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GENERAL TERMS AND CONDITIONS

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1. DEFINITIONS

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

- The term "Agreement" shall mean an executed agreement, including Transportation Agreement, for service under any of Company's existing rate schedules.
- The terms "Balancing Party" or "Balancing Parties" shall mean person(s) or entity(s) who have executed an OBA in the form set forth on Company's Web Site (www.vgt.oneokpartners.com) under Customer Activities or in a form acceptable to Company and who satisfy the requirements of Subsection 1(a) of Rate Schedule LMS.
- The term "British thermal unit" or "Btu" shall mean the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at the standard pressure of 14.73 dry psia at 60 degrees Fahrenheit.
- The term "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico. [3.2.1]
- The term "Category 1 Rates" shall mean those rates shown in the applicable Rate section of this Tariff applicable to Firm Transportation Agreements under Rate Schedule FT-A with a term of less than three (3) years.
- The term "Category 2 Rates" shall mean those rates shown in the applicable Rate section of this Tariff applicable to Firm Transportation Agreements under Rate Schedule FT-A with a term of three (3) years to less than five (5) years.
- The term "Category 3 Rates" shall mean those rates shown in the applicable Rate section of this Tariff applicable to Firm Transportation Agreements under Rate Schedule FT-A with a term of five (5) years or more.
- The term "Company" shall mean Viking Gas Transmission Company, a "Service Provider" pursuant to NAESB WGQ Standards.
- The term "cubic foot" shall mean the quantity of gas that occupies one (1) cubic foot when such gas is at a temperature of 60 degrees Fahrenheit, and at a pressure of .33 pounds per square inch above an assumed atmospheric pressure of 14.44 pounds per square inch (14.73 pounds per square inch absolute).
- The term "Customer" shall be defined as any person, including Shipper, who has executed an agreement with Company under any of Company's rate schedules contained in this Tariff.
- The term "Dekatherm" or "Dth" shall mean the quantity of heat energy which is 1,000,000 British thermal units. The standard quantity for nominations, confirmation and scheduling is Dths per Gas Day in the United States, gigajoules per Gas Day in Canada, and gigacalories per Gas Day in Mexico. (For reference 1 Dth = 1,000,000 Btu's; 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between Dths and gigajoules is 1.055056 gigajoules per Dth and between Dths and gigacalories is 0.251996 gigacalories per Dth. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units. [1.3.14]

- The term "Displacement" or "Displacement Service" shall mean the non-physical movement of gas volumes, which is dependent on a substitution from one source of natural gas at one point for another source of natural gas from a different point.
- The term "Equivalent Quantity" unless otherwise stated in the Transportation Agreement shall mean that during any given period of time the quantities of gas delivered hereunder at the Point(s) of Delivery shall be the thermal equivalent of the quantities of gas received at the Point(s) of Receipt for transportation less thermal quantities of gas for Shipper's system fuel and use requirements and gas lost and unaccounted for associated with this transportation service.
- The term "FERC" shall mean the Federal Energy Regulatory Commission or any successors thereto.
- The term "Gas Day" shall mean a period of twenty-four consecutive hours beginning and ending at 9:00 a.m. Central Clock Time (CCT). The reference date for any Gas Day shall be the date of the beginning of such Gas Day. [1.3.1]
- The term "In-Direction" shall mean a firm nomination line item that has a nomination for movement in the same direction as the Customer's current Transportation Path.
- The term "In-Path" shall mean a firm nomination line item that has a nomination with both the receipt point and delivery point within the Customer's current Transportation Path.
- The terms "Internet Web Site" or "System" shall mean Company's computer information and scheduling system, accessed through Company's Interactive Internet Web Site or through Electronic Data Interchange.
- The term "Mcf" shall mean 1,000 cubic feet of gas.
- The term "month" shall mean the period from 9:00 a.m. CCT on the first day of the calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month.
- The terms "Operational Balancing Agreement" or "OBA" shall mean the contract between Company and Balancing Party which specifies the procedures to manage operating variances at an interconnect. Company shall use the NAESB WGQ Model OBA whenever possible. Company shall enter into an OBA at all pipeline-to-pipeline (interstate and intrastate) interconnects. The OBA parties will take the necessary steps to ensure that the cumulative daily OBA imbalance is maintained at or tends towards a zero imbalance. [2.2.1] [6.5.2] [2.3.29]
- The term "Operational Flow Order" (OFO) shall mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of Company's system or to maintain operations required to provide efficient and reliable firm service. Whenever Company experiences these conditions, any pertinent order shall be referred to as an Operational Flow Order. Company shall attempt to minimize the use of OFOs and the declaration of critical periods and, when possible, shall direct an OFO to the specific party(s) creating the operating condition. The declaration to the affected parties of OFOs, critical periods, and/or critical notices shall describe the conditions and the specific responses required from the affected parties. [1.2.6] [1.1.12] [1.3.26]
- The term "Out-of-Direction" shall mean a firm nomination line item that has a nomination for movement in the opposite direction as the Customer's current Transportation Path.

- The term "Out-of-Path" shall mean a firm nomination line item that has a nomination from or to a point outside of the Customer's current Transportation Path.
- The term "Primary Delivery Point(s)" shall mean the Delivery Point(s) that the firm Customer has designated as its Primary Delivery Point(s) in Exhibit A of its Firm Transportation Agreement.
- The term "Primary Receipt Point(s)" shall mean the Receipt Point(s) that the firm Customer has designated as its Primary Receipt Point(s) in Exhibit A of its Firm Transportation Agreement.
- The term "quantity," where used herein, shall mean the number of Mcf adjusted for heat content (in Btu's or Dths). The standard quantity for nominations, confirmation and scheduling is Dths per Gas Day in the United States, gigajoules per Gas Day in Canada, and gigacalories per Gas Day in Mexico. (For reference 1 Dth = 1,000,000 Btu's; 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between Dths and gigajoules is 1.055056 gigajoules per Dth and between Dths and gigacalories is 0.251996 gigacalories per Dth. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units. [1.3.14]
- The term "Service Requester" shall mean a Customer or its Nomination Agent (one who has been pre-designated by Customer to serve in such role). If a Customer elects to use a Nomination Agent for a given service agreement, the Nomination Agent replaces the Customer as the sender of the nomination information as well as the receiver of the nomination-related information from Company for such agreement.
- The term "Shipper" shall mean any transportation customer of Company.
- The term "Summer Season" shall refer to the months of April through October.
- The terms "System" or "Internet Web Site" shall mean Company's computer information and scheduling system, accessed through Company's interactive Internet Web Site or through Electronic Data Interchange.
- The term "Title Transfer Tracking Service Provider" (TTTSP) shall be a party conducting the title transfer tracking activity. [1.2.16]
- The term "Total Heating Value," when applied to a cubic foot of gas, shall mean the number of Btu's produced by the complete combustion with air, at constant pressure, of one anhydrous (dry) cubic foot of gas under a pressure of 14.73 psia and a temperature of 60 degrees Fahrenheit when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state, as determined under Subsection 2.1 of the General Terms and Conditions.
- The term "Transportation Agreement" shall mean an executed transportation service agreement in the form set forth in this Tariff pursuant to Rate Schedule(s) FT-A, IT and/or AOT.
- The term "Transportation Service" shall include transportation, exchange or Displacement Service.

- The term "Transportation Path" shall mean the pipeline path and flow direction from and including the farthest Primary Receipt Point to and including the farthest Primary Delivery Point as stated in Shipper's Exhibit A for each firm transportation agreement. In the event of multiple Primary Receipt Points and/or Primary Delivery Points, unless otherwise indicated on Shipper's Exhibit A, the Primary Path(s) shall be determined by allocating the MDQ designated for each Primary Receipt Point in the Firm Transportation Agreement on a pro rata basis to each Primary Delivery Point designated in the Firm Transportation Agreement; provided however, that in no event can the Primary Path capacity extending from a Primary Receipt Point to a Primary Delivery Point exceed the MDQ at either that Primary Receipt Point(s) or that Primary Delivery Point(s) as was designated in the Firm Transportation Agreement for that specific point.
- The term "Transportation Quantity" or "TQ" shall mean the sum of the MDQs in Dths of gas as specified for the Primary Delivery Points on Exhibit A of the Firm Transportation Agreement and shall mean the quantity of natural gas specified on Exhibit A of the IT Agreement which Company agrees to transport and deliver, subject to Article 2 of the applicable Firm or Interruptible Transportation Agreement, for the account of Shipper on each Gas Day during the term hereof which shall be expressed in Dth per Gas Day.
- The term "Winter Season" shall refer to the months of November through March.
- The term "year" shall mean a period of 365 consecutive days beginning on the date natural gas is first delivered or is to be delivered under the Transportation Agreement, whichever is earlier, or on any anniversary thereof; provided, however, that any such year which contains a date of February 29 shall consist of 366 consecutive days.

2. QUALITY

2.1 Gas Delivered by Company

The provisions set forth below shall apply to all gas delivered by Company under this Tariff.

(a) Heating Value

The natural gas shall have a Total Heating Value of not less than nine hundred and sixty-seven (967) British thermal units per cubic foot. Company may subject, or permit the subjection of, the natural gas to compression, cooling, cleaning and other processes and helium, natural gasoline, butane, propane, and any other hydrocarbons except methane may be removed prior to delivery to Shipper.

In the event that the Total Heating Value of gas, per cubic foot, falls below nine hundred and sixty-seven (967) (or above eleven hundred (1100) in the case of citygate deliveries) British thermal units per cubic foot, Shipper shall have the option to refuse to accept said gas so long as said Total Heating Value remains below nine hundred and sixty-seven (967) (or above eleven hundred (1100) in the case of citygate deliveries) British thermal units per cubic foot.

(b) Freedom from Objectionable Matter

The natural gas delivered by Company under this Tariff shall be commercially free (at prevailing pressure and temperature in Company's pipeline) from objectionable odors, dust, or other solid or liquid matters which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows.

(c) Hydrogen Sulphide

The gas shall not contain more than one (1) grain of hydrogen sulphide per one hundred (100) cubic feet.

(d) Failure to Conform to Specifications Against Objectionable Matter and Hydrogen Sulphide

If the gas offered for delivery by Company shall fail at any time to conform to any of the specifications set forth in Subsections 2.1(b) and (c) of these General Terms and Conditions, then Shipper shall notify Company of such deficiency and thereupon may at Shipper's option refuse to accept delivery pending correction by Company. Upon Company's failure promptly to remedy any deficiency in quality as specified, Shipper may accept delivery of such gas and may make changes necessary to bring such gas into conformity with such specifications, and Company may reimburse Shipper for any reasonable expense incurred by it in effecting such changes.

2.2 Gas Received by Company

Unless otherwise provided in the Transportation Agreement or applicable Rate Schedule, the provisions set forth below shall apply to all gas delivered to Company by Shipper.

(a) All gas shall have a Total Heating Value of not less than nine hundred sixty-seven (967) Btus per cubic foot, and not more than eleven hundred (1100) Btu's per cubic foot.

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

2.3 Prior Approval of Gas Quality Facilities

The design and construction of any facilities to be installed by Shipper in order to comply with the quality specifications in Subsection 2.2 of these General Terms and Conditions shall be approved by Company prior to such facilities being placed in service, such approval not to be unreasonably withheld.

2.4 Gas Quality Testing

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

2.5 Refusal of Out of Quality Specification Gas

As to gas which fails to meet the quality specifications set out in Subsection 2.2 of these General Terms and Conditions, or, if applicable, the quality specifications set out in the Transportation Agreement or applicable Rate Schedule, Company shall have the right to refuse to accept delivery of such gas and in the event Shipper does not correct the quality deficiency within a reasonable period of time, Company may terminate all receipts under the Transportation Agreement involving the deficient gas.

2.6 Reimbursement of Equipment or Repair Costs

Notwithstanding the exercise by Company of the options in Subsection 2.5 above, Shipper shall use its best efforts to correct any quality deficiency in the gas tendered for transportation. Further, notwithstanding Company's election under Subsection 2.5 of these General Terms and Conditions, Shipper shall reimburse Company for all expenses incurred in repairing injuries to Company's facilities resulting from deliveries of gas which do not conform to the quality specifications set forth in Subsection 2.2 of these General Terms and Conditions.

Company shall have the right to collect from all Shippers delivering gas to Company at a common receipt point their pro rata share of the cost of any additional gas analysis and quality control equipment which Company, at its reasonable discretion, determines is required to be installed at such receipt point to monitor the quality of gas delivered. The collection shall be by means of an Incidental Charge.

2.7 Separation, Dehydration and Processing

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

2.8 Posting of Gas Quality Data

2.8.1 Required Posting

Company 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 Subsection(s) 2.1 and 2.2 above of the General Terms and Conditions of Company's FERC Gas Tariff.

Data provided pursuant to NAESB WGQ Standard No. 4.3.90 shall be made available on Company'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. [4.3.90] Data provided pursuant to NAESB WGQ Standard No. 4.3.90 shall be provided in a tabular downloadable file as described by Company. 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. [4.3.92]

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

2.8.2 Discretionary Posting

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

2.8.3 Compliance with Gas Quality Requirements

In any event, compliance with gas quality requirements is in accordance with Subsection(s) 2.1 and 2.2 of the General Terms and Conditions of Company's FERC Gas Tariff.

3. MEASUREMENT AND SCHEDULING OF RECEIPTS AND DELIVERIES

3.1 Determination of Quantity and Total Heating Value

The quantity and the Total Heating Value of gas received and delivered by Company shall be determined as follows:

(a) Unit of Volume

One thousand (1,000) cubic feet shall be denoted as one (1) Mcf.

The standardized reporting basis for gas volumes is cubic feet at standard conditions of 14.73 psia at 60 degrees F and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa at 15 degrees C and dry. [2.3.9]

(b) Determination of Total Heating Value

The Total Heating Value of the gas per cubic foot shall be determined by taking the average of the heating values determined as determined by chromatographic analysis of a sample of gas or any other method mutually agreed upon.

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

The standardized reporting basis for Btu is 14.73 psia at 60 degrees F (101.325 kPa at 15 degrees C) and dry. The standardized reporting basis for gigacalorie is 1.035646 Kg/cm² at 15.6 degrees C and dry. [2.3.9]

Dths shall be determined by multiplying the Mcf quantity by the ratio of the heating value per cubic foot to 1,000.

For reporting purposes, Btu conversion factors shall be reported to not less than 3 decimal places and Pressure Base conversion factors shall be reported to not less than 6 decimal places. For calculation purposes, not less than 6 decimal places shall be used for both conversion factors. [2.3.10]

(c) Determination of Gas Temperature

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

(d) Determination of Specific Gravity

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

(e) Deviation from Boyle's Law

The deviation of the natural gas from Boyle's Law shall be determined by the use of the tables of formulae published by the American Gas Association Par Research Project NX-19 corrected for carbon dioxide (CO₂) and nitrogen (N₂), or any applicable formulae published

by the American Gas Association. The molecular percentage of N₂ and CO₂ shall be determined at approximately the same time or from the same analyzed gas sample used for the determination of the compressibility factors, with corrections for specific gravity, temperature and pressure.

3.2 Measurement Closing

The cutoff for the closing of measurement is five (5) Business Days after business month. [2.3.7]

3.3 Allocation of Receipt and Delivery Point Measurement

Company supports the following NAESB WGQ flowing gas related Principles by reference: [2.1.1, 2.1.2, 2.1.3, 2.1.4, and 2.1.5.]

There are two types of allocations: daily and monthly. At a location, Company shall provide either daily allocations or monthly allocations. [2.3.15]

(a) For Points of Interconnection Where an OBA is the Predetermined Allocation (PDA) Methodology

(i) Allocation of Receipts

Unless prohibited by applicable law or regulation, the quantities received by Company at any receipt point shall be allocated among Shippers and services in accordance with the allocation procedures specifically agreed to by Company and the Balancing Party at the receipt point set forth in the OBA governing the point provided, however, Company will not be required to enter into such arrangements (i) with a party if that party does not meet Company's creditworthiness provisions as set forth in Section 22 of the General Terms and Conditions, or (ii) with aggregators of supplies other than a Balancing Party or producer at the receipt point(s) if the producer(s) covered by the allocation agreement between Company and aggregator have not provided their written consent to the arrangement, or if the aggregator does not demonstrate that it has the authority and ability to control the flow of gas from the applicable receipt point(s).

