSQ divided by fifty (50). Shipper's LBS Overtake MDQ shall be set forth on Exhibit "A" to Shipper's Service Agreement.
- "LBS Overtake Quantity" means the quantity of Natural Gas on any Day pursuant to Rate Schedule LBS actually delivered to Shipper or for the account of Shipper by Transporter without previous notice provided to Transporter by Shipper that exceeds the quantity of Natural Gas scheduled by Transporter for Shipper on that Day, and such quantity is deducted from Shipper's LBS Account balance by Transporter.
- "LBS Undertake MDQ" means the maximum quantity of Natural Gas on any Day pursuant to Rate Schedule LBS that Transporter is required to receive from Shipper for the LBS Account of Shipper without previous notice provided to Transporter by Shipper, and shall be equal to the LBS MSQ divided by one hundred twenty (120). Shipper's LBS Undertake MDQ shall be set forth on Exhibit "A" to Shipper's Service Agreement.

- "LBS Undertake Quantity" means the quantity of Natural Gas on any Day pursuant to Rate Schedule LBS actually delivered to Shipper or for the account of Shipper by Transporter without previous notice provided to Transporter by Shipper that is less than the quantity of Natural Gas scheduled by Transporter for Shipper on that Day, and such quantity is credited to Shipper's LBS Account balance by Transporter.
- "Lending" means the advance of Natural Gas by Transporter to Shipper and the subsequent redelivery of such loaned quantity to Transporter.
- "Limited Notice Quantity" means a quantity of up to ten (10) percent of Shipper's MDQ under its Rate Schedule(s) FT-1 or FT-2 Service Agreement with Transporter.
- "Low Pressure Receipt Point" means Transporter's Point of Receipt at the interconnection with Natural Gas Pipeline Company of America.
- "Mcf" means 1,000 Cubic Feet of Natural Gas.
- "MMBtu" means one million Btu's. An MMBtu is the heat energy equivalent of a Dth.
- "Market Aggregation Point" (MA Point) shall mean a non-physical point on Transporter's system which serves as a single location to aggregate nominated quantities of gas at delivery points on Transporter's system pursuant to Rate Schedule MA.
- "Maximum Daily Delivery Obligation" and "MDDO" mean the maximum quantity of Gas assigned to a specific Primary Point of Delivery, as set forth on Exhibit "A" to Shipper's firm Service Agreement, that Transporter is obligated to deliver to Shipper at that point on any Day. The total of all MDDO for Points of Delivery shall equal the MDQ as set forth on Exhibit "A" to the Shipper's Service Agreement.
- "Maximum Daily Injection Quantity" and "MDIQ" mean the maximum quantity of Natural Gas on any Day that Transporter is required to inject into storage for Shipper or for the account of Shipper as set forth on Exhibit "A" to the Shipper's Service Agreement.
- "Maximum Daily Quantity" and "MDQ" mean (1) with respect to firm services, the maximum daily quantity of Natural Gas that Transporter is required to transport for Shipper or for the account of Shipper under a firm Service Agreement, including from all Primary Point(s) of Receipt and to all Primary Point(s) of Delivery and (2) with respect to other services, the maximum daily quantity of Natural Gas that is available under the service agreement for transport, aggregation, or wheeling. Shipper's MDQ shall be set forth on Exhibit "A" to Shipper's Service Agreement.
- "Maximum Daily Receipt Obligation" and "MDRO" mean the maximum Quantity of Gas assigned to a specific Primary Point of Receipt, as set forth on Exhibit "A" to Shipper's firm Service Agreement, that Transporter is obligated to receive from Shipper at that point on any Day. The total of all MDRO for Points of Receipt shall equal the MDQ as set forth on Exhibit "A" to the Shipper's Service Agreement.
- "Maximum Daily Withdrawal Quantity" and "MDWQ" mean the maximum quantity of Natural Gas on any Day that Transporter is required to withdraw from storage for Shipper or for the account of Shipper as set forth on Exhibit "A" to the Shipper's Service Agreement.
- "Maximum Hourly Delivery Obligation" and "MHDO" mean the maximum quantity that Transporter is required to transport to Shipper's delivery point(s) during any hour as set forth in Section 15 of the GT&C.
- "Maximum Storage Quantity" and "MSQ" mean the maximum quantity of Natural Gas that Transporter is required to store for Shipper or for the account of Shipper pursuant to a Service Agreement as set forth on Exhibit "A" to the Shipper's Service Agreement.

- "Month" means the period beginning at 9:00 a.m. CCT on the first Day of the calendar month and ending 9:00 a.m. CCT on the first Day of the next succeeding calendar month.
- "NAESB" means the North American Energy Standards Board.
- "NAESB Standard" means a standard issued by NAESB and adopted by the Commission.
- "Natural Gas" means any mixture of hydrocarbons, consisting essentially of methane, and inert or noncombustible gases which are extracted from the subsurface of the earth in their natural state meeting the quality and pressure specifications set forth in Sections 3 and 4 of the GT&C.
- "Negotiated Rate" means a rate or rate formula for computing a rate for service under a single rate schedule pursuant to Section 26.2 herein.
- "Net Present Value" shall mean the calculation of net present value of the reservation charge that requestor would pay at the rates requestor has bid, which shall not be less than the minimum rate nor greater than the maximum rate, as stated on the currently effective Tariff section governing such service, over the term of service specified in the request, utilizing as the discount factor the FERC-approved interest rate as such rate may be in effect from time to time.
- "Nominated LBS Undertake Quantity" means the quantity of Natural Gas on any Day pursuant to Rate Schedule LBS actually delivered to Shipper or for the account of Shipper by Transporter that was nominated by Shipper from an Alternative Vector Point of Receipt and scheduled by Transporter, and such quantity is credited to Shipper's LBS Account balance by Transporter.
- "Operational Balancing Agreement" and "OBA" mean a contract between two parties which specifies the procedures to manage operating variances at an interconnect.
- "Operational Flow Order" and "OFO" mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of Transporter's Pipeline Facilities or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order shall be referred to as an Operational Flow Order. [1.2.6]
- "Operator" means ONEOK Partners GP, L.L.C.
- "OSS/LBS In-Service Date" shall mean the date upon which Transporter commences service pursuant to Rate Schedule OSS and Rate Schedule LBS.
- "OSS MDIQ" means the maximum quantity of Natural Gas on any Day pursuant to Rate Schedule OSS that Transporter is required to inject into storage for Shipper or for the account of Shipper, and shall be equal to the OSS MSQ divided by one hundred twenty (120). Shipper's OSS MDIQ shall be set forth on Exhibit "A" to its OSS Service Agreement.
- "OSS MDWQ" means the maximum quantity of Natural Gas on any Day pursuant to Rate Schedule OSS that Transporter is required to withdraw from storage for Shipper or for the account of Shipper, and shall be equal to the OSS MSQ divided by fifty (50). Shipper's OSS MDWQ shall be set forth on Exhibit "A" to its OSS Service Agreement.
- "OSS MSQ" means the maximum quantity of Natural Gas pursuant to Rate Schedule OSS that Transporter is required to store for Shipper or for the account of Shipper that has executed an OSS Service Agreement. Shipper's OSS MSQ shall be set forth on Exhibit "A" to its Service Agreement.

- "OSS Working Gas Account" means the designated account maintained by Transporter for Shipper or for the account of Shipper to track Shipper's Working Gas.
- "PAL Point" means a virtual point on Transporter's system at which Transporter provides Parking and Lending service under Rate Schedule PAL.
- "Parking" means the receipt by Transporter of Natural Gas from or for the account of Shipper, the holding of such parked quantity for a period of time and the subsequent redelivery to Shipper.
- "Person" means an individual or any corporation, joint venture, limited liability company, partnership, association, business trust, or organized group of persons, whether incorporated or not.
- "Pipeline Facilities" means Transporter's Pipeline Facilities extending from interconnections with the North American natural gas pipeline grid near Joliet, Illinois to near Green Bay, Wisconsin, as Transporter's Pipeline Facilities may exist from time to time.
- "Point(s) of Delivery" means the point or points on Transporter's Pipeline Facilities where Transporter delivers Natural Gas to or for the account of Shipper.
- "Point(s) of Receipt" means the point or points on Transporter's Pipeline Facilities where Transporter receives from Shipper or for Shipper's account Natural Gas to be transported through Transporter's Pipeline Facilities.
- "Pre-arranged Replacement Shipper" and "PRS" mean the entity designated by Releasing Shipper prior to the Released Capacity being posted on the Web Site system in accordance with Section 21 of the GT&C.
- "Primary Point(s) of Delivery" means the Point(s) of Delivery set forth on Exhibit "A" to Shipper's firm Service Agreement.
- "Primary Point(s) of Receipt" means the Point(s) of Receipt set forth on Exhibit "A" to Shipper's firm Service Agreement including Shipper's Designated Limited Notice Receipt Point(s).
- "Psia" means pounds per square inch absolute. One psia equals 6.896 kiloPascal (kPa) absolute.
- "Psig" means pounds per square inch gauge. One psig equals 6.896 kiloPascal (kPa) gauge.
- "Recourse Rate" means the maximum rate for service under Transporter's Rate Schedule under which the Negotiated Rate is applicable.
- "Releasing Shipper" means a Shipper receiving service pursuant to a Service Agreement under Rate Schedule(s) FT-1 or FT-2 of Transporter's Tariff that releases firm capacity in accordance with Transporter's capacity release program as set forth in Section 21 of these GT&C.
- "Replacement Shipper" means any Person who obtains released capacity in accordance with Transporter's capacity release program as set forth in Section 21 of these GT&C.
- "Request" means a request for service which meets the requirements of Section 10 of the GT&C, which request is considered a valid request.
- "Request Date" means the date on which a Request is considered valid under Section 10 of these GT&C.
- "Scheduled Quantity" means the quantity of Natural Gas that Shipper nominates in accordance with Section 11 of these GT&C, and that is confirmed in accordance with Section 11.3 of these GT&C.

- "Secondary Point(s) of Delivery" means the point or points on Transporter's Pipeline Facilities where Transporter delivers Natural Gas to or for the account of Shipper, which Point(s) are not set forth on Exhibit "A" to Shipper's firm Service Agreement, and are thus not Primary Point(s) of Delivery.
- "Secondary Point(s) of Receipt" means the point or points on Transporter's Pipeline Facilities where Transporter receives from Shipper or for Shipper's account Natural Gas to be transported through Transporter's Pipeline Facilities, which Point(s) are not set forth on Exhibit "A" to Shipper's firm Service Agreement, and are thus not Primary Point(s) of Receipt.
- "Service Agreement" means the agreement executed by the Shipper and Transporter under any Rate Schedule of Transporter's Tariff, including a Capacity Release Service Agreement, and any exhibits, attachments, and/or amendments thereto.
- "Service Requester" means 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 Transporter for such agreement.
- "Shipper" means a Person who executes a Service Agreement with Transporter for service under any Rate Schedule of Transporter's Tariff.
- "Storage Injection Quantity" means the quantity of Natural Gas pursuant to Rate Schedule OSS received by Transporter from Shipper to be injected into storage, and the Storage Injection Quantity net of applicable Third-Party Transportation Use Gas and Third-Party Injection Use Gas is the quantity of Natural Gas credited to Shipper's OSS Working Gas Account.
- "Storage Withdrawal Quantity" means the quantity of Natural Gas pursuant to Rate Schedule OSS withdrawn from storage. The Storage Withdrawal Quantity is the quantity of Natural Gas deducted from Shipper's OSS Working Gas Account, while the Storage Withdrawal Quantity net of applicable Third-Party Transportation Use Gas is the quantity of Natural Gas delivered by Transporter to Shipper at the Primary Point of Delivery (for purposes of withdrawals) set forth in Exhibit "A" to Shipper's OSS Service Agreement.
- "Tariff" means Transporter's FERC Gas Tariff, including but not limited to Rate sections, Rate Schedules, General Terms & Conditions, and Forms of Service Agreement, as may be revised and effective from time to time.
- "Thermally Equivalent Quantities" means the thermal quantities of Natural Gas received by Transporter at the Point(s) of Receipt less Transporter's Use Gas.
- "Third-Party" means Bluewater Gas Storage, LLC.
- "Third-Party Injection Use Gas" means the quantity of Natural Gas tendered by Transporter pursuant to the provisions of Rate Schedule OSS and Rate Schedule LBS as compensation for fuel and losses to others who provided injection and/or compression services for or on behalf of Transporter.
- "Third-Party Transportation Use Gas" means the quantity of Natural Gas tendered by Transporter pursuant to the provisions of Rate Schedule OSS and Rate Schedule LBS as compensation for fuel and losses to others who provided transportation and/or compression services for or on behalf of Transporter.
- "Third-Party Use Gas Adjustment" means the quantity of Natural Gas either credited to or deducted from Shipper's OSS Working Gas Account and/or LBS Account, as applicable, by Transporter during a Tracking Period.

- "Total Heating Value" means the number of Btu's produced by the complete combustion with air, at constant pressure, of 1 anhydrous (dry) Cubic Foot of Natural Gas, at a temperature of sixty degrees (60°) Fahrenheit and under a pressure of 14.73 psia, and when the products of combustion are cooled to the initial temperature of the Natural Gas and air and all water formed by combustion is condensed to the liquid state. The total heating value (Btu per cubic foot of gas) shall be stated to at least the third decimal point for reporting purposes and to at least the sixth decimal place for calculation purposes.
- "Tracking Period" means the three-month period ending March 31, June 30, September 30 and December 31 utilized for calculating the Third-Party Use Gas Adjustment.
- "Transporter" means Guardian Pipeline, L.L.C.
- "Transporter's Use Gas" means the amount of Natural Gas used in Transporter's operations including all gas otherwise used, lost or unaccounted for, and gas tendered as compensation for fuel and losses to others who provided transportation and/or compression services for or on behalf of Transporter.
- "Use Gas Percentage for Injection Transactions" means the fuel and lost and unaccounted for retention percentage in effect for Injection Transactions that is assessed by Third-Party to Transporter for Natural Gas transported and by Third-Party on behalf of Transporter on Vector and then injected into storage by Third-Party on behalf of Transporter.
- "Use Gas Percentage for Withdrawal Transactions" means the fuel and lost and unaccounted for retention percentage in effect for Withdrawal Transactions that is assessed by Third-Party to Transporter for Natural Gas withdrawn from storage by Third-Party on behalf of Transporter and then transported by Third-Party on behalf of Transporter on Vector.
- "Vector" means Vector Pipeline L.P. and any successor or assignee that provides transportation services under its FERC Gas Tariff or a successor tariff.
- "Web Site" means 1) Transporter's site on the Internet at <http://www.gpl.oneokpartners.com>, through which Transporter's electronic communication service is accessible or 2) Transporter's Internet Web Site containing information postings and access to Transporter's Customer Activities site.
- "Weekly Gas Price Index" means for each reported week containing any day(s) of the Month, the weekly weighted average price reported for "Chicago city-gates," as published in Gas Daily, or, if no longer published, an equivalent index or indicator, which substitution shall be posted on Transporter's Web Site, and Transporter shall revise this definition to reflect such substitute index or indicator.
- "Withdrawal Transaction" means the transaction on any Day in which Transporter has a Storage Withdrawal Quantity or LBS Overtake Quantity withdrawn from storage on behalf of Shipper.
- "Working Gas" means the ongoing balance of Natural Gas stored by Transporter for Shipper or for the account of Shipper pursuant to a Service Agreement.

3. QUALITY

The quality specifications herein shall apply to all Natural Gas delivered to Transporter by Shipper or for Shipper's account under Rate Schedule(s) FT-1, FT-2, IT-1, IT-2, and any other Rate Schedule pursuant to which Transporter may be authorized to provide service.

3.1 Total Heating Value

- (a) No Natural Gas delivered hereunder shall have a total heating value at the Point(s) of Receipt below 950 Btu per Cubic Foot (Btu/cf) or more than 1100 Btu/cf.
- (b) The heating value of the Natural Gas shall be determined by gas chromatographic analysis using AGA 3-1994 factors or any revision thereof or by any other method(s) of analysis mutually agreed upon by Connecting Party and Transporter.

3.2 Specifications

All Natural Gas delivered or caused to be delivered by Shipper or for Shipper's account to Transporter shall conform to the following quality specifications.

- (a) Merchantability. The gas shall be commercially free, under continuous gas flow conditions, from objectionable odors (except those required by applicable regulations), solid matter, dust, hazardous or toxic substances, gums, and gum-forming constituents which might interfere with its merchantability or cause injury to or interference with proper operations of the pipelines, compressor stations, meters, regulators or other appliances through which it flows, or their operation.
- (b) Oxygen. The Natural Gas shall not have an uncombined oxygen content in excess of two-tenths of one percent (0.2%) by volume, and Shipper shall make every reasonable effort to keep the Natural Gas free of oxygen.
- (c) Liquids. The Natural Gas shall be free of water and hydrocarbons in liquid form at the temperature and pressure at which the gas is received and delivered.
- (d) Hydrogen Sulfide. The Natural Gas shall not contain more than one-fourth (1/4) grain of hydrogen sulfide per one-hundred (100) cubic feet.
- (e) Temperature. The Natural Gas shall not have a temperature of more than one-hundred-twenty degrees (120°) Fahrenheit, nor less than forty degrees (40°) Fahrenheit.
- (f) Total Sulfur. The Natural Gas shall not contain more than twenty (20) grains of total sulfur, including Hydrogen Sulfide and mercaptan sulfur, per one-hundred (100) cubic feet.
- (g) Non-Hydrocarbon Gases. The Natural Gas shall not contain more than four percent (4%) by volume, of a combined total of non-hydrocarbon gases (including carbon dioxide and nitrogen); provided, however, that the total carbon dioxide content shall not exceed two percent (2%) by volume.
- (h) Water Vapor. Natural Gas received into Transporter's system and delivered by Transporter shall not contain in excess of five (5) pounds of water vapor per million cubic feet.

- (i) Liquefiable Hydrocarbons. The Natural Gas shall not contain hydrocarbons liquefiable at temperatures warmer than thirty-four degrees (34°) Fahrenheit and normal pipeline operating pressures.
- (j) Microbiological Agents. The Natural Gas shall not contain any microbiological organism, active bacteria, or bacterial agent capable of contributing to or causing corrosion and/or operational and/or other problems. Microbiological organisms, bacteria, and bacterial agents include, but are not limited to, sulfate reducing bacteria (SRB) and acid producing bacteria (APB).

3.3 Testing

Testing to determine constituents shall be made by approved standard methods in general use in the gas industry or as mutually agreed upon. Such testing shall be performed by Transporter at intervals of not more than every twelve (12) months; provided, however, in the event the Natural Gas tendered by Shipper or for Shipper's account to Transporter at the Point(s) of Receipt shall fail to conform to any of the specifications set forth in Sections 3.1 and 3.2 above, the provisions of Section 3.4 below shall apply and further testing shall be performed as often as deemed necessary by Transporter. Shipper shall have the right to be present at the time of any such testing.

3.4 Failure to Conform

- (a) If the Natural Gas tendered by Shipper or for Shipper's account to Transporter at the Point(s) of Receipt shall fail at any time to conform to any of the specifications set forth in Sections 3.1 and 3.2 herein or in Transporter's reasonable judgment may cause harm to its Pipeline Facilities or diminish the quality of Natural Gas in Transporter's Pipeline Facilities, then Transporter shall notify Shipper of any such failure to conform and Transporter shall have the right to refuse to accept all or any portion of such quality-deficient Natural Gas. In the event Transporter refuses to accept Natural Gas tendered by Shipper or for Shipper's account because such Natural Gas does not conform to the specifications set forth herein, Shipper shall not be relieved of its obligation to pay any reservation charges under Rate Schedule(s) FT-1 and FT-2. If the Natural Gas tendered by Transporter to Shipper or for Shipper's account at the Point(s) of Delivery shall fail at any time to conform to any of the specifications set forth in this Section 3, then Shipper shall notify Transporter of such deficiency and Transporter shall make a diligent effort to correct such failure by treatment consistent with prudent operations and by means that are economically feasible in Transporter's opinion so as to deliver Gas conforming to the specifications set forth in this Section 3. If Transporter is unable to redeliver Gas conforming to the above specifications, Shipper may at its option suspend delivery of all or a portion of the Gas to be transported.
- (b) Nothing in this Section 3 shall limit Transporter's right, to be exercised on a not unduly discriminatory basis, to waive any quality specifications set forth in this Section 3, where the acceptance of non-conforming Gas will not in the reasonable judgment of Transporter adversely impact Transporter's Pipeline Facilities or operations.
- (c) Shipper shall indemnify and hold harmless Transporter from any loss, cost, damage, or expense incurred by Transporter as a direct or indirect result of Shipper's failure to comply with the provisions of this Section 3.

3.5 Injected Condensates

Transporter shall have no obligation to accept into its Pipeline Facilities injected condensates.

3.6 Commingling

Transporter shall have the unqualified right to commingle Natural Gas transported hereunder with Natural Gas from other sources and to treat and handle all such Natural Gas as its own. It is recognized that Natural Gas delivered at the Point(s) of Delivery may not be the same molecules of Natural Gas as those received at the Point(s) of Receipt. The quantities of Natural Gas delivered hereunder at the Point(s) of Delivery shall be Thermally Equivalent Quantities of the Natural Gas received at the Point(s) of Receipt. To the extent Shipper or any other Person elects not to exercise its rights, if any, to process its Natural Gas for the removal of liquids and liquefiable hydrocarbons, Transporter shall have the unqualified right to process or cause to be processed such Natural Gas for the purpose of retaining, among other things, liquids and liquefiable hydrocarbons and ownership of such liquids and liquefiable hydrocarbons shall be vested in Transporter so long as Transporter redelivers Thermally Equivalent Quantities of Natural Gas to Shipper. For any period for which Shipper elects to process or cause to be processed its Natural Gas, Shipper shall process all quantities of Natural Gas shipped hereunder.

3.7 Posting of Gas Quality Data

(a) Required Posting

Transporter shall provide on its Informational Postings 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. [4.3.90]

The following are examples of gas quality attributes that could be included in the posting for the applicable Gas Day(s) and location(s) [4.3.90]:

- 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 Section(s) 3.1 and 3.2 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

Data provided pursuant to NAESB WGQ Standard No. 4.3.90 shall be made available on Transporter's Informational Postings 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. Data provided pursuant to NAESB WGQ Standard No. 4.3.90 shall be provided in a tabular downloadable file as described by Transporter. The first row of the file shall contain the column headers and data shall begin on the second row of the file. In addition, one of the columns shall contain the applicable Gas Day. [4.3.90] [4.3.92]

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

(b) Discretionary Posting

For any location(s), Transporter may, at its discretion, elect to provide gas quality information in addition to that specified in NAESB WGQ Standard No. 4.3.90. Transporter may choose how to provide the information. [4.1.40]

(c) Compliance with Gas Quality Requirements

In any event, compliance with gas quality requirements is in accordance with Section(s) 3.1 and 3.2 in the General Terms and Conditions of Transporter's FERC Gas Tariff.

4. PRESSURE

4.1 Receipt Pressure Obligations

Shipper shall deliver or cause to be delivered Natural Gas to Transporter at pressures sufficient to enter Transporter's Pipeline Facilities at such working pressures maintained by Transporter at each Point of Receipt; provided, however, that such pressure shall not exceed the maximum allowable operating pressure at such Point(s) of Receipt.

4.2 Delivery Pressure Obligations

Transporter shall deliver Natural Gas hereunder to Shipper or for Shipper's account at the Point of Delivery at the prevailing line pressure in Transporter's Pipeline Facilities as such prevailing line pressure may vary from time to time, unless otherwise agreed in writing between Transporter and Shipper.

5. MEASUREMENT & MEASUREMENT EQUIPMENT

5.1 Determination of Quantity

The quantity of Natural Gas received and delivered by Transporter to Shipper or for Shipper's account hereunder shall be measured according to Boyle's and Charles' Laws for the measurement of Natural Gas under varying pressures and temperatures with deviations therefrom as provided in Section 5.1(i) herein and shall be determined as follows:

- (a) The unit of measurement for the purpose of service under any of Transporter's Rate Schedules shall be one (1) Dth, which is the heat energy equivalent of one (1) MMBtu. The number of MMBtu's delivered shall be determined by multiplying the number of Cubic Feet of Natural Gas received or delivered, measured on the measurement basis hereinafter specified, by the Total Heating Value of such Natural Gas, in Btu's per Cubic Foot, and by dividing the product by one million (1,000,000).
- (b) The unit of quantity for the purposes of measurement shall be one (1) Cubic Foot of Natural Gas at a temperature of sixty degrees (60°) Fahrenheit, at a pressure of 14.73 psia.
- (c) The unit of weight for the purpose of measurement hereunder shall be one (1) pound mass of Natural Gas.
- (d) The average absolute atmospheric pressure shall be assumed to be 14.4 psia.
- (e) The flowing temperature of the Natural Gas shall be determined in accordance with industry standards for the purposes of measured volume correction.
- (f) The specific gravity of the Natural Gas flowing through the meters shall be determined by Natural Gas chromatographic analysis of representative composite samples, or continuous sampling methods, unless otherwise mutually agreed upon by Connecting Party and Transporter.
- (g) The Total Heating Value shall be measured, unless otherwise agreed by Transporter and Connecting Party, by methods in accordance with acceptable industry practice such as, but not limited to, Natural Gas chromatograph(s) located at appropriate points.
- (h) The deviation of the Natural Gas delivered hereunder from Boyle's and Charles' Laws shall be determined in accordance with, but not limited to, the published recommendations of the AGA's Report No. 3, as revised 1992 and as such report may hereafter be further revised, and the American National Standards Institute as Transporter deems to be in accordance with accepted industry practice.

