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August 15, 2008

## VIA FEDEX

Ann Cole  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

080561-6P  
08 AUG 19 AM 9:18  
RECEIVED-FPSC  
COMMISSION  
CLERK

**Re: Petition for approval of natural gas transmission pipeline tariff by  
SeaCoast Gas Transmission, LLC**

Dear Ms. Cole:

Enclosed for filing with the Commission on behalf of SeaCoast Gas Transmission, LLC, please find the original and 12 copies of Peoples' petition referenced above. Enclosed also are 12 copies of tariff for which SeaCoast's petition seeks the Commission's approval.

Please acknowledge your receipt of the enclosures, the date of their filing, and the docket number assigned, on the enclosed copy of this letter, and return the same to me in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

COM \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL   1    
OPC   1    
RCP \_\_\_\_\_  
SSC \_\_\_\_\_  
SGA \_\_\_\_\_  
ADM   1   AWjr/a  
CLK   1   Enclosures

cc: Mrs. Wraye J. Grimard

DOCUMENT NUMBER-DATE

07433 AUG 19 08

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of )  
natural gas transmission pipeline )  
tariff by SeaCoast Gas Transmission, )  
LLC. )  
\_\_\_\_\_ )

Docket No. 080561-6P  
Submitted for Filing:  
August 18, 2008

**PETITION**

SeaCoast Gas Transmission, LLC ("SeaCoast" or the "Company"), by and through its undersigned attorneys, files this its petition for approval of the Company's natural gas transmission pipeline tariff, Original Volume No. 1, to become effective the date of the Commission's vote disposing of this petition, and in support of its petition states:

1. The name, address and telephone number of the petitioner are:

SeaCoast Gas Transmission, LLC  
702 North Franklin Street  
Tampa, Florida 33602  
(813) 228-4593

2. The names and mailing addresses of the persons to whom notices, orders and correspondence regarding this petition are to be sent are:

Ansley Watson, Jr.  
Macfarlane Ferguson & McMullen  
Post Office Box 1531  
Tampa, Florida 33601-1531

Mrs. Wraye Grimard  
Regulatory Affairs  
SeaCoast Gas Transmission  
Post Office Box 2562  
Tampa, Florida 33601-2562

3. SeaCoast is a limited liability company established under the laws of the state of Delaware and is authorized to do business in the State of Florida pursuant to Section 607.1505, *Florida Statutes*.

4. SeaCoast is a natural gas transmission company subject to the regulatory jurisdiction of this Commission as provided for under Chapter 368.101,

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FPSC-COMMISSION CLERK

et seq., *Florida Statutes*, i.e., the Natural Gas Transmission Pipeline Intrastate Regulatory Act (the "Regulatory Act"). SeaCoast's substantial interests will be affected by the Commission's disposition of this petition in that SeaCoast's tariff, operating rules and regulations will thereby be determined. Commission authorization of the tariff, which accompanies this petition, would enable SeaCoast to actively pursue Firm Transportation Service Agreements with customers, construct intrastate pipeline facilities and initiate gas transportation operations.

4. The Regulatory Act confers on the Commission authority to regulate the rates of intrastate pipelines, and provides for ratemaking substantially different from that provided for a "public utility"<sup>1</sup> under Chapter 366, *Florida Statutes*. Within certain parameters, the Regulatory Act provides for negotiated rates between the intrastate pipeline and its customers.

5. Section 368.105(1), *Florida Statutes*, requires all rates or services of intrastate pipeline companies to be subject to schedules, rules and regulations on file with the Commission.

6. Section 368.105(2), *Florida Statutes*, provides that it is the duty of the Commission, "to ensure that all rates and services" of any natural gas transmission company are "just and reasonable and are not unreasonable preferential, prejudicial, or unduly discriminatory." Rates must be "sufficient,

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<sup>1</sup> In pertinent part, "public utility" is defined by Section. 366.02(1), *Florida Statutes*, as ". . . every person, corporation, partnership, association, or other legal entity and their lessees, trustees, or receivers supplying . . . gas (natural, manufactured, or similar gaseous substance) to or for the public within this state; but the term "public utility" does not include . . . any natural transmission pipeline company making only sales or transportation delivery of natural gas at wholesale and to direct industrial consumers." The term "natural gas transmission pipeline company" is not defined in Chapter 366.

equitable, and consistent in application to each class of customers” and the Commission may treat two or more customers as a single class if the Commission “considers that treatment to be appropriate.”

7. Section 368.105(3), *Florida Statutes*, further provides in part that:

Rates charged or offered to be charged by any natural gas transmission company for transactions with other natural gas transmission companies, transportation customers, and industrial, power plant, and other similar large-volume contract customers, but excluding direct sale-for-resale to gas distribution utilities at city gates, unless suspended and modified pursuant to this subsection, are deemed to be just and reasonable and approved by the commission, if both the natural gas transmission company and the customer file an affidavit with the commission affirming that:

- i. Neither the natural gas transmission company nor the customer had an unfair advantage during the negotiations;
- ii. The rates are substantially the same as rates between the natural gas transmission company and two or more of those customers under the same or similar conditions of service; or
- iii. Competition does or did exist either with another natural gas transmission company, another supplier of natural gas, or with a supplier of an alternative form of energy.

8. The Regulatory Act, in Section 368.105(3), contemplates that gas transportation service provided by an intrastate pipeline is to be based on negotiated agreements that reflect market competition and the specific needs of a given customer. Rates for service negotiated and agreed to by the parties, under Section 368.105(3) are to be affirmed by each party in affidavits filed with the Commission and, if so affirmed, are “deemed to be just and reasonable and approved by the commission.” However, this section specifically excludes rates established for direct sales-for-resale to gas distribution utilities (“LDCs”) at city gates from the aforementioned affirmation process. SeaCoast has entered into a

Precedent Agreement with its first customer, which provides for the execution of a Firm Transportation Service Agreement, and the filing of the required affidavits within 60 days following the Commission's approval of SeaCoast's tariff.

9. SeaCoast will provide open access transportation service of customer-owned gas for all customers. Title to the gas transported on SeaCoast's transmission system would not, at any point, transfer to SeaCoast. The Company has no plans to engage in sales-for-resale of gas to LDCs. Given the transportation-only nature of its service, there is no requirement in the Regulatory Act that SeaCoast's tariff include minimum and maximum rates. SeaCoast and its customers will comply with the statutory requirement of filing affidavits with respect to the rates charged or offered to be charged for service under a Firm Transportation Service Agreement.

10. Section 368.109, *Florida Statutes*, provides for the payment of regulatory assessment fees by intrastate transmission pipeline companies. SeaCoast proposes to begin paying such fees upon approval of its proposed tariff and issuance of a consummating order by the Commission in this docket.

#### **MARKET AND SUPPLY OPPORTUNITIES**

11. SeaCoast was formed to provide intrastate natural gas transmission service throughout Florida, primarily to electric generators. Several regulatory and market factors contributed to the formation of SeaCoast.

- a. The demand for natural gas in Florida has increased significantly over the past decade. Electric generation is by far Florida's primary end use for natural gas for at least two reasons. First, Florida's

population growth continues to create more demand for electricity. Second, plans for several proposed new coal-fired power plants have been scrapped, and natural gas has been chosen as the alternative to coal to fuel these generating facilities.

- b. Electric generators choose natural gas for a variety of economic, environmental and operational reasons. Natural gas is recognized as a reliable fuel source with a minimal “carbon footprint” compared to most other fuel sources.
- c. To meet the increased demand for natural gas in Florida, interstate pipelines serving the Florida market that are regulated by the Federal Energy Regulatory Commission (“FERC”) have all dramatically increased their capacity into Florida over the past decade. Most recently, Florida Gas Transmission Company (“FGT”) has announced its Phase VIII expansion which is proposed to increase the quantities of interstate pipeline capacity provided by FGT to the Florida market by approximately 40%. In May 2007, Southern Natural Gas Company (“SNG”) increased deliveries of gas supplies via its Cypress Lateral into the Jacksonville, Florida area and, as of May 2008, completed its Phase II expansion of the Cypress Lateral. Southern is currently contemplating an additional expansion (Phase III) for the Cypress Lateral.

## SEACOAST'S PROPOSED TARIFF

12. SeaCoast's proposed tariff, Original Volume No. 1, accompanies this petition. The tariff includes the rules and regulations and standard forms necessary for the operation of the SeaCoast pipeline as an open access natural gas transmission system. While the rule does not specifically apply to intrastate natural gas transmission companies such as SeaCoast, the Company has primarily followed the tariff format prescribed in Chapter 25-9, *Florida Administrative Code*, but has included no rate schedules. As previously noted, SeaCoast will engage in no retail sales of natural gas, and will not make any direct sales-for-resale to LDCs at city gates. SeaCoast will establish rates for its customers (other than LDCs and affiliates) through the contract provisions included in the Regulatory Act. The rules and regulations contained in the Company's proposed tariff more closely resemble those of a FERC-regulated interstate pipeline than those generally found in a traditional LDC tariff, and include detailed provisions for nominations, scheduling and shippers' releases of capacity.

13. The following summarizes the pertinent provisions of SeaCoast's proposed tariff:

- a. System Map. The Company anticipates serving many customers throughout Florida. Within forty-five (45) days after the initial phase of its pipeline has been completed, SeaCoast plans to administratively file its original system map. Subsequent changes to the map resulting from expansions to the Company's pipeline system will also be filed

administratively. Because SeaCoast has no pipeline facilities in operation at this time, the proposed tariff includes no system maps.

b. Definitions. Defined terms used in the tariff are consistent with the definitions used in the tariffs of FERC-regulated interstate natural gas pipelines.

c. Character of Service. SeaCoast is proposing to provide Firm Transportation Service, Interruptible Transportation Service and Parking or Lending Service. Each service will be provided through a negotiated rate agreement with each customer.

d. General Terms and Conditions. The General Terms and Conditions section of the tariff describes the manner in which the SeaCoast pipeline will operate, and contains a number of provisions with which the Commission is familiar because similar provisions are found in the approved tariffs of Commission-regulated LDCs. These sections include Measurement and Measurement Equipment, Quality, Warranty, Control and Indemnification, Force Majeure, Nominations, Scheduling and Curtailment, Monthly Balancing, Operational Controls, Invoicing and Payment, Creditworthiness, and Penalties and Penalty Crediting Mechanism. However, SeaCoast's General Terms and Conditions also include other provisions that are included in the FERC tariffs of interstate natural gas pipelines, such as Electronic Communication, Capacity Release and Periodic Rate Adjustments.



i. Electronic Communication. SeaCoast is proposing to utilize electronic communication for the majority of its communications with customers. This electronic service is designed to provide the information or services required by applicable FERC compliance orders as well as such other information or services as SeaCoast may announce from time to time. Information to be posted on the SeaCoast Electronic Bulletin Board (“EBB”) will include information relevant to the availability of firm or interruptible capacity on the Company’s pipeline system, and also provide the best available data regarding imbalances between receipts and deliveries of gas on an hourly and daily basis. The EBB will also be used by Customers to review pertinent notices concerning capacity restrictions on the SeaCoast system, individual customer confirmed and measured quantities, hourly flow rates and daily imbalances. The EBB will include a list of firm customers, daily gas quality data, and software for the Company’s customers’ use in nominating their supplies on the SeaCoast system.

ii. Capacity Release. Although not required by the Regulatory Act, SeaCoast is proposing to allow the release of firm capacity on its system. This will provide the Company’s firm customers with the flexibility to release some or all of their firm capacity in order to mitigate unused reservation charges. The capacity release provisions outline the various deadlines and

posting requirements that a customer must comply with in order to release their capacity to another shipper, and provide for prearranged releases or releases subject to open bidding.

iii. Periodic Rate Adjustments. SeaCoast will use a tracking mechanism with respect to lost and unaccounted for (“LAUF”) quantities and gas used to provide compression fuel. In addition to the fuel tracker, SeaCoast will establish a System Balancing Adjustment (“SBA”). The SBA will encompass the variances in LAUF and fuel costs, as well as net annual system cash-out and Operational Balancing Agreement cash-outs and penalty revenues.

e. Standard Forms. SeaCoast’s tariff includes nine standard forms of agreements: (i) Firm Transportation Service Agreement, (ii) Interruptible Transportation Service Agreement, (iii) Park or Loan Service Agreement, (iv) Master Capacity Release Agreement, (v) Company Affidavit, (vi) Shipper Affidavit, (vii) Agent Form, (viii) EBB-TIDE Service Agreement and (ix) Imbalance Trade Form.

14. SeaCoast has designed its tariff in an effort to provide flexibility for the customers for which it will transport natural gas, while maintaining the controls needed to economically and efficiently operate its pipeline system for the benefit of all customers.

WHEREFORE SeaCoast Gas Transmission, LLC, respectfully requests that the Commission enter its order approving the accompanying proposed tariff, Original Volume No. 1, to become effective as of the date of the Commission's vote disposing of this petition.

Respectfully submitted,



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Attorneys for SeaCoast Gas Transmission,  
LLC

FPSC GAS TARIFF

Volume No. 1  
of  
SeaCoast Gas Transmission  
filed with  
Florida Public Service Commission

Communications concerning this Tariff should be addressed to:

SeaCoast Gas Transmission, LLC  
P. O. Box 2562  
Tampa, Florida 33602

Attn: Manager, Regulatory

DOCUMENT NUMBER-DATE

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**PRELIMINARY STATEMENT**

SeaCoast Gas Transmission, LLC, owns and operates a natural gas transmission pipeline company engaged in the business of transporting natural gas within the state of Florida.

The rates and charges to customers comply with Section 368.105(3) of the Natural Gas Transmission Pipeline Intrastate Regulatory Act ("Regulatory Act").

SYSTEM MAP

RESERVED FOR FUTURE USE

**DEFINITIONS**

The following terms shall have the meanings given below:

**AFFECTED AREA**

A physical, geographic area, locale or region of Company's pipeline system which is affected by an over-pressure or under-pressure situation such that Company's ability to meet firm service obligations or to provide scheduled service to Shippers in or utilizing that area is impaired.

**AGENT OR DESIGNEE**

A contractually authorized party designated by Shipper or Company and described under Section 8 of the General Terms and Conditions contained in this Tariff.

**AGREEMENT**

The agreement executed by Shipper and Company and any exhibits, attachments and/or amendments thereto.

**ALERT DAY**

Any Gas Day for which Transporter notifies Shipper(s) of restrictions on deliveries of Shipper's Gas to Company Delivery Point(s) within certain specified tolerances.

**ALTERNATE DELIVERY POINT(S)**

Delivery Point(s) other than those listed in Exhibit B of Shipper's Firm Transportation Service Agreement and nominations in excess of the MDQ at a Primary Delivery Point.

**ALTERNATE RECEIPT POINT(S)**

Receipt Point(s) other than those listed in Exhibit A of Shipper's Firm Transportation Service Agreement and nominations in excess of the MDQ at a Primary Receipt Point.

**BACKHAUL**

The receipt and delivery of Gas, which is accomplished by the Company's delivery of Gas at point(s) which are upstream from the point(s) at which Gas is received.

**BRITISH THERMAL UNIT**

The quantity of heat required to raise the temperature of one pound of water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at a constant pressure of 14.73 p.s.i.a.



**DEFINITIONS CONTINUED**

**BTU**

British Thermal Unit. The Btu shall be reported to 3 or more decimal places.

**BUSINESS DAY**

Monday through Friday, excluding Federal Banking Holidays for transactions in the United States.

**CENTRAL CLOCK TIME**

The clock time in the United States Central Time Zone, as adjusted for Daylight Savings Time and Standard Time. Unless otherwise stated, as used herein "Central Time" and "CCT" shall mean Central Clock Time.

**COMMISSION**

Florida Public Service Commission or any successor regulatory authority.

**COMPANY**

SeaCoast Gas Transmission, LLC, the party receiving Gas at the Point(s) of Receipt and transporting Gas to the Point(s) of Delivery.

**CONFIRMED PRICE**

The transportation rate inclusive of all applicable fees and surcharges agreed upon, in writing and/or via EBB-TIDE, by Company and Shipper or as otherwise required in this Tariff.

**CUBIC FOOT OF GAS**

The amount of Gas necessary to fill a cubic foot of space when the Gas is at a temperature of sixty (60) degrees Fahrenheit and under an absolute pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 p.s.i.a.).

**DEKATHERM**

A unit of heating value equivalent to one million (1,000,000) British Thermal Units, which shall be the standard unit for purposes of nominations, scheduling, invoicing and balancing.

**ELAPSED PRORATED SCHEDULED QUANTITY**

That portion of the scheduled quantity that would have theoretically flowed up to the effective time of the Intra-Day nomination being confirmed, based on the Maximum Hourly Flow Rate of the applicable FT Agreement or 4.2% per Hour if an IT Agreement for each nomination period affected.

**DEFINITIONS CONTINUED**

**ELECTRONIC COMMUNICATION**

Electronic mail (*i.e.*, e-mail) or the EBB-TIDE service described in Section 7 of these General Terms and Conditions.

**FERC**

Federal Energy Regulatory Commission or any successor regulatory authority.

**FT**

Firm transportation.

**FIRM CAPACITY OR FIRM CAPACITY RIGHT**

The right of Shipper to receive and obligation of Company to make available for delivery quantities of Gas at Shipper's Primary Delivery Points up to the stated MDQ for the Shipper's Agreement and within the specified Maximum Hourly Quantity at a specified temperature and pressure, provided Shipper has nominated such quantity pursuant to Section 8 and Company has been able to confirm said quantity pursuant to Section 9; and subject to the Force Majeure provisions of Section 6 and the curtailment provisions of Section 10 and further provided that Shipper's deliveries of Gas into Company's system by or for the account of Shipper pursuant to Section 8 are equal to scheduled Receipt Point quantities on a uniform hourly basis, unless Shipper and Company have agreed to a different flow rate for deliveries of Gas into Company's system.

**FORCE MAJEURE**

Causes or events, whether of the kind hereinafter enumerated, and whether occasioned by or happening on account of the act or omission of Company or Shipper or any other person or concern, not reasonably within the control of the party claiming suspension and which, in any such case, by the exercise of due diligence such party is unable to prevent or overcome, including, but not limited to, 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 due to an unplanned event, freezing of wells or lines of pipe, temporary or permanent failure of source of supply, and acts of civil or military authority (including, but not limited to, courts or administrative or regulatory agencies); such term shall likewise include (a) in those instances where either party hereto is required to obtain

**DEFINITIONS CONTINUED**

servitudes, rights-of-way, grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way, grants, permits or licenses; (b) in those instances where either party hereto 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, the inability of such party to acquire, or delays on the part of such party in acquiring, after the exercise of reasonable diligence, such materials and supplies, permits and permissions; and (c) planned or unplanned outages on the Company's system or on any pipeline system, or the inability of any such system to deliver Gas.

**GAS**

Natural gas or mixture of gases suitable for fuel, delivered through Company's pipeline system, having a heating value of not less than 1,000 Btu's per cubic foot and meeting the quality standards described in Section 3 of the General Terms and Conditions contained in this Tariff

**GAS DAY**

A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

**GUARANTOR**

A person satisfying the requirements of Section 18 d who guarantees Shipper's obligations under the Service Agreement(s) between Shipper and Company.

**HOUR**

A period of sixty consecutive minutes beginning at the top of the hour, e.g. 9:00, or such other time mutually agreed by Company and Shipper.

**INVESTMENT GRADE RATING**

With respect to the Shipper, or its Guarantor, a rating on its long-term senior unsecured debt by Moody's Investor Service of Baa3 or better, and by Standard & Poor's of BBB- or better, or by another recognized rating agency, as determined by Company in its sole discretion, equivalent to such ratings from Moody's Investors Service or Standard & Poor's.

**IT**

Interruptible transportation.

**DEFINITIONS CONTINUED**

**MAXIMUM DAILY QUANTITY or MDQ**

The maximum quantity of Gas, expressed in Dekatherms, that Company is obligated to transport on a firm basis to or on behalf of Shipper on any Day at the applicable Primary Delivery Point.

**MAXIMUM HOURLY FLOW RATE**

The percentage of the MDQ at a Primary Delivery Point that Company shall be obligated to deliver on behalf of Shipper on a firm basis, which shall be expressed as the quotient of the MHQ divided by the MDQ.

**MAXIMUM HOURLY QUANTITY or MHQ**

The maximum quantity of Gas, expressed in Dekatherms, that Company is obligated to deliver on a firm basis to or on behalf of Shipper for any Hour at the applicable Primary Delivery Point. For any Gas Day, the MHQ will be expressed as the Maximum Hourly Flow Rate multiplied by Shipper's confirmed scheduled quantities at the applicable Delivery Point.

**MAXIMUM PALS QUANTITY**

The greatest number of Dekatherms that Shipper may have parked or loaned pursuant to its PAL Service Agreement at any time.

**MCF**

One thousand (1,000) cubic feet of Gas.

**MONTH**

A period beginning at 9:00 A.M. Central Clock Time on the first day of any calendar month and ending at 9:00 A.M. Central Clock Time on the first day of the next succeeding calendar month.

**NAESB**

The North American Energy Standards Board is the accredited organization established to set standards for certain natural gas industry business practices and procedures.

**NAESB Standards**

Any such standards issued by NAESB which have been approved by the FERC.

**NPV**

Net present value.

**OPERATIONAL BALANCING AGREEMENT (OBA)**

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**DEFINITIONS CONTINUED**

A contract between two parties which specifies the procedures for managing operating variances at an interconnect.