(ii) Allocation of Deliveries

Unless prohibited by applicable law or regulation, the quantities delivered by Company at any delivery point shall be allocated in accordance with the allocation procedures specifically agreed to by Company and the Balancing Party, as set forth in the OBA governing the point provided, however, Company will not be required to enter into an arrangement with: (i) a Balancing Party if that party does not meet Company's creditworthiness provisions as set forth in Section 22 of the General Terms and Conditions or (ii) an aggregator if the aggregator does not demonstrate that it has the physical or contractual ability to control the flow of gas at the applicable delivery point(s) and the contractual right to allocate gas deliveries at such point.

(b) For Points of Interconnection Where a Predetermined Allocation (PDA) Methodology Other Than an OBA is in Effect

List of allocation methodology types agreed upon: Ranked, Pro Rata, Percentage, Swing, and Operator Provided Value. [2.3.16]

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. [2.3.18]

Allocated quantities and imbalances shall be expressed in the same units as the nominated quantities. [2.3.27]

The data elements should accommodate multi-tier allocations. If Company chooses to support multi-tier allocations or already accepts multi-tier allocations, the data elements should accommodate it. [2.3.25]

Measurement data available upstream of aggregated points shall be sent to the allocating party and used to allocate the aggregated volume back to the upstream points. [2.3.8]

The upstream or downstream party providing the point confirmation shall submit the pre-determined allocation to the allocating party after or during confirmation and before start of Gas Day. [2.3.5]

The allocating party shall send back "confirmation" of receipt of the pre-determined allocation within 15 minutes. [2.3.6]

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

Company shall confirm receipt of the PDA within 15 minutes.

Confirmation of receipt of PDAs transmitted via EDI shall be Company's PDA quick response via EDI.

Confirmation of receipt of PDAs transmitted via facsimile shall be the sending party's facsimile transmission report.

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

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

Where the allocated quantities with respect to a TTTSP are different than the scheduled quantities provided by Company to the TTTSP, for the same period, then the Company shall provide to the TTTSP Allocations (NAESB WGQ Standard No. 2.4.3) for the quantities into the TTTSP. In addition, Company shall either accept:

- (i) Allocations from the TTTSP, or
- (ii) PDAs from the TTTSP.

Such information shall be delineated at the level of the nomination line items provided by the TTTSP to Company for the purpose of allocating quantities out of the TTTSP. [1.3.71]

(c) Notification of Allocation Rules

Upon receipt of a request from Shipper, Company will promptly notify Shipper of the applicable rules governing the allocation of Shipper's gas at Shipper's receipt and delivery points.

(d) Time Limit for Allocation Disputes

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

3.4 Nominations

(a) General Rules and Timeline

Pursuant to NAESB WGQ Standard No. 1.3.2, Company shall support the following standard nomination cycles (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

(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 Company (including from Title Transfer Tracking Service Providers (TTTSPs));
1:30 p.m. Company sends the Quick Response to the Service Requester;
4:30 p.m. Company receives completed confirmations from Confirming Parties;
5:00 p.m. Service Requester and Point Operator receive scheduled quantities from the Company.

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 Company (including from TTTSPs);
6:30 p.m. Company sends the Quick Response to the Service Requester;
8:30 p.m. Company receives completed confirmations from Confirming Parties;
9:00 p.m. Company 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 Company (including from TTTSPs);
10:30 a.m. Company sends the Quick Response to the Service Requester;
12:30 p.m. Company receives completed confirmations from Confirming Parties;
1:00 p.m. Company 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 Company (including from TTTSPs);
3:00 p.m. Company sends the Quick Response to the Service Requester;
5:00 p.m. Company receives completed confirmations from Confirming Parties;
5:30 p.m. Company 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 Company (including from TTTSPs);
7:30 p.m. Company sends the Quick Response to the Service Requester;
9:30 p.m. Company receives completed confirmations from Confirming Parties;
10:00 p.m. Company 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)]

The nomination timelines apply to capacity release transactions that are finalized in accordance with Section 21 of the General Terms and Conditions of Company's FERC Gas Tariff at least one (1) hour prior to the start of any nomination cycle.

At the end of each Gas Day, Company shall provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, Company shall send an end of Gas Day Scheduled Quantity (NAESB WGQ Standard No.

1.4.5) and Scheduled Quantity for Operator (NAESB WGQ Standard No. 1.4.6). A receiver of either of these documents can waive the Company's requirement to send such documents. [1.3.3]

All nominations shall include Shipper defined begin dates and end dates. All nominations excluding intraday nominations shall have roll-over options. Specifically, Shippers shall have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of Shipper's contract. Nominations received after nomination deadline shall be scheduled after the nominations received before the nomination deadline. The receiver of a nomination initiates the confirmation process. The party that would receive a Request for Confirmation or an unsolicited Confirmation Response may waive the obligation of the sender to send. The sending party shall adhere to nomination, confirmation, and scheduling deadlines. It is the party receiving the request who has the right to waive the deadline. [1.3.5] [1.3.6] [1.3.20] [1.3.21]

(b) To Initiate or Change Service

For purposes of initiating or changing service, Shipper shall send its nomination(s) via the System, or by fax in the event the System is unavailable, pursuant to the NAESB WGQ standard nomination timelines stated in Subsection 3.4 above.

Overrun quantities shall be requested on a separate transaction. [1.3.19] No transportation service will commence unless and until Company has received complete nomination(s) through the System or by fax in the event the System is unavailable, and all applicable upstream/downstream connected parties have submitted to Company the information required.

(c) Intraday Changes in Nominations

All nominations, including intraday nominations, shall be based on a daily quantity; thus, an intraday nominator need not submit an hourly nomination. Intraday nominations shall include an effective date and time. The interconnected parties shall agree on the hourly flows of the intraday nomination, if not otherwise addressed in Company's contract or Tariff. Intraday nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas. Intraday nominations do not roll over (i.e. intraday nominations span one Gas Day only). Intraday nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if an intraday nomination modifies an existing nomination. [1.3.9] [1.3.11] [1.3.13]

Company may accept, on a not unduly discriminatory basis, a nomination change, following the Intraday 3 Nomination Cycle for the remainder of the Gas Day, under any rate schedule in this Tariff if, in Company's reasonable judgment, the acceptance of such nomination will not adversely affect the timely processing by Company of all other nominations which do comply with the timelines hereunder and sufficient capacity is available to provide the requested service.

The calculation of any penalties provided for under Company's Tariff shall take into consideration all scheduled nominations on a pro rata basis.

(d) Notification of Scheduling

The Balancing Party of the applicable receipt and delivery points will confirm with Company that Shipper's nominated quantities will be received or delivered. Shipper and applicable Balancing Party(s) will transmit and receive information in accordance with Subsection 3.4(a).

(e) Routing of Gas

Scheduling and billing for transportation services will be determined by the information that Shipper provides Company specifying the daily point-to-point routing for receipts and deliveries.

If actual deliveries are greater than actual receipts, excess deliveries will be deemed to have been received from Zone 1 for purpose of the billing for such excess deliveries.

3.5 Scheduling Priority

Company shall schedule receipts and deliveries of gas in accordance with the priority categories specified below. Ranking shall be included in the list of data elements. Company shall use service requester provided rankings when making reductions during the scheduling process when this does not conflict with Tariff-based rules. [1.3.23] [1.3.22]

- (a) With respect to the timely nomination/confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the scheduled quantity for the Timely Nomination Cycle of the previous Gas Day shall be the new confirmed quantity.
- (b) With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the scheduled quantity for the previous intraday nomination cycle shall be the new confirmed quantity.
- (c) With respect to the processing of requests for decreases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity, but in any event no less than the Elapsed-Prorated-Scheduled Quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the Elapsed-Prorated-Scheduled Quantity shall be the new confirmed quantity.
- (d) With respect to NAESB WGQ Standard No. 1.3.22 in Subsections 3.5(a), (b), and (c) of these General Terms and Conditions, if there is no response to a request for confirmation or an unsolicited confirmation response, Company shall provide the Service Requester with the following information to explain why the nomination failed, as applicable:
 - (1) the Service Requester's Transportation Service Provider did not conduct the confirmation;
 - (2) the Service Requester is told by Company that the upstream confirming party did not conduct the confirmation;
 - (3) the Service Requester is told by Company that the upstream Service Requester did not have the gas or submit the nomination;
 - (4) the Service Requester is told by Company that the downstream confirming party did not conduct the confirmation;
 - (5) the Service Requester is told by Company that the downstream Service Requester did not have the market or submit the nomination.

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

3.6 Capacity Allocation, Confirmation, and Scheduling Processes

If nominated quantities exceed stated pipeline or point capacity at any location on Company's system for a given scheduling cycle, Company shall attempt to allocate nominated quantities of gas as set forth in Subsections 3.6.1 and 3.6.2 prior to confirmation with the interconnecting parties.

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

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

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

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

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

3.6.1 Allocation of Pipeline Capacity

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

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

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

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

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

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

- (i) IPID firm transportation nominations.

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

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

- (ii) IPOD firm transportation nominations.

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

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

- (iii) OPID firm transportation nominations.

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

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

- (iv) OPOD firm transportation nominations.

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

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

- (c) Rate Schedule AOT nominations for transportation services to Primary Delivery Points that are identified on Exhibit A of the Shipper's Transportation Agreement.

- (d) Interruptible nominations.

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

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

3.6.2 Allocation of Point Capacity

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

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

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

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

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

- (i) Primary scheduling rights firm nominations.

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

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

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

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

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

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

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

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

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

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

- (c) Interruptible nominations.

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

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

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

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

(d) Authorized overrun nominations.

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

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

(e) PAL nominations.

If required, Company shall prioritize nominations within the nomination class as described in Rate Schedule PAL.

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

3.7 Partial Curtailment or Full Interruption of Scheduled Capacity

3.7.1 Allocation of Scheduled Capacity Due to Capacity Limitations

If, on any day, Company determines that the capacity of its system, or any portion thereof including the point(s) at which gas is tendered for transportation, is insufficient to serve all Shippers that are scheduled to receive service on such day, then capacity that requires allocation shall be allocated in a manner that results in curtailment of capacity, to zero if necessary, sequentially in reverse order to the scheduling priorities provided for in Subsection 3.6 above.

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

3.7.2 Allocation of Scheduled Capacity Due to Loss of Line Pack

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

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

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

3.8 Shipper Imbalances

3.8.1 Shipper Duty to Control Imbalances

A Shipper receiving any transportation service from Company will use, or will cause any party receiving or delivering Shipper's gas to use, all reasonable efforts to ensure that receipts and deliveries of gas are equal to the nominations confirmed by Company. Shipper shall also be responsible to control, and if necessary, adjust receipts and deliveries of gas to maintain a balance between such receipts, deliveries and confirmed nominations. To the extent a Shipper is out of balance it will be subject to the daily and monthly balancing provisions contained in Rate Schedule LMS of Company's FERC Gas Tariff. Pursuant to NAESB WGQ Standard No. 2.3.31, no imbalance penalty shall be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty.

3.8.2 Unauthorized Delivery Imbalance Charge

Unauthorized deliveries are deliveries of transportation gas made to Company at the receipt point(s) prior to execution of a Transportation Agreement or submission of a nomination by the Shipper provided in Subsection 3.4 of these General Terms and Conditions. For any unauthorized deliveries, Company shall assess a charge equal to two times the Index Price as determined in accordance with the procedures established in Subsection 5(b) of Rate Schedule LMS. Company shall have the right to retain unauthorized deliveries at receipt point(s) which have not been cured in accordance with above after 30 days' notice to the responsible party.

3.8.3 Balancing at Agreement Termination

Following the termination of the Transportation Agreement, Shipper shall be required to correct any remaining imbalance in receipts and deliveries in cash in accordance with the procedures established in Section 5 of Rate Schedule LMS, unless the parties mutually agree otherwise.

3.9 Delegation Rights

A Shipper may delegate, for a term of one or more calendar months starting on the first day of a month, to a third party responsibility for submitting and receiving notices, making nominations, or performing other administrative duties under any Firm Transportation Agreement under Rate Schedule FT-A or any OBA, subject to the following conditions:

- (a) Shipper must designate in writing the third party to whom it is delegating its responsibilities at least three Business Days prior to the requested effective date. Any changes to the designation must be submitted in writing to (i) Company and (ii) Balancing Party(s) at the receipt and delivery points through which the delegated transportation service is received three Business Days prior to the effective date of the requested change. Shipper's representative shall have all rights and obligations under the Firm Transportation Agreement for the receipt and delivery points so delegated, except that Shipper's representative cannot change the Primary Receipt Points or Primary Delivery Points or otherwise amend the Firm Transportation Agreement. The invoice for all activity during the month will be presented to Shipper in accordance with these General Terms and Conditions.
- (b) Company may rely on communications and actions of Shipper's designated representative for all purposes. Communications with, and actions by, the designated representative shall be deemed communications with or actions by Shipper. Shipper shall indemnify and hold Company harmless from suits, actions, costs, losses and expenses (including, without

limitation, attorney's fees) arising from claims associated with Company's reliance on the communications and actions of Shipper's designated representative, except to the extent attributable to the negligence or misfeasance of Company. If Shipper's representative fails to meet its obligations under the Firm Transportation Agreement, then, without Company being obligated to proceed against such representative, Shipper shall be liable for all obligations under the Firm Transportation Agreement.

- (c) A third party may administer and aggregate rights under multiple Firm Transportation Agreements as the designated representative for one or more Shippers; provided however, that such representative (1) shall separately administer and account for each such Firm Transportation Agreement, including without limitation submitting nominations and calculating any imbalances and (2) shall utilize such Firm Transportation Agreement for the transportation of gas for only those Shippers that have delegated the rights and obligations under their Firm Transportation Agreement.

4. MEASURING EQUIPMENT

4.1 Measuring Station

With respect to gas received or delivered under a Transportation Agreement, unless otherwise mutually agreed upon, all measuring facilities shall be installed, if necessary, owned, maintained and operated by Company or Company's designee near the receipt point(s) and delivery point(s). The heating value of natural gas delivered shall be measured and determined in accordance with Section 3 of the General Terms and Conditions.

(a) Orifice Meters

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

(b) Positive Displacement Meters

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

(c) Turbine Meters

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

(d) Electronic Flow Computers

Electronic or other types of flow computers, if used, shall be installed, and quantities calculated in accordance with generally accepted industry practices. Company, on a nondiscriminatory basis, may require the installation of electronic measurement and communications equipment at receipt or delivery points that are estimated to deliver in excess of 500 Mcf per Gas Day. Company may require all Shippers delivering gas to, or receiving gas from, Company at any such receipt or delivery points to contribute their pro rate share of the cost of such equipment.

(e) New Measurement Techniques

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

4.2 Check Measuring Equipment

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

4.3 Right to be Present

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

4.4 Care Required

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

4.5 Calibration and Test of Meters

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

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

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

4.6 Correction of Metering Errors - Failure of Meters

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

- (a) by using the registration of any check meter or meters, if installed and accurately registering; or, in the absence of (a);
- (b) by correcting the error if the percentage of error is ascertainable by calibration, tests, or mathematical calculation; or, in the absence of both (a) and (b);
- (c) by estimating the quantity of delivery by deliveries during periods under similar conditions when the meter was registering accurately.

4.7 Measurement of Allocations

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 5 Business Days after business month. 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. For reporting measurement prior period adjustments, report it with the restated line item with new total quantity for the Gas 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 6 months of the production month with a 3 month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. 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.

4.8 Preservation of Metering Records

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

5. INVOICING

5.1 Monthly Invoicing Date

Company shall render to Customer invoices for each month gas service was furnished under any of Company's rate schedules during the preceding invoicing period. Pursuant to NAESB WGQ Standard Nos. 3.3.4, 3.3.14, 3.3.15, 3.3.16: Unless otherwise agreed, transportation invoices shall state the net billing rate, rather than the maximum discount Tariff rate and the discount amount. The imbalance statement shall be rendered prior to or with the invoice, and the transportation invoice shall be rendered on or before the 9th Business Day after the end of the production month. Rendered is defined as postmarked, time-stamped, and delivered (made available) to the designated site. 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. 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. Company may render separate invoices for demand charges, commodity charges and cash-out charges.

5.2 Right of Examination

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

6. PAYMENTS

6.1 Monthly Payment Date

Customer (or other payor) shall pay Company, at a bank designated by Company, so that payment is received and Company has available funds therefrom within ten (10) calendar days from the receipt of the invoice, for the gas service purchased by Customer during the preceding month and billed by Company pursuant to the provisions of this Tariff and the Agreement. Pursuant to NAESB WGQ Standard Nos. 3.3.17 and 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. Identify invoice number(s) on all payments.