5.2 Measurement Operations and Equipment

Measurement Operations shall include, but not be limited to, the operation, calibration, and testing of transducers, chart records, meter runs, Natural Gas quality monitoring devices, and control valves, as well as the responsibility for quantity calculations for the measurement facility. Transporter may allow third parties the right to perform Measurement Operations; provided, however that such third-party furnishes to Transporter all data required for flow computations and can meet Transporter's measurement and operating standards; provided further, each third-party which performs such Measurement Operations shall be responsible for any and all associated costs of such Measurement Operations unless otherwise agreed to by Transporter and such third-party.

Measurement equipment shall consist of the necessary metering devices, designed and installed in accordance with the current published recommendations of the American Gas Association or as mutually agreed upon by Connecting Party and Transporter; provided, however, Transporter shall have the right to require and may install or cause to be installed electronic Natural Gas measurement and control equipment at all points.

- (a) Where orifice measurement equipment is to be used, orifice meter installation shall conform to the recommendations for design and installation contained in AGA Report No. 3, as revised September 1992 and as such report may hereafter be further revised or as may be mutually agreed upon by Connecting Party and Transporter.
- (b) Turbine meter installation shall conform to the recommendations for design and installation contained in Natural Gas Measurement Committee Report No. 7 of the AGA, as published in 1996 and as such report may hereafter be further revised or as may be mutually agreed upon by Connecting Party and Transporter.
- (c) Positive displacement meter installation shall conform to generally accepted engineering practices in the industry or as may be mutually agreed upon by Connecting Party and Transporter.
- (d) Ultrasonic measurement equipment will conform to recommendations for the design and installation of such equipment contained in AGA Report No. 9, as published in 1998 and as such report may hereafter be further revised or as may be mutually agreed upon by Connecting Party and Transporter.

5.3 Access to Equipment and Records

Transporter and Connecting Party shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's equipment used in measuring receipts and deliveries hereunder. The records from such measurement equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within thirty (30) days after receipt thereof.

5.4 Check Measurement Equipment

Connecting Party may install, operate, and maintain, at its own expense, such check measurement equipment as it shall desire, provided, however, that such equipment shall be so installed immediately upstream of the Point(s) of Receipt or immediately downstream of the Point(s) of Delivery so as not to interfere with the operation of other, including Transporter's, measurement equipment or to increase any risk of damage to Transporter's Pipeline Facilities or of injury to any person. Transporter shall have access to such check measurement equipment at all reasonable hours, but the reading, calibrating, and adjusting thereof and the changing of charts shall be done only by Connecting Party.

5.5 Pressure Protection

Pressure regulation, pressure over-ride, and pressure relief valve or other pressure limiting devices installed and operated by Transporter at the measuring station or near each interconnection of Transporter's Pipeline Facilities with facilities of third parties shall only be for the purpose of operation and protection of Transporter's measurement equipment and Transporter's Pipeline Facilities.

5.6 Test of Meters

The accuracy of Transporter's and Connecting Party's measurement equipment shall be verified by Transporter and Connecting Party at reasonable intervals and, if requested, in the presence of representatives of Transporter and Connecting Party.

- (a) Transporter and Connecting Party shall not be required to verify the accuracy of meter equipment including natural gas chromatograph equipment more frequently than once in any thirty (30) day period, or in accordance with the requirements of the agency(ies) having jurisdiction, or in accordance with Shipper's Service Agreement, whichever of these requirements is more stringent.
- (b) Subject to the provisions of paragraphs (a) of this Section 5.6, either Transporter or Connecting Party, after written request, may secure a prompt verification of the other's measurement equipment, provided that the expense of any special test shall be borne by the requesting party if the measurement equipment is found to be in error by not more than one percent (1%).
- (c) Any errors or discrepancies found during testing shall be corrected immediately whenever possible or as soon thereafter as procurement of repair parts, materials, and tools can be arranged.

5.7 Measurement Equipment Inaccuracy and Failure

The quantity of Natural Gas received and delivered by Transporter and delivered to Shipper or for Shipper's account hereunder during periods when the measurement equipment is out of service or registering inaccurately shall be estimated as follows:

- (a) If, upon test, any measurement equipment, the readings of which are used in the registration, integration, or computation of quantities of Natural Gas hereunder, is found to be in error to the extent that it introduces not more than one percent (1%) measurement error, in the individual measurement equipment affected, previous records of such equipment shall be considered accurate.
- (b) If, upon test, any such above measurement equipment is found to be in error, to the extent that it causes the registered or computed quantities of the instrument(s) so affected to be in error, by an amount exceeding one percent (1%) such instrument(s) affected shall be corrected to zero (0) error for any part of the period since the last test in which such error is known to have existed or which may be agreed upon by representatives of Transporter and Connecting Party. In case the period of such error is not known definitely or agreed upon, such correction shall be for a period of one-half (1/2) of the elapsed time since the date of the last test, but not exceeding a correction period of thirty (30) days.
- (c) If no tests have been performed to determine the degree of inaccuracy, or measurement equipment is out of service, the quantity of Natural Gas shall be estimated as follows:
 - (i) by using the registration of any existing and agreed upon check equipment considered by Transporter or Connecting Party to be registering accurately, or in the absence of such equipment,
 - (ii) by correcting the error, if the quantity of percentage of error is ascertainable by calibration, test, or mathematical calculation, or if neither of the two foregoing procedures are applicable,

- (iii) by relating the quantity of receipt or delivery to receipts or deliveries during periods under similar conditions when the measurement equipment was deemed to have been registering accurately.

5.8 Electronic Natural Gas Measurement ("EGM") Technical Requirements

- (a) Accuracy. Where EGM is used, the system shall use instruments designed to provide overall measurement accuracy of $\pm 1.0\%$ of flow, taking into account all the sources of error, including calibrated span of instruments, linearity, hysteresis, repeatability, ambient temperature, stability, vibration, and power supply fluctuation.
- (b) Computation. The remote terminal unit shall, at a minimum, perform flow calculations per AGA-3, AGA-7 and AGA-9 requirements, as appropriate. As the flow calculation methods are revised from time to time, new releases shall be implemented within twelve (12) months from the release date. At Transporter's option, Transporter may use other methods of computation which are generally accepted in the industry.
- (c) Calibration and Testing Equipment. All test and calibration equipment shall be certified and maintained pursuant to Transporter's current published standard operating procedures as revised from time to time.

5.9 Preservation of Records

Each party shall preserve for a period of at least two (2) years, or such longer period as may be required by the Federal Energy Regulatory Commission, all test data, charts, and other similar records.

5.10 Control of Flow

Transporter shall control flow of Natural Gas into and out of its Pipeline Facilities at all measurement facilities, but may allow the following, if all of Transporter's operating standards and requirements, including the requirements of Section 15 of the GT&C, are met: (a) third parties to control flow into Transporter's Pipeline Facilities and (b) third parties to control flow out of Transporter's Pipeline Facilities, but Transporter reserves the right to override the third-party's flow control equipment.

5.11 Maintenance

- (a) Major maintenance shall include, but not be limited to, the repair or replacement of major components and equipment required to support the Measurement Operations. For measurement facilities that a Connecting Party owns and for which Transporter performs Measurement Operations, such Connecting Party shall be responsible for any and all associated costs of such major maintenance unless otherwise agreed by Transporter and Connecting Party.
- (b) Routine maintenance shall be the normal day-to-day maintenance required to support the Measurement Operations as necessary to upkeep the measurement facility and shall include but not be limited to, replacement of minor parts for instrumentation, measurement equipment, and minor valves and piping. The entity (Transporter or Connecting Party) which performs the Measurement Operations for the measurement facility shall also be responsible for such routine maintenance and any and all associated costs of such routine maintenance unless otherwise agreed by Transporter and Connecting Party.

5.12 Prior Period Adjustments

Pursuant to NAESB WGQ Standard Nos. 2.3.7, 2.3.11, 2.3.12, 2.3.13, 2.3.14:

The cutoff for the closing of measurement is five (5) Business Days after business month, unless downstream pipelines to which Natural Gas is delivered by Transporter requires such data in a shorter period, in which case such shorter period shall be the deadline, as agreed by Transporter and the downstream pipeline. For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the production month. A meter adjustment becomes a prior period adjustment after the fifth Business Day following the business month. Measurement prior period adjustments shall be reported with the restated line item with a new total quantity for the day and the month. Estimate missing or late measurement data and treat actual as a prior period adjustment, with the measuring party to provide the estimate.

Measurement data corrections shall be processed within six (6) months of the production month with a three (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. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

6. WARRANTY OF TITLE

Shipper warrants for itself, its successors, and assigns, that it will have, at the time of delivery of Natural Gas to Transporter for transportation hereunder, good and merchantable title to the Natural Gas to be delivered to Transporter's Pipeline Facilities and that all such Natural Gas shall be free and clear of all liens, encumbrances, and claims whatsoever, or good right to tender Natural Gas for transportation (and all necessary authorizations related thereto). Transporter warrants for itself, its successors, and assigns, that the Natural Gas it delivers hereunder to or for the account of Shipper shall be free and clear of all liens, encumbrances, and claims whatsoever arising out of or relating to Transporter's transportation of Natural Gas. Each party will indemnify the other and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of the indemnifying party's breach of the foregoing warranty, including adverse claims of any and all Persons to said Natural Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable for such delivery of Natural Gas, and that each will indemnify the other and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery. If Shipper's title or right to deliver Natural Gas to Transporter is questioned or involved in any action, Shipper shall not qualify for, and shall be ineligible to continue to receive, service until such time as Shipper's title or right to deliver is free from question; provided, however, Transporter shall allow Shipper to qualify for or continue receiving service under this Tariff if Shipper furnishes a bond and undertakings as to title satisfactory to Transporter. Title to the Natural Gas received by Transporter at the Point(s) of Receipt shall not pass to Transporter except that title to Transporter's Use Gas shall pass to Transporter at the Point(s) of Receipt.

7. POSSESSION OF NATURAL GAS

7.1 Control of Natural Gas

Transporter shall be deemed to be in control and possession of the Natural Gas upon receipt of such Natural Gas at the Point(s) of Receipt until it shall have been delivered to Shipper or for Shipper's account at the Point(s) of Delivery. Transporter shall not be deemed to be in control or possession of such Natural Gas either prior to such receipt by Transporter or after such delivery.

7.2 Responsibility

Transporter shall have no responsibility with respect to any Natural Gas or on account of anything which may be done, happen, or arise with respect to such Natural Gas before receipt of such Natural Gas by Transporter or after delivery of such Natural Gas by Transporter, and Shipper shall have no responsibility with respect to any Natural Gas or on account of anything which may be done, happen, or arise with respect to such Natural Gas while such Natural Gas is in Transporter's possession so long as such Natural Gas meets Transporter's specifications under Sections 3 and 4 of the GT&C; provided, however, in the event any Natural Gas flows through facilities of Shipper or any third-party prior to such delivery and the flow of the Natural Gas through such facilities is not for the express benefit of or on behalf of Transporter, Transporter shall have no responsibility with respect to any Natural Gas or on account of anything which may be done, happen, or arise with respect to such Natural Gas while in the facilities of Shipper or such third-party. Provided, further, the party deemed to be in control and possession of the Natural Gas to be transported shall be responsible for and shall indemnify the other party with respect to any losses, claims, liabilities, or damages (except punitive or consequential damages) arising therefrom.

8. BILLING

8.1 Billing

On or before the ninth (9th) Business Day of each Month, Transporter shall post on the Web Site a statement of the daily quantities with total monthly quantities in Dth and the Btu content of the Natural Gas received from or for the account of Shipper for transportation through Transporter's Pipeline Facilities and all applicable charges for transportation services rendered in the preceding month chargeable to Shipper under the applicable Rate Schedule and Service Agreement. Billing units will be stated in Dekatherms and transportation invoices will state the net billing rate. Transporter may furnish separate statements to Shipper that include an account of any imbalance charges or credits and penalty charges accrued by Shipper pursuant to the terms of Transporter's Tariff.

8.2 Payment

Shipper shall make payment to Transporter for the services performed or charges levied hereunder during the preceding calendar month by wire transfer to such address as Transporter may hereafter designate, no later than ten (10) days after the postmark on Transporter's billing statement or the date the electronic invoice is posted to the Web Site, provided Transporter has informed Shipper by electronic means of the date Transporter posts the monthly billings on its Web Site. Shipper shall submit supporting documentation, including invoice number, for each payment made to Transporter and Transporter shall apply the payment per supporting documentation provided by the Shipper.

The effective payment due date of an invoice when such due date does not fall upon a Business Day (as defined in NAESB WGQ Standard No. 3.2.1) shall be the first Business Day following the due date. [3.3.25]

If the effective payment due date falls on a day that the designated depository is not open in the normal course of business to receive Shipper's payment, then Shipper's payment shall be made on or before the first Business Day after the effective payment date that such depository is available.

8.3 Interest on Unpaid Amounts

Should Shipper 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 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 Shipper, pursuant to Section 8 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 Transporter by Shipper is finally determined to be repayable to Shipper, Transporter shall pay or credit such amount to Shipper, together with interest thereon computed at the rate of interest set forth in 18 CFR § 154.501(d) of FERC's regulations and accrued from the date payment thereof was made by Shipper to Transporter to the date payment or credit thereof is made by Transporter.

8.4 Suspension of Transportation in the Event of Default

(a) If Shipper's failure to make payment continues for twenty (20) Days or more, Transporter may suspend the further transportation of Natural Gas upon fifteen (15) Days' prior written notice to Shipper and the Commission, but the exercise of such right shall be in addition to any other remedy available to Transporter; provided, however, that if Shipper,

in good faith, shall dispute the amount of any such bills or parts thereof and shall pay to Transporter in a timely manner such amounts as it concedes to be correct (accompanied by supporting documentation, including invoice number, remittance detail which Transporter shall follow in applying such payment, and the basis for dispute) and, at any time thereafter within thirty (30) Days of a demand made by Transporter, shall furnish a good and sufficient surety bond in an amount and with sureties satisfactory to Transporter conditioned upon the payment of any amounts ultimately found due after a final determination, which may be reached either by agreement or by an arbitration award or a judgment of the courts, as the case may be, then Transporter shall not be entitled to suspend further delivery of Natural Gas unless and until default be made in the conditions on such bond. In the event it is finally determined or agreed that no payments were due from Shipper on such disputed bills, then Transporter will reimburse Shipper for the cost of procuring the surety bond within ten (10) Days after receipt of a detailed invoice thereof from Shipper.

(b) Termination of Service Agreement

If Shipper fails to make the payments due to Transporter under any Rate Schedule in accordance with this Section 8 of the GT&C, then following sixty (60) Days' notice to Shipper by Transporter of its intent to terminate Shipper's Service Agreement by reason of such non-payment, Transporter shall have the right, in addition to any and all other remedies available at law or in equity, to terminate Shipper's Service Agreement hereunder if Shipper fails to cure such non-payment within such sixty (60) Day period; provided, however, if Shipper, in good faith, disputes the amount of any such bill or portion thereof and pays to Transporter in a timely manner such amounts as it concedes to be correct, Transporter shall not have the right to terminate Shipper's Service Agreement; and provided further, Transporter shall have all of the rights set forth in this Section 8 of the GT&C.

8.5 Prepayment in the Event of Default

Upon default in payment for a period in excess of twenty (20) Days, Transporter may require as a condition to the continuation or recommencement of transportation services a deposit or other acceptable credit arrangement in an amount equal to not more than three (3) estimated maximum monthly bills for transportation services at the rates stated in Shipper's Service Agreement, which estimated maximum monthly bills shall be based on Shipper's actual bills for transportation services received from Transporter during the preceding three (3) months.

8.6 Prior Period Adjustments

In the event an error is discovered in any invoice rendered by Transporter pursuant to a Service Agreement, Transporter or Shipper, whichever discovered the error, must identify to the other such error, including the amount, in writing within the prior period adjustment time limits; otherwise the invoice will be deemed correct. Pursuant to NAESB WGQ Standard No. 3.3.15: Prior period adjustment time limits shall be six (6) months from the date of the initial transportation invoice and seven (7) months from the date of initial sales invoice with a three (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. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

9. NOTICES

Except when the terms of Transporter's Tariff require or allow for communication via Transporter's System, any communication, notice, request, demand, statement, or bill provided for in Transporter's Tariff or in a Service Agreement, or any notice which either Transporter or Shipper may desire to give to the other, shall be in writing and shall be considered as duly presented, rendered, or delivered when mailed by either registered or ordinary mail or when sent by express mail service, E-mail, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known address, or at such other address as either party may designate. Shipper shall be responsible for ensuring that its designated notice address is current and accurate for all such notices sent pursuant to this Section 9. Notwithstanding, notices of OFOs shall be issued in accordance with Section 18.4 of the GT&C and notices of Force Majeure shall be issued in accordance Section 24.1 of the GT&C. For purposes of notices that a Shipper sends to Company pursuant to this Section 9, Company's mailing address and E-mail addresses are:

Guardian Pipeline, L.L.C.
P.O. Box 871
Tulsa, Oklahoma 74102-0871

Contract Administration's E-mail: NGP_Contracts@oneok.com
Scheduling's E-mail: ONEOKMarketServices@oneok.com
Commercial's E-mail: IPLMarketing@oneok.com

10. SERVICE REQUESTS AND CONTRACTING FOR SERVICE

10.1 Requests for Firm Services

- (a) Transporter shall accept written transportation Requests for firm service under any firm Rate Schedule in accordance with this Subsection 10.1, provided that Transporter shall not be obligated to provide service at less than the applicable maximum rate.
- (b) Except as expressly set forth in Subsection 10.1(d) or other provisions of this FERC Gas Tariff, Transporter may award available capacity for firm transportation service to commence at a future date only within the following timeframes:
 - (i) For service with a primary contract term of three months or less, Transporter may award a Request for service no earlier than fifteen (15) calendar days prior to the proposed commencement date of service.
 - (ii) For service with a primary contract term of greater than three months, but less than one year, Transporter may award a Request for service no earlier than thirty (30) calendar days prior to the proposed commencement date of service.
 - (iii) For service with a primary contract term of one (1) year or longer, Transporter may award a Request for service no earlier than ninety (90) days prior to the proposed commencement date of service.
- (c) Transporter shall deny a request for capacity to the extent honoring the request would have the effect of awarding capacity prior to the timeframes set forth in Subsection 10.1(b). If the limitations on availability of the requested capacity would have the effect of making a Shipper's request premature, Transporter will treat the request as if it had been made beginning with the date the requested capacity is available and for the term capacity is available. For example, if on October 1, a Shipper requested that Transporter award capacity with a primary contract term of one year beginning on November 1, but the capacity was available only for the following June through October (i.e., for the last five months of the requested term), Transporter would treat the request as a request for capacity with a term of five months with the date the capacity became available deemed to be the start of the requested primary term. Pursuant to Subsection 10.1(b)(ii), Transporter would reject the request as premature. Notwithstanding the above:
 - (i) Transporter may consider a Request described pursuant to Subsection 10.1(d).
 - (ii) Transporter and Shipper may agree to contract for less than all the requested capacity as long as the award is within the timeframes set forth in Subsection 10.1(b). For example, if a Shipper requested 15,000 Dth/day of capacity for a term of one year and only 5,000 Dth/day was available for a six-month period beginning four months after the request was made, Transporter and Shipper could agree to contract for the available capacity for a six month term consistent with the timeframe set forth in Subsection 10.1(b)(ii).
- (d) Transporter may consider, on a not unduly discriminatory basis, a Request for firm service outside the time periods specified in Subsection 10.1(b), if the Request involves circumstances which include the following:
 - (i) The Request is for capacity offered pursuant to an open-season initiated by Transporter pursuant to the process set forth in Subsection 10.7; or

- (ii) The Request is for capacity offered on a pre-arranged basis or involves the acquisition, modification, or construction of facilities or terms and conditions that may require prior Commission approval or notice pursuant to Section 37.
- (e) If Transporter allows a variation from the time periods specified in Subsection 10.1(b) in accordance with the circumstances described in Subsection 10.1(d)(i)-(ii) or otherwise, Transporter shall provide reasons for the variation in the notice of the open season or by means of an Informational Postings notice on Transporter's Web Site. Transporter shall deviate from the time periods specified in Subsection 10.1(b) only in a not unduly discriminatory manner consistent with the Commission regulations.
- (f) The transportation service Request Date for all Requests for firm transportation service under any firm Rate Schedules and for service under Rate Schedules OSS and LBS shall be the date Transporter receives a valid Request pursuant to this Section 10, as such date is evidenced on Shipper's Service Request Form by a postmark, delivery service datemark or, if by electronic communication, the date of receipt shown on Transporter's computer. All such Requests received on the same Day shall be deemed to have the same date, and if the sum of all Requests for firm service under Rate Schedule(s) FT-1 and FT-2 exceeds the certificated capacity of Transporter's Pipeline Facilities, or if the sum of all Requests for service under Rate Schedules OSS and LBS exceeds the available off-system transportation and storage capacity to be provided by Transporter in its sole discretion, then the available firm capacity (for Rate Schedule(s) FT-1 and FT-2) and the available off-system transportation and storage capacity (for Rate Schedules OSS and LBS) shall be allocated in the order of the highest economic value of the bids to Transporter on a Net Present Value (NPV) basis. All capacity related to such unsatisfied Requests for firm service under Rate Schedule(s) FT-1, FT-2 and for service under Rate Schedules OSS and LBS having the same economic value to Transporter shall be allocated among Shippers on a pro rata basis.
- (g) Shippers requesting service at a Negotiated Rate which exceeds the maximum rate will be considered to be paying the maximum rate for purposes of determining the bid with the greatest economic value in this Subsection 10.7.

10.2 Information Required From All Shippers

- (a) All Shippers seeking service from Transporter must provide the information required by this Section 10. A Service Agreement may be tendered provided the preceding requirements have been satisfied and Shipper's credit evaluation pursuant to Section 10.3 below is satisfactory. In the event Transporter determines that Shipper's Request for service does not comply with this Section 10.2 or Shipper's credit evaluation does not comply with Section 10.3 below, Transporter shall notify Shipper of the deficiencies and the additional information or changes required to complete the Request. Transporter shall undertake reasonable efforts to provide such notice of deficiency within fourteen (14) days of receipt of Shipper's Request for service. Shipper shall have the right for a period of fourteen (14) days after such notice to supplement Shipper's Request as required to comply with this Section 10. If Shipper's Request, as supplemented within said fourteen (14) days, remains incomplete and deficient, then Shipper's Request shall be rejected, without prejudice to Shipper submitting a new Request in compliance with this Section 10.2.
- (b) If Shipper's Request for service and credit evaluation comply with this Section 10 and Transporter accepts Shipper's Request for service, a Service Agreement shall be made available to Shipper for execution. As of the date that Service Agreement is made

available for service to Shipper, Transporter shall deem the MDQ, MSQ, MDIQ or MDWQ under such Service Agreement to be an existing obligation, subject to Shipper's execution of the Service Agreement in accordance with this Section 10.2(b). In the event the Service Agreement is not executed by Shipper within ten (10) days of its availability to Shipper, Transporter shall consider the Request for service invalid and the Service Agreement shall be void.

- (c) In addition to any specific requirements set forth in the applicable Rate Schedule, all firm transportation Requests shall be subject to the following conditions:
- (i) No Request for transportation from a Point of Receipt or to a Point of Delivery shall be considered valid or be granted if to do so would impair Transporter's ability to render existing services to Transporter's Rate Schedule(s) FT-1, FT-2, OSS and LBS Shippers.
 - (ii) Subject to the provisions of 10.2(c)(i), the addition of or changes to Primary Point(s) of Receipt including Designated Limited Notice Receipt Points or Primary Point(s) of Delivery to a firm Service Agreement within Shipper's MDQ will not be considered a new transaction for purposes of complying with this Section 10. Any Shipper receiving permission from Transporter to use any new Primary Point(s) of Receipt or new Primary Point(s) of Delivery within Shipper's MDQ shall be deemed to have complied with the requirements of this Section 10 for purposes of receiving priority in contracting for such new Primary Point(s) of Receipt or new Primary Point(s) of Delivery for firm transportation over any third-party subsequently requesting firm transportation under a firm Rate Schedule at that Point of Receipt or Point of Delivery as a Primary Point of Receipt or Primary Point of Delivery if, at the time of Shipper's request, said third-party's request has not been accepted by Transporter. The priority for such new Primary Point(s) of Receipt or Primary Point(s) of Delivery shall be determined in accordance with this Section 10.
- (d) No Requests for service will be processed until Shipper has provided to Transporter a completed Service Request Form, including information regarding any specific affiliation with Transporter. All completed Service Request Forms must be sent by U.S. Postal Service, by express mail, by courier, or by facsimile, to

GUARDIAN PIPELINE, L.L.C.
Attn: Customer Services
ONEOK Plaza
100 West 5th Street
Tulsa, Oklahoma 74103
Phone: (918) 588-7745
Facsimile: (918) 588-7750

Additionally, to the extent the Commission ultimately requires pipelines to conduct all business transactions using the Internet (as contemplated by Commission Docket No. RM96-1), Requests for service must be provided to Transporter on Transporter's Web Site or in any other manner required by the Commission's final order in Docket No. RM96-1 or any other docket relating to transactions on the Internet and any NAESB standards promulgated pursuant to appropriate Commission authority.

- (e) Submission of the Request for service shall constitute certification of the following:
 - (i) Shipper has or will have title or a current contractual right to acquire title to or to ship the Natural Gas to be transported by Transporter.
 - (ii) Prior to the commencement of service, Shipper has or will enter into all necessary third-party agreements to transport the Natural Gas to the Point(s) of Receipt on Transporter's Pipeline Facilities and from the Point(s) of Delivery on Transporter's Pipeline Facilities to the party ultimately receiving the Natural Gas.
 - (iii) If Shipper is requesting service hereunder to be implemented pursuant to Section 311 of the Natural Gas Policy Act of 1978, certification must be executed by the local distribution company or the intrastate pipeline company, on whose behalf the transportation will be performed, whether or not such local distribution company or intrastate pipeline is the Shipper, that the local distribution company or intrastate pipeline (1) will have physical custody of and transport the Natural Gas at some point during the transaction of which the transportation by Transporter is a part; or (2) will hold title to the Natural Gas at some point for a purpose related to its status and functions as a local distribution company or intrastate pipeline; or (3) that the Natural Gas will be delivered to a Shipper that is located within the local distribution company's service area and the transportation is being provided on its behalf; or (4) that the Natural Gas will be delivered to a Shipper that is physically able to receive direct deliveries of Natural Gas from the intrastate pipeline and the transportation is being provided on its behalf.