**OPERATIONAL FLOW ORDER or OFO**

Any Gas Day where Company notifies Shipper(s) of conditions that could threaten the safe operation or system integrity of the Company and where deliveries of Shipper's Gas to Company Receipt Point(s) are required to be within certain specified hourly or daily Gas flow quantities.

**POINT(S) OF DELIVERY OR DELIVERY POINT(S)**

The point(s) at the interconnection(s) between the pipeline facilities of Company and Shipper that Company and Shipper shall agree upon, at which the Gas leaves the outlet side of Company's custody transfer point(s) and enters the Shipper's facilities.

**POINT(S) OF RECEIPT OR RECEIPT POINT(S)**

The point(s) at the interconnection between the pipeline facilities of a Transporter and Company that Transporter and Company shall agree upon, where Gas enters facilities owned by Company and is metered.

**PRIMARY ROUTE**

The transportation route from Primary Receipt Point to the Primary Delivery Point as set forth in Shipper's FT Agreement, as amended by capacity release transactions.

**PRIMARY DELIVERY POINT(S)**

Those Delivery Point(s) specified in the Agreement which are assigned an MDQ.

**PRIMARY RECEIPT POINT(S)**

Those Receipt Point(s) specified in the Agreement which are assigned an MDQ.

**QUICK RESPONSE**

Notification of the receipt and validation of nomination information in accordance with the NAESB Standards, but shall not indicate whether the nomination will be confirmed or scheduled.

**RELEASE**

A relinquishment of Firm Capacity Right(s) by a Shipper pursuant to Section 14 of the General Terms and Conditions contained in this Tariff.

**SERVICE DAY**

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**DEFINITIONS CONTINUED**

The Gas Day on which Gas will be delivered pursuant to a nomination.

**SHIPPER**

Any person, corporation, limited liability company, partnership or other legal entity who or which has entered into an Agreement with the Company.

**TARIFF**

Company's FPSC Tariff as effective from time to time.

**TRANSPORTER**

Any interstate pipeline, intrastate pipeline, or local distribution company that delivers Gas to Company's Receipt Point(s).

Other definitions, technical terms and expressions used in these Definitions and not herein defined are to be given the meaning usually accepted in the Gas industry.

In some instances, definitions are set forth in the General Terms and Conditions and the Forms of Service Agreements.

Unless otherwise provided, words used in this tariff that indicate a singular number shall include the plural in each case and vice versa and words that import a person shall include legal entities, firms and corporations.

## CHARACTER OF SERVICE

### 1. Transportation Service Generally

Transportation service may be either firm or interruptible service provided by Company pursuant to Shipper's Agreement(s) and this Tariff to transport Shipper's Gas across Company's facilities for redelivery to Shipper's facility(ies), and may be accomplished by forward haul, displacement, backhaul, or any combination thereof.

### 2. Firm Transportation Service

- a. Subject to the General Terms and Condition of this Tariff, this service is available to any Shipper for the transportation of Gas by Company when Shipper and Company have executed a Firm Transportation Service Agreement.
- b. Quantities of Gas transported by Company for Shipper from Primary Receipt Points to Primary Delivery Points and which are within Shipper's MHQ and MDQ shall be performed on a firm basis.
- c. Transportation service hereunder shall consist of i) the receipt of Gas on behalf of Shipper, (ii) the transportation of such Gas by Company, and (iii) the tender by Company of such Gas for delivery to Shipper, or for Shipper's account, up to Shipper's MDQ, at hourly rates up to Shipper's MHQ, each as specified in the Shipper's Agreement, together with any quantities tendered for Company Use.
- d. Gas received for firm transportation service will be commingled with other Gas in Company's system, and the specific Gas made available by Shipper or for Shipper's account for transportation may not be the same Gas delivered to Shipper for its account.

### 3. Interruptible Transportation Service

- a. Subject to the General Terms and Conditions of this Tariff, this service is available to any Shipper for the transportation of Gas by Company when Shipper and Company have executed an Interruptible Transportation Service Agreement.
- b. Gas transported by Company for Shipper under this service shall be on an interruptible basis when capacity exists on Company's system.

**CHARACTER OF SERVICE CONTINUED**

- c. Transportation service hereunder shall consist of (i) the receipt of Gas on behalf of Shipper, (ii) the transportation of Gas by Company, and (iii) the tender by Company of Gas for delivery to Shipper or for Shipper's account.
- d. Gas received for interruptible transportation service will be commingled with other Gas in Company's system, and the specific Gas made available by Shipper or for Shipper's account for transportation may not be the same Gas delivered to Shipper or for its account.
- e. Interruptible transportation service may be curtailed or fully interrupted at any time and from time to time at the sole discretion of the Company.
- f. Each Shipper electing interruptible service shall hold the Company harmless from any and all liabilities, penalties, alternate fuel subsidies, price adjustments and claims of whatever type, resulting from or arising out of the Company's curtailment or interruption of Gas deliveries.

4. Parking or Lending Service

- a. Subject to the General Terms and Conditions of this Tariff, this service is available to any Shipper for Parking or Lending Service when Shipper and Company have executed a separate Agreement for Parking Service and Lending Service, if Shipper desires both services.
- b. This service is available only when Company, in its sole discretion, has determined it is operationally able to render such service.
  - 1. **Parking Service.** Parking Service is an interruptible service which provides for (1) the receipt by Company of Gas quantities delivered by Shipper to receipt point(s) nominated by Shipper for receipt of quantities to be parked; (2) Company holding the parked quantities on Company's pipeline system; and (3) Company's return of the parked quantities to Shipper, provided, however, that Company is not obligated to return parked quantities on the same Day and at the same point(s) at which the Gas is parked.



**CHARACTER OF SERVICE CONTINUED**

2. Lending Service. Lending service is an interruptible service which provides for (1) Shipper receiving Gas quantities from Company at delivery point(s) nominated by Shipper for delivery of loaned quantities of Gas; and (2) Shipper's subsequent return of the loaned quantities of Gas to Company, provided, however, that Company is not obligated to accept return of loaned Gas on the same Day and at the same point(s) at which the Gas was loaned.
  3. If the Shipper receives parked quantities or returns loaned quantities at point(s) other than the point(s) at which the park or loan occurred, the Shipper and Company shall enter into a separate Transportation Agreement(s) to effectuate receipt or delivery of Gas from or to the new point(s).
- c. Park or Loan Service shall be provided for a minimum term of one (1) Day. The term shall be set forth on the Agreement between Shipper and Company.
  - d. The applicable Usage Rate set forth in the Agreement shall be paid for each Dekatherm of Gas parked by or loaned to Shipper on such Day.
  - e. Shipper shall not be required to furnish fuel for Park or Loan Service.
  - f. Shipper may be required, upon notification from Company, to cease or reduce deliveries to, or receipts from, Company under the Agreement within a Day consistent with Company's operating requirements. Further, Shipper may be required to return loaned quantities or remove parked quantities upon notification by Company. Such notification shall, at a minimum, be provided by posting on EBB-TIDE, and may also be provided by other means of communication. Company's notification shall specify the time frame within which parked quantities shall be removed and/or loaned quantities shall be returned, consistent with Company's operating conditions, but in no event shall the specified time be sooner than the next Day after Company's notification, subject to the following conditions:

**CHARACTER OF SERVICE CONTINUED**

1. If the specified time for removal or return of Gas quantities is the next Day, the time frame for required removal or return shall begin at the time that Shipper receives notice from Company. Notices provided after business hours for the next Day will be provided to Shipper via Electronic Communication. If Shipper makes a timely and valid nomination in response to notification by Company to remove parked quantities and/or return loaned quantities, Shipper shall be deemed to have complied with Company's notification; and
  2. Unless otherwise agreed by Shipper and Company: (i) any parked quantity not nominated for removal within a time frame specified by Company's notice shall become the property of Company at no cost to Company and free and clear of any adverse claims; (ii) any loaned quantity not returned within the time frame specified by Company's notice shall be sold to Shipper at Company's cash-out Price at the >25% Imbalance level for Imbalances Due Company, pursuant to Section 11 of the General Terms and Conditions.
- g. Any penalty revenues received by Company as a result of the operation of Section 4 (f)(2) above will be credited pursuant to Section 20 of the General Terms and Conditions.
- h. If parked quantities remain in Company's pipeline system and/or loaned quantities have not been returned to Company's pipeline system at the expiration of any Agreement between Shipper and Company, Company and Shipper may mutually agree to an extended time frame and/or modified terms, including the rate, under such Agreement. If Shipper and Company are unable to agree to any such modifications, Company shall notify Shipper, and Shipper shall nominate the parked quantities for removal and/or return the loaned quantities within the time frame specified in Company's notice, which in no instance shall be less than one (1) Day. Any parked quantity not nominated for removal within the time frame specified by Company's notice shall become the property of Company at no cost to Company, free and clear of any adverse claims. Any loaned quantities not nominated

**CHARACTER OF SERVICE CONTINUED**

to be returned within the time frame specified by Company's notice shall be sold to Shipper at Company's Cash-out Price at the >25% Imbalance Level for Imbalances Due Company, pursuant to Section 11 of the General Terms and Conditions.

Any penalty revenues received by Company as a result of the operation of Section 4 (f)(2) above will be credited pursuant to Section 20 of the General Terms and Conditions.

**5. RATES**

Each Month, Shipper shall pay to Company the following:

- a. A Capacity Reservation Rate, as stated in the Shipper's Agreement, for each Dekatherm of Shipper's MDQ, multiplied by the number of Days in the Month.
  - i. In the case of failure to make available for delivery by reason of Company's Force Majeure, only the return on equity and related income tax components of the Capacity Reservation Rate will be included in the above referenced calculation.
- b. Usage Rates. The Usage-1 Rate, as stated in the Shipper's Agreement, multiplied by that portion of the total quantity of Gas deliveries on any Day pursuant to the Shipper's Agreement which is not in excess of the lower of (i) 110% of the scheduled quantities of Gas under the Agreement for such Day and (ii) the MDQ in effect under the Agreement for such Day.
- c. The Usage-2 Rate, as stated in the Shipper's Agreement multiplied by that portion of the total quantity of Gas deliveries on any Day
- d. pursuant to the Shipper's Agreement which is greater than the lower of (i) 110% of the scheduled quantities of Gas under the Agreement for such Day and (ii) the MDQ in effect under the Agreement for such Day.
- e. Other Applicable Charges or Surcharges. All applicable surcharges or charges, including, but not limited to those contained in Sections

**CHARACTER OF SERVICE CONTINUED**

- f. 19 and 20 of the General Terms and Conditions multiplied by each Dekatherm of Gas delivered.
- g. Taxes and Fees. Each bill or invoice issued by Company pursuant to this Tariff and Shipper's Agreement shall be increased by the appropriate proportionate part of all taxes (federal, state and local, excluding any federal or state income tax), licenses, assessments or fees (including but not limited to regulatory assessment and franchise fees imposed on Company) imposed by any governmental authority based on the production, transportation, consumption or use of Gas or on any revenues derived from the transportation, consumption or use of Gas.
- h. Company Use. Each Shipper will furnish Company Gas for Company's use as fuel at the nominated Receipt Point(s). The amount of fuel furnished to Company will be equal to the applicable percentage for Company Use, as calculated pursuant to Section 19 of the General Terms and Conditions.

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**GENERAL TERMS AND CONDITIONS**

1. Measurement and Measurement Equipment
2. Pressure
3. Quality
4. Maximum Daily and Hourly Quantities
5. Warranty, Control and Indemnification
6. Force Majeure; Consequential Damages
7. Electronic Communication
8. Nominations
9. Scheduling and Curtailment
10. Determination of Daily and Monthly Receipts and Deliveries
11. Monthly Balancing
12. Operational Controls
13. Invoicing and Payment
14. Capacity Release
15. Requests for New or Additional Service
16. Right of First Refusal
17. Default and Termination
18. Creditworthiness
19. Periodic Rate Adjustments
20. Penalties and Penalty Crediting Mechanism

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**GENERAL TERMS AND CONDITIONS CONTINUED**

21. Mutually Beneficial Transactions

22. Notices and Incorporation into Agreement(s)

23. Indemnity to Company

**GENERAL TERMS AND CONDITIONS CONTINUED**

1. **MEASUREMENT AND MEASUREMENT EQUIPMENT**

- a. The volume of Gas delivered at the Receipt Point(s) and at the Delivery Point(s) shall be measured by one of the following devices installed by Company at its election, or as agreed to by Company and the operator of the interconnecting facilities, and calculated by means of an electronic flow computer located at each Receipt Point and Delivery Point, in the following manner:
  - i. An orifice meter, designed and installed in accordance with the current edition of American National Standard ANSI/API 2530 (American Gas Association Report No. 3), entitled "Orifice Metering of natural Gas and Other Related Hydrocarbon Fluids" (hereinafter referred to as "AGA Report No. 3"). The volume of Gas delivered through an orifice meter shall be computed in accordance with AGA Report No. 3, properly using all factors set forth therein; or
  - ii. A turbine meter, designed and installed in accordance with the current edition of American Gas Association Transmission Measurement Committee Report No. 7, entitled "Measurement of Gas by Turbine meters", (hereinafter referred to as "AGA Report No. 7"). The volume of Gas delivered through a turbine meter shall be computed in accordance with AGA Report No. 7, properly using all factors set forth therein; or
  - iii. An ultrasonic meter, designed and installed in accordance with the current edition of American Gas Association Transmission Measurement Committee Report No. 9, entitled "Measurement of Gas by Multipath Ultrasonic Meters" (hereinafter referred to as "AGA Report No. 9"). The volume of Gas delivered through an ultrasonic meter shall be computed in accordance with AGA Report No. 9, properly using all factors set forth therein.; or
  - iv. A positive displacement meter, designed and installed in accordance with generally accepted industry practices. The volume of Gas delivered through a positive displacement meter shall be computed by properly applying, to the volume delivered at flowing gas pressures and temperatures, correction factors for (i) absolute static pressure, (ii) flowing Gas temperature and (iii) compressibility ratio.

**GENERAL TERMS AND CONDITIONS CONTINUED**

- b. All measuring and auxiliary measuring equipment shall be installed, maintained and operated, in accordance with generally accepted industry practices.
- c. The volume of Gas delivered shall be computed using the standards and factors determined as follows:
  - i. The unit of volume for the purpose of measurement shall be one thousand cubic feet of Gas at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute. For the purpose of applying the applicable rates hereunder, the Dekatherm equivalent of such unit of volume shall be determined by multiplying each such unit of volume by the total heating value per cubic foot of the Gas delivered hereunder adjusted to a common temperature and pressure base) and by dividing the result by one thousand (1000).
  - ii. The average absolute atmospheric (barometric) pressure at each Receipt Point and each Delivery Point shall be assumed to be 14.73, irrespective of the actual location or elevation above sea level of the Receipt Point or Delivery Point or of variations in actual atmospheric pressure from time to time.
  - iii. The static pressure and temperature of the Gas at flowing conditions through a meter and, where applicable, the differential pressure across the orifice plate of an orifice meter shall be determined by means of instruments of standard manufacture accepted in the industry for these purposes.
  - iv. The supercompressibility factor used in computing the volume of Gas delivered through an orifice meter shall be determined using the procedures presented in American Gas Association Transmission Measurement Committee Report No. 8, entitled "Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases."
  - v. The specific gravity of the Gas used in computing the volume of Gas delivered through a meter shall be determined at each Receipt Point and at strategic locations determined by Company to be representative for each Delivery Point by standard methods accepted in the industry for this purpose.



**GENERAL TERMS AND CONDITIONS CONTINUED**

- vi. The compressibility ratio factor "s" used in computing the volume of Gas delivered through a turbine meter, an ultrasonic meter, or a positive displacement meter shall be determined by the equation  $s = (Fpv)^2$ , in which "Fpv" is the supercompressibility factor determined as described in Section 1 c iv above.
- d. All flow measuring, testing and related equipment shall be of standard manufacture and type approved by Company. If applicable, Company or Shipper may install check measuring equipment and telemetering equipment, provided that such equipment shall be so installed as not to interfere with the operations of the operator. Company, or Shipper, in the presence of the other party, shall have access to measuring equipment at all reasonable times, but the reading, calibrating, and adjusting thereof shall be done by the operator of the facilities. Company or Shipper, if not the operator, shall have the right to be present at the time of the installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done by the operator of the measuring equipment. The records from such measuring equipment shall remain the property of the operator, but upon request the other party may request records including charts, together with calculations there from for inspection, subject to return within thirty (30) days after receipt thereof. Reasonable care shall be exercised in the installation, maintenance and operation of the measuring equipment so as to avoid any inaccuracy in the determination of the volume of Gas received and delivered. The accuracy of all measuring equipment shall be verified by operator at least once each year and if requested, in the presence of representatives of the other party, but neither Company nor Shipper shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) Day period. If the operator agrees to verification and test of measuring equipment and fails to perform such verification and testing, then the other party shall have the right to cease or temporarily discontinue service relative to such measuring equipment. If either party at any time desires a special test of any measuring equipment, it will promptly notify the other party and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment. Transportation and related expenses involved in the testing of meters shall be borne by the party incurring such expenses, provided, however, that Shipper shall not be responsible for such transportation and related expenses if the special

**GENERAL TERMS AND CONDITIONS CONTINUED**

testing reveals that the meter(s) is (are) not operating within the required tolerance level of one percent (1%). The operator, for purposes of this section, shall be the owner of the equipment referenced herein, or the Agent of such owner, or such other person as the parties may agree in writing. If, upon any test, any measuring equipment is found to be in error, such errors shall be taken into account in a practical manner in computing the receipts or deliveries. If the resultant aggregate error in the computed receipts or deliveries is not more than one percent (1%), then previous receipts or deliveries shall be considered accurate. All equipment shall, in any case, be adjusted at the time of test to record correctly. If, however, the resultant aggregate error in computing receipts or deliveries exceeds one percent (1%), the previous recordings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of the last test.

- e. In the event any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, previous recordings of receipts or deliveries through such equipment shall be determined as follows; provided, however, that the correction period shall be within six (6) Months of the production Month, with a three (3) Month rebuttal period and provided, further, that such standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard:
- i. by using the registration of any check meter or meters if installed and accurately registering, or in the absence of a check meter;
  - ii. by correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation, or if there is no check meter and the percentage of error is not ascertainable as provided in this clause ii, then;
  - iii. by estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the meter was registering accurately.

**GENERAL TERMS AND CONDITIONS CONTINUED**

- f. If at any time during the term hereof, a new method or technique is developed with respect to Gas measurement or the determination of the factors used in such Gas measurement, such new method or technique may be substituted upon mutual agreement thereto by both parties.
- g. The parties agree to preserve for a period of at least three (3) years or such longer period as may be required by public authority, all test data, if any, and other similar records.
- h. Shipper or Company may install, maintain, and operate odorizing (at a Delivery Point only), regulating, telemetering, heating or fogging equipment at its own expense as it shall desire at each Receipt Point or Delivery Point, and the operator of such equipment at its own expense shall provide the other party a suitable site therefor and allow the other party free access to and use of the site; provided that such equipment shall be so installed, maintained and operated as not to interfere with the operation or maintenance of the operating party's measuring equipment at each Receipt Point or Delivery Point. All such equipment as Shipper or Company shall desire to install shall be constructed, installed and operated to conform to the other party's requirements.

2. **PRESSURE**

Unless otherwise agreed, Company will redeliver Gas at the Delivery Points nominated by Shipper at Transporter's prevailing line pressure of no less than 250 pounds per square inch, gauge pressure ("Minimum Delivery Pressure"). If Company and Shipper otherwise agree on a different Minimum Delivery Pressure at any Delivery Point(s), it will be set forth on Exhibit B of the Shipper's Agreement.

3. **QUALITY**

- a. Heat Content.

Heat content shall mean the gross heating value per cubic foot of Gas delivered at each Receipt Point and Delivery Point. The Gas at each Receipt Point shall have a heat content not greater than 1075 BTUs per cubic foot or less than 1000 BTUs per cubic foot when determined on a dry basis. Company shall have the right to waive such BTU

**GENERAL TERMS AND CONDITIONS CONTINUED**

content limit if Company is able to accept such Gas without affecting Company's operations. The total heating value per cubic foot of Gas shall be determined at each Receipt Point and at strategic location(s) determined by Company to be represented for each Delivery Point by standard methods accepted in the industry for this purpose. The unit of quantity for the purpose of determining total heating value shall be one (1) cubic foot of anhydrous Gas at a temperature of sixty (60) degrees Fahrenheit and an absolute pressure of 14.73 p.s.i.a.

b. Gas Quality.

The Gas received and delivered hereunder shall be commercially free from dust or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters and other equipment of Company. The quality of Gas delivered by Shipper to the Company shall meet the same specifications as the FERC-approved or Commission-approved tariff requirements of the Transporter interconnected with Company and delivering Gas to Company for Shipper's account.

c. Commingling.

Gas delivered by Shipper will be commingled with other Gas transported hereunder by Company. Accordingly, the Gas of Shipper shall be subject to such changes in heat content as may result from such commingling and Company shall, notwithstanding any other provision herein, be under no obligation to redeliver for Shipper's account Gas of a heat content identical to that caused by Shipper to be delivered to Company.

4. **MAXIMUM DAILY AND HOURLY QUANTITIES**

- a. The MDQ shall be the quantity identified as such in the applicable Agreement. The MDQ for any single Receipt or Delivery Point, if applicable, shall be the quantity set forth in the applicable Agreement.
- b. Unless otherwise agreed, Shipper shall deliver, or cause to be delivered and Company shall receive at each Receipt Point, Gas at uniform rates over a twenty-four (24) hour period to the extent practicable. Unless otherwise agreed, Company shall deliver and Shipper shall receive, or cause to be received at each Delivery Point Gas at up to the Maximum Hourly Flow Rates, and within Shipper's

**GENERAL TERMS AND CONDITIONS CONTINUED**

MHQ, as provided in Shipper's Agreement. In addition, Company may deliver to Shipper(s), on an interruptible basis and with no additional charge for the additional hourly flexibility, Gas at hourly flow rates in excess of Shipper's (s') primary and secondary point hourly flow rates so long as such excess hourly flows do not adversely affect Company's ability to meet other scheduled firm and interruptible services or otherwise affect the safe and reliable operation of Company's system.

- c. Company and Shipper recognize that the parties may be unable to control exactly the quantities of Gas received and delivered on any
- d. Day and that the quantities received by Company may vary from the quantities delivered on any Day. Such variations shall be kept to a minimum and shall be balanced as soon as practicable. Shipper and Company shall manage the receipts and deliveries so that the difference between receipt quantities and delivery quantities shall be kept as near zero as practicable, taking into account Company Use and other deductions. Company shall be under no obligation to accept from Shipper Gas in excess of the scheduled amount for the Receipt Point for any Day.

**5. WARRANTY, CONTROL AND INDEMNIFICATION**

- a. Shipper warrants that it will have good and merchantable title to, or that it has good right to deliver, all Gas delivered by Transporter to Company for Shipper's account at the Receipt Point(s), and that such Gas will be free and clear of all liens, encumbrances, and claims whatsoever. In the event any adverse claim in respect to said Gas is asserted, or Shipper breaches its warranty herein, Company shall not be required to perform its obligations to transport and deliver said Gas to Shipper or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined; provided, however, that Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Company, conditioned for the protection of Company with respect to such claim; or (ii) in the case of a breach of warranty, Shipper promptly furnishes evidence, satisfactory to Company, of Shipper's title to said Gas.
- b. Shipper shall be deemed to be in control and possession of Gas prior to its delivery to the Receipt Point(s) and after delivery by Company at

**GENERAL TERMS AND CONDITIONS CONTINUED**

the Point(s) of Delivery; and Company shall be deemed to be in control and possession of the Gas to be transported by it upon delivery of such Gas by Transporter to Company at the Receipt Point(s), and until it shall have been delivered to Shipper at the Point(s) of Delivery. Each party, while deemed to be in control and possession of such Gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such Gas.

- c. Shipper waives, and releases Company from, any claims for any and all damages, costs, losses or expenses resulting from or arising out of interruption or curtailment of service, regardless of the cause, including capacity constraints on Company's system; provided, however, that the foregoing shall not result in the waiver or release of a claim against Company for Company's gross negligence, bad faith, or willful misconduct. Further, Shipper shall indemnify and hold Company harmless from any and all suits, actions, debts, accounts, damages, costs, losses and/or expenses brought by or accruing to or for the benefit of the end-users downstream of a Point(s) of Delivery, where Shipper controls and operates the facilities downstream of such Point(s) of Delivery or where Shipper has arranged for the transportation and delivery of Gas on behalf of such end-user, resulting from or arising out of interruption or curtailment of service, regardless of the cause, including capacity constraints on Company's system; provided, however, that the foregoing shall not require Shipper to indemnify and hold Company harmless from a claim against Company for Company's gross negligence, bad faith, or willful misconduct. *Nothing in this section shall prevent a Shipper from asserting a claim against another Shipper; in the event of such a claim between Shippers, Company shall make available such information as is in its possession relevant to such claim.*

6. **FORCE MAJEURE; CONSEQUENTIAL DAMAGES**

- a. Force Majeure. In the event of either Company or Shipper being rendered unable wholly or in part by Force Majeure to carry out its obligations under a request for service made pursuant to Section 15 of these General Terms and Conditions, acceptance of which has been made, or under an Agreement, other than the obligation to make payments, it is agreed that on such party giving written notice and full particulars of such Force Majeure to the other party as soon as

**GENERAL TERMS AND CONDITIONS CONTINUED**

possible after the occurrence of the cause relied on, then the obligations of the party giving such notice (other than the obligation to make payments), 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. It is further agreed that, except for the obligation to make payments, neither Company nor Shipper shall be liable to the other for any damage occasioned by Force Majeure.

- b. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that 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. Consequential Damages. Shipper shall not be entitled to recover from Company any consequential, indirect, incidental or special damages, such as loss of use of any property or equipment, loss of profits or income, loss of production, rental expenses for replacement property or equipment, diminution in value of real property or expenses to restore operations.

**7. ELECTRONIC COMMUNICATION**

- a. Availability.

Company has established its EBB-TIDE service (hereinafter called EBB-TIDE) for use by any EBB-TIDE subscriber. EBB-TIDE is an electronic service designed to provide the information or services required by applicable Commission orders or described in Company's Tariff, and such other information or services as Company may announce from time to time. EBB-TIDE shall be available twenty-four (24) hours per Day, subject to maintenance and reasonable downtime. EBB-TIDE shall be available on a nondiscriminatory basis to any entity provided such entity has executed a EBB-TIDE Agreement and submitted the information called for in such Agreement to Company. It is not necessary that a EBB-TIDE subscriber be a Shipper under any of Company's other Tariff Agreements. Company reserves the right, at its sole discretion, to provide enhancements to EBB-TIDE or to

**GENERAL TERMS AND CONDITIONS CONTINUED**

*discontinue information or services not required by Commission order or otherwise described in Company's Tariff.*

b. Information.

Company shall post at least four times per Day on EBB-TIDE information relevant to the availability of firm and interruptible capacity at Points of Receipt, on the mainline and at Points of Delivery. The EBB-TIDE system shall provide the best available information about imbalances on an hourly and a daily basis. The EBB-TIDE system also includes information allowed or required to be posted thereon by other provisions of the Tariff including Section 14, information which Company is required to post pursuant to the Commission's regulations, or other information Company chooses to post in furtherance of the operation of its system. Critical system-wide notices shall have a separate category from notices that are not critical.

c. Services and Information Provided.

A EBB-TIDE subscriber shall be entitled to use EBB-TIDE for the purposes of (a) exercising its rights as a Releasing Shipper pursuant to Section 14 of these General Terms and Conditions or submitting a bid as a Replacement Shipper under such provisions; (b) viewing notice(s) of elections to continue service received under Section 16 of these General Terms and Conditions; (c) viewing Company's notice(s) of available firm capacity; (d) viewing notices of any restrictions of interruptible capacity; (e) any purposes described in any other provisions of Company's Tariff which reference EBB-TIDE; and (f) viewing public information posted by Company on EBB-TIDE and using such other features as may be made available by Company from time to time on EBB-TIDE.

d. Maintenance of Public Information.

Public information displayed on EBB-TIDE will be displayed in reverse chronological order. Information concerning completed capacity release transactions will remain on EBB-TIDE for at least ninety (90) days after completion and will be archived after such transactions are no longer actively maintained on the system. Archived information will be made available by Company within a reasonable period of time after a Shipper's request for such information, and Company may charge a reasonable fee for providing such archived information.



**GENERAL TERMS AND CONDITIONS CONTINUED**

Company shall maintain and retain back-up records of the information displayed on EBB-TIDE for no less than three (3) years.

e. Electronic Execution of Agreements.

To the extent that Company provides through EBB-TIDE the ability for subscribers to execute Agreements, electronic execution of such Agreements shall be the sole method used by subscribers to enter into such Agreements. Company will maintain on EBB-TIDE a list of those Agreements that shall be executed electronically by EBB-TIDE subscribers (notwithstanding anything herein to the contrary, Company notes that, until further notice, EBB-TIDE does not accommodate electronic execution of agreements.)

- i. As its signature on an electronically executed Agreement, a subscriber shall either (a) enter the name(s) of the person(s) designated as having the authority to enter into Agreements in electronic form on the subscriber's behalf or (b) follow such other procedures as the subscriber and Company have mutually agreed in writing shall constitute the subscriber's signature. Entry of such signature shall be sufficient to verify that the subscriber executed such Agreement.
- ii. An electronically executed Agreement shall not be deemed to have been properly received until accessible to Company through EBB-TIDE. Any such Agreement which has been received shall not give rise to any obligation unless and until Company has provided in return its notice of acceptance of the Agreement. Company's notice of acceptance of the Agreement shall constitute Company's signature, and shall be sufficient to verify that Company executed such Agreement.
- iii. Execution of a EBB-TIDE Agreement shall evidence the mutual intent of Company and the subscriber to create binding agreements pursuant to the electronic execution and transmission of such agreements. Any agreement properly executed and transmitted pursuant to a EBB-TIDE Agreement and the procedures implemented therefor on EBB-TIDE shall be considered for all purposes to be a "writing" or "in writing"; and any such agreement when containing, or to which there is affixed, a signature as set forth in Section 7 e i ("Signed Agreements") shall be deemed for all purposes (a) to have been "signed" and (b) to constitute an "original" when printed from

**GENERAL TERMS AND CONDITIONS CONTINUED**

electronic files or records established and maintained in the normal course of business.

- iv. The conduct of the parties pursuant to the EBB-TIDE Agreement, including the use of Signed Agreements properly transmitted pursuant to this Section 7 shall, for all legal purposes, evidence a course of dealing and a course of performance accepted by the parties in furtherance of their EBB-TIDE Agreement. Neither Company nor the subscriber shall contest the validity or enforceability of Signed Agreements under the provisions of any applicable law relating to whether certain agreements are to be in writing or signed by the party to be bound thereby. Signed Agreements, if introduced as evidence on paper in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the parties to the EBB-TIDE Agreement to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of Signed Agreements under either the business records exception to the hearsay rule or the best evidence rule on the basis that the Signed Agreements were not originated or maintained in documentary form.

- f. Ownership of Service and Data.

"EBB-TIDE" is a service mark of SeaCoast Gas Transmission, LLC. SeaCoast Gas Transmission, LLC is the exclusive proprietor of the programming which generates EBB-TIDE and of all the copyrights and proprietary interests therein, except insofar as any third party possesses a copyright or proprietary interest in such materials. A EBB-TIDE subscriber will not by virtue of this Section or the executed EBB-TIDE Agreement acquire any proprietary interests in the software which generates EBB-TIDE or in the files, information, or data displayed on EBB-TIDE.

- g. Liability for Use of EBB-TIDE.

A EBB-TIDE subscriber assumes sole responsibility for use of EBB-TIDE and the files and the information displayed on EBB-TIDE and hereby indemnifies and holds Company harmless against any liability or claim of any person that is attributable to improper use by the EBB-TIDE subscriber of EBB-TIDE or of the files and the information

**GENERAL TERMS AND CONDITIONS CONTINUED**

displayed on EBB-TIDE, as further set forth in the EBB-TIDE Agreement.

**8. NOMINATIONS**

- a. Company shall accept nominations twenty-four (24) hours a day via EBB-TIDE. All nominations must contain the mandatory data elements included in the NAESB standards and any additional business-conditional or mutually agreeable data elements. All nominations shall include Shipper-defined begin dates and end dates. All nominations excluding intra-day nominations should have roll-over options. Specifically, Shippers have the ability to nominate for several Days, Months, or years, provided the nomination begin and end dates are within the term of the Shipper's Agreement. Nominations under IT Agreements must specify the daily scheduled quantity, and the hours during the Day in which Gas will flow. The minimum period in which Gas will flow is (1) one Hour, and all quantities must be stated in Dekatherms. At the end of each Day, Company will provide the final scheduled quantities for the just completed Day.
  - i. All nominations shall be communicated via EBB-TIDE unless otherwise mutually agreed and must be submitted in accordance with the standard nomination timelines set forth below. A revised nomination supersedes the previous nomination in effect, but only for the Days or Hours specified in such revised nomination, after which the previous nomination once again takes effect until its end date or time or until superseded by another new or revised nomination, whichever is earlier.

The standard nomination timelines are as follows:

1. The Timely Nomination Cycle:

(All times are CCT on the day prior to the Service Day)

11:30 a.m. Latest time that nominations may leave control of the nominating party;

11:45 a.m. Receipt of nominations by

**GENERAL TERMS AND CONDITIONS CONTINUED**

	Company;
12:00 noon	Company sends Quick Response;
3:30 p.m.	Receipt of completed confirmations by Company from upstream and downstream connected parties;
4:30 p.m.	Receipt of scheduled quantities by Shipper and point operator.

Scheduled quantities resulting from the Timely Nomination Cycle shall be effective at 9:00 a.m. CCT on the next Service Day.

2. The Evening Nomination Cycle (All times are CCT on the Day prior to the Service Day)

6:00 p.m.	Latest time that nominations may leave control of the nominating party;
6:15 p.m.	Receipt of nominations by Company;
6:30 p.m.	Company sends Quick Response;
9:00 p.m.	Receipt of completed confirmations by Company from upstream and downstream connected parties;
10:00 p.m.	Company to provide scheduled quantities to affected Shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from an Evening Nomination that does not cause another Shipper on

**GENERAL TERMS AND CONDITIONS CONTINUED**

Company to receive notice that it is being bumped should be effective at 9:00 a.m. CCT on the next Service Day; and when an Evening Nomination causes another Shipper on Company to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. CCT on the next Service Day.

3. The Intra-day 1 Nomination Cycle: (All times are CCT on the Service Day.)

10:00 a.m.	Latest time that nominations may leave control of the nominating party;
10:15 a.m.	Receipt of nominations by Company;
10:30 a.m.	Company sends Quick Response;
1:00 p.m.	Receipt of completed confirmations by Company from upstream and downstream connected parties;
2:00 p.m.	Receipt of scheduled quantities by affected Shippers and point operators and scheduled quantities to bumped parties.

Scheduled quantities resulting from the Intra-day 1 Nomination Cycle shall be effective at 5:00 p.m. CCT on the same Service Day.

2. The Intra-Day 2 Nomination Cycle: (All times are CCT on the Service Day.)

5:00 p.m.	Latest time that nominations may leave control of the nominating party;
5:15 p.m.	Receipt of nominations by Company;

**GENERAL TERMS AND CONDITIONS CONTINUED**

5:30 p.m.	Company sends Quick Response;
8:00 p.m.	Receipt of completed confirmations by Company from upstream and downstream connected parties;
9:00 p.m.	Receipt of scheduled quantities by affected Shippers and point operators.

Scheduled quantities resulting from the Intra-Day 2 Nomination Cycle shall be effective at 9:00 p.m. CCT on the same Service Day. Bumping is not allowed during the Intra-Day 2 Nomination Cycle.

- ii. Shipper shall include in its nominations the desired order of priority of receipts and deliveries under each Agreement which Company will use when taking action to change receipts and/or deliveries according to Section 9 a. The order of priority shall indicate that a priority of one (1) shall be the last to be affected by changes. Nominations with the same priority will be adjusted pro rata.
  - iii. If Shipper completes and resubmits an otherwise incomplete nomination, then Company will process the nomination in the first nomination cycle that occurs for which the Shipper's complete nomination meets the deadline for nominations.
  - iv. Variations by Shipper of actual receipts and deliveries from the nominated receipts and deliveries shall be kept to a minimum. Receipts and deliveries shall be made at uniform hourly rates unless provisions to deliver the Gas at a non-uniform rate are made pursuant to Shipper's Agreement and confirmed by Company's Gas Control Department prior to Gas flowing. Under no circumstances shall Company be obligated to deliver to any Shipper, on any Day, a quantity of Gas under any Agreement greater than Company received at the Receipt Point(s) on behalf of such Shipper under such Agreement.
- b. Any Shipper may designate an Agent, which may be Company, to nominate and schedule transportation service on Shipper's behalf.

**GENERAL TERMS AND CONDITIONS CONTINUED**

Shipper shall notify Company, in writing or via EBB-TIDE, of the designated Agent. Company is authorized to rely on nominations and scheduling information provided by Shipper's Agent. By designating an Agent, Shipper agrees to indemnify and save Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising in any way from Shipper's Agent's actions on behalf of Shipper, Shipper's Agent's failure to act on behalf of Shipper, or Company's reliance upon the information provided to Company by Shipper's Agent; provided, however that such indemnification will not excuse Company from liability for actions taken when Company is acting as Agent.

- c. Implementation of Intra-Day Nominations.
- i. Subject to the deadlines in Section 8 a i, above, intra-day nominations may be made twenty-four (24) hours a Day and will be processed in the same manner as other nominations. However, the nomination deadline and effective time of intra-day nominations specified in Section 8 a i will not apply to OFO-related intra-day nominations.
  - ii. Subject to upstream and downstream operators' confirmations and Company's operating conditions, an intra-day nomination submitted pursuant to one of the deadlines set forth in Section 8 a i above can be used to request increases or decreases in total flow, changes to Receipt Points, or changes to Delivery Points of scheduled Gas. Company will not accept a reduced intra-day nomination for any quantity deemed already delivered based on the Elapsed Prorated Scheduled Quantity mechanism.
  - iii. Company shall allow Shipper to alter the order of priority of receipts and deliveries upon which Company shall rely in taking actions to adjust receipts and/or deliveries under Section 8 a above, provided such changes are submitted via EBB-TIDE in accordance with the nomination deadlines set forth in Section 8 a i above.
  - iv. For purposes of providing notice of any nomination changes (including where an interruptible Shipper's nomination is bumped by a firm Shipper's intra-day nomination) to a Shipper and/or Shipper's Agent, Company shall use Electronic Communication.

**GENERAL TERMS AND CONDITIONS CONTINUED**

9. **SCHEDULING AND CURTAILMENT**

a. Scheduling Capacity during a Start of Day Nomination Cycle.

Company shall allocate its pipeline capacity as well as capacity at each Receipt Point and Delivery Point on the basis of the priority classes described in Section 9 h as follows:

- i. pro-rata for Priority Class One nominations; then
- ii. pro-rata for Priority Class Two; then
- iii. pro-rata for Priority Class Three; then
- iv. on the basis of Confirmed Price for Class Four; then
- v. make-up Gas for FT Agreements, then make-up Gas for IT Agreements

Ties within any Priority Class shall be allocated pro-rata based on nominations.

b. Scheduling Available Capacity during an Intra-day Nomination Cycle.

Company shall schedule available capacity during each of the intra-day nomination cycles in accordance with Section 8 above. Bumping of service is not allowed during the Intra-Day 2 Nomination Cycle which is effective at 9:00 p.m. CCT on the same Service Day and all cycles thereafter for the remainder of the Day.

c. Curtailment of Scheduled Quantities during a Day.

If, at any time, Company determines that the capacity of its system, or portion(s) thereof, is insufficient to serve all scheduled service, or to accept the quantities of Gas tendered, capacity which requires curtailment shall be curtailed so as to provide the service which is feasible in the order prescribed for scheduling in Section 9 a above; provided, however, once scheduled, Priority Class Two and Priority Class Three will have the same curtailment priority as Priority Class One; and provided, further, if the capacity constraint which results in curtailment occurs on the upstream or downstream system, the upstream or downstream operator shall determine the change in scheduled nominations of its Shippers. Such change in scheduled nominations shall be confirmed via EBB-TIDE.

d. To enable prompt action in an emergency situation where capacity is insufficient, Company shall have the authority to take all necessary and



**GENERAL TERMS AND CONDITIONS CONTINUED**

appropriate actions, as then may appear necessary, to preserve the operational integrity of its system. Company shall notify Shippers of the existence of any such emergency situation by use of Electronic Communication, as soon as reasonably practicable.

e. Segmentation of Capacity by Nomination.

Any Shipper receiving transportation service under an FT Agreement shall have the right to segment its firm capacity by utilizing multiple Receipt Points and Delivery Points. The right to segment is subject to the requirement that a Shipper's firm capacity utilization pursuant to its FT Agreement and, if such Agreement is the result of capacity release, the firm capacity utilization of all other Shippers of capacity rights derived from the initial FT Agreement, does not exceed, in the aggregate (based on all relevant Shipper firm capacity utilization), the contract entitlements under the FT Agreement in any segment or at any point (including, without limitation, the relevant MDQ and/or MHQ) where the nominated segments overlap. For the purpose of determining whether there is an overlap of MDQ and/or MHQ, a forward haul and a Backhaul nominated to the same Delivery Point at the same time shall not be deemed to be an overlap at that point. For the purpose of determining whether there is an overlap of MDQ on a segment, a forward haul and a Backhaul nominated on the same segment at the same time shall be deemed to be an overlap on the segment. As a general matter, a Shipper desiring to segment will have the right to utilize its Primary Receipt Point(s) and Primary Delivery Point(s), as well as all Secondary Receipt Points and all Secondary Delivery Points, so long as such use does not impair Company's ability to render firm transportation service, does not adversely affect Shippers' firm transportation service rights, and does not adversely affect the safe and reliable operation of Company's pipeline system.

f. Segmentation of Capacity by Capacity Release.

Releasing Shippers can also segment capacity through capacity release in accordance with Section 14 of these General Terms and Conditions, subject to the requirement that the release (or multiple releases) does not increase the total contract entitlements in any segment or at any point (including, without limitation, the relevant MDQ and/or MHQ) above the contract entitlement under the Agreement. For the purpose of determining whether there is an overlap of MDQ and/or MHQ, a forward haul and a Backhaul nominated to the same Delivery Point at the same time shall not be deemed to be an overlap at that

**GENERAL TERMS AND CONDITIONS CONTINUED**

point. As a general matter, a Shipper (whether such Shipper is a Releasing Shipper or a Replacement Shipper) will have the right to utilize the relevant Primary Receipt Point(s) and Primary Delivery Point(s), as well as all Secondary Receipt Points and all Secondary Delivery Points located within the portion of Company's system on which Shipper has the right to transportation service, so long as such use does not impair Company's ability to render firm transportation service, does not adversely affect Shippers' firm transportation service rights, does not adversely affect the safe and reliable operation of Company's pipeline system, direction of the Primary Route on such segment and does not result in quantities being nominated in any manner that is inconsistent with Section 14 of these General Terms and Conditions.

- g. Company shall have the right to curtail or discontinue services, in whole or in part, on all or a portion of its system at any time for reasons of Force Majeure or when capacity or operating conditions so require, or it is necessary to make modifications, repairs or operating changes to its system. Company shall provide Shipper such notice of such curtailment as is reasonable under the circumstances.  
Notwithstanding anything to the contrary contained in this Section 9 g, Company will schedule routine repairs and maintenance in a manner that to the greatest extent possible will not disrupt the flow of quantities scheduled and confirmed in accordance with Section 8 of these General Terms and Conditions.
- h. For each nomination cycle, Company shall allocate capacity on the basis of nominations made by Shippers, utilizing the priorities of service from highest to lowest, as set forth below:
- i. Priority Class One. Firm Transportation Service, Primary Receipt Point(s) and Primary Delivery Point(s) within MDQ and within MHQ.
  - ii. Priority Class Two. Firm Transportation Service, Secondary Receipt or Delivery Point(s) within MDQ and within MHQ within and outside the Primary Route.
  - iii. Priority Class Three. Interruptible Transportation Service and Backhauls
  - iv. Priority Class Four. Interruptible hourly flow quantities pursuant to Section 4 of these General Terms and Conditions.

**GENERAL TERMS AND CONDITIONS CONTINUED**

- v. Priority Class Five. Make-up Gas scheduled at Company's discretion.

For purposes of determining whether points are within the Primary Route, a transaction from a Receipt Point to a Delivery Point which is counter to the Gas flow contemplated by the Primary Receipt Point and Primary Delivery Point shall be considered a Backhaul.

**10. DETERMINATION OF DAILY AND MONTHLY RECEIPTS AND DELIVERIES**

- a. To the extent possible, all quantities received by Company each Gas Day at a Point of Receipt shall be allocated in accordance with the scheduled and confirmed quantity at such point (Scheduled Receipts). For purposes of this section "overage" shall mean Scheduled Receipts in excess of actual quantities received, and "underage" shall mean Scheduled Receipts less than actual quantities received.
- b. Overages and underages under this section shall include prior period adjustments, as determined in accordance with Section 11. In the event actual quantities received by Company do not equal the Scheduled Receipts for such point, any overage or underage shall be allocated as follows:
- i. If Company has entered into an Operational Balancing Agreement as set forth in Section 10 c below which covers the point of receipt, any overages or underages at such point of receipt shall not be allocated to Shippers, but shall be resolved in accordance with the OBA;
  - ii. If there is no OBA for the subject Receipt Point, Company and the interconnecting party will agree as to which party is responsible for the predetermined allocation (PDA) and to the extent the interconnecting party has agreed to submit the PDA to Company, such PDA shall be provided under Section 10 d below for the allocation period, and Company shall allocate underages or overages in accordance with the PDA;
  - iii. If there is no OBA or PDA for the subject Receipt Point, Company shall allocate any overage or underage pro-rata based on scheduled and confirmed quantities at the Receipt Point.

**GENERAL TERMS AND CONDITIONS CONTINUED**

Overages and underages, as allocated in (i) through (iii) above, shall be considered the Receipt Imbalance for purposes of balancing under Section 11.

c. Operational Balancing Agreement (OBA).

An OBA is a contract between two parties which specifies the procedures for managing operating variances at an interconnect. For the purpose of minimizing operational conflicts between various pipeline facilities with respect to the delivery of Gas to and from Company's system, Company is willing to negotiate and execute OBAs with appropriate parties that operate natural gas facilities which interconnect with Company's system (hereinafter "OBA Party"). Such OBAs shall specify the Gas custody transfer procedures to be followed by Company and OBA Party for the confirmation of scheduled quantities at points of interconnection with the OBA Party. Such OBAs will provide that any variance between actual quantities and scheduled and confirmed quantities for any Day shall be resolved in kind promptly or cashed-out pursuant to the terms of the OBAs. To facilitate such determination of variances on a timely basis, Company and the OBA Party will agree in the OBA on necessary measurement and accounting procedures.

- i. It is Company's intent to negotiate and execute OBAs on a non-discriminatory basis with any OBA Party. However, Company shall have no obligation to negotiate and execute OBAs with any party that:
1. is not creditworthy as determined pursuant to Section 18 of these General Terms and Conditions;
  2. does not maintain dispatching operations which are staffed on a continuous basis;
  3. does not have electronic flow measurement equipment to which Company has access at the interconnect points which are proposed to be subject to the OBA;
  4. would cause the level of regulators or flow control which Company is subject to prior to the execution of the applicable OBA to increase; or

**GENERAL TERMS AND CONDITIONS CONTINUED**

5. does not commit to timely and final determination of variances based on prompt in-kind resolution or cash out provisions.

Nothing in this Section 10 or in any OBA shall limit Company's rights to take action as may be required to adjust receipts and deliveries under any Agreement to alleviate operating conditions that threaten the integrity of Company's system.

- ii. To the extent actual receipts vary from scheduled receipts at a point of receipt for which Company has entered into an OBA, Shippers utilizing such point of receipt shall not be subject to receipt point imbalance provisions pursuant to Section 10 of these General Terms and Conditions, but will be responsible for any charges incurred by Company under the OBA.
- d. Predetermined Allocation Statements (PDA)

Any PDAs established by an upstream interconnecting party must be submitted to Company in writing before the first day of the allocation period during which the PDA is to be effective. The PDA shall specify how any underage or overage from the confirmed quantity is to be allocated at a contract or such lower level of detail which is provided on the nomination level. The PDA methods shall include ranked, pro rata, percentage, swing, and operator provided value, as such terms are used in the NAESB Standards. A PDA may require new allocation detail as nomination changes occur. Company shall be entitled to rely exclusively on an effective PDA in allocating Gas received at a point and the interconnecting party holds Company harmless against actions taken and allocations made in reliance upon such PDA. No retroactive changes to a PDA may be made unless Company and all affected parties agree in writing.

- e. Daily Tolerances

Shipper shall deliver, or cause to be delivered, to Company at the point(s) of receipt on a uniform daily basis, that quantity of Gas that has been scheduled for transportation. To the extent Shipper deviates significantly from the uniform daily basis, Company reserves the right to implement an Operational Flow Order pursuant to Section 12.

- f. Unauthorized Gas

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"Unauthorized Gas" shall mean any volume of gas received at a point for which there is no transportation nomination by any shipper. Unauthorized Gas provisions shall not (i) apply at any point for which there is a volume nominated or (ii) encompass imbalance volumes.

- i. Company shall post on its EBB-TIDE the volume, production month received on Company's system, and the point of receipt of any Unauthorized Gas received (Notice). Company shall continue to post the Notice until a valid claim has been submitted or until thirty (30) calendar days after the initial posting of the Notice, whichever is sooner. In order to be a valid claim for purposes hereof, a claim must:
  1. be provided to Company in writing;
  2. identify the specific Unauthorized Gas delivered;
  3. provide independent evidence of ownership of Unauthorized Gas claimed; and
  4. agree to indemnify Company fully with respect to any adverse claims to ownership of the Gas or to the proceeds resulting from the sale thereof.
- ii. If a valid claim is submitted during the first twenty-four (24) Hours of the Notice period, then claimant shall have thirty (30) Days from the date Company determines the claim is valid to schedule such volumes. Such volumes not scheduled during such thirty (30) Days shall be subject to the Company Purchase Provision of this section. If a valid claim is received during the Notice period, after twenty-four (24) hours of the posting of the Notice, then such volumes shall be subject to the Company Purchase Provision. If a valid claim is not received in the Notice period, then Company shall retain such Unauthorized Gas at no cost to Company, free and clear of any adverse claims.
- iii. Company Purchase Provision.

Company shall purchase Unauthorized Gas not scheduled by Shipper nor retained by Company from the claimant at 80% of the Purchase Posted Price (as defined in Section 11) for the Month in which the Unauthorized Gas is delivered to Company or the Month of settlement, whichever is less; provided, however, that Company shall purchase a maximum of 10,000 Dekatherms during a twelve (12) month calendar period from any single claimant or at any single receipt point. Quantities

**GENERAL TERMS AND CONDITIONS CONTINUED**

exceeding the maximum shall be retained by Company at no cost to Company and free and clear of any adverse claims.

- v. The purchase and/or retainage of Unauthorized Gas shall be accounted for pursuant to Section 19.
  
- g. Determination of Daily Deliveries
  - i. Each separate Delivery Point shall be covered by an Operating Account, as set forth in Section 10 g below. Quantities delivered by Company at a Delivery Point each Gas Day shall be allocated in accordance with the scheduled quantity at such point (Scheduled Deliveries). For purposes of this section "overage" shall mean actual deliveries in excess of Scheduled Deliveries, and "underage" shall mean actual deliveries less than Scheduled Deliveries. In the event actual deliveries by Company do not equal Scheduled Deliveries, any overage or underage will be allocated as follows:
    - 1. Delivery quantities under FT and IT Agreements, and other deliveries under operational purchases or sales shall equal the Scheduled Deliveries;
    - 2. Any overages or underages which result from non-compliance with an operating purchase or sale under Section 12, which shall be recorded next in a non-compliance account.
    - 3. After determining deliveries in paragraphs 1 and 2 above, the remaining differences between actual deliveries and Scheduled Deliveries (overages and underages) shall be recorded each day into the Operating Account. The Operating Account shall be cumulated for the Month, and such monthly total shall be considered the Delivery Imbalance for purposes of Balancing under Section 11 herein.
  - ii. If Company has issued an Alert Day Notice, Company shall allocate deliveries as follows:
    - 1. Delivery quantities under FT and IT Agreements, and other deliveries under operational purchases or sales, shall equal the Scheduled Deliveries;
    - 2. After determining delivery quantities under paragraphs Sections 10 g 1 and 10 g 2, certain overages or underages

**GENERAL TERMS AND CONDITIONS CONTINUED**

shall be recorded in an Alert Day Account in accordance with Section 10;

3. After determining deliveries in Sections 10 g 1, 10 g 2 and 10 g 3, the remaining differences between actual and scheduled quantities (overages and underages) shall be recorded each Day into the Operating Account. The Operating Account shall be cumulated for the Month, and such monthly total shall be considered the Delivery Imbalance for purposes of balancing under Section 11 herein.

h. Delivery Point Operator

The Shipper owning the facilities immediately downstream of Company's facilities at the Delivery Point (or any other creditworthy Shipper authorized to operate the point by the person owning facilities immediately downstream of Company's facilities at the Delivery Point and who agrees to be bound by the provisions of this Tariff applicable to the Delivery Point Operator) shall be the "Delivery Point Operator" and shall have the obligations set forth in this Tariff with respect to Delivery Point Operator(s). The Delivery Point Operator shall be responsible for (1) resolving all Delivery Imbalances recorded in the Operating Account, (2) any charges associated with an operating purchase or sale under Section 12, and any charges associated with quantities recorded in the Alert Day Account under Section 10, and (3) any OFO penalties under Section 12. No Shipper shall be permitted to modify an FT Agreement to add a Primary Delivery Point or to schedule deliveries at a Delivery Point under Section 8 herein without written confirmation from the Delivery Point Operator.

- i. Nothing herein shall require the Delivery Point Operator to establish a particular allocation methodology with respect to the Operating Account. This section applies solely to the reconciliation of the Operating Account between Company and the Delivery Point Operator.

Company makes no representation or warranty, express or implied, that any Delivery Point Operator will employ a particular allocation methodology as between such Delivery Point Operator and a Shipper or Shipper's designee(s).

j. Delivery Point Operating Data



**GENERAL TERMS AND CONDITIONS CONTINUED**

Company shall make available to the Delivery Point Operator at four (4) intervals during the Gas Day, certain operational data regarding the daily flow rate at the applicable Delivery Point. To the extent such operating data differs from the actual delivery data utilized in this Section 12, the Delivery Point Operator shall not be responsible for any Alert Day Charges under Section 10, OFO penalties under Section 12 or any noncompliance charges under Section 12 to the extent of the difference. The balancing provisions of Section 11 shall apply notwithstanding any differences between actual delivery quantities and operational data; provided however, that any imbalance caused by differences between actual and operating data shall be balanced at an Imbalance Factor of 1.00.

k. After the Gas Day Allocations

- i. The timing for reporting daily operational allocations after the Gas has flowed is within one business day after end of the Gas Day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity shall be used for the daily operational allocation.
- ii. Upon request to Company, a Shipper shall be provided operational allocated quantities for the transaction(s) which have been scheduled by the Company for such Shipper.
- iii. Company may agree to send the operational allocated quantities on a daily basis to a Shipper rather than accept the request for information for operational allocated quantities.
- iv. Company is not required to support requests for operational allocated quantities other than on "all Shipper locations." Where Company has determined to support this standard in a manner other than (1) providing specific operational allocated quantities in response to a request for same, or (2) providing operational allocated quantities on "all Shipper locations", then the Shipper can rely on the absence of a line item(s) provided by Company as indicative that the particular line item(s)' scheduled quantities are operational allocated quantities.

l. Monthly Allocations

**GENERAL TERMS AND CONDITIONS CONTINUED**

Company shall provide the Delivery Point Operator with a report showing the allocating deliveries under this Section 10 based upon the monthly measurement data set forth in Section 1.

m. Alert Day Account

- i. On an Overage Alert Day, if delivery quantities exceed scheduled deliveries by the Alert Day Tolerance Percentage established by Company pursuant to Section 10 p below, such overages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges in Section 10 n below.
- ii. On an Underage Alert Day, if delivery quantities are less than scheduled deliveries by the Alert Day Tolerance Percentage established by Company pursuant to Section 10 p, such underages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges in Section 10 n below.
- iii. Overages and underages recorded in the Alert Day Account shall not be recorded in the Operating Account, nor subject to monthly balancing under Section 11.
- iv. The Alert Day Account determination for Delivery Points shall be made at an individual Delivery Point level.

n. Overage Alert Day Balancing

Overages in Alert Day Accounts are deemed to be purchased from other Shippers on Company's system. A Delivery Point Operator's overage recorded in the Alert Day Account shall be subject to an Alert Day Charge calculated as the sum of the following:

- i. A balancing charge calculated as the Delivery Point Operator's overage recorded in the Alert Day Account for the Operating Account Agreement multiplied by 200% of the highest simple average by zone of the daily midpoint prices for the indices listed in the cash-out provisions of Section 11, for the week in which the Alert Day occurred. Such balancing charge will be accounted for pursuant to Section 19.

**GENERAL TERMS AND CONDITIONS CONTINUED**

- ii. A transportation charge calculated by multiplying the Delivery Point Operator's overage quantity by the weighted average of the 100 percent load factor negotiated rates, plus applicable surcharges at the points for the period the Alert Day Account balances occurred.

o. Underage Alert Day Balancing

Underages in Alert Day Accounts are deemed for balancing purposes to be sold to other Shippers on Company's system. A Delivery Point Operator with an underage recorded in the Alert Day Account shall receive an Alert Day Credit calculated as the underages recorded in the Delivery Point Operator's Alert Day Account multiplied by 50% of the lowest simple average of the daily midpoint prices for the indices listed in the cash-out provisions of Section 11, for the week in which the Alert Day occurred. Such balancing credit will be accounted for pursuant to Section 19.

p. Alert Day Tolerance Percentage

For each Alert Day invoked, Company shall determine in its sole discretion, reasonably exercised, the Tolerance Percentage it deems appropriate to improve the particular operating situation; provided, however, that the Tolerance Percentage shall not be less than 2%. Such Tolerance Percentage shall be stated in each Alert Day notice issued.

q. Predetermined Allocation (PDA) Statements

- i. Any PDAs established by an interconnecting party must be submitted to Company in writing before the first day of the allocation period in which the PDA is to be effective. To the extent interconnecting party submits a PDA by electronic communication, Company shall send a Quick Response as such term has been defined by NAESB confirming the receipt of such PDA. The PDA shall specify how any underage or overage from the confirmed quantity is to be allocated at a contract or such lower level of detail which is provided on the nomination level. The PDA methods shall include ranked, pro rata, percentage, swing, and operator provided value, as such terms are used in the NAESB Standards. The PDA may require new allocation detail as nomination changes occur. Company shall be entitled to rely exclusively on an effective PDA in

**GENERAL TERMS AND CONDITIONS CONTINUED**

allocating Gas delivered to a point. No retroactive changes to a PDA may be made unless Company and all affected parties agree in writing.

- ii. A party may change the PDA during a calendar month provided (i) such change will have prospective effect only, (ii) all Shippers on Company's system with scheduled deliveries at such point have been notified of the change and the effective date of the change, and (iii) the interconnecting party indemnifies and holds Company and Shippers utilizing such points harmless against actions taken and allocations made in reliance upon such change in PDA.

r. **Unscheduled Deliveries**

- i. "Unscheduled Deliveries" shall mean any quantity of gas delivered at non-pipeline interconnect points for which there is no transportation quantity scheduled for any shipper. Unscheduled Delivery provisions shall not (1) apply at any point for which there is a quantity scheduled, or (2) encompass imbalance quantities.
- ii. Company shall post on its Internet website the quantity, service month delivered on Company's system, and the point of delivery of any Unscheduled Deliveries (Notice).
- iii. Company shall continue to post the Notice until a valid response has been submitted or until thirty (30) calendar days after the initial posting of the Notice, whichever is sooner. In order to be a valid response for purposes hereof, a response must be provided to Company in writing.

If a valid response is submitted during the Notice period, then respondent shall have thirty (30) Days to schedule such quantities from the date Company determines the response is valid. Such quantities not scheduled during the thirty (30) Days shall be subject to the Company Billing Provision of this section.

- v. If a valid response is not received in the Notice period, then Company shall bill the party receiving Gas at the Delivery Point subject to the Company Billing Provision.

**GENERAL TERMS AND CONDITIONS CONTINUED**

- vi. The Company Billing Provision. Company shall invoice the party owning the facilities into which Unscheduled Deliveries are made at 120% of the Sales Posted Price (as defined in Section 11) for the Month in which the Unscheduled Delivery occurred, or the Month of settlement, whichever is greater; provided, however, that Company shall invoice a maximum of 10,000 Dekatherms at a 120% of the Sales Posted Price during a twelve (12) month calendar period at any single Delivery Point. Quantities exceeding the maximum shall be billed by Company at 150% of the Sales Posted Price as defined in Section 11. In addition, Company shall bill for all Unscheduled Deliveries under the Company Billing Provision a transportation charge (including all applicable surcharges) equal to the applicable negotiated rate for service.
- vii. Company shall have the right to suspend deliveries, including properly nominated deliveries, at any Delivery Point for which payment has not been received within thirty (30) days of invoicing for Unscheduled Deliveries. The non-transportation revenues resulting from the resolution of Unscheduled Deliveries shall be accounted for pursuant to Section 19.
- viii. In addition to the foregoing procedures for Unscheduled Deliveries, Company may pursue any additional remedies at law for Unscheduled Deliveries to a party which does not have an Agreement with Company.

**11. MONTHLY BALANCING**

- a. Unless otherwise agreed, and except for Alert Day balancing under Section 10 and any noncompliance quantities determined in accordance with Section 10, all imbalances shall be resolved monthly in accordance with the following provisions of this Section.
- b. Receipt imbalances and delivery imbalances shall be determined in accordance with Section 10 (Determination of Daily and Monthly Receipts and Deliveries). For purposes of this section, "Imbalance Party" shall mean the Shipper, OBA Party, or Delivery Point Operator that is responsible for resolution of an imbalance under Section 10.
  - i. Company shall provide the Imbalance Party with a preliminary balancing statement at the same time it renders transportation

**GENERAL TERMS AND CONDITIONS CONTINUED**

usage invoices for a particular Month, and shall post a listing of receipt and delivery Imbalances on its Internet website.

- ii. Imbalance Party shall have a book-out period of 10 Days from the date of posting to utilize the book-out provisions in Section 11 c below. Company shall utilize the cash-out provisions in Section 11 d below to resolve all imbalances remaining following the close of the book-out period.

c. Book-Out Provisions.

Imbalance Party(ies) may net on a volumetric basis Receipt Imbalances due Company with Receipt Imbalances due Imbalance Party. Additionally, Imbalance Party(ies) may net Delivery Imbalances due Company with Delivery Imbalances due Imbalance Party, respectively. Receipt Imbalances may not be netted with Delivery Imbalances. Imbalance Party(ies) availing themselves of this provision must submit a completed book-out agreement by mail or facsimile to Company before the end of the book-out period. Such agreement shall not be deemed effective unless signed by an authorized representative of all Imbalance Parties involved in the book-out. A copy of a book-out agreement shall be provided on EBB-TIDE.

d. Cash-Out Provision.

It is the responsibility of the Imbalance Party to eliminate end-of-Month imbalances not resolved through the above book-out provisions by cash settlement with Company. Company and the Imbalance Party shall settle in cash all remaining Receipt Imbalances and Delivery Imbalances unless otherwise mutually agreed. Company will send each Imbalance Party a statement detailing the quantities resolved through the book-out provisions and the unresolved imbalance quantities and payment of the amount due Imbalance Party or an invoice for the amount due Company, in accordance with the following:

i. Imbalance Due Company.

- 1. In the event of a Delivery Imbalance when actual deliveries exceed scheduled quantities or a Receipt Imbalance when actual receipts are less than scheduled quantities, Company will invoice the Imbalance Party for such excess delivery or deficiency of receipts in accordance with the following provisions:

**GENERAL TERMS AND CONDITIONS CONTINUED**

Such invoice will be based on the Sales Posted Price for the month multiplied by the applicable factor below:

<u>Imbalance Level</u>	<u>Factor</u>
0% - 5%	1.00
Greater than 5% - 20%	1.10
Greater than 20%	1.20

The Imbalance Level shall be calculated by dividing the imbalance quantity by the sum of the total quantities scheduled for delivery or receipt.

For imbalances due Company, the Sales Posted Price shall equal the simple arithmetic average, as determined below, of the daily midpoint spot prices for gas delivered at Southern Natural, LA as reported in *Gas Daily*. The arithmetic average for the index for each Month shall be determined by adding the daily midpoint prices for the flow dates beginning with the sixth calendar day of the Month in which the imbalances occur through the fifth calendar day of the Month following and dividing the sum by the number of days. In the event that these prices are no longer available or the basis upon which such prices are reported or calculated in such publication changes substantively, Company will file to change its Tariff and may, at its discretion, select representative prices in the interim period, subject to Commission approval.

The amount due Company for Receipt Imbalances shall be the imbalance quantity multiplied by the appropriate imbalance level factor multiplied by the Sales Posted Price.

2. The amount due Company for Delivery Imbalances shall be the sum of the imbalance quantity multiplied by the appropriate imbalance level factor multiplied by the Sales Posted Price for the Month; plus the imbalance quantity multiplied by the applicable negotiated rate, plus applicable surcharges.

ii. Imbalance Due Imbalance Party

1. In the event of a Delivery Imbalance when actual deliveries are less than scheduled quantities or a Receipt Imbalance

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when actual receipts exceed scheduled quantities, Company will pay the Imbalance Party for such excess receipts or deficiency of deliveries.

Such payments will be based on the Purchase Posted Price for the month multiplied by one of the following factors:

<u>Imbalance Level</u>	<u>Factor</u>
0% - 5%	1.00
Greater than 5% - 20%	0.90
Greater than 20%	0.80

The Imbalance Level shall be calculated by dividing the imbalance quantity by the sum of the total quantities scheduled for delivery or receipt.

For imbalances due Imbalance Party, the Purchase Posted Price shall equal the simple arithmetic average, as determined below, of the daily midpoint spot prices for Gas delivered at Southern Natural, LA as reported in *Gas Daily*. The simple arithmetic average for the index for each Month shall be determined by adding the daily midpoint prices for the flow dates beginning with the sixth calendar day of the Month in which the imbalances occur through the fifth calendar day of the Month following and dividing the sum by the number of days. In the event that these prices are no longer available or the basis upon which such price is reported or calculated in such publication changes substantively, Company will file to change its Tariff and may, at its discretion, select representative prices in the interim period, subject to Commission approval.

2. The amount due Imbalance Party shall be the imbalance quantity multiplied by the appropriate imbalance level factor multiplied by the Purchase Posted Price for the Month.
- iii. Aggregating of Imbalances of Imbalance Party.

To the extent Imbalance Party has multiple Receipt or Delivery Imbalances, Company shall resolve imbalances with the Imbalance Party as follows:



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1. Receipt and Delivery Imbalances which are within the 5% Imbalance Level shall be netted together except that Company shall invoice Imbalance Party a transportation charge equal to the delivery quantity netted under this Section multiplied by the applicable negotiated rate, plus applicable surcharges at the Delivery Points covered by the Operating Account Agreement; and
2. Any imbalances remaining after the netting in paragraph 1 above shall be cashed-out pursuant to the provisions of Section 11 d i or 11 d ii, as applicable.

iv. Cash-Out Mechanism Revenue Disposition

Costs and revenues associated with Company's cash-out mechanism will be accounted for and disposed of in accordance with Section 19 of these General Terms and Conditions.

v. Prior Period Adjustments

Prior Period Adjustments ("PPA") shall be determined in accordance with Section 13, and shall be separately stated on any balancing reports. Any such prior period adjustments will be processed in the Month such adjustment becomes known to Company for the purpose of the book-out/cash-out provisions of this Section 11, except that the imbalance factor applied to all PPAs shall be 1.0. (No imbalance penalty should be imposed when a prior period adjustment applied to the current period causes or increases a current Month penalty). Company shall furnish the details and basis for the PPAs upon request by an affected Shipper.

**12. OPERATIONAL CONTROLS**

a. Operational Flow Orders (OFOs).

- i. Notification of Conditions that May Require the Issuance of an OFO or Alert Day:

Company shall provide prior notice, via posting on EBB-TIDE and to affected Shippers and Delivery Point Operators through the affected party's choice of electronic delivery mechanism(s), of

**GENERAL TERMS AND CONDITIONS CONTINUED**

upcoming events that may affect Company's system such as anticipated weather patterns or operational situations that may necessitate the issuance of an OFO pursuant to this Section 12.

ii. Circumstances Warranting Issuance of an Operational Flow Order:

Company shall have the right to issue Operational Flow Orders as specified in this Section 12 that require actions by Shippers/Delivery Point Operators in order to (1) alleviate conditions that threaten to impair Company's ability to provide reliable service, (2) maintain pipeline operations at the pressures required to provide efficient and reliable service, (3) have adequate Gas supplies in Company's system to receive and deliver Gas consistent with its firm transportation service obligations, (4) maintain transportation service to all firm Shippers and for all firm transportation service, and (5) maintain Company's system in balance for the foregoing purposes. Company shall lift any effective Operational Flow Order promptly upon the cessation of operating conditions that caused the relevant system problem(s). Routine repairs and maintenance will not be used as a basis for issuing OFOs. Company will plan routine repairs and maintenance by scheduling such activities in advance.

iii. Voluntary Actions to be Taken to Avoid Issuance of an Operational Flow Order:

Company shall, to the extent practicable, take all reasonable actions necessary to avoid issuing an Operational Flow Order. Such actions may include (1) working with point operators to temporarily adjust, by mutual agreement, Receipts and/or Deliveries at relevant Receipt Point(s) or Delivery Point(s), (2) working with Shippers/point operators to adjust, by mutual agreement, scheduled flows on Company's system, (3) issuing an Alert Day designed to mitigate the conditions which, if continued, would require the issuance of an Operational Flow Order, or (4) taking any other reasonable action designed to mitigate the system problem. After taking all such reasonable actions to avoid issuing an Operational Flow Order, Company will have the right to issue Operational Flow Orders, if necessary, in the circumstances described in Section 12.

iv. Applicability of Operational Flow Orders or Alert Days.

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Company shall issue an Operational Flow Order or Alert Day as localized as is reasonably practicable based on Company's good faith judgment concerning the situations requiring remediation such that an Operational Flow Order or Alert Day will be directed (1) to Shippers/point operators causing the problem necessitating the Operational Flow Order or Alert Day or transporting Gas in the area of Company's system in which there is an operational problem, and (2) to those Shippers/point operators transporting Gas in the area of Company's system where action is required to correct the problem necessitating the Operational Flow Order or Alert Day. Company will tailor the Operational Flow Order or Alert Day to match the severity of the known or anticipated operational problem requiring remediation as more fully set forth in Sections 12 i and 12 j.

b. Notice

All Operational Flow Orders and Alert Days will be issued via posting on EBB-TIDE to be followed by facsimile or telephone notification to the affected Shippers and point operators and notification to the affected parties through the affected party's choice of electronic delivery mechanism(s). The Operational Flow Order/Alert Day will set forth (1) the time and date of issuance and effectiveness, (2) the actions a Shipper/point operator is required to take, (3) the time by which a Shipper/point operator must be in compliance with the Operational Flow Order/Alert Day, (4) the anticipated duration of the Operational Flow Order/Alert Day, and (5) any other terms that Company may reasonably require to ensure the effectiveness of the Operational Flow Order or Alert Day.

- c. Each Shipper and point operator must designate one or more persons, but not more than three persons, for Company to contact on operating matters at any time, on a 24-Hour-a-Day, 365-Day-a-year basis. Such contact persons must have adequate authority and expertise to deal with such operating matters. If Company cannot contact any Shipper/point operator because that Shipper/point operator has failed to designate a contact person or Shipper's/point operator's contact person is unavailable, Company shall not be responsible for any consequences that result from its subsequent actions taken to alleviate the system problem. Company, however, will make reasonable continuing efforts to notify the affected Shipper/point operator. In addition to the other information contemplated by this Section 12 c, such notice shall also include information about the status of

**GENERAL TERMS AND CONDITIONS CONTINUED**

operational variables that determine when an Operational Flow Order or Alert Day will begin and end, and Company shall post periodic updates of such information, promptly upon occurrence of any material change in the information. Company will post a notice on EBB-TIDE informing the Shipper/point operator when any Operational Flow Order or Alert Day in effect will be canceled and specifying the factors that caused the Operational Flow Order or Alert Day to be issued and then lifted, to the extent such factors are known.

d. Alert Days:

If, in Company's judgment, action is required to avoid a system integrity issue, Company may issue Alert Days. Alert Days will be noticed in accordance with the procedures set forth in Subsection 12 b and will be issued four hours, or such shorter period of time as Company deems reasonable under the circumstances, prior to the required action by the Shipper/point operator.

Alert Days can be issued to effect any of the following:

- i. curtailment of interruptible services;
- ii. restrictions of deliveries to specific Receipt or Delivery Point(s) covered by an Operational Balancing Agreement to the aggregate MDQ under the firm transportation Agreements whose Primary Receipt and/or Delivery Points are at the affected locations;
- iii. forced balancing such that point operators will be required to assure that nominations equal flows or that receipts and deliveries fall within the tolerance level designated in the Alert Day; and/or
- iv. any action required to maintain the integrity of Company's system.

e. Operational Flow Orders:

If (1) Shipper/point operator does not respond to an Alert Day, or (2) the actions taken thereunder are insufficient to correct the system problem for which the Alert Day was issued, or (3) there is insufficient time to carry out the procedures with respect to Alert Days, Company may periodically take unilateral action, including the curtailment of firm Transportation Service, to maintain the operational integrity of Company's system (or any portion thereof). For purposes of this Section 12 e, the operational integrity of Company's system shall

**GENERAL TERMS AND CONDITIONS CONTINUED**

encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of Gas delivered. Notice of an Operational Flow Order will be provided pursuant to and in accordance with Section 12 b above.

f. Penalties:

If a Shipper/point operator fails to comply with an Alert Day or Operational Flow Order, the Shipper/point operator shall be subject to a penalty as follows:

- i. The Alert Day penalty for each Dekatherm of Gas by which Shipper/point operator deviated from the requirements of the Alert Day shall be equal to the product of 200% times the "Florida city-gates", "High Common" price published in "Platts Gas Daily" "Daily Price Survey", for each Day that said Alert Day is in effect.
- ii. The Operational Flow Order penalty for each Dekatherm of Gas by which Shipper/point operator deviated from the requirements of the Operational Flow Order shall be equal to the product of 500% times the "Florida city-gates", "High Common" price published in "Platts Gas Daily" "Daily Price Survey", for each Day that said Operational Flow Order is in effect.
- iii. Any penalty revenues received by Company as a result of the operation of this Section 12 above will be credited pursuant to Section 19 of the General Terms and Conditions.

g. Liability of Company:

Company shall not be liable for any costs or damages incurred by any Shipper/point operator in complying with an Operational Flow Order. Company shall not be liable for any costs or damages that result from any interruption in Shipper's/point operator's service that is a result of a Shipper's/point operator's failure to comply promptly and fully with an Operational Flow Order. Shipper/point operator shall indemnify Company against any claims of liability, provided, however, that Company shall use reasonable efforts to minimize any such costs or damages.

**GENERAL TERMS AND CONDITIONS CONTINUED**

**13. INVOICING AND PAYMENT**

a. Invoicing.

Company shall render an invoice(s) to Shipper for each Month for (i) all transportation services provided pursuant this Tariff during the preceding Month; and (ii) any other charges for which Shipper is liable under the Tariff or Shipper's other obligations. Unless otherwise agreed, transportation invoices shall state the net billing rate. The Imbalance Statement shall be rendered prior to or with the transportation invoice(s), and the transportation invoice(s) shall be prepared on or before the 9th Business Day after the end of the Service Month. "Rendered" shall mean (1) hand delivered, (2) the third Business Day after mailing by regular U.S. mail, (3) the next Business Day after timely delivery to an overnight delivery company, service fee paid by the Company, for next-day delivery, (4) the date of delivery via Electronic Communication or facsimile provided such transmission is followed by delivery of a copy of the invoice within twenty-four (24) Hours pursuant to clauses (1) or (3), or (5) designated as approved or final on EBB-TIDE. Shipper may choose on EBB-TIDE to be notified via e-mail when invoices are rendered. Prior Period Adjustment time limits shall be 6 Months from the date of the initial transportation invoice(s) with a 3-Month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Prior Period Adjustments shall be reported by date, but do not have to be invoiced separately by Service Month nor is each Service Month a separate paper invoice page.

- i. With respect to cash-out invoices, an imbalance statement and associated invoice shall be rendered in the second Month after the monthly imbalance occurs, which shall reflect the amount due Company or a credit for the amount due cash-out party, as determined in Section 11.
- ii. Both Company and Shipper shall have the right to examine at any reasonable time the applicable records of the other to the extent necessary to verify the accuracy of any statement made under or pursuant to the provisions of the Agreement. Upon receipt of a request, the recipient will either send the relevant information to the requestor or will provide the requestor the right to review such information in the recipient's offices.

**GENERAL TERMS AND CONDITIONS CONTINUED**

b. Payments.

All payments by Shipper for invoices due to Company shall be made by Shipper to a depository designated by Company via electronic funds transfer ("EFT") within ten (10) Days of the Day the invoice is rendered (the "Payment Due Date"). Shipper shall submit any necessary supporting documentation with its payment except as provided below.

- i. Company shall apply payment per supporting documentation provided by Shipper, and if payment differs from the invoiced amount, remittance detail shall be provided with the payment except when payment is made by EFT, in which case, the remittance detail is due within two Business Days of the payment date. Invoice number(s) shall be identified on all payments. If presentation of an invoice to Shipper is delayed after the 10th Day of the Month, the Payment Due Date shall be extended by an equal number of Days, unless Shipper is responsible for such delay.
- ii. If Shipper fails to pay all of the amount of any invoice as herein provided, on or before the Payment Due Date, Shipper shall pay a charge for late payment which shall be included by Company on the next regular monthly bill rendered to Shipper under this Section 13. Such charge for late payment shall be determined by multiplying (a) the unpaid portion of the invoice by (b) a late payment charge of 1.5%, except that accounts of federal, state, and local governmental entities, agencies and instrumentalities shall be at a rate no greater than allowed, and in a manner permitted, by applicable law. If such failure to pay continues for 30 Days after the Payment Due Date, Company, in addition to any other remedy it may have under the relevant Agreement, may terminate such Agreement and suspend further delivery of Gas without further notice; provided Company provides Shipper with 10 Days prior written notice of such termination and provided further such termination shall not be effective if, prior to the date of termination Shipper complies with the billing dispute procedure in Section 13 e.
- iii. If an error is discovered in the amount billed in any statement rendered by Company, such error shall be adjusted within 30 Days of the determination of the error; provided that any claim therefor shall have been made within 60 Days of discovery of such error and, in any event, within 6 Months from the date of the statement claimed to be in error. Billing errors shall be corrected as follows:

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1. Where Shipper has been overcharged and has paid the statement, and the overcharge is not the result of Company's gross negligence, bad faith, fraud or willful misconduct, the amount of the overpayment will be refunded to Shipper. Where the refund is provided to Shipper by way of credit on a subsequent invoice rendered to Shipper by Company, the overpayment will be deemed to have been refunded on the date the credited invoice was received by Shipper.
2. Where Shipper has been undercharged by Company, Shipper will pay the amount of the undercharge. Undercharge amounts not paid within 30 Days will be subject to a late payment charge of 1.5%, except that accounts of federal, state, and local governmental entities, agencies and instrumentalities shall be at a rate no greater than allowed, and in a manner permitted, by applicable law. Shipper shall have the right to review all records pertaining to its performance under Shipper's Agreement to verify the amount payable by Shipper to Company under the Agreement in any Month, so long as such review shall be completed within two years following the end of the calendar year in which such amount became payable. Such review shall be conducted during normal business hours, upon written request to Company and at Shippers' own expense.
- iv. If an invoice is in dispute, Shipper shall pay the portion not in dispute and provide documentation identifying the basis for the dispute. If Shipper in good faith:
  1. disputes the amount of any such bill or part thereof;
  2. pays to Company such amounts as it concedes to be correct;
  3. provides Company with a written notice including a full description of the reasons for the dispute, together with copies of supporting documents; and
  4. at any time thereafter within 20 Days of a demand made by Company furnishes good and sufficient surety bond, guaranteeing payment to Company of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further services because of such non-payment pursuant to



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Section 13 d unless and until default be made in the conditions of such bond.

- v. If Shipper does not pay the full amount due Company in accordance with this Section 13, Company, without prejudice to any other rights or remedies it may have, shall have the right to withhold and set off payment of any amounts of monies due or owing by Company to Shipper, against any and all amounts or monies due or owing by Shipper to Company for Transportation Services provided.
- vi. Any payments received under this Section 13 shall first be applied to accrued late fees, then to additional charges due, then to the previously outstanding principal, and lastly, to the most current principal due.

**14. CAPACITY RELEASE**

- a. The release of Firm Capacity shall be subject to the terms and conditions of this Section 14. Any firm Shipper ("Releasing Shipper") shall be entitled, subject to the terms and conditions of this Section 14, to release any or all of its Firm Capacity held under an FT Agreement but only to the extent that the capacity so released is acquired by another Shipper ("Replacement Shipper") pursuant to the provisions of this Section 14. Any such release shall result in a temporary suspension of the Releasing Shipper's right to use the released Firm Capacity. In the case of segmented releases of Firm Capacity, for the MDQ and MHQ released, the upstream segment Shipper shall be permitted to nominate as a secondary point all points both upstream of the receipt point and in the same direction as the Releasing Shipper's Primary Route, and the downstream segment Shipper shall be permitted to nominate as a secondary point all points both downstream of the Delivery Point and in the same direction as the Releasing Shipper's Primary Route, provided that the nominations of the Releasing and Replacement Shippers do not result in an overlap with another capacity release transaction.
- b. Released Firm Capacity shall be made available on a basis that is not unduly discriminatory, and any Replacement Shipper shall be entitled to acquire Releasing Shipper's Firm Capacity subject to the terms and conditions under this Section 14, provided the Replacement Shipper meets all provisions governing eligibility under this Tariff in a timely

**GENERAL TERMS AND CONDITIONS CONTINUED**

manner. A Replacement Shipper shall be entitled to release acquired Firm Capacity to another Replacement Shipper, subject to the requirement that the original Replacement Shipper satisfies all of the provisions of this Subsection 14 as if such Replacement Shipper were a Releasing Shipper, and the new Replacement Shipper meets all provisions governing eligibility under this Tariff in a timely manner, provided, however, that a Replacement Shipper that acquired released Firm Capacity through a volumetric bid shall not be entitled to re-release that capacity.

- c. If Shipper releases Firm Capacity at a rate greater than the negotiated rate described in Appendix A of Shipper's Agreement the Company will retain 25% of the excess revenue that is greater than the Releasing Shipper's negotiated rate.
- d. No release under this Section 14 shall extend beyond the expiration of the initial primary term of the Agreement pursuant to which a Shipper holds the Firm Capacity that is released.
- e. Recall / Reput Rights.
  - i. Recall Provisions.
    - 1. Releasing Shipper's rights to recall Firm Capacity on a full Day basis shall be stated clearly in Shipper's Notice. Purchase of Gas by a Releasing Shipper from a Replacement Shipper at the Releasing Shipper's Delivery Point(s) shall not be deemed to be the exercise of a recall by the Releasing Shipper.
    - 2. The Releasing Shipper shall provide capacity recall notification to Company via EBB-TIDE. The recall notification shall specify the recall notification period for the specified effective Gas Day, as well as any other information needed to uniquely identify the capacity being recalled.
    - 3. Company shall support the following recall notification periods for all released capacity subject to recall rights:
      - a. A Releasing Shipper recalling capacity should provide notice of such recall to Company and the first Replacement Shipper no later than 8:00 a.m. CCT on the Day that Timely Nominations are due;

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- b. Company shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 A.M. CCT on the Day that Timely Nominations are due.
4. Company's notices of recalled capacity to all affected Replacement Shippers shall be provided via EBB-TIDE, along with written notice via e-mail communication to the individual the Replacement Shipper identified in the Replacement Shipper's bid submitted pursuant to Section 14 of these General Terms and Conditions.
5. Such notices shall contain the information required to uniquely identify the capacity being recalled, and shall indicate whether penalties will apply for the Gas Day for which quantities are reduced due to a capacity recall. Upon receipt of notification of the recall from Company, each affected Replacement Shipper shall revise its nominations within the applicable nomination cycle in order to implement the recall. Each affected Replacement Shipper will be solely responsible for adjusting its supply and transportation arrangements, which may be necessary as a result of such recall. Replacement Shippers involved in re-release transactions may receive notice slightly after the first Replacement Shipper receives notice. The recalling Releasing Shipper may nominate the recalled capacity consistent with the applicable nomination cycle, pursuant to Section 8 of these General Terms and Conditions.

ii. Reput Provisions.

Company shall support the function of re-putting by the Releasing Shipper. The Releasing Shipper may reput previously recalled capacity to the Replacement Shipper pursuant to the reput rights and methods identified in the Releasing Shipper's notice to release capacity, as required by Section 14 b viii 6 below.

When capacity is recalled, such capacity may not be reput for the same Gas Day. The deadline for the Releasing Shipper to notify Company of a reput of capacity is 8:00 A.M. CCT to allow the Replacement Shipper to submit timely nominations for Gas to flow on the next Gas Day.

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- f. Releasing Shipper may specify the date and time that the Bidding Period starts and the date that the Bidding Period ends, provided, however, that the Bidding Period shall not commence or end any later than the times set forth in Section 14 below. Releasing Shipper's offer shall be posted for the Bidding Period; provided, however, that the Releasing Shipper shall have the right to withdraw such offer before the end of the Bidding Period where unanticipated circumstances so justify and a notice of withdrawal of the offer is posted on EBB-TIDE or submitted in writing prior to the receipt of any valid bids for such capacity.
- g. Offers shall be binding until written or electronic notice of withdrawal is received by Company. Company will post offers and bids, including prearranged deals, upon receipt. A releasing Shipper may request a later posting time for posting of such offer, and Company will support such request insofar as it comports with the standard capacity release timeline specified in Section 14 b below.
- h. The following capacity release timeline is applicable to all parties involved in the capacity release process; however, it is only applicable if all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered, and there are no special terms or conditions of the release.

- i. For biddable releases (less than one (1) year):

Offers should be tendered by 12:01 P.M. on a Business Day;

Open season ends no later than 1:00 P.M. on a Business Day (evaluation period begins at 1:00 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken);

Evaluation period ends and award posting if no match required at 2:00 P.M.;

Match or award is communicated by 2:00 P.M.;

Match response by 2:30 P.M.;

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Where match required, award posting by 3:00 P.M.; and

Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the timely nomination cycle for the effective date of the contract. (Central Clock Time)

ii. For biddable releases (one (1) year or more):

Offers should be tendered by 12:01 P.M. four Business Days before award;

Open season ends no later than 1:00 P.M. on the Business Day before timely nominations are due (open season is three Business Days);

Evaluation period begins at 1:00 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken;

Evaluation period ends and award posting if no match required at 2:00 P.M.;

Match or award is communicated by 2:00 P.M.;

Match response by 2:30 P.M.;

Where match required, award posting by 3:00 P.M.; and

Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

iii. For non-biddable releases:

Timely Cycle:

**GENERAL TERMS AND CONDITIONS CONTINUED**

Posting of prearranged deals not subject to bid are due by 10:30 A.M.;

Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

i. Required Information for the Release of Capacity.

The Releasing Shipper shall submit the following information, objectively stated and applicable to all potential Shippers on a non-discriminatory basis, to Company via EBB-TIDE:

The Releasing Shipper's legal name, contract number, and the name, title, address, e-mail address and phone and fax number of the individual who will authorize the release of capacity for the Releasing Shipper.

Whether the capacity is biddable.

The level of daily Firm Capacity that the Releasing Shipper elects to release, expressed as a numeric quantity per Day for transportation, which will be displayed in the EBB-TIDE posting for prospective Replacement Shippers as the available MDQ and associated MHQ.

The Primary Route(s) or segment within such Primary Route(s), and quantity to be released.

The requested effective date and the term of the release.

The minimum acceptable period of release and minimum acceptable quantities (if any).

The Releasing Shipper's maximum required reservation rates (including any demand type surcharges, direct bills, or similar mechanisms), any minimum rate requirement, whether bids are to be submitted on a reservation or volumetric basis, and whether the bids should be stated in dollars and cents or percent of the maximum required rate. The maximum and

**GENERAL TERMS AND CONDITIONS CONTINUED**

minimum rates may separately identify surcharges and direct bills, or such amounts can be included in the total rate.

Whether the Releasing Shipper is requesting that Company actively market the capacity to be released.

The legal name of the Replacement Shipper that is designated in any pre-arranged release ("Pre-arranged Replacement Shipper").

Whether the capacity is to be released on a recallable basis, and, if so, (i) the terms and conditions of such recall, including whether it is recallable, (ii) whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day and (iii) whether the Releasing Shipper is authorized to reput the released Firm Capacity if and when it notifies Company that the recall is no longer in effect; or whether the capacity is to be released on a permanent basis.

Whether the capacity to be released is contingent on the release of other capacity, or on certain terms and conditions, and if so, the capacity, terms and/or conditions upon which the release is contingent.

The terms and conditions under which Releasing Shipper will accept contingent bids, including bids that are contingent upon the Replacement Shipper acquiring transportation on a pipeline interconnected to Company, the method for evaluating contingent bids, what level of proof is required by the contingent bidder to demonstrate that the contingency did not occur, and for what time period the next highest bidder will be obligated to acquire the capacity if the next winning contingent bidder declines the release.

Whether the Releasing Shipper will require the Replacement Shipper to post a deposit, not to exceed the amount required by Company pursuant to Section 14, to guard against payment defaults if Company waives the deposit requirement contained in Section 14. Such deposit will be paid by the Replacement Shipper to Company at the time specified in Section 14.

Any other reasonable and not unduly discriminatory terms and conditions to accommodate the release, including provisions

**GENERAL TERMS AND CONDITIONS CONTINUED**

necessary to evaluate bids and tie breaking criteria, provided, however, that bid evaluation methods will be limited to highest rate, net revenue and present value.

Any restriction on the use of higher rate Secondary Points, or any requirement that the Replacement Shipper reimburse the Releasing Shipper for any incremental charges assessed by Company for use of Secondary Points by the Replacement Shipper.

Any other additional information that Company deems necessary, from time to time, to effectuate releases hereunder.

Company shall not be liable for information provided by Shipper to Company, including any such information that is posted on EBB-TIDE.

- j. Open Bidding Process. Prospective Shippers wishing to acquire capacity available for release (each a "Bidding Shipper"), shall place a bid on EBB-TIDE for the available capacity during the Posting Period. If such bid is not expressly labeled contingent, such bid shall be binding. The bid shall contain the following information:
- i. The Bidding Shipper's legal name and the name, title, address, phone number and e-mail address of the individual who will authorize the acquisition of the available capacity.
  - ii. The level of daily Firm Capacity that the Bidding Shipper requests and the minimum quantity it will accept.
  - iii. The requested effective date and the term of the acquisition.
  - iv. The Bidding Shipper's bid, addressing all criteria required by the Releasing Shipper.
  - v. The quantity or the requested term of the release of such bid shall not exceed the maximum quantity or primary term specified in the Releasing Shipper's Agreement.

The Bidding Shipper shall be entitled to withdraw its bid via EBB-TIDE, prior to the end of the Bidding Period.

Bidding Shipper cannot withdraw its bid after the Bidding Period ends. If Bidding Shipper withdraws its bid, it may not resubmit a lower bid. If



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Bidding Shipper submits a higher bid, lower bids previously submitted by Bidding Shipper will be automatically eliminated. A Bidding Shipper may have only one valid bid posted.

Company shall post all information provided by Bidding Shippers, except the information provided in Section 14 j i above.

k. Pre-Arranged Release.

Releasing Shipper shall have the right to elect not to post a release for bidding if the proposed capacity release has a duration of thirty-one (31) days or less and Releasing Shipper has obtained a Prearranged Shipper.

- i. If Releasing Shipper exercises such right, Releasing Shipper must notify Company prior to the nomination of the released Firm Capacity, and the Replacement Shipper shall adhere to the requirements set forth in Section 14. Releasing Shipper will post the information on EBB-TIDE by 9:00 A.M. the Day before the release transaction begins. The Replacement Shipper shall confirm the prearranged release by 9:30 A.M. and meet any eligibility requirements under this Section 14. Company will support the electronic upload of prearranged releases.
- ii. Matching Rights.

A Prearranged Replacement Shipper shall have matching rights for a period of forty-five (45) minutes following the time the Prearranged Replacement Shipper has been notified of the winning bid ("Matching Period"). In the event a higher bid is received, Company shall provide the Prearranged Replacement Shipper an opportunity during the Matching Period to match such higher bid. No later than 3:15 P.M. of the Day prior to the

Day nominations are due, the Prearranged Replacement Shipper shall be notified via EBB-TIDE of the terms and conditions of the higher bid, and shall have the Matching Period to respond via EBB-TIDE. Absent a response from the Prearranged Replacement Shipper by 4:00 P.M. of the Day prior to the Day nominations are due, the capacity shall be awarded to the higher Bidding Shipper no later than 5:00 P.M. of the Day prior to the Day nominations are due.

l. Awarding of Capacity Available for Release.

**GENERAL TERMS AND CONDITIONS CONTINUED**

Capacity will be awarded no later than 5:00 P.M. of the Day prior to the Day nominations are due. The capacity available for release shall be awarded to the Shipper with the highest bid matching all terms and conditions provided by the Releasing Shipper. In the case of multiple bid winners, the highest ranking bid will receive the entire maximum amount of capacity bid. The next highest bidder will receive the remainder of the offered capacity provided that the amount remaining is above the bidder's minimum acceptable quantity. Any remaining capacity will be given to the next highest bidder under the same provisions as above. This process will repeat until either all of the offered capacity is awarded or the remaining capacity falls below either the Releasing Shipper's minimum quantity or all the remaining bidder's acceptable quantities. If bids are received that do not match all the terms and conditions provided by the Releasing Shipper, bids will be evaluated by the criteria provided by the Releasing Shipper. If no criteria are provided by the Releasing Shipper, the Bidding Shipper bidding the greatest NPV shall be awarded the capacity. If more than one such bid has an equal NPV, then the capacity shall be awarded on a first come, first served basis. The ultimate awarding of capacity will be posted on EBB-TIDE by 5:00 P.M. on the Day prior to the Day nominations are due. Unless the bidder was a contingent bidder and the contingency did not occur, Company will tender an Award Notice, as described in Section 1 of the Master Agreement, to the winning bidder by 10:00 A.M. of the Day nominations are due. Company shall not award capacity to the Replacement Shipper until and unless the Replacement Shipper meets Company's creditworthiness requirements applicable to all services that such Replacement Shipper receives from Company, including the service represented by the capacity release.

i. Remaining Capacity.

If a Releasing Shipper does not release all of its Firm Capacity, the Releasing Shipper shall remain responsible for the remaining Firm Capacity and is entitled to utilize such remaining Firm Capacity with the MDQ and MHQ reduced accordingly by the released capacity quantities.

ii. No Rollover.

The Releasing Shipper shall not release Firm Capacity that was previously released pursuant to Section 14 to the same Prearranged Replacement Shipper or an affiliate of the

**GENERAL TERMS AND CONDITIONS CONTINUED**

Prearranged Replacement Shipper, on a prearranged basis, until twenty-eight (28) Days after the end of the first release period, unless the Prearranged Replacement Shipper agrees to pay the negotiated rate.

- m. Obligations of Replacement Shippers (including Prearranged Replacement Shippers). The Replacement Shipper must satisfy all other provisions of this Tariff governing Shipper eligibility and must execute all required agreements and acknowledgements before it may contract with Company for the released capacity. In addition, as a prerequisite to becoming a Replacement Shipper, a party must have been placed by Company on Company's pre-approved bidder list that is posted on EBB-TIDE. To be placed on such list, a party must have been accepted by Company as satisfying the credit standards of Section 18 of these General Terms and Conditions, must have executed a Master Agreement and must continue to satisfy the credit standards of Section 18 when its bid is made and accepted or it is offered as a Prearranged Shipper, as applicable. Company shall process requests for credit approval with diligence. Any previously listed party that fails to continue to satisfy the standards of Section 18 shall be deleted from the list. Company will waive the credit requirements of Section 18 on a non-discriminatory basis for Replacement Shippers and permit such Replacement to submit bids, if the Releasing Shipper provides Company with a guarantee (or other form of credit assurance in form and substance satisfactory to Company) of all financial obligations of the Replacement Shipper with respect to the capacity being released by Releasing Shipper prior to the commencement of service to the Replacement Shipper if the release is pre-arranged and not subject to bidding or prior to the close of the bid period if the release is subject to the bidding requirements of this Section 14.

Any bid submitted will legally bind the Replacement Shipper to the terms of the bid if Company chooses such bid as the Best Bid until written or electronic notice of withdrawal is received by Company. Once the Replacement Shipper is awarded capacity, the Replacement Shipper becomes an existing Shipper like any other Shipper and is subject to the applicable provisions of Company's Tariff, including, but not limited to, Company's billing and payment and operational provisions. In addition, the Replacement Shipper as an existing Shipper may also release its capacity pursuant to this Section 14 if such release is consistent with the release transaction pursuant to which the capacity was acquired by the Replacement Shipper.

**GENERAL TERMS AND CONDITIONS CONTINUED**

Nominations may be submitted upon the award of capacity, and such nominations will be processed in accordance with the nomination and scheduling requirements of Sections 8 and 9 of these General Terms and Conditions; provided, however, in no circumstances will Gas flow prior to the effective date of the release as specified in the Releasing Shipper's Notice.

- iii. Master Agreement. All nominations, scheduling and billing will be done under the contract number provided in the Award Notice.
  - 1. Obligations of the Parties.
    - a. Contractual Obligations. All Replacement Shippers shall be required to comply with the provisions of their respective firm Agreement(s) and these General Terms and Conditions and to accept by a release all rights and obligations of the Releasing Shipper with respect to the Firm Capacity released, including, but not limited to, nominations and Primary Capacity Path(s). Furthermore, the Releasing Shipper shall remain fully liable to Company for all reservation rates, including reservation type surcharges and direct bills, that were due under the Releasing Shipper's Agreement. In the event that the Replacement Shipper invoiced amounts for reservation rates are in arrears by 60 days or more, the Releasing Shipper shall be responsible for paying all such amounts with the next invoice rendered to the Releasing Shipper by Company.
    - b. Billing. Pursuant to Section 13, Replacement Shipper shall be billed for all reservation type charges contained in its bid and all usage charges pursuant to Releasing Shipper's Agreement.
    - c. Credits. Except as otherwise agreed between Company and Releasing Shipper, Releasing Shipper shall receive a credit against its monthly reservation charges equal to the amount of reservation rates contained within the Replacement Shipper's bid subject

**GENERAL TERMS AND CONDITIONS CONTINUED**

- to the obligations of Releasing Shipper under Section 14.
- d. Posting of Purchase Offers. Company shall allow a potential Replacement Shipper to post for at least thirty (30) Days its offers to acquire released Firm Capacity. The offer must contain the following information:
  - e. The potential Replacement Shipper's legal name and the name, title, address, phone number and e-mail address of the individual who will authorize the acquisition of the available capacity.
  - f. The daily quantities of capacity which the potential Replacement Shipper requests.
  - g. The Receipt Points and/or Delivery Points, as applicable, where capacity is requested.
  - h. The requested effective date and the term of the acquisition.
  - i. Marketing Fee. Company shall be entitled, upon Releasing Shipper's request, to actively market the capacity available for release on Releasing Shipper's behalf. Company and Releasing Shipper will negotiate the terms and conditions upon which Company will market the Releasing Shipper's capacity.
  - j. Permanent Releases. A Shipper which has a currently effective firm Agreement with Company may release its capacity to a Replacement Shipper for the remaining primary term of the Agreement and be relieved of all liability under its Agreement prospective from the effective date of such release, provided that the following conditions are satisfied:
    - k. The Replacement Shipper executes a new firm Agreement;
    - l. The Replacement Shipper agrees to pay the Releasing Shipper's negotiated rate pursuant to the Releasing Shipper's Agreement with Company (unless otherwise agreed to by Company) and accepts all obligations of the Releasing Shipper;

**GENERAL TERMS AND CONDITIONS CONTINUED**

- m. The Replacement Shipper meets all of the creditworthiness requirements contained in Section 18 of these General Terms and Conditions.
- n. Company's Rights to suspend and/or Terminate Temporary Capacity Release Transactions.
- o. In the event of a temporary release for which:
  - (i) the Releasing Shipper no longer maintains creditworthiness as outlined in Section 18 of these General Terms and Conditions and Company has terminated Releasing Shipper's Agreement; and(ii) the reservation charge specified in the applicable Award Notice is less than the level of the reservation charge which the Releasing Shipper was obligated to pay Company, then Company shall be entitled to terminate the service described in the Award Notice, upon 30 Days' written notice to the Replacement or Prearranged Replacement Shipper, unless the Replacement or Prearranged Replacement Shipper agrees, at its sole election, prior to the end of said 30-Day notice period, to pay for the remainder of the term specified in the Award Notice one of the following: (i) the reservation and commodity charges at levels which the Releasing Shipper was obligated to pay Company or (ii) such rate as mutually agreed to by Company and Replacement or Prearranged Replacement Shipper.
- p. In the event of a temporary release for which the Replacement Shipper no longer satisfies Company's creditworthiness requirements as set forth in Section 18 of these General Terms and Conditions: (i) Company may notify the Releasing Shipper, without any liability or prior notice to Replacement Shipper, that the Replacement Shipper no longer meets the creditworthiness requirements of Company's Tariff; and (ii) subject to Company exercising its rights

**GENERAL TERMS AND CONDITIONS CONTINUED**

under Section 18 of these General Terms and Conditions to suspend and/or terminate such capacity release transaction, the Firm Capacity subject to the release transaction shall revert to Releasing Shipper immediately upon the effectiveness, and for the duration, of such suspension or permanently if the release transaction is terminated.

2. Notices to Releasing Shippers. Company shall provide the original Releasing Shipper with Internet e-mail notification reasonably proximate in time with any of the following formal notices given by Company to the Releasing Shipper's Replacement Shipper(s):
  - a. Notice regarding the Replacement Shipper's past due, deficiency, or default status pursuant to Company's Tariff;
  - b. Notice regarding the Replacement Shipper's suspension of service notice;
  - c. Notice regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and
  - d. Notice that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to Company's Tariff.

**15. REQUESTS FOR NEW OR ADDITIONAL SERVICE**

- a. Company will post on its Internet website the availability of firm and Interruptible capacity for transportation service. Company will provide not unduly discriminatory access to transportation capacity to all Shippers, including without limitation, local distribution companies, end-users, producers, brokers, marketers and other potential shippers who desire such service. Company's obligation to provide firm service shall also be subject to the availability of existing capacity to provide the requested service.
- b. To obtain interruptible service, Shippers must have executed an IT Agreement and must comply with the nomination procedures set forth in Section 8 of these General Terms and Conditions.

**GENERAL TERMS AND CONDITIONS CONTINUED**

- c. Any party seeking new firm service or a change to existing firm service from Company (the "Requesting Party") shall submit in writing a request for service containing the following information:
- i. Shipper's legal name in full.
  - ii. Shipper's mailing address for notices and billing.
  - iii. Shipper's street address if different from above.
  - iv. The name(s), telephone number(s) and fax number(s) of Shipper employees responsible for nominations and/or dispatching.
  - v. The name(s), telephone number(s) and fax number(s) of Shipper employees responsible for payment of invoices.
  - vi. The name(s), telephone numbers and fax number(s) of Shipper employees responsible for other matters.
  - vii. Type of service requested.
  - viii. Requested MDQ for FT.
  - ix. Requested Maximum Hourly Flow Rate for FT.
  - x. Estimated total quantities of Gas to be received and transported during the term of the Agreement.
  - xi. Requested date of commencement of service.
  - xii. Requested term of service (if applicable).
  - xiii. Requested Receipt Point(s) and Delivery Point(s) and point quantities (where applicable).
  - xiv. Whether new facilities are needed in order to provide the new service.
- d. Shipper's request for service shall be considered null and void if Company has tendered an Agreement for execution to Shipper and Shipper fails to execute the Agreement and return it to Company within fifteen (15) Business Days thereafter.
- e. Company shall have no obligation to modify its existing facilities or construct new facilities in order to receive or deliver Shipper's Gas. However, if a Shipper requests new or additional Transportation Service and Company is agreeable to providing the requested service it will do so on the following terms, unless otherwise agreed to in writing, on a not unduly discriminatory basis:
- i. If Company agrees to construct, own and operate lateral pipelines (if applicable), metering and regulating facilities that include electronic measurement and data communication equipment (if applicable) and/or new and/or additional points of delivery to such Shipper or points of receipt from such



**GENERAL TERMS AND CONDITIONS CONTINUED**

Shipper: (i) the metering and regulating facilities shall be installed at the point or points which, in Company's reasonable judgment, are the most practical, convenient and readily accessible; (ii) the lateral pipeline (if any) shall be installed by use of not less than a nominal four-inch (4") diameter pipe; (iii) the Shipper will provide all exhibits necessary to support the proposed service for any required Commission proceedings; and (iv) the Shipper will contribute an aid-to-construction amount to Company which is equal to the cost of the additional facilities including all costs associated with filing any applications, pursuing approvals, and obtaining any licenses and permits required for the services or construction, together with amounts necessary to reimburse any costs, including any income taxes, that may be incurred by Company as a result of the contribution. Company and Shipper will agree on which party will construct and/or own and/or operate any facilities to be constructed. Shippers, whether new or existing, shall bear all costs and expenses attributable to the construction of any lateral pipelines or expansions of existing lateral pipelines.

- ii. On a not unduly discriminatory basis, Company may agree to pay for all or part of the cost incurred by Company for the modification or construction of taps, valves, measurement equipment, laterals, or other facilities required at receipt or delivery point(s) to effectuate the receipt from, or delivery to, Shipper of Gas when the construction or modification of such facilities is economically beneficial to Company.
- iii. For the purposes of determining whether a project to receive or deliver Gas for Shipper is economically beneficial to Company, Company will evaluate each prospective project, on a not unduly discriminatory basis, based upon, among other criteria, the cost of the facilities to be constructed by Company for such Shipper, the incremental operating and maintenance expenses and/or administrative and general expenses which would be attributable to the facilities, the revenues Company estimates will be generated as a result of constructing and/or modifying such facilities and the availability of capital funds on terms and conditions acceptable to Company. In estimating the system net revenues to be generated, Company will evaluate the existence of capacity limitations of the existing facilities, the marketability of the capacity, the location of the

**GENERAL TERMS AND CONDITIONS CONTINUED**

markets, the nature of the service, and other factors which may impact the utilization of Company's system.

**16. RIGHT OF FIRST REFUSAL**

- a. **Purpose.** The purpose of this Section 16 is to provide the necessary information pertaining to the right of long-term firm FT Agreement Shippers to continue firm transportation service upon the expiration of their Agreements by exercising, subject to the provisions of this section, a right of first refusal.
- b. **Eligibility.** Any Shipper with an FT Agreement with an initial term of greater than two (2) years must give notice to Company at least two years in advance of the end of the primary term of the Agreement that Shipper desires to continue its Agreement, and any Shipper with an FT Agreement with a primary term of between twelve (12) months and two (2) years, must give notice to Company at least six (6) months in advance of the end of the primary term of the Agreement that Shipper desires to continue its Agreement. Shipper shall have the right to match the longest term and highest rate for the Firm Capacity held by such Shipper under its FT Agreement, that is offered by any other person desiring such capacity and is acceptable by Company; provided, however, that Company shall not be obligated to provide service at less than the currently applicable negotiated rate.
- c. **Procedure.**
  - i. Company shall notify Shipper no later than three (3) Months prior to the expiration of its FT Agreement whether any outstanding bona fide offers exist for Company's capacity held by Shipper at a higher rate and/or for a longer term which could be satisfied by the relinquishment of the capacity currently held by Shipper under its FT Agreement. Offers will be deemed bona fide if made in compliance with Section 15 of these General Terms and Conditions. Any party that has an outstanding request for firm service under Section 15 of these General Terms and Conditions shall be notified and given the opportunity to specify the rate and term it is willing to offer for Shipper's capacity. If Company has received any such offers, Company shall inform Shipper of the rate and the term that has been offered for the capacity currently held by Shipper. Shipper shall have ten (10) Business Days from

**GENERAL TERMS AND CONDITIONS CONTINUED**

the date of the Company's notice within which to provide notice to Company that it desires to match the rate and term offered and, if so, to provide a binding written commitment to Transporter to execute, within the next thirty (30) Business Days, an FT Agreement containing said terms.

- ii. If Company does not notify Shipper of the existence of offers (as contemplated by Section 16 c i) for Shipper's capacity, Company and Shipper may negotiate the terms and conditions of a new FT Agreement; provided, however, that in no event shall Shipper have any automatic right to renew service at the previously negotiated rate.

**17. DEFAULT AND TERMINATION**

- a. Except where different procedures for termination of an Agreement are expressly provided in the General Terms and Conditions, if Company or Shipper shall fail to perform any of the covenants or obligations imposed upon it under any Agreement into which these General Terms and Conditions are incorporated, then in such event the either party may, at its option, terminate such Agreement by proceeding as follows:
  - i. The party not in default shall cause written notice to be served on the party in default stating specifically the default under the Agreement and declaring its intention to terminate such Agreement. The party in default shall have 30 Days after the service of such notice in which to remedy or remove the cause or causes stated in the default notice and if within the said 30-Day period the party in default does removes and remedies said cause or causes and fully indemnifies the party not in default, then such default notice shall be withdrawn and the Agreement shall continue in full force and effect.
  - ii. In the event the party in default fails within said 30-Day period to remedy and remove the cause or causes, or to indemnify the party giving the default notice for any and all consequences of such default, then, after any necessary authorization by regulatory bodies having jurisdiction, at the option of the party giving such default notice, the Agreement shall terminate.
- b. Any termination of the Agreement pursuant to the provisions of this Section 17 shall be without prejudice to the right of Company to collect

**GENERAL TERMS AND CONDITIONS CONTINUED**

any amounts then due to it pursuant to the Agreement or these General Terms and Conditions as of the date of termination, and shall be without prejudice to the right of Shipper to receive any Gas which it has not received but the transportation service for which has been paid prior to the date of termination, and without waiver of any other remedy to which the party not in default may be entitled for breach of the Agreement.

**18. CREDITWORTHINESS**

- a. Company shall not be required to (i) execute an Agreement providing for service for any Shipper who fails to meet Company's standards for creditworthiness, or (ii) initiate service for a Shipper who fails to meet Company's standards for creditworthiness, or (iii) continue transportation service for any Shipper who is or has become insolvent or who, at Company's request, fails within a reasonable period to demonstrate creditworthiness pursuant to Company's standards. The determination of Shipper's creditworthiness shall be based upon: (i) an Investment Grade Credit Rating or (ii) if Shipper is not rated by Standard & Poor's or Moody's rating methodology, criteria and ratios which are generally acceptable in the Gas industry. If Company determines that Shipper does not have an acceptable rating as set forth above, Shipper may, at its own expense, obtain a private rating from Standard & Poor's or Moody's or, alternatively, request that an independent accountant or an independent financial consultant, mutually acceptable to Shipper and Company, prepare an equivalent evaluation based on the financial rating methodology, criteria and ratios generally acceptable in the Gas industry as published by the above rating agencies from time to time.
- b. To permit Company to conduct a creditworthiness review, a Shipper shall, upon request by Company, render to Company: (i) complete and current financial statements, including annual reports, 10K reports or other filings with regulatory agencies, prepared in accordance with generally accepted accounting principles, or for non-U.S.-based Shippers, prepared in accordance with equivalent principles; (ii) a list of corporate affiliates, parent companies and subsidiaries; and (iii) any credit reports from credit reporting agencies which are available.
- c. In addition to establishing creditworthiness: (i) Shipper must not be operating under any chapter of the bankruptcy laws or be subject to liquidation or debt reduction procedures under state laws such as an

**GENERAL TERMS AND CONDITIONS CONTINUED**

assignment for the benefit of creditors, or any informal creditors' committee agreement. An exception can be made for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act, but only with adequate assurances satisfactory to Company that the billing will be paid promptly as cost of administration under the federal court's jurisdiction; (ii) Shipper shall not be subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or the inability to exist as an ongoing business entity; (iii) if Shipper has an ongoing business relationship with Company, no delinquent balances should be consistently outstanding for transportation service previously provided by Company, and Shipper must have paid its account in the past according to the credit terms and contract provisions and not made deductions or withheld payment for claims not authorized by contract; and (iv) no significant collection efforts, lawsuits or judgments are outstanding or pending which would seriously reflect upon the business entity's ability to remain solvent.

- d. If a Shipper fails to establish creditworthiness as provided herein, Shipper may still receive IT service of any duration, or FT service through purchase of capacity relinquished for a maximum period of up to one (1) Month provided it furnishes and maintains in effect one of the following at Shipper's discretion and acceptable to Company: (i) a written guarantee from a third party which is creditworthy as determined above; or (ii) an irrevocable standby letter of credit; or (iii) an amount in cash equal to the amount which would be charged to Shipper for three (3) Month's service or the term of service, whichever is less, to be deposited in an escrow account at a bank of Shipper's choosing which is acceptable to Company; or (iv) other security acceptable to Company.
  
- e. If a Shipper fails to establish creditworthiness as provided herein, Shipper may still receive firm service or service through purchase of capacity relinquished for a period longer than one (1) month provided it furnishes and maintains in effect one of the following at Shipper's discretion and acceptable to Company: (i) a written guarantee from a third party which is creditworthy as determined above; or (ii) an irrevocable standby letter of credit; or (iii) an amount equal to the amount which would be charged to Shipper for three (3) month's service or the term of service, whichever is less, to be deposited in an escrow account at a bank of Shipper's choosing; or (iv) other security.

**GENERAL TERMS AND CONDITIONS CONTINUED**

- f. Company's credit appraisal procedures involve the establishment of dollar credit limits on a standardized nondiscriminatory basis. To the extent that a Shipper's account(s) with Company do not exceed such limits and/or provided no new information regarding Shipper's financial or business position becomes known to Company, no new credit approval shall be necessary for Shipper's existing Agreement(s) unless subsequently amended; provided however, a Shipper's credit file may be updated by Company at any time.

**19. PERIODIC RATE ADJUSTMENTS**

- a. Company Use. The initial Company Use (%) will be calculated based upon appropriate engineering principles. After one year of operation and each June 1 thereafter commencing in 2011, Company Use (%) will be determined by dividing Company's projection for the next 12 Months beginning June 1 of fuel usage and any lost and unaccounted-for Gas by Company's projection of deliveries for the accounts of Shippers for the next 12 Months beginning June 1. This percentage will become effective on June 1. At Company's sole discretion, Company may calculate and implement interim proposals between annual filings.
- b. Pursuant to Section 19 d, Company shall maintain a separate System Balancing Adjustment account. This account shall be credited for all sales of excess fuel collected under the Company Use provision, debited for all purchases for Company Use and further adjusted for the operational activities enumerated in Section 19 c i.
- c. System Balancing Adjustment. In order to maintain an operational system balance on its system, Company will calculate a system balancing adjustment ("SBA") charge.

- i. Company's SBA balance shall be the sum of:

The net annual system cash-out balance determined in accordance with Section 11 of the General Terms and Conditions and OBA cash-outs;

The net Company's Use Adjustment balance, determined in accordance with Section 19 a of the General Terms and conditions;

**GENERAL TERMS AND CONDITIONS CONTINUED**

Penalty revenues credited pursuant to Section 12 of the General Terms and Conditions; and

Any other account balance as may be approved by the Commission.

- ii. The net SBA balance determined in Section 19 c i through January 31 of the year in which the filing pursuant to Section 19 c is made will be refunded or recovered from Shipper pursuant to the procedures in this Section 19 c ii. Upon determining the net SBA balance at the end of the accumulation period, Company shall calculate surcharges or refunds designed to allocate such balance to Shippers based upon each Shipper's actual throughput during the twelve-month accumulation period. A Shipper's net debit or credit for the accumulation period shall be due and payable sixty (60) Days after notification by Company to Shipper. Notwithstanding the immediately preceding sentence, if the net SBA balance results in a surcharge/debit, each Shipper who is allocated a surcharge/debit shall have the right by providing notice to Company within the sixty (60)-Day period to elect to pay the surcharge/debit ratably over the twelve (12)-Month period, commencing with the first Day of the first calendar month following the last Day of the sixty (60)-Day period, with interest calculated for each payment from the end of the sixty (60)-Day period until the payment is made.
- d. Company shall calculate, no later than June 1, 2011, and each year thereafter, to establish the SBA refund or surcharge determined pursuant to the procedures in this Section 19 c ii.

**20. PENALTIES AND PENALTY CREDITING MECHANISM**

- a. Unauthorized Gas. If Company receives penalty revenue from a Shipper as a result of the application of Section 10 d iv (Unauthorized Gas) of these General Terms and Conditions, Company shall credit the penalty revenue received, net of costs, to the System Balancing Adjustment established by Section 19 of these General Terms and Conditions. Any penalty revenue credited to the System Balancing Adjustment pursuant to this section shall include interest.
- b. Unscheduled Deliveries. If Company receives penalty revenue from a Shipper as the result of the application of Section 10 r vi (Unscheduled Deliveries) of these General Terms and Conditions, Company shall

**GENERAL TERMS AND CONDITIONS CONTINUED**

credit the penalty revenue received, net of costs, to the System Balancing Adjustment established by Section 19 of the General Terms and Conditions. Any penalty revenue credited to the System Balancing Adjustment pursuant to this section shall include interest.

- c. Alert Day/Operational Flow Order Penalties. Any penalty revenue collected by Company pursuant to Section 12 of these General Terms and Conditions will be credited, net of costs, to any firm or interruptible Shipper that did not incur penalties pursuant to Section 12 of these General Terms and Conditions in the Month for which such penalty revenues were received ("Non-Offending Shipper"), based on the ratio of the actual quantities taken by the Non-Offending Shipper to the actual quantities taken by all Non-Offending Shippers in such Month. Such credits shall be made within 90 Days following each anniversary of the initial in-service date of Company's system and shall include interest.

**21. MUTUALLY BENEFICIAL TRANSACTIONS**

- a. Shipper recognizes that Company maintains the operational integrity of Company's pipeline system on a daily basis. Shipper also recognizes that as DPO for interconnecting interstate pipelines, Company is subject to the rules and regulations of the Transporters with regard to operational flow rates, pressures and penalties. As such, Company may desire Shipper to vary its actual daily deliveries from its scheduled quantities. On those occasions, Company may request, at its sole discretion, and Shipper may agree to, a change to Shipper's scheduled quantities. Terms and conditions of such transactions shall be agreed upon at the time of each transaction and shall be recorded and confirmed in writing within two (2) Business Days after the transaction. All costs incurred and revenues received by Company pursuant to this paragraph will be accounted for pursuant to Section 19.

**22. NOTICES AND INCORPORATION INTO AGREEMENT(S)**

- a. Except when the terms of the Tariff require or allow for communication via EBB-TIDE, any communication, notice, request, demand, statement, or bill provided for in the Tariff or in an Agreement, or any notice which either Company or Shipper may desire to give to the other, shall be in writing and shall be considered as duly presented, rendered or delivered when mailed



**GENERAL TERMS AND CONDITIONS CONTINUED**

by either post-paid registered or ordinary mail or when sent by telegram, pony express, cable, telecopy, telex, express mail service or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known post office address, or at such other address as either party may designate.

- b. These General Terms and Conditions are incorporated in and are a part of Company's Agreements. To the extent there is any inconsistency between terms in these General Terms and Conditions and terms in the Agreement(s), the Agreement(s) shall govern.
- c. No modification of the terms and provisions of an Agreement shall be made except by the execution of written contracts.
- d. No waiver by either Company or Shipper of any one or more defaults by the other in the performance of any provisions of the Agreement shall operate or be construed as a waiver of any future default or default(s), whether of a like or of a different character.
- e. This Tariff, including these General Terms and Conditions and the respective obligations of the parties under an Agreement, are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction and are subject to change from time to time by addition, amendment or substitution as provided by law.

**23. INDEMNITY TO COMPANY**

Shipper shall indemnify, hold harmless and defend Company from and against any and all liability, proceedings, suits, costs or expenses, for loss or damage to property or for fatality or injury to person, in any manner directly or indirectly connected with or growing out of the transmission and/or use of Gas by Shipper.

**STANDARD SERVICE AGREEMENTS**

1. Firm Transportation Service Agreement
2. Interruptible Transportation Service Agreement
3. Park or Loan Service Agreement
4. Master Capacity Release Agreement
5. Company Affidavit
6. Shipper Affidavit
7. Agent Form
8. EBB-TIDE Service Agreement
9. Imbalance Trade Form

**STANDARD SERVICE AGREEMENTS CONTINUED**

FORM OF SERVICE AGREEMENT

Date: \_\_\_\_\_ Contract No. \_\_\_\_\_

FIRM SERVICE AGREEMENT

This AGREEMENT is entered into by and between SeaCoast Gas Transmission, L.L.C. ("Company") and \_\_\_\_\_, a \_\_\_\_\_ corporation ("Shipper").

WHEREAS, Shipper has requested Company to transport Shipper's Gas on a firm basis and Company represents that it is willing to transport Shipper's Gas on a firm basis under the terms and conditions of this Agreement.

NOW, THEREFORE, Company and Shipper agree that the terms below, together with the General Terms and Conditions of Company's Tariff constitute the transportation service to be provided and the rights and obligations of Shipper and Company.

1. Transportation service under this Agreement will be provided under Section 368.105 (3) of the Natural Gas Transmission Pipeline Intrastate Regulatory Act ("Regulatory Act").
2. SERVICE TYPE: Firm Transportation Service
3. RATE:
  - a. During the term of this Agreement, Shipper shall pay to Company the monthly reservation charge for Firm Transportation Service provided under this Agreement, which shall be equal to the MDQ for the respective month multiplied by the number of days in each month multiplied by the rate per Dekatherm set forth in Exhibit B of this Agreement.
    1. The parties agree to execute and administratively file with the Commission an affidavit, in the form provided in Company's Tariff, to comply with the provisions of the Regulatory Act.

**STANDARD SERVICE AGREEMENTS CONTINUED**

2. It is further agreed that Company may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change provisions in the General Terms and Conditions of Company's Tariff, and Company shall have the right to place such changes in effect in accordance with the Regulatory Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall require Shipper to support a position contrary to its own interests in its commercially reasonable discretion, nor require a Shipper to support a tariff provision that would materially reduce the value of the service described herein. Notwithstanding the foregoing, Company and Shipper agree not to initiate any proceeding before the Commission with respect to an increase or decrease in any negotiated rate during the term of such negotiated rate.

4. CONTRACT DATA:

The Maximum Daily Quantity ("MDQ") for service under this Agreement shall be \_\_\_\_\_ Dekatherms.

The Maximum Hourly Quantity ("MHQ") for service under this Agreement shall be \_\_\_\_\_ Dekatherms.

The Primary Receipt Point(s), Primary Route (if applicable), and Receipt Point MDQ are listed on Exhibit A attached hereto and are incorporated herein as if copied and set forth herein at length.

The Primary Delivery Point(s) (if applicable), Delivery Point MDQ and Delivery Pressure are listed on Exhibit B attached hereto and are incorporated herein as if copied and set forth herein at length.

5. TERM:

This Agreement shall be effective upon the date of its execution by Shipper. Service under this Agreement shall commence on \_\_\_\_\_, and shall continue until 9:00 a.m. CCT on \_\_\_\_\_ ("Primary Term"). Upon two years written notice to Company, Shipper shall have the unilateral right to extend the term of

**STANDARD SERVICE AGREEMENTS CONTINUED**

this Agreement at the rate set forth in Exhibit B for a period of ten (10) years from the commencement of service. This Agreement shall terminate upon 30 Days written notice by Company and Company may discontinue service hereunder if (a) Shipper, in Company's reasonable judgment fails to demonstrate creditworthiness, and (b) Shipper fails to provide adequate Security in accordance with Section 18 of the General Terms and Conditions, or (c) Shipper fails to restore imbalances arising in connection with services rendered.

**6. CREDIT REQUIREMENTS:**

- a. Shipper must demonstrate that it has an Investment Grade Credit Rating. If Shipper has an Investment Grade Credit Rating on the date it executes and delivers this Service Agreement, but later ceases to have an Investment Grade Credit Rating, Shipper must provide security as set forth in categories 1. or 2. below.
- b. If Shipper, at the time of its execution and delivery of this Service Agreement, or at any time thereafter during the term of this Service Agreement, does not qualify under paragraph (a), Shipper must provide security for its obligations by providing to or as directed by Company:
  1. an irrevocable guarantee, in form, amount and substance acceptable to Company in its commercially reasonable discretion (such discretion including the requirements of Company's lenders in connection with any financing of Phase I of the Florida SeaCoast Gas Transmission), supporting Shipper's obligations under this Service Agreement from a Guarantor acceptable to Company in its commercially reasonable discretion having an Investment Grade Credit rating; or
  2. a Letter of Credit, or a cash deposit in an amount equal to the amount of a Letter of Credit, or such other form of security as Company deems in its sole discretion, to be acceptable.

Notwithstanding the foregoing, Company may waive or reduce, in its sole discretion, the foregoing creditworthiness requirement, subject to revocation of such waiver or reduction if a material change occurs in the

**STANDARD SERVICE AGREEMENTS CONTINUED**

financial criteria relied upon at the time such waiver or reduction was granted.

Shipper shall (a) furnish to Company, (i) as soon as available, but in any event within 120 days after the end of each fiscal year of Shipper, audited financial statements of Shipper setting forth in comparative form the corresponding figures for the preceding fiscal year together with the auditor's report thereon, and (ii) as soon as available, but in any event within 60 days after the last day of each of Shipper's first three fiscal quarters, quarterly unaudited financial statements of Shipper on a basis consistent with the corresponding period of the preceding fiscal year, and (b) cooperate with Company to obtain and provide to Company, where possible, such additional information regarding the financial condition of Shipper as Company may reasonably request from time to time. Company may, in its sole discretion, accept unaudited financial statements in lieu of the audited statements described in clause (i) above.

**7. COMPANY'S TARIFF PROVISIONS:**

Company's tariff approved by the Commission, including any amendments thereto approved by the Commission during the term of this Agreement, is hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between Company's tariff and the specific provisions of this Agreement, the latter shall prevail, in the absence of a Commission Order to the contrary.

**8. NOTICES:**

Except as otherwise provided in the Tariff, all notices shall be in writing and mailed to the applicable address below or transmitted via facsimile. Shipper or Company may change the addresses or other information below by written notice to the other without the necessity of amending this Agreement:

COMPANY:  
SeaCoast Gas Transmission, L.L.C.  
702 Franklin Street  
Tampa, FL 33602  
Attention:  
Fax: \_\_\_\_\_

**STANDARD SERVICE AGREEMENTS CONTINUED**

SHIPPER:

Name

Street address

City, State and Zip code

Attention:

Telephone:

Fax:

9. CANCELLATION OF PRIOR CONTRACT(S):

This Agreement supersedes and cancels, as of the effective date of this Agreement, the contract(s) between the parties hereto as described below, if applicable:

[None or an appropriate description]

10. OPERATIONAL FLOW ORDERS:

Company has the right to issue effective Operational Flow Orders pursuant to Section 12 of the General Terms and Conditions.

11. HEADINGS:

All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

12. ENTIRE AGREEMENT:

This Agreement, including the Exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. Neither party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

13. AMENDMENTS:

**STANDARD SERVICE AGREEMENTS CONTINUED**

Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 8 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 8 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may be necessary to comply with the requirements of, or are otherwise approved by, the Commission or its successor agency or authority.

**14. SEVERABILITY:**

If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate in good faith an equitable adjustment in the provisions of this Agreement.

**15. WAIVER:**

No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver, unless otherwise specifically identified as such in writing. No waiver shall be binding unless executed in writing by the party making the waiver.

**16. ATTORNEY'S FEES AND COSTS:**

In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies and appeals.



**STANDARD SERVICE AGREEMENTS CONTINUED**

**17. INDEPENDENT PARTIES:**

Company and Shipper shall perform hereunder as independent parties. Neither Company nor Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

**18. ASSIGNMENT AND TRANSFER:**

No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

**19. GOVERNMENTAL AUTHORIZATIONS; COMPLIANCE WITH LAW:**

This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this

**STANDARD SERVICE AGREEMENTS CONTINUED**

Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 18, Company shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance under the Agreement is precluded.

**20. APPLICABLE LAW AND VENUE:**

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

**21. COUNTERPARTS:**

This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

**STANDARD SERVICE AGREEMENTS CONTINUED**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers and/or representatives thereunto duly authorized to be effective as of the date stated above.

SHIPPER: SHIPPER

COMPANY: SEACOAST GAS  
TRANSMISSION, L.L.C.

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

STANDARD SERVICE AGREEMENTS CONTINUED

EXHIBIT A

For Contract No. \_\_\_\_\_

BETWEEN SEACOAST GAS TRANSMISSION COMPANY, L.L.C. AND  
SHIPPER

ORIGINAL CONTRACT DATE: \_\_\_\_\_

EFFECTIVE DATE OF THIS EXHIBIT A (which supersedes and replaces any  
prior Exhibit A to this Agreement): \_\_\_\_\_

Primary Receipt Points:

Primary Receipt Point

Primary Receipt Point MDQ

plus retainage

PRIMARY ROUTE:

SEACOAST GAS TRANSMISSION, L.L.C.

SHIPPER

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

STANDARD SERVICE AGREEMENTS CONTINUED

EXHIBIT B

For Contract No. \_\_\_\_\_

BETWEEN SEACOAST GAS TRANSMISSION, L.L.C. AND SHIPPER

EFFECTIVE DATE OF THIS EXHIBIT B (which supersedes and replaces any prior Exhibit B to this Agreement): \_\_\_\_\_

RATE:

Reservation: \$ \_\_\_\_\_ per Dth

Usage 1: \$ \_\_\_\_\_ per Dth

Usage 2: \$ \_\_\_\_\_ per Dth

Retainage: Tracker  
Primary Delivery Points:

<u>Primary Delivery Point</u>	<u>Primary Delivery Point MDQ</u>	<u>Minimum Delivery Pressure (PSIG)</u>
EC Pipeline interconnection with SHIPPER lateral	_____	_____ psig

Maximum Hourly Flow Rate: \_\_\_\_\_%

SEACOAST GAS TRANSMISSION, L.L.C. SHIPPER

By: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

**STANDARD SERVICE AGREEMENTS CONTINUED**

FORM OF SERVICE AGREEMENT

Date: \_\_\_\_\_ Contract No. \_\_\_\_\_

INTERRUPTIBLE SERVICE AGREEMENT

This AGREEMENT is entered into by and between SEACOAST GAS TRANSMISSION, L.L.C. ("Company") and \_\_\_\_\_, a \_\_\_\_\_ corporation ("Shipper").

WHEREAS, Shipper has requested Company to transport Shipper's Gas on an interruptible basis and Company represents that it is willing to transport Shipper's Gas on an interruptible basis under the terms and conditions of this Agreement.

NOW, THEREFORE, Company and Shipper agree that the terms below, together with the General Terms and Conditions of Company's Tariff constitute the transportation service to be provided and the rights and obligations of Shipper and Company.

1. Transportation service under this Agreement will be provided under Section 368.105 (3) of the Natural Gas Transmission Pipeline Intrastate Regulatory Act ("Regulatory Act").
2. SERVICE TYPE: Interruptible Transportation Service
3. RATE:
  - a. Rates and charges under this Agreement shall be negotiated between the Company and Shipper.
  - b. Usage charge for Interruptible Transportation Service provided under this Agreement, which shall be equal to the Scheduled quantity for the respective month multiplied by the negotiated rate equal to \$\_\_\_\_\_ per Dekatherm, together with other charges, if any, due pursuant to Company's tariff.

**STANDARD SERVICE AGREEMENTS CONTINUED**

1. The parties agree to execute and administratively file with the Commission an affidavit, in the form provided in Company's Tariff, to comply with the provisions of the Regulatory Act.
2. It is further agreed that Company may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change provisions in the General Terms and Conditions of Company's Tariff, and Company shall have the right to place such changes in effect in accordance with the Regulatory Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall require Shipper to support a position contrary to its own interests in its commercially reasonable discretion, nor require a Shipper to support a tariff provision that would materially reduce the value of the service described herein. Notwithstanding the foregoing, Company and Shipper agree not to initiate any proceeding before the Commission with respect to an increase or decrease in any negotiated rate during the term of such negotiated rate.

4. CONTRACT DATA:

All receipt and delivery points on the system are available on an interruptible basis for service under this Agreement. The Maximum Daily Quantity (MDQ) for service under this Agreement shall be \_\_\_\_\_.

5. TERM:

This Agreement shall be effective on \_\_\_\_\_ and shall remain in full force and effect until 9:00 a.m. CCT on \_\_\_\_\_ ("Primary Term") and from \_\_\_\_\_ to \_\_\_\_\_ thereafter until terminated by Company or Shipper upon at least \_\_\_\_\_ prior written notice (if Company and Shipper agree on a fixed term, the evergreen and prior notice shall be deleted). This Agreement shall terminate upon 30 Days written notice by Company and Company may discontinue service hereunder if (a) Shipper, in Company's reasonable judgment fails to demonstrate creditworthiness, and (b) Shipper fails to provide adequate Security in

**STANDARD SERVICE AGREEMENTS CONTINUED**

accordance with Section 18 of the General Terms and Conditions, or (c) Shipper fails to restore imbalances arising in connection with services rendered.

6. COMPANY'S TARIFF PROVISIONS:

Company's tariff approved by the Commission, including any amendments thereto approved by the Commission during the term of this Agreement, is hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between Company's tariff and the specific provisions of this Agreement, the latter shall prevail, in the absence of a Commission Order to the contrary.

7. NOTICES:

Except as otherwise provided in the Tariff, all notices shall be in writing and mailed to the applicable address below or transmitted via facsimile. Shipper or Company may change the addresses or other information below by written notice to the other without the necessity of amending this Agreement:

COMPANY:  
SEACOAST GAS TRANSMISSION, L.L.C.  
702 Franklin Street  
Tampa, FL 33602  
Attention:  
Fax: \_\_\_\_\_

SHIPPER:  
Name  
Street Address  
City, State Zip code  
Attention:  
Telephone:  
Fax:

8. CANCELLATION OF PRIOR CONTRACT(S)

This Agreement supersedes and cancels, as of the effective date of this Agreement, the contract(s) between the parties hereto as described below, if applicable:



**STANDARD SERVICE AGREEMENTS CONTINUED**

[None or an appropriate description]

9. OPERATIONAL FLOW ORDERS:

Company has the right to issue effective Operational Flow Orders pursuant to Section 12 of the General Terms and Conditions.

10. HEADINGS

All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

11. ENTIRE AGREEMENT

This Agreement, including the Exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. Neither party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

12. AMENDMENTS

Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 8 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 8 of this Agreement. Further, the parties expressly acknowledge

that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may be necessary to comply with the

**STANDARD SERVICE AGREEMENTS CONTINUED**

requirements of, or are otherwise approved by, the Commission or its successor agency or authority.

**13. SEVERABILITY**

If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate in good faith an equitable adjustment in the provisions of this Agreement.

**14. WAIVER**

No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver, unless otherwise specifically identified as such in writing. No waiver shall be binding unless executed in writing by the party making the waiver.

**15. ATTORNEY'S FEES AND COSTS**

In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies and appeals.

**16. INDEPENDENT PARTIES**

Company and Shipper shall perform hereunder as independent parties. Neither Company nor Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the

benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

**STANDARD SERVICE AGREEMENTS CONTINUED**

**17. ASSIGNMENT AND TRANSFER**

No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

**18. GOVERNMENTAL AUTHORIZATIONS; COMPLIANCE WITH LAW**

This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 18, Company shall continue to transport and Shipper

shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance under the Agreement is precluded.

**STANDARD SERVICE AGREEMENTS CONTINUED**

19. APPLICABLE LAW AND VENUE

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

20. COUNTERPARTS

This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers and/or representatives thereunto duly authorized to be effective as of the date stated above.

SHIPPER: \_\_\_\_\_

COMPANY: SEACOAST GAS  
TRANSMISSION, L.L.C.

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**STANDARD SERVICE AGREEMENTS CONTINUED**

Date: \_\_\_\_\_ Contract No. \_\_\_\_\_

**PARK OR LOAN SERVICE AGREEMENT**

This AGREEMENT is entered into by and between SeaCoast Gas Transmission, L.L.C. (Company) and \_\_\_\_\_ Shipper).

WHEREAS, Shipper desires to engage Company to provide \_\_\_\_\_ (specify parking or lending) service; and

WHEREAS, Company desires to provide \_\_\_\_\_ (specify parking or lending) service to Shipper subject to the terms and conditions of this Agreement;

NOW, THEREFORE, Company and Shipper agree that the terms below, together with the General Terms and Conditions of Company's Tariff constitute the Transportation Service to be provided and the rights and obligations of Shipper and Company.

1. Transportation service under this Agreement will be provided under Section 368.105 (3) of the Natural Gas Transmission Pipeline Intrastate Regulatory Act ("Regulatory Act").

2. SERVICE TYPE: Park Service \_\_\_\_\_  
Loan Service \_\_\_\_\_

3. RATES:

a. Rates and charges under this Agreement shall be negotiated between the Company and Shipper.

b. Rates, charges, and fees shall be applicable for the quantities parked or loaned pursuant to this Agreement. The applicable negotiated rate shall be \$0. \_\_\_\_\_ per Dekatherm.

1. The parties agree to execute and administratively file with the Commission an affidavit, in the form provided in Company's Tariff, to comply with the provisions of the Regulatory Act.

**STANDARD SERVICE AGREEMENTS CONTINUED**

2. It is further agreed that Company may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change provisions in the General Terms and Conditions of Company's Tariff, and Company shall have the right to place such changes in effect in accordance with the Regulatory Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall require Shipper to support a position contrary to its own interests in its commercially reasonable discretion, nor require a Shipper to support a tariff provision that would materially reduce the value of the service described herein. Notwithstanding the foregoing, Company and Shipper agree not to initiate any proceeding before the Commission with respect to an increase or decrease in any negotiated rate during the term of such negotiated rate.

4. CONTRACT DATA:

The Maximum PALS Quantity (MPQ) (for Parking Service or Lending Service, as applicable) for service under this Agreement shall be \_\_\_\_\_.

5. TERM:

This Agreement shall be effective on \_\_\_\_\_ and shall remain in force and effect until 9:00 a.m. CCT on \_\_\_\_\_ ("Primary Term") and \_\_\_\_\_ to \_\_\_\_\_ thereafter until terminated by either party upon \_\_\_\_\_ prior written notice (if Company and Shipper agree on a fixed term, the evergreen and notice of termination language shall be deleted), provided however, this Agreement shall terminate immediately upon written notice from Company to Shipper and, subject to the receipt of necessary authorizations, if any, Company may discontinue service hereunder if (a) Shipper, in Company's reasonable judgment fails to demonstrate creditworthiness, and (b) Shipper fails to provide adequate Security in accordance with Section 18 of the General Terms and Conditions.

Any portions of this Agreement necessary to correct or resolve (a Parking Service balance or a Lending Service balance, as applicable)

**STANDARD SERVICE AGREEMENTS CONTINUED**

under this Agreement as required by the General Terms and Conditions of Company's Tariff shall survive the other parts of this Agreement until such time as such correction or resolution has been accomplished.

6. COMPANY'S TARIFF PROVISIONS:

Company's tariff approved by the Commission, including any amendments thereto approved by the Commission during the term of this Agreement, is hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between Company's tariff and the specific provisions of this Agreement, the latter shall prevail.

7. NOTICES:

Except as otherwise provided in the Tariff, all notices shall be in writing and mailed to the applicable address below or transmitted via facsimile. Shipper or Company may change the addresses or other information below by written notice to the other without the necessity of amending this Agreement:

COMPANY:  
SEACOAST GAS TRANSMISSION, L.L.C.  
702 North Franklin Street  
Tampa, FL 33602  
Attention:  
Fax: \_\_\_\_\_

SHIPPER:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_

8. CANCELLATION OF PRIOR CONTRACT(S)

This Agreement supersedes and cancels, as of the effective date of this Agreement, the contract(s) between the parties hereto as described below, if applicable:

**STANDARD SERVICE AGREEMENTS CONTINUED**

[None or an appropriate description]

9. OPERATIONAL FLOW ORDERS:

Company has the right to issue effective Operational Flow Orders pursuant to Section 12 of the General Terms and Conditions.

10. HEADINGS

All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

11. ENTIRE AGREEMENT

This Agreement sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. Neither party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

12. AMENDMENTS

Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 7 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 7 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may be necessary to comply with the requirements of, or are otherwise approved by, the Commission or its successor agency or authority.



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**STANDARD SERVICE AGREEMENTS CONTINUED**

**13. SEVERABILITY**

If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate in good faith an equitable adjustment in the provisions of this Agreement.

**14. WAIVER**

No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver, unless otherwise specifically identified as such in writing. No waiver shall be binding unless executed in writing by the party making the waiver.

**15. ATTORNEY'S FEES AND COSTS**

In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies and appeals.

**16. INDEPENDENT PARTIES**

Company and Shipper shall perform hereunder as independent parties. Neither Company nor Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

**17. ASSIGNMENT AND TRANSFER**

No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's

**STANDARD SERVICE AGREEMENTS CONTINUED**

assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

**18. GOVERNMENTAL AUTHORIZATIONS; COMPLIANCE WITH LAW**

This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 18, Company shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance under the Agreement is precluded.

**19. APPLICABLE LAW AND VENUE**

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The

**STANDARD SERVICE AGREEMENTS CONTINUED**

venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

20. COUNTERPARTS

This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers and/or Representatives thereunto duly authorized to be effective as of the date stated above.

SHIPPER: \_\_\_\_\_

COMPANY: SEACOAST GAS  
TRANSMISSION, L.L.C.

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**STANDARD SERVICE AGREEMENTS CONTINUED**

Date: \_\_\_\_\_ Contract No. \_\_\_\_\_

**MASTER SERVICE AGREEMENT  
FOR CAPACITY RELEASE TRANSACTIONS**

This AGREEMENT is entered into by SEACOAST GAS TRANSMISSION, L.L.C. (Company) and \_\_\_\_\_ (Shipper).

WHEREAS, Shipper has requested Company to transport Gas on its behalf in the event that Shipper is awarded capacity released on Company's system and Company represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Company and Shipper agree that the terms below, together with the terms and conditions of the General Terms and Conditions of Company's Tariff constitute the transportation Service to be provided and the rights and obligations of Shipper and Company.

Transportation service under this Agreement will be provided under Section 368.105 (3) of the Natural Gas Transmission Pipeline Intrastate Regulatory Act ("Regulatory Act").

**1. SCOPE OF AGREEMENT:**

Shipper and Company acknowledge that this is a Master Service Agreement entered into pursuant to Section 14 of Company's Tariff for the purpose of facilitating the capacity release process. Accordingly, Shipper agrees to be bound by the terms of its capacity release bid(s) if and when Company awards Shipper any such bid(s). Further, for each release transaction performed pursuant to this Agreement, Shipper agrees that, in addition to the terms and conditions of this Agreement, Shipper's rights under this Agreement shall not exceed those of the Releasing Shipper. Shipper and Company agree that the term, MDQ, MHQ, rate schedule, route, authority for transportation service, and other terms as applicable, for each capacity release transaction under this Agreement, as identified in Shipper's winning bid(s), shall be confirmed in writing as transmitted to Shipper by Company within one (1) hour after Company awards Shipper any released Capacity ("Award Notice"). The terms of such Award Notice(s) are hereby incorporated by reference in this Agreement.

**STANDARD SERVICE AGREEMENTS CONTINUED**

2. AUTHORITY FOR TRANSPORTATION SERVICE will be provided under Section 368.105 (3) of the Natural Gas Transmission Pipeline Intrastate Regulatory Act ("Regulatory Act").

3. RATE:

The reservation rate for all quantities of Gas transported on the Primary Route and/or to any Secondary Receipt Point, any Secondary Delivery Point and any Secondary Route within the Primary Route up to the Primary Route MDQ and MHQ under this Agreement shall be specified in the applicable Award Notice. In addition, Shipper will be charged the applicable negotiated Usage Rate, Cash-out, Company's Use and any other related fees and surcharges.

All quantities associated with the release of capacity under this Agreement (i.e., a re-release) will be at the applicable rate(s) plus all other related fees, surcharges and fuel, as accepted by the releasing shipper.

- a. The parties agree to execute and administratively file with the Commission an affidavit, in the form provided in Company's Tariff, to comply with the provisions of the Regulatory Act.
- b. It is further agreed that Company may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change provisions in the General Terms and Conditions of Company's Tariff, and Company shall have the right to place such changes in effect in accordance with the Regulatory Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall require Shipper to support a position contrary to its own interests in its commercially reasonable discretion, nor require a Shipper to support a tariff provision that would materially reduce the value of the service described herein. Notwithstanding the foregoing, Company and Shipper agree not to initiate any proceeding before the Commission with respect to an increase or decrease in any negotiated rate during the term of such negotiated rate.

4. CONTRACT QUANTITIES:

To be specified in applicable Award Notice.

**STANDARD SERVICE AGREEMENTS CONTINUED**

5. TERM OF AGREEMENT:

\_\_\_\_\_ to \_\_\_\_\_

The term of any release transaction under this Agreement shall be specified in the applicable Award Notice; provided, however, this Agreement shall terminate immediately and subject to the receipt of necessary authorizations, if any, Company may discontinue service if (a) Shipper in Company's reasonable judgment fails to demonstrate credit worthiness and (b) Shipper fails to provide adequate security in accordance with Section 18 of the General Terms and Conditions.

6. INCORPORATION BY REFERENCE:

The provisions of the General Terms and Conditions of Company's Tariff are specifically incorporated herein by reference and made a part hereof.

7. OTHER CONDITIONS:

This section will include any other terms and conditions of release that the Releasing Shipper specified in its capacity release offer pursuant to Section 14 of the General Terms and Conditions of Company's Tariff. In no event shall such other terms and conditions of release be contrary to any provision contained in Company's General Terms and Conditions.

8. NOTICES:

Except as otherwise provided in the Tariff, all notices shall be in writing and mailed to the applicable address below or transmitted via facsimile. Shipper or Company may change the addresses or other information below by written notice to the other without the necessity of amending this Agreement:

COMPANY:  
SEACOAST GAS TRANSMISSION, L.L.C.  
702 North Franklin Street  
Tampa, FL 33601  
Attention:  
Telephone:  
Fax: \_\_\_\_\_

SHIPPER:  
\_\_\_\_\_ (Shipper Name)

**STANDARD SERVICE AGREEMENTS CONTINUED**

\_\_\_\_\_ (Address)  
\_\_\_\_\_ (City, State, Zip)  
Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_

**9. OPERATIONAL FLOW ORDERS:**

Company has the right to issue effective Operational Flow Orders pursuant to Section 12 of the General Terms and Conditions.

**10. HEADINGS**

All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

**11. ENTIRE AGREEMENT:**

This Agreement, including the Exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. Neither party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

**12. SEVERABILITY:**

If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate in good faith an equitable adjustment in the provisions of this Agreement.

**13. WAIVER:**

No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar

**STANDARD SERVICE AGREEMENTS CONTINUED**

or not. No single waiver shall constitute a continuing waiver, unless otherwise specifically identified as such in writing. No waiver shall be binding unless executed in writing by the party making the waiver.

**14. ATTORNEY'S FEES AND COSTS:**

In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies and appeals.

**15. INDEPENDENT PARTIES:**

Company and Shipper shall perform hereunder as independent parties. Neither Company nor Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

**16. ASSIGNMENT AND TRANSFER:**

No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

**17. GOVERNMENTAL AUTHORIZATIONS; COMPLIANCE WITH LAW:**

This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the



**STANDARD SERVICE AGREEMENTS CONTINUED**

transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 18, Company shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance under the Agreement is precluded.

**18. APPLICABLE LAW AND VENUