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RECORDS AND REPORTING

June 30, 2000

ORIGINAL

**BY HAND DELIVERY**

Ms. Blanca Bayó, Director  
Division of Records and Reporting  
Room 110, Easley Building  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

000 800 - 60  
Atlantic Utilities, a Florida Division of  
Southern Union Company d/b/a

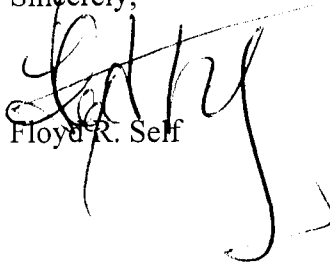
Dear Ms. Bayó:

Enclosed for filing on behalf of South Florida Natural Gas is an original and fifteen copies of its Florida Rate Schedule T-1 Firm Transportation Service Tariff.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely,



Floyd R. Self

FRS/amb  
Enclosure  
cc: Mr. Al Kara

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REC'D - RECORDS & REPORTING



9. Requested Primary Receipt Point(s) by legal description or quantity requested at each Primary Receipt Point; provided however, that the aggregate maximum daily quantities at such Primary Receipt Points shall not exceed the Customer's MDTQ.
10. A legal description of the Customer's requested Delivery Point.

Requests for service that do not include all of the above-referenced information shall be deemed null and void; provided, however, that requests for changes need only contain the information relevant to the changes requested.

A Customer who chooses to engage an Agent to arrange and oversee its Gas service must submit an affidavit identifying the legal name of the Agent chosen by Customer and the Agent's address, telephone number and facsimile number.

For a Customer who is currently receiving sales service from the Company, the Company will, for a fee of \$25.00, provide a historical monthly usage summary to assist the Customer or the Customer's Agent in calculating the MDTQ. For a Customer who consumes less than 100,000 therms annually, the Company will, for a fee of \$100.00, determine the MDTQ, and Daily Delivered Quantity ("DDQ") for each month of the upcoming year pursuant to Section XVI. of the General Terms and Conditions for Transportation Service.

At the time of execution of the Transportation Agreement Contract, the Customer must supply the curtailment classification for the requested transportation in accordance with Section XIX. of the General Terms and Conditions for Transportation Service.

Prior to execution of the Transportation Agreement Contract, the Customer or the Customer's Agent must provide a letter certifying that (1) the Customer or the Customer's Agent has or will have title to the Gas in accordance with the provision of Section XVII. of the General Terms and Conditions for Transportation Service, and (2) the Customer or the Customer's Agent has secured or will have secured firm capacity upstream of the Company's distribution system, prior to commencement of service. If the Company determines, in its sole discretion, that it holds excess upstream capacity, then the Customer shall be required to acquire such capacity from the Company.

Prior to execution of the Transportation Agreement Contract, the Customer or the Customer's Agent shall comply with the deposit provisions (Section IV) or creditworthiness provisions (Sections XXV. C.) of the General Terms and Conditions for transportation service.

The applicable rates for service under this Rate Schedule are set forth below and are hereby incorporated herein.

For all transportation service rendered hereunder, the Customer shall pay the Company each month the sum of the charges listed below if applicable:

Monthly Customer Charge	\$12.00
Non-Fuel Transportation Charge	0.23514 per therm
Applicable Taxes and Franchise Fees	

The Company shall have the unilateral right to seek, through a filing under Chapter 366, Florida Statutes, with the Florida Public Service Commission, to make changes in the rates and charges applicable to this Rate Schedule. The Customer may protest or contest any such filings of the Company.

The General Terms and Conditions for Transportation Service are hereby made a part of this Rate Schedule.

## **GENERAL TERMS AND CONDITIONS FOR TRANSPORTATION SERVICE**

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**I. DEFINITIONS**

The following terms shall have the meanings defined below:

- A. Affected Area -- area(s) of the distribution system that may be subject to actions the Company may take to maintain system integrity.
- B. Agent -- a contractually authorized marketer or broker of the Customer under these General Terms and Conditions for Transportation Service.
- C. Aggregation -- the pooling of Customers for nominating and balancing purposes.
- D. Aggregator -- a qualified Agent providing service to a pool of Customers under the conditions that (1) each Customer in the pool has executed a Transportation Agreement Contract with the Company, and (2) the Agent is qualified in accordance rules governing Agents under these General Terms and Conditions for Transportation Service.
- E. Aggregated Daily Delivery Quantity ("ADDQ") -- the total of the Daily Delivery Quantities for an aggregated pool of Customers. The ADDQ shall include Retainage for Gas shrinkage.
- F. Alternate Delivery Point(s) -- Point(s) of Delivery other than those listed in the Customer's Transportation Agreement Contract.
- G. Alternate Fuel -- a fuel other than natural gas, including substitute or back-up electrical energy available from the electric power grid that is used in lieu of natural gas during a curtailment event.
- H. Alternate Receipt Point(s) -- Point(s) of Receipt other than those listed in the Customer's Transportation Agreement Contract.
- I. Average Atmospheric Pressure -- the average atmospheric pressure at sea level, 14.969 pounds per square inch.
- J. Billing Period or Billing Month -- the service period of approximately thirty days for which a bill is rendered to the Customer.
- K. Btu -- a British thermal unit, or the quantity of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute. The Btu shall be reported to at least three decimal places.
- L. Business Day -- the days Monday through Friday, exclusive of Company holidays, unless notified otherwise.

- M. Company – Atlantic Utilities d/b/a South Florida Natural Gas, the party receiving gas at the receipt points, or city gates, and transporting volumes to the points of delivery, or customer’s meters.
- N. Cubic Foot of Gas -- the amount of gas necessary to fill a cubic foot of space when the gas is at a temperature of 60 degrees Fahrenheit and under an absolute pressure of 14.73 pounds per square inch absolute (p.s.i.a.).
- O. Curtailment -- the suspension of scheduled firm transportation service provided by the Company to affected Customers, as more particularly described in Section XIX. of these General Terms and Conditions for Transportation Service.
- P. Curtailment Order -- the notice of suspension of scheduled firm transportation service provided by the Company to affected Customers, as more particularly described in Section XIX. of these General Terms and Conditions for Transportation Service.
- Q. Customer -- any person (i.e., individual, firm, partnership, company, corporation, municipality, cooperative, organization, governmental agency, or similar organization) located in the Company’s service territory and served by the Company’s existing gas system.
- R. Daily Delivery Quantity (“DDQ”) -- a uniform quantity of Gas established by the Company to be delivered by the Customer or the Customer’s Agent on a daily basis. The DDQ shall include Retainage for Gas shrinkage.
- S. Facilities -- equipment or devices needed for transportation service.
- T. FERC -- the Federal Energy Regulatory Commission
- U. FPSC -- the Florida Public Service Commission.
- V. Gas -- natural gas meeting the quality specifications set forth in these General Terms and Conditions for Transportation Service.
- W. Main and Service Extension Amortization Surcharge (“MSEA”) -- a surcharge applied to persons requesting an extension, where the actual costs of extending necessary main and service Facilities exceeds the maximum allowable construction cost.
- X. Marketing Affiliate -- any subsidiary of the Company or of the parent Company, either owned or subject to common control, as a function within the Company or part of a separate legal entity, which engages in or arranges an unregulated retail sale of Gas to a transportation customer on the Company’s system.
- Y. Maximum Daily Transportation Quantity (“MDTQ”) -- the maximum quantity that the Company is required to deliver each day through its metering Facilities at the delivery



points set out in the Transportation Agreement Service Contract between the Customer and the Company. The MDTQ does not include Retainage for Gas shrinkage.

- Z. Maximum Monthly Transportation Quantity ("MMTQ") -- the maximum quantity that the Company is required to deliver each month through its metering Facilities at the delivery points set out in the Transportation Agreement Service Contract between the Customer and the Company. The MMTQ does not include Retainage for Gas shrinkage.
- AA. Mcf -- one thousand (1,000) cubic feet of Gas.
- BB. Meter -- an instrument for measuring and indicating or recording the volume of Gas passing through it.
- CC. MMBtu -- a million Btu, deemed equivalent to one Dekatherm.
- DD. NGPA - the Natural Gas Policy Act of 1978.
- EE. Negative Monthly Imbalance -- any imbalance that is a result of the Customer's gas usage exceeding the Customer's deliveries, adjusted for Retainage, during the Billing Month.
- FF. Nomination -- a notice delivered by the Customer or the Customer's Agent to the Company in accordance with nomination procedures.
- GG. Nomination Form -- the form, written or electronic, provided by the Company that the Customer or the Customer's Agent uses to notify the Company of the quantity of Gas scheduled to be used by the Customer or the Customer's Agent during each day of the Billing Month.
- HH. Operational Alert -- an order requesting the Customer or the Customer's Agent to take certain voluntary actions to protect, maintain or reestablish the safe operation of the Company's distribution system.
- II. Operational Flow Order -- an order requiring the Customer or the Customer's Agent to take certain actions to protect, maintain or reestablish the safe operation of the Company's distribution system. The Company may issue an Operational Alert prior to issuing an Operational Flow Order, but issuance of an Operational Alert is not a requirement for issuance of an Operational Flow Order.
- JJ. Point of Delivery or Delivery Point -- the point at the connection of the Facilities of the Company to the Facilities of the Customer at which the Gas leaves the outlet side of the measuring equipment at the Customer's Delivery Point.
- KK. Point of Receipt or Receipt Point -- the point at which Gas is received into the Company's system from an upstream source or facility.

- LL. Positive Monthly Imbalance -- any imbalance which is a result of the Customer's gas deliveries, adjusted for Retainage, exceeding the Customer's gas usage during the Billing Month.
- MM. Primary Delivery Point(s) -- Delivery Point(s) listed in the Customer's Transportation Agreement Contract.
- NN. Primary Receipt Point(s) -- Point(s) of Receipt listed in the Customer's Transportation Agreement Contract.
- OO. p.s.i.a. -- pounds per square inch absolute.
- PP. Rate Schedules -- tariffs setting forth the Company's rates for service.
- QQ. Release -- a release of firm capacity right(s) pursuant to these General Terms and Conditions for Transportation Service.
- RR. Retainage -- a percentage of Customer's or Customer's Agent's Gas that the Company is allowed to retain for Gas shrinkage at no cost to the Company.
- SS. Scheduled Quantities -- the amount of Gas that is confirmed by the Pipeline and the Company for delivery at the Company's Receipt Point(s) for use by the Customer.
- TT. Standby Service -- Sales service that the Company may provide as back-up to a transportation Customer, as operationally available.
- UU. Submetering -- the practice of remetering beyond the billing meter at the Customer's Delivery Point.
- VV. Taxes-- any tax, fee, charge or assessment including, but not limited to, occupation, production, severance, gathering transportation, pipeline, footage, sales or other excise tax or tax of similar nature now or hereafter imposed by any lawful authority upon the Company whether under direct imposition by Federal, State or local authorities or pursuant to the terms of any present or future contract.
- WW. Therm -- a unit of heat equal to 100,000 Btus.
- XX. Transportation Agreement Contract -- the dated agreement between the Company and the Customer pertaining to the provision of transportation service. Only a Customer of the Company shall be eligible to execute a Transportation Agreement Contract.
- YY. Transporting Pipeline -- any interstate pipeline system on which the Company holds firm transportation rights.