6.2 Remedies for Non-Payment

Should Customer fail to pay all of the amount of any invoice as herein provided when such amount is due, Customer shall pay a Charge for Late Payment. Such Charge for Late Payment shall be determined by multiplying (a) the unpaid portion of the invoice, by (b) the ratio of the number of days from the due date to the date of actual payment to 365, by (c) the interest rate determined in accordance with Section 154.501 of FERC's regulations. Interest applicable to such bill will be invoiced to Shipper, pursuant to Section 5 of the General Terms and Conditions, to the extent that the amount of interest is \$25 or more. If such failure to pay continues for thirty days after payment is due and Company has provided Customer and the FERC with at least 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 Agreement, may terminate the Agreement; 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 and at any time within thirty 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 Transportation Agreement until a default is made in the conditions of such bond.

6.3 Adjustment of Underpayment, Overpayment or Error in Invoicing

If invoice is in dispute, Customer shall pay the portion of the invoice not in dispute and provide documentation identifying basis for the dispute. [3.3.19] 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 the Agreement and Customer shall have actually paid the invoices 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 of these General Terms and Conditions shall apply to any undercharge or overcharge not paid or refunded within thirty days from the date of the determination of such undercharge or overcharge. In the event an error is discovered in the amount invoiced in any statement rendered by Company such error shall be adjusted within thirty days of the determination thereof provided that claim therefore shall have been made within sixty days from the date of discovery of such error.

7. POSSESSION OF GAS

Unless otherwise provided in the Transportation Agreement or applicable Rate Schedule, as between Company and Shipper, Shipper shall be deemed to be in exclusive control and possession of the gas to be transported (i) prior to receipt by Company at the receipt point(s), (ii) after receipt by Company, when the gas is in the custody of Shipper or Shipper's designee for separation, processing or other handling, and (iii) after delivery by Company at the delivery point(s); otherwise, Company shall be in exclusive control and possession of the gas. The party which shall be in exclusive control and possession of the gas shall be responsible for all injury or damage caused thereby to any third party. In the absence of negligence, bad faith, fault or willful misconduct on the part of Company, Shipper waives any and all claims and demands against Company, its officers, employees or agents, arising out of or in any way connected with (i) the quality, use or condition of the gas after delivery from Company for the account of such Shipper, (ii) any losses or shrinkage of gas during or resulting from transportation hereunder, and (iii) all other claims and demands arising out of Company's performance of its duties hereunder.

8. PRESSURE OF GAS DELIVERY AND OPERATIONAL FLOW ORDERS

8.1 Pressure

With respect to all deliveries by Company, Company shall make deliveries at Shipper's designated delivery points as nearly as practicable at Company's line pressure; provided that the minimum pressure shall be as stated in Shipper's Transportation Agreement and shall not be less than 100 pounds per square inch gauge.

Shipper shall deliver gas to Company at the pressure required from time to time to enable the gas to enter Company's facilities at the receipt point(s), but in no event shall such pressure exceed the maximum allowable operating pressure of Company's system at such point(s).

8.2 Operational Flow Orders

- (a) Due to the effects of changes in weather, gas demands, flowing gas supplies and/or other factors, it may be necessary for Company to informally, via telephone, electronic mail, or facsimile, request adjustments in the portfolio of flowing gas supplies of Balancing Party(s) to accommodate the demands on Company's system. In cases of high line pack, Company will request Balancing Party(s) responsible for such conditions to reduce supply nominations or increase delivery quantities. In cases of low line pack, Company will request Balancing Party(s) responsible for such conditions to increase supply nominations or reduce delivery quantities. Company will coordinate operational adjustments in flowing gas quantities and pressures with interconnecting pipelines where appropriate in order to alleviate operating concerns caused by line pack levels, planned or unplanned maintenance and repairs.

Balancing Party(s) without 24-hour gas monitoring capability shall provide Company with the name and telephone number of a representative whom Company may contact at any time to request such adjustments. If Company does not receive full cooperation from its informal request(s), it may be necessary for Company, after making informal request, and subject to the limitation of Section 8.2 (c) hereof, to issue Operational Flow Orders (OFO) to control the situation(s). All OFOs will be posted on Company's System, to be followed by a facsimile, electronic mail, written notice or other mutually agreeable means of communication to affected Shippers that will set forth the causes or conditions necessitating the OFO.

- (b) Company shall issue OFOs as necessary to maintain firm deliveries of scheduled quantities. Additional circumstances under which Company may determine that OFOs may be issued include, but are not limited to:
- (i) Responding to an event of force majeure;
 - (ii) Accommodating maintenance and repairs;
 - (iii) Ensuring current and future maintenance of line pack; and
 - (iv) Responding to any event which Company believes in its sole judgment may jeopardize the integrity of its system.

The OFO will begin when one of the circumstances described above occurs and shall remain in effect until the circumstance has been remedied. Although Company shall follow the procedures set forth in paragraph (a) in order to avoid issuing an OFO, Balancing Party(s) are on notice that OFOs will begin when the circumstances described in this paragraph (b) occur. While an OFO is in effect, Company shall

provide updates on the status of the circumstance that occasioned the OFO through postings on the System.

Company shall issue all OFOs on a non-discriminatory basis. Company shall apply OFOs to the smallest number of affected Balancing Party(s) as possible. The extent and severity of an OFO called shall be determined by the overall operating conditions of the Company's system. Company shall attempt to identify offending Balancing Party(s) and limit the issuance of the OFO to those Balancing Party(s), where feasible.

- (c) Notwithstanding anything to the contrary in Sections 8.2 (a) and 8.2 (b) hereof, an OFO shall not be issued (and nominations on a Displacement Service will not be confirmed), to maintain firm deliveries under a Displacement Service agreement entered into, and approved by FERC, pursuant to Section 2.3 of Rate Schedule FT-A, when sufficient Displacement quantities are not available.
- (d) Upon the issuance of an OFO by Company, it shall be incumbent upon each Balancing Party to adjust gas supplies as directed. Such response shall be required within the time frame specified in the OFO. Failure to comply in a timely fashion with an OFO may result in an immediate interruption of all or a portion of Balancing Party's service and cause Balancing Party to incur penalties as provided for in Section 29 of the General Terms and Conditions.
- (e) In the event Balancing Party(s) does not respond to the OFO and Company believes it is necessary to take actions (i.e., buying or selling gas, etc.) to maintain system integrity or to prevent interrupting service to another Shipper, Company shall have the right, but not the obligation, to take such remedial actions as it deems necessary. If Company takes these actions, it shall be made whole by the non-responding Balancing Party(s) for all costs that Company incurs.
- (f) Company shall not be liable for any costs incurred by any Balancing Party in complying with an OFO.
- (g) Company shall not be responsible for any damages that result from any interruption in Balancing Party's service that is a result of a Balancing Party's failure to comply promptly and fully with an OFO and the non-complying Balancing Party(s) shall indemnify Company against any claims of responsibility.
- (h) Notwithstanding the foregoing, when gas supplies necessary to effectuate transportation deliveries are not flowing on the system, Company will not be responsible for backing up such supplies and the associated deliveries will be subject to interruption.
- (i) OFO Notice, Contents and Procedures

Company shall issue an OFO as expeditiously as is reasonable and practicable in the circumstances. When practicable, Company will provide sufficient notice to Shippers to accommodate scheduling requirements on upstream pipelines. Each OFO will contain the following provisions:

- (i) time and date of issuance;
- (ii) time that OFO is considered to be effective (if no time is specified, the OFO shall be effective immediately);
- (iii) duration of the OFO (if none is specified, the OFO will be effective until further notice);

- (iv) the party or parties in the attached pipeline segment receiving the OFO;
- (v) the quantity of gas required to remedy the operational condition requiring the issuance of the OFO; and
- (vi) any other term Company may reasonably require to ensure the effectiveness of the OFO.

Company will also post information about the status of operational variables that determine the duration of an OFO as soon as such information becomes available.

Except in cases where the curtailment of IT and AOT services would not alleviate the causes or conditions necessitating the issuance of an OFO, Company will, where practicable, curtail IT and AOT services prior to issuing an OFO as described in Section 3 of the General Terms and Conditions. Company shall not be required to curtail IT and AOT services to individual Shippers when curtailment of service to those Shippers would not affect the OFO.

(j) Reporting

Company shall post on its System the factors that caused the OFO to be issued and then lifted.

9. WARRANTY OF TITLE TO GAS

This Section shall apply to all transportation service unless otherwise provided in the applicable Rate Schedule or Transportation Agreement. Shipper and Company each warrant for itself, its successors and assigns, that it will have, at the time of delivery of gas hereunder, good title or the right to acquire title to the gas it delivers, that the gas it delivers hereunder shall be free and clear of all liens, encumbrances and claims whatsoever, that each will indemnify the other and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, license fees, or charges thereon which are applicable for such delivery of 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 gas to be transported is questioned or involved in any action Shipper shall not qualify for or shall be ineligible to continue to receive service until such time as Shipper's title or right to deliver is free from question; provided, however, Company shall allow Shipper to qualify for or continue receiving service under this Tariff if Shipper furnishes a bond satisfactory to Company. Title to the gas received by Company at the receipt point(s) shall not pass to Company, except that title to gas delivered for Company's system fuel and uses and gas lost and unaccounted for shall pass to Company upon delivery at the receipt point(s).

10. EXCUSE OF PERFORMANCE

10.1 Relief From Liability

Neither Company nor Shipper shall be liable in damages to the other for any act, omission or circumstances occasioned by or in consequence of any (1) maintenance, construction, tests, rehabilitation and repairs on pipelines, or (2) force majeure events, including any acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, military action, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms or storm warnings, crevasses, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the necessity for testing or making repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, inability of either Shipper or Company to obtain necessary materials, supplies or permits due to existing or future rules, regulations, orders, laws or proclamations of the governmental authorities (federal, state and local), including both civil and military, temporary failure of gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, and whether caused or occasioned by or happening on account of the act or omission of one of the parties to the Transportation Agreement or some person or concern not a party thereto, not within the control of the party claiming suspension, and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension. Company or Shipper shall exercise reasonable diligence to (i) schedule maintenance so as to minimize or avoid service interruptions, and (ii) not schedule routine, non-emergency maintenance during periods of peak demand.

10.2 Liabilities Not Relieved

Such causes or contingencies affecting the performance of the Transportation Agreement by either party, as defined in Subsection 10.1 of these General Terms and Conditions, however, shall not relieve it of liability in the event of its failure to use due diligence to remedy the situation and remove the causes or contingencies affecting the performance of such Agreement, nor, except as set forth in Section 34 of these General Terms and Conditions, shall such causes or contingencies affecting the performance of said contract relieve either party from its obligations to make payments of amounts then due thereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing to the other party as soon as possible after the occurrence relied on.

10.3 Termination of Transportation Agreement

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

effect. In case the party in default does not so remedy and remove the cause or causes or does not indemnify the party giving the notice for any and all consequences of such breach, within said period of thirty days, the Transportation Agreement shall terminate. Any cancellation of the Transportation Agreement pursuant to the provisions of this paragraph shall be without prejudice to the right of Company to collect any amounts then due to it for natural gas service rendered prior to the time of cancellation, and shall be without prejudice to the right of Shipper to receive any gas which it has not received but which it has delivered to Company for transportation, prior to the time of cancellation, and without waiver of any remedy to which the party not in default may be entitled for violations of the Transportation Agreement.

11. NOTICES

Except when the terms of this Tariff require or allow for communication via Company's System, any communication, notice, request, demand, statement, or bill provided for in the Tariff or in a Transportation Agreement, PAL Agreement, LMS Agreement, or OBA, or any notice which either Company 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, electronic mail, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known 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 11. For purposes of notices that a Shipper sends to Company pursuant to this Section 11, Company's mailing address and electronic mailing addresses are:

Viking Gas Transmission Company
P.O. Box 871
Tulsa, Oklahoma 74102-0871

Contract Administration's E-mail: NGP_contracts@oneok.com
and
Commercial's E-mail: IPLMarketing@oneok.com.

12. MODIFICATION TO TERMS OF AGREEMENT

No modification of the terms and provisions of a Transportation Agreement, PAL Agreement, or OBA shall be made except by the execution of written contracts.

13. NONWAIVER AND FUTURE DEFAULT

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

14. SCHEDULES AND AGREEMENTS SUBJECT TO REGULATION

This Tariff, including these General Terms and Conditions and the respective obligations of the parties under the Transportation 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.

15. SALES AND PURCHASES OF GAS FOR OPERATIONAL PURPOSES

15.1 Operational Transactions

Company 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:

- (i) to maintain system pressure and line pack;
- (ii) to balance fuel quantities;
- (iii) to resolve Shipper imbalances or other imbalances;
- (iv) 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 Company's system or the systems of upstream or downstream pipelines); and
- (v) to perform other operational functions of Company. Company shall conduct such transactions on a not unduly discriminatory basis.

15.2 Gas Sales Procedures

Company shall have the right to make the interruptible sales of excess gas described in this subsection of the General Terms and Conditions from time to time at system Receipt Points and Delivery Points pursuant to the terms of the blanket certificate of public convenience and necessity granted to Company pursuant to 18 C.F.R. Part 284, Subpart J and Order No. 636 of the Commission. Sales of gas pursuant to this subsection shall be made under rates, terms and conditions mutually agreed upon between Company and purchasers, provided, however, that all such sales shall be fully interruptible and shall be curtailable pro rata without regard to transportation arrangements made by purchasers. Company 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 IntercontinentalExchange (ICE) or another independent trading platform, exchange or clearing house.

15.3 Gas Sales and Purchase Report

This report describes Company's gas purchases and sales for the prior annual period. At the end of each annual period, Company will file with the Commission a report describing Company's gas purchases and sales for the prior annual period, which for purposes of this report, begins on September 1.

16. NEW FACILITIES POLICY

Company will build, acquire and/or install service lateral pipelines, taps and metering facilities necessary to provide transportation service to any new or existing Shipper, provided:

- 16.1 Company determines in its sole discretion it has sufficient unutilized mainline transportation capacity to provide the service requested by the Shipper without impairing the operational integrity of its system, or Company has obtained certificate authorizations to expand its mainline capacity by an amount sufficient to allow Company to provide the requested service; and
- 16.2 Company has or obtains any certificate authorizations necessary to build, acquire and/or install the service lateral pipeline(s), tap(s) and/or meter facilities; and
- 16.3 Shipper agrees in writing to reimburse or compensate Company for 100 percent of Company's construction, acquisition and/or installation costs (including any associated tax effects) through one or a combination of the following payment methods:
 - (a) payment of an up-front contribution in aid of construction prior to the commencement of construction, acquisition and/or installation; and/or
 - (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.

Shippers choosing payment methods under Subsection 16.3(b) and/or under Subsection 16.3(c) of these General Terms and Conditions shall be required to enter into new or incremental Firm Transportation Agreements for sufficient entitlement and duration to produce an incremental net revenue stream providing a present value equal to or greater than Company's construction, acquisition, and/or installation costs (including any associated tax effects). Shipper shall be required to demonstrate creditworthiness as specified in Section 22 of these General Terms and Conditions to support said Firm Transportation Agreements.

In addition, Company's construction, acquisition and/or installation cost for any project or portion of a project under payment method detailed in Subsection 16.3(b) or Subsection 16.3(c) of these General Terms and Conditions shall not exceed ten (10) million dollars; any Shipper requiring new facilities costing more than ten (10) million dollars must elect payment method Subsection 16.3(a) of these General Terms and Conditions for Company's costs in excess of ten (10) million dollars. Company may waive this ten (10) million dollar cap on a non-discriminatory basis if funds are available to Company to support a requested new facilities project.

For the purposes of this Section, Company's construction, acquisition, and/or installation costs shall include, but shall not be limited to: Company's design costs, equipment costs, labor costs, material costs, supervision costs, construction financing costs, taxes (whether income or otherwise), filing fees, right of way costs and permitting costs. Nothing in this Section shall require Company to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act.

Nothing in this Section, further shall prevent Company from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. Finally, nothing in this Section shall require Company to build any facilities, the construction or operation of which would subject Company to the jurisdiction of any state regulatory agency. Company reserves the right to seek a waiver of the policy set forth herein, for good cause shown, during any proceeding before the Commission instituted under Section 7 of the Natural Gas Act.

17. NEGOTIATED AND DISCOUNTED RATES

17.1 Negotiated Rates

Notwithstanding any provision of Company's effective FERC Gas Tariff to the contrary, Company and Shipper may mutually agree in writing to a Negotiated Rate with respect to rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed in this Section 17 or by any other applicable provision of Company's effective FERC Gas Tariff. The Negotiated Rate may be less than, equal to or greater than the Maximum Rate; shall not be less than the Minimum Rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity. The Maximum Rate shall be available to any Shipper that does not choose a Negotiated Rate. Nothing in the provisions governing Negotiated Rate Agreements shall authorize Company or Shipper to violate FERC's policy with respect to negotiation of terms and conditions of service.

Such Negotiated Rate shall be set forth on an Exhibit of an executed Transportation Agreement or PAL Agreement and the agreement shall be filed as a tariff record in Part 10 of Company's FERC Gas Tariff.

If Company agrees to such Negotiated Rate(s), then the Negotiated Rate(s) shall be effective only for the period agreed upon by Company. During such period, the Negotiated Rate shall govern and apply to the Shipper's services and the otherwise applicable rate, rate component, charge or credit which the parties have agreed to replace with the Negotiated Rate, shall not apply to, or be available to, the Shipper. Only those rates, rate components, charges or credits identified by Company and Shipper in writing as being superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated Rate is effective; all other rates, rate components, charges, or credits prescribed, required, established or imposed by this this Section 17 or Company's Tariff shall remain in effect.

At the end of the period during which the Negotiated Rate is in effect, the otherwise applicable Maximum Rates or charges shall govern the service provided to Shipper.

Shippers paying a Negotiated Rate which exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of scheduling, curtailment and interruption, and calculating the economic value of a request for unsubscribed firm capacity.

For capacity releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, Replacement Shippers may not bid or pay a rate greater than the Maximum Rate and are not eligible for Negotiated Rates. In the event that capacity subject to a Negotiated Rate which is based on a rate design other than straight fixed variable is released, Shipper and Company may agree on billing adjustments to the Releasing Shipper that may vary from or are in addition to those set forth in Section 21 of the General Terms and Conditions of Company's effective FERC Gas Tariff in order to preserve the economic bases of the Negotiated Rate. Such payment obligation and crediting mechanism for capacity release shall be set forth on an Exhibit of the executed Firm Transportation Agreement.

17.2 Order of Discounting

Unless otherwise specified in the Firm Transportation Agreement, to the extent Company discounts the rates for service pursuant to this Tariff, the rates for service will be deemed to have been discounted in the following order:

- (a) Reservation Charge, but not below the stated Minimum Rate.
- (b) Commodity Charge, but not below the stated Minimum Rate.

17.3 Types of Discounts

From time to time, a Shipper or Buyer and Company may agree in writing on a level of discount of the otherwise applicable rates and charges in addition to a basic discount from the stated Maximum Rates.

In all circumstances, the discounted rate shall be between the Maximum Rate and the Minimum Rate applicable to the service being provided.

For example, Company may provide a specific discounted rate:

- (a) to certain specified quantities under the Agreement (referred to as quantity rate type); or
- (b) if specified quantity levels are actually achieved or with respect to quantities above or below a specified level (referred to as quantity level rate type); or
- (c) during specified time periods (referred to as time period rate type or contract rate type); or
- (d) to receipt points (referred to as point rate type), delivery points (referred to as point rate type), Transportation Paths (referred to as point to point rate type) or defined geographical areas (referred to as zone rate type); or
- (e) in a specified relationship to the quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to quantities actually transported) (referred to as relationship rate type); or
- (f) to provide that if one rate component which was equal to or within the applicable Maximum and Minimum Rate at the time the discount agreement was executed subsequently exceeds the applicable Maximum Rate or is below the applicable Minimum Rate due to a change in Company's Maximum Rates and/or Minimum Rates, so that such rate component must be adjusted downward or upward to equal the new applicable Maximum or Minimum Rate, then other rate components may be adjusted upward or downward to achieve the agreed-upon overall rate, so long as none of the resulting rate components exceed the Maximum Rate or are below the Minimum Rate applicable to the rate component. Such changes to rate components shall be applied prospectively, commencing with the date the Commission issues an order accepting applicable revised Maximum and Minimum Rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable (referred to as rate component rate type).
- (g) Based upon published index prices for specific receipt and/or delivery points or other agreed-upon published pricing reference points for price determination. (Such discounted rate may be based upon the differential between published index prices or arrived at by formula and shall be referred to as index price differential rate type.) Each service agreement entered into pursuant to this Subsection 17.3(g) shall not change the underlying rate design; 2) shall not include any minimum bill or minimum take provision that has the effect of guaranteeing revenue; 3) shall define the rate component to be discounted.

18. LIABILITY

18.1 Indirect Damages

EXCEPT AS EXPRESSLY SET FORTH IN SECTIONS 18.2, 18.3 AND 18.4, BUT NOTWITHSTANDING ANY OTHER PROVISION OF THIS FERC GAS TARIFF OR ANY SERVICE AGREEMENT, IN NO EVENT SHALL SHIPPER (INCLUDING A RELEASING SHIPPER AND A REPLACEMENT SHIPPER), COMPANY, ANY PARTY TO AN AGREEMENT SUBJECT TO THIS FERC GAS TARIFF, OR ANY OF THEIR RESPECTIVE AFFILIATES BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES, OR ANY OF THEIR EMPLOYEES, OFFICERS, DIRECTORS OR AGENTS, FOR LOSS OF PROFITS OR EARNINGS OR FOR SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSSES DUE TO BUSINESS INTERRUPTION OR DIMINUTION IN VALUE OF THE ASSETS OR BUSINESS TO WHICH THEY RELATE) ARISING OUT OF OR RESULTING FROM OR IN CONNECTION WITH SERVICE SUBJECT TO THIS FERC GAS TARIFF.

18.2 Direct Damages for Negligent Acts

The provisions of this Section 18 shall not limit the liability of Shipper, Company, any Balancing Party, or any party to an agreement subject to this FERC Gas Tariff for direct damages arising from any such party's negligence or willful misconduct.

18.3 Liability for Gross Negligence or Intentional Wrongful Acts

The provisions of this Section 18 shall not limit the liability of Shipper, Company, any Balancing Party, or any party to an agreement subject to this FERC Gas Tariff for damages arising from any such party's gross negligence, bad faith, or willful misconduct. The preceding sentence shall not be construed as nullifying any limitations on liability that exist under applicable laws.

18.4 Liability of Guarantors

The liability of a party that has guaranteed the obligations of a Shipper or other party to an agreement subject to this FERC Gas Tariff shall be set forth in its guaranty and the provisions of this Section 18 shall limit the liability of such guarantor only to the extent that it limits the liability of that Shipper or other party.

19. FERC ANNUAL CHARGE ADJUSTMENT

Company shall adjust the rates for Funding Services as specified below from time to time to reflect the annual charge assessed Company by FERC (Annual Charge) pursuant to Order No. 472 or any other superseding or related rule or order.

19.1 Funding Services

Funding services shall include all services under Rate Schedules in Company's FERC Gas Tariff.

19.2 Annual Charge Adjustment

Company shall charge Customer the applicable Annual Charge Adjustment (ACA) unit charge per Dth as an additional commodity rate in addition to the rates listed in the Statement of Rates. 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>.

19.3 Effective Date of Adjustment

The applicable ACA unit charge shall be effective the first day of October following the issuance of the annual 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). Company may assess the new applicable ACA unit charge to its Customers as of the ACA Effective Date provided that the Company has paid its annual assessment to the Commission. The ACA unit charge shall become effective on the ACA Effective Date without suspension or refund obligation.

19.4 Retention of Revenues Collected under Annual Charge Rate Adjustment

Company shall retain all revenues collected under this Section 19. Except as provided by this Section 19, Company shall not have the right to seek to recover in any proceeding under Section 4(e) of the Natural Gas Act any Annual Charges recorded in its FERC Account No. 928.

20. INFORMATION AND COMMUNICATIONS REGARDING TRANSPORTATION SERVICES

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

20.1 Access to Internet Web Site

Company shall provide access to Informational Postings and Customer Activities sites via designated Internet Web Sites.

Company's Trading Partners shall maintain redundant connections to the public Internet for NAESB WGQ Electronic Delivery Mechanism (EDM) Web sites, which include all NAESB WGQ standardized Internet communication. These redundant connections shall be topographically diverse (duality of) paths to minimize the probability of a single port of failure. [4.1.36]

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

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

Phone Number: (918) 588-7745
Fax Number: (918) 588-7964

20.2 Informational Postings Site

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

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

20.3 Customer Activities Site

Company's proprietary business functions are accessible via its Customer Activities site.

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

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

20.4 Electronic Data Interchange

A person may communicate with Company via Electronic Data Interchange (EDI) by executing an Electronic Data Interchange Trading Partner Agreement with Company.

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

The Electronic Data Interchange Trading Partner Agreement and the Electronic Communication Agreement can be found on Company's Web Site (www.vgt.oneokpartners.com) under Customer Activities. The Electronic Data Interchange Trading Partner Agreement follows the format of the NAESB form Electronic Data Interchange Trading Partner Agreement. [6.3.3]

20.5 Service Complaints

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

21. RELEASES OR ASSIGNMENTS OF FIRM TRANSPORTATION AGREEMENTS

A Shipper (herein referred to as "Releasing Shipper") under Rate Schedule FT-A may notify Company that Releasing Shipper desires to be relieved of all or a portion of the TQ as set forth in its then effective Firm Transportation Agreement. A release for the entire remaining term of the Releasing Shipper's Firm Transportation Agreement shall effect either a permanent assignment or a temporary release. If a Releasing Shipper elects a permanent assignment, the assignee ("Replacement Shipper") shall receive all contractual rights associated with the released capacity, including any rights of extension or first refusal associated with the assigned capacity.

If a Releasing Shipper elects a temporary release, all contractual rights associated with the released capacity, including any rights of extension or first refusal associated with the capacity, remain with the Releasing Shipper at the end of the term of the temporary release of all or part of the Releasing Shipper's Transportation Agreement to the Replacement Shipper.

21.1 Releasing Shipper's Request for Assignment

A Releasing Shipper that desires to release its rights to service on a basis that does not qualify for an exemption from prior posting pursuant to Subsection 21.3 of these General Terms and Conditions may post directly on Company's System the following information:

- (a) Releasing Shipper's name and Firm Transportation Agreement number;
- (b) the portion of the Releasing Shipper's TQ to be released (including any minimum acceptable quantity);
- (c) the proposed commencement date and term of the release (including any minimum acceptable term);
- (d) the amount of the firm capacity to be released at each Primary Point (the total receipt point capacity released shall be equal to the total delivery point capacity released);
- (e) the reservation and/or usage rates and all other applicable rates, charges and surcharges for the released service, including any applicable Minimum Rate(s). For releases with a term of one year or less and the release is to take effect on or before one year from the date on which the Releasing Shipper notifies the Company of the release, the reservation and/or usage rates that may be bid may exceed the Maximum Rates for the applicable service being released as set forth on the applicable currently effective tariff sections;
- (f) whether the transportation rights are to be released on a firm or recallable basis and, if on a recallable basis, the specific conditions for recall of the capacity; Pursuant to NAESB WGQ Standard Nos. 5.3.7 and 5.3.8: Company shall support the function of reuputting by Releasing Shippers. Reuput method and rights shall be specified at the time of the deal. Reuput method and rights are individually negotiated between the Releasing Shipper and Replacement Shipper;
- (g) whether contingent bids will be accepted for evaluation and, if so, whether the contingency can extend beyond the Bidding period; if the contingency may extend beyond the Bidding Period, whether, and for what time period, the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder exercise its option not to take the capacity;
- (h) whether the release is contingent on Releasing Shipper's ability to release associated capacity on another pipeline and, if so, all conditions associated with such contingency;

- (i) whether bids based on a one part volumetric rate will be accepted and, if so, the method for evaluating one part rate bids vis-à-vis two part rate bids and any special conditions associated with release on a volumetric basis;
- (j) any objective, non-discriminatory economic value standard (including tie-breaking methodology) which Releasing Shipper desires Company to utilize to determine the award of released transportation rights as an alternative to the method set forth in Subsection 21.6 of these General Terms and Conditions, including any alternative to the use of a lottery to choose between bids of equal value. If Releasing Shipper wishes such standard to permit more than one Replacement Shipper, Releasing Shipper must set forth the methodology to be used to select more than one winning bidder.
- (k) the manner in which any refunds in rates and charges ordered by FERC with respect to the released capacity will be distributed by Releasing Shipper to Replacement Shipper;
- (l) whether the Releasing Shipper has made prior arrangements with a person to release to such person such transportation rights ("Prearranged Bidder"). In such event, the Releasing Shipper additionally shall submit:
 - (i) the identity of the Prearranged Bidder;
 - (ii) the term, quantity and reservation and/or usage rates and all other applicable rates, charges and surcharges to which the Prearranged Bidder has agreed;
 - (iii) a statement that the Prearranged Bidder has agreed unconditionally to accept the transportation rights on the terms prescribed in the release; and
 - (iv) evidence that the Prearranged Bidder meets Company's creditworthiness requirement, unless the Releasing Shipper requests Company to waive the application of such requirement for the Prearranged Bidder and for other Bidders on a non-discriminatory basis and provides Company with a guarantee satisfactory to Company of all financial obligations of the Replacement Shipper under its Released Transportation Agreement prior to commencement of service to the Replacement Shipper.
- (m) any other conditions of the release, including whether Releasing Shipper will require Replacement Shipper to indemnify Releasing Shipper in connection with the release, and if so, the terms of the indemnification.

21.2 Replacement Shipper's Request for Assignment

A Shipper that desires to acquire rights to certain transportation service may post on Company's System in accordance with Subsection 21.4(b) of these General Terms and Conditions, a Replacement Shipper's request to release capacity which shall contain the following information:

- (a) Replacement Shipper's name;
- (b) the TQ desired;
- (c) the desired commencement date and term of the transportation service;
- (d) the desired Primary Receipt and Primary Delivery Point capacity for the transportation service;
- (e) whether Replacement Shipper is seeking firm or recallable service.

21.3 Releases Permitted Without Prior Posting

A Releasing Shipper may release some or all of its transportation rights without competitive bidding if its proposed release qualifies under this Subsection 21.3.

(a) Short-Term Release Election

Competitive bidding for released capacity will not be required if:

- (i) the release term is for a period of 31 days or less;
- (ii) the Releasing Shipper provides Company with the information specified in Subsections 21.1(a), (b), (c), (d), (e), (f), (k) and (m) of these General Terms and Conditions with respect to the short term release as soon as possible, but not later than the first nomination, after the release transaction commences; and
- (iii) either the Releasing Shipper acts as agent for the Replacement Shipper with respect to the released capacity and agrees to remain directly liable for all rates, charges and surcharges associated with the released capacity, or prior to the commencement of service the short-term Replacement Shipper enters into a separate Released Transportation Agreement with Company incorporating the information required by Subsection 21.3(a)(ii) of these General Terms and Conditions and establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

Releases made pursuant to this Subsection 21.3(a) may not be rolled-over, renewed or otherwise extended beyond the term of the original capacity release described above in Subsection 21.3(a)(i) to the same Replacement Shipper unless the Releasing Shipper follows the prior posting and bidding procedures or the Replacement Shipper qualifies for any of the other exemptions from the prior posting and bidding procedures pursuant to Subsections 21.3(b), (c), and (d). The Releasing Shipper may use this Subsection 21.3(a) to release the capacity again to the same Replacement Shipper commencing 28 days from the end of the original release.

(b) Maximum Rate Prearranged Bidder

Competitive bidding for released capacity will not be required if a Prearranged Bidder has agreed to pay Company's maximum applicable rates and to the maximum term and quantity stated in the Release Request and the pre-arranged release is for a term of more than one year. Provided that:

- (i) the Releasing Shipper provides Company with the information in accordance with Subsections 21.1(a), (b), (c), (d), (e) (f), (k) and (m) of these General Terms and Conditions as soon as possible, but not later than the first nomination, after the release transaction commences; and
- (ii) prior to the commencement of service the Prearranged Bidder enters into a Released Transportation Agreement with Company (a) incorporating the information required by item (i) above and (b) establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

(c) Asset Manager

Competitive bidding for released capacity will not be required if a Prearranged Bidder is an asset manager as defined in 18 C.F.R. 284.8(h)(3). Provided that:

- (i) the Releasing Shipper provides Company with the information in accordance with Subsections 21.1 (a), (b), (c), (d), (e), (f), (k) and (m) of these General Terms and Conditions as soon as possible, but not later than the first nomination, after the release transaction commences. In addition, the Releasing Shipper shall notify the Company of the volumetric level of the asset manager's delivery or purchase obligation and the time periods during which that obligation is in effect.
- (ii) prior to the commencement of service the Prearranged Bidder enters into a Released Transportation Agreement with Company (a) incorporating the information required by item (i) above and (b) establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

(d) Marketer participating in a state-regulated retail access program

Competitive bidding for released capacity will not be required if a Prearranged Bidder is a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. 284.8(h)(4). Provided that:

- (i) the Releasing Shipper provides Company with the information in accordance with Subsections 21.1(a), (b), (c), (d), (e) (f), (k) and (m) of these General Terms and Conditions as soon as possible, but not later than the first nomination, after the release transaction commences. In addition, the Releasing Shipper shall notify the Company that the release is to a marketer participating in a state-regulated retail access program.
- (ii) prior to the commencement of service the Prearranged Bidder enters into a Released Transportation Agreement with Company (a) incorporating the information required by item (i) above and (b) establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

21.4 Posting of Release Requests and Replacement Shipper Requests

- (a) Releasing Shipper shall post all applicable information required by Subsection 21.1 of these General Terms and Conditions on Company's System, which system will automatically assign an individual release number to such release. The period of time for posting of the information ("Posting Period"), and the period of time during which bids will be received on such release ("Bidding Period"), shall be as set forth in Subsection 21.8 of these General Terms and Conditions.
- (b) Releasing Shipper may withdraw its release up to the close of the applicable Bidding Period; provided, however, withdrawal will not be allowed if a valid bid(s) meeting the Releasing Shipper's minimum requirements has been submitted unless such Releasing Shipper can demonstrate a valid basis for such withdrawal which does not work to unduly discriminate against Bidders.

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. [5.3.16]

- (c) Replacement Shipper shall post all applicable information required by Subsection 21.2 of these General Terms and Conditions on Company's System. Such requests shall remain posted for a period of four weeks or until a transaction is effected, whichever is the shorter period.
- (d) Company shall post Offers and Bids, including prearranged deals, upon receipt. A Releasing Shipper may request a later posting time for posting of such Offer, and the Company shall support such request insofar as it comports with the standard Capacity Release timeline specified in NAESB WGQ Standard No. 5.3.2. [5.3.24] Company makes no representation or warranty to any party concerning the accuracy or completeness of any posted information or concerning the willingness or ability of any Releasing Shipper to release transportation rights hereunder or of any Replacement Shipper to accept transportation rights hereunder. Company shall not be liable to any party for any damages, of any nature whatsoever, including without limitation any special, incidental, or consequential damages or any other kind that may arise in connection with the posting of information hereunder, except that resulting from the negligence, bad faith, fraud or willful misconduct of Company.
- (e) Company may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Releasing Shipper's request to permanently release capacity is denied, Company shall notify Releasing Shipper in writing of the reason for such denial.

21.5 Bidding for Transportation Rights

- (a) Persons that desire to bid on released transportation rights must pre-qualify with Company by entering into a Released Transportation Agreement with Company and by demonstrating creditworthiness, in the same manner and subject to the same standards and procedures as required for firm Shippers under Section 22 of these General Terms and Conditions. The creditworthiness requirement shall be continuing in nature in the same manner and to the same extent as prescribed for firm Shippers under Subsection 22.3.1 of these General Terms and Conditions. Company will waive the creditworthiness requirement on a non-discriminatory basis for Bidders on a release, and permit them to submit Bids, if the Releasing Shipper provides Company with a guarantee satisfactory to Company of all financial obligations of the Replacement Shipper under its Released Transportation Agreement prior to the commencement of service to the Replacement Shipper.
- (b) Bidders prequalified pursuant to Subsection 21.5(a) of these General Terms and Conditions may submit Bids during the Bidding Period applicable to a release. All bids must be submitted via Company's System. In transmitting a Bid, Bidders recognize that such Bids will be accessible by other Bidders through the System; provided that the System will be programmed such that upon submission all Bids will be assigned a Bid number and the identity of the Bidder will not be revealed during the Bidding Period. Bidding will be an iterative process in that a Bidder may submit any number of Bids during the Bidding Period; provided that each new submission of a Bid effects the withdrawal of the previous one such that a Bidder may not have more than one Bid in contention for the capacity at the same time. If a Bidder withdraws its Bid by resubmitting a new one, such new Bid must be at a higher rate. Pursuant to NAESB WGQ Standard Nos. 5.3.13, 5.3.14, 5.3.15: Bids shall be binding until notice of withdrawal is received by the Company on its Customer Activities Web site. Offers shall be binding until notice of withdrawal is received by the Company on its Customer Activities Web site. Bids cannot be withdrawn after the bid period ends.

Bids must contain the information set forth on Company's Web Site (www.vgt.oneokpartners.com), including:

- (i) the identity of the Bidder (which will be concealed during the Bidding Period);

- (ii) the Firm Transportation Agreement number of the Releasing Shipper and release number to which the Bid relates;
- (iii) the bid rate(s) that the Bidder is willing to pay for the released transportation rights, which shall be no less than any minimum bid rate(s) specified in the release;
- (iv) the quantity applicable to the Bid, which must be no less than the minimum specified in the release;
- (v) the term for which the Bidder wishes to obtain the transportation rights, which must be the same as the term specified in the release, or be no less than any minimum term specified in the release; and
- (vi) whether the Bid is contingent and, if so, the basis for the contingency.

All bids must be for the receipt and delivery points specified in the release. The receipt and delivery points awarded a Replacement Shipper in accordance with this Section shall be specified on its Transportation Agreement. Replacement Shipper shall be eligible for the use of secondary points in accordance with the priority afforded the released transportation in accordance with Subsection 3.5 of these General Terms and Conditions.

21.6 Determination of Successful Bidder

Company shall determine the successful bidder in accordance with the following procedures:

- (a) If the release specifies an economic value standard for the award of released transportation rights, Company shall apply such standard including any designated tie-breaking procedure if necessary, to determine the successful Bidder. Company's application of Releasing Shipper's economic value standard shall result in as many successful bidders as mandated thereby.

For the capacity release business process timing model, only the following methodologies are required to be supported by Company and provided to Releasing Shippers as choices from which they may select and, once chosen, shall be used in determining the Awards from the Bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. [5.3.3]

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

- (i) If the Present Value Method is chosen in the release, Company shall evaluate the Bids and award the capacity based on the following procedures. Company shall determine the bid or bids having the highest present value ("PV") based on the following formula:

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

where

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

Bid Quantity = the quantity stated in the Bid.

i = interest rate per month (which shall be the then current maximum yield on five year U.S. Government Treasury notes divided by 12), (Company will post the current Treasury note rate on its System); and

n = the lesser of (i) the term proposed by the Bidder or (ii) 60 months.

- (ii) If the net revenue method is chosen, Company shall determine the bid or bids having the highest net revenue (NR) using the following formula:

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

where

Bid Rate = the daily charge which the Bidder has agreed to pay; for reservation rate bids, the charge is calculated by multiplying the bid rate received from the Bidder by 12/365.

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

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

- (b) If a release includes a Prearranged Bidder, then the released transportation rights shall be awarded to the Prearranged Bidder if its Bid either (a) is equal to or is higher than the Bid with the greatest economic value under the standard submitted by the Releasing Shipper, or (b) has a rate which is equal to or higher than the highest rate of the Bids submitted by all other Bidders, or (c) if the Prearranged Bidder agrees to match any Bid having a greater economic value or higher rate, as applicable, within the time period provided by Subsection 21.7 of these General Terms and Conditions.
- (c) If only one Bidder has submitted a Bid which reflects either the greatest economic value or highest rate, as applicable, then the transportation rights shall be awarded to that Bidder, subject to any Prearranged Bidder's exercise of its right of first refusal (matching) as set forth above.
- (d) If two or more Bidders have submitted Bids which reflect the greatest economic value or the highest rate, as applicable, then, subject to any Prearranged Bidder's exercise of its right of first refusal, the released transportation rights will be awarded on the basis of a lottery that is limited to such Bidders, unless the Releasing Shipper has specified an alternative means for awarding the released capacity as between two or more equal bids ("alternative tie breaker"). The winner of the lottery or alternative tie breaker shall be awarded the transportation rights for which it has submitted a Bid. Company will conduct the lottery or alternative tie breaker in a non-discriminatory manner.
- (e) Company's application of Company's present value formula and the lottery shall result in only one successful Bidder per release.

When the Company makes awards of capacity for which there have been multiple Bids meeting minimum conditions, the Company shall award the Bids, best Bid first, until all offered capacity is awarded. [5.3.4]

- (f) For informational purposes only, Company shall post on its System the identity of the winning bidder and the terms of the successful bid.
- (g) Prior to the commencement of service pursuant to the release, Company shall prepare and transmit to the successful Bidder a Transportation Agreement stating the quantity, rates, term, MDQ at all Primary Receipt Points and the MDQ at all Primary Delivery Points, governing rate schedule, and any special terms and conditions for each awarded release. Releasing Shipper's Transportation Agreement will be amended to reflect that the Releasing Shipper has released all or a portion of its transportation rights.
- (h) Company shall not award capacity release offers to Replacement Shipper until and unless Replacement Shipper meets Company's creditworthiness requirements applicable to all services that it receives from Company, including the service represented by the capacity release. [5.3.59]

21.7 Applicable Deadlines

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 credit worthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Company 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, the Company may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by the Company). [5.3.1]

- (a) Releasing Shipper shall post the release on Company's System. The standard capacity release administrative timeline is as follows (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):
 - (b) For biddable releases (1 year or less) [5.3.2]:
 - Offers shall be tendered such that they can be posted by 9:00 a.m. on a Business Day.
 - Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
 - Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
 - If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.
 - Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.
 - The contract is issued within one hour of the Award posting (with a new contract number, when applicable).
 - Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than 1 year):

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

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. The posting deadlines are:
 - o Timely Cycle 12:00 Noon
 - o Evening Cycle 5:00 p.m.
 - o Intraday 1 Cycle 9:00 a.m.
 - o Intraday 2 Cycle 1:30 p.m.
 - o 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.

21.8 Reassignment of Released Capacity

A Replacement Shipper shall be allowed to release the capacity under its Released Transportation Agreement, provided that the re-release is not inconsistent with the original Releasing Shipper's release. A Replacement Shipper seeking to re-release capacity will be subject to the same terms and conditions set forth in this Section that apply to Releasing Shippers as well as any limitations established in the original release of capacity.

The Company shall allow re-releases on the same terms and basis as the primary release (except as prohibited by regulations). [5.3.19]

21.9 Submission of Information

Shippers shall submit all necessary information, releases, Replacement Requests and bids to Company via Company's System.

21.10 Marketing of Released Capacity

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

21.11 Further Conditions on Release of Transportation Rights

- (a) Persons participating in this release program agree to be bound by and shall comply with the terms and conditions of this Tariff, and all applicable FERC rules, orders and regulations.
- (b) All terms and conditions in all releases must be objectively stated, applicable to all Bidders and non-discriminatory.
- (c) The minimum term for any release shall be one day and the maximum term shall be the remaining term of the Releasing Shipper's Released Transportation Agreement.
- (d) For volumetric releases with a term of more than one year, or for volumetric releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, the Maximum Rate shall not exceed the daily demand rate for the released capacity. Such Maximum Rate for volumetric releases only applies to the reservation portion for the rate; the Replacement Shipper will also be liable for all applicable usage charges. The Maximum Rates for all other releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release shall be the applicable maximum reservation rate and commodity rate, as well as all other applicable rates, charges and surcharges set forth in this Tariff, notwithstanding any discount to such rates, charges or surcharges then in effect for the Releasing Shipper. To the extent the Commission has a policy providing a Maximum Rate ceiling for capacity releases, for a Shipper that is a Consenting Party under the terms and conditions of the Docket No. RP02-132-000 Stipulation and Agreement, the Maximum Rate ceiling for capacity releases, regardless of the term of the underlying contract, shall be the Category 1 rate applicable to the Rate Schedule of the underlying contract.
- (e) All terms and conditions of all releases must be consistent with the terms and conditions of the Releasing Shipper's Agreement and with this Tariff, including the provisions on nominations and scheduling of service and curtailment of service.
- (f) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. For the recall notification provided to Company, Company's Tariff shall specify whether the quantity should be expressed in terms of (i) total released capacity entitlements or (ii) adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity. The capacity entitlements resulting from the use of either (i) or (ii) should be the same. [5.3.55] The recall notification to Company shall specify the quantity in terms of total released capacity entitlements.

Company shall support the following recall notification periods for all released capacity subject to recall rights (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17) [5.3.44]:

(i) Timely Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due.

Company 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.

(ii) Early Evening Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due.

Company 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.

(iii) Evening Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due.

Company 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.

(iv) Intraday 1 Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due.

Company 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.

(v) Intraday 2 Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due.

Company 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.

(vi) Intraday 3 Recall Notification:

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

Company 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) Company may invalidate any release or any bid subsequent to its posting on its System which does not conform in all respects to the requirements of Company's Tariff and such invalidated release or bid shall be deemed null and void.

(h) Notwithstanding any release hereunder, all Releasing Shippers shall remain responsible for payment of the reservation charge for firm transportation service released. The Releasing

Shipper shall receive a reservation credit equaling the reservation dollars which Company receives from the Replacement Shipper. The Releasing Shipper will receive credit at the same time Company invoices the Replacement Shipper for the released capacity, provided, if the Replacement Shipper defaults and Company must seek payment from the Releasing Shipper, Company will assess the Releasing Shipper interest at the FERC approved rate. A reservation rate for the purposes of this Section consists of (i) the base reservation rate, and (ii) all applicable surcharges, provided that for releases made on a volumetric basis, the reservation charge shall equal the daily reservation rate multiplied by the applicable quantity plus all applicable surcharges. Any discount from said rate comes first off the surcharges and then off the base reservation rate. Therefore, a Releasing Shipper paying a discounted rate is only entitled to receive any revenues from the release of its capacity that exceed the amount of the applicable surcharges. Company shall adjust the Releasing Shipper's reservation credit to the extent necessary to implement the reservation charge credits set forth in Section 34 of these General Terms and Conditions. In no event shall the reservation charge credits set forth in Section 34 of the General Terms and Conditions plus any reservation credits provided under this Section 21.11 exceed in total, with respect to the Releasing Shipper and Replacement Shipper(s) combined, the total amount invoiced by Company to such Releasing Shipper and Replacement Shipper(s) combined.

- (i) Company shall bill Replacement Shipper based upon the rates, charges and surcharges incorporated by Exhibit into the Released Transportation Agreement. For releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, the commodity charges for the Replacement Shipper will include the maximum commodity rate under the applicable rate schedule including all adjustments. If the Replacement Shipper fails to pay all or any portion of any bill by the due date specified on the invoice, Company shall send an invoice to the Releasing Shipper for all unpaid amounts up to the amount of the Releasing Shipper's reservation charge, which the Releasing Shipper shall pay to Company with interest thereon, which interest shall be calculated from the date which Company credited the Releasing Shipper for the applicable reservation charges in accordance with the above.

As a courtesy to Releasing Shipper, Company shall endeavor to notify Releasing Shipper of the Replacement Shipper's failure to pay its bill in full when due after Company becomes aware of such failure; provided, however, that Company's inability or failure to provide notice to Releasing Shipper shall not excuse Releasing Shipper from making timely and full payment of the applicable reservation charges. Releasing Shipper shall be responsible for obtaining reimbursement for any such payment from Replacement Shipper. Failure of either the Replacement Shipper or Releasing Shipper to pay bills shall entitle Company to exercise the remedies available under the Firm Transportation Agreement and this Tariff, including suspension of service to the Releasing Shipper and the Replacement Shipper, as well as any other remedies available to Company.

- (j) Any increase in Company's rates, charges and surcharges shall remain the responsibility of the Releasing Shipper; provided, however, that the Releasing Shipper may provide in its release for the rates, charges or surcharges for released transportation rights to increase in accordance with any such increases in Company's rates, charges and surcharges. In either circumstance, any refunds of any rates or charges ordered by the FERC shall be paid by Company to the Releasing Shipper and distributed to the Replacement Shipper in the manner specified in the release and incorporated in the Released Transportation Agreement. For releases not subject to the Maximum Rate, i.e., with a term of one year or less and the release is to take effect on or before one year from the date on which the Releasing Shipper notifies the Company of the release, the rate paid by the Replacement Shipper will be deemed to be a final rate and is not subject to refund.

