



September 5, 2024

Ms. Debbie-Anne Reese, Acting Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Midwestern Gas Transmission Company
Tariff Volume No. 1
Revisions to Part 8, Section 6 and Section 25
Docket No. RP24-1051-000

Dear Ms. Reese:

Pursuant to Section 4 of the Natural Gas Act and Part 154 of the Federal Energy Regulatory Commission (“Commission”) Regulations, Midwestern Gas Transmission Company (“Midwestern”) respectfully submits for filing and acceptance the following proposed tariff section to its FERC Gas Tariff, Volume No. 1 (“Tariff”). The proposed Tariff revision is submitted to become effective October 11, 2024:

Part 8.6, General Terms and Conditions–Payments, v. 4.0.0
Part 8.25, General Terms and Conditions– Requests for Service, v. 6.0.0

Statement of Nature, Reasons and Basis for the Proposed Changes

Through this filing, Midwestern proposes to update its Tariff provisions consistent with Commission policy, precedent, and industry practices. Specifically, Midwestern proposes to: (1) update its billing procedures for suspension of transportation services as well as prepayment in the event of default; (2) add the option for suspension of service in the event of default rather than allow only for termination; and (3) update its creditworthiness provisions. Midwestern’s proposal would provide significant transparency for customers with objective measures regarding creditworthiness and reduce Midwestern’s exposure to unreasonable credit risk consistent with Commission precedent.¹

¹ The Commission recently approved similar updates in *OkTex Pipeline Company, L.L.C.*, Letter Order, Docket No. RP24-53-000 (November 29, 2023).

Updated Billing Provisions to Provide Greater Transparency and to Ensure Customers Receive Clear Notice of Curing any Default

Midwestern proposes to broaden the scope of its Payments provisions in Part 8, Section 6 of the GT&C by adding a new subsection 6.2(b) to provide a less severe alternative of suspending service for customers that fail to timely pay amounts due.² Specifically, Midwestern proposes to update its Tariff to allow Midwestern to suspend the transportation service of a customer who is in default five business days after payment is due and the customer has failed to obtain satisfactory credit approval, as laid out in in the revised Section 25.4 of the GT&C, within 30 days. Midwestern's proposed suspension authority aligns with Commission policy permitting pipelines to suspend transportation service for non-payment,³ and provides a less severe option than simply terminating service in the event of default.

Midwestern's proposal is consistent with the Commission policy allowing pipelines to suspend and then terminate service to a customer after due notice. In *Northern Natural Gas Co.*, the Commission found that allowing the customer to have at least thirty days to provide sufficient security for service is reasonable and that if the customer fails to provide security allowed under the tariff within these time periods, the pipeline may terminate service.⁴

Midwestern's proposed suspension language also provides that Midwestern shall not suspend service of a customer who disputes its bill in good faith and provides satisfactory surety for the disputed amount consistent with the dispute and bond requirements in Section 6.2(c) for termination. The Commission has approved tariff provisions where a pipeline demands that a shipper furnish certain financial assurance for the portion of an invoice that is disputed in good faith.⁵

Midwestern also proposes adding a new Section 6.2(d) to allow defaulting customers to meet creditworthiness requirements by posting any of the financial securities allowed under revised Section 25.4 within thirty days, including posting collateral equivalent to three months' reservation charges. Thus, to the extent a firm or interruptible customer is in default for at least twenty days, the customer may provide Midwestern credit assurance through the same means a non-creditworthy customer may obtain credit approval in accordance with Section

² See proposed Tariff, Part 8, section 6.2(b).

³ See *Policy Statement on Creditworthiness for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding*, 111 FERC ¶ 61,412 at P 24 (2005) (The Commission allows pipelines to suspend service on shorter notice than termination, since it allows the pipeline to protect itself against potential losses arising from the continuation of service to a non-creditworthy shipper, such as the incurrence of large imbalances that may be extinguished in bankruptcy.)

⁴ See *Northern Natural Gas Co.*, 102 FERC ¶ 61,076, at P 49 (2003) (approving tariff provision requiring an initial notice of shipper five days to pay for one month of advance service, with 30 days to provide the next three months advance security, and if the shipper fails any time frame service can be suspended immediately with termination after 30 days of the initial notice).

⁵ See *ANR Pipeline Co.*, 179 FERC ¶ 61,175 at P 22 (2022). *Nat'l Fuel Gas Supply Corp.*, 78 FERC P 61,147, at 61,620 (1997); *Transco Gas Pipe Line Corp.*, 62 FERC P 61,004, at 61,007 (1993).

25.4 of the GT&C. These revisions provide Midwestern the flexibility to suspend service before termination and allow any defaulting customer the ability to provide credit assurance through the same means as a non-creditworthy customer.⁶

Updated Creditworthiness Provisions to Clarify Multiple Means For Customers to Demonstrate Creditworthiness or Sufficient Credit Assurance

As noted, Midwestern proposes to update its creditworthiness provisions in Tariff, Part 8, Section 25.4 to bring them in line with Commission policy, precedent, and industry practices. Midwestern's revisions provide customers greater transparency and ease the burden of demonstrating creditworthiness. Specifically, Midwestern proposes to replace the requirement for customers to establish creditworthiness through the provision of financial statements with several avenues to establish creditworthiness. Midwestern also includes several associated housekeeping changes to improve clarity.