**II. GENERAL INFORMATION**

- A. REQUEST FOR TRANSPORTATION SERVICE. Service may be requested by a prospective transportation Customer by submitting to the Company a written request for transportation service.
- B. ACCEPTANCE OF REQUEST FOR TRANSPORTATION SERVICE. A request for transportation service shall be deemed to be accepted by the Company when the Customer and the Company have entered into a Transportation Agreement Contract and transportation service pursuant to this Contract is initiated.
- C. OBLIGATION OF CUSTOMER AND COMPANY. The terms and conditions of the Transportation Agreement Contract, the applicable Rate Schedules, and these General Terms and Conditions for Transportation Service shall become binding upon Customer and the Company upon acceptance by the Company of the Customer's request for transportation service and execution of a Transportation Agreement Contract.
- D. CONNECT/RECONNECT FEE. A Connect/Reconnect Fee will be assessed at the time transportation service is initiated or reinitiated when the Customer's transportation service has been terminated for any reason. The amount of the charge is \$30.00.
- E. TRIP CHARGE/COLLECTION AT CUSTOMER PREMISES. This charge applies when the Company's employee, agent, or representative makes a trip to the Customer's premises for the purpose of terminating transportation service for nonpayment of bills. The amount of the charge is \$10.00.
- F. SERVICE INITIATED BY SPECIAL APPOINTMENT OR OUTSIDE NORMAL BUSINESS HOURS. When transportation service is established outside of normal business hours or by special appointment at the Customer's request, an additional charge of one and a half times the standard labor rate per hour will be assessed.
- G. WITHHOLDING OF TRANSPORTATION SERVICE. The Company shall have the option to refuse to establish transportation service to any location in the event the Company determines that the establishment of transportation service will create an unsafe or hazardous condition on the Customer's premises.
- H. DISCONTINUANCE OF SERVICE. The Company shall have the option to discontinue transportation service to an existing Customer or refuse to serve a prospective Customer in the event the Company determines that such Customer's use of Gas is or will be detrimental or hazardous to the transportation service supplied to other Customers.
- I. DENIAL OF TRANSPORTATION SERVICE. The Company will not establish transportation service to any Customer where that Customer is in arrears for transportation service or sales service at that location or another location in the Company's service area.

- J. **LIMITATION OF USE.** Gas transported to a Customer shall be for such Customer's own use and shall not be resold by such Customer, either by submetering, or otherwise, unless such resale has been authorized by the FPSC.
- K. **UNAUTHORIZED OR FRAUDULENT USE OF TRANSPORTATION SERVICE.**  
The Company will discontinue transportation service without notice
1. in the event of tampering with regulators, valves, meters or other Facilities furnished and owned by the Company, or
  2. in the event of any unauthorized submetering, sale, or disposition of Gas by a Customer, or
  3. in the event of other unauthorized or fraudulent use of transportation service.
- L. Whenever transportation service is discontinued for unauthorized or fraudulent use thereof the Company, before restoring transportation service, may require the Customer to make, at the Customer's expense, all changes in piping or equipment necessary to eliminate the unauthorized or fraudulent use, and to pay an amount reasonably estimated as the deficiency in the Company's revenue and all costs incurred by the Company resulting from such unauthorized or fraudulent use.
- M. In the event of any unauthorized submetering, sale, or disposition of Gas by a Customer, the Company may refuse to restore transportation service until such time as unauthorized activities have ceased and all bills outstanding have been paid in full. Billings for Gas sold or disposed of by the Customer may be recalculated under appropriate rate schedules and, in addition, a bill may be rendered to the Customer for all costs incurred by the Company in connection with such recalculation including but not limited to the costs of clerical work, testing, and inspections.

### **III. CUSTOMER INSTALLATION**

- A. **GENERAL.** A Customer installation shall be constructed, installed and maintained in accordance with standard practice as determined by local codes and ordinances, these General Terms and Conditions for Transportation Service, and other applicable governmental requirements.
- B. **INSPECTION OF CUSTOMER INSTALLATION.** Where governmental inspection of a Customer's installation is required, the Company will not supply transportation service to such installation until the necessary inspections have been made and passed and the Company has been authorized to provide service.

The Company shall have the right but not the obligation to inspect a Customer installation prior to rendering transportation service, and from time to time thereafter. In

the event that the Company determines that the provision of transportation service to a Customer would be hazardous, or in noncompliance with any applicable code, ordinance, regulation or statute, the Company shall have the right to refuse to provide transportation service.

The Customer shall provide the Company with proof that the hazardous condition or noncompliance has been corrected, prior to requesting the restoration of transportation service.

- C. **CHANGES IN CUSTOMER INSTALLATION.** A Customer shall notify the Company of any change in the Customer's requirements for transportation service and receive authorization from the Company prior to making any such change so that the Company may evaluate its ability to meet the Customer's requirements. The Customer will be liable for any damage resulting from violation of this requirement.
- D. **RIGHT OF WAY.** The Customer shall grant to the Company, without cost to the Company, all rights, easements, permits and privileges which, in the Company's opinion, are necessary for the rendering of transportation service. The Customer will furnish to the Company, without charge, an acceptable location for the Company's meter.
- E. **PROTECTION OF COMPANY'S PROPERTY.** The Customer shall properly protect the Company's property on the Customer's premises, and shall permit no one but the Company's employees or agents, or persons authorized by law, to have access to the Company's piping, meters or apparatus. In the event of any loss or damage to the Company's property caused by or arising out of carelessness or misuse thereof, the Customer shall pay to the Company all costs resulting from such loss or damage.
- F. **OPERATION OF COMPANY'S FACILITIES.** No Customer or other person shall, unless authorized by the Company to do so, operate or change any of the Company's Facilities.

#### **IV. DEPOSITS**

- A. **ESTABLISHMENT OF CREDIT; NEW DEPOSITS.** The Customer shall establish credit prior to the commencement by the Company of transportation service, and shall maintain credit during the term hereof, by either (1) making a cash deposit with the Company, or (2) furnishing an irrevocable letter of credit from a bank, or a surety bond issued by a company holding a certificate of authority as an acceptable surety on Federal bonds. (Such companies are listed in Circular 570, published annually as of July 1, by the Financial Management Service U.S. Department of the Treasury. Interim changes in Circular 570 are published in the Federal Register as they occur.) The amount of such cash deposit, irrevocable letter of credit or surety bond, as the case may be, shall be equal to two times the estimated average monthly bill for service provided by the Company.

- B. RECORD OF DEPOSIT. With respect to a cash deposit, the Company will keep records to show
1. the name of the Customer making the deposit;
  2. the premises occupied by the Customer;
  3. the date and amount of the deposit; and
  4. each transaction concerning the deposit, such as, interest payments, interest credited, or similar transactions.
- C. INTEREST ON DEPOSIT. The Company will pay interest annually on any cash deposit at the simple interest rate per annum approved from time to time by the FPSC which, as of the date first written above, is seven percent (7 %). Payment shall be made either in cash, or by a credit on a bill rendered to the Customer. The Customer shall receive no interest on a cash deposit until six months after making the deposit. Thereafter, the Customer shall be entitled to receive interest from the date of the deposit.
- D. REFUND OF DEPOSIT. Upon termination of transportation service, the Company shall credit the amount of any cash deposit and accrued interest thereon against the final amount due the Company from the Customer, and the balance, if any, shall be returned to the Customer no later than fifteen days after the final bill for service is rendered.
- E. RECEIPT FOR CASH DEPOSIT. A non-transferable receipt will be issued to a Customer for any cash deposit and means will be provided so that the Customer may claim the deposit if the receipt is lost. When a new or additional cash deposit is required under Section IV. F. of this Tariff, a Customer's canceled check or validated bill coupon may serve as a deposit receipt.
- F. NEW OR ADDITIONAL DEPOSITS. The Company may require, upon reasonable written notice of not less than thirty days, such request or notice being separate and apart from any bill for transportation service, a new cash deposit, guaranty, letter of credit or surety bond (where previously waived or returned), or an additional cash deposit (or increase in the amount of a guaranty, letter of credit or surety bond), in order to secure payment of current bills; provided, however, that the total amount of the required cash deposit or other security shall not exceed an amount equal to the average actual charges for service for two billing periods for the twelve-month period immediately prior to the date of notice. The thirty-day notice shall not apply when service is being reestablished after discontinuance of service for non-payment. If a Customer has received transportation service for less than twelve months, then the Company will base the amount of the new or additional cash deposit or other security upon the average actual monthly billing available.
- G. RETURNED CHECKS. A service charge of \$ 25.00 or five percent of the amount of the check, whichever is greater, shall be added to the Customer's bill for transportation service for each check dishonored by the bank upon which it is drawn.

**V. BILLING**

- A. **BILLS RENDERED.** The Company will bill the Customer for transportation service and related fees. The Customer's supplier will bill the Customer for Gas purchases. The Company will provide the Customer with a bill approximately every thirty days for all delivered quantities each day of the preceding month (less such portion thereof, if any, as has been purchased by the Company from the Customer pursuant to Section XIX. D. (Curtailment) of these General Terms and Conditions for Transportation Service,) and for any other amounts due. If, during the preceding month, the Company has purchased Gas from the Customer pursuant to Section XIX. D. of these General Terms and Conditions for Transportation Service, such bill shall show a credit for the estimated amount due the Customer from the Company on account of such purchases. If the estimated amount owed by the Company to the Customer exceeds the amount the Customer owes to the Company, the Company shall credit to the Customer the net amount estimated to be due the Customer at the time the Company provides the bill to the Customer. Bills shall be considered received by the Customer when sent to the most recent billing address supplied by the Customer to the Company.
- B. **PAYMENT.** The Customer shall pay a bill rendered by the Company, minus any disputed amounts, to the Company on or before the twentieth day following the date of the Company's mailing (as signified by the postmark) or other delivery of such bill. All sums not paid by the Customer (or credited or paid by the Company) shall be considered delinquent.
- C. **BILLING DISPUTES.** In the event of a bona fide billing dispute, the Customer or the Company, as the case may be, shall (1) pay (or credit) to the other, all amounts not in dispute, and (2) pay any disputed amount into an escrow account established for the benefit of the Company and the Customer with an escrow agent and pursuant to terms reasonably acceptable to the Company and the Customer. The Company and the Customer shall exercise commercially reasonable efforts to resolve any such billing dispute as soon as reasonably practicable. Any amounts deposited into the escrow account (together with any interest accrued thereon) shall be paid by the escrow agent to the party in whose favor the dispute is resolved. Failure by either the Company or the Customer to pay a disputed amount into the applicable escrow account shall be deemed a conclusive resolution of the dispute in favor of the other.
- D. **ERRORS OR ESTIMATES.** In any case where an estimate has been used to determine the amount due the Customer on account of purchases of Gas by the Company pursuant to Section XIX. D. of these General Terms and Conditions for Transportation Service, the Company shall make any adjustment necessary to reflect the actual amount due the Customer on account of such purchases in the next bill rendered to the Customer after the actual amount due for such purchases is determined. If an error is discovered in any bill

rendered (or credit given or payment made), or in any of the information used in the calculation of such bill, or such credit or payment, the Company shall, to the extent practicable, make an adjustment to correct such error in the next bill rendered after the date on which the error is confirmed.