10.3 Creditworthiness

Transporter shall apply, on a non-discriminatory basis, consistent financial evaluation standards to determine the acceptability of a Shipper's overall financial condition. Such credit appraisal and any further or ongoing credit appraisal as may be necessary shall be based mainly upon the information and criteria listed in (a)-(c) below. Provided further, a Shipper with an ongoing business relationship with Transporter shall have no delinquent balances outstanding for services made previously by Transporter, and Shipper must have paid its account according to the established terms and not made deductions or withheld payment for claims not authorized by contract.

- (a) Shipper shall provide any reasonable information required by Transporter in connection with transportation services pursuant to this Tariff, including information relating to the Shipper's supply of natural gas, the deliverability of such natural gas and upstream transportation arrangements.
- (b) If requested by Transporter, Shipper shall provide Transporter within one hundred and twenty (120) days after the end of each fiscal year of Shipper, current audited financial statements, annual reports, 10-K reports, or other filings with regulatory agencies which discuss Shipper's financial status; a list of all corporate Affiliates, parent companies, and subsidiaries; and any reports from credit reporting and bond rating agencies which are available. Transporter may accept unaudited consolidated financial statements. Transporter shall determine the acceptability of the Shipper's overall financial condition.

- (c) Upon execution and delivery of the Service Agreements, Shipper will comply with one of the following creditworthiness requirements:
 - (i) The Shipper, or an Affiliate Guarantor, has an investment grade rating for its long term senior unsecured debt from a recognized rating agency. A Shipper who qualifies under this category initially but is later downgraded below investment grade will be required to qualify under another category below.
 - (ii) A Shipper, or an Affiliate Guarantor, whose long term senior unsecured debt does not have an investment grade rating from a recognized rating agency will be accepted as creditworthy if Transporter determines that, notwithstanding the absence of an acceptable rating, the creditworthiness of the Shipper is deemed acceptable. Application for acceptance as creditworthy may be made at any time. Shipper will not be subject to having its acceptance under this category revoked unless there has been a material adverse change in the financial criteria relied on at the time of acceptance.

10.4 Failure to Meet Creditworthiness Criteria

- (a) Upon notification by Transporter that Shipper has failed to satisfy the credit criteria, such Shipper may still obtain credit approval by Transporter if it elects to provide:
 - (i) a Letter of Credit or a cash deposit, in an amount equal to the sum of three (3) months' anticipated reservation charge revenues from Shipper based on the rates in Shipper's Service Agreement for service pursuant to its firm Service. Transporter will accrue interest for the account of Shipper on any cash deposit at the simple prime rate of interest for the application period offered by Citibank N.Y. or any successor of Citibank, N.Y. A Letter of Credit must be in a form reasonably acceptable to Transporter. Such security shall be adjusted annually to reflect any change in the anticipated reservation charge revenues for the succeeding three (3) months; or
 - (ii) an advance deposit, a standby irrevocable letter of credit, a security interest in collateral found to be satisfactory to Transporter or a guarantee, acceptable to Transporter, by another person or entity which satisfies the credit appraisal for service pursuant to its interruptible service agreement, or
 - (iii) other security acceptable to Transporter.

Any Shipper who qualifies under paragraphs (i), (ii), or (iii) above by virtue of an Affiliate Guarantor guaranteeing the obligations of the Shipper shall provide an irrevocable undertaking from the Affiliate to guarantee the Shipper, and shall provide the undertaking to guarantee concurrently with the execution of a Service Agreement. Such guarantee shall be in a form acceptable to Transporter.

- (b) If Shipper's credit standing ceases to meet Transporter's credit requirements during the period of service, then Transporter has the right to require security or a deposit as specified in Section 10.4(a) above. If security or a deposit is not tendered in a timely period as reasonably determined by Transporter, then Transporter is not required to continue service. If Shipper is unable to maintain acceptable credit, the executed Service Agreement may be terminated by Transporter as of the first Day of the Month following written notice of the termination to Shipper.

10.5 Creditworthiness Notices

(a) Transporter Responsibilities

- (i) Transporter shall designate, on its Internet website or in written notices to Shipper, the Internet E-mail addresses of up to two representatives who are authorized to receive notices regarding Shipper's creditworthiness. Shipper's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and Transporter shall manage internal distribution of any such confirmations. [0.3.7]
- (ii) If Transporter requests additional information to be used for credit evaluation after the initiation of service, Transporter, contemporaneous with the request, shall provide its reason(s) for requesting the additional information to Shipper and designate to whom the response shall be sent. Transporter and Shipper may mutually agree to waive this requirement. [0.3.3]
- (iii) Upon receipt from Shipper of all credit information provided, Transporter shall notify Shipper's authorized representative(s) that it has received such information. Transporter and Shipper may mutually agree to waive this requirement. [0.3.6]
- (iv) After Transporter's receipt of Shipper's request for re-evaluation, including all required information pursuant to NAESB WGQ Standard No. 0.3.8 ("Shipper's Request"), within five (5) Business Days, Transporter shall provide a written response to Shipper's Request. Such written response shall include either a determination of creditworthiness status, clearly stating the reason(s) for Transporter's decision, or an explanation supporting a future date by 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 Shipper's Request unless specified in Transporter's FERC Gas Tariff or if the parties mutually agree to some later date. [0.3.9]
- (v) Regarding capacity release transactions, Transporter shall provide the original Releasing Shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Transporter to the Releasing Shipper's Replacement Shipper(s), of the following [5.3.60]:
 - (A) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to this Section 10 and Section 8 of the General Terms and Conditions of Transporter's FERC Gas Tariff;
 - (B) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;
 - (C) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and
 - (D) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to this Section 10.

(b) Shipper Responsibilities

- (i) Shipper shall designate up to two representatives who are authorized to receive notices regarding the Shipper's creditworthiness, including requests for additional information, and shall provide to Transporter 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 Transporter to provide creditworthiness notifications is waived until the above requirement has been met. Shipper shall manage internal distribution of any creditworthiness notices that are received. [0.3.7]
- (ii) Upon receipt of either an initial or follow-up request from Transporter for information to be used for creditworthiness evaluation, the Shipper's authorized representative(s) shall acknowledge receipt of Transporter's request. Transporter and Shipper may mutually agree to waive this requirement. [0.3.4]
- (iii) Shipper's authorized representative(s) shall respond to Transporter's request for credit information, as allowed by this Section 10, on or before the due date specified in the request. Shipper shall provide all the credit information requested by Transporter or provide the reason(s) why any of the requested information was not provided. [0.3.5]
- (iv) At any time after Shipper is determined to be non-creditworthy by Transporter, Shipper may initiate a creditworthiness re-evaluation by Transporter. As part of Shipper's re-evaluation request, Shipper shall either update or confirm in writing the prior information provided to Transporter related to Shipper's creditworthiness. Such update shall include any event(s) that Shipper believes could lead to a material change in Shipper's creditworthiness. [0.3.8]

(c) Designating Notice Representatives

Transporter's and Shipper's authorized creditworthiness representative(s) for Internet E-mail notifications, responses and requests as described in this Section 10 shall be established by initiating a request as prescribed on Transporter's Customer Activities site.

In complying with the creditworthiness-related notifications pursuant to this Section 10 and Section 6 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Shipper and Transporter may mutually agree to other forms of communication in lieu of Internet E-mail notification. [0.3.10]

10.6 Operationally-Created Capacity Availability

- (a) To the extent that, pursuant to Section 4 of these GT&C, a Shipper and Transporter have agreed to a minimum delivery pressure above the Tariff minimum delivery pressure, any such Shipper may at any time elect to waive its right to receive deliveries at the minimum delivery pressure specified in its firm Service Agreement. Should Shipper waive this right, it shall notify Transporter in writing of its waiver, including the following:
 - (i) the applicable Point(s) of Delivery;
 - (ii) the duration of the waiver, which shall be for a term less than the remaining term of the applicable Service Agreement; and

- (iii) the minimum pressure to which it agrees to reduce Transporter's delivery obligation.
- (b) Transporter shall notify Shipper of any increased capacity available on the Pipeline Facilities resulting from such Shipper's waiver. Shipper shall then have the right to subscribe, for the term of the waiver, to all or a portion of the additional capacity for firm transportation service under any of Transporter's generally applicable Rate Schedules, by providing notice to Transporter within three (3) Business Days of Transporter's notification. Should Shipper make a timely election to utilize all or a portion of the capacity created through the reduction in delivery pressure, Transporter and Shipper shall execute a Service Agreement for the additional capacity in accordance with this Section 10, subject to the provisions of Section 10.6(d), below.
- (c) If and to the extent that, within the three (3) Business Day period specified in Section 10.6(b) above, Shipper does not exercise its right to subscribe for the firm capacity created by the waiver, such unsubscribed capacity shall be available for firm transportation service, for the term of the waiver, in accordance with the procedures set forth in this Section 10, subject to the provisions of Section 10.6(d), below.
- (d) Any Service Agreement entered into pursuant to Section 10.6(b) or 10.6(c) above shall not be subject to the right of first refusal under Section 23 of these GT&C, except to the extent that the term of Shipper's Service Agreement is less than the duration of the applicable waiver established pursuant to Section 10.6(a)(ii), above, and Shipper is otherwise eligible for a right of first refusal under Section 23 of these GT&C, in which event Shipper may only exercise its right of first refusal to extend its Service Agreement for a term that does not exceed the duration of the applicable waiver.

10.7 Solicitation of Bids for Capacity

- (a) Transporter 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 on or after 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 (3) Business Days for available capacity and no less than twenty (20) Business Days for expansion projects on Transporter'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
 - (iv) bid evaluation methodology, if applicable.
- (b) Regarding (2) and (3), the bid methodology will include a NPV analysis and the notice will be posted at least three (3) Business Days prior to bidding. In addition, Transporter will post whether bids have been received, the full NPV analysis for the highest bid received, the Shippers' bids, and the actual calculation of the NPV. Transporter will award the capacity based upon the highest NPV. In the event of equal bids on the basis of NPV calculation, capacity will be awarded on a pro rata basis. Shipper shall be required to indicate in its bid whether it is willing to accept a lesser quantity in the event

such capacity is awarded on a pro rata basis due to equal bids. For purposes of its NPV evaluation, Transporter may consider the aggregate NPVs of two or more bids.

- (c) Regarding (2), if no acceptable bids are received during an open season, Transporter 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 Transporter's Marketing Department. The time stamp on the communication will be used to determine the sequence of bids. Transporter will not award such capacity at less than the maximum rate to an Affiliate as defined in Part 358 of the Commission's regulations unless a Request for a discount from an Affiliate is first posted for competitive bid and no other competitive bids are determined to be the best bid as a result of such posting. Transporter shall not be obligated to provide service at less than the applicable maximum rate.

11. NOMINATIONS

11.1 Nomination Procedures

(a) General

- (i) Shipper shall nominate Natural Gas for transportation under its Service Agreement(s) by notifying Transporter of the daily quantity of Natural Gas expressed in Dth including Transporter's Use Gas, Third-Party Transportation Use Gas and/or Third-Party Injection Use Gas, as applicable, it has available for transportation at each Point of Receipt and of the daily quantity of Natural Gas it desires to have delivered at each Point of Delivery, in accordance with the nomination cycles set forth in Section 11.1(b) below, provided that Designated Limited Notice Point(s) of Receipt nominations shall be made in accordance with Section 17.2 of the GT&C. Quantities nominated at Point(s) of Receipt less Transporter's Use Gas, Third-Party Transportation Use Gas, and/or Third-Party Injection Use Gas, as applicable, shall equal the nominated quantities at Point(s) of Delivery; provided however, if the nomination is to cure an imbalance, such nomination shall not be required to be balanced. All nominations are considered original nominations and must be replaced to be changed.
- (ii) Shipper shall specify a begin date and an end date for each nomination. Such begin date and end date shall be within the terms of Shipper's Service Agreement. Unless Shipper wishes to change its nomination, Shipper shall not be required to resubmit its nomination during the period bounded by the begin date and end date.
- (iii) Nominations shall be submitted to Transporter through Transporter's Web Site unless otherwise agreed. Transporter shall not be obligated to accept nominations in excess of Shipper's MDQ, MDIQ or MDWQ; provided, however, Shipper shall nominate at each Point of Receipt a quantity sufficient to include any Transporter's Use Gas, Third-Party Transportation Use Gas, and/or Third-Party Injection Use Gas, as applicable, that Shipper is required to tender to Transporter in accordance with this Tariff.
- (iv) In the absence of confirmation, Transporter shall schedule the lesser of the requested nomination or the previously Scheduled Quantity.

(b) Nomination Timeline

Transporter shall support the following standard nomination cycles (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17) [1.3.2]:

(i) The Timely Nomination Cycle

On the day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Service Requester;
- 1:15 p.m. Nominations are received by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Transporter sends the Quick Response to the Service Requester;
- 4:30 p.m. Transporter receives completed confirmations from Confirming Parties;
- 5:00 p.m. Service Requester and Point Operator receive scheduled quantities from the Transporter.

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

(ii) The Evening Nomination Cycle

On the day prior to gas flow:

6:00 p.m. Nominations leave control of the Service Requester;
6:15 p.m. Nominations are received by the Transporter (including from TTTSPs);
6:30 p.m. Transporter sends the Quick Response to the Service Requester;
8:30 p.m. Transporter receives completed confirmations from Confirming Parties;
9:00 p.m. Transporter provides scheduled quantities to the affected Service Requester and Point Operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations shall be effective at the start of the next Gas Day.

(iii) The Intraday 1 Nomination Cycle

On the current Gas Day:

10:00 a.m. Nominations leave control of the Service Requester;
10:15 a.m. Nominations are received by the Transporter (including from TTTSPs);
10:30 a.m. Transporter sends the Quick Response to the Service Requester;
12:30 p.m. Transporter receives completed confirmations from Confirming Parties;
1:00 p.m. Transporter provides scheduled quantities to the affected Service Requester and Point Operator, including bumped parties (notice to bumped parties).

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

(iv) The Intraday 2 Nomination Cycle

On the current Gas Day:

2:30 p.m. Nominations leave control of the Service Requester;
2:45 p.m. Nominations are received by the Transporter (including from TTTSPs);
3:00 p.m. Transporter sends the Quick Response to the Service Requester;
5:00 p.m. Transporter receives completed confirmations from Confirming Parties;
5:30 p.m. Transporter provides scheduled quantities to the affected Service Requester and Point Operator, including bumped parties (notice to bumped parties).

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

(v) The Intraday 3 Nomination Cycle

On the current Gas Day:

7:00 p.m. Nominations leave control of the Service Requester;
7:15 p.m. Nominations are received by the Transporter (including from TTTSPs);
7:30 p.m. Transporter sends the Quick Response to the Service Requester;
9:30 p.m. Transporter receives completed confirmations from Confirming Parties;
10:00 p.m. Transporter provides scheduled quantities to the affected Service Requester and Point Operator.

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

(vi) For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v) the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post. [1.3.2(vi)]

11.2 Change in Nominations

- (a) Shipper may revise its nomination in effect for any Day by submitting to Transporter a revised daily nomination in accordance with the Intraday Nomination Timeline set forth in Section 11.1(b) above. Intraday nominations may increase or decrease the existing nomination quantity by any amount, provided that:
- (i) Intraday nominations, once confirmed and scheduled, shall have the effect of increasing or decreasing Shipper's Scheduled Quantity over the remaining hours in the Day, provided that Transporter shall not accept an intraday nomination to decrease the existing Scheduled Quantity to less than the elapsed-prorated-scheduled quantity.
- (ii) With the exception of the time of Day, intraday nomination changes shall be made pursuant to the procedures set forth in Sections 11.1(a) and 11.1(b) above. Intraday nominations are for one Day only and do not otherwise change original nominations made pursuant to Section 11.1.
- (b) Make-up Nominations: Transporter will accept a nomination to make-up an estimated imbalance under Section 19 of the GT&C when operationally feasible, as long as the available information (e.g., metered volumes, estimated production reports, or Scheduled Quantities) indicates that an imbalance has been incurred, but if it is ultimately determined that no imbalance was incurred, Transporter will not be responsible in any manner to Shipper for having accepted its make-up nomination.
- (c) Other Nominations: Shipper may make Designated Limited Notice Point(s) of Receipt nominations in accordance with Section 17.2(e) of the GT&C. Transporter also may accept in a not unduly discriminatory manner a nomination submitted by Shipper that does not comply with the requirements of Section 11.1 above or this Section 11.2 or Section 17.2 of the GT&C if, in Transporter's reasonable judgment, the acceptance of such nomination will not adversely affect the timely processing by Transporter of all other Shippers' nominations which do comply hereunder and sufficient capacity is available to provide the requested service.

11.3 Confirmation

Transporter shall be entitled to rely conclusively on Shipper's nomination of the quantities to be delivered at the Point(s) of Receipt. Shipper shall not nominate for transportation in excess of: (i) the quantities third-party transporter(s) have agreed to accept for transportation for delivery to Transporter, or (ii) the quantities third-party transporter(s) have agreed to accept for delivery from Transporter, whichever is less. Shipper shall be responsible for all dispatching notices to third-party transporter(s), for notifying third-party transporter(s) of any changes in nominations, and for insuring that third-party transporter(s) comply with such changes. Prior to accepting any nominations by Shipper, the responsible dispatching party at each Point of Receipt and each Point of Delivery shall confirm the Shipper's nomination. Transporter may make such inquiries as it deems necessary, including but not limited to, contacting the responsible dispatching party at each Point of Receipt and each Point of Delivery, to determine that Shipper's nomination will be implemented as stated by Shipper. Transporter will accept only that portion of Shipper's nomination that it confirms will be implemented; provided, however, Transporter shall have no obligation to confirm any nomination that will allow Shipper to deliver into Transporter's Pipeline Facilities quantities of Natural Gas in excess of Shipper's MDQ, unless it has accepted nominations as Authorized Overrun. If no confirmation is received, the lesser of the new nomination or previously Scheduled Quantity applies.

11.4 Ranking

Ranking: Shipper shall provide a predetermined priority (Rank) for all of the Delivery Point(s) and associated quantities nominated under a Transportation Service Agreement in the event of an interruption or reduction in the receipts of Shipper's gas by Shipper or third parties on Shipper's behalf at the Delivery Point. Shipper shall also provide a predetermined priority at all Receipt Point(s) at which Shipper has nominated gas to be transported under a Transportation Service Agreement to be used by Transporter to limit the receipts of gas from Shipper at the Receipt Point(s) in the event of an interruption or reduction in the quantities of gas that Shipper delivers or has delivered on Shipper's behalf to Transporter at a Receipt Point(s). In the event of equivalent rankings or no ranking, Transporter shall assign a pro rata ranking to the nomination(s).

12. SERVICE SCHEDULING, SERVICE PRIORITY AND IMPAIRMENT OF DELIVERIES

12.1 Scheduling

Service is deemed scheduled after Shipper submits a nomination in accordance with Section 11 or Section 17.2(e) of the GT&C and Transporter confirms the nominated receipt of Natural Gas into the Pipeline Facilities and the nominated delivery of Natural Gas to Shipper or for Shipper's account. Until Transporter has informed Shipper that its nomination is confirmed, such Natural Gas quantities will not be deemed scheduled.

12.2 Service Priority

- (a) The quantities nominated for transportation by Shipper shall be scheduled by Transporter for receipt and delivery in the following order.
 - (i) Firm transportation of Natural Gas from a Shipper's Primary Point(s) of Receipt, including Shipper's Designated Limited Notice Receipt Point(s), and to its Primary Point(s) of Delivery.
 - (ii) Firm transportation of Natural Gas within the Contract Path from a Shipper's Secondary Point(s) of Receipt and/or Secondary Point(s) of Delivery.
 - (iii) Firm transportation of Natural Gas outside the Contract Path from a Shipper's Secondary Point(s) of Receipt and/or Secondary Point(s) of Delivery.
 - (iv) Interruptible transportation and transportation of Natural Gas shipped as Authorized Overrun in sequence starting with the highest rate.
 - (v) Quantities nominated for PAL Service in sequence starting with the highest rate.
 - (vi) Quantities scheduled for the purpose of resolving an imbalance.
- (b) Once firm service is nominated and scheduled during any Day under any firm Rate Schedule, subject to the priority of service under Section 17.2 of the GT&C, such service shall not be bumped for the purpose of scheduling other quantities with equal or lower priority during the Day, except as further provided in Sections 12.3(a) and (b) below.
- (c) In the event a tie for capacity exists within any category of Section 12.2(a) above, quantities will be scheduled on a pro rata basis of nominated quantities.
- (d) If Shipper fails to or otherwise is unable to accept the quantities of Natural Gas tendered at the confirmed Point(s) of Delivery on any Day, then Transporter may refuse to receive Natural Gas at the Point(s) of Receipt on such Day. Should Shipper fail to or otherwise be unable to tender quantities of Natural Gas at the Point(s) of Receipt on any Day, then Transporter may refuse to deliver Natural Gas at the confirmed Point(s) of Delivery on such Day.

12.3 Impairment of Service

- (a) Subject to Section 17.2 of the GT&C, Transporter shall have the unqualified right to interrupt transportation services until 7:00 p.m. CCT, unless such bumping affects transactions on another pipeline, under Transporter's Interruptible Rate Schedule(s) IT-1 and IT-2 to provide service under Transporter's Firm Rate Schedule(s) FT-1 and FT-2.

Interruptible services shall be interrupted in sequence starting with interruptible service charged the rate least proximate to the applicable maximum rate. In the event of a tie, service shall be interrupted on a pro rata basis.

- (b) Transporter shall have the right to curtail, interrupt, or discontinue service under any Rate Schedule, in whole or in part, on all or a portion of its Pipeline Facilities at any time (1) for reasons of Force Majeure, (2) when capacity or operating conditions so require, or (3) to perform routine repair, improvements and maintenance on Transporter's Pipeline Facilities as necessary to maintain the operational capability of Transporter's Pipeline Facilities or to comply with applicable regulatory requirements. Transporter shall exercise due diligence to schedule routine repair, improvements and maintenance so as to minimize disruptions of service to Shippers and shall provide reasonable notice of the same to Shipper. Routine repairs and maintenance will not disrupt confirmed service but will be planned through scheduling. Transporter shall provide Shipper such notice of the curtailment as is reasonable under the circumstances.
- (c) In the event of curtailment pursuant to Section 12.3(b) above caused by an event occurring on Transporter's Pipeline Facilities, excluding an event at a specific Point of Receipt or Point of Delivery, service shall be curtailed in the reverse order in which such service was scheduled in accordance with Section 12.2 above.
- (d) If curtailment or interruption is caused by an event occurring at a specific Point of Receipt or Point of Delivery on Transporter's Pipeline Facilities, quantities will be curtailed based on the utilization of that Point as primary firm, secondary firm, or interruptible and in the reverse order in which such service was scheduled in accordance with Section 12.2 above.
- (e) Without regard to any other remedy provided by law or by the provisions hereof, Transporter shall be entitled to seek an order from the Commission or any other appropriate tribunal requiring compliance with a curtailment or interruption order by Transporter in compliance with this Section 12, or any directive from any governmental authority having jurisdiction in the premises.
- (f) All quantities received and/or taken in violation of Transporter's curtailment, OFO, or interruption orders (Excess Quantity) shall constitute unauthorized receipts or deliveries of Natural Gas. Such Excess Quantities shall be assessed an additional charge per Dth of 200% of the Gas Price Index for the flow date on which the gas is transported which charge shall be assessed in addition to any other applicable rate, charge, or penalty. Such charge shall be applicable to all such unauthorized receipts and deliveries following notification of curtailment or interruption pursuant to Section 12.4 below, which may be given by telephone (and confirmed by E-mail, facsimile transmission or posted on Transporter's Web Site), or by any other reasonable means.
- (g) Transporter shall provide Shipper with notice of curtailment or interruption at a time and in a manner that is reasonable under then existing conditions, and shall in any event confirm in writing or by facsimile transmission the notice given if originally provided telephonically. Transporter shall also post the notice on its Web Site. Shipper shall have the responsibility to inform its end-users, suppliers, gatherers, other transporters, and all other parties involved in the transaction as to any curtailment or interruption.
- (h) Shipper shall indemnify Transporter against and hold Transporter harmless from any and all damages, claims, suits, actions, or proceedings whatsoever threatened or initiated as a result of any curtailment or interruption of Shipper's service invoked by Transporter,

which shall include any curtailment or interruptions described in any part of this Section 12 except if such damages, claims, suits, actions or proceedings are due to Transporter's gross negligence, undue discrimination, or willful misconduct, provided that Transporter shall be responsible for direct damages, if any, resulting from Transporter's own negligence.

12.4 Emergency Situation

(a) In the event Transporter is advised by a Shipper that, absent adjustment of the curtailment level contemplated by Section 12.3(g) above, the Shipper will be unable for the duration indicated by the Shipper to avoid irreparable injury to life or property (including environmental emergencies) ("Emergency Situation"), then Transporter shall adjust its curtailment of all other Shippers on a pro rata basis as necessary to deliver the quantities required to avoid or mitigate the threatened or existing Emergency Situation to the extent practicable. While Transporter will make adjustments in curtailment promptly upon written notification by Shipper, Shipper must provide to Transporter within twenty-four (24) hours of notification a sworn statement including:

- (i) A detailed explanation of and an estimated duration of the Emergency Situation; and
- (ii) Affirmation that, if the Emergency Situation is an environmental emergency, the Shipper has made and continues to make all feasible efforts to resolve the environmental emergency, including requests for waiver, exemption, and other relief from any regulation, directive, order, or other mandate of a governmental body.

Shipper shall provide Transporter immediate written notice of the cessation of the Emergency Situation.