In revised Section 25.4.1(a)(i), Midwestern proposes to specify that, for a customer seeking to establish creditworthiness through an investment grade credit rating, it must hold a rating equivalent to at least BBB- or better by Standard & Poor's Financial Services or Fitch Ratings, Inc. or Baa3 or better by Moody's Investor Service Inc. Further, consistent with Commission precedent, Midwestern may evaluate creditworthiness based on the lowest of such credit ratings.⁷

For customers without an investment grade credit rating, or that have their credit rating downgraded below investment grade, Midwestern proposes to clarify how such a customer may obtain credit approval and proposes to add objective criteria for determining whether customers without an investment credit rating are creditworthy in the following subsections.

In revised Section 25.4.1(a)(ii), Midwestern proposes to allow customers to demonstrate creditworthiness when the net present value of the sum of future reservation rates, usage rates

⁶ 18 CFR § 154.602 (2003) (requiring 30 days of advance notice to the customer and the Commission prior to contract termination); *Policy Statement on Creditworthiness for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding*, 111 FERC ¶ 61,412, at PP 10, 14, 21, 24 (2005) (The Commission allows pipelines to suspend service on shorter notice than termination, since it allows the pipeline to protect itself against potential losses arising from the continuation of service to a non-creditworthy shipper, such as the incurrence of large imbalances that may be extinguished in bankruptcy.) *See also*, *Natural Gas Pipeline Co. of America* 102 FERC ¶ 61,355 at 62,189 (2003) ([A]llowing suspension of service to a shipper that is delinquent and has not remedied the delinquency within 15 days of receiving written notice from the pipeline is appropriate); *Northern Natural Gas Co.*, 103 FERC ¶ 61,276, at P 52 (2003) (The Commission allows pipelines to suspend service on shorter notice than termination, since it allows the pipeline to protect itself against the consequences of a shipper's breach, but at the same time does not impose as severe consequences as termination on the shipper); *Northern Natural Gas Co.*, 102 FERC ¶ 61,076, at P 49 (2003); *Tennessee Gas Pipeline Co.*, 102 FERC ¶ 61,075, at P 18 (2003).

⁷ *See Texas Gas Transmission, LLC*, 135 FERC ¶ 61,132, at P 14 (2011) (citing *Northern Natural Gas Co.*, 102 FERC ¶ 61,076, at P 28-30 (2010)) ("To the extent that a shipper is rated by multiple credit ratings agencies, Commission policy permits pipelines to use the lower rating to determine a shipper's creditworthiness"). *See also Destin Pipeline, L.L.C.*, 177 FERC ¶ 61,126 (2021).

and other fees and charges for the service requested is less than 15% of the customer's tangible net worth. The Commission has accepted a similar means for establishing creditworthiness.⁸

In proposed Section 25.4.1(a)(iii), Midwestern proposes to delineate in the tariff seven factors beyond investment grade rating and ratio of net worth to future service agreement obligations that Midwestern may use to determine a customer's creditworthiness. Specifically, Midwestern's additional evaluation categories include: (a) additional information generated by credit reporting agencies; (b) financial reports concerning the customer; (c) whether the customer is operating under a chapter of the US bankruptcy code; (d) lawsuits that could materially impact the customer's ability to remain solvent; (e) the nature of the customer's business in relation to economic conditions, including the customer's ability to recover the costs of Midwestern's services through filings with regulatory agencies or otherwise to pass on such costs to its customers; (f) whether the customer has or has had delinquent balances outstanding for services provided by Midwestern; and (g) any other information, including any information provided by the customer, as may be mutually agreed upon by the parties. The Commission found similar provisions for evaluating creditworthiness to be just and reasonable in *ANR Pipeline Co.*⁹

In revised Section 25.4.2, Midwestern proposes to specify that, if a customer fails to satisfy the credit criteria, the customer still may obtain credit approval if it elects to provide an amount equal to the sum of three (3) months' reservation charge based on the rates in customer's Service Agreement. Midwestern also proposes to permit customer to provide a guarantee, acceptable to Midwestern, by another person or entity that satisfies Midwestern's credit appraisal, or to provide other security acceptable to Midwestern, noting that Midwestern will accept such alternatives on a not unduly discriminatory basis.¹⁰

⁸ *Destin Pipeline, L.L.C.*, 177 FERC ¶ 61,126, at PP 14-16 (2022); *see also* Columbia Gas Columbia Gas Transmission, LLC, FERC Gas Tariff Fourth Revised Volume No. 1 at Section 9.6(b)(3)(iii) (similar approved language); *See also* *Guardian Pipeline L.L.C.*, RP16-467-000 and *Guardian Pipeline L.L.C.*, 154 FERC ¶ 61,250 (approving similar language).