- E. OTHER REMEDY OF COMPANY. If the Customer fails to make any payment when due and such failure is not remedied by or on behalf of the Customer within five business days after written notice of such default in payment by the Company, then the Company, in addition to any other remedy it may have, may without damage, suspend further services to the Customer until such amount is paid; provided, however, that the Company shall not suspend service to the Customer if (1) the Customer's failure to pay is the result of a bona fide dispute, (2) the Customer has paid the Company for all amounts not in dispute and (3) the dispute is in the process of being resolved.
- F. OTHER REMEDY OF CUSTOMER. If the Company fails to pay or credit the Customer's account as a result of Gas purchased with respect to Section XIX. D. of this Tariff, and such failure is not remedied by or on behalf of the Company within ten days after the Customer's written notice of such default, then the Customer, in addition to any other remedy it may have, may without damage suspend the Company's right to retain and purchase the Customer's Gas pursuant to Section XIX. D.; provided, however, that the Customer shall not suspend the Company's right to retain and purchase the Customer's Gas pursuant to Section XVII. D. if (1) the Company's failure to provide a credit or make payment to the Customer is the result of a bona fide dispute, (2) the Company has provided a credit or made payment to the Customer for all amounts not in dispute and (3) the dispute is in the process of being resolved.
- G. NON-RECEIPT OF BILLS. Failure of the Customer to receive a bill shall not relieve the Customer of the obligation to pay the bill.
- H. DELINQUENT BILLS AND LATE PAYMENT CHARGES. A bill shall be considered delinquent upon the expiration of twenty days from the date of mailing or other delivery by the Company. Charges for services due and rendered which are unpaid as of the past due date are subject to a late payment charge of \$5.00 or one and one-half percent, whichever is greater, except the charge shall not apply to the accounts of federal, state, and local governmental entities, agencies, and instrumentalities. A late payment charge shall be applied to the accounts of federal, state, and local governmental entities, agencies, and instrumentalities at a rate no greater than allowed, and in a matter permitted by applicable law.
- I. DISCONTINUANCE OF TRANSPORTATION SERVICE TO RETURN TO SALES SERVICE. Transportation customers wishing to return to sales service at any time following the twelve-month minimum service period must provide a written request two months in advance of the desired in-service date. The Company may provide sales service earlier if it can accommodate the request. If the Company can provide sales



service prior to the expiration of the two-month waiting period, it shall do so on a nondiscriminatory basis

- J. DISCONTINUANCE OF TRANSPORTATION SERVICE AND/OR CHANGE OF OCCUPANCY. Unless otherwise provided in the specific Rate Schedule, or the Transportation Agreement Contract under which the Customer receives transportation service, a Customer intending to discontinue transportation service shall furnish written notice of such intent to the Company not less than two months prior to contract expiration. The Customer shall be responsible for all transportation service provided to the premises at which discontinuance is desired until the expiration of the contract term.
- K. DISCONTINUANCE OF TRANSPORTATION SERVICE FOR NON-PAYMENT OF BILLS. Transportation service will be discontinued for non-payment of bills but only after the Company has provided at least five business days' written notice to the Customer of the Customer's default. Such notice shall be separate and apart from any bill for transportation service, unless the controversy over the non-payment has been resolved.
- L. INSPECTION OF BOOKS AND RECORDS. The Company and the Customer shall have the right, upon reasonable prior notice, and during normal business hours, to examine the books, records and documents of each other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to these General Terms and Conditions for Transportation Service. Each party shall keep any and all such books, records and documents for a period of three years from the date such book, record or document is created or any entry or adjustment thereto is made.

#### **VI. OBLIGATION TO SERVE.**

The Company is responsible for the transportation of the Customer's own Gas. The Company is not responsible for providing Gas. If the Customer's supplier or the Customer's Agent fails to provide Gas, then the Company may disconnect service to the Customer without notice from the Company, unless the Customer has contracted for Standby Service.

If it would not be economically feasible to disconnect the Customer, or at the Company's sole election, then the Company may provide system Gas supply to the Customer if adequate system supply is available. The Company's decision to provide Gas supply shall be made on a nondiscriminatory basis. Where several transportation Customers are in need of Gas supply, and the Company does not have sufficient supply to fulfill all transportation Customer needs, Gas supply will be delivered first to all sales Customers regardless of curtailment plan priority, and then to transportation Customers who have contracted for Standby Service, and then to other transportation Customers based on the curtailment plan priority of those Customers, consistent with Section XIX. of these General Terms and Conditions for Transportation Service. If adequate system supply is not available and the Customer continues to use Gas, the Imbalance

provisions contained in Section XXI. A. of these General Terms and Conditions for Transportation Service will be applied.

**VII. DELIVERY POINT (S)**

The Point of Delivery for all Gas transported shall be at the outlet side of such billing meter(s) as are installed at the Customer's Delivery Point(s).

**VIII. GAS QUALITY**

- A. **GAS QUALITY SPECIFICATIONS:** All Gas delivered into the Company's system by the Customer or the Customer's Agent shall be merchantable and shall, upon delivery, conform to each of the following quality specifications:
1. be commercially clean and free from objectionable odors, solid matter, dust, gums, and gum-forming constituents, or any other substance which might interfere with the merchantability of the Gas stream, or cause interference with proper operation of the lines, meters, regulators, or other appliances through which it may flow;
  2. contain not more than 200 grains of total sulphur, or 15 grains of hydrogen sulphide per Mcf; and
  3. have a gross heating value of not less than 950 Btu per cubic Foot of Gas, measured at 14.73 p.s.i.a. at 60 Degrees Fahrenheit on a dry basis.
- B. **QUALITY AND HEATING VALUE.** All Gas which the Customer causes to be received by the Company for the Customer's account at the Company's Receipt Point(s) for transportation and delivery by the Company shall conform to the quality and heating value specifications set forth within or incorporated in Transporting Pipeline's tariff. In addition to any other remedies available to the Company, the Company shall have the right to refuse to accept at the Company's Receipt Point(s) any Gas which fails to conform to such quality and heating value specifications.
- C. **QUALITY AND MERCHANTABILITY.** Gas delivered into the Company's system on behalf of the Customer shall be commercially clean and merchantable. Such Gas will be comparable and interchangeable with system supply. The Company reserves the right to refuse any Gas that does not conform to such quality and merchantability.

**IX. STANDARD DELIVERY PRESSURE**

The Company shall make reasonable efforts to maintain its standard delivery pressure of 14.98 p.s.i.a. (14.73 plus .25 p.s.i.g.) (seven inches water column) at the point of delivery. Where delivery pressure higher than standard delivery pressure is supplied, the Company will make reasonable efforts to maintain such higher-delivery pressure. The Company does not undertake to deliver Gas at a pressure higher than the standard delivery pressure throughout its service

areas. Prospective industrial and large commercial customers who desire to utilize Gas at pressures higher than the standard delivery pressure should inquire of the Company to determine the pressure that the Company can make available at any given location in its service territory before obtaining any equipment requiring pressures higher than the standard delivery pressure.

**X. MEASUREMENT**

A. DETERMINATION OF VOLUME AND HEATING VALUE. The volume and total heating value of the Gas shall be determined as follows:

1. Base Conditions

- a. A standard cubic foot for measurement purposes shall be the volume of such cubic foot at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.73 p.s.i.a.
- b. The Average Atmospheric Pressure shall be assumed to be fourteen and seventy-three hundredths pounds per square inch absolute (14.73 p.s.i.a.) irrespective of actual elevation or location of the point of measurement or of variations in such atmospheric pressure from time to time.

B. UNIT OF TRANSPORTATION VOLUME.

1. The standard delivery pressure shall be 14.98 p.s.i.a. and the Standard Delivery Temperature shall be 60 degrees Fahrenheit.
2. For purposes of billing computations, a Cubic Foot of Gas shall be that quantity which, at a pressure of 14.98 p.s.i.a. and a temperature of 60 degrees Fahrenheit, occupies one cubic foot.
3. When deliveries are made at flowing pressures in excess of the standard delivery pressure, metered volumes shall be corrected for such variation through utilization of recorded flowing pressure data, correction devices which are an integral part of the meter installation, or by correction factors for fixed pressure deliveries.
4. With respect to Gas delivered at high pressure, flowing Gas temperature shall be assumed to average 60 degrees Fahrenheit for all measurement, unless the Customer and the Company agree otherwise. When an assumed flowing temperature of 60 degrees Fahrenheit is not used, the temperature shall be determined as the arithmetic average of flowing temperatures as recorded by a temperature recorder, if such a recorder is utilized, or through the use of correcting indices or temperature compensating meters, where recording or compensating devices are not installed, the temperature of the Gas shall be assumed to be the climatological thirty-year average monthly temperature as established by the nearest National Oceanic and Atmospheric Administration Weather Bureau, and published by the Department of Commerce.

5. Unless determined to be otherwise by a gravity balance, the specific gravity of the flowing Gas shall be assumed to be 0.6.
6. When sales or transportation volumes are metered at pressures of 10 p.s.i.g. (pounds per square inch gauge) and over, and where such volumes are also corrected for flowing temperatures other than assumed 60 degrees Fahrenheit, such volumes shall be corrected for deviations from Boyles Law by use of the appropriate supercompressibility factor.

C. TRANSPORTATION UNIT.

1. The sales and transportation unit of the Gas shall be the therm, being 100,000 Btus. The number of therms billed to the Customer shall be determined by multiplying the number of Cubic Feet of Gas delivered at 14.98 p.s.i.a. and 60 degrees Fahrenheit, by the total heating value of such Gas and dividing the product by 100,000.
2. The total heating value of the Gas delivered to the Customer shall be determined as that reported monthly by the Customer's Gas supplier, provided such value is applicable to the Gas delivered to the Customer, or such value shall be determined by the Company by use of a calorimeter or other instrument suitable for heating value determination. If a calorimeter is not utilized, and in the event the Company is receiving gas from more than one upstream supplier, the Customer's heating value shall be deemed to be the heating value in the supplies delivered by the upstream supplier delivering Gas for the Customer's account. The total heating value shall be corrected to and expressed as that contained in the Unit of Transportation Volume addressed in Section X. B.

D. GAS COMMINGLING. Gas transported under these General Terms and Conditions for Transportation Service is not the property of the Company. The Company reserves the right to commingle such Gas with other system supplies.

**XI. METERS AND MEASUREMENT**

A. FACILITIES AND EQUIPMENT. Facilities and equipment necessary to receive and measure the quantities of Gas delivered or redelivered to the Customer shall be located at the Company's Delivery Point (s) specified in the Transportation Agreement Contract. Measurement of the Gas received at the Company's Delivery Point(s) shall be conducted using primary measurement devices of standard manufacture installed and operated in accordance with the applicable specifications in Report No.3 or Report No.7 of the Gas Measurement Committee of the American Gas Association, as amended from time to time, or standards in the industry, whichever may apply. The determination of the volumes of Gas received by the Customer at the Company's Delivery Point(s) shall be calculated from the measurements taken at the meter and corrected for Retainage, pressure, temperature and

specific gravity in accordance with standard methods and practices in use in the natural gas pipeline industry.

- B. ELECTRONIC FLOW MEASUREMENT (“EFM”). EFM equipment will be required on all meters necessary to record 100% of the customer’s daily natural gas usage at customer’s location. For safety, billing, and efficiency-related reasons, the Company will install, own and operate all EFM equipment.

The Customer is required to provide adequate space for the installation of the EFM equipment and shall provide and maintain, at the Customer’s cost, electric power and telephone circuitry according to the Company’s EFM standards. Electric power and telephone connection locations shall be mutually agreed to by the Company and the Customer. Failure to provide and maintain power and telephone will be considered non-compliance with the EFM obligation and transportation service will be terminated with thirty days written notice to the Customer.

- C. EFM CHARGES. The Customer shall reimburse the Company for the installed cost of all EFM equipment. The installed cost will depend on meter type and size, EFM equipment requirements, and site characteristics.

- D. OTHER EFM PROVISIONS. In the event that the EFM equipment should fail, manual uncorrected readings will be used, except for Orifice meter installations where historical data will be used to estimate billing data.

The Customer shall hold the Company harmless from all claims for trespass, injury to persons, or damage to lawns, trees, shrubs, buildings or other property that may be caused by reason of the installation, operation, or replacement of the EFM equipment and other necessary equipment to serve the Customer unless it shall affirmatively appear that the injury to persons or damage to property complained of has been caused by willful default or negligence on the part of the Company or its accredited personnel.

- E. MEASUREMENT DEEMED ACCURATE. Measurements on the Company’s meter(s) shall be conclusive on both parties except where the meter is defective or fails to register (in either case, the Company shall repair or replace the meter at its expense). If the meter is found defective or fails to register, the quantity of Gas delivered while the meter was out of order or failed to register shall be estimated

1. by using the registration of any check meter, if installed and accurately registering, or in the absence thereof;
2. by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation, or, in the absence of both (a) and (b); then
3. by estimating the quantities delivered from deliveries during periods under similar conditions when the meter was registering accurately.

- F. BILLING ADJUSTMENT. An appropriate billing adjustment shall be made for such period during which the Company's meter was defective or failed to register.
- G. METER ACCURACY / METER TESTING. The Company shall maintain the Customer's meter or meters in good working order. The Company will make tests of each meter to ensure that it accurately measures the Gas delivered to the Customer according to the Company's regular meter testing schedule. Upon written request of a Customer, the Company shall make a test of the accuracy of the meter in use at the Customer's premises provided that the Customer agrees to accept the results of such test as the basis for the adjustment of disputed charges. If a test has not been made within sixty months, the Company will make such test without charge. If the meter has been tested within sixty months, the Company will nevertheless make the test required, but if the meter, when tested, is proved to be accurate within plus or minus two percent, the Customer will pay the Company for the costs incurred in conducting such test.
- H. WITNESS OF METER TEST. If a Customer so desires, the Customer or the Customer's authorized Agent or representative may witness the test. A written report, giving the results of the test, shall be furnished to the Customer upon request.
- I. METER TEST - REFEREE.
1. Upon written application to the FPSC by a Customer, a test of the Customer's meter will be made or supervised as soon as practicable by a representative of the FPSC.
  2. A meter shall not be disturbed after the Company has received notice that application has been made for such referee test unless a representative of the FPSC is present or unless authority to do so is first given in writing by the FPSC or by the Customer.
  3. A written report of the results of the test will be made by the FPSC to the Customer.
- J. METERS. The Company will own, operate, and maintain the meters and regulating equipment needed to accurately measure transportation service provided to the Customer. The Customer will provide a location, satisfactory to the Company, for installation of necessary meter(s), regulator(s), and ancillary equipment. The Customer will safeguard the Company's Facilities on the Customer's property and will not permit unauthorized persons to operate or alter the Company's Facilities in any manner.
- K. TYPE OF METERING PROVIDED.
1. Except as provided in paragraph (2) below, each separate occupancy unit (as defined in Commission Rule 25-7.071) for which construction commenced after January 1, 1987, shall be individually metered.
  2. Individual meters shall not be required, and master metering is permitted, for separate occupancy units where dimensions or physical configurations of the units are subject to alteration; where Gas is used in central heating, water heating, ventilating and air

conditioning systems, or Gas back up service to storage heating and cooling systems; in specialized-use housing accommodations such as hospitals and other health care facilities specified in Commission Rule 25-7.071, college dormitories, convents, sorority or fraternity houses, motels, hotels and similar facilities; in specially designated areas for overnight occupancy at trailer, mobile home and recreational vehicle parks where permanent residency is not established; in marinas where living aboard is prohibited by permanent means; or where individual Gas Service would otherwise be required above the second story, in accordance with Commission Rule 25-7.071.

3. When individual metering is not required and master metering is used, submeters may be purchased and installed at the Customer's request and expense, for use in allocating the cost of providing service at the master meter.
- L. METER ACCURACY AT INSTALLATION. All meters, when installed, shall be not more than one percent fast or two percent slow and will have been tested not more than twelve months prior to being installed.
- M. MEASUREMENT OF QUANTITIES. The Company shall measure the Gas delivered to the Customer each day at the Company's Delivery Point(s).
- N. INSTALLATION AND OPERATION. The Company will install, maintain and operate, at the Customer's expense, a meter or meters, and other necessary measuring equipment by which the volume of Gas delivered to the Customer shall be measured.
- O. CHECK MEASURING EQUIPMENT. The Customer may install, maintain and operate beyond the Company's Delivery Point(s), at its expense, such operating equipment, pressure regulators and check measuring equipment as the Customer shall desire; provided, however, that such equipment shall not be installed or operated in a manner that would affect the accuracy or operation of the measurement facility maintained by the Company. The Customer shall grant access to such check measuring equipment at reasonable hours, but the reading, calibrating and adjusting thereof, and any changing of charts shall be done only by the Customer.
- P. ACCESS TO EQUIPMENT AND RECORDS. Both the Company and the Customer shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, calibrating or adjusting done in connection with the other's measuring equipment used in measuring deliveries. The records from such measuring equipment shall remain the property of the owner, who upon request will submit to the other such records and charts, together with calculations therefrom, for the other's inspection and verification, subject to return within thirty days after receipt thereof.
- Q. CARE IN INSTALLATION. 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 volume of Gas delivered and ready verification of the accuracy of measurement. Reasonable care shall be exercised by both the Company and the Customer in

the installation, maintenance and operation of pressure regulating equipment so as to avoid, so far as practicable, any inaccuracy in the determination of the volume of Gas delivered hereunder.

- R. CORRECTION OF METER ERRORS. Whenever a meter is found to have an average error of more than two percent fast, the Company shall refund to the Customer the amount billed in error for one-half the period since the last test, said one-half period not to exceed twelve months except that if it can be shown that the error was due to some cause, the date of which can be ascertained, the overcharge shall be computed back to such date. If the meter has not been tested in accordance with Rule 25-7.064, the period for which it has been in service beyond the regular test period shall be added to the twelve months in computing the refund. The refund shall not include any part of any minimum charge or customer charge.
- S. BACK BILLING. The Company may back bill in the event that a meter is found to be slow, non-registering or partially registering. The Company may not back bill for any period longer than twelve months from the date it removes the meter of the Customer. If a meter is found by the Company to be slow, non-registering, or partially registering for less than twelve months prior to removal, then the Company may back bill only for the lesser period of time. In any event, the Customer may extend the payments of the back bill over the same amount of time for which the Company issued the back bill. However, in the event of unauthorized use, the Customer may be billed a reasonable estimate of the Gas transported.
- T. PRESERVATION OF RECORDS. Both the Company and the Customer shall preserve all test data, charts and other similar records for three years.

## **XII. FACILITIES**

- A. A. INSTALLATION OF FACILITIES. If, prior to the commencement of transportation service the Company deems it necessary to purchase, install, construct and/or upgrade certain equipment, devices and Facilities (collectively, the "Facilities") to provide the services requested and to provide accurate and up-to-date communication of the volumes and the Btu content of the Gas flowing through the Company's Receipt Point(s) and the Company's Delivery Point(s), a description of the Facilities, together with the anticipated cost for the purchase, installation, construction and/or upgrading thereof will be provided to the Customer.
- B. REIMBURSEMENT OF COMPANY. The Customer shall reimburse the Company for all reasonable costs incurred and paid by the Company with respect to the purchase, installation, construction, and/or upgrading of Facilities. The total cost of the Facilities to be reimbursed to the Company by the Customer will be payable upon receipt of the Company's invoice.
- C. OWNERSHIP OF FACILITIES. Unless the Company and the Customer agree otherwise, all Facilities used to provide service to the Customer (but specifically excluding Facilities owned by the Customer), shall be designed, constructed, installed, owned, controlled, operated and maintained by the Company.



### **XIII. MAIN AND SERVICE EXTENSIONS**

- A. **REQUEST FOR SERVICE REQUIRING MAIN EXTENSION.** Whenever a prospective Customer or other person, such as a real estate developer, government entity, municipality, township, county, or other authority "Depositor", requests transportation service at a location where the Company does not have a main, the Company will extend its mains and services to serve the prospective Customer or Customers under the following conditions:
1. The extension of transportation service to the prospective Customer will not jeopardize service to existing Customers.
  2. The maximum capital cost to be incurred by the Company for an extension of main and service Facilities shall be defined as the Maximum Allowable Construction Cost ("MACC"). The MACC shall equal four (4) times the estimated annual revenue to be derived from the Facilities. Where the Company, in its reasonable discretion, believes that there is significant uncertainty regarding the revenues to be derived from revenues generated from the requested extension of main and service Facilities, the Company shall use reasonable efforts to calculate the MACC giving due consideration to such uncertainty,
  3. Where the Facilities to be installed will require an investment by the Company in excess of the MACC, the Company will construct the necessary Facilities provided the Customer or Depositor, deposits with the Company, an amount equal to the excess of the estimated actual construction cost over the MACC. In this case, the Company and the Depositor will then enter into a Construction Deposit Agreement providing for receipt of the deposit by the Company and including terms and conditions for refund to the Depositor. In consideration of the Company having to use the deposit to finance the installation of Facilities, the deposit made by the Depositor will be non-interest bearing.
- B. **REFUND OF DEPOSITS.** Deposits shall be refunded to Depositors in accordance with the following procedures.
1. As new customers connect to the extended main or service Facilities, and no less often than on the first anniversary of the date on which the deposit is made to the Company, the Company shall refund to the Depositor an amount equal to (1) the actual or estimated annual revenue, less the cost of Gas, derived from sales to the Customers served by the extended Facilities, less (2) the MACC divided by four (4) as determined in Section XIII. A. (2), above.
  2. For each additional customer taking transportation service from any point on the extended main or service Facilities within a period of five (5) years from the date of construction, the Company shall refund to the Depositor the amount by which the,

MACC of the new customer(s) exceeds the cost of connecting such new customer(s), provided that an additional main extension shall not have been necessary to serve the additional customer(s). Where the Depositor and the Company agree that new customers are likely to connect to the extended Facilities over a period longer or shorter than five years, the Depositor and the Company may agree, within the Construction Deposit Agreement, to provide for refunds over such longer or shorter period as the parties agree is reasonable and appropriate under the circumstances.

3. The aggregate refund to any Depositor made through the provisions of (1) and (2) above shall not exceed the original deposit of such Depositor.
  4. The extension shall at all times be the property of the Company, and any unrefunded portion of said deposit at the end of five years, or such longer or shorter period as may be agreed to by the Depositor and the Company, shall accrue to the Company.
- C. SERVICE EXTENSIONS FROM EXISTING MAINS. The Company will install, at no charge to the Customer, the transportation service Facilities, commencing from an existing main, necessary to serve a the Customer applying for transportation service, where the cost of such service extension does not exceed the MACC as defined in Section XIII. A. (2) above. The Customers not meeting the above criteria will be required to make a contribution in aid of construction based on the difference between the cost of the required service Facilities and the MACC as calculated for each respective customer.
- D. RELOCATION OF TRANSPORTATION SERVICE FACILITIES. When alterations or additions to structures or improvements on premises to which the Company renders transportation service necessitate the relocation of the Company's metering equipment, or when such relocation is requested by the Customer for whatever reason, the Customer may be required to reimburse the Company for all or any part of the costs incurred by the Company in the performance of such relocation.
- E. MAIN AND SERVICE EXTENSION AMORTIZATION SURCHARGE. In cases where (1) the estimated actual cost of extending necessary main and service Facilities exceeds the MACC; (2) the Company, in its reasonable discretion, determines that there is reasonable likelihood that such extension will produce sufficient revenue to justify the necessary investment in such Facilities; and (3) the Company determines that the credit-worthiness of the party(ies) requesting the extension is satisfactory to assure recovery of the additional investment above the MACC, the Company may provide the Facilities subject to a Main and Service Extension Amortization ("MSEA") Surcharge. In such cases, in lieu of a Construction Deposit Agreement, the party(ies) requesting an extension subject to the MSEA Surcharge shall enter into a guaranty agreement with the Company by which the party(ies) shall agree to pay to the Company any remaining unamortized balance of the amount subject to the MSEA Surcharge at the end of the Amortization Period.

**XIV. THE FLORIDA PUBLIC SERVICE COMMISSION (FPSC)**

- A. **TRANSPORTATION CHARGES.** The amount to be paid by the Customer to the Company each month for transportation service rendered by the Company shall be determined in accordance with the applicable transportation rate schedule filed with and approved by the FPSC. The quantities of Gas anticipated to be transported by the Company to the Customer, and the applicable rate schedule shall be stated in the Transportation Agreement Contract.
- B. **REQUEST FOR EXEMPTION.** Whenever the application of these rules and regulations appear to be unjust or impractical, either the Company or the Customer may request permission from the FPSC for an exemption.
- C. **CHANGES IN APPLICABLE TARIFF.** The Company and the Customer recognize that (1) the applicable Rate Schedule(s), as stated in the Transportation Agreement Contract, may change from time to time due to changes in the Customer's operations, and (2) that the otherwise applicable rates and Rate Schedules may be revised, amended or superseded from time to time subject to the approval of the FPSC. The Company and the Customer agree that in any such case, the newly applicable Rate Schedule that supersedes any applicable Rate Schedule or the revised or amended Rate Schedule, as the case may be, shall apply.

**XV. STANDBY SERVICE**

To the extent capacity is operationally available, the Company shall offer Standby Service to any customer electing to utilize transportation service. The Company has no obligation to provide Gas sales to any transportation customer who declines to elect Standby Service. Any customer electing Standby Service must complete a request for Standby Service. For all quantities for which Standby Service is contracted, whether or not the Gas is delivered to the Customer, the Customer shall pay a monthly charge equal to the firm transportation rate charged to the Company by the Transporting Pipeline. In addition, for all Standby Service Gas delivered to the Customer, the Customer shall pay a charge equal to the rate included in the Company's regular sales Rate Schedule under which service would otherwise be provided. The Company will not release capacity to the Customer or the Customer's Agent and provide Standby Service to such Customer, where the total of both released capacity and Standby Service quantity equal an amount greater than the Customer's MDTQ. Those customers who do not elect to utilize Standby Service must sign an affidavit acknowledging they are 1. declining the service, 2. may be unable to obtain Gas supply if the Company is unable to provide such Gas from its system, and 3. may be cut off as a result of their inability to obtain Gas supply.

**XVI. MAXIMUM HOURLY, DAILY, AND MONTHLY VOLUMES**

- A. MAXIMUM DAILY TRANSPORTATION QUANTITY (“MDTQ”). The MDTQ shall be the maximum quantity that the Company is required to deliver each day through its metering Facilities at the delivery points set out in the Transportation Agreement Service Contract between the Customer and the Company. The MDTQ does not include Retainage for Gas shrinkage.
- B. MAXIMUM HOURLY QUANTITY. The Maximum Hourly Quantity shall be the maximum quantity that the Company is capable of delivering through its metering Facilities at the delivery points set out in the Transportation Agreement Contract between the Customer and the Company in any one-hour period. Unless otherwise specified, the Maximum Hourly Quantity shall not exceed 6.25 percent or 1/16<sup>th</sup> of the MDTQ for each delivery point as set forth in Section XVI. A. above.
- C. MAXIMUM MONTHLY TRANSPORTATION QUANTITY (“MMTQ”). The MMTQ shall be the maximum quantity that the Company is required to deliver each month through its metering Facilities at the delivery points set out in the Transportation Agreement Service Contract between the Customer and the Company. The MMTQ does not include Retainage for Gas shrinkage.
- D. MAXIMUM QUANTITY AT COMPANY’S RECEIPT POINT (S). The maximum quantity of Gas that the Customer may tender, or cause to be tendered, to the Company on any given day of Facility operation at the Company’s Receipt Point(s) is the MDTQ plus Retainage for Gas shrinkage, as agreed to between the Company and the Customer, provided, however, that such MDTQ may be changed from time to time upon mutual agreement of the parties if the Company determines in its reasonable discretion that such change will not have an adverse effect on the operation of its distribution system. Any such change in the MDTQ as to which the parties agree shall be in writing.
- E. MDTQ AND DAILY DELIVERED QUANTITY (“DDQ”) FOR SMALL CONSUMERS. For a Customer whose annual consumption is less than 100,000 therms per year, the Company will, for a cost-based fee, determine the Customer’s MDTQ and DDQ for each month of the upcoming year. The Customer or the Customer’s Agent has a maximum of twenty business days to confirm the accuracy of the MDTQ and DDQ. If the Customer or the Customer’s Agent and the Company cannot reach an agreement as to the appropriate MDTQ or DDQ, the Company shall file a petition with the FPSC detailing the events that have transpired along with the supporting calculations used to develop the MDTQ and DDQ. The Customer or the Customer’s Agent is not obligated to use this service.
- F. ADJUSTMENTS TO MDTQ AND DDQ. The Company may suggest an adjustment be made to the Customer’s MDTQ to reflect changes in the Customer’s Gas equipment, or pattern of consumption. The Company must inform the Customer or the Customer’s

Agent that a change in MDTQ is recommended. The Customer or the Customer's Agent has a maximum of twenty business days to confirm the accuracy of the MDTQ and DDQ. If the Customer or the Customer's Agent, and the Company cannot reach an agreement as to the appropriate MDTQ or DDQ, the Company shall file a petition with the FPSC detailing the events that have transpired along with the supporting calculations used to develop the MDTQ and DDQ.

- G. ESTIMATION OF MDTQ AND DDQ. If the Company has inadequate historical consumption data, the Company may estimate the Customer's MDTQ based on, among other things, the rating of the Customer's Gas equipment and the expected utilization of such equipment. The Customer or the Customer's Agent has a maximum of twenty business days to confirm the accuracy of the MDTQ and DDQ. If the Customer or the Customer's Agent and the Company cannot reach an agreement as to the appropriate MDTQ or DDQ, the Company shall file a petition with the FPSC detailing the events that have transpired along with the supporting calculations used to develop the MDTQ and DDQ.

## **XVII. POSSESSION OF GAS, INDEMNIFICATION AND TITLE**

### **A. WARRANTY OF TITLE.**

1. By the Customer or the Customer's Agent. The Customer or the Customer's Agent warrants that it will have good title to all Gas delivered for the Customer's account or sold to the Company under the provisions of Section XVI. A., that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify the Company and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said Gas.
2. By the Company. For Customers who have contracted for Standby Service, the Company warrants that it will have good title to all Gas sold to the Customer, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify the Customer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said Gas.

The Company agrees to indemnify the Customer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to Standby Service Gas delivered for the account of the Customer to the Company for transportation which arise from or are related to the Company's transportation of the Standby Service Gas on the Company's distribution system; and that the Company will have good title to all Standby Service Gas confirmed for delivery to the Customer, that such Standby Service Gas will be free and clear of all liens, encumbrances and claims, and that

the Company will indemnify the Customer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to the Standby Service Gas.

- B. **POSSESSION OF GAS AND RESPONSIBILITY.** The Company shall be deemed to be in control and possession of the Gas upon receipt of such Gas at the Company's Receipt Points until delivered to the Customer for the Customer's account, and the Customer shall be deemed to be in control and possession of such Gas prior to such receipt by the Company and after such delivery to the Customer for its account. The Company and the Customer while deemed to be in control and possession of such Gas shall be responsible for, and will indemnify and hold the other harmless from, any and all claims, actions, suits, including attorney fees, arising out of or relating in any way to the custody and control of such Gas.
- C. **RELEASE AND INDEMNIFICATION.** The Customer shall waive and release the Company from any claims for any and all damages, costs, losses or expenses resulting from or arising out of interruption of service, whether caused by capacity or supply constraints on the Company's, or Transporting Pipeline's system, where such interruption is caused by (1) the failure of the Customer or the Customer's Agent to have delivered to the Company or Transporting Pipeline sufficient quantities of Gas to meet their delivery requirements from the Company; (2) the failure of the Customer or the Customer's Agent to comply with a directive of the Company; or (3) the Customer taking deliveries in excess of scheduled or authorized quantities, provided however that the foregoing shall not result in the waiver or release of a claim against the Company for the Company's negligence or willful misconduct. Further, the Customer shall indemnify and hold the Company harmless from any and all suits, actions, debts, accounts, damages, costs, loss and/or expenses brought by or accruing to or for the benefit of end-users downstream of the Customer's Delivery Point resulting from or arising out of curtailment of service whether caused by capacity or supply constraints on the Company's systems including without limitation, such constraints caused by the failure of the Customer or the Customer's Agent to have delivered to the Company or Transporting Pipelines sufficient quantities of Gas to meet their delivery requirements from the Company; provided however, that the foregoing shall not require the Customer to indemnify and hold the Company harmless from a claim against the Company for the Company's negligence or willful misconduct. Nothing in this Section shall prevent a Customer from asserting a claim against another Customer. In the event of such a claim between the Customers, the Company will make available such information in its possession relevant to such claim.

## **XVIII. FORCE MAJEURE**

- A. **DEFINITION OF FORCE MAJEURE.** The term "force majeure," as employed in these General Terms and Conditions for Transportation Service, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires,

storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, planned or unplanned outages on the Customer's Facilities, planned or unplanned outages on the Company's or Transporting Pipeline's system, the inability of the Company's or Transporting Pipeline's system to deliver Gas, acts of civil or military authority including, but not limited to, courts or administrative or regulatory agencies, partial or entire failure of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, 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. Such term shall likewise include those instances where either party is required to obtain servitude, rights of way grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence such servitude, rights of way grants, permits or licenses, those instances where either party is required to furnish materials and supplies for the purpose of constructing or maintaining Facilities or is required to secure grants or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, and the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions, provided that, to the extent such party has contracted with an affiliate to obtain such materials and supplies, permits and permissions, such party shall be entitled to rely on this provision to excuse such inability or delay only to the extent of inability or delay reasonable in comparison to arms length transactions with nonaffiliated entities.

- B. STRIKES, LOCKOUT, AND INDUSTRIAL DISTURBANCES. The settlement of strikes or lockouts or other industrial disturbances shall be entirely within the discretion of the party having the difficulty, and the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.
- C. OBLIGATIONS UNDER FORCE MAJEURE. In the event that either the Company or the Customer is unable, wholly or in part, by force majeure to carry out its obligations, other than to make payments due hereunder, it is agreed that subject to the Company, the Customer, or the Customer's Agent giving notice and full particulars of such force majeure in writing to the other as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch.
- D. NOTIFICATION OF FORCE MAJEURE. In the event of any nonperformance caused by any of the forces described in this Section, the Company, the Customer, or the

Customer's Agent, whichever affected, shall as soon as reasonably practicable notify the other verbally and within three business days provide the other party with written confirmation of the nature, cause, date of commencement, and anticipated extent of such nonperformance.

**XIX. CURTAILMENTS AND OTHER OPERATIONAL CONTROLS**

- A. **OBLIGATIONS, CURTAILMENT, AND INTERRUPTION.** Obligations and Limitations. With respect to Gas received by the Company from or for the account of the Customer for redelivery hereunder, the Customer shall bear the sole responsibility for any and all costs incurred for such Gas and the delivery thereof to the Company's Receipt Point(s). The receipt and delivery of Gas by the Company is subject to curtailment or interruption of service as provided in this Section. The Company shall be deemed to be in control and possession of all Gas from the time of its receipt at the Company's Receipt Point(s) until such Gas has been delivered to the Customer at the Company's Delivery Point(s), after which the Customer shall again be deemed to be in control and possession of such Gas. The Customer shall have no responsibility with respect to any Gas after it has been delivered to the Company at the Company's Receipt Point(s) on account of anything which may be done, happen or arise with respect to such Gas, until said Gas is delivered to the Customer at the Company's Delivery Point(s). The Company shall have no responsibility with respect to any Gas prior to its delivery to the Company at the Company's Receipt Point(s) or after its delivery to the Customer at the Company's Delivery Point(s) on account of anything which may be done, happen or arise with respect to such Gas prior to such receipt at the Company's Receipt Point(s) or after such delivery at the Company's Delivery Point(s). The Company reserves the right to commingle Gas delivered to it by or for the account of the Customer with Gas delivered by or for the account of other Customers and with the Company's other supplies of Gas.
- B. **CHANGES TO TARIFF OR CURTAILMENT PLAN.** If the FPSC or any other governmental agency or department having jurisdiction over the Company orders or accepts a change in the Company's curtailment plan or tariff, the newly applicable curtailment plan or tariff shall apply and/or interruption of service shall be made on whatever basis or priority is so ordered or established.
- C. **RIGHT TO CURTAIL; NO LIABILITY FOR CURTAILMENT.** The Company shall be relieved from any and all liabilities, penalties, alternate fuel subsidies, price adjustments and claims of whatever kind or type, resulting from or arising out of a full or partial curtailment or interruption of service made pursuant to the then-applicable Company curtailment plan or tariff approved or accepted by the FPSC, or as a result of taking any steps necessary to comply with any law, regulation or order of the FPSC or any governmental agency with jurisdiction to regulate, allocate, direct, or control Gas supplies or the rendition of service regardless of any defect in such law, regulation or order or pursuant to any one of the following events (except to the extent that the Company fails to give notice to the Customer of interruption or curtailment unless the



giving of timely notice is impracticable): (1) the Company is notified by Transporting Pipeline to interrupt or curtail deliveries of Gas to the Customer or deliveries of Gas for uses of the same type or category as the uses of Gas by the Customer, or (2) when necessary to maintain the operational reliability of the Company's distribution system, or (3) during periods in which the Company experiences pipeline capacity or Gas supply shortages, provided, however, that no Gas supply shortage shall be deemed to exist solely because the Customer's Gas is determined by the Company to be less expensive than Gas which is, at the time, otherwise available to the Company.

- D. **RIGHT TO USE CUSTOMER'S GAS SUPPLY.** During the duration of a gas supply shortage, any Customer which is not a Priority One Customer and, if applicable, the Customer's Agent, must agree to sell, on a daily basis, the volumes of gas scheduled or nominated for delivery to the Company. Such sales shall continue only for the duration of the gas supply shortage and shall not be required unless service to all Customers other than Priority One Customers is interrupted or curtailed. The Customer or the Customer's Agent must agree to sell the Customer's supply of gas to the Company at a rate equal to the higher of the respective Customer's or Customer's Agent's total purchase cost (including pipeline transportation charges) or the weighted average commodity cost of all gas purchased by the Company for the month. Payment by the Company shall be made within ten days after receipt of an invoice and supporting documentation from the Customer or the Customer's Agent.
- E. **EXCESS GAS TAKEN BY CUSTOMER DURING CURTAILMENT.** If Gas was consumed by the Customer during the Curtailment period in excess of the Customer's entitlement, the Company will assess overrun penalties based on the following schedule:

PENALTY FOR EXCESS TAKES OVER CURTAILMENT PERIOD ALLOCATED QUANTITY ENTITLEMENT	PERCENT OF ACTUAL USE OVER CURTAILMENT PERIOD ALLOCATED QUANTITY ENTITLEMENT
\$1.00/CCF	In excess of 103% but not in excess of 110%
\$5.00/CCF	In excess of 110% but not in excess of 125%
\$8.00/CCF	In excess of 125% for curtailment periods April 1st to October 31 <sup>st</sup>
\$10.00/CCF	In excess of 125% for curtailment periods November 1st to March 31 <sup>st</sup>

The payment of an overrun penalty shall not, under any circumstances, be considered as giving the Customer the right to take unauthorized overrun Gas, nor shall such payment be considered to preclude or limit any other remedies available to the Company against the Customer or the Customer's Agent for failure to comply with interruption or Curtailment Orders issued by the Company.

- F. **PENALTIES - PROCEDURES.** Any penalties collected by the Company under Section XIX. E. will be placed in a separate account and paid out, pro rata, to the curtailed

Customers receiving less capacity than their pro rata share. Customers shall not be subject to penalties under this Section for failure to adjust quantities to comply with a Curtailment order until after the time period for compliance set forth in a Curtailment Order has expired.

- G. NOTICE OF CURTAILMENT. The Company agrees to give the Customer or the Customer's Agent as much advance notice of a curtailment or interruption of service as is reasonably practicable, which notice shall, in non-emergency circumstances, be at least twenty-four hours.
- H. CONFINEMENT OF CURTAILMENT. To the maximum extent possible, the Company shall confine Curtailment or interruption of scheduled volumes to Customers in Affected Areas and shall not institute the system-wide suspension of services if such action in the Affected Area can remedy the operating condition.
- I. SUSPENSION OF UNSCHEDULED VOLUMES PRIOR TO CURTAILMENT. Prior to issuing a Curtailment Order under this Section the Company shall utilize the provisions of its tariff to the extent practicable to attempt to suspend deliveries of scheduled volumes to any Customer or Customer's Agent which has not delivered scheduled volumes to the Company's Receipt Points, unless the Customer's or Customer's Agent's actions were taken in reasonable reliance on an Operational Flow Order.
- J. PROPER SCHEDULING. The Company shall not knowingly schedule or permit scheduling service which will result in the need to issue a Curtailment Order.
- K. PROCEDURE FOR THE CURTAILMENT OF TRANSPORTATION SERVICES. The Curtailment of transportation services for any period shall, within the limits of dispatching accuracy and available Facilities, be accomplished as follows:
  - 1. The Company shall determine: (1) the Affected Area, (2) whether any firm capacity must be curtailed in the Affected Area, (3) the pro rata share of firm capacity available for each customer, as applicable, in the Affected Area,
  - 2. Following the determination procedure described in subsection 1. above, the Company shall then issue a Curtailment Order to all Customers in Affected Area, by telephone, to be followed by facsimile as soon as possible thereafter.
  - 3. In its Curtailment Order, the Company shall state the quantity suspended as measured from currently scheduled levels.
  - 4. In its Curtailment Order, the Company shall give the Customer or the Customer's Agent as much notice as is operationally feasible of the deadline for compliance with a Curtailment Order; provided, however, the Company will not specify a time period for compliance which is less than two hours after issuance of the

Curtailment Order. The Company's Curtailment Order shall include information as to the anticipated extent and duration of the situation.

5. Order of suspension of service. To the extent the Company is unable to make deliveries, or receive Gas in accordance with scheduled volumes, the Company shall curtail or interrupt up to 100 percent of lower priority categories of service before curtailment or interruption of customers in the next higher priority category of service, except where such curtailment or interruption is necessary when service to specific areas is impaired as a result of a local operating condition, unplanned outage, or other such circumstances. The order of priorities of service will be used to determine the order of interruption or curtailment:
  - a. Category 1 - Firm high priority requirements as defined in Section 401 of the NGPA.
  - b. Category 2 - Firm essential agricultural use requirements as determined under Section 401 of the NGPA.
  - c. Category 3 - Firm essential industrial requirements for process or feedstock use when, and to the extent, determined and provided under Section 402 NGPA.
  - d. Category 4 - Firm industrial uses not specified in Category 3; firm commercial use requirements of 500 therms on a peak day or more.
  - e. Category 5 - Interruptible high priority requirements as defined in Section 401 of the NGPA.
  - f. Category 6 - Interruptible requirements for uses classified as essential agricultural as determined under Section 401 of the NGPA; interruptible requirements for process and feedstock uses when, and to the extent, determined and provided under Section 402 of the NGPA; cogeneration Facilities.
  - g. Category 7 - Interruptible requirement under 3,000 therms on a peak day not specified in Categories 5 or 6.
  - h. Category 8 - Interruptible requirements over 3,000 therms per day not specified in Categories 5, 6, and 7.
  - i. Category 9 - Interruptible industrial requirements of the lowest priority category as defined by contract.

**XX. OPERATIONAL CONTROLS**

- A. CONTACT PERSONS. The Customer or the Customer's Agent taking delivery of Gas from the Company or tendering Gas to the Company shall cooperate fully with the Company in maintaining the integrity of its system. The Customer or the Customer's Agent shall name contact person(s) available to receive communication from the Company on operating matters at any time, on a twenty-four-hour-a-day, 365-day-a-year basis. If the Company is unable after reasonable efforts to contact any Customer or Customer's contact person, such Customer shall be solely responsible for any consequences arising from such failure of communication.
- B. PROPER SCHEDULING. The Company shall not knowingly schedule or permit scheduling of service which will result in an operating condition in which system pressure rises or falls to operationally unacceptable levels or would otherwise jeopardize the integrity of the system and the ability of the Company to provide service under firm Rate Schedules.
- C. MAINTAINING PROPER SYSTEM PRESSURE. In the event that the Company determines in its sole discretion, reasonably exercised, that action is required to avoid an operating condition in which system pressure is not maintained, in which system pressure is maintained at an operationally unacceptably high level, or in which the overall operational integrity of the system is jeopardized, the Company may cause implementation of an Operational Flow Order (OFO) to remedy the situation.
- D. OPERATIONAL FLOW ORDERS (OFOs). If events occur that could develop into system emergencies or lead to a threatening of system integrity, the Company may issue OFOs or Operational Alerts ("OA"s) requesting and/or requiring the Customer or the Customer's Agent to take certain actions to protect, maintain or reestablish the safe operation of the Company's distribution system.

In the event the Company issues an OFO, each Customer or Customer's Agent receiving service under the Company's transportation Rate Schedules shall be required to continue delivering on a daily basis, for the duration of the OFO, the volumes of gas that had otherwise been scheduled for delivery to the Company's system by such Customer or Customer's Agent. Each Customer or Customer's Agent receiving service under the Company's transportation Rate Schedules may alternatively be required to adjust the Customer's deliveries or usage so that daily usage does not exceed daily deliveries. Non-compliance with an OFO will subject the Customer or the Customer's Agent to a charge of twenty-five dollars \$25.00 for each Therm the Customer or Agent is out of compliance, plus the payment of all other charges incurred by the Company that result from the Customer's or the Customer's Agent's failure to deliver the established volumes, including a proportionate share of any pipeline penalties incurred by the Company.

An OA may be called during periods of projected increased or decreased consumer demand for, or supply of, natural gas which may cause system stress or threaten applicable pipeline contract limitations. An OA is a request for specific action on the part of an individual Customer or Customer's Agent, or all Customers and Customers' Agents. All Customers and Customers' Agents are expected to respond to an OA within two hours after the Company provides notice, informing the Company of their intended action. Where possible, an OA may be used to avoid an OFO but shall not be required as a condition to the issuance of an OFO.

- E. NOTIFICATION OF OPERATIONAL FLOW ORDERS. OFOs, issued pursuant to Section XX. D., shall be given by the Company to the Customer's Contact Person(s) by telephone, to be followed by facsimile. The Company shall give the Customer or the Customer's Agent as much notice as is operationally feasible of the deadline for compliance with an OFO; provided, however, the Company will not specify a time period for compliance which is less than two hours after issuance of the OFO. The Company's OFO shall include information as to the anticipated extent and duration of the situation.
- F. PENALTY REVENUE. All penalty revenue collected by the Company from Customers, or Customers' Agents, if applicable, for failure to comply with an OFO issued pursuant to Section XX. D. (1) will be credited to fuel expense in the Company's, Purchased Gas Adjustment Mechanism. If the Customer or the Customer's Agent fails to comply with an OFO issued pursuant to Section XX. D. (2), any penalties, directed to the Company, for the Customer's or the Customer's Agent's failure to comply with the OFO, will in turn, be assessed to the Customer or the Customer's Agent.

## **XXI. BALANCING**

- A. BALANCING OF DELIVERIES TO THE COMPANY. All volumes delivered by the Customer to the Company's Receipt Point(s) under the Company's transportation Rate Schedules shall be balanced daily. Customers represented by Agents shall be balanced daily based on their Agent's total deliveries for the day.

If the Customer's or the Customer's Agent's actual delivery falls outside the allowable delivery range of +/- 2.5%, the difference between the allowable delivery range and the actual delivery will be assessed a daily balancing charge. If the Company has issued an OFO, its requirements take precedence over the daily balancing requirements stated in this Section.

The daily balancing charge shall be calculated by taking the difference between the allowable delivery range and the actual deliveries to the Company's Receipt Point(s) and multiplying such amount by a daily balancing rate of \$0.68 per Dth. For the purpose of this calculation, the difference between the allowable delivery range and the actual delivery will be treated as a positive number.

At the end of the Billing Month, the Customer or the Customer's Agent will be billed for the total of all daily balancing charges accrued during that Billing Month.

- B. **BALANCING OF DELIVERIES TO THE CUSTOMER.** All deliveries made by the Company to the Customer at the Customer's delivery point(s) shall be balanced monthly at the end of the Billing Month. Customers represented by an Agent shall be balanced monthly based on the Agent's total deliveries, adjusted for Retainage, and usage.

Any Positive Imbalance shall be billed to the Customer or the Customer's Agent as provided for in Schedule A of the Load Management Section of these General Terms and Conditions for Transportation Service.

Any Negative Imbalance shall be billed to the Customer or the Customer's Agent as provided for in Schedule B of the Load Management Section of these General Terms and Conditions for Transportation Service.

Beginning with the month of termination of service under any of the Company's transportation Rate Schedules, a Customer or a Customer's Agent shall have one month to eliminate any Imbalance condition.

C. **OTHER BALANCING AND BILLING-RELATED PROVISIONS.**

1. Standby Service shall be billed at the rates included in the regular sales Rate Schedule under which service would otherwise be provided.
2. If any provisions regarding balancing cause the Company to incur penalties from its interstate pipeline supplier(s) for Customer deliveries, then the Customer or the Customer's Agent causing the penalty shall be billed for such penalty.
3. If a Daily Balancing Charge is applicable, it shall be calculated and billed according to the Daily Balancing provision of these General Terms and Conditions for Transportation Service.

D. **LOAD MANAGEMENT**

1. Should there be any Positive Monthly Imbalance remaining at the end of the Billing Month, the Customer or the Customer's Agent shall have the right to transfer such imbalance to another transportation Customer or Customer's Agent. Any Positive Monthly Imbalance which is transferred to another Customer or Customer's Agent shall be subject to an administration fee of \$0.25 per therm of imbalance transferred. The Company shall have the right to waive any such administration fee on a non-discriminatory basis. If a transfer of the Positive

Monthly Imbalance does not occur or the transfer does not completely clear the Positive Monthly Imbalance, then the Company shall pay the Customer or the Customer's Agent in accordance with Schedule A below for the remaining Positive Monthly Imbalance.

Schedule A

% Imbalance	% of Index Price
0 - 2.5%	100%
> 2.5 - 10%	95%
> 10 - 15%	90%
> 15%	85%

The Index Price shall equal the Company's average commodity cost of gas for the Billing Month in which the Positive Monthly Imbalance occurs.

- Any Negative Imbalance shall be billed the rates contained in Schedule B below. Any Negative Imbalance greater than 15% shall also be subject to a penalty of \$25.00 per therm. The Company reserves the right to waive any such penalty on a non-discriminatory basis providing there is no cost or detriment to any other Customer.

Schedule B

% Imbalance	% of Index Price
0 - 2.5%	100%
> 2.5 - 10%	105%
> 10 - 15%	110%
> 15%	115%

The Index Price shall equal the sales rate billed under the applicable tariff rate schedule, based upon the Customer's total consumption in the Billing Month in which the Negative Imbalance occurs. No additional transportation charges shall be added to the sales rate billed under the applicable tariff rate schedule.

- For the purpose of determining the level at which an Imbalance shall be eliminated, the escalating or declining percentage of the Index Price will apply only to the portion of the Imbalance outside each tolerance level.
- It is the responsibility of the Company and the Customer or the Customer's Agent to eliminate end-of-month imbalances by cash settlement. The Company and the

Customer or the Customer's Agent shall settle, in cash, all remaining Positive and Negative Imbalances unless otherwise mutually agreed. The Company will send the Customer or the Customer's Agent a statement detailing the unresolved imbalance quantities and payment of the amount due the Customer or the Customer's Agent, or an invoice stating the amount due the Company.

- E. **IMBALANCE REVENUES.** The Company will sum the total monthly imbalance monies assessed to the Customers on its distribution system. If the imbalance dollars assessed to its transportation Customers is greater than the imbalance charges assessed by the Transporting Pipeline on the Company, the difference will be credited to fuel expense through the Company's Purchased Gas Adjustment Mechanism.

## **XXII. NOMINATIONS**

- A. **SCHEDULING OF RECEIPTS AND DELIVERIES.** With respect to the Customers served under this rate schedule, the Customer or the Customer's Agent shall notify the Company's designated representative, by use of the currently effective Nomination Form, as to the quantity of gas expected to be used by the Customer or pool and the quantity of gas scheduled to be delivered to the Company, which shall include Retainage for Gas shrinkage, during each day of the following Billing Month. Such notification shall be delivered to the Company's designated representative two business days prior to the Billing Month of scheduled delivery or as may otherwise be deemed satisfactory by the Company. Daily and intraday nominations changes will be allowed in accordance with a schedule which will be published in the nomination section of the Company's website. All times concerning nominations are Eastern Time. Nomination Forms may be rejected by the Company's designated representative when sufficient pipeline or source information is not provided with the Nomination Form.

By 12:00 noon on the first business day following the Billing Month, each Customer or Customer's Agent shall deliver to the Company's designated representative a complete written transportation volume allocation of Gas by contract for the individual Customer or each Customer within a pool. Failure to do so will result in the suspension of deliveries of gas for fourteen days. The Company has the right to waive or shorten this time period for good cause shown.

The Company shall determine acceptable Delivery Points on the Company's distribution system in conjunction with the physical or operational restrictions of the system.

- B. **DISPATCHING NOTICES.** The Customer or the Customer's Agent shall be responsible for giving all dispatching notices to supplier(s), for giving notice to supplier(s) of any changes in the transportation quantity, and for ensuring that supplier(s) comply with such notices. Upon request, the Customer or the Customer's Agent shall provide to the Company, on a timely basis, all information required by the Company in order to (1)



provide dispatching, nominating, and confirmation notices to Transporting Pipeline, (2) give or confirm notice to Transporting Pipeline of any change in the transportation quantity, (3) determine Scheduled Quantities, and (4) ensure that Transporting Pipeline complies with such notices.