- (b) Transporter shall provide notice to any Shipper that is curtailed as a result of a request submitted under the Emergency Situation relief provisions of Section 12.4(a) above. Such notice shall be provided in a time and manner that is reasonable under then existing conditions but no later than within twenty-four (24) hours of such curtailment. In the event the Shipper requesting Emergency Situation relief provides the sworn statement required by Section 12.4(a) above, Transporter shall provide a copy of the sworn statement at the request of any Shipper curtailed to a lower quantity as a result of the anticipated sworn statement.
- (c) Transporter shall not be liable for granting exceptions to the curtailment provisions of this Section 12 for any Shipper based upon a request submitted by any Shipper to Transporter under the Emergency Situation relief provisions of this Section 12.4. In the event Shipper does not provide the sworn statement as required by Section 12.4(a), then all quantities attributable to the adjustments made by Transporter shall be billed to that Shipper, in addition to all other charges, at a rate equal to three-hundred percent (300%) of the Gas Price Index. All revenues attributable to such charge shall be credited, pro rata, on the basis of the increase in curtailment caused by the invocation of Section 12.4(a) to those Shippers curtailed to a lower quantity as a result of the anticipated sworn statement. Notwithstanding any provision of this Section 12, however, Shipper shall not be entitled to relief under Section 12.4(a) to the extent that (1) an Emergency Situation is due to the Shipper's failure to have adequate transportation arrangements in effect for the delivery of Shipper's Natural Gas at the Point(s) of Receipt and Point(s) of Delivery in effect hereunder during the relevant period, or (2) the quantity of Natural Gas required to

meet such Emergency Situation exceeds such Shipper's firm contractual rights.

- (d) If Transporter is requested to grant relief under Section 12.4(a) above, then the requesting Shipper's bill for such Month shall be adjusted upward by an amount equal to the aggregate curtailment adjustment quantity requested by the Shipper, pursuant to Section 12.4(a), multiplied by the applicable maximum reservation charge for Rate Schedule(s) FT-1 or FT-2. All revenues attributable to such adjustment shall be credited, on a pro rata basis, based on each Shipper's additional curtailment quantity due to the Emergency Situation divided by the aggregate of all Shippers' additional curtailment quantity due to the Emergency Situation, to those Shippers curtailed as a result of the Emergency Situation.
- (e) Natural Gas delivered to Transporter's pipeline facilities in violation of a notice of curtailment, operational flow order or interruption order shall constitute unauthorized receipts. Transporter shall provide Shipper reasonable notice of such curtailment or interruption orders and Shipper shall be permitted 3 hours, or such lesser time as is necessary to maintain the physical and/or operational integrity of Transporter's Pipeline Facilities, to reduce its tenders in compliance with the curtailment or interruption orders. If Shipper does not reduce its deliveries to Transporter within such notice period, then Transporter shall have the right to seize and retain such unauthorized receipts.

13. DETERMINATION OF RECEIPTS AND DELIVERIES

13.1 Allocation of Actual Quantities at Points of Receipt

- (a) The upstream party providing the point confirmation shall submit the pre-determined allocation to the allocating party after or during confirmation and before the start of the Gas Day. [2.3.5] The allocation statement shall allocate the actual quantities of gas in Dth received each Day for the account of its Shippers at all of its various Points of Receipt. Pursuant to NAESB WGQ Standard Nos. 2.3.15, 2.3.18, and 2.3.16: There are two types of allocations: daily and monthly. At a location, Transporter shall provide either daily allocations or monthly allocations. The types of allocation methodologies is a list from which two parties may agree. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations shall be used as the default method. The party responsible for custody transfer (the party performing the measurement function) shall provide the allocation. List of allocation methodology types agreed upon are as follows (ranked, pro rata, percentage, swing and operator provided value):
- (i) ranked by the order in which the Transportation Service Agreements are to be allocated to the extent Natural Gas is available;
 - (ii) pro rata based on Scheduled Quantities;
 - (iii) percentage of the gas available for delivery at the Point of Receipt;
 - (iv) designation of a "swing" contract for receipt imbalances; or
 - (v) operator provided value.
- (b) Each predetermined allocation statement and revision thereto must be received by Transporter, by facsimile or through Transporter's Web Site prior to the time Transporter completes the confirmation of that Day's nominations. If there are no additions in nominations by a Shipper at a Point of Receipt or other changes, the current predetermined allocation statement will stay in effect as submitted until it is changed pursuant to the foregoing procedures.
- (c) Shipper hereby agrees that Transporter shall have the right to rely conclusively on the foregoing predetermined allocation for the purpose of determining the daily quantities of Natural Gas received by Transporter for the account of Shipper at each Point of Receipt.
- (d) When the allocation method incorporated is pursuant to Section 13.1(a)(i), (iii), or (iv) above, a change in a nomination could require a change in the detail of the then existing allocation.

13.2 Allocation of Actual Quantities at Points of Delivery

- (a) The downstream party providing the point confirmation shall submit the pre-determined allocation to the allocating party after or during confirmation and before the start of the Gas Day. [2.3.5] The allocation statement shall allocate the actual quantities of gas in Dth delivered each Day for the account of its Shippers at all of its various Points of Delivery. Pursuant to NAESB WGQ Standard Nos. 2.3.15, 2.3.18, and 2.3.16: There are two types of allocations: daily and monthly. At a location, Transporter shall provide either daily allocations or monthly allocations. The types of allocation methodologies is

a list from which two parties may agree. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations shall be used as the default method. The party responsible for custody transfer (the party performing the measurement function) shall provide the allocation. List of allocation methodology types agreed upon are as follows (ranked, pro rata, percentage, swing and operator provided value):

- (i) ranked by the order in which the Transportation Service Agreements are to be allocated to the extent Natural Gas is available;
 - (ii) pro rata based on Scheduled Quantities;
 - (iii) percentage of the gas available for delivery at the Point of Delivery;
 - (iv) designation of a "swing" contract for receipt imbalances; or
 - (v) operator provided value.
- (b) Each predetermined allocation statement and revision thereto must be received by Transporter, by facsimile or through Transporter's Web Site prior to the time Transporter completes the confirmation of that Day's nominations. If there are no additions in nominations by a Shipper at a Point of Delivery or other changes, the current predetermined allocation statement will stay in effect as submitted until it is changed pursuant to the foregoing procedures.
- (c) Shipper hereby agrees that Transporter shall have the right to rely conclusively on the foregoing predetermined allocation for the purpose of determining the daily quantities of Natural Gas delivered by Transporter for the account of Shipper at each Point of Delivery.
- (d) When the allocation method incorporated is pursuant to Section 13.2(a)(i), (iii) or (iv) above, a change in a nomination could require a change in the detail of the then existing allocation.

13.3 Prior Period Adjustments

Any allocation data or corrections received by Transporter after it has closed the previous month of flow shall be handled as a prior period adjustment. Transporter shall process late allocation data or corrections of allocation errors as soon as practicable but no later than the time limitation for disputes of allocations. Pursuant to NAESB WGQ Standard Nos. 2.3.26 and 2.3.12: The time limitation for disputes of allocations shall be six (6) months from the date of the initial month-end allocation with a three (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. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods. Measurement prior period adjustments shall be reported with a restated line item with new total quantity for the day and the month.

14. SCHEDULING CHARGES AND PENALTIES

- 14.1 The scheduling charge for non-LBS Shippers (for purposes of this Section 14, the term Shipper shall be deemed to include firm shippers, interruptible shippers and point operators) shall be calculated as follows:

If during any Day of the Month the actual daily quantity received by Shipper, in aggregate, at Point(s) of Receipt or the actual daily quantity delivered by Transporter to Shipper, in aggregate, at Point(s) of Delivery vary (an "imbalance") by more than five percent (5%) from Scheduled Quantities at Point(s) of Receipt or Point(s) of Delivery, in aggregate, whichever is applicable, a scheduling charge shall be assessed on quantities in excess of 5%; provided, however,

- (a) where Shipper operates a Point of Delivery and Shippers other than the operator of the Point of Delivery are allocated their Scheduled Quantities pursuant to Section 13.2 of the GT&C, a scheduling charge shall only be assessed on the operator of the Point of Delivery on the quantity in excess of five percent (5%) of the total quantities scheduled at the Point of Delivery; and
- (b) The scheduling charge shall not apply to the extent:
 - (i) the imbalance occurs solely because of Transporter's inability to accept or deliver Natural Gas;
 - (ii) Shipper is subject to unauthorized overrun charges pursuant to Rate Schedule(s) FT-1 or FT-2, as applicable, Section 7 for such quantities; or
 - (iii) an interruptible Shipper's imbalance for a Day occurs because of a reduction of its Scheduled Quantity as a result of an intraday nomination by a firm Shipper.
- (c) On any Day, the scheduling charge shall equal the maximum rate in effect under Rate Schedule IT-2, multiplied by the quantities in excess of the allowed variance at Point(s) of Receipt and Point(s) of Delivery.

- 14.2 The scheduling charge for LBS Shippers shall be calculated as follows:

If during any Day of the Month the actual daily quantity received by Shipper, in aggregate, at Point(s) of Receipt or the actual daily quantity delivered by Transporter to Shipper, in aggregate, at Point(s) of Delivery vary (an "imbalance") by more than five percent (5%) from Scheduled Quantities at Point(s) of Receipt or Point(s) of Delivery, in aggregate, whichever is applicable, a scheduling charge shall be assessed on quantities in excess of 5% provided, however,

- (a) where Shipper operates a Point of Delivery and Shippers other than the operator of the Point of Delivery are allocated their Scheduled Quantities pursuant to Section 13.2 of the GT&C, a scheduling charge shall only be assessed on the operator of the Point of Delivery on the quantity in excess of five percent (5%) of the total quantities scheduled at the Point of Delivery; and
- (b) The scheduling charge shall not apply to the extent:
 - (i) the imbalance occurs solely because of Transporter's inability to accept or deliver Natural Gas;

- (ii) Shipper is subject to unauthorized overrun charges pursuant to Rate Schedule(s) FT-1 or FT-2, as applicable, Section 7 for such quantities; or
 - (iii) an interruptible Shipper's imbalance for a Day occurs because of a reduction of its Scheduled Quantity as a result of an intraday nomination by a firm Shipper.
 - (c) On any Day, Shipper will be permitted to aggregate daily delivery point imbalances associated with Rate Schedule FT-1 Service Agreements into a single pool ("FT-1 Pool") and then net such imbalances within the pool, and separately, Shipper will be permitted to aggregate daily delivery point imbalances associated with Rate Schedule FT-2 Service Agreements into a single pool ("FT-2 Pool") and then net such imbalances within the pool; provided, however, that Shipper will also be permitted to net imbalances between the FT-1 Pool and the FT-2 Pool, but that all netting of imbalances within a pool or between pools is strictly for the purpose of mitigating imbalance charges and penalties set forth in Section 14 herein, and does not relieve Shipper from any transportation charges applicable to quantities of Natural Gas whether delivered to Shipper by Transporter or netted within or between pools pursuant to the applicable Rate Schedule.
 - (d) For each Day for the purpose of calculating daily imbalance charges and penalties, any imbalance remaining after netting in excess of five percent (5%) of the total scheduled quantity will be further reduced by either:
 - (i) the Rate Schedule LBS Shipper's total LBS Overtake Quantity for that Day, as determined pursuant to Section 3 of Rate Schedule LBS of Transporter's Tariff, net of applicable Third-Party Transportation Use Gas and Transporter's Use Gas (when the actual daily quantity delivered by Transporter to the Rate Schedule LBS Shipper exceeds the daily quantity scheduled to be delivered by Transporter to the Rate Schedule LBS Shipper); or
 - (ii) the Rate Schedule LBS Shipper's LBS Undertake Quantity for that Day, as determined pursuant to Section 3 of Rate Schedule LBS of Transporter's Tariff, net of applicable Third-Party Transportation Use Gas and Third-Party Injection Use Gas (when the daily quantity scheduled to be delivered by Transporter to the Rate Schedule LBS Shipper exceeds the actual daily quantity delivered by Transporter to the Rate Schedule LBS Shipper).
 - (e) On any Day, the scheduling charge for Rate Schedule LBS Shippers shall equal the maximum rate in effect under Rate Schedule IT-2, as applicable, multiplied by the quantities of any remaining imbalance after netting pursuant to Section 14.2(c) and reduction by either the LBS Overtake Quantity or LBS Undertake Quantity pursuant to Section 14.2(d).
- 14.3 If Transporter is experiencing capacity constraints or operational difficulties at certain Point(s) of Receipt or Point(s) of Delivery because of the variance between Shippers' Scheduled Quantities (including nominations for Authorized Overrun Service) and actual receipts and/or deliveries to or for Shippers' accounts, unless otherwise required to protect the integrity of the pipeline facilities, Transporter will give Shippers twenty-four (24) hours' notice prior to the start of the Day to which the notice applies that each Shipper must reduce its variance to five percent (5%) or less and that Transporter will assess the scheduling penalty set forth in this Section 14.3. The notice shall list all Point(s) of Receipt and/or Point(s) of Delivery where the Section 14.3 scheduling penalty will be assessed and will remain in effect until Shippers are notified to the contrary. In the event that Transporter has issued a Notice pursuant to this Section 14.3, the scheduling penalty for non-LBS and LBS shippers shall be 200% of the Gas Price Index for the flow date on which the gas is

transported, multiplied by the quantities in excess of the allowed variance at Point(s) of Receipt and Point(s) of Delivery, as applicable.

- 14.4 Transporter shall provide Shipper reasonable notice and Shipper shall be permitted three (3) hours, or such lesser time as is necessary to maintain the physical and/or operational integrity of Transporter's Pipeline Facilities, to reduce its variance in compliance with the notice. If Shipper does not reduce its deliveries to Transporter within such notice period, then Transporter shall further have the right to seize and retain Natural Gas delivered to Transporter's Pipeline Facilities in violation of a notice provided pursuant to Section 14.3 above or Section 18.2 of the GT&C if such action is necessary to maintain the physical and/or operational integrity of Transporter's Pipeline Facilities.

15. RATES OF FLOW

Except as set forth in this Section 15, Transporter shall not be obligated to accept or deliver Natural Gas under any Rate Schedule in excess of uniform hourly rates.

- 15.1 All Natural Gas shall be delivered by Shipper or for the account of Shipper into Transporter's Pipeline Facilities at rates as constant as operationally feasible throughout the Day, provided that Rate Schedule FT-1 Shippers shall have the right to take up to 110% of the hourly Scheduled Quantity for up to five hours of each Day, provided further that Shipper is not entitled to take in excess of its Scheduled Quantity in any Day.
- 15.2 All Natural Gas delivered by Transporter to a Rate Schedule LBS Shipper shall in any Day be considered by Transporter to be delivered pursuant to the hourly rates of flow applicable to Shipper's firm transportation Service Agreement utilized to deliver such LBS Overtake Quantities by Transporter.
- 15.3 Rate Schedule(s) FT-2 and IT-2 Shippers shall have the right to take up to the following hourly Scheduled Quantity on a daily basis. Such hourly Scheduled Quantity may not coincide with a "Day" but rather shall commence upon a Shipper's receipt of confirmation of the Scheduled Quantity pursuant to Section 12 of the General Terms and Conditions of Transporter's FERC Gas Tariff:

Hour	Hourly Flow Profile (% of MDQ)	Cumulative Hourly Flow Profile (% of MDQ)
1	5.00	5.00 (a)
2	5.00	10.00 (b)
3	5.00	15.00 (c)
4	5.00	20.00 (d)
5	5.00	25.00 (e)
6	5.00	30.00 (f)
7	5.00	35.00 (g)
8	4.77	39.77 (h)
9	4.64	44.41 (i)
10	4.51	48.92 (j)
11	4.64	53.56 (k)
12	5.00	58.56 (l)
13	5.00	63.56 (m)
14	4.51	68.07 (n)
15	4.26	72.33 (o)
16	3.88	76.21 (p)
17	3.75	79.96 (q)
18	3.50	83.46 (r)
19	3.37	86.83 (s)
20	3.24	90.07 (t)
21	2.99	93.06 (u)
22	2.67	95.73 (v)
23	2.36	98.06 (w)
24	1.91	100.00 (x)
	100.00	

(a) Flows during the hour shall not exceed 5.00% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.

- (b) Flows during the hour combined with flows during the immediately preceding hour shall not exceed 10.00% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (c) Flows during the hour combined with flows during the immediately preceding two-hour period shall not exceed 15.00% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (d) Flows during the hour combined with flows during the immediately preceding three-hour period shall not exceed 20.00% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (e) Flows during the hour combined with flows during the immediately preceding four-hour period shall not exceed 25.00% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (f) Flows during the hour combined with flows during the immediately preceding five-hour period shall not exceed 30.00% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (g) Flows during the hour combined with flows during the immediately preceding six-hour period shall not exceed 35.00% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (h) Flows during the hour combined with flows during the immediately preceding seven-hour period shall not exceed 39.77% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (i) Flows during the hour combined with flows during the immediately preceding eight-hour period shall not exceed 44.41% of the MDQ contained in its applicable Rate Schedule -2 or IT-2 Service Agreement.
- (j) Flows during the hour combined with flows during the immediately preceding nine-hour period shall not exceed 48.92% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (k) Flows during the hour combined with flows during the immediately preceding ten-hour period shall not exceed 53.56% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (l) Flows during the hour combined with flows during the immediately preceding eleven-hour period shall not exceed 58.56% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (m) Flows during the hour combined with flows during the immediately preceding twelve-hour period shall not exceed 63.56% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (n) Flows during the hour combined with flows during the immediately preceding thirteen-hour period shall not exceed 68.07% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.

- (o) Flows during the hour combined with flows during the immediately preceding fourteen-hour period shall not exceed 72.33% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (p) Flows during the hour combined with flows during the immediately preceding fifteen-hour period shall not exceed 76.21% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (q) Flows during the hour combined with flows during the immediately preceding sixteen-hour period shall not exceed 79.96% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (r) Flows during the hour combined with flows during the immediately preceding seventeen-hour period shall not exceed 83.46% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (s) Flows during the hour combined with flows during the immediately preceding eighteen-hour period shall not exceed 86.83% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (t) Flows during the hour combined with flows during the immediately preceding nineteen-hour period shall not exceed 90.07% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (u) Flows during the hour combined with flows during the immediately preceding twenty-hour period shall not exceed 93.06% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (v) Flows during the hour combined with flows during the immediately preceding twenty-one-hour period shall not exceed 95.73% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (w) Flows during the hour combined with flows during the immediately preceding twenty-two-hour period shall not exceed 98.09% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.
- (x) Flows during the hour combined with flows during the immediately preceding twenty-three-hour period shall not exceed 100.00% of the MDQ contained in its applicable Rate Schedule FT-2 or IT-2 Service Agreement.

16. INSTALLATION OF FLOW CONTROL EQUIPMENT

Transporter may elect to construct, install, and operate flow control equipment at any location on its Pipeline Facilities whenever it determines that such equipment will contribute to the safe, reliable, efficient, and orderly operation of its Pipeline Facilities in a manner that is consistent with its obligations to provide service under all of its Rate Schedules.

17. POINT(S) OF RECEIPT AND POINT(S) OF DELIVERY

17.1 Addition of Primary Point(s) of Receipt and Delivery

- (a) Subject to the terms of Section 10 of the GT&C and with the consent of Transporter, any Shipper receiving service under Rate Schedule(s) FT-1, FT-2, or firm EAW may request to add or delete Primary Point(s) of Receipt or Primary Point(s) of Delivery at any time during the term of such Shipper's Service Agreement, pursuant to the procedures in Section 17.1(b) below.
- (b)
 - (i) A Shipper desiring to change its Primary Point(s) of Receipt and/or Primary Point(s) of Delivery shall notify Transporter on or before 5:00 p.m. CCT two (2) days prior to the gas day on which it wants the change to be effective.
 - (ii) Shipper's notification shall include (i) the Primary Point(s) of Receipt and/or Primary Point(s) of Delivery to which it desires to designate as its Primary Point(s), (ii) the date on which it wants the change to be effective, (iii) the portion of its MDQ to be allocated to such Primary Point(s) of Receipt and/or Primary Point(s) of Delivery. Shipper's notification shall also include the Primary Point(s) of Receipt and/or Delivery from which it desires to change and the MDRO and/or MDDO to be changed for each such point.
 - (iii) Transporter shall advise Shipper on or before 10:30 a.m. CCT of the day following Shipper's notification whether the requested change(s) in Primary Point(s) of Receipt and Primary Point(s) of Delivery are confirmed and satisfy Section 17.3(c) below.
 - (iv) Upon the receipt of Transporter's confirmation in Section 17.1(b)(iii) above, the change(s) in Primary Point(s) of Receipt and/or Primary Point(s) of Delivery shall be effective on the date(s) requested by Shipper.
 - (v) Upon the effectiveness of the change(s) in Point(s) of Receipt and/or Point(s) of Delivery, any such change(s) shall not have the effect of increasing or decreasing the contractual MDQ. After such change(s), any existing nominations shall be subject to scheduling under Section 12 of the GT&C.
- (c) Additions or deletions of Primary Point(s) of Receipt or Primary Point(s) of Delivery by a Shipper pursuant to this Section 17.1 shall be permitted only to the extent that sufficient capacity exists to accommodate such request without impairing Transporter's ability to meet its existing obligations and provided further that such request, if granted, shall not cause Shipper's reservation charges paid to Transporter to decrease. Construction of new or physical expansion of existing Primary Point(s) of Receipt or Primary Point(s) of Delivery to Transporter's Pipeline Facilities will only be made pursuant to the terms of Section 27 of the GT&C.

17.2 Designated Limited Notice Point(s) of Receipt

- (a) A Shipper, no more often than every thirty (30) days, desiring to designate or change its Designated Limited Notice Point(s) of Receipt may notify Transporter on or before 5:00 p.m. CCT seven (7) days prior to the first of the month on which it wants the designation or change to be effective.

- (b) Shipper's notification shall include (i) the Designated Limited Notice Point(s) of Receipt that it desires to designate or to change as its Designated Limited Notice Point(s) of Receipt, (ii) the date on which it wants the designation or change to be effective, (iii) the portion of its Limited Notice Quantity to be allocated to such Designated Limited Notice Point(s) of Receipt. Shipper's notification shall also include the Point(s) of Receipt from which it desires to change and the MDRO to be changed from each point(s).
- (c) Transporter shall advise Shipper on or before 10:00 a.m. CCT two (2) days following Shipper's notification whether the requested change(s) in Designated Limited Notice Point(s) of Receipt is confirmed as available to conform with Section 17.3(c) below.
- (d) Upon the receipt of Transporter's confirmation in Section 17.2(c) above, the change(s) in Shipper's Designated Limited Notice Point(s) of Receipt shall be effective on the date(s) requested by Shipper.
- (e) Once the confirmation in Section 17.2(c) above has been received, Shipper shall have the right to make Limited Notice nominations for service at Designated Limited Notice Receipt Point(s) at any time, upon one (1) hour notice, for quantities not to exceed the Limited Notice Quantity and provided further that Transporter can confirm, in accordance with Section 11.3 of the GT&C, Shipper's Limited Notice Quantity nomination on Transporter, and such Limited Notice nomination shall be deemed to be an intraday nomination. Such Designated Limited Notice Receipt Point nominations shall be Transporter's highest priority service in accordance with Section 12.2 of the GT&C, and shall bump lower priority services throughout the Day.
- (f) Shipper is entitled to give the notice in Section 17.2(e) above no more often than every four (4) hours.

17.3 Secondary Point(s) of Receipt and Secondary Point(s) of Delivery

- (a) Any Shipper receiving firm transportation service under Rate Schedule(s) FT-1 or FT-2 shall be permitted to nominate service on a secondary basis at all Point(s) of Receipt and Point(s) of Delivery on Transporter's Pipeline Facilities in accordance with the GT&C. Any Shipper receiving firm service under Rate Schedule EAW shall be permitted to nominate service on a secondary basis at all physical and/or virtual Point(s) of Receipt and Point(s) of Delivery located at or upstream of Transporter's Joliet, Illinois compressor station. Nominations for the receipt or delivery of Natural Gas at Secondary Point(s) of Receipt or Secondary Point(s) of Delivery shall be permitted only to the extent that: (1) sufficient capacity exists at such Point(s); and (2) Transporter's Pipeline Facilities can operationally accommodate such receipt or delivery.
- (b) Any transportation from a Secondary Point of Receipt and/or to a Secondary Point of Delivery shall be at applicable maximum rates, unless Transporter shall agree otherwise. Provided further, that any transportation from any Secondary Point(s) of Receipt and/or to any Secondary Point(s) of Delivery outside of the Contract Path shall be subject to incremental charges associated with Transporter's applicable Rate Schedule(s) FT-1 or FT-2 maximum 100 percent load factor rates from such Secondary Points of Receipt to such Secondary Points of Delivery unless Transporter shall agree otherwise.
- (c) Shippers nominating service or making changes in nominations under Sections 11.1(b) or 11.2(a) of the GT&C, at any Primary Point(s) of Receipt or Primary Point(s) of Delivery or Shippers taking quantities at Shipper's Designated Limited Notice Receipt Point(s) shall have priority over Shippers nominating service at such Point(s) of Receipt or

Point(s) of Delivery on a secondary basis. Shippers nominating firm service on a primary or secondary basis at any Point(s) of Receipt or Point(s) of Delivery within the Contract Path shall have priority over Shippers nominating interruptible service at such Point of Receipt or Point of Delivery, including Shippers nominating service from a Secondary Point of Receipt or to a Secondary Point of Delivery outside of the Contract Path.

- (d) For any Shipper receiving service under Rate Schedule(s) FT-1 or FT-2, the sum of the quantities of Natural Gas nominated at all Primary and Secondary Points of Receipt and at all Primary and Secondary Points of Delivery including quantities nominated by Shipper at Shipper's Designated Limited Notice Receipt Point(s) may not exceed the MDQ specified in each such Shipper's Service Agreement within the same segment of Transporter's system such that Shipper shall not transport a quantity of gas in excess of its MDQ at any Point of Delivery, Point of Receipt or within any one segment of Transporter's Pipeline Facilities.