⁹ *ANR Pipeline Company*, 179 FERC ¶ 61,175, at PP 8, 12 (2022). *See also* *Great Lakes Gas Transmission Limited Partnership*, 108 FERC ¶ 61,308 (2004); *Tennessee Gas Pipeline Co.*, 102 FERC ¶ 61,075, at P 41 (2003) ("We recognize the need for Tennessee to consider the individual circumstances of its shippers and are not requiring Tennessee to use financial credit ratings as the sole determinant of creditworthiness."); *see also* Gulf South Pipeline Co., FERC Gas Tariff Seventh Revised Volume No. 1 at Section 6.5[2(d)(ii)] (approved in RP21-1101-000 by letter order 09/28/21) (ability to evaluate key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability); Columbia Gas Transmission, LLC, FERC Gas Tariff Fourth Revised Volume No. 1 at Section 9.6(b)(4)(ii) (same) (approved in RP20-1060-004 by letter order 11/18/21); Natural Gas Pipeline Company of America LLC, FERC Gas Tariff Eighth Revised Volume No. 1 at Section 16(a)(5)(same) (approved in RP15-997-000 by letter order 5/26/15).

¹⁰ *See* proposed Tariff, Part 8, Section 10.4(a)(iii)-(iv).

Effective Date of Tariff

Pursuant to section 154.7(a)(9) of the Commission's Regulations, Midwestern requests that the tariff records submitted herewith be approved effective October 11, 2024. Midwestern requests that the Commission grant a shortened comment period and waivers of any regulations necessary to approve and effectuate the tariff records by the date requested.

Materials Enclosed

In accordance with section 154.7 of the Commission's regulations, the following items are included in this filing:

1. An eTariff XML filing package containing the proposal in electronic format;
2. A transmittal letter in PDF format which incorporates the Statement of Nature, Reasons, and Basis for the filing required by Section 154.7(a)(6) of the Commission's regulations;
3. Appendix A – a clean version of the tariff records in PDF format for publishing in eLibrary; and
4. Appendix B – a marked version of the tariff records in PDF format for publishing in eLibrary.

Filings Pending Before the Commission

In compliance with 18 C.F.R. section 154.204(f), Midwestern states that it has no other filings pending before the Commission that may significantly affect this filing.

Waivers

Midwestern has not identified any waivers of the Commission's regulations needed to permit its filing to become effective as proposed; however, Midwestern respectfully requests that, should the Commission determine that any such waivers are required, the Commission grant such waivers as are necessary in order that the revised tariff sheets may be made effective as proposed.

Service and Correspondence

In accordance with Section 154.208 of the Commission's regulations, the undersigned certifies that a copy of this filing has been served electronically on Midwestern's customers and affected state regulatory commissions. A paper copy of this filing may only be served if a customer has been granted waiver of electronic service pursuant to Part 390 of the Commission's regulations. In addition, a copy of this filing is available for public inspection during regular business hours at Midwestern's office at 100 West Fifth Street, Tulsa, Oklahoma 74103.

It is requested that a copy of all communications, correspondence, and pleadings with respect to this filing be sent to:

Ms. Debbie-Anne Reese, Acting Secretary

September 5, 2024

Page 6 of 6

Denise Adams Senior Director, Regulatory Affairs ONEOK, Inc. 100 West 5th Street Tulsa, Oklahoma 74103 (918) 732-1408 Email: regulatoryaffairs@oneok.com	Lisa Nishimuta Senior Legal Counsel, Regulatory ONEOK, Inc. 100 West 5th Street Tulsa, Oklahoma 74103 (918) 588-7730 Email: lisa.nishimuta@oneok.com
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Pursuant to Section 385.2005 and Section 385.2011(c)(5) of the Commission's regulations, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best knowledge and belief of the undersigned.

Any questions regarding this filing may be directed to Denise Adams at (918) 732-1408.

Respectfully submitted,

/s/ Denise A. Adams

Denise A. Adams
Senior Director, Regulatory Affairs
ONEOK, Inc.
100 West 5th Street
Tulsa, Oklahoma 74103

Attachments

Appendix A

Clean Tariff Records

6. PAYMENTS

6.1 Monthly Payment Date

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

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

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

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

6.2 Remedies for Non-Payment

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

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

- (b) Suspension of Transportation in the Event of Default

Company may suspend the further transportation of Natural Gas on behalf of Customer if Customer fails to make payment in five (5) Business Days from the time Customer's obligation to provide advance payment for one (1) month's service arises, and Customer fails to satisfy Company's requirements to obtain credit approval in Section 25.4 of the GT&C within thirty (30) Days, but the exercise of such right shall be in addition to any other remedy available to Company; provided, however, that if Customer, in good faith, shall dispute the amount of any such bills or parts thereof and shall pay to Company in a timely manner such amounts as it concedes to be correct (accompanied by supporting documentation, including invoice number, remittance detail which Company shall follow in applying such payment, and the basis for dispute) and, at any time thereafter within ten (10) Days of a demand made by Company, shall furnish a good and sufficient security, as defined in Section 25.4 of the GT&C, satisfactory to Company 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 Company 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 Customer on such disputed bills, then Company will reimburse Customer for the cost of procuring the

surety bond within ten (10) Days after receipt of a detailed invoice thereof from Customer. If the Customer fails to provide the required security within these time periods, the Company may suspend service immediately and may simultaneously give a written notice that it will terminate service in thirty (30) Days if the Customer fails to provide security.

(c) Termination of Transportation

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

(d) Credit and Prepayment in the Event of Default

Upon default in payment for a period in excess of twenty (20) Days, Company may require as a condition to the continuation or recommencement of transportation services a deposit or other acceptable credit arrangement in accordance with Section 25.4 of the GT&C, including a prepayment of future transportation services as follows: (a) for a firm Customer, Company may require an amount equal to not more than three (3) months of reservation charges for transportation services at the rates stated in Customer's Service Agreement, which estimated charges shall be based on Customer's actual bills for transportation services received from Company during the preceding three (3) months; or (b) for an interruptible Customer, Company may require not more than three (3) months of usage charges based on usage charges stated in Customer's Interruptible Transportation Service Agreement.

6.3 Billing Error

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

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

6.4 Prior Period Adjustments

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

Prior period adjustment time limits shall be 6 months from the date of the initial transportation invoice and 7 months from date of initial sales invoice with a 3-month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. 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. [3.3.15]

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

The Statement of Account shall report outstanding balances by invoice. [3.3.21]

25. REQUESTS FOR SERVICE

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

25.1 Requests for Service

- (a) All persons requesting service under any of Company's rate schedules or persons requesting Operational Balancing Agreements must provide, via the System or by facsimile or in writing when necessary, the information required by this Section 25 and all information necessary to fill in the blanks and complete the applicable form of agreement in order to qualify for service. No request for service will be scheduled until all of the required information has been provided.
- (b) For requests for service received on or after January 5, 2012, except as expressly set forth in Section 25.1(d) or other provisions of this FERC Gas Tariff, Company may award available capacity for firm transportation service to commence at a future date only within the following timeframes.
 - (i) For service with a primary contract term of three months or less, Company may award a capacity 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, Company may award capacity 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, Company may award capacity no earlier than ninety (90) calendar days prior to the proposed commencement date of service.
- (c) Company shall deny a request for capacity to the extent honoring the request would have the effect of awarding capacity prior to the timeframes set forth in Section 25.1(b), due to the unavailability of the requested capacity for all of the requested primary contract term. For example, if a request specified a primary contract term of one year, but the capacity was available for only five months, Company would reject the request if it were made prior to the timeframe set forth in Section 25.1(b)(i), with the date the capacity became available deemed to be the start of the requested primary term. Notwithstanding the above:
 - (i) Company may consider a request described above pursuant to Section 25.1(d).
 - (ii) Company and Customer may agree to contract for less than all the requested capacity as long as the award is within the timeframes set forth in Section 25.1(b). For example, if a Customer requested 15,000 dth/day of capacity for a term of one year, and only 5,000 dth/day was available for a six-month period beginning four months after the request was made, Company and Customer could agree to contract for the available capacity for a six-month term consistent with the timeframe set forth in Section 25.1(b)(ii).
- (d) Company may consider, on a not unduly discriminatory basis, a request for firm service outside the time periods specified in Section 25.1(b), if the request involves circumstances which include the following:
 - (i) The request is for capacity pursuant to an open season initiated by Company pursuant to the open season process set forth in Section 25.6 below;

- (ii) The request involves the acquisition, modification or construction of facilities or, terms and conditions that may require prior Commission approval or notice; or
- (iii) The request is for capacity offered on a pre-arranged basis pursuant to the process set forth at Section 35 of the General Terms and Conditions.
- (e) If Company allows a variation from the time periods specified in Section 25.1(b), in accordance with the circumstances described in Section 25.1(c)(i)-(ii) or otherwise, Company shall provide reasons for the variation in the notice of the open season or by means of an Informational Postings notice. Company shall deviate from the time periods specified in Subsection 25.1(b) only in a not unduly discriminatory manner consistent with Commission regulations.

25.2 Company Response to Requests for Service

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

25.3 Modification of Service

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

25.4 Creditworthiness

25.4.1 Credit Evaluation

- (a) Unless previously provided to Company in the prior three months, a Customer seeking service from Company under any of Company's rate schedules must comply with one of the following creditworthiness requirements:
 - (i) The Customer, or an Affiliate Guarantor, has an investment grade rating for its long term senior unsecured debt from a recognized rating agency. Such rating shall be the equivalent of BBB- or better by Standard & Poor's Financial Services ("S&P"), and/or Baa3 or better by Moody's Investor Service Inc. ("Moody's"), and or BBB- by Fitch Ratings, Inc. In the event that Customer is rated by two or more of the preceding rating agencies at levels that are not equivalent, the lowest rating shall apply. A Customer who qualifies under this category initially but is later downgraded below investment grade will be required to qualify under another category below.

- (ii) The Customer shall demonstrate that the net present value of the sum of future reservation rates, usage rates and other fees and charges for the service requested is less than 15% of the Customer's tangible net worth.
- (iii) If Customer does not meet the creditworthiness standard described in part (i) or (ii) above, Company shall evaluate creditworthiness based upon the level of Customer's current and requested service(s) with Company relative to Customer's current and future ability to meet its obligations. Such creditworthiness evaluation shall be based upon any or all of the following requested information in a. through g. below.
 - a. S&P, Moody's and other credit reporting agencies' opinions, outlooks, watch alerts, and rating actions.
 - b. Financial reports whereby consistent financial statement analysis will be applied by Company to determine the acceptability of Customer's current and future financial strength. Customer's balance sheets, income statements, cash flow statements, notes to financial statements, and auditor's opinions will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability.
 - c. Whether Customer is operating under any chapter of the bankruptcy code and is subject to liquidation or debt reduction procedures under state laws and whether there is pending any petition for involuntary bankruptcy. Company may give consideration for a Customer who is a debtor-in-possession operating under Chapter 11 of the United States Bankruptcy Code if Company is assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Customer is continuing and continues in the future to make payment.
 - d. Whether Customer is subject to any lawsuits or outstanding judgments which could materially impact its ability to remain solvent.
 - e. The nature of Customer's business and the effect on that business of economic conditions, including Customer's ability to recover the costs of Company's services through filings with regulatory agencies or otherwise to pass on such costs to its customers.
 - f. Whether Customer has or has had any delinquent balances outstanding for services provided previously by Company and whether Customer is paying and has paid its account balances according to the terms established in its Agreement(s) (excluding amounts as to which there is a good faith dispute).
 - g. Any other information, including any information provided by Customer, that Company deems relevant to Customer's current and future financial strength and Customer's ability to make full payment over the term of its Agreement(s).
- (iv) Application for acceptance as creditworthy may be made at any time. Customer will not be subject to having its acceptance under this category revoked unless there has been a material adverse change in publicly available information or a clearly defined event, in the financial criteria relied on at the time of acceptance.

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

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

25.4.2 Failure to Meet Creditworthiness Criteria

- (a) Upon notification by Company that Customer has failed to satisfy the credit criteria, such Customer may still obtain credit approval by Company 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' reservation charge from Customer based on the rates in Customer 's Service Agreement for service pursuant to its firm Service. Company will accrue interest for the account of Customer 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 Customer. Such security shall be adjusted annually to reflect any change in the reservation charge 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 Customer, by another person or entity which satisfies the credit appraisal for service pursuant to its interruptible service agreement, or
 - iii. a guarantee, acceptable to Company, by another person or entity that satisfies Company's credit appraisal according to the same procedures set forth in this section 25.4; or
 - iv. other security acceptable to Company, to be accepted on a not unduly discriminatory basis.

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

- (b) If Customer 's credit standing ceases to meet Company's credit requirements during the period of service, then Company has the right to require security or a deposit as specified in Section 25.4.2(a) above. If security or a deposit is not tendered in a timely period as reasonably determined by Company in accordance with Section 6 of the GT&C, then Company is not required to continue service after 30 days of advance written notice to the Customer and the Commission. If Customer is unable to maintain acceptable credit, the executed Service Agreement may be terminated by Company after 30 days of advance written notice to the Customer and the Commission, in accordance with Section 6 of the GT&C.

25.5 Creditworthiness Notices

25.5.1 Company Responsibilities

- (a) Company shall designate, on its Internet website or in written notices to Customer, the Internet E-mail addresses of up to two representatives who are authorized to receive notices regarding Customer's creditworthiness. A Customer's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and Company shall manage internal distribution of any such confirmations. [0.3.7]
- (b) If Company requests additional information to be used for credit evaluation after the initiation of service, Company, contemporaneous with the request, shall provide its reason(s) for requesting the additional information to Customer and designate to whom the response shall be sent. Company and Customer may mutually agree to waive this requirement. [0.3.3]
- (c) Upon receipt from Customer of all credit information provided, Company shall notify Customer's authorized representative(s) that it has received such information. Company and Customer may mutually agree to waive this requirement. [0.3.6]
- (d) After Company's receipt of Customer's request for re-evaluation, including all required information pursuant to NAESB WGQ Standard No. 0.3.8 ("Customer's Request"), within five (5) Business Days, Company shall provide a written response to Customer's Request. Such written response shall include either a determination of creditworthiness status, clearly stating the reason(s) for Company's decision, or an explanation supporting a future date 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 Customer's Request unless specified in Company's FERC Gas Tariff or if the parties mutually agree to some later date. [0.3.9]
- (e) Regarding capacity release transactions, Company shall provide the original Releasing Shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Company to the Releasing Shipper's Replacement Shipper(s), of the following [5.3.60]:
 - (i) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to this Section 25 and Section 6 of the General Terms and Conditions of Company's FERC Gas Tariff;

- (ii) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;
- (iii) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and
- (iv) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to this Section 25.

25.5.2 Customer Responsibilities

- (a) Customer shall designate up to two representatives who are authorized to receive notices regarding the Customer's creditworthiness, including requests for additional information, and shall provide to Company the Internet E-mail addresses of such representatives prior to the initiation of service. Written requests and responses shall be provided via Internet E-mail, unless otherwise agreed to by the parties. The obligation of Company to provide creditworthiness notifications is waived until the above requirement has been met. Customer shall manage internal distribution of any creditworthiness notices that are received. [0.3.7]
- (b) Upon receipt of either an initial or follow-up request from Company for information to be used for creditworthiness evaluation, the Customer's authorized representative(s) shall acknowledge receipt of Company's request. Company and Customer may mutually agree to waive this requirement. [0.3.4]
- (c) Customer's authorized representative(s) shall respond to Company's request for credit information, as allowed by this Section 25, on or before the later of the due date specified in the request or three (3) Business Days. Customer shall provide all the credit information requested by Company or provide the reason(s) why any of the requested information was not provided. [0.3.5]
- (d) At any time after Customer is determined to be non-creditworthy by Company, Customer may initiate a creditworthiness re-evaluation by Company. As part of Customer's re-evaluation request, Customer shall either update or confirm in writing the prior information provided to Company related to Customer's creditworthiness. Such update shall include any event(s) that Customer believes could lead to a material change in Customer's creditworthiness. [0.3.8]

25.5.3 Designating Notice Representatives

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

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

25.6 Solicitation of Bids for Capacity

- (a) Company shall (1) post notice of its capacity that is available on a first-come, first-served basis, for service to start immediately or in the future, or (2) post notice of an open season for

its available capacity for service to start immediately or in the future, or (3) post notice of an open season for expansion projects including requests for incremental service at a date later than the in-service date of the expansion facilities.

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

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

Company reserves the right not to award capacity at less than the applicable Maximum Rate. Company shall not award capacity at less than the Maximum Rate to an Affiliate as defined in Section 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.

Appendix B

Marked Tariff Records

6. PAYMENTS

6.1 Monthly Payment Date

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

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

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

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

6.2 Remedies for Non-Payment

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

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

(b) Suspension of Transportation in the Event of Default

Company may suspend the further transportation of Natural Gas on behalf of Customer if Customer fails to make payment in five (5) Business Days from the time Customer's obligation to provide advance payment for one (1) month's service arises, and Customer fails to satisfy Company's requirements to obtain credit approval in Section 25.4 of the GT&C within thirty (30) Days, but the exercise of such right shall be in addition to any other remedy available to Company; provided, however, that if Customer, in good faith, shall dispute the amount of any such bills or parts thereof and shall pay to Company in a timely manner such amounts as it concedes to be correct (accompanied by supporting documentation, including invoice number, remittance detail which Company shall follow in applying such payment, and the basis for dispute) and, at any time thereafter within ten (10) Days of a demand made by Company, shall furnish a good and sufficient security, as defined in Section 25.4 of the GT&C, satisfactory to Company 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 Company 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 Customer on such disputed bills, then Company will reimburse Customer for the cost of procuring the

surety bond within ten (10) Days after receipt of a detailed invoice thereof from Customer. If the Customer fails to provide the required security within these time periods, the Company may suspend service immediately and may simultaneously give a written notice that it will terminate service in thirty (30) Days if the Customer fails to provide security.

(c) Termination of Transportation

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

(d) Credit and Prepayment in the Event of Default

Upon default in payment for a period in excess of twenty (20) Days, Company may require as a condition to the continuation or recommencement of transportation services a deposit or other acceptable credit arrangement in accordance with Section 25.4 of the GT&C, including a prepayment of future transportation services as follows: (a) for a firm Customer, Company may require an amount equal to not more than three (3) months of reservation charges for transportation services at the rates stated in Customer's Service Agreement, which estimated charges shall be based on Customer's actual bills for transportation services received from Company during the preceding three (3) months; or (b) for an interruptible Customer, Company may require not more than three (3) months of usage charges based on usage charges stated in Customer's Interruptible Transportation Service Agreement.

6.3 Billing Error

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

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

the claimed adjustment. In the case of adjustment claims made under (i) or (ii) above, the period for resolving adjustments will be tolled until the claimed adjustment is settled.

6.4 Prior Period Adjustments

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

Prior period adjustment time limits shall be 6 months from the date of the initial transportation invoice and 7 months from date of initial sales invoice with a 3-month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. 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. [3.3.15]

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

The Statement of Account shall report outstanding balances by invoice. [3.3.21]

25. REQUESTS FOR SERVICE

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

25.1 Requests for Service

- (a) All persons requesting service under any of Company's rate schedules or persons requesting Operational Balancing Agreements must provide, via the System or by facsimile or in writing when necessary, the information required by this Section 25 and all information necessary to fill in the blanks and complete the applicable form of agreement in order to qualify for service. No request for service will be scheduled until all of the required information has been provided.
- (b) For requests for service received on or after January 5, 2012, except as expressly set forth in Section 25.1(d) or other provisions of this FERC Gas Tariff, Company may award available capacity for firm transportation service to commence at a future date only within the following timeframes.
 - (i) For service with a primary contract term of three months or less, Company may award a capacity 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, Company may award capacity 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, Company may award capacity no earlier than ninety (90) calendar days prior to the proposed commencement date of service.
- (c) Company shall deny a request for capacity to the extent honoring the request would have the effect of awarding capacity prior to the timeframes set forth in Section 25.1(b), due to the unavailability of the requested capacity for all of the requested primary contract term. For example, if a request specified a primary contract term of one year, but the capacity was available for only five months, Company would reject the request if it were made prior to the timeframe set forth in Section 25.1(b)(i), with the date the capacity became available deemed to be the start of the requested primary term. Notwithstanding the above:
 - (i) Company may consider a request described above pursuant to Section 25.1(d).
 - (ii) Company and Customer may agree to contract for less than all the requested capacity as long as the award is within the timeframes set forth in Section 25.1(b). For example, if a Customer requested 15,000 dth/day of capacity for a term of one year, and only 5,000 dth/day was available for a six-month period beginning four months after the request was made, Company and Customer could agree to contract for the available capacity for a six-month term consistent with the timeframe set forth in Section 25.1(b)(ii).
- (d) Company may consider, on a not unduly discriminatory basis, a request for firm service outside the time periods specified in Section 25.1(b), if the request involves circumstances which include the following:
 - (i) The request is for capacity pursuant to an open season initiated by Company pursuant to the open season process set forth in Section 25.6 below;

- (ii) The request involves the acquisition, modification or construction of facilities or, terms and conditions that may require prior Commission approval or notice; or
- (iii) The request is for capacity offered on a pre-arranged basis pursuant to the process set forth at Section 35 of the General Terms and Conditions.
- (e) If Company allows a variation from the time periods specified in Section 25.1(b), in accordance with the circumstances described in Section 25.1(c)(i)-(ii) or otherwise, Company shall provide reasons for the variation in the notice of the open season or by means of an Informational Postings notice. Company shall deviate from the time periods specified in Subsection 25.1(b) only in a not unduly discriminatory manner consistent with Commission regulations.

25.2 Company Response to Requests for Service

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

25.3 Modification of Service

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

25.4 ~~Creditworthiness~~Credit Evaluation

25.4.1 Credit Evaluation

- (a) ~~(a)~~—Unless previously provided to Company in the prior three months, a Customer seeking service from Company under any of Company's rate schedules must comply with one of the following creditworthiness requirements~~provide~~:
 - (i) The Customer, or an Affiliate Guarantor, has an investment grade rating for its long term senior unsecured debt from a recognized rating agency. Such rating shall be the equivalent of BBB- or better by Standard & Poor's Financial Services ("S&P"), and/or Baa3 or better by Moody's Investor Service Inc. ("Moody's"), and or BBB- by Fitch Ratings, Inc. In the event that Customer is rated by two or more of the preceding rating agencies at levels that are not equivalent, the lowest rating shall apply. A Customer who qualifies under this category initially but is later downgraded below investment grade will be required to qualify under another category below.

- (ii) The Customer shall demonstrate that the net present value of the sum of future reservation rates, usage rates and other fees and charges for the service requested is less than 15% of the Customer's tangible net worth.
- (iii) If Customer does not meet the creditworthiness standard described in part (i) or (ii) above, Company shall evaluate creditworthiness based upon the level of Customer's current and requested service(s) with Company relative to Customer's current and future ability to meet its obligations. Such creditworthiness evaluation shall be based upon any or all of the following requested information in a. through g. below.

 - a. S&P, Moody's and other credit reporting agencies' opinions, outlooks, watch alerts, and rating actions.
 - b. Financial reports whereby consistent financial statement analysis will be applied by Company to determine the acceptability of Customer's current and future financial strength. Customer's balance sheets, income statements, cash flow statements, notes to financial statements, and auditor's opinions will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability.
 - c. Whether Customer is operating under any chapter of the bankruptcy code and is subject to liquidation or debt reduction procedures under state laws and whether there is pending any petition for involuntary bankruptcy. Company may give consideration for a Customer who is a debtor-in-possession operating under Chapter 11 of the United States Bankruptcy Code if Company is assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Customer is continuing and continues in the future to make payment.
 - d. Whether Customer is subject to any lawsuits or outstanding judgments which could materially impact its ability to remain solvent.
 - e. The nature of Customer's business and the effect on that business of economic conditions, including Customer's ability to recover the costs of Company's services through filings with regulatory agencies or otherwise to pass on such costs to its customers.
 - f. Whether Customer has or has had any delinquent balances outstanding for services provided previously by Company and whether Customer is paying and has paid its account balances according to the terms established in its Agreement(s) (excluding amounts as to which there is a good faith dispute).
 - g. Any other information, including any information provided by Customer, that Company deems relevant to Customer's current and future financial strength and Customer's ability to make full payment over the term of its Agreement(s).
- (iv) Application for acceptance as creditworthy may be made at any time. Customer will not be subject to having its acceptance under this category revoked unless there has been a material adverse change in publicly available information or a clearly defined event, in the financial criteria relied on at the time of acceptance.

~~(b) (a) a copy of Customer's most recent audited financial statement or financial statements certified by the Chief Financial Officer or Chief Accounting Officer of the Customer (which certificate shall state that such financial statements fairly present the financial condition and results of operations of the Customer for the period indicated therein) prepared in accordance with generally accepted accounting principles or, for non-U.S.-based Customers, prepared in accordance with equivalent standards;~~

~~(b) a copy of Customer's most recent twelve months audited financial statement or Annual Report and, if applicable, Form 10-K (or similar annual Securities and Exchange Commission filing); and~~

~~(c) a list of Customer's affiliates, including parent and subsidiaries, if applicable.~~

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

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

25.4.2 Failure to Meet Creditworthiness Criteria

~~(a) Upon notification by Company that Customer has failed to satisfy the credit criteria, such Customer may still obtain credit approval by Company 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' reservation charge from Customer based on the rates in Customer 's Service Agreement for service pursuant to its firm Service. Company will accrue interest for the account of Customer 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 Customer. Such security shall be adjusted annually to reflect any change in the reservation charge 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 Customer, by another person or entity which satisfies the credit appraisal for service pursuant to its interruptible service agreement, or~~

iii. a guarantee, acceptable to Company, by another person or entity that satisfies Company's credit appraisal according to the same procedures set forth in this section 25.4; or

iv. other security acceptable to Company, to be accepted on a not unduly discriminatory basis.

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

(b) If Customer's credit standing ceases to meet Company's credit requirements during the period of service, then Company has the right to require security or a deposit as specified in Section 25.4.2(a) above. If security or a deposit is not tendered in a timely period as reasonably determined by Company in accordance with Section 6 of the GT&C, then Company is not required to continue service after 30 days of advance written notice to the Customer and the Commission. If Customer is unable to maintain acceptable credit, the executed Service Agreement may be terminated by Company after 30 days of advance written notice to the Customer and the Commission, in accordance with Section 6 of the GT&C.

25.5 Creditworthiness Notices

25.5.1 Company Responsibilities

- (a) Company shall designate, on its Internet website or in written notices to Customer, the Internet E-mail addresses of up to two representatives who are authorized to receive notices regarding Customer's creditworthiness. A Customer's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and Company shall manage internal distribution of any such confirmations. [0.3.7]
- (b) If Company requests additional information to be used for credit evaluation after the initiation of service, Company, contemporaneous with the request, shall provide its reason(s) for requesting the additional information to Customer and designate to whom the response shall be sent. Company and Customer may mutually agree to waive this requirement. [0.3.3]
- (c) Upon receipt from Customer of all credit information provided, Company shall notify Customer's authorized representative(s) that it has received such information. Company and Customer may mutually agree to waive this requirement. [0.3.6]
- (d) After Company's receipt of Customer's request for re-evaluation, including all required information pursuant to NAESB WGQ Standard No. 0.3.8 ("Customer's Request"), within five (5) Business Days, Company shall provide a written response to Customer's Request. Such written response shall include either a determination of creditworthiness status, clearly stating the reason(s) for Company's decision, or an explanation supporting a future date 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 Customer's Request unless specified in Company's FERC Gas Tariff or if the parties mutually agree to some later date. [0.3.9]

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

25.5.2 Customer Responsibilities

- (a) Customer shall designate up to two representatives who are authorized to receive notices regarding the Customer's creditworthiness, including requests for additional information, and shall provide to Company the Internet E-mail addresses of such representatives prior to the initiation of service. Written requests and responses shall be provided via Internet E-mail, unless otherwise agreed to by the parties. The obligation of Company to provide creditworthiness notifications is waived until the above requirement has been met. Customer shall manage internal distribution of any creditworthiness notices that are received. [0.3.7]
- (b) Upon receipt of either an initial or follow-up request from Company for information to be used for creditworthiness evaluation, the Customer's authorized representative(s) shall acknowledge receipt of Company's request. Company and Customer may mutually agree to waive this requirement. [0.3.4]
- (c) Customer's authorized representative(s) shall respond to Company's request for credit information, as allowed by this Section 25, on or before the **later of the** due date specified in the request **or three (3) Business Days**. Customer shall provide all the credit information requested by Company or provide the reason(s) why any of the requested information was not provided. [0.3.5]
- (d) At any time after Customer is determined to be non-creditworthy by Company, Customer may initiate a creditworthiness re-evaluation by Company. As part of Customer's re-evaluation request, Customer shall either update or confirm in writing the prior information provided to Company related to Customer's creditworthiness. Such update shall include any event(s) that Customer believes could lead to a material change in Customer's creditworthiness. [0.3.8]

25.5.3 Designating Notice Representatives

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

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

25.6 Solicitation of Bids for Capacity

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

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

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

Company reserves the right not to award capacity at less than the applicable Maximum Rate. Company shall not award capacity at less than the Maximum Rate to an Affiliate as defined in Section 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.