- C. **CONFIRMATION.** Upon request by Transporting Pipeline to the Company to verify a nomination for the account of the Customer, the Company shall confirm the lesser of such nomination, the transportation quantity or, in the case of non or partial operation of the Facility, that quantity which in the Company's reasonable judgment (after consultation with the Customer or the Customer's Agent) is likely to be consumed at the Facility, adjusted for Retainage. Subject to the foregoing, the Company shall be entitled to rely conclusively on the Customer's or the Customer's Agent's nomination of any quantity of Gas as being authorized for purchase from supplier(s) and for delivery at the Company's Receipt Point(s) by Transporting Pipeline. The Company shall bear no responsibility with respect to verification or rejection of quantities of Gas not requested by the Customer or the Customer's Agent.
- D. **CORRECTION OF IMBALANCES.** It is the intent that, for each day, the Scheduled Quantities, adjusted for Retainage, less such portion thereof, if any, as has been purchased by the Company from the Customer or the Customer's Agent pursuant to Section XIX. shall be equal to the actual takes. To the extent that the Scheduled Quantities (less the portion thereof purchased by the Company) vary from the actual takes on any day, or the sum of the Scheduled Quantities (less the portion thereof purchased by the Company) for a month varies from the sum of the actual takes for such month, the obligations of the Company or the Customer or the Customer's Agent with respect to such variations shall be governed by the provisions set forth in Section XXI. of these General Terms and Conditions for Transportation Service.
- E. **NOMINATIONS BY CUSTOMER'S DESIGNATED AGENT.** The Company must have written confirmation from the Customer designating the Customer's Agent. Nominations will only be accepted from pre-approved Agents who meet the criteria included in Section XXV. of these General Terms and Conditions for Transportation Service.
- F. **NOMINATION BASIS.** The Customer or the Customer's Agent will nominate Gas on a daily basis. In the event the Customer and the Company establish a Daily Delivery Quantity, which shall include Retainage for Gas shrinkage, the Customer or the Customer's Agent will not be required to make daily nominations until a change to such quantity is desired.

### **XXIII. CAPACITY ASSIGNMENT AND RECALL**

- A. **CAPACITY ASSIGNMENT.** The Company will require any Customer requesting transportation service to obtain firm capacity on the Transporting Pipeline from the

Company. Failure of any Customer or Customer's Agent to meet the requirements for a replacement shipper as set forth by the Transporting Pipeline, shall disqualify such Customer or the Customer's Agent from receiving service under this tariff.

The Customer or the Customer's Agent will enter into a prearranged pipeline Capacity release transaction for a term corresponding to the term of the Transportation Agreement Contract. The prearranged pipeline Capacity release transaction will include; (1) the amount of capacity to be released in therms or MMBtus (2) the Transporting Pipeline capacity rate being applied (3) the rate schedule of the capacity (4) the term of the release. Release of any capacity under this section may not exceed the FERC-approved maximum rate applicable to the released capacity.

- B. NOTIFICATION OF ASSIGNMENT TO TRANSPORTING PIPELINE. The Company shall provide notice of firm capacity release to Transporting Pipeline as required under the General Terms and Conditions of the Transporting Pipeline's Gas Tariff. The Company shall also diligently and in a timely manner take all other actions required under the General Terms and Conditions of Transporting Pipeline's Gas Tariff governing such capacity releases.
- C. ACCEPTANCE OF FIRM CAPACITY ASSIGNMENT. The Customer or the Customer's Agent shall accept the firm capacity release from the Company subject to the Company's capacity release agreement and General Terms and Conditions of the Transporting Pipeline's Gas Tariff. The Customer or the Customer's Agent shall also diligently, and in a timely manner take all other actions required under the General Terms and Conditions of the Transporting Pipeline's Gas Tariff governing such capacity releases.
- D. CAPACITY RELEASE AGREEMENT. The Customer shall pay Transporting Pipeline directly commencing on the effective date of the capacity release agreement between the Company and the Customer or the Customer's Agent and continuing until (1) the agreement terminates or expires or, (2) the transportation customer returns to sales service on the Company's system.
- E. ASSIGNMENT METHODOLOGY. The Company will assign capacity to each Customer or Customer's Agent requesting Transportation Service, in proportion to the Company's total capacity portfolio. The applicable FERC-approved maximum rate will be applied to each portion of the released capacity.
- F. ALTERNATE CAPACITY ASSIGNMENT METHODOLOGIES. Nothing in this section shall preclude the Company from filing a petition to seek approval of an alternate capacity assignment that better meets the needs of the Company's system.
- G. CAPACITY RECALL. Released capacity on the Transporting Pipeline would be subject to recall only under the following conditions; (1) to maintain the integrity of the Company's system (2) to provide stand-by service in the event such service is utilized by the customer (3) in the event the customer leaves the system or returns to sales service.

In the event the Customer changes Agents, the released capacity will follow the Customer to the new Agent.

- H. RATES SUBSEQUENT TO RECALL. Upon the effective date of any capacity recall, pursuant to this Section, by the Company for any portion or all of the released capacity, the Company will be subject to the applicable rates and charges from the Transporting Pipeline for the duration of such capacity recall.

#### **XXIV. AGGREGATION SERVICE**

- A. OFFERING OF AGGREGATION SERVICE. The Company shall offer aggregation service to any qualified Customer Agent, with two or more transportation customers. The individual Gas loads of the aggregated transportation customers will be aggregated into a pool on the Company's system. The Aggregator will be responsible for delivering Gas to the Company's city gate on behalf of the aggregation pool, including Retainage for Gas shrinkage. The Company will redeliver to the individual members of the pool pursuant to the transportation aggregation agreement between the Company and the Aggregator.
- B. NOMINATIONS BY AGGREGATORS. The Aggregator will place nominations on behalf of the entire aggregated pool. The Aggregator will follow the same nomination procedures and requirements detailed in Section XXII of these General Terms and Conditions for Transportation Service.
- C. AGGREGATED QUANTITY. The Company will, for a fee of \$100.00 per aggregated Customer, determine an Aggregated Daily Delivery Quantity ("ADDQ") calculated monthly for each Aggregator. The "ADDQ" shall be equal to the sum of the "DDQs" for all customers in the Agent's aggregation pool. The Agent has a maximum of twenty business days to confirm the accuracy of the ADDQ. If the Company and the Aggregator cannot reach an agreement as to the appropriate ADDQ, the Company shall file a petition with the FPSC detailing the events that have transpired along with the supporting calculations used to develop the ADDQ. The aggregator is not obligated to use this service.
- D. AGGREGATED IMBALANCES. Imbalances will be calculated on an aggregated basis, not by individual account or delivery point. Imbalances will be determined by comparing the amount of Gas delivered to the Company, adjusted for Retainage, and the Gas actually consumed by the Aggregator's pool to determine the overall pool imbalance position. The Company's balancing requirements will be applied to that overall position. Unless otherwise agreed to by the Customer, the Aggregator, and the Company, the Aggregator will be responsible for imbalance charges as addressed Section XXI. of these General Terms and Conditions for Transportation Service

- E. RATE IMPACT OF AGGREGATION. Aggregated loads will not result in lower transportation rates for individual customers. Aggregators will be allowed to establish one or more customer aggregations. Customers in an aggregated group must be located within the territory of the Company and in the same operating area.

**XXV. AGENTS**

- A. AGENT SERVICE AGREEMENT. Marketers, brokers, or other third party suppliers of Gas that wish to either act as Agents for customers, or sell and/or deliver natural Gas on the Company's system, will be required to sign an Agent service agreement. The Agent service agreement shall set forth the applicable terms and conditions which the Agent agrees to be bound by, as well as, other applicable terms and conditions of the Company's tariffs.
- B. TERM OF CONTRACT. Unless otherwise agreed between the Company and the Customer or the Customer's Agent the term of the Transportation Agreement Contract, and the Agent Service Agreement shall be one year and from month to month thereafter, unless terminated on sixty days notice, or renewed by the Company and the Customer or the Customer's Agent.
- C. CREDITWORTHINESS. The Company shall not be required to permit any Agent who fails to meet the Company's standards for creditworthiness to sell or deliver Gas on its system. The Company may require that Agent provide financial information, references, and other items to prove creditworthiness. The Company may require a credit check at the Agent's expense. The Company may require a cash deposit or an irrevocable letter of credit from a bank, or a surety bond issued by a company holding a certificate of authority as an acceptable surety on Federal bonds.

Unless otherwise agreed to between the Company and the Agent, no information shall be required from Agent that would qualify as confidential under Chapter 366.093, Florida Statutes.

- D. IDENTIFICATION OF CUSTOMER NAMES AND CONTRACT NUMBERS. The Agent must identify Customer names and contract number(s) on which deliveries will be made. The Agent will follow the nomination procedures set forth in Section XXII. of these General Terms and Conditions for Transportation Service. Failure to comply with the Company's nominating procedures may result in curtailment of the Agent's Gas deliveries or additional monthly cash-outs.
- E. INDEMNIFICATION. The Agent warrants clear title to any Gas delivered into the Company's system, and the Agent shall be deemed to be in exclusive control and possession of Gas prior to delivery into the Company's system for redelivery to the Customer. The Agent agrees to indemnify, defend and hold harmless the Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer.

**XXVI. MARKETING AFFILIATES**

- A. APPLICATION OF TARIFF PROVISIONS. The Company will apply tariff provisions relating to transportation in the same manner to similarly situated affiliated and non-affiliated marketers, brokers, or Agents. In addition, the Company will abide by the following provisions:
1. The Company will not, through a tariff provision or otherwise, give its Marketing Affiliate or its Marketing Affiliate's Customers, preference over non-affiliated marketers or non-affiliated marketer's Customers in matters relating to transportation or curtailment priority;
  2. The Company will not give its Marketing Affiliate or the Marketing Affiliate's Customers a preference in the processing of a request for transportation services, specifically including the manner and timing of such processing;
  3. The Company will not disclose, or cause to be disclosed, to its Marketing Affiliate or any non-affiliated marketer any information the Company receives through its processing of requests for or provision of transportation service;
  4. To the extent the Company provides a Marketing Affiliate information related to transportation which is not readily available or generally known to other marketers, the Company shall provide that information contemporaneously to all non-affiliated marketers on its system.
  5. The Company will charge the Marketing Affiliate the fully allocated costs for any general and administrative and support services provided to the Marketing Affiliate.
  6. The Company will not condition or tie an offer or agreement to provide a transportation discount to a Customer in which the Marketing Affiliate is involved.
  7. The Company will not give preference to its Marketing Affiliate regarding surplus Gas or capacity. The Company will place surplus Gas and/or capacity on the Transporting Pipeline's electronic bulletin board in order to make it available to all similarly situated marketers.
  8. The Company will maintain its books and records separately from those of its Marketing Affiliate.