17.4 Segmentation of Capacity

Any Shipper receiving firm transportation service may segment, to the extent operationally feasible, its Contract Path into two (2) or more discrete segments for its own use or in connection with a capacity release pursuant to Section 21 of the GT&C. If Shipper utilizes two (2) or more discrete pipeline segments, the sum of the quantities of gas nominated at all Points of Receipt or at all Points of Delivery by the Shipper and, if applicable, the Releasing Shipper may exceed the MDQ specified in the Service Agreement so long as the quantities nominated for transportation in a pipeline segment do not exceed the MDQ applicable to the segment. Shipper may segment its Contract Path to forwardhaul and backhaul quantities of gas to the same Point of Receipt or to the same Point of Delivery. In such a segmented transaction, the Shipper may exceed its MDQ at that Point of Receipt or Point of Delivery and may nominate quantities of gas in each segment up to Shipper's MDQ assigned to such segment; provided, however, the quantities nominated to flow in the opposite direction of the flow of the Contract Path shall be considered to be outside the Shipper's Contract Path. If the Releasing Shipper and the Replacement Shipper nominate quantities of gas in segments that overlap, the quantities shall be scheduled in accordance with Section 12.2 of the GT&C. If the quantities have equal priority and the sum of the quantities cannot be scheduled, the quantities shall be scheduled pro rata unless the Releasing Shipper specifies otherwise in its release notice.

17.5 Point(s) of Receipt and Delivery for Interruptible Service

Any Shipper receiving interruptible transportation service under either Rate Schedule IT-1 or IT-2 may nominate receipts and deliveries of Natural Gas at any Point of Receipt or Delivery on Transporter's Pipeline Facilities in accordance with the GT&C, with no impact on such Shipper's interruptible queue priority.

18. OPERATIONAL FLOW ORDERS (OFO)

18.1 General

Transporter may issue OFOs to preserve the integrity of Transporter's Pipeline Facilities, to ensure adequate operating pressures, to have adequate supplies in the Pipeline Facilities, to assure adequate Transporter's Use Gas, to maintain firm services, and to optimize the operation of the system. Transporter may also issue OFOs on a not unduly discriminatory basis to respond to other unforeseen circumstances. To the extent possible, Transporter will identify discrete Shipper(s) whose action(s) require Transporter to issue an OFO(s) and Transporter will limit the applicability of the OFO(s) to such Shipper(s). Notwithstanding the foregoing, if Transporter is unable to identify discrete Shipper(s) whose action(s) require issuance of an OFO, any OFO will be applicable to all Shippers on the affected pipeline facilities.

18.2 Circumstances Under Which an OFO May be Issued

Transporter may issue an OFO in any circumstance which would, in Transporter's reasonable judgment, impair Transporter's ability to receive or deliver Quantities of Gas in accordance with its service obligations including, but not limited to, when:

- (a) operating pressures on the affected portion of the system are significantly less than or greater than normal system operating pressures despite Transporter's efforts to maintain normal pressures and a further decline or increase in operating pressures would impair Transporter's ability to receive or deliver Scheduled Quantities of Gas;
- (b) a Shipper fails to maintain receipts or deliveries as required in Transporter's Tariff;
- (c) unscheduled pipeline maintenance and repairs affect capacity;
- (d) pipelines or other essential equipment freeze to the extent that such freezing damages or destroys or otherwise impairs Transporter's essential facilities or ability to monitor and control essential facilities or results in the loss of supplies of Natural Gas from other pipelines or producers of Gas;
- (e) a loss of Gas supply from producers, storage providers or other suppliers reduces pressure or supplies available for delivery;
- (f) Federal or state rules, regulations, orders, such as safety inspection orders and environmental safety orders, require Transporter to reduce operating pressures in, or remove from service, a portion of Transporter's Pipeline Facilities;
- (g) a mechanical or physical failure affects Transporter's ability to deliver or receive gas, including, but not limited to, pipeline failure, compressor failure, regulator failure, or other similar mechanical or physical failure;
- (h) a partial or total failure of electronic and communications systems impairs Transporter's ability to monitor or control Transporter's system;
- (i) external operations, including but not limited to highway construction, require Transporter to reduce operating pressures in, or remove from service, a portion of Transporter's Pipeline Facilities; or

- (j) a Shipper's failure to comply with the provisions of Transporter's Tariff that adversely affects the operations of Pipeline Facilities including, but not limited to, a Shipper's failure to adhere to the quality of Natural Gas specifications set forth in Section 3 of the GT&C.

18.3 Prior to issuing an OFO, Transporter will take all reasonable actions to minimize the issuance and adverse consequences of the OFO. These actions may include, but are not limited to, requiring firm Shippers to utilize primary Points of Receipt and Delivery and compliance with the provisions of Transporter's Tariff and the Service Agreement.

18.4 Notices

If Transporter is required to issue an OFO, Transporter will post a notice of such OFO on its Web Site or E-mail the notice to all affected Shippers, with an explanation of the necessity of such order, the Shipper(s) to which the order is directed, and the anticipated duration of such order. To the extent discrete Shipper(s) are not identified in any notice of an OFO, such order will be applicable to all Shippers. Transporter will post any notice of an OFO as far in advance of the effective date/time of the OFO as is operationally feasible, subject to Transporter's need to protect the integrity of the Pipeline Facilities. Transporter will provide updated information concerning the need for the OFO on its Web Site and will post a notice informing Shipper(s) when any OFO in effect will be canceled. Within a reasonable time after the OFO terminates, Transporter will post on its Web Site a report detailing the conditions that required the issuance and termination of the OFO.

18.5 Penalties

To the extent Transporter issues an OFO and Shipper(s) does not comply with such order, Transporter will assess and Shipper will be obligated to pay Transporter a charge pursuant to Section 12.3(f) of the GT&C for failure to comply with such order. Such fee will be assessed on each Dth of Natural Gas received into or delivered out of Transporter's Pipeline Facilities when such receipts and/or deliveries are not in compliance with any OFO in effect. Transporter shall provide Shipper reasonable notice of the OFO and Shipper shall be permitted three (3) hours, or such lesser time as is necessary to maintain the physical and/or operational integrity of Transporter's Pipeline Facilities, to reduce its tenders in compliance with the OFO. If Shipper does not reduce its deliveries to Transporter within such notice period, then Transporter shall have the right to seize and retain Natural Gas delivered to Transporter's Pipeline Facilities in violation of an OFO if such action is necessary to maintain the physical and/or operational integrity of Transporter's Pipeline Facilities.

19. RESOLUTION OF IMBALANCES

19.1 Shipper's Duty to Control Imbalances

- (a) A Shipper receiving any transportation service from Transporter will use, or will cause any party receiving or delivering Shipper's Natural Gas to use, all reasonable efforts to ensure that receipts and deliveries of Natural Gas are equal to the quantities scheduled by Transporter.
- (b) For Shipper that has not executed a LBS Service Agreement, if during any Day of the Month:
 - (i) the actual daily quantity received by Shipper, in aggregate, at Point(s) of Receipt varies from Scheduled Quantities at Point(s) of Receipt, in aggregate, or
 - (ii) the actual daily quantity delivered by Transporter to Shipper, in aggregate, at Point(s) of Delivery varies from Scheduled Quantities at Point(s) of Delivery, in aggregate,

then the absolute quantity of such variances will be considered an imbalance for purposes of the monthly resolution of imbalances set forth in Section 19 herein.

- (c) For Shipper that has executed a LBS Service Agreement, if during any Day of the Month:
 - (i) the actual daily quantity received by Shipper, in aggregate, at Point(s) of Receipt varies from Scheduled Quantities at Point(s) of Receipt, in aggregate, or
 - (ii) the actual daily quantity delivered by Transporter to Shipper, in aggregate, at Point(s) of Delivery varies from Scheduled Quantities at Point(s) of Delivery plus any applicable LBS Overtake Quantity or LBS Undertake Quantity, in aggregate, then the absolute quantity of such variances will be considered an imbalance for purposes of the monthly resolution of imbalances set forth in Section 19 herein.

19.2 Imbalance Netting and Trading

All imbalances accrued by Shipper under each of its Service Agreements will be combined to derive a "Net Monthly Imbalance" (NMI) (in Dth) for purposes of the calculations in Section 19.3 below. Shippers will be permitted to offset imbalances across contracts and trade imbalances amongst themselves when such imbalances have similar operational impact on the Pipeline Facilities. All the Pipeline Facilities will be considered one operational impact area for purposes of this Section 19.2. If Transporter determines and can document that such trading will cause a loss of transportation revenue, Transporter will implement an appropriate charge such that it is made whole for all transportation charges. The following procedures will apply to imbalance trading amongst Shippers.

- (a) Shipper may authorize contract imbalances under Shipper's Service Agreements to be posted for trading.
- (b) An Authorization to Post Imbalances (pursuant to NAESB WGQ Standard No. 2.4.9) that is received by Transporter by 11:45 a.m. shall be effective by 8:00 a.m. CCT the next Business Day. An imbalance that is previously authorized for posting shall be posted on or before the ninth (9th) Business Day of the Month. [2.3.40]

- (c) Transporter shall provide the ability to post and trade imbalances until at least the close of the seventeenth (17th) Business Day of the Month. [2.3.41]
- (d) Contract imbalances must be traded with contract imbalances in the opposite direction and such trade must move Shipper's imbalance closer to zero. When trading imbalances, a quantity must be specified. [2.3.45]
- (e) Transporter shall enable the imbalance trading process by providing the ability for [2.3.46]:
 - The Service Requester to authorize the posting of imbalances (pursuant to NAESB WGQ Standard No. 2.4.9) on the Transporter's Informational Postings and/or Customer Activities Web site(s);
 - A party to view the posted imbalances (pursuant to NAESB WGQ Standard No. 2.4.10) on Transporter's Informational Postings Web site;
 - The Initiating Trader to submit a request to Transporter for an imbalance trade (pursuant to NAESB WGQ Standard No. 2.4.11) on Transporter's Informational Postings and/or Customer Activities Web site(s);
 - Transporter, in response to the request for an imbalance trade, to provide any error/warning message(s), as necessary, which includes the name of the relevant data element, if appropriate, along with the corresponding message;
 - The Initiating Trader to withdraw its request for an imbalance trade on Transporter's Informational Postings and/or Customer Activities Web site(s);
 - Transporter to, optionally, request the Confirming Trader to confirm the request for an imbalance trade;
 - The Confirming Trader to confirm the request for an imbalance trade on Transporter's Informational Postings and/or Customer Activities Web site(s);
 - Transporter to provide the Initiating Trader and the Confirming Trader with the status of the requested imbalance trade no later than Noon on the next Business Day, including, if applicable, an explanation when the trade quantity is not equal to the trade quantity requested;
 - Transporter to effectuate the confirmed trade; and
 - Transporter to reflect the trade prior to or on the next monthly Shipper Imbalance or cashout.
- (f) An imbalance trade can only be withdrawn by the Initiating Trader and only prior to the Confirming Trader's confirmation of the trade. An imbalance trade is considered final when confirmed by the Confirming Trader and effectuated by Transporter. [2.3.47] Imbalance trades shall be deemed to be effectuated when Transporter sends the imbalance trade notification.

19.3 Resolution of Monthly Imbalances

(a) All imbalances accrued by Shipper under its Service Agreements, after minimization in accordance with Section 19.2 herein, shall be resolved on a monthly basis pursuant to the provisions herein. No imbalance penalty shall be imposed when a prior period adjustment applied to the current period would otherwise cause or increase a current monthly penalty. On or before the ninth (9th) Business Day after the end of the Month, Transporter will render to Shipper, for each Service Agreement, data specifying the difference (imbalance) which exists between (i) the actual monthly quantities of gas received from Shipper or for Shipper's account at the Point(s) of Receipt less Transporter's Use Percentage and (ii) the actual monthly quantities of gas delivered to Shipper or for Shipper's account at the Point(s) of Delivery.

(b) Imbalance Percentage

The Imbalance Percentage for each Shipper shall be the absolute value of the Shipper's NMI divided by the summation of the actual quantities of gas delivered to Shipper or for Shipper's account in Section 19.3(a) above.

(c) Imbalance Due Transporter

When Shipper's NMI is the result of Shipper's actual deliveries exceeding actual receipts, Shipper shall pay Transporter for Shipper's NMI (in Dth) an amount equal to the NMI multiplied by the highest Weekly Gas Price Index, and that product multiplied by the Factor in accordance with the following schedule:

Imbalance Percentage	Factor
> 0%-2%	1.0
> 2%-5%	1.1
> 5%-10%	1.2
>10%-15%	1.3
>15%-20%	1.4
>20%	1.5

(d) Imbalance Due Shipper

When Shipper's NMI is the result of Shipper's actual receipts exceeding actual deliveries, Transporter shall pay Shipper for the NMI (in Dth) an amount equal to the NMI multiplied by the lowest Weekly Gas Price Index, and that product multiplied by the Factor in accordance with the following schedule:

Imbalance Percentage	Factor
> 0%-2%	1.0
> 2%-5%	0.9
> 5%-10%	0.8
>10%-15%	0.7
>15%-20%	0.6
>20%	0.5

It is agreed, however, that in the event Shipper owes Transporter any payments under Section (c) above from a previous month which are past due, Transporter shall have the right hereunder to offset payments it owes to Shipper under this Section (d) by such past due amounts.

- (e) The provisions of Section 8 of the GT&C shall apply to payments due pursuant to Section 19.3(c) or (d) above.

19.4 Third-Party Imbalance Management Services

Nothing in this tariff is intended to inhibit development of, or discriminate against the use of, imbalance management services provided by third parties or Transporter's Shippers. Any party interested in providing imbalance management services must coordinate with Transporter.

20. WEB SITE

20.1 General

Transporter shall maintain a FERC-compliant interactive Web Site on its electronic communication system.

20.2 Submission of Information and Communications

Unless specifically provided otherwise in this Tariff, the generic provisions of this Tariff requiring that notices, requests, and other communications be in writing may be satisfied by Shipper through submission of such communications over Transporter's Web Site, or through electronic data interchange where applicable. Transportation Service Agreement notices requiring communications to be in writing remain unchanged unless agreed to otherwise by the parties. Submission of information and communications through Transporter's Web Site shall be legally binding on Shipper and Transporter.

20.3 Archived Information

Any party with access to the Web Site will be able to download information provided thereon. Transporter shall maintain and retain daily back-up records of the information displayed on the Web Site for a period of three (3) years for purposes of restoring such information to on-line availability if there is a computer malfunction or loss. Completed transactions and posted information will remain on the Web Site for at least thirty (30) days and then will be archived. Archived information will be available from Transporter upon fifteen (15) Days' prior written notice. Copies of archived information will be made available at a reasonable fee to recover the costs of providing such information.

20.4 Access to Transporter's Web Site

Transporter shall provide access to Informational Postings and Customer Activities Web Sites via Transporter's Web Site (www.gpl.oneokpartners.com). Such person shall be responsible for providing all computer equipment necessary to use and interface with the Web Site.

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

Customer Services Department
Guardian Pipeline, L.L.C.
P.O. Box 871
Tulsa, Oklahoma 74102-0871

Phone Number: (918) 588-7745
Fax Number: (918) 732-1429

20.5 Informational Postings Web Site

The Informational Postings Web Site will be maintained to provide equal and timely access to certain information, as it pertains to Transporter's pipeline system including: 1) Operationally Available and Unsubscribed Capacity; 2) Affiliate Information; 3) Gas Quality Information; 4) Index of Customers; 5) Reporting Requirements under the FERC Standards of Conduct for Transmission Providers, 18 CFR Part 358; 6) Critical, Non-Critical, and Planned Service Outage Notices; 7) Organization Charts; 8) Posted Imbalances; 9) Transporter'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 Transporter's Informational Postings Web Site may be fully disseminated by its users.

Information on Transporter's Informational Postings Web Site shall be made available so as to permit users to download data to be used in their applications.

20.6 Customer Activities Web Site

Transporter's proprietary business functions are accessible via its Customer Activities Web Site.

- (a) The Customer Activities Web Site will be maintained to provide equal and timely access to certain transportation information, as it pertains to Transporter's pipeline system and in accordance with applicable currently effective FERC's adopted NAESB WGQ standards.
- (b) Any person may communicate with Transporter via the System by:
 - (i) acquiring compatible personal computer capability
 - (ii) executing the applicable access forms with Transporter; and
 - (iii) receiving a user identification password for accessing such site.
- (c) Transporter agreements located on the Customer Activities Web Site(www.gpl.oneokpartners.com) include the: (i) Master Electronic Transaction Agreement; (ii) Electronic Communication Agreement; (iii) Electronic Data Interchange Trading Partner Agreement and (iv) Agency Authorization Agreement.

20.7 Electronic Data Interchange

A person may communicate with Transporter via Electronic Data Interchange (EDI) by executing an Electronic Data Interchange Trading Partner Agreement with Transporter. The Electronic Data Interchange Trading Partner Agreement follows the format of the NAESB form Electronic Data Interchange Trading Partner Agreement. [6.3.3]

To transact business via the Customer Activities Web Site, a person must execute an Electronic Communication Agreement with Transporter.

21. CAPACITY RELEASE

21.1 Capacity Eligible for Release

- (a) Shippers under Rate Schedule FT-1, FT-2, or EAW with a firm Service Agreement shall be permitted to release their capacity on a temporary or permanent basis, in accordance with this Section 21. Capacity which may be assigned to the Replacement Shipper hereunder shall be limited to the firm capacity reserved by the Releasing Shipper, as defined by the Primary Points of Receipt and the Primary Points of Delivery contained in the released capacity. Releases may be made on an interruptible (i.e., subject to recall) or firm basis and may be billed by Transporter based on usage.
- (b) Transporter shall continue to sell its unsubscribed firm capacity by providing notice of the availability of such capacity on the Web Site or by using any other marketing services at its disposal.

21.2 Capacity Release Offer

- (a) A Shipper that desires to release any or all of its firm capacity under this Section 21 must notify Transporter electronically on the Web Site of its intent to release capacity and the terms of the release (hereinafter referred to as "Offer"). An Offer shall be posted on the Web Site upon receipt by Transporter or such other time which must comply with the set forth in Section 21.4(b) herein, as requested by Releasing Shipper. This Offer shall include:
 - (i) Releasing Shipper's contract number;
 - (ii) The specific quantity of capacity to be released;
 - (iii) If the request for release is on a permanent basis;
 - (iv) The Points of Receipt and Points of Delivery at which Releasing Shipper will release capacity and the quantity of capacity to be released at each point;
 - (v) The period of time or term of the release;
 - (vi) The conditions of Releasing Shipper's right of recall as well as methods and rights associated with returning the previously recalled capacity to the Replacement Shipper, if applicable;
 - (vii) Whether contingent bids will be accepted and when the contingency must be removed;
 - (viii) The identity of a Pre-arranged Replacement Shipper (PRS), if applicable;
 - (ix) Whether the release constitutes "a release to an asset manager" within the meaning of 18 CFR § 284.8(h)(3), and if so, the volumetric level of the asset manager's delivery or purchase obligation and the time periods during which that obligation is in effect;
 - (x) Whether the release constitutes "a release to a marketer participating in a state-regulated retail access program" within the meaning of 18 CFR § 284.8(h)(4);

- (xi) Pursuant to NAESB WGQ Standard No. 5.3.26, the Releasing Shipper shall specify which one of the following methods is acceptable for bidding on a given capacity release Offer:
- Non-Index-based release - dollars and cents,
 - Non-Index-based release - percentage of maximum rate, or
 - Index-based formula as detailed in the capacity release offer.

The Offer shall also include the term and quantity of capacity Releasing Shipper shall accept, if any, and whether bids using a volumetric rate for the collection of Reservation Charges will be accepted and whether Releasing Shipper requires a volumetric commitment.

For releases with a term of more than one year, and for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies Transporter of the release, the maximum reservation rate that may be bid shall not exceed the maximum rate for the applicable service being released as set forth on the applicable currently effective tariff sections, and the maximum volumetric rate that may be bid shall not exceed the one hundred percent (100%) load factor equivalent of the maximum rate, which Reservation rate equals the Authorized Overrun rate for the applicable service being released as set forth on the effective rate tariff sections. Pursuant to NAESB WGQ Standard No. 5.3.5, Transporter shall support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Commission.

- (xii) The duration of the posting which may not be less than the minimum bid period specified in Section 21.4(b) herein;
- (xiii) The best bid criterion, the method by which volumetric or contingent bids will be evaluated, and any alternate, objective and nondiscriminatory method for breaking ties. The best bid evaluation method established by Releasing Shipper must be objectively stated, applicable to all PRS or Replacement Shippers and not unduly discriminatory and shall enable Transporter to rank the bids received by utilizing the weight assigned by Releasing Shipper to each element of the Offer;
- (xiv) If the release is for a period of thirty-one (31) days or less, the Releasing Shipper may designate in the Offer the winning bid criterion to be the first acceptable bid received. Such capacity release shall not contain an evergreen provision and cannot be reassigned to the same Replacement Shipper within twenty-eight (28) Gas Days from the termination of each release, except in the event the Replacement Shipper is bidding on a second release under a different Service Agreement, or the re-release is posted for bidding or qualifies for any of the other exemptions from bidding in 18 CFR § 284.8(h)(1);
- (xv) Restrictions, if any, on the PRS or Replacement Shipper's ability to request changes in primary Points of Receipt or primary Points of Delivery; and
- (xvi) Whether the Offer may be rejected in part in the event Transporter rejects such Offer pursuant to Section 21.7 herein.

- (b) Releasing Shipper shall post the Offer on the Web Site. Pursuant to NAESB WGQ Standard Nos. 5.3.14 and 5.3.16: Offers shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site. The releasing party has the right to withdraw its Offer during the bid period, where unanticipated circumstances justify and no minimum Bid has been made.
- (c) When a Releasing Shipper presents a PRS that is on the approved bidders list, such Replacement Shipper initiates confirmations of prearranged deals electronically as a prerequisite to the awarding of the Offer.
- (d) The terms Releasing Shipper imposes may not conflict with any provision of the Service Agreement, Rate Schedule or General Terms and Conditions. In the event of such conflict, Transporter shall notify a Releasing Shipper to withdraw the Offer from posting.

21.3 Exceptions to Bidding

- (a) At Shipper's option, an Offer for a release of thirty-one (31) days or less with a designated PRS shall not be subject to the bidding process in accordance with Section 21.4 herein (exempt short-term capacity release). An exempt short-term capacity release shall not contain an evergreen provision and cannot be reassigned to the same PRS within twenty-eight (28) Gas Days from the termination of each release, except in the event the PRS is bidding on a second release under a different Service Agreement, or the re-release is posted for bidding or qualifies for any of the other exemptions from bidding in 18 CFR § 284.8(h)(1).
- (b) At Shipper's option, an Offer for a release to either (i) a designated PRS that is an asset manager, where such release is exempt from the bidding process pursuant to 18 CFR § 284.8(h)(3), or (ii) a marketer participating in a state-regulated retail access program in accordance with 18 CFR § 284.8(h)(4), shall not be subject to the bidding process in accordance with Section 21.4 herein.
- (c) In the event Releasing Shipper presents a PRS that is on the approved bidders list; the term of the release is over one year, or, if the term of the release is one year or less and the release will take effect more than one year from the date Releasing Shipper presents such PRS to Transporter; and such PRS agrees to pay the applicable Maximum Rate and agrees to all other conditions of the release prior to the submission of the Offer to Transporter, the released capacity will be assigned to the PRS and such Offer shall be exempt from the bidding process in accordance with Section 21.4 herein. The PRS will be posted as the winning bidder in accordance with Section 21.4(i) herein.
- (d) Timing of Capacity Releases Exempt from Bidding

For non-biddable releases, the posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. [5.3.2]

The posting deadlines are (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17) [5.3.2]:

- | | |
|----------------------|------------|
| (1) Timely Cycle | 12:00 Noon |
| (2) Evening Cycle | 5:00 p.m. |
| (3) Intraday 1 Cycle | 9:00 a.m. |
| (4) Intraday 2 Cycle | 1:30 p.m. |
| (5) Intraday 3 Cycle | 6:00 p.m. |

The contract is issued within one hour of the Award posting (with a new contract number, when applicable). Nomination is possible beginning at the next available nomination cycle for the effective date of the contract. [5.3.2]

21.4 Bidding Process

- (a) In order to submit a valid bid under this capacity release program, any party, including a PRS, must be on the approved bidders list. To be on the approved bidders list, a party must meet the provisions of Section 10 herein and have executed a capacity release service agreement with Transporter in the form as set forth in this Tariff (Capacity Release Form of Service Agreement). A party shall remain on the approved bidders list until such party notifies Transporter to the contrary, no longer meets the credit qualifications in Section 10.3 herein, or is suspended from the approved bidders list in the event and for such time as such party fails to pay part or all of the amount of any bill for service in accordance with Section 8 herein.
- (b) The capacity release timeline applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. [5.3.1]

Further, Transporter may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Transporter). [5.3.1]

Pursuant to NAESB WGQ Standard No. 5.3.2 (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

For biddable releases (1 year or less):

- (i) Offers shall be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- (ii) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
- (iii) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
- (iv) If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.
- (v) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.
- (vi) The contract is issued within one hour of the Award posting (with a new contract number, when applicable).
- (vii) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than 1 year):

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

Timeline for Releases with Special Conditions

If the Releasing Shipper specifies a bid evaluation methodology other than highest rate, net revenue or present value, or a permanent release or any other special conditions, the above timelines shall apply; provided, however, one additional Business Day will be added to the evaluation period. Such extended evaluation period shall cause Gas flow to be at least one day later than Gas could flow under the timeline set forth in Section 21.4(b)(i) or Section 21.4(b)(ii) herein. For the index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology.

- (c) The Bids for the given capacity release Offer shall adhere to the method specified by the Releasing Shipper. [5.3.26] All bids must also include the required bid information and must be received and posted electronically through the Web Site. Bids shall be posted on the Web Site with any contingencies identified and with the bidder's identity deleted.
- (d) A bidder may submit only one bid at a time in response to an Offer. A bidder may withdraw its bid through the Web Site at any time prior to the close of the posting period specified in the Offer without prejudice to its submitting another bid with an economic value equal to or greater than the economic value of the withdrawn bid.
- (e) Where there is a PRS and an offer which is better than the bid submitted by the PRS, Transporter will notify the PRS by 11:00 a.m. on the day capacity is awarded and the PRS will have until 11:30 a.m. to match the better offer and obtain the right to the released capacity. Transporter shall issue an Addendum to the PRS unless a better bid, as defined in Section 21.2(a)(xi) herein, is received within the time period specified in the posting. In the event the PRS does not match the better bid, Transporter shall issue an Addendum to the party who made the best bid.

- (f) Pursuant to NAESB WGQ Standard Nos. 5.3.13 and 5.3.15: Bids shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site. Bids cannot be withdrawn after the bid period ends.
- (g) In the event that a winning bid has an unacceptable contingency, and Transporter is not notified through the Web Site that such contingency has been removed within the time period specified in the Offer, such contingent bid will be rejected by Transporter.
- (h) The Releasing Shipper may define in the Offer the criteria for determining the best bid. If the Releasing Shipper does not specify the criteria, Transporter shall use the highest economic value as set forth in Section 10.1 herein to determine the best bid. Pursuant to NAESB WGQ Standard No. 5.3.4, when Transporter makes awards of capacity for which there have been multiple Bids meeting minimum conditions, Transporter shall award the Bids, best Bid first, until all offered capacity is awarded. Transporter will notify, through the Web Site by 11:00 a.m. following the end of the posting period, or by 12:00 Noon if a matching period is applicable, the PRS or Replacement Shipper that capacity has been awarded. Pursuant to NAESB WGQ Standard No. 5.3.19, Transporter shall allow re-releases on the same terms and basis as the primary release (except as prohibited by regulations).
- (i) Transporter will post the winning bids and Replacement Shippers' identity on the Web Site for at least five Business Days.

21.5 Rights and Obligations of Releasing Shipper

- (a) Regardless of the amount of capacity Releasing Shipper releases under this Section 21, Releasing Shipper shall remain liable for the Reservation Charges attributable to the released capacity unless otherwise agreed to in writing and in advance by Transporter. In the event of a permanent release, Transporter may, and will not unreasonably refuse to, waive liability of Releasing Shipper for the Reservation Charges.
- (b) When capacity is awarded to Replacement Shipper, Releasing Shipper must adjust or reconfirm its nominations to reflect the capacity released. Transporter may automatically change Releasing Shipper's nominations to zero for the Service Agreement under which capacity was released unless such nominations are adjusted or reconfirmed by the Releasing Shipper.
- (c) If Releasing Shipper releases its MDQ for a geographic portion of the capacity reserved under its Service Agreement, Releasing Shipper may use its full MDQ for its unreleased geographic portion of capacity.
- (d) When Releasing Shipper partially releases its capacity under a Service Agreement by releasing capacity between specific Points of Receipt and Points of Delivery or by releasing only a portion of its MDQ, Releasing Shipper's Service Agreement shall be deemed to be modified in accordance with the release and Releasing Shipper may not utilize the capacity released during the term of the release.
- (e) Releasing Shipper shall retain all Rights of First Refusal with respect to the released capacity, unless such release is a permanent release.
- (f) In the event of termination of a Replacement Shipper's Addendum pursuant to Section 21.6(c) herein, the released capacity related to such Addendum will revert to the Releasing Shipper.

- (g) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. For the recall notification provided to Transporter, Transporter's Tariff shall specify whether the quantity should be expressed in terms of a) total released capacity entitlements or b) adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity. The capacity entitlements resulting from the use of either a) or b) should be the same. [5.3.55] The recall notification to Transporter shall specify the quantity in terms of total released capacity entitlements.

21.6 Rights and Obligations of Replacement Shipper

- (a) Any bid submitted will bind Replacement Shipper or PRS to the terms of the bid if Transporter selects such bid as the best bid. If all the information provided by the Releasing Shipper, the bidder/PRS is valid, the Replacement Shipper is creditworthy, and there are no special terms and conditions, Transporter will issue and execute the Addendum to the Capacity Release Service Agreement within one hour of awarding the winning bid.
- (b) The capacity release addendum number will be issued within one hour of the award posting. Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum; however, in no event will Gas flow on Replacement Shipper's Service Agreement prior to the effective date of the release as posted in the Offer.
- (c) Replacement Shipper is responsible for payment of the applicable Reservation Charge, and any surcharges thereon, in the amount of its winning bid. Replacement Shipper is also responsible for all other billings, e.g., usage rate and applicable usage surcharges. In the event of payment default, subject to Section 8 herein, Transporter may elect to terminate that Replacement Shipper's Capacity Release Service Agreement which shall terminate all service thereunder utilized by the Replacement Shipper.
- (d) Once Replacement Shipper or PRS is notified of a winning bid, such Replacement Shipper or PRS shall have all the rights and obligations specified under the Releasing Shipper's Rate Schedule, the Releasing Shipper's Service Agreement and the General Terms and Conditions of this Tariff including the right to release firm capacity pursuant to this Section unless the conditions prescribed by the Offer require otherwise. Pursuant to NAESB WGQ Standard No. 5.3.19, Transporter shall allow re-releases on the same terms and basis as the primary release (except as prohibited by regulations).
- (e) Replacement Shipper shall have no Right of First Refusal with respect to the released capacity, unless such release is permanent.

21.7 Rights and Obligations of Transporter

- (a) Transporter shall determine the best bid based upon the best bid criteria established pursuant to Section 21.2(a)(xi) or Section 21.4(h) herein. Transporter shall have the right, but not the obligation, to reject, in whole or in part, the terms of any Offer or bid which is discriminatory or conflicts with any order or regulation issued by the FERC, or provision of the Service Agreement, Rate Schedule or General Terms and Conditions. Such Offer shall be rejected in its entirety unless Shipper, pursuant to Section 21.2(a)(xiv) herein, permits a partial rejection. Transporter shall provide notification to Shipper, through the Web Site, of the reason(s) for rejecting a release notice with the notice of rejection.

- (b) Transporter shall not have any liability to any Shipper, Releasing Shipper, Replacement Shipper, bidder or any other party as a result of Transporter's performance of its obligations under its capacity release program, and such Shippers, Releasing Shippers, Replacement Shippers, and bidders shall indemnify Transporter from and against any and all losses, damages, expenses, claims, suits, actions and proceedings whatsoever threatened, incurred or initiated as a result of Transporter's performance hereunder, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Transporter's gross negligence, undue discrimination or willful misconduct, provided that Transporter shall be responsible for direct damages, if any, resulting from Transporter's own negligence.
- (c) Transporter shall not award capacity release offers to Replacement Shipper until and unless Replacement Shipper meets Transporter's creditworthiness requirements applicable to all services that it receives from Transporter, including the service represented by the capacity release. [5.3.59]

21.8 Term

- (a) Any release under this Section 21 shall be for a minimum term of at least one Gas Day.
- (b) Any release under this Section 21 shall be for a maximum term expiring on the earlier of:
 - (i) The last date this Tariff provision shall be effective;
 - (ii) The expiration date of Releasing Shipper's Service Agreement when the release is for the full term of such agreement; or
 - (iii) The expiration date specified by the Releasing Shipper in the Offer.

21.9 Standard Recall and Reput Notification Periods

Pursuant to NAESB WGQ Standard No. 5.3.44, Transporter shall support the following recall notification periods for all released capacity subject to recall rights.

- (a) Timely Recall Notification:
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Transporter and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due.
 - (ii) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due.
- (b) Early Evening Recall Notification:
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Transporter and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due.
 - (ii) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due.

- (c) Evening Recall Notification:
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Transporter and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due.
 - (ii) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due.
- (d) Intraday 1 Recall Notification:
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Transporter and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due.
 - (ii) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due.
- (e) Intraday 2 Recall Notification:
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Transporter and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due.
 - (ii) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due.
- (f) Intraday 3 Recall Notification:
 - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Transporter and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due.
 - (ii) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.
- (g) Deadline for Reput:

The deadline for notifying Transporter of a reput is 8:00 a.m. to allow for timely nominations to flow on the next Gas Day. [5.3.54]

21.10 Billing Adjustments to Releasing Shipper

- (a) Transporter shall credit Releasing Shipper's monthly bill to reflect the Reservation Charge (including surcharges, if any) invoiced to Replacement Shipper, provided however, that Transporter and Releasing Shipper may, in connection with a Negotiated based on a rate design other than straight fixed variable, agree upon a payment obligation and crediting mechanism that varies from or is in addition to the provisions of this Section 21.10 in order to establish the basis of accounting for revenues from a Replacement Shipper as a means of preserving the economic bases of the Negotiated Rate. In the event of a release with a volumetric rate, 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 Transporter of the release, the volumetric rate shall be no greater than the 100% load factor equivalent of the Maximum

Rate currently applicable to the service released and shall be credited to the Releasing Shipper's monthly bill. Replacement Shipper's payment of the Usage Charge and applicable usage surcharges, if any, will be retained by Transporter.

- (b) If Replacement Shipper fails to pay all or any part of the Reservation Charge so credited within thirty (30) days of its due date, then such unpaid amount plus interest will be charged to Releasing Shipper's next monthly bill and will be due and payable by Releasing Shipper in accordance with Section 8 herein.

21.11 Request to Purchase Releasable Capacity

Under this Section 21, Transporter shall provide the ability for a potential Replacement Shipper to communicate to potential Releasing Shippers, through the Transporter, a request to purchase capacity that is releasable. Such request shall be provided to Transporter electronically and shall include, at a minimum, the following types of information: contact information, quantity(ies) requested, date range, location information, other terms and conditions specified by the potential Replacement Shipper, and any additional information as required by Transporter. Transporter shall post on its Informational Postings Web site under the Notices category, pursuant to NAESB WGQ Standard No. 4.3.23, instructions on how a request shall be electronically provided to Transporter. [5.3.73]

Transporter shall post such request on its Informational Postings Web site as a Notice identified by a NAESB-defined Notice Type that indicates that it is a request to purchase capacity through the capacity release process and such Notice shall be provided pursuant to NAESB WGQ Standard No. 5.4.16. [5.3.73] Transporter shall post such request for the period requested by the potential Replacement Shipper.

22. MARKETING FEES

When a Releasing Shipper requests that Transporter actively market its released firm capacity, then Transporter will be entitled to a marketing fee for successfully marketing such released firm capacity. The fee will be negotiated between Transporter and Releasing Shipper. Provided, however, if Transporter only posts the Releasing Shipper's firm capacity on its Web Site and does not actively market the released firm capacity, no marketing fee will be charged for the routine arrangement of transportation services.

23. RIGHT OF FIRST REFUSAL AND PREGRANTED ABANDONMENT

23.1 General

Any Shipper may, at the expiration of a firm Service Agreement (i) for which Shipper is paying the maximum rate applicable for the service, and (ii) with a term of at least twelve (12) consecutive months (or, if the service is not available for twelve (12) consecutive months, the Service Agreement is for more than one year), continue service for all or a portion of the firm capacity covered by the Service Agreement, subject to the conditions of this Section 23. Subject only to Shipper's Right of First Refusal to continue service, Transporter shall have all necessary abandonment authorization under the Natural Gas Act as of such termination date and shall not be required to seek case specific authorization prior to abandoning service. For any Shipper that does not qualify for the right of first refusal under this Section 23, Transporter and any such Shipper may agree otherwise.

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

The right of first refusal shall not be applicable to capacity contracted under limited-term service agreements associated with pre-arranged transactions or expansion/extension projects as set forth in Section 37 of the General Terms and Conditions.

23.2 Right of First Refusal

To exercise its Right of First Refusal to continue service for all or a portion of the firm capacity covered by a Service Agreement, which meets the requirements of Section 23.1 above, the Shipper must provide notice to Transporter pursuant to Section 23.3 below that it desires to continue its Service Agreement and that it may match (a) the longest term, and (b) the highest rate offered for such service, up to the applicable maximum rate, that is offered by another person desiring such capacity as set forth in Section 23.5 below, provided that Transporter shall not be obligated to provide service at less than the applicable maximum rate.

23.3 Notice to Transporter

Shipper shall notify Transporter in writing of its intention to exercise a right of first refusal for all or a portion of the MDQ stated in its Service Agreement by certified mail at least six (6) months prior to the end of the primary term of the Service Agreement.

23.4 Posting Periods

Upon receipt of the notice required in Section 23.3 above, Transporter shall post on its Web Site that capacity will be available upon the termination of Shipper's firm transportation Service Agreement for the following minimum periods of time:

- (a) Service Agreements with terms of five (5) years or longer: Fourteen (14) Days.
- (b) Service Agreements with terms of not less than thirty (30) Months but less than five (5) years: Ten (10) Days.
- (c) Service Agreements with terms of not less than one (1) year but less than thirty (30) Months: Seven (7) Days.

- (d) Service Agreements with terms of less than one (1) year: Five (5) Days.

23.5 Bidding Procedures

Each bidder for Shipper's firm capacity, or any part thereof, must submit its bid to Transporter through Transporter's Web Site within the time specified by Transporter. Each bid shall contain the term for which the capacity is sought and the percentage of the maximum rate or the negotiated rate in effect during said term which the bidder is willing to pay for the capacity. If Transporter receives more than one bid for Shipper's capacity, and it does not reject all bids as provided below, it will choose the bid, or combination of bids, having the highest Net Present Value to Transporter, provided, however, that for purposes of comparing bids, negotiated rates above the maximum rate will be treated equal to the maximum rate, provided further, that Transporter reserves the right to reject any bid which is for less than one-hundred percent (100%) of the maximum rate applicable to Shipper's firm service.

23.6 Pregranted Abandonment

- (a) Transporter will notify Shipper within two (2) Business Days of the best bid received in an arm's length transaction that Transporter is willing to accept, and Shipper shall have a specified time, but not less than fifteen (15) Days, within which it must match the price and contract term, not to exceed five (5) years, offered in the best bid in order to retain its firm capacity. If Shipper matches the best bid, Transporter and Shipper will enter into a new service agreement for firm service reflecting the terms of Shipper's matching bid. If Shipper fails to match the best bid within the time allowed by Transporter, Shipper's existing service agreement for firm service will be subject to pregranted abandonment upon the effective termination date of Shipper's service agreement for firm service and Transporter will enter into a new service agreement for firm service with the party or parties offering the best bid.
- (b) In the event Transporter does not receive any bids for Shipper's capacity or any bids that are acceptable to Transporter, Shipper shall have the right to retain its firm capacity at the rate calculated under the provisions governing under the expiring Service Agreement, if such expiring Service Agreement was negotiated pursuant to Section 26.2 of the GT&C, or if not so previously negotiated, then at the applicable maximum rate applicable thereto, or any discounted rate or negotiated rate agreed to by Transporter, for an additional term as requested by Shipper, provided that Transporter shall not be obligated to provide service at less than the applicable maximum rate. If Shipper refuses to renew its Service Agreement at the maximum rate, absent an agreement by Transporter to discount, said Service Agreement shall be subject to pregranted abandonment on the effective date of termination.
- (c) If Shipper does not elect to extend its Service Agreement pursuant to the provisions contained therein and in this Section 23, said Agreement shall terminate and be subject to pregranted abandonment at the end of the Primary Term set forth in Shipper's Service Agreement.

- 23.7 Should either Rate Schedule OSS or Rate Schedule LBS be extended beyond March 31, 2019, Rate Schedule OSS Shippers, Rate Schedule LBS Shippers and Transporter shall have the same right of first refusal and pregranted abandonment rights, obligations and responsibilities set forth in this Section 23, as if each was deemed to be a Shipper or Transporter at the expiration of a firm Service Agreement.

24. FORCE MAJEURE

24.1 Liability Excused

In the event either Transporter or Shipper is unable, in whole or in part, by reason of the existence of a Force Majeure event to carry out its obligations under the Service Agreement, it is agreed that, on such party giving notice and full particulars of such Force Majeure to the other party in a form consistent with Section 9 of the GT&C as soon as possible after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such event of Force Majeure, shall be excused during the continuance of any inability so caused but for no longer period. Provided, however, the party claiming the existence of Force Majeure shall use all reasonable efforts to remedy any situation that may interfere with the performance of its obligations hereunder, and the existence of Force Majeure shall not relieve a party from its obligations to make payments as then due or becoming due under a Service Agreement, including the obligation to pay reservation or other fixed charges during the period of Force Majeure, except as otherwise provided in Section 40 of the GT&C.

24.2 Force Majeure

Neither Transporter nor Shipper shall be liable in damages to the other resulting from an event of "Force Majeure" which shall mean an event or condition, whether affecting Transporter or Shipper, beyond the reasonable control of the party claiming Force Majeure. Such events or conditions shall include, but shall not be limited to: acts of God; strikes, lockouts, or other industrial disturbances; sabotage, acts of vandalism, acts of the public enemy, wars, blockades, insurrections, riots, or epidemics; landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts or other natural events or the threat thereof or warnings related thereto; arrests and restraints of government and people or civil disturbances; explosions, unplanned or unscheduled maintenance, testing, breakage, or accident to plants, platforms, equipment, machinery, or lines of pipe by whatever cause, or the threat thereof or warnings related thereto; freezing of wells or lines of pipe; any interruption of off-system firm service; one-time, nonrecurring unplanned or unscheduled interruptions, outside the control of Transporter, caused by government or court orders and/or present and future valid orders, decisions or rulings of any government or regulatory entity having proper jurisdiction; events of Force Majeure occurring on upstream or downstream pipelines, gatherers, or processors solely outside the control of Transporter; and any other causes, whether of the kind hereunder enumerated or otherwise, whether affecting Transporter or Shipper, or any other person including but not limited to upstream or downstream transporter(s), gatherer(s), or processor(s), not within the control of the party claiming suspension and which the exercise of due diligence by such party is unable to prevent or overcome. The term of such condition shall likewise include the inability of either party to acquire, or delays on the part of such party in acquiring, at reasonable costs and by the exercise of reasonable diligence, servitudes, rights-of-way grants, permits, permissions, certificates, authorizations, licenses, materials, or supplies which are required to enable such party to fulfill its obligations hereunder. The settlement of strikes and lockouts shall be entirely within the discretion of the person affected, and the above requirements that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the person affected thereby.

24.3 Liabilities Not Relieved

Any causes or contingencies affecting performance by a party, as defined in Section 24.2 of this GT&C, shall not relieve it of liability that might otherwise exist 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, although this provision shall not be

construed to impose liability beyond that to which a party may otherwise be subject and this provision is subject to other sections of these GT&C with respect to limitations on liability; provided further, such causes or contingencies affecting performance shall not relieve a party from its obligation to make payments of any and all amounts owed or coming due under Shipper's applicable Service Agreement during the period of the Force Majeure, except as set forth in Section 40 of this GT&C.

25. COMPLAINT RESOLUTION

Complaint Resolution. Transporter will attempt to resolve any complaints by Shippers or potential Shippers without the necessity of a written complaint. To this end, Shippers are encouraged to attempt to resolve disputes informally with their designated service representatives. A formal complaint concerning any services offered by Transporter should be directed, in writing or via facsimile, to:

Guardian Pipeline, L.L.C.
Attn: Chief Compliance Officer
ONEOK Plaza
100 West 5th Street
Tulsa, Oklahoma 74103

Facsimile: (918) 588-7890

The complaint should state that it constitutes a complaint pursuant to these tariff provisions, and the complaint should state with specificity the nature of the complaint, the actions or procedures of Transporter that gave rise to the complaint, and the remedy sought by the Shipper. Transporter will respond initially to the complaint within two (2) Business Days and in writing within thirty (30) Days.

26. DISCOUNTS, NEGOTIATED RATES, RATE CHANGES, AND ADJUSTMENTS

26.1 Discounting

- (a) Subject to the applicable regulations and orders of the FERC, Transporter shall have the right to discount, on a not unduly discriminatory basis, as agreed to in writing between Transporter and Shipper, any of the rates or charges for service under any Service Agreement under Transporter's Rate Schedule(s) FT-1, FT-2, IT-1, IT-2, MA, PAL, EAW, OSS, and LBS. For example, Shipper and Transporter may agree that a specified discounted rate shall apply: (a) only to certain Quantities under this Agreement; (b) only if specified Quantity levels are actually achieved or only with respect to Quantities above or below a specified level; (c) only during specified periods; (d) only to specified Points of Receipt, Points of Delivery, mainline segments, transportation paths or defined geographical areas; (e) in a specified relationship to the Quantities actually transported (transported); (f) 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 Transporter's maximum rates and/or minimum rates, so that the rate component must be adjusted downward or upward to achieve the agreed upon overall rate; or (g) if based upon published index prices for specific receipt and/or delivery points or other agreed upon published pricing reference points for price determination provided, however, that any such discounted rate set forth above shall be between the maximum rate and minimum rate applicable to the service provided under this Agreement. Any such discount shall be effective on a prospective basis only and only as specified in the written agreement between Transporter and Shipper.
- (b) To the extent that Transporter agrees to discount its rates in accordance with Section 26.1(a) above, given that Transporter's rates do not include any discountable surcharges, any such discounts shall be attributable to Transporter's base tariff reservation rates.

26.2 Negotiated Rates

- (a) Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may negotiate a rate for service under any Rate Schedule contained in this Tariff. Transporter's maximum Rate Schedules FT-1, FT-2, IT-1, IT-2, MA, OSS and LBS rate(s), as shown on Transporter's Statement of Rates ("Recourse Rate"), is available for any Shipper that does not desire to negotiate a rate with Transporter.
- (b) A Negotiated Rate shall mean a rate for service, which may be less than, equal to or greater than Transporter's maximum reservation charge, if applicable, or usage charge, as stated on Transporter's Statement of Rates for that service, shall not be less than the minimum rate, may be based on a rate design other than Straight Fixed Variable ("SFV") and may include a minimum quantity. With respect to a Negotiated Rate which, when calculated on a 100% load factor basis, exceeds Transporter's maximum rate for that service, for purposes of allocation of receipts and deliveries pursuant to Section 13 of the GT&C, Shippers who have agreed to pay said Negotiated Rate would be considered to have paid the maximum Recourse Rate. For purposes of exercising rights to continue service pursuant to Section 23 of the GT&C, the highest rate that a Shipper must match if it desires to retain all or a portion of its capacity and continue to receive service under the same Rate Schedule beyond the expiration date of such Service Agreement is the maximum rate applicable to such service.
- (c) On or before the date service commences, Transporter will submit to the Commission a

Statement of Negotiated Rates stating the exact legal name of the Shipper, the negotiated rate, the rate schedule, the Primary Point(s) of Receipt, Primary Point(s) of Delivery and MDQ, MSQ, MDIQ or MDWQ, as applicable. Unless Transporter executes and files a non-conforming Agreement, such tariff section will contain a statement that the negotiated rate Agreement does not deviate in any material aspect from the form of service agreement in the tariff for the applicable rate schedule.

Nothing in this Section 26.2 shall authorize Transporter or Shipper to negotiate terms and conditions of service.

26.3 Rate Changes and Adjustments

Subject to agreement(s) that Transporter may negotiate with Shippers, Transporter shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the Recourse Rates and charges applicable to Transporter's Rate Schedules; (b) the terms and conditions of service for Transporter's Rate Schedules; or (c) any provision of the GT&C applicable to service under Transporter's Rate Schedules. Upon placing such rates into effect, Transporter will charge and Shipper will pay Transporter's rates in effect from time to time as adjusted pursuant to the terms of this Section 26 except to the extent such rates are otherwise discounted or negotiated pursuant to the terms of Section 26.1 above. Provided, however, subject to agreement(s) that Transporter may negotiate with Shipper(s), Shipper may protest or contest any of the aforementioned filings.

27. POLICY WITH RESPECT TO FEES AND CONSTRUCTION OF LATERAL, DELIVERY AND RECEIPT FACILITIES

27.1 Meters and Taps at Point(s) of Receipt and Point(s) of Delivery

If requested by a Shipper, Transporter agrees to own, construct and install and/or operate new meters and taps and associated facilities at Point(s) of Receipt and Point(s) of Delivery only if the cost of such meters, taps and associated facilities are paid for by Shipper and/or a third party on a payment basis mutually agreed to by such Shipper and Transporter in advance and in writing. Such request, if granted, shall not cause Shipper's reservation charges paid to Transporter to decrease.

In addition to the above requirements, Transporter will agree to construct a new interconnect or modify an existing interconnect on the following terms:

- (a) The construction of the new interconnect will not create any significant operational problems for Transporter;
- (b) The proposed interconnect will not adversely affect existing service or adversely alter the operation of the pipeline system;
- (c) The new interconnect must be at a mutually agreeable location on Transporter's system; provided, however, that Transporter may not deny a customer's request for specific placement of the interconnect without adequate operational, environmental, or legal justification;
- (d) In order to properly and prudently design and size the new interconnect, Transporter must be provided with reasonable and reliable data concerning the interconnecting facilities, of the service that supports the new interconnect and such other data as is reasonably required to construct the interconnect facility;
- (e) The new interconnect must not result in any minimum pressure receipt or delivery requirement by Transporter. Transporter shall not be responsible for any downstream parties' facilities, the operation or maintenance of such facilities, or the delivery of any unauthorized quantities to the facilities;
- (f) The service supporting the interconnect as well as the construction of the new facilities must conform with the provisions of Transporter's FERC Gas Tariff as well as applicable regulatory requirements;
- (g) The proposed interconnect must not cause Transporter to be in violation of any applicable environmental or safety laws or regulations with respect to the facilities required to establish an interconnect with Transporter's existing facilities; and
- (h) The proposed interconnect must not cause Transporter to be in violation of its right-of-way agreements or any other contractual obligations with respect to the interconnect facilities.

27.2 Laterals and Other Facilities

Except as to Section 27.1 above, unless otherwise agreed to by the parties, Transporter shall not be required to own, construct or install and/or operate any facilities to perform any service requested by a Shipper under Transporter's FERC Gas Tariff. In the event Transporter agrees to own,

construct or install and/or operate facilities to perform services requested including, but not limited to laterals, looping, and/or compression facilities, Transporter shall do so on a not unduly discriminatory basis, provided Shipper agrees in writing to reimburse or compensate Transporter for one hundred percent (100%) of Transporter's construction, acquisition, installation and/or operating costs (including any associated tax effects) through one or a combination of the following payment methods as mutually agreed to by Transporter and Shipper:

- (a) Payment of a contribution in aid of construction, acquisition and/or installation;
- (b) Payment of a separately stated reservation charge for the new facilities under a firm transportation contract for the use of those facilities; and/or
- (c) Payment of reservation charges for a new and/or incremental quantity of mainline firm transportation service.

For payment methods under Section 27.2(b) or Section 27.2(c), Shippers shall be required to enter into new or incremental firm transportation service agreements for sufficient entitlement and duration to produce an incremental net revenue stream providing a present value greater than or equal to Transporter's construction, acquisition, installation and/or operating costs (including any associated tax effects). Shipper shall be required to demonstrate creditworthiness as specified in Section 10 of the GT&C of Transporter's FERC Gas Tariff to support such firm transportation contracts.

In addition, Transporter's construction, acquisition, installation and/or operating cost for any project or portion of a project under the payment method specified in Section 27.2(b) or Section 27.2(c) shall not exceed ten million dollars (\$10,000,000.00); any Shipper requiring new facilities costing more than ten million dollars (\$10,000,000.00) must elect the payment method specified in Section 27.2(a) above for Transporters costs in excess of ten million dollars (\$10,000,000.00). Transporter may waive this ten million dollar (\$10,000,000.00) limit on a non-discriminatory basis if funds are available to Transporter to support the requested new facilities.

For purposes of this Section 27, Transporter's construction, acquisition, installation and/or operating costs shall include, but shall not be limited to: Transporters' design, equipment, labor, material, supervision, construction and construction financing costs, taxes (whether income or otherwise), filing fees and associated costs, right of way costs and permitting costs.

Nothing in this policy statement shall require Transporter to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act. Nothing in this policy statement, further, shall prevent Transporter from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act.

28. WAIVERS

28.1 Penalty Waivers

- (a) In recognition of the fact that each penalty provision in this Tariff is intended to promote efficient operations by Transporter so that service to other Shippers is not impaired in any way, Transporter may waive any penalty charges incurred by Shipper if Transporter determines that Shipper was conducting its operations in a responsible manner at the time the penalty charges were incurred and that Shipper's conduct did not impair service to another Shipper. Transporter must grant waivers under this section on a not unduly discriminatory basis, but the waiver of any penalty charges shall not constitute a waiver of any future penalty charges.
- (b) Transporter shall maintain a record of all waivers granted under this Section 28.1 and shall make such record available upon request to the Commission and to any Shipper.

28.2 Waiver Under Tariff

Transporter may also waive on a not unduly discriminatory basis any provision of the GT&C of its Tariff, the applicable Rate Schedules, or the Service Agreement; provided, however, that no waiver by Transporter of any provision, condition, or requirement therein shall be deemed to be a waiver of, or in any manner release the Shipper from performance of any other provision, condition, or requirement of the GT&C, the applicable Rate Schedules, or the Service Agreements, nor shall such waiver be deemed to be a waiver of, or in any manner release the Shipper from future performance of the same provision, condition, or requirement; nor shall any delay or omission of Transporter to exercise any right in the GT&C of its Tariff, the applicable Rate Schedules, or the Service Agreements, in any manner impair the exercise of any such right or any like right accruing to Transporter thereafter.

29. MISCELLANEOUS

29.1 Assignment

Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially or as an entirety, of Transporter or of Shipper, as the case may be, shall be entitled to the rights and shall be subject to all of the obligations of its predecessors in interest under a Service Agreement. Subject to the provisions of the applicable Rate Schedule, both Transporter and Shipper may, without relieving itself of its obligations under the Service Agreement, assign any of its rights thereunder to a company with which it is affiliated, but otherwise no assignment of such Service Agreement, or of any of the rights or obligations thereunder, shall be made unless it first shall have obtained the consent thereto of the other. These restrictions on assignment shall not in any way prevent any party from pledging or mortgaging its rights under a Service Agreement as security of its indebtedness. Notwithstanding the above, no assignment of a Service Agreement or of a party's rights shall be effective until such party has received all necessary regulatory approvals and complied with applicable regulatory requirements, including without limitation any requirement that the Shipper hold title to the Natural Gas and all regulations regarding capacity release.

29.2 Market Centers

Nothing in Transporter's Tariff shall operate to inhibit the development of market centers at the interconnections between Transporter's Pipeline Facilities and other pipelines or local distribution company systems.

29.3 Descriptive Headings

The descriptive headings of the provisions of this Tariff are formulated and used for convenience only and shall not be deemed to affect the meaning or construction of any of such provisions.

29.4 Governmental Regulations

This Tariff, including the GT&C, and the respective rights and obligations of the parties under any Service Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction and are subject to change from time to time by addition, amendment, or substitution, as provided by law.

29.5 Limitation of Liability

Except as otherwise provided herein, neither Transporter nor Shipper shall be liable in damages, whether direct, indirect, consequential or otherwise, other than for acts of gross negligence, undue discrimination or willful misconduct and then only to the extent that Force Majeure does not apply, provided that nothing herein shall limit Transporter's or Shipper's liability, if any, for direct damages resulting from its own negligence.

29.6 Limitation of Service

If a Shipper fails to comply with any material terms of its Service Agreement, including the applicable Rate Schedules and these GT&C, Transporter may unilaterally and without liability, after ten (10) Days' notice to such Shipper, suspend any service provided hereunder to Shipper until such time as Shipper has cured such failure to comply.

29.7 Interpretation of Laws

Any agreement made under or pursuant to this Tariff, except as otherwise specified therein, shall be interpreted, performed and enforced in accordance with the laws of the State of Wisconsin.

29.8 No Third-Party Beneficiary

It is expressly agreed that there is no third-party beneficiary of any agreement, and that the provisions of any Service Agreement and these General Terms and Conditions do not impart enforceable rights in anyone who is not a party or successor or assignee of any party to a Service Agreement herein.

29.9 Off-System Capacity

Transporter may, from time to time, enter into agreements with other interstate or intrastate pipeline companies for capacity (off-system capacity). In the event that Transporter acquires off-system capacity, Transporter will provide service to Shippers with the off-system capacity pursuant to Transporter's open access tariff and subject to Transporter's Commission-approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this Section 29.9, the "shipper must have title" requirement is waived.

30. AGENCY

A Shipper may delegate to any third party the responsibility for submitting nominations and receiving confirmations or performing other administrative duties under any agreement pursuant to the terms and conditions of the Agency Authorization Agreement as set forth on Transporter's Web Site (www.gpl.oneokpartners.com) under Customer Activities and the following conditions:

- 30.1 Any designation of a third party as agent, or any change in such designation, must be provided in writing to Transporter at least two (2) Business Days prior to the requested effective date of the designation.
- 30.2 The written designation must specify any limits on the authority of the Agent, including any time limit for the designation. Transporter may reject any Shipper's request to delegate responsibilities if the limitations on the designation would impose undue administrative burdens on Transporter.
- 30.3 Transporter will rely on communications from a Shipper's agent for all nomination purposes except to the extent the designation is expressly limited. Communications by Transporter to such Agent will be deemed notice to shipper.
- 30.4 Any third party may administer multiple agreements as the agent for one or more Shippers, but the agent must make nominations and otherwise administer and account separately for each agreement.

31. ANNUAL CHARGE ADJUSTMENT ("ACA")

31.1 Purpose

In order to recover the annual charges assessed by the Commission under Section 382.202 of the Commission's Regulations pursuant to the provisions of the Commission's Order No. 472, this Section 31 is established to be applicable to the Rate Schedule(s) FT-1, FT-2, IT-1, and IT-2 contained in Transporter's FERC Gas Tariff. Because Transporter is electing to recover the annual charges assessed by the Commission through the operation of this Annual Charge Adjustment Clause, Transporter does not intend to recover any annual charges recorded in Account No. 928 in any Natural Gas Act Section 4 rate case.

31.2 Basis for the Annual Charge Adjustment

The Rate Schedules specified in Section 31.1 above shall include an Annual Charge Adjustment unit charge ("ACA unit charge") applicable to each Dth of gas transported thereunder. The ACA unit charge shall be added to the volumetric base rate of such Rate Schedules. The applicable ACA unit charge is incorporated into this FERC Gas Tariff by reference and shall be the ACA unit charge specified in the Commission's annual notice and as published on the Commission's web site located at <http://www.ferc.gov>.

31.3 Effective Date of Adjustment

The applicable ACA unit charge shall be effective on the first day of October following the issuance of the Commission notice ("ACA Effective Date") and shall extend to the last day of September of the following year (i.e. the duration of the fiscal year). Transporter may assess the new applicable ACA unit charge to its Shippers as of the ACA Effective Date provided that the Transporter has paid its applicable annual assessment to the Commission.

32. TRANSPORTER'S USE GAS ADJUSTMENT

32.1 General

Transporter's Use Gas percentage under applicable Rate Schedules shall be adjusted downward to reflect reductions and shall be adjusted upward to reflect increases in fuel usage, including miscellaneous fuel usage, and lost or unaccounted for Gas in accordance with this Section 32. For purposes of this Section 32, the term "miscellaneous fuel usage" shall pertain to fuel use quantities other than FERC Account No. 854, Gas for Compressor Station Fuel, which are accounted for in FERC Account Nos. 853 and 856.

32.2 Filing Procedure

At least thirty (30) days prior to each November 1 which is the beginning date for the Annual Period, Transporter shall file with the Commission and post, as defined by Section 154.2(d) of the Commission's Regulations, a schedule of Transporter's Use Gas percentages together with supporting documentation. With respect to the adjustment described herein, such filing shall be in lieu of any other rate change filing required by the Commission's Regulations under the Natural Gas Act.

32.3 Definitions

- (a) Annual Period - The twelve-month period beginning each November 1.
- (b) Actual Use Gas - Actual gas used in Transporter's operations including all gas otherwise used, lost or unaccounted for.
- (c) Estimated Use Gas - Use Gas quantities projected for the Annual Period adjusted, where necessary, for known variations from actual experiences.
- (d) Estimated Quantities - Actual annual volume determinants attributable to services to which Transporter allocates or assigns Use Gas quantities for the latest twelve month period adjusted, where necessary, for known variations from actual experience.
- (e) Deferral Period - The Period of 12 months ending 2 months prior to the effective date of a change in rates filed pursuant to this Section 32.

32.4 Determination of the Current Transporter's Use Gas Percentage

Transporter shall determine the Current Transporter's Use Gas Percentage for each Annual Period by the following procedures:

- (a) The Estimated Use Gas quantities shall be summed with the Deferred Use Gas Account component.
- (b) The Deferred Use Gas Account component shall be determined by taking the balance accumulated at the end of the Deferral Period in the Deferred Use Gas Account as determined in accordance with Section 32.5 below and dividing by the Estimated Quantities.

32.5 Deferred Use Gas Account

Transporter shall maintain the Deferred Use Gas Account for each Deferral Period in accordance with the following procedures:

- (a) Transporter shall determine each month the Actual Use Gas quantities plus the pro rata monthly amount of the Deferred Use Gas Account quantities included in the then-effective Transporter's Use Gas Percentage.
- (b) Transporter shall determine each month the actual recovery of Transporter's Use Gas quantities by multiplying, as applicable, Transporter's Use Gas Percentages by the appropriate volume determinants.
- (c) Each month, Transporter shall determine the difference, positive or negative, between the quantities computed in Section 32.5(a) and 32.5(b) above and such difference shall be recorded each month in a subaccount of Account No. 186 of the Uniform System of Accounts which Transporter shall designate as a Deferred Use Gas Account.
- (d) The Deferred Use Gas Account shall be reduced by the quantity of Gas retained pursuant to Section 3.5 of Rate Schedule PAL and Sections 12.4(e), 14.3 and 18.5 of the GT&C.

33. THIRD PARTY USE GAS ADJUSTMENT

33.1 General

Transporter shall separately track Third-Party Transportation Use Gas and Third-Party Injection Use Gas (collectively, "Third-Party Use Gas") that Transporter assesses related to the provision of Rate Schedule OSS and Rate Schedule LBS. At the end of each three-month period ending March 31, June 30, September 30 and December 31 of each year ("Tracking Period"), Transporter will compare the total quantity of Third-Party Use Gas assessed during the Tracking Period with the total quantity of Third-Party Use Gas actually invoiced to Transporter by Third-Party during the same Tracking Period. Any over collection of Third-Party Use Gas for a Tracking Period will be credited to Shipper's OSS Working Gas Account balance and/or LBS Account balance, as applicable, pursuant to the methodology set forth in Section 33.3 herein. Likewise, any under collection of Third-Party Use Gas for a Tracking Period will be deducted from Shipper's OSS Working Gas Account balance and/or LBS Account balance, as applicable, pursuant to the methodology set forth in Section 33.3 herein.

33.2 Shipper Notification of Third-Party Use Gas Adjustment

- (a) Within fifteen (15) business days following the date upon which Transporter receives all invoices from Third-Party for the applicable Tracking Period, Transporter will provide Shipper with a summary of:
 - (i) the quantity of Third-Party Use Gas assessed in total by Transporter for the provision of Rate Schedule OSS and Rate Schedule LBS during the Tracking Period;
 - (ii) the quantity of Third-Party Use Gas invoiced to Transporter by Third-Party; and
 - (iii) the calculation of Shipper's Third Party Use Gas Adjustment based upon the formula set forth in Section 33.3 herein.
- (b) Specifically, for each Tracking Period, the summary described in Section 33.2(a)(i) above shall show, for each Shipper for each Day of the applicable Tracking Period, the:
 - (i) Storage Injection Quantity, Storage Withdrawal Quantity, LBS Undertake Quantity or LBS Overtake Quantity, as applicable;
 - (ii) the Use Gas Percentage for Injection Transactions or the Use Gas Percentage for Withdrawal Transactions, as applicable, for each transaction; and
 - (iii) the resulting quantity of Third-Party Transportation Use Gas and/or Third-Party Injection Use Gas retained by Transporter for each transaction.
- (c) Transporter will calculate the total amount of any over/under collection of Third-Party Use Gas for the applicable Tracking Period by comparing the total quantity of Natural Gas retained by Transporter for Third-Party Use Gas during the applicable Tracking Period to the total quantity of Third-Party Use Gas invoiced to Transporter during the same Tracking Period.
 - (i) If the total quantity of Natural Gas retained by Transporter for Third-Party Use Gas during the applicable Tracking Period exceeds the total quantity of Third-Party Use Gas actually invoiced to Transporter during the same Tracking Period

("Third-Party Use Gas Over Collection"), then Transporter will credit the Third-Party Use Gas Over Collection quantity to Rate Schedule OSS and Rate Schedule LBS Shippers according to the allocation methodology set forth below in Section 33.3 of Transporter's Tariff.

- (ii) If the total quantity of Natural Gas retained by Transporter for Third-Party Use Gas during the applicable Tracking Period is less than the total quantity of Third-Party Use Gas invoiced to Transporter during the same Tracking Period ("Third-Party Use Gas Under Collection"), then Transporter will deduct the Third-Party Use Gas Under Collection quantity from Rate Schedule OSS and Rate Schedule LBS Shippers according to the allocation methodology set forth below in Section 33.3 of Transporter's Tariff.

33.3 Third-Party Use Gas Adjustment Formula

Transporter will calculate Shipper's Third-Party Use Gas Adjustment for the applicable Tracking Period as follows:

- (a) Based on the following formulas, Transporter will first calculate the percentage that Injection Transactions represented during the Tracking Period as compared to the total Injection and Withdrawal Transactions and the percentage that Withdrawal Transactions represented during the Tracking Period as compared to the total Injection and Withdrawal Transactions:

Injection Percentage =

$$\frac{[UGP(I)Month1+UGP(I)Month2+UGP(I)Month3]}{[UGP(I)Month1+UGP(I)Month2 + UGP(I)Month3+UGP(W)Month1+UGP(W)Month2+UGP(W)Month3]}$$

Withdrawal Percentage =

$$\frac{[UGP(W)Month1+UGP(W)Month2+UGP(W)Month3]}{[UGP(I)Month1+UGP(I)Month2+ UGP(I)Month3+UGP(W)Month1+UGP(W)Month2+UGP(W)Month3]}$$

Whereby:

UGP(I) = Use Gas Percentage for Injection Transactions for the applicable month of the Tracking Period

UGP(W) = Use Gas Percentage for Withdrawal Transactions for the applicable month of the Tracking Period

- (b) Transporter will then calculate the portion of the total Third-Party Use Gas Over Collection or Third-Party Use Gas Under Collection, as applicable, that is allocable to Injection Transactions and Withdrawal Transactions during the Tracking Period based on the following:
 - (i) the portion of the total Third-Party Use Gas Over Collection or Third-Party Use Gas Under Collection allocable to Injection Transactions during the Tracking Period ("Injection Transaction Use Gas Over/Under Collection") will be calculated as the product of (1) the Third-Party Use Gas Over Collection or Third-Party Use Gas Under Collection, as applicable, during the Tracking Period; and (2) the Injection Percentage.
 - (ii) the portion of the total Third-Party Use Gas Over Collection or Third-Party Use Gas Under Collection allocable to Withdrawal Transactions during the Tracking

Period ("Withdrawal Transaction Use Gas Over/Under Collection") will be calculated as the product of (1) the Third-Party Use Gas Over Collection or Third-Party Use Gas Under Collection, as applicable, during the Tracking Period; and (2) the Withdrawal Percentage.

- (c) Shipper will receive its pro rata share of the Injection Transaction Use Gas Over/Under Collection based upon the sum of:
 - (i) the product of the Injection Transaction Use Gas Over/Under Collection for the applicable Tracking Period and Shipper's total Storage Injection Quantity during the Tracking Period as a percentage of the total quantity of all Shippers' Injection Transactions during such Tracking Period; and
 - (ii) the product of the Injection Transaction Use Gas Over/Under Collection for the applicable Tracking Period and Shipper's total LBS Undertake Quantity during the Tracking Period as a percentage of the total quantity of all Shippers' Injection Transactions during such Tracking Period.
- (d) Shipper will receive its pro rata share of the Withdrawal Transaction Use Gas Over/Under Collection based upon the sum of:
 - (i) the product of the Withdrawal Transaction Use Gas Over/Under Collection for the applicable Tracking Period and Shipper's total Storage Withdrawal Quantity during the Tracking Period as a percentage of the total quantity of all Shippers' Withdrawal Transactions during such Tracking Period; and
 - (ii) the product of the Withdrawal Transaction Use Gas Over/Under Collection for the applicable Tracking Period and Shipper's total LBS Overtake Quantity during the Tracking Period as a percentage of the total quantity of all Shippers' Withdrawal Transactions during such Tracking Period.
- (e) Shipper's total Third-Party Use Gas Adjustment for a specific Tracking Period will be calculated based upon the sum of (1) Shipper's share of the Injection Transaction Use Gas Over/Under Collection calculated in Section 33.3(c) herein; and (2) Shipper's share of the Withdrawal Transaction Use Gas Over/Under Collection calculated in Section 33.3(d) herein. Specifically:
 - (i) Shipper's OSS Working Gas Account will be credited or reduced, as applicable, based on the sum of (i) Shipper's share of the Injection Transaction Use Gas Over/Under Collection calculated in Section 33.3(c)(i) herein; and (ii) Shipper's share of the Withdrawal Transaction Use Gas Over/Under Collection calculated in Section 33.3(d)(i) herein.
 - (ii) Shipper's LBS Account will be credited or reduced, as applicable, based on the sum of (i) Shipper's share of the Injection Transaction Use Gas Over/Under Collection calculated in Section 33.3(c)(ii) herein; and (ii) Shipper's share of the Withdrawal Transaction Use Gas Over/Under Collection calculated in 33.3(d)(ii) herein.

33.4 Prior Tracking Period Adjustments

Should Third-Party make any modification(s) to its original invoices regarding the retention of either Third-Party Transportation Use Gas or Third-Party Injection Use Gas such that the

modification(s) would affect Transporter's calculation of the Third-Party Use Gas Adjustment, and Transporter has already calculated and applied Shipper's Third-Party Use Gas Adjustment for the specific Tracking Period, then Transporter will recalculate the Third-Party Use Gas Adjustment and make any necessary adjustments to Shipper's OSS Working Gas Account balance and/or LBS Account balance as soon as practical.

34. ELECTRIC POWER COST RECOVERY SURCHARGE

34.1 General

This section specifies the procedure to be utilized to establish and adjust the Electric Power Cost Recovery for all firm and interruptible transportation services rendered in conjunction with Transporter's applicable Rate Schedules.

Transporter's Electric Power Cost Recovery Surcharge shall be adjusted for the variance between estimated and actual Electric Power Costs and for the variance between Estimated and Actual Volumes on Transporter's system.

34.2 Filing Procedure

At least thirty (30) days prior to each April 1 and November 1, which are the beginning dates for each Seasonal Period, Transporter shall file with the Commission adjustments to reflect changes in the Electric Power Cost Recovery Surcharge.

34.3 Definitions

- (a) Seasonal Period - The seven-month period beginning each April 1 and ending each October 31 (summer period), or the five-month period beginning each November 1 and ending each March 31 (winter period).
- (b) Actual Volumes – Volumes (in dekatherms) over which Transporter actually collected the Electric Power Cost Surcharge during the most prior Seasonal Period.
- (c) Estimated Volumes - Seasonal Period estimated volume determinants used to calculate the Electric Power Cost Surcharge for a Seasonal Period.
- (d) Deferred Electric Power Cost Account - The deferral account established for each Period pursuant to Section 34.5, below.
- (e) Electric Power Cost - All third-party costs incurred in connection with the provision of electric service related to transmission compressor stations with electric motor prime movers.

34.4 Determination of the Electric Power Cost Recovery Surcharge

Transporter shall determine the current Electric Power Cost Recovery Surcharge for each Seasonal Period by the following procedure:

The estimated Electric Power Cost for each Seasonal Period shall be summed with the balance accumulated in the Deferred Electric Power Cost Account. For the Winter Period, the Electric Power Cost Recovery Surcharge will be the estimated Winter Electric Power Cost plus the balance accumulated in the Deferred Electric Power Cost Account as of the prior August 31st. For the Summer Period, the Electric Power Cost Recovery Surcharge will be the estimated Summer Electric Power Cost plus the balance accumulated in the Deferred Electric Power Cost Account as of the prior January 31st. The applicable summed amounts for each Seasonal Period shall then be divided by the Estimated Volumes for such Seasonal Period to determine the Electric Power Cost Recovery Surcharge for that Seasonal Period.

34.5 Deferred Electric Power Cost Account

Transporter shall maintain the Deferred Electric Power Cost Account in accordance with the following procedures:

- (a) Transporter shall determine each month the actual Electric Power Cost incurred, including those reflected in the then effective Electric Power Cost Recovery Surcharge.
- (b) Transporter shall determine each month the actual recovery by Transporter of the Electric Power Cost by multiplying the Electric Power Cost Recovery Surcharge by the Actual Volumes.
- (c) Each month, Transporter shall determine the difference, positive or negative, between the costs computed in accordance with Section 34.5(a) and 34.5(b) above and such difference shall be recorded each month in a Subaccount of Account No. 186 of the Uniform System of Accounts which Transporter shall designate as a Deferred Electric Power Cost Account.
- (d) For each month, carrying charges will be calculated on any positive balance in the Deferred Electric Power Cost Account at the rate prescribed by the FERC in 18 C.F.R. Section 154.501(d) and added to such balance.

35. NORTH AMERICAN ENERGY STANDARDS BOARD WHOLESALE GAS QUADRANT ("NAESB WGQ") STANDARDS

Compliance with 18 CFR, Section 284.12

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

Standards not Incorporated by Reference and their Location in Tariff:

Pursuant to NAESB's Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver as adopted by the NAESB Board of Directors on April 4, 2013, Transporter may publish in its tariff, compliance filings, in communications with customers or stakeholders in conducting day to day business or in communications with regulatory agencies some or all of the language contained in NAESB standards protected by copyright, provided that Transporter includes appropriate citations in the submission.

Transporter has elected to reproduce the following NAESB WGQ standards and selected optional principles subject to NAESB's limited copyright waiver. With respect to each reproduced standard, Transporter incorporates the following: © 1996 – 2014 NAESB, all rights reserved.