- (k) The Replacement Shipper's service under a release shall be subject to and governed by the terms and conditions of the Releasing Shipper's Firm Transportation Agreement and governing rate schedule and the Released Transportation Agreement.
- (l) Company shall accept nominations, schedule service, afford priority of service and curtail service based on instructions and communications from the Releasing Shipper and the Replacement Shipper which are consistent with one another and with the terms and conditions of Company's Tariff and their respective Firm Transportation Agreements. In the event that instructions or nominations from the Releasing Shipper and Replacement Shipper are, in Company's sole opinion, inconsistent or conflicting, Company shall use reasonable efforts to contact the Releasing Shipper and Replacement Shipper to resolve the conflicting communications. In the event Company is unable to resolve the conflict prior to the time that it must take the required action, Company shall comply with the instructions of the Releasing Shipper; provided however that such instructions must not be inconsistent with Company's Tariff or the terms of either the Releasing Shipper's or

Replacement Shipper's Firm Transportation Agreement, in Company's sole opinion. The Releasing Shipper will indemnify Company against any claim or suit by the Replacement Shipper, its successors or assigns, arising from any action taken by Company in reliance upon the Releasing Shipper's nominations and instructions and will hold Company harmless for any action taken by Company in reliance upon the nominations and scheduling instructions of the Replacement Shipper. The Replacement Shipper will indemnify Company against any claim or suit by the Releasing Shipper, its successors or assigns, arising from any action taken by Company in reliance upon the nominations and scheduling instructions of the Replacement Shipper and will hold Company harmless for any actions taken by Company in reliance upon the instructions of the Releasing Shipper.

21.12 Nondiscrimination

Company will consider requests for release and bids on a nondiscriminatory basis.

21.13 Request to Purchase Releasable Capacity

Under this Section 21, Company shall provide the ability for a potential Replacement Shipper to communicate to potential Releasing Shippers, through the Company, a request to purchase capacity that is releasable. Such request shall be provided to Company 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 Company. Company 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 Company. [5.3.73]

Company 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] Company shall post such request for the period requested by the potential Replacement Shipper.

22. REQUESTS FOR SERVICE

Subject to any conditions set forth in the applicable Rate Schedules, this Section shall govern qualification for receipt of service under Rate Schedules FT-A, IT, LMS and PAL.

22.1 Requests for Service

- (a) All Shippers requesting transportation service under Rate Schedules FT-A or IT or persons requesting service under PAL and Rate Schedule LMS must provide, via the System or by facsimile or in writing when necessary, the information required by this Section 22 and the information necessary to complete the fill in the blank in the applicable form of agreement in order to qualify for service. No request for service will be scheduled until all of the information has been provided.
- (b) Except as expressly set forth in Section 22.1(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:
 - (1) For service with a primary contract term of three months or less, Company may award a request for service no earlier than fifteen (15) calendar days prior to the proposed commencement date of service.
 - (2) For service with a primary contract term of greater than three months, but less than one year, Company may award a request for service no earlier than thirty (30) calendar days prior to the proposed commencement date of service.
 - (3) For service with a primary contract term of one (1) year or longer, Company may award a request for service no earlier than ninety (90) 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 22.1(b), due to the unavailability of the requested capacity for any portion of the requested primary contract term. For example, if, on October 1, a Shipper requested that Company 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), Company 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 Section 22.1(b)(2), Company would reject the request as premature. Notwithstanding the above:
 - (i) Company may consider a request described above pursuant to Section 22.1(d).
 - (ii) Company 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 Section 22.1(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, Company and Shipper could agree to contract for the available capacity for a six month term consistent with the timeframe set forth in Section 22.1(b)(2).

- (d) Company may consider, on a not unduly discriminatory basis, a request for firm service outside the time periods specified in Section 22.1(b), if the request involves circumstances which include the following:
 - (i) The request is for capacity offered on a pre-arranged basis pursuant to the process set forth in Section 22.6 below;
 - (ii) The request is for capacity offered pursuant to an open season initiated by Company pursuant to the process set forth in Section 22.7 below; or
 - (iii) The request involves the acquisition, modification or construction of facilities or, terms and conditions that may require prior Commission approval or notice.
- (e) If Company allows a variation from the time periods specified in Section 22.1(b) in accordance with the circumstances described in Section 22.1(d)(i)-(iii) or otherwise, Company shall provide reasons for the variation in the notice of the open season or by means of an Informational Postings notice on Company's Web Site. Company shall deviate from the time periods specified in Subsection 22.1(b) only in a not unduly discriminatory manner consistent with Commission regulations.

22.2 Modification of Service

Any modification of an existing Agreement shall be requested by Customer's submission of a new request with 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 have the full force and effect of the underlying Agreement.

22.3 Credit Evaluation

- (a) Unless previously provided to Company in the prior three months, a Shipper seeking service from Company under Rate Schedules FT-A, IT, or PAL must provide:
 - (i) a copy of Shipper's most recent audited financial statement;
 - (ii) a copy of Shipper's most recent twelve months audited financial statement or Annual Report and, if applicable, 10-K form;
 - (iii) a list of Shipper's affiliates, including parent and subsidiaries, if applicable.
- (b) In the event Shipper cannot provide the information in Subsection 22.3 of these General Terms and Conditions, Shipper shall, if applicable, provide that information for its parent company. Company shall not be required to perform or to continue service under any Rate Schedule on behalf of any Shipper who is or has become insolvent or who, at Company's request, fails within a reasonable period to demonstrate credit worthiness, provided, however, such Shipper may receive service under any Rate Schedule if Shipper prepays for such service or furnishes good and sufficient security, as determined by Company in its reasonable discretion, in an amount equal to the cost of performing the service requested by Shipper for a three month period. For purposes herein, the insolvency of a Shipper shall be conclusively demonstrated evidenced by the filing by Shipper or any parent entity thereof (hereinafter collectively referred to as "the Shipper") of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or

other similar official) of the Shipper or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days.

22.4 Creditworthiness Notices

(a) Company Responsibilities

- (i) 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. 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]
- (ii) 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]
- (iii) 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]
- (iv) 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]
- (v) 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]:
 - (A) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to this Section 22 and Section 6 of the General Terms and Conditions of Company'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 22.

(b) Customer Responsibilities

- (i) 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]
- (ii) 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]
- (iii) Customer's authorized representative(s) shall respond to Company's request for credit information, as allowed by this Section 22, on or before the due date specified in the request. Customer shall provide all the credit information requested by Company or provide the reason(s) why any of the requested information was not provided. [0.3.5]
- (iv) 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]

(c) 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 22 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 22 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]

22.5 Capacity Reserved for Expansion/Extension Projects

Notwithstanding any other provision of this Tariff, Company reserves the right, but shall not be obligated, to reserve for expansion/extension projects capacity that is or that will become available. The four types of capacity that Company may reserve subject to the conditions of this Section are as follows:

- (1) Capacity posted on Company's System as unsubscribed available capacity;
- (2) Capacity posted for bidding pursuant to the provisions of Section 23 of these General Terms and Conditions; provided however that Company's reservation of such capacity shall be conditioned on the existing capacity holder ("Existing Shipper") not retaining such capacity pursuant to the exercise of Existing Shipper's rights of first refusal pursuant to Section 23 of these General Terms and Conditions;

- (3) Capacity that is made available to Company for use in an expansion/extension project in accordance with the terms and conditions of an offer by Company to accept permanent releases of capacity to serve an expansion/extension project;
- (4) Capacity that is returned to Company by an existing capacity holder at the expiration of that capacity holder's contract term(s).

Company shall post any reserved capacity on its System. The reservation posting shall include, but not be limited to, the following information:

- (1) a description of the expansion/extension project for which the capacity is being reserved;
- (2) the quantity of capacity being reserved;
- (3) the location of the reserved capacity on the pipeline system; and
- (4) the estimated in-service date of the expansion/extension project. Company shall make reasonable efforts to update the reservation posting up to the in-service date of the expansion/extension project to reflect any material changes in the scope of the expansion/extension project. Company may only reserve capacity for an expansion/extension project for which an open season has been held or will be held within one (1) year of the date that capacity posted as reserved becomes available on a limited-term basis as set forth below. Company will not, absent Commission approval, accept advance payments to reserve capacity under this Section.

To the extent capacity reserved under this Section is currently available, Company shall make such capacity available for transportation service pursuant to the provisions of Company's FERC Gas Tariff on a limited-term basis up to the in-service date of the expansion/extension project(s). For such limited-term agreements, Company reserves the right to limit any extension rights provided in the Firm Transportation Agreement or under Company's FERC Gas Tariff commensurate with the proposed in-service date of the expansion/extension project. Company will indicate in any open season posting of the capacity any limitations on extension rights that will apply to such limited-term transportation service.

22.6 Capacity Reserved for Pre-arranged Deals

- (a) Pre-Arranged Capacity. Company may sell firm capacity with service commencement dates more than ninety (90) days in the future, 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 Company proposes to sell capacity on a pre-arranged basis, Company will post the terms of the pre-arranged transaction and other parties will have an opportunity to bid on the capacity pursuant to 22.7 below. At the time Company enters into a pre-arranged service agreement, Company will post a notice on its Internet 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. 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 higher Bid in order to retain the capacity. If the pre-arranged Shipper elects not to match a higher competing Bid, the capacity will be awarded to the bidder with the highest net present value acceptable Bid. If there is an open season ongoing for certain capacity, Company will not enter into a pre-arranged deal for that capacity during the open season.

- (c) Company will separately identify on its Internet Web Site all capacity that is anticipated to become available and is not subject to a right of first refusal. Company will not enter into any pre-arranged deals for capacity that has not previously been posted on its Internet Web Site.
- (d) To the extent capacity reserved under this Section is currently available, Company shall make such capacity available for transportation service pursuant to the provisions of Company's FERC Gas Tariff on a limited-term basis up to the in-service date of the pre-arranged transaction. For such limited-term agreements, Company reserves the right to limit any pre-arranged transaction rights provided in the Firm Transportation Agreement or under Company's FERC Gas Tariff commensurate with the proposed in-service date of the pre-arranged transaction. Company will indicate in any open season posting of the capacity any limitations on extension rights that will apply to such limited-term transportation service.

22.7 Solicitation of Bids for Capacity

- (a) Company shall (1) post notices for solicitation of Bids on a first-come, first-served basis, for available capacity for service to start immediately or in the future, or (2) post notice of an open season for its available capacity, or (3) post notice of an open season for expansion projects including requests for incremental service at a date later than the in-service date of the expansion facilities. Regarding (2) and (3), the open season notice will be posted for a period of no less than three Business Days for available capacity and no less than 20 Business Days for expansion projects on Company's system and will include the following information:
 - (i) the location of the capacity or proposed expansion;
 - (ii) the total quantity, if applicable;
 - (iii) the date capacity is available or proposed to be available; and
 - (v) Bid evaluation methodology, if applicable.
- (b) Regarding (2) and (3), 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, the full net present value (NPV) analysis for the highest Bid received, the Shippers' Bids, and the actual calculation of the NPV. Company will award the capacity based upon the highest net present value. In the event of equal Bids on the basis of a NPV calculation, capacity will be awarded on a pro rata basis. Shipper shall be required to indicate in its Bid whether it is willing to accept a lesser quantity in the event such capacity is awarded on a pro rata basis due to equal Bids. 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. Shippers must submit a request for such capacity by electronic mail and/or facsimile to Company's Marketing Department. The time stamp on the communication will be used to determine the sequence of Bids. Company reserves the right not to award such capacity at less than the applicable Maximum Rate. Company shall not award such capacity at less than the Maximum Rate to an 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.

23. RIGHT OF FIRST REFUSAL AND EXTENSION OF SERVICE AGREEMENTS

23.1 Applicability

This Section 23 shall apply only to firm service agreements:

- (a) for twelve consecutive months or more at the applicable Maximum Rate for that service;
- (b) for more than one year for a service that is not available for twelve (12) consecutive months at the applicable Maximum Rate for the services;
- (c) extended at the applicable Maximum Rates for a term of one year or more pursuant to the terms of such agreements or of Section 24 of these General Terms and Conditions, even if the service was at a negotiated rate or at less than the Maximum Rates prior to such extension period; or
- (d) that expressly apply the provisions of this Section 23 or include a right of first refusal, provided that Company may agree to include a right of first refusal only on a not unduly discriminatory basis.

The right of first refusal will not apply to interim service agreements associated with expansion/extension projects as set forth in Section 22.5 of the General Terms and Conditions or pre-arranged transactions as set forth in Section 22.6 of the General Terms and Conditions.

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 the service under its agreement.

Subject only to Shipper's right of first refusal to continue service, Company shall have all necessary abandonment authorization under the Natural Gas Act as of the expiration date of any service agreement and shall not be required to seek case specific authorization prior to abandoning service.

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, that meets the requirements of Subsection 23.1 above, the Customer must provide notice to Company pursuant to Subsection 23.3 below that it desires to continue its service agreement and that it may match the best bid that is offered by another person desiring such capacity as set forth in Subsection 23.5 below, provided that Company shall not be obligated to provide service at less than the applicable Maximum Rates.

23.3 Notice to Company

Company will make every reasonable effort to provide Shipper no more than nine (9) months, and no less than eight (8) months, advance written notice of pending service agreement expiration for each service agreement to which this Section 23 applies ("Company Notice"). Shipper shall notify Company in writing of its intention: (i) to exercise a right of first refusal for all or a portion of the Transportation Quantity stated in its service agreement; (ii) to terminate the service agreement or (iii) to request a lesser extension of the term ("Shipper Notice"). The Shipper Notice must be made at least six (6) months in advance of service agreement expiration.

Unless a service agreement expressly provides otherwise, if Shipper fails to provide the Shipper Notice at least six (6) months in advance of the service agreement expiration, the service agreement will automatically extend upon the expiration of the primary term for a term of one year at the

applicable Category 1 Maximum Rate. Thereafter, subject to the notice requirements of this Subsection 23.3, the service agreement shall repeatedly extend for successive one year terms. If Shipper provides its Shipper Notice under this Section 23.3, Shipper shall not be obligated to provide an additional Shipper Notice under Section 24.5 of the General Terms and Conditions.

23.4 Posting of Capacity

Upon receipt of the notice required in Subsection 23.3, Company shall post on its Web Site that capacity will be available upon the expiration of Shipper's firm transportation service agreement. The capacity shall be posted for a minimum period of fourteen (14) days with such posting containing the following information with respect to the capacity:

- (a) Daily and other applicable quantity limitations of capacity available;
- (b) Transportation Path;
- (c) Maximum Rate (Monthly Demand) as set forth in the Summary of Rates and Charges in Company's FERC Gas Tariff;
- (d) Any minimum acceptable bid;
- (e) Any applicable restrictions; and
- (f) The last day of the bidding period.

23.5 Bidding Procedures

Each bidder for Shipper's firm capacity, or any part thereof, must submit its bid to Company through Company's Web Site within the time specified by Company. Each bid shall contain the term for which the capacity is sought and a Monthly Demand rate that is either (i) a percentage of the Maximum Rate or (ii) a negotiated rate. If Company 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 in accordance with the present value formula set forth in Subsection 21.6(a)(i) of the General Terms and Conditions for the evaluation of Bids under Company's capacity release mechanism. Company reserves the right to reject any bid that is for less than the applicable Maximum Rates.

All proposed terms must begin as of the expiration of the Transportation Quantity under the existing service agreement and be for a consecutive period.

For purposes of comparing bids, (i) negotiated rates above the Maximum Rate will be deemed equal to the Maximum Rate and (ii) the Maximum Rates will be deemed to be those in effect as of the date Company posts the capacity as available pursuant to Subsection 23.4.

23.6 Right to Match Best Bid

- (a) Company will notify Shipper within three (3) Business Days of the best bid(s) that Company is willing to accept, and Shipper shall have ten (10) business days from receipt of Company's notice to match the bid and contract term, not to exceed five (5) years, offered in the best bid(s) in order to retain its firm capacity. If Shipper matches the best bid(s), Shipper will enter into a new service agreement for firm service reflecting the terms of Shipper's matching bid within 30 days of the date Shipper provided notice that it would match the best bid. If Shipper fails to match the best bid or fails to execute a new firm service agreement within the time periods set forth in this Section, 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 Company may enter into a new service agreement for firm service with the party or parties offering the best bid.

- (b) In the event Company does not receive any bids for Shipper's capacity or any bids that are acceptable to Company, Shipper shall have the right to retain its firm capacity at the applicable Maximum Rates applicable thereto, or any discounted rate or negotiated rate agreed to by Company, for an additional term as requested by Shipper, provided that Company shall not be obligated to provide service at less than the applicable Maximum Rate.
- (c) If Shipper does not elect to extend its service agreement pursuant to the provisions contained therein and in this Section 23, such service agreement shall terminate and be subject to pregranted abandonment.

24. TERMINATION OR MUTUAL EXTENSION OF SERVICE AGREEMENTS

24.1 Early Termination in Exchange for Extension

Shipper and Company may mutually agree to the early termination of one or more service agreements in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. A new term shall be determined for the service agreements and shall be from the service commencement date of the extension to the end of the extension period. Shipper need not participate in an open season for the extension nor must the extended capacity be posted on Company's Informational Postings Web Site as unsubscribed, available capacity prior to the extension.

24.2 Extension of Capacity Use

Shipper and Company may mutually agree to extend the term of a service agreement with respect to all or part of the underlying capacity.

24.3 Negotiated Rates

Company and Shipper may mutually agree on a not unduly discriminatory basis that the extension of a service agreement will be at a discounted or negotiated rate as set forth in Section 17 of these General Terms and Conditions.

24.4 Rights of First Refusal

The agreement to extend under this Section 24 must be reached prior to the posting of the capacity pursuant to Subsection 23.4 of the General Terms and Conditions. Nothing in this section shall preclude the Shipper from making a timely election pursuant to Subsections 23.2 and 23.3 of the General Terms and Conditions if Shipper and Company are not able to agree upon a new term length or other terms and conditions of service.

24.5 Termination of Firm Agreements

Company will make every reasonable effort to provide Shipper no more than nine (9) months, and no less than eight (8) months, advance written notice of pending service agreement expiration for each service agreement to which this Section 24 applies ("Company Notice"). Shipper shall notify Company in writing of its intention: (i) to terminate the service agreement or (ii) to request a lesser extension of the term ("Shipper Notice"). The Shipper Notice must be made at least six (6) months in advance of the service agreement expiration.

If Shipper fails to provide the Shipper Notice at least six (6) months in advance of the service agreement expiration, the service agreement will automatically extend upon the expiration of the primary term for a term of one year at the applicable Category 1 Maximum Rate. Thereafter, subject to the notice requirements of this Subsection 24.5, the service agreement shall repeatedly extend for successive one year terms. If Shipper provides its Shipper Notice under this Section 24.5, Shipper shall not be obligated to provide an additional Shipper Notice under Section 23.3 of the General Terms and Conditions. Nothing in this Section 24.5 shall supplant or abridge any ROFR rights, which are covered in Section 23.3 of the General Terms and Conditions.

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

Compliance with 18 CFR, Section 284.12

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

Standards not Incorporated by Reference and their Location in Tariff:

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, Company 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 Company includes appropriate citations in the submission.

Company 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, Company 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 8.22, GT&C – Requests for Service	22.4(a)(ii)
0.3.4	Part 8.22, GT&C – Requests for Service	22.4(b)(ii)
0.3.5	Part 8.22, GT&C – Requests for Service	22.4(b)(iii)
0.3.6	Part 8.22, GT&C – Requests for Service	22.4(a)(iii)
0.3.7	Part 8.22, GT&C – Requests for Service	22.4(a)(i); 22.4(b)(i)
0.3.8	Part 8.22, GT&C – Requests for Service	22.4(b)(iv)
0.3.9	Part 8.22, GT&C – Requests for Service	22.4(a)(iv)
0.3.10	Part 8.22, GT&C – Requests for Service	22.4(c)
Nominations Related Standards:		
1.1.12	Part 8.01, GT&C – Definitions	Definition: "Operational Flow Order"
1.2.6	Part 8.01, GT&C – Definitions	Definition: "Operational Flow Order"
1.2.16	Part 8.01, GT&C – Definitions	Definition: "Title Transfer Tracking Service Provider"
1.3.1*	Part 8.01, GT&C – Definitions	Definition: "Gas Day"
1.3.2(i-vi)	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.4(a)(i-vi)
1.3.3	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.4(a)
1.3.5*	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.4(a)
1.3.6	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.4(a)
1.3.9*	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.4(c)

1.3.11*	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.4(c)
1.3.13	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.4(c)
1.3.14	Part 8.01, GT&C – Definitions	Definition: "Dekatherm" or "Dth"; Definition: "quantity"
1.3.15	Part 8.26, GT&C – Fuel and Losses Retention Adjustment	26.1
1.3.16	Part 8.26, GT&C – Fuel and Losses Retention Adjustment	26.1
1.3.19	Part 7.10, Rate Schedule FT-A; Part 7.20, Rate Schedule IT; Part 7.21, Rate Schedule AOT; Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	5.4; 5.3; 5.3; 3.4(b)
1.3.20	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.4(a)
1.3.21	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.4(a)
1.3.22	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.5
1.3.23	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.5
1.3.26	Part 8.01, GT&C – Definitions	Definition: "Operational Flow Order"
1.3.71	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.3(b)

Flowing Gas Related Standards:

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2.3.5	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.3(b)
2.3.6	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.3(b)
2.3.7	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries;	3.2;
	Part 8.04, GT&C – Measuring Equipment	4.7
2.3.8	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.3(b)
2.3.9	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.1(a); 3.1(b)
2.3.10	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.1(b)
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2.3.12	Part 8.04, GT&C – Measuring Equipment	4.7
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2.3.15	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.3
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2.3.18	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.3(b)

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2.3.26	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.3(d)
2.3.27	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.3(b)
2.3.29	Part 8.01, GT&C – Definitions	Definition: "Operational Balancing Agreement" or "OBA"
2.3.31	Part 8.03, GT&C – Measurement and Scheduling of Receipts and Deliveries	3.8.1
2.3.40	Part 7.30, Rate Schedule LMS	5(a)(iii)
2.3.47	Part 7.30, Rate Schedule LMS	5(a)(iv)

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3.2.1	Part 8.01, GT&C – Definitions	Definition: "Business Day"
3.3.4	Part 8.05, GT&C – Invoicing	5.1
3.3.14	Part 8.05, GT&C – Invoicing	5.1
3.3.15	Part 8.05, GT&C – Invoicing	5.1
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3.3.17	Part 8.06, GT&C – Payments	6.1
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Quadrant Electronic Delivery Mechanism Related Standards:

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4.3.89	Part 8.02, GT&C – Quality	2.8.1
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5.3.19	Part 8.21, GT&C – Releases or Assignments of Firm Transportation Agreements	21.8
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5.3.60	Part 8.22, GT&C – Requests for Service	22.4(a)(v)
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Standards Incorporated by Reference:

Additional Standards:

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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:

<u>NAESB Standard</u>	<u>Waiver or Extension of Time</u>
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26. FUEL AND LOSSES RETENTION ADJUSTMENT

26.1 Fuel and Losses

The quantity of gas retained by Company for fuel and losses shall be equal to the amount established pursuant to NAESB WGQ Standard No. 1.3.16: Where fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, shall be $(1 - \text{fuel \%}/100)$ multiplied by receipt quantity = delivery quantity. The fuel and loss retention percentages (FLRP) shall equal the applicable percentages shown on the effective Statement of Rates in Company's FERC Gas Tariff; provided, however, (i) for service that is rendered entirely by Displacement, Shipper shall furnish only that quantity of gas associated with losses shown on the Statement of Rates and (ii) the fuel percentage may be reduced to any level not less than the actual fuel required for a transaction. Pursuant to NAESB WGQ Standard No. 1.3.15: When the fuel reimbursement method is fuel in-kind, the results of the fuel reimbursement calculations for the nomination process shall be rounded to the nearest Dekatherm, Gigajoule (Canada), or Gigacalorie (Mexico). The mathematical effect of rounding can yield a result of zero.

26.2 Fuel and Losses Retention Adjustment

26.2.1 General

This Section of the General Terms and Conditions sets forth the procedures to reflect changes in Company's fuel and loss retention percentages (FLRPs) applicable to Company's transportation services, including Rate Schedules FT-A, IT, LMS, and AOT, under which Company retains fuel.

26.2.2 Conditions

- (a) The FLRPs set forth in Company's Tariff may be increased to reflect a net positive change in FLRPs and shall be decreased to reflect a net negative change in FLRPs.
- (b) Company shall file with the Federal Energy Regulatory Commission to reflect net changes in FLRPs at least 30 days prior to each April 1 and November 1 which is the beginning date for each Seasonal Period.

26.2.3 Definitions

(a) Seasonal Period

The seven month period beginning each April 1 and ending each October 31 (summer period) and the five month period beginning each November 1 and ending each March 31 (winter period).

(b) Actual Gas Required for Operations (GRO)

Actual gas used in Company's operations including all gas otherwise used, lost or unaccounted for.

(c) Estimated GRO

The sum of the monthly average Actual GRO quantities for the latest three years of a Seasonal Period adjusted, where necessary, for known variations from actual experience.

(d) Estimated Quantities

The sum of the monthly average actual quantity determinants, to which Company allocates or assigns GRO quantities, for the latest three years of a Seasonal Period adjusted, where necessary, for known variations from actual experience.

26.2.4 Determination of the Current FLRPs

Company shall determine the Current FLRPs for each Seasonal Period by the following procedures:

- (a) The Estimated GRO quantities shall be summed with the forecasted balance accumulating in the Deferred GRO Account as of the day immediately preceding the effective date of the change in the FLRP rates. Such resulting quantity shall be allocated to or assigned among zones in accordance with the allocation methods and principles in effect on Company's system.
- (b) The quantities determined in Subsection 26.2.4(a) of these General Terms and Conditions will be divided by the Estimated Quantity determinants, as appropriate.
- (c) Company shall maintain the Deferred GRO Account in accordance with the following procedures:
 - (1) Company shall determine each month the Actual GRO quantities.
 - (2) Each month, Company shall determine the actual recovery of GRO quantities by multiplying, as applicable, Company's FLRPs by the appropriate quantity determinants.
 - (3) Each month, Company shall determine the difference, positive or negative, between the quantities computed in Subsections 26.2.4(c)(1) and 26.2.4(c)(2) of these General Terms and Conditions. The resulting difference shall be recorded each month in a Deferred GRO Account.

27. LOAD MANAGEMENT COST RECONCILIATION ADJUSTMENT

27.1 General

This Section of these General Terms and Conditions sets forth the mechanism to reconcile through surcharges or credits, as appropriate, differences between the cost to Company to maintain its line pack gas and the amounts Company receives or pays for such gas arising out of the purchase and sale of such gas (1) to resolve Balancing Party imbalances as provided for pursuant to Rate Schedule LMS; (2) to resolve imbalances associated with OBAs at interstate pipeline interconnects; and/or (3) as may be otherwise necessary to maintain an appropriate level of line pack for system management purposes. Line pack added for new facilities will be accounted for in Account 101 in accordance with Commission regulations.

27.2 Definitions

Load Management Annual Period - The twelve month period beginning each April 1.

Load Management Deferred Period - The twelve month period ending each December 31.

27.3 Load Management Cost Reconciliation Deferred Account

Effective January 1, 1999, Company shall maintain Account 806.1 as a Load Management Cost Reconciliation Deferred Account ("Load Management Deferred Account") in the manner described below:

Company shall debit to Account 806.1 the actual purchase cost of line pack gas and credit to Account 806.1 cash receipts from the sale of such gas as necessary (1) to resolve Balancing Party imbalances as provided for pursuant to Rate Schedule LMS; (2) to resolve imbalances associated with OBAs at interstate pipeline interconnects; and/or (3) as may be otherwise necessary to maintain an appropriate level of line pack for system management purposes.

27.4 Load Management Cost Reconciliation

- (a) Upon completion of the end of the twelfth full calendar month of the Load Management Deferred Period, Company shall calculate the amounts to be refunded or surcharged adjusted to reflect carrying charges calculated in accordance with Section 154.501 of the Commission's Regulations. Company shall refund if the adjusted Load Management Deferred Account balance is a credit. Company shall surcharge if the adjusted Load Management Deferred Account balance is a debit.
- (b) Company shall divide the balance to be surcharged or refunded by the aggregate absolute value in quantities in Dth for which Company provided service under its LMS Rate Schedule during the Load Management Deferred Period to calculate the "Load Management Cost Reconciliation Adjustment - Surcharge or Refund."
- (c) Company shall file the "Load Management Cost Reconciliation Adjustment - Surcharge or Refund" with the Federal Energy Regulatory Commission at least thirty Gas Days prior to each April 1 that is the beginning of the Load Management Annual Period.
- (d) The Surcharge or Refund shall be shown on the Statement of Rates of Company's FERC Gas Tariff as an adjustment to Company's Rate Schedule LMS rate.

- (e) The total amount of any such refunds applied during any month under the "Load Management Cost Reconciliation Adjustment - Surcharge or Refund" shall be debited to the Load Management Deferred Account and the total amount of any such surcharges collected during any month under the "Load Management Cost Reconciliation Adjustment - Surcharge or Refund" shall be credited to the Load Management Deferred Account.

27.5 Termination of the Load Management Cost Reconciliation Adjustment

In the event that the Load Management Cost Reconciliation Adjustment is terminated, the balance remaining in the Load Management Deferred Account as adjusted to reflect carrying charges calculated in accordance with Section 154.501 of the Commission's Regulations, if a debit, shall be billed and, if a credit, shall be refunded to Balancing Parties on the basis of LMS DDQ demand; provided that Balancing Parties with no DDQ shall have an imputed DDQ of 100 Dth.

28. INCORPORATION IN RATE SCHEDULES AND AGREEMENTS

These General Terms and Conditions are incorporated in and are a part of Company's Rate Schedules and Agreements. To the extent there is any inconsistency between terms in these General Terms and Conditions and terms in Company's Rate Schedules or Agreements, these General Terms and Conditions shall govern.

29. UNAUTHORIZED OVERRUNS AND PENALTY REVENUE CREDITS

29.1 OFO Penalties

- (a) On any Gas Day when a delivery point Balancing Party takes gas outside of the daily limits established under an Operational Flow Order ("OFO") applicable to a delivery point(s) or a receipt point Balancing Party delivers gas outside of the daily limit established under an OFO applicable to a receipt point(s), such Balancing Party shall be subject to an unauthorized overrun penalty charge applicable to each Dth of excess quantities taken or delivered beyond a two (2) percent allowable variation. The daily limit shall be the adjusted TQ applicable to a specified receipt or delivery point(s) pursuant to the OFOs under Section 8 of these General Terms and Conditions of Company's Tariff, as notified to Balancing Party. The penalty charge shall be computed based on a price per Dth equal to three times the higher of (1) the midpoint price for Emerson, Viking GL or (2) the midpoint price for ANR, ML 7 published in Gas Daily's "Daily Price Survey" for the flow day on which the OFO is issued. In the event Gas Daily does not publish a price at either Emerson, Viking GL or ANR, ML 7, Company shall identify on its Internet Web Site an alternative spot price index to be used.
- (b) All penalty revenues received by Company in accordance with this Section 29 that are in excess of Company's costs, including but not limited to administrative costs, will be credited annually when such net penalty revenues are in excess of \$10,000 to Balancing Parties who are in compliance with OFOs. Such net penalty revenue credits will be credited to such Balancing Parties based on scheduled quantities not received due to the failure of other Balancing Parties to comply with OFOs during the OFO period of the year in which the net penalty revenues were received. Credits shall include net penalty revenues plus interest calculated in accordance with Section 154.501 of FERC's regulations.
- (c) The payment of unauthorized overrun penalties does not create the right to exceed the levels established by an OFO.

29.2 Monthly Imbalance Tolerance Penalties

To the extent that Balancing Parties exceed the five (5) percent monthly imbalance tolerance set forth in Section 5 of Company's Rate Schedule LMS and such Balancing Parties are assessed penalties in excess of 100 percent of the average monthly index, Company shall credit such penalty revenues that are in excess of Company's costs, including but not limited to administrative costs, when such net penalty revenues are in excess of \$10,000 on an annual basis to Balancing Parties who comply with the balancing requirements on a pro rata basis per scheduled quantities. Credits shall include net penalty revenues plus interest calculated in accordance with Section 154.501 of FERC's regulations.

30. SEGMENTATION AND RECEIPT AND DELIVERY POINTS

30.1 Flexible Point Rights

(a) A Shipper may request primary points ("Primary Points") under Company's firm Rate Schedules. Each Primary Point agreed to by Shipper and Company shall be identified in Exhibit A of the Firm Transportation Agreement along with the MDQ that is applicable to that Primary Point. The sum of the quantities of gas from the Primary Delivery Points, specified in the Firm Transportation Agreement may not exceed the firm TQ stated in the Firm Transportation Agreement.

(b) Relocation of Primary Point Rights

Subject to availability of firm point capacity on Company's system in the direction of flow specified in Customer's Firm Transportation Agreement's Transportation Path, such Customer may submit a request to amend its Firm Transportation Agreement to change any Primary Point or to modify the quantity of gas assigned to any Primary Point. Such request may be submitted once in any 15 day period. Changes to the Firm Transportation Agreement shall not reduce the economic value of the Firm Transportation Agreement to Company without Company's written consent. Company shall evaluate such requests to amend its Firm Transportation Agreement based on the availability of capacity at such point, the operational needs of its system and the requirements of its FERC Gas Tariff.