<u>NAESB Standard</u>	<u>Tariff Record</u>	<u>Tariff Provision</u>
Creditworthiness Standards:		
0.3.3	Part 8, Section 10; GT&C – Service Requests and Contracting for Service	10.5(a)(ii)
0.3.4	Part 8, Section 10; GT&C – Service Requests and Contracting for Service	10.5(b)(ii)
0.3.5	Part 8, Section 10; GT&C – Service Requests and Contracting for Service	10.5(b)(iii)
0.3.6	Part 8, Section 10; GT&C – Service Requests and Contracting for Service	10.5(a)(iii)
0.3.7	Part 8, Section 10; GT&C – Service Requests and Contracting for Service	10.5(a)(i); 10.5(b)(i)
0.3.8	Part 8, Section 10; GT&C – Service Requests and Contracting for Service	10.5(b)(iv)
0.3.9	Part 8, Section 10; GT&C – Service Requests and Contracting for Service	10.5(a)(iv)
0.3.10	Part 8, Section 10; GT&C – Service Requests and Contracting for Service	10.5(c)
Nominations Related Standards:		
1.2.6	Part 8, Section 2; GT&C – Definitions	Definition: "Operational Flow Order" and "OFO"
1.3.1*	Part 8, Section 2; GT&C – Definitions	Definition: "Day" or "Gas Day"
1.3.2 (i-vi)	Part 8, Section 11; GT&C – Nominations	11.1(b)(i-vi)

Flowing Gas Related Standards:

2.3.5	Part 8, Section 13; GT&C – Determination of Receipts and Deliveries	13.1(a); 13.2(a)
2.3.7	Part 8, Section 5; GT&C – Measurement and Measurement Equipment	5.12
2.3.11	Part 8, Section 5; GT&C – Measurement and Measurement Equipment	5.12
2.3.12	Part 8, Section 5; GT&C – Measurement and Measurement Equipment; Part 8, Section 13; GT&C – Determination of Receipts and Deliveries	5.12; 13.3
2.3.13	Part 8, Section 5; GT&C – Measurement and Measurement Equipment	5.12
2.3.14	Part 8, Section 5; GT&C – Measurement and Measurement Equipment	5.12
2.3.15	Part 8, Section 13; GT&C – Determination of Receipts and Deliveries	13.1(a); 13.2(a)
2.3.16	Part 8, Section 13; GT&C – Determination of Receipts and Deliveries	13.1(a); 13.2(a)
2.3.18	Part 8, Section 13; GT&C – Determination of Receipts and Deliveries	13.1(a); 13.2(a)
2.3.26	Part 8, Section 13; GT&C – Determination of Receipts and Deliveries	13.3
2.3.40	Part 8, Section 19; GT&C – Resolution of Imbalances	19.2(b)
2.3.41	Part 8, Section 19; GT&C – Resolution of Imbalances	19.2(c)
2.3.45	Part 8, Section 19; GT&C – Resolution of Imbalances	19.2(d)
2.3.46	Part 8, Section 19; GT&C – Resolution of Imbalances	19.2(e)
2.3.47	Part 8, Section 19; GT&C – Resolution of Imbalances	19.2(f)

Invoicing Related Standards:

3.2.1	Part 8, Section 2; GT&C – Definitions	Definition: "Business Day"
3.3.15	Part 8, Section 8; GT&C – Billing	8.6
3.3.25	Part 8, Section 8; GT&C – Billing	8.2

Quadrant Electronic Delivery Mechanism Related Standards:

4.1.40	Part 8, Section 3; GT&C – Quality	3.7(b)
4.3.89	Part 8, Section 3; GT&C – Quality	3.7(a)
4.3.90	Part 8, Section 3; GT&C – Quality	3.7(a)
4.3.91	Part 8, Section 3; GT&C – Quality	3.7(a)
4.3.92	Part 8, Section 3; GT&C – Quality	3.7(a)

Capacity Release Related Standards:

5.2.3	Part 8, Section 2; GT&C – Definitions	Definition: "Elapsed Prorata Capacity"
5.3.1	Part 8, Section 21; GT&C – Capacity Release	21.4(b)
5.3.2	Part 8, Section 21; GT&C – Capacity Release	21.3(d); 21.4(b)
5.3.4	Part 8, Section 21; GT&C – Capacity Release	21.4(h)
5.3.5	Part 8, Section 21; GT&C – Capacity Release	21.2(a)(xi)
5.3.13	Part 8, Section 21; GT&C – Capacity Release	21.4(f)

5.3.14	Part 8, Section 21; GT&C – Capacity Release	21.2(b)
5.3.15	Part 8, Section 21; GT&C – Capacity Release	21.4(f)
5.3.16	Part 8, Section 21; GT&C – Capacity Release	21.2(b)
5.3.19	Part 8, Section 21; GT&C – Capacity Release	21.4(h); 21.6(d)
5.3.26	Part 8, Section 21; GT&C – Capacity Release	21.2(a)(xi); 21.4(c)
5.3.44	Part 8, Section 21; GT&C – Capacity Release	21.9
5.3.54	Part 8, Section 21; GT&C – Capacity Release	21.9(g)
5.3.55	Part 8, Section 21; GT&C – Capacity Release	21.5(g)
5.3.59	Part 8, Section 21; GT&C – Capacity Release	21.7(c)
5.3.60	Part 8, Section 10; GT&C – Service Requests and Contracting for Service	10.5(a)(v)
5.3.73	Part 8, Section 21; GT&C – Capacity Release	21.11

Standards Incorporated by Reference:

Additional Standards:

General:

Definition:
0.2.5

Standards:
0.3.1, 0.3.2, 0.3.16, 0.3.17

Gas/Electric Operational Communications:

Definitions:
0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:
0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

Standards:
0.3.18, 0.3.20, 0.3.21, 0.3.22

Datasets:
0.4.2*, 0.4.3

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

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0.4.4*

Storage Information:

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0.4.1*

Nominations Related Standards:

Definitions:

1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards:

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, 1.3.14, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.19, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33*, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.48, 1.3.51, 1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81

Datasets:

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

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Definitions:

2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards:

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

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Standards:

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

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5.2.1, 5.2.2, 5.2.4, 5.2.5

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5.3.3, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.18, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.45, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.56*, 5.3.57, 5.3.58, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72

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

Internet Electronic Transport Related Standards:

Definitions:

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

Standards:

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

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

NAESB Standard

Waiver or Extension of Time

36. FLOW THROUGH OF CASH-OUT REVENUES AND PENALTIES IN EXCESS OF COSTS

36.1 Flow Through of Cash-Out Revenues in Excess of Costs and Recovery of Costs in Excess of Revenues

- (a) This section sets forth the procedures under which Transporter will flow through to Shippers, for each Month, any excess of revenues received over costs incurred or excess of costs incurred over revenues received, as applicable, under the cash-out provisions in Sections 19.3(c) and 19.3(d) of the GT&C.
- (b) Within ten (10) days of the close of the imbalance trading and netting period for each Month in accordance with Section 19.2 of these GT&C, Guardian shall determine the amount, if any, of cash-out revenues in excess of costs or costs in excess of cash-out revenues for such Month.
- (c) The net cash-out revenues in excess of costs, if any, pursuant to the provisions of Section 36.1(b) above shall be credited proportionately each Month to the next monthly invoice of each Shipper that transported Natural Gas on Transporter's Pipeline Facilities during a Month in which net cash-out revenues in excess of costs were accrued by Transporter, with such credits based on each Shipper's throughput as a percentage of total throughput for such Month; provided, however, Transporter shall retain, and not credit, excess revenues up to a cumulative balance of \$200,000.00. Such retained balance, if any, shall be used by Transporter to offset any excess costs not recovered pursuant to Section 36.1(d) below, and such balance, if any, shall accrue interest at the Commission-approved rate.
- (d) The net costs, if any, pursuant to the provisions of Section 36.1(b) above shall be allocated proportionately, based on amount of imbalance causing incurrence of excess costs to each Shipper whose imbalances during any Day or Days of the Month caused Transporter to incur costs in excess of cash-out revenues. Upon request, Transporter shall demonstrate to Shipper the basis for Transporter's determination that Shipper's activities caused Transporter to incur excess costs.

36.2 Flow Through of Penalties in Excess of Costs

- (a) This section of the GT&C sets forth the procedures under which Transporter will flow through to Shippers any penalty revenues in excess of costs collected pursuant to Sections 12.3(f), 12.4(c), 14.1, 14.2, 14.3, 14.4 and 18.5 of the GT&C; Section 7 of Rate Schedule(s) FT-1 and FT-2; Section 7 of Rate Schedule(s) IT-1 and IT-2; and Section 6 of Rate Schedule EAW. Transporter will reduce such penalty revenues flowed through to Shippers by the amount of all out-of-pocket costs incurred as a direct result of the Shipper conduct that was penalized pursuant to these Sections.
- (b) The crediting period applicable to this Section 36.2 shall be monthly.
- (c) Credit to Non-Offending Shippers

Transporter will net all revenues received pursuant to Sections 12.3(f), 12.4(c), 14.1, 14.2, 14.3, 14.4 and 18.5 of the GT&C; Section 7 of Rate Schedule(s) FT-1 and FT-2; Section 7 of Rate Schedule(s) IT-1 and IT-2; and Section 6 of Rate Schedule EAW against the costs incurred for such revenues. Transporter will credit the net amount to those Shippers under Rate Schedule(s) FT-1, FT-2, OSS, LBS, IT-1, IT-2 and EAW that were not billed pursuant to Sections 12.3(f), 14.1, 14.2, 14.3, 14.4 and 18.5 of the GT&C;

Section 7 of Rate Schedule(s) FT-1 and FT-2; Section 7 of Rate Schedule(s) IT-1 and IT-2; and Section 6 of Rate Schedule EAW, during the applicable month ("Non-Offending Shippers"). Each Non-Offending Shipper's credit shall be based on the ratio of the actual revenues collected for services to the Non-Offending Shipper during the month to the actual revenues collected for services to all Non-Offending Shippers. Each Non-Offending Shipper's credit shall be paid with a billing adjustment to the billing of charges for service during the following month.

37. RESERVATION OF CAPACITY FOR PRE-ARRANGED DEALS AND EXPANSION/EXTENSION PROJECTS

37.1 Reservation of Capacity for Pre-Arranged Deals

- (a) Pre-Arranged Capacity. Transporter may sell firm capacity, on a not unduly discriminatory basis, outside the time periods specified in Subsection 10.1(b) of the GT&C, when such capacity is either available unsubscribed capacity or capacity that will become available and is not subject to a right of first refusal, by selling such capacity on a pre-arranged basis.
- (b) If Transporter proposes to sell capacity on a pre-arranged basis, Transporter will post the terms of the pre-arranged transaction and other parties will have an opportunity to bid on the capacity pursuant to the open season bid evaluation process as set forth in Subsection 10.7(b) of the GT&C. At the time Transporter enters into a pre-arranged service agreement, Transporter will post a notice on its Web Site indicating that the pre-arranged capacity will be subject to an open bidding process within three (3) Business Days, even if such capacity has already been subject to an open season bidding process and is currently posted as available capacity. The open season notice will be posted at least ten (10) Business Days. If another party submits an acceptable bid on a net present value basis, the pre-arranged Shipper will have a one-time right to match the highest net present value acceptable bid in order to retain the capacity. If the pre-arranged Shipper elects not to match the highest competing bid, the capacity will be awarded to the bidder with the highest net present value acceptable bid. If there is an open season ongoing for certain capacity, Transporter will not enter into a pre-arranged deal for that capacity during the open season.
- (c) Transporter will separately identify on its Web Site all capacity that is anticipated to become available and is not subject to a right of first refusal. Transporter will not enter into any pre-arranged deals for capacity that has not previously been posted on its Web Site.

37.2 Reservation of Capacity for Expansion/Extension Projects

- (a) Transporter may elect to reserve capacity required for a future expansion/extension project out of unsubscribed capacity or capacity under expiring Service Agreements where such Service Agreements do not have a right of first refusal or Shipper does not exercise its right of first refusal. Transporter may only reserve capacity for a future expansion/extension project for which an open season has been or will be held within one year of the date that Transporter posts such capacity as being reserved. Prior to reserving capacity for an expansion/extension project, Transporter shall first post for bid all of its available capacity on its Web Site as set forth in Section 20 of the GT&C for a minimum of five (5) Business Days and award such capacity in accordance with the terms of the posting.
- (b) Capacity may be reserved for expansion/extension projects only during a 12-month period prior to Transporter filing for certificate approval for construction or acquisition of proposed expansion/extension facilities, and following the certificate filing, only until all expansion/extension facilities related to the certificate filing are placed into service.
- (c) If Transporter reserves capacity for an expansion/extension project, it will notify Shippers of its intent as part of Transporter's posting of capacity on its Web Site. Transporter'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, Transporter 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. Transporter will make reasonable efforts to update the reservation posting up to the in-service date of the project to reflect any material changes in the scope of the project.

- (d) In the event the expansion/extension project capacity is oversubscribed in the project's open season and if capacity, that has been posted pursuant to this Subsection 37.2, remains unsubscribed after the posting for bid, 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 Transporter's existing Shippers to serve the expansion/extension project. If required, Transporter shall post a non-binding solicitation for expansion project related turnback capacity no later than ninety (90) days after the close of an expansion project's open season that is posted in accordance with Section 20 of the GT&C, specifying the minimum terms for a response to the solicitation.

37.3 Availability of Capacity on a Limited Term Basis

Any capacity sold or reserved under this Section 37 will be made available for transportation service pursuant to Transporter's FERC Gas Tariff on a limited-term basis up to the in-service date of the pre-arranged transaction or the expansion/extension project. Transporter reserves the right to limit any extension rights provided in such Service Agreement(s), pursuant to Section 23 of the GT&C commensurate with the proposed in-service date of any such transaction or facilities. Any capacity reserved for a project that does not go forward for any reason shall be reposted as generally available within thirty (30) days of the date the capacity becomes available. The previously reserved capacity will become available when the Transporter posts the capacity on its Informational Posting Web Site.

38. NON-CONFORMING AGREEMENTS

1. Wisconsin Electric Power Company, FT-2 Service Agreement dated February 29, 2008, effective February 10, 2009. Contract No. FT2001.
2. Wisconsin Gas LLC, FT-2 Service Agreement dated February 29, 2008, effective February 10, 2009. Contract No. FT2002.
3. Wisconsin Public Service Corporation, FT-2 Service Agreement dated February 29, 2008, effective February 10, 2009. Contract No. FT2003.
4. Wisconsin Electric Power Company, EAW Service Agreement dated February 29, 2008, effective February 10, 2009. Contract No. FW2001.
5. Wisconsin Gas LLC, EAW Service Agreement dated February 29, 2008, effective February 10, 2009. Contract No. FW2002.
6. Wisconsin Public Service Corporation, EAW Service Agreement dated February 29, 2008, effective February 10, 2009. Contract No. FW2003.
7. Wisconsin Electric Power Company, MA Service Agreement dated February 29, 2008, effective February 1, 2009. Contract No. MA0001.
8. Wisconsin Gas LLC, MA Service Agreement dated February 29, 2008, effective February 1, 2009. Contract No. MA0002.
9. Wisconsin Public Service Corporation, MA Service Agreement dated February 29, 2008, effective February 1, 2009. Contract No. MA0003.
10. Wisconsin Gas LLC, FT-1 Service Agreement, effective date December 7, 2002. Contract No. FT0001.
11. Wisconsin Gas LLC, EAW Service Agreement, effective date February 1, 2003. Contract No. FW0001.
12. Wisconsin Electric Power Company, FT-1 Service Agreement, effective November 1, 2011. Contract No. RT0183.
13. Wisconsin Electric Power Company, EAW Service Agreement (FW0001), effective November 1, 2011. Contract No. RW0068.
14. Wisconsin Gas LLC, FT-1 Service Agreement, effective January 3, 2013. Contract No. RT2006.
15. Wisconsin Gas LLC, EAW Service Agreement (RW0068), effective January 3, 2013. Contract No. RW0074.

39. SALES AND PURCHASES OF GAS FOR OPERATIONAL PURPOSES

39.1 Operational Transactions

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

- (a) to maintain system pressure and line pack;
- (b) to balance fuel quantities;
- (c) to resolve Shipper imbalances or other imbalances;
- (d) to adjust line pack in advance of anticipated changes in demand (e.g., due to forecasted temperatures) or operational conditions (e.g., planned maintenance on Transporter's system or the systems of upstream or downstream pipelines); and
- (e) to perform other operational functions of Transporter.

Transporter shall conduct such transactions on a not unduly discriminatory basis.

39.2 Gas Sales Procedures

Transporter shall have the right to make the interruptible sales of excess gas described in this Section 39 from time to time pursuant to the terms of the blanket certificate of public convenience and necessity granted to Transporter pursuant to 18 C.F.R. Part 284, Subpart J and Order No. 636 of the Commission. Sales of gas pursuant to this Section 39 shall be made under rates, terms and conditions mutually agreed upon between Transporter and purchasers, provided, however, that all such sales shall be made on an unbundled basis, shall be fully interruptible and shall be curtailable pro rata without regard to transportation arrangements made by purchasers. Transporter shall either post notice of such sales on its Informational Postings Web Site in order to obtain bids for such gas or shall make such sales through an independent party such as the Intercontinental Exchange (ICE) or another independent trading platform, exchange or clearing house.

39.3 Gas Sales and Purchases Report

Transporter will file with the Commission an annual report on or before October 31 of each year describing Transporter's gas purchases and sales for the prior annual period, which for purposes of this report, begins on September 1. The report will state the source of the gas purchased/sold, the date of the purchases/sales, volumes, the purchase/sales price, the cost and revenues for such purchase/sales and the disposition of the associated costs and revenues for all operational purchases and sales.

40. RESERVATION RATE CREDITING

40.1 Reservation Rate Credits – Force Majeure Events

- (a) To the extent Transporter fails to deliver the Entitlement Quantity as defined in Section 40.1(b) for the Primary Points as defined in Section 40.1(c) that Transporter is obligated to deliver by either the FT-1, FT-2 or Firm EAW Agreement to Shipper on such day, due to a force majeure event as defined in Section 24 of the GT&C:
 - (i) Shipper shall remain liable for all amounts due or that become due under either the FT-1, FT-2 or Firm EAW Rate Schedule during the first ten (10) Gas Days of the event; and
 - (ii) thereafter, Transporter shall provide Shipper reservation rate credits for any Entitlement Quantities that Transporter failed to deliver for the Primary Points due to the force majeure event until Transporter provides notice that the force majeure event has ended and Shippers may nominate on the next gas cycle.
- (b) When Transporter has posted notice of a force majeure event, a Shipper’s “Entitlement Quantity” for any Gas Day during the force majeure event shall be Shipper’s average usage of FT-1, FT-2 or Firm EAW service for the Primary Points, up to the MDQ, for the seven (7) Gas Days prior to the announcement of the outage. If on any of the previous seven (7) days Shipper’s MDQ under its FT-1, FT-2 or Firm EAW service agreement for the Primary Points was equal to zero (0), such days with zero (0) MDQ will be excluded for the purposes of calculating the Entitlement Quantity.
- (c) A Shipper’s “Primary Points” for any Gas Day during the force majeure event shall be the Primary Point(s) of Receipt and Primary Point(s) of Delivery under its FT-1, FT-2 or Firm EAW service agreement.

40.2 Reservation Rate Credits – Non-Force Majeure Events

- (a) To the extent Transporter fails to deliver the Entitlement Quantity as defined in Section 40.2(b) for the Primary Points as defined in Section 40.2(d) that the Transporter is obligated by either the FT-1, FT-2 or Firm EAW Agreement to deliver to Shipper on any Gas Day due to reasons other than a force majeure event as defined in Section 24 of the GT&C, Transporter shall provide Shipper reservation rate credits for any Entitlement Quantities that Transporter fails to deliver.
- (b) When Transporter has posted advanced notice of a non-force majeure event before the first opportunity to nominate service for a Gas Day, a Shipper’s “Entitlement Quantity” for any Gas Day during the non-force majeure event shall be the Shipper’s average usage of FT-1, FT-2 or Firm EAW service for the Primary Points, up to the MDQ, for the seven (7) Gas Days prior to the first Gas Day of the outage, except that, during the first Gas Day of an event, the Shipper’s “Entitlement Quantity” shall be the quantity of FT-1, FT-2 or Firm EAW service for the Primary Points that Shipper nominated and Transporter scheduled or, the quantity it would have scheduled but for the event, if:
 - (i) Transporter did not post notice of the event prior to the first opportunity to submit scheduling nominations for the day in question; and
 - (ii) the Shipper had not changed its nominations under Rate Schedule FT-1, FT-2 or Firm EAW after Transporter posted notice of the potential event.

- (c) The previous seven (7) days' average daily quantity usage will only be used in the determination of the Entitlement Quantity when Transporter has posted notice prior to the first opportunity to submit scheduling nominations that the capacity will be unavailable for the day in question. If on any of the previous seven (7) days Shipper's MDQ under its FT-1, FT-2 or Firm EAW service agreement for the Primary Points was equal to zero (0), such days with zero (0) MDQ will be excluded for the purposes of calculating the Entitlement Quantity.
- (d) A Shipper's "Primary Points" for any Gas Day during the force majeure event shall be the Primary Point(s) of Receipt and Primary Point(s) of Delivery under its FT-1, FT-2 or Firm EAW service agreement.

40.3 Secondary Service and Alternative Service

- (a) For purposes of calculating a Shipper's Entitlement Quantity, whether such calculation occurs as a result of a force majeure or non-force majeure event, Transporter shall not include any FT-1, FT-2 or Firm EAW service at Secondary Point(s) of Receipt or Secondary Point(s) of Delivery.
- (b) If Shipper nominates to or from Secondary Point(s) of Receipt or Secondary Point(s) of Delivery during the event, whether such event may be classified by Transporter as a force majeure or non-force majeure event, Transporter shall not provide reservation rate credits to the extent Transporter provides such FT-1, FT-2 or Firm EAW service at Secondary Point(s) of Receipt or Secondary Point(s) of Delivery.
- (c) Transporter shall not provide reservation rate credits for FT-1, FT-2 or Firm EAW service to the extent Transporter provides Shipper any alternate service. Transporter shall have no obligation to provide any alternative service to Shipper.

40.4 No Suspension of Reservation Rates

- (a) Reservation rates shall not be credited for events not within control of Transporter which events shall include, but not be limited to the following:
 - (i) Any events that are the result of Shipper's negligence, recklessness, misconduct or intentional wrongful acts;
 - (ii) The failure of Transporter to render service is due to the violation by Shipper of an Operational Flow Order that is in effect during the event or such violation causes a force majeure event resulting in an outage;
 - (iii) Shipper fails to properly nominate in accordance with Section 11 of the GT&C or otherwise fails to comply with its obligations under the applicable FT-1, FT-2 or Firm EAW Agreement or the GT&C;
 - (iv) Transporter is able to restore service during the affected Gas Day and Shipper fails to re-submit its nomination in a later cycle, unless, after receiving notice of Transporter's interruption, Shipper either has nominated and been scheduled service on another pipeline or has made alternative arrangements for delivery of such gas as a result of Transporter's non-force majeure interruption of service, and has provided verification of such arrangements to Transporter;

- (v) Service is interrupted solely because of the conduct or operations of an upstream operator of Shipper's Point(s) of Receipt or of a downstream operator of Shipper's Point(s) of Delivery or because of the failure of supply or the failure of any upstream or downstream transportation service which may affect Transporter's firm transportation service obligations;
- (vi) Service is interrupted solely as a result of Shipper's refusal or inability to accept delivery of gas for which Transporter has fulfilled its obligations in this FERC Gas Tariff;
- (vii) New facilities designed in whole or in part to provide service to Shipper, are being installed, replaced, or modified;
- (viii) The failure of Transporter to provide service is due to scheduled work on Transporter's facilities, if Transporter and Shipper have mutually coordinated the timing of the work, documented in writing the timing of the scheduled work and the work is performed in accordance with that schedule;
- (ix) Transporter is unable to schedule quantities at Point(s) of Receipt or Point(s) of Delivery due to the allocation of capacity to a Shipper, that is not eligible to be reduced (bumped) in the current cycle, due to being properly scheduled in an earlier nomination cycle.

40.5 Computation of Reservation Rate Credits

- (a) Reservation rate credits shall equal Shipper's applicable daily reservation rate per dekatherm multiplied by the number of dekatherms subject to a credit (that is, for each Gas Day, the Entitlement Quantity minus the quantity Transporter delivered) as determined by Sections 40.1 through 40.4, above.
- (b) If Shipper has released all or a portion of its firm capacity under Section 21 of the GT&C or partially assigned its capacity in a permitted partial assignment, with any such assignee included in the term "Replacement Shipper" for purposes of this Section 40.5(b), Transporter shall determine the total reservation rate credit due for the Entitlement Quantity and allocate the applicable reservation rate credit among the Releasing Shipper and the Replacement Shipper(s) in a not unduly discriminatory manner and Transporter shall not be liable for this good-faith allocation. Transporter shall not allocate any of the credit to a Replacement Shipper receiving service under a volumetric rate.
- (c) Releasing Shipper and Replacement Shipper may, by contract, agree to a credit allocation in lieu of allowing Transporter to allocate the reservation rate credit. Transporter shall allocate the reservation rate credits in accordance with such agreement between the Releasing Shipper and the Replacement Shipper and shall not be liable for such good-faith allocation.
- (d) If Shipper segments for its own use or for capacity release, all such segmented transactions will be treated as one transaction under the original FT-1, FT-2 or Firm EAW Agreement. Any credits provided by Transporter pursuant to this Section 40 will be limited to the Primary Point(s) MDQ under either Shipper's original FT-1, FT-2 or Firm EAW Agreement prior to segmentation.

- (e) In no instance will the credits related to segmented transactions be greater than the credits that would have been applicable if there had been no segmentation, capacity release or permitted partial assignment.
- (f) Any Reservation Charge credit payable will be reflected on the Shipper's monthly invoice and will be applied first to offset any outstanding past due balances owed by Shipper.

40.6 Capacity Requests

Transporter reserves the right to reject requests for incremental capacity or realignment into an affected area for the duration of the event after an event notification has been posted.

40.7 Individually Negotiated Provisions

Transporter and Shipper may agree to negotiate reservation rate credits. Shippers with either FT-1, FT-2 or Firm EAW Agreements with individually-negotiated provisions relating to reservation rate credits shall be subject to the terms of such agreement.

40.8 Off-System Storage Service and Load Balancing Service Reservation Rate Credits

- (a) Should Transporter receive reservation rate credits from the Third-Party associated with OSS or LBS reservation rate charges for which Shipper has previously paid, then Transporter agrees to apply any such reservation rate credits to Shipper's next monthly invoice immediately following Transporter's receipt of such reservation rate credits.
- (b) Shipper's share of any such reservation rate credits to be applied by Transporter will be based upon the percentage calculated by (i) the total reservation rate charges paid by Shipper that relate to the reservation rate credit received by Transporter; divided by (ii) the total reservation rate charges paid by all Shippers that relate to the reservation rate credits received by Transporter from Third-Party.

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