30.2 Segmentation Rights

(a) Segmentation via Nomination Process

The Shipper may use the nomination process to segment capacity. To segment its Transportation Path into two or more discrete segments for its own use or in connection with a capacity release pursuant to Section 21 of these General Terms and Conditions, the Shipper must nominate a receipt point and a corresponding delivery point up to the MDQ applicable to each proposed segment of the Transportation Path as provided in Subsections 30.3 and 30.4 of these General Terms and Conditions. Company shall schedule nominations for receipt points and delivery points subject to the availability of capacity on Company's system, Company's operational requirements and the requirements of this Section and its FERC Gas Tariff. All receipt points must be located at a physical point of interconnection between Company and another pipeline.

30.3 Primary Receipt Point Rights

A Shipper may nominate subject to the provisions of Section 3 of the General Terms and Conditions quantities of gas to be transported under a firm Rate Schedule from any Primary Receipt Point identified in the Firm Transportation Agreement up to the quantity of gas assigned to such receipt point in the Firm Transportation Agreement.

- (a) If the Shipper's Firm Transportation Agreement has not been released pursuant to Section 21 of the General Terms and Conditions, the sum of the quantities of gas nominated by the Shipper from any Secondary Receipt Point(s), together with the sum of the quantities of gas nominated from a Primary Receipt Point(s), adjusted for fuel and losses, shall not exceed the MDQ for the Transportation Path(s) allowed by Shipper's Firm Transportation Agreement; provided, however, if the Shipper uses two or more discrete pipeline segments on a Transportation Path, the sum of the quantities of gas nominated by the Shipper from all receipt point(s) may exceed the MDQ for that Transportation Path allowed by the Firm Transportation Agreement so long as the

quantities nominated for transportation at any location on the pipeline system do not exceed the MDQ applicable to such segment of that Transportation Path.

- (b) If the Shipper's Firm Transportation Agreement has been released to a Replacement Shipper pursuant to Section 21 of these General Terms and Conditions:
 - (i) the sum of the quantities of gas nominated by the Replacement Shipper from any Secondary Receipt Point(s), together with the sum of the quantities of gas nominated from Primary Receipt Point(s), adjusted for fuel and losses, shall not exceed the MDQ for the Transportation Path(s) allowed by Replacement Shipper's Firm Transportation Agreement; provided, however, if the Replacement Shipper uses two or more discrete pipeline segments on a Transportation Path, the sum of the quantities of gas nominated by the Replacement Shipper from all receipt point(s) may exceed the MDQ for that Transportation Path allowed by the Firm Transportation Agreement so long as the quantities nominated for transportation at any location on the pipeline system do not exceed the MDQ applicable to such segment of that Transportation Path; and
 - (ii) the sum of the quantities of gas nominated by the Releasing Shipper from any Secondary Receipt Point(s), together with the sum of the quantities of gas nominated from Primary Receipt Point(s), adjusted for fuel and losses, shall not exceed the MDQ for the unreleased portion of the Releasing Shipper's Transportation Path(s) as allowed by the Releasing Shipper's Firm Transportation Agreement; provided, however that where a Releasing Shipper releases a segment or segments of its service rights on a Transportation Path, the Releasing Shipper may nominate for transportation on any day, up to the MDQ for the unreleased segment of that Transportation Path as allowed by its Firm Transportation Agreement applicable to that segment of the Transportation Path wherein it has retained Transportation rights.
 - (iii) The Releasing Shipper and the Replacement Shipper may nominate overlapping quantities of gas, adjusted for fuel and losses, provided the overlapping quantities nominated do not exceed the MDQ allowed by the Firm Transportation Agreement. If the Releasing Shipper and the Replacement Shipper nominate quantities of gas in segments that overlap, the quantities shall be scheduled in accordance with the priority stipulated by the Releasing Shipper as a condition of its release. In the event the Releasing Shipper does not stipulate a priority as a condition of its release, priority shall be given to the Releasing Shipper when the nominations exceed the MDQ allowed by the underlying Firm Transportation Agreement. Any nominations in excess of the MDQ level agreed to by Company in the underlying Firm Transportation Agreement shall be treated as a request for overrun service as provided in Subsection 30.6 of these General Terms and Conditions.

30.4 Primary Delivery Points

A Shipper may nominate subject to the provisions of Section 3 of these General Terms and Conditions, quantities of gas to be delivered under a firm Rate Schedule to any Primary Delivery Point identified in the Firm Transportation Agreement up to the quantity of gas assigned to such Delivery Point in the Firm Transportation Agreement.

- (a) If the Shipper's Firm Transportation Agreement has not been released pursuant to Section 21 of the General Terms and Conditions, the sum of the quantities of gas nominated by the Shipper to any Secondary Delivery Point(s), together with the sum of

the quantities of gas nominated to Primary Delivery Point(s) shall not exceed the MDQ for the Transportation Path(s) allowed by Shipper's Firm Transportation Agreement; provided, however, if the Shipper uses two or more discrete pipeline segments on a Transportation Path, the sum of the quantities of gas nominated by the Shipper to all Delivery Point(s) may exceed the MDQ for that Transportation Path allowed by the Firm Transportation Agreement so long as the quantities nominated for transportation at any location on the pipeline system do not exceed the MDQ applicable to such segment of that Transportation Path.

- (b) If the Shipper's Firm Transportation Agreement has been released to a Replacement Shipper pursuant to Section 21 of these General Terms and Conditions:
- (i) the sum of the quantities of gas nominated by the Replacement Shipper to any Secondary Delivery Point(s), together with the sum of the quantities of gas nominated to Primary Delivery Point(s) shall not exceed the MDQ for the Transportation Path(s) allowed by the Replacement Shipper's Firm Transportation Agreement; provided, however, if the Replacement Shipper uses two or more discrete pipeline segments on a Transportation Path, the sum of the quantities of gas nominated by the Replacement Shipper to all delivery point(s) may exceed the MDQ for that Transportation Path allowed by the Firm Transportation Agreement so long as the quantities nominated for transportation at any location on the pipeline system do not exceed the MDQ applicable to such segment of that Transportation Path; and
 - (ii) the sum of the quantities of gas nominated by the Releasing Shipper to any Secondary Delivery Point(s), together with the sum of the quantities of gas nominated to Primary Delivery Point(s) shall not exceed the MDQ for the unreleased portion of the Releasing Shipper's Transportation Path(s) as allowed by the Releasing Shipper's Firm Transportation Agreement; provided, however that where a Releasing Shipper releases a segment or segments of its service rights on a Transportation Path, the Releasing Shipper may nominate for transportation on any day, up to the MDQ for the unreleased segment of that Transportation Path as allowed by its Firm Transportation Agreement applicable to that segment of the Transportation Path wherein it has retained service rights.
 - (iii) The Releasing Shipper and the Replacement Shipper may nominate overlapping quantities of gas, adjusted for fuel and losses, provided the overlapping quantities nominated do not exceed the MDQ allowed by the Firm Transportation Agreement. If the Releasing Shipper and the Replacement Shipper nominate quantities of gas in segments that overlap, the quantities shall be scheduled in accordance with the priority stipulated by the Releasing Shipper as a condition of its release. In the event the Releasing Shipper does not stipulate a priority as a condition of its release, priority shall be given to the Releasing Shipper when the nominations exceed the MDQ allowed by the underlying Firm Transportation Agreement. Any nominations in excess of the MDQ level agreed to by Company in the underlying Firm Transportation Agreement shall be treated as a request for overrun service as provided in Subsection 30.6 of these General Terms and Conditions.

30.5 Direction of Flow

The direction of flow for Transportation Path segments must be the same direction of flow as for the Transportation Path unless Company otherwise consents.

A Shipper may segment a Displacement Service, but such segmentation shall be subject to review by Company on a case-by-case basis as to whether a Displacement Service on each resulting segment is operationally feasible.

The Shipper (or Replacement Shipper in the case of a release) may nominate service at Receipt Points and Delivery Points for the Transportation Path segment that results in a reverse direction from the Transportation Path. However, if the Transportation Path is a Displacement Service, a forward haul will be treated as being outside of the Transportation Path and the use of the point will be on a secondary basis. If the Transportation Path is a forward haul, a Displacement Service will be treated as being outside of the path and the use of the point will be on a secondary basis. Subject to the availability of point capacity and to Company's nomination procedures, deliveries may be made at the same point at the same time for a forward haul up to contract demand on the upstream segment and a backhaul up to contract demand on the downstream segment; provided that the Transportation Path direction will have priority at the point if the point capacity is not adequate and the non-Transportation Path will use the point on a secondary basis.

30.6 Treatment of Authorized Overrun

The overrun provisions of this Tariff shall apply to each segment and the associated Primary Point and Secondary Point rights. To the extent a Shipper schedules a quantity of gas in excess of the MDQ for the Transportation Path or any segment thereof agreed to by Company under the Firm Transportation Agreement, such quantity would be treated as a request for overrun service. To the extent Shippers nominate and schedule capacity such that an overlap occurs on any segment of Company's system, such Shippers will be subject to the overrun provisions of this Tariff consistent with the requirements of Subsections 30.3(b)(iii) and 30.4(b)(iii) of these General Terms and Conditions.

31. ELECTRONIC TRANSACTIONS CONTRACTING

Electronic transactions contracting as posted on Company's Internet Web Site, is available to parties provided that such party shall have previously met the requirements of a Rate Schedule, if applicable, and agreed to the terms and conditions of Company's Master Electronic Transactions Agreement which can be found on Company's Web Site (www.vgt.oneokpartners.com) under Customer Activities.

32. NON-CONFORMING AGREEMENTS

1. Wisconsin Gas LLC, Firm Gas Transportation Agreement dated November 1, 1993. Agreement No. AF0022.
2. Wisconsin Gas LLC, Firm Gas Transportation Agreement dated March 28, 2000. Agreement No. AF0025.

33. CONDITIONS FOR FIRM TRANSPORTATION QUANTITY REDUCTION

If Shipper is a local distribution company that provides documentation satisfactory to Company that it has experienced a verifiable market loss, including conversion from Shipper's system sales service, as a result of the unbundling of firm retail natural gas supply and transportation services as approved by any applicable state regulatory commission, Shipper shall be granted the right to reduce the Transportation Quantity set forth in Exhibit A of its applicable firm transportation agreement. Unless otherwise mutually agreed, such reduction must be accompanied by a pro rata reduction to all other firm contract quantity Shipper holds on other interstate pipelines. Such Transportation Quantity reduction, shall be granted upon two (2) years prior written notice.

34. RESERVATION CHARGE CREDITS

34.1 Reservation Charge Credits – Force Majeure Events

- (a) To the extent Company fails to deliver the Entitlement Quantity (as defined in Section 34.1(b), below) the Company is obligated by the FT-A Agreement to deliver to Shipper on such day, due to a force majeure event that excuses performance under Section 10 of the General Terms and Conditions,
 - (i) Shipper shall remain liable for all amounts due or that become due under the FT-A Rate Schedule during the first ten (10) Gas Days of the curtailment, and
 - (ii) thereafter, Company shall provide Shipper Reservation Charge credits for any Entitlement Quantities that Company failed to deliver due to the force majeure event until Company provides notice that the force majeure event has ended and Shippers may nominate on the next gas cycle.
- (b) When Company 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 primary FT-A service, up to the contract demand, for the seven (7) Gas Days prior to the first Gas Day of the curtailment.
- (c) Entitlement Quantity shall not be increased if Shipper has segmented its capacity, released its capacity, or partially assigned its capacity pursuant to Company's FERC Gas Tariff.

34.2 Reservation Charge Credits – Non-Force Majeure Events

- (a) To the extent Company fails to deliver the Entitlement Quantity (as defined in Section 34.2(b), below) the Company is obligated by the FT-A Agreement to deliver to Shipper on any Gas Day due to reasons other than a force majeure event that excuses performance under Section 10 of the General Terms and Conditions, Company shall provide Shipper Reservation Charge credits for any Entitlement Quantities that Company fails to deliver.
- (b) When Company has posted notice of a non-force majeure event before the first opportunity to schedule 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 primary FT-A service, up to the contract demand, for the seven (7) Gas Days prior to the first Gas Day of the curtailment, except that, during the first Gas Day of a curtailment, the Shipper's "Entitlement Quantity" shall be the quantity of primary FT-A service that Shipper nominated or, the quantity it would have scheduled but for the curtailment, if:
 - (i) Company did not post notice of the curtailment 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-A after Company posted notice of the potential curtailment.

The previous seven (7) days' average daily quantity usage will only be used in the determination of the Entitlement Quantity when Company has posted notice prior to the first opportunity to submit scheduling nominations that the capacity will be unavailable for the day in question.

Entitlement Quantity shall not be increased if Shipper has segmented its capacity, released its capacity, or partially assigned its capacity pursuant to Company's FERC Gas Tariff.

34.3 Secondary Service and Alternative Service

Company shall provide Reservation Charge credits for primary FT-A service but not for secondary FT-A service. If Shipper nominates to or from alternate points during the curtailment, Company shall not provide Reservation Charge credits to the extent Company provides such alternate FT-A service.

34.4 Curtailments Due to Shipper or Third-Party Action

The Entitlement Quantities shall be reduced to the extent any curtailments are the result of Shipper's negligence or intentional wrongful acts. Shipper shall not be entitled to Reservation Charge credits as a result of loss of any of the following: (a) gas supply, (b) markets, or (c) transportation upstream or downstream of the Company's pipeline system.

34.5 Computation of Reservation Charge Credits

- (a) Reservation Charge 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 Company delivered) as determined by Sections 34.1 through 34.4, above.
- (b) If Shipper has released all or a portion of its firm capacity under Section 21 of the General Terms and Conditions 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 34.5(b)), Company shall determine the total Reservation Charge credit due for the Entitlement Quantity and allocate the applicable Reservation Charge credit among the Releasing Shipper and the Replacement Shipper(s) in a not unduly discriminatory manner. However, Company 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 Company to allocate the Reservation Charge credit. However, absent notice to Company of any agreement to the contrary, Company shall allocate the Reservation Charge credits in a non-discriminatory manner.
- (d) Under no circumstance shall the total of the Reservation Charge credits provided by Company exceed the Reservation Charge credits Company would have paid for the affected Entitlement Quantity under an FT-A Agreement absent a capacity release, permitted partial assignment, or segmentation by Shipper.

35. POOLING

35.1 Transfer Point Pooling at Physical Receipt Points

Each physical receipt point on Company's pipeline system shall have a non-physical pooling point associated with it, also described as a Transfer Point. Pooling will be available as an optional service for supply aggregation from any requested physical receipt point to a Transfer Point and for delivery from a Transfer Point to any requested delivery point on Company's system.

35.2 Volumes Scheduled into Transfer Point from Associated Physical Receipt Point

Company shall not assess a transportation charge (including overrun charges) or Fuel and Loss Retention Percentage for gas volumes scheduled from the associated physical receipt point into a Transfer Point at the same milepost, on the same Gas Day. A transportation charge will be incurred if the shipper scheduling the volumes, or another shipper that is a successor in title to the gas, schedules the same volumes from the Transfer Point to another milepost point on Company's pipeline system.

For example, if for a particular Gas Day, Company accepted Shipper A's transportation nomination of 500 Dth of gas from Emerson to Emerson Transfer Point, Shipper A transferred title to the 500 Dth to Shipper B at Emerson Transfer Point, and Company accepted Shipper B's transportation nomination of the same gas from Emerson Transfer Point to the Marshfield delivery point, a transportation charge would apply to Shipper B's activity but not to Shipper A's. The provisions of this paragraph shall apply even if the physical transportation from the Transfer Point is under separate service agreements, involves multiple shippers, or involves multiple delivery points.

35.3 PAL Deposits and Withdrawals

Company shall not assess a transportation charge (including overrun charges) or Fuel and Loss Retention Percentage for gas volumes scheduled into or out of a Transfer Point from a PAL Point at the same milepost, on the same Gas Day. A transportation charge will be incurred if the shipper scheduling the volumes, or another shipper that is a successor in title to the gas, schedules the same volumes from the Transfer Point or the PAL Point to another milepost point on Company's pipeline system.

35.4 Other Scheduled Volumes

Except as set forth in Subsections 35.2 and 35.3, transportation charges (including overrun charges) and Fuel and Loss Retention Percentage under the appropriate rate schedule shall apply for transportation to or from any pooling point.

35.5 Balancing

No imbalances at Transfer Points are allowed. If volumes nominated into a Transfer Point do not match volumes nominated and confirmed out of the Transfer Point, Company will schedule the lower volume.

35.6 Rate Schedule LMS

The provisions of this Section 35 shall not apply (and the otherwise applicable charges shall apply) to services that Company provides under Rate Schedule LMS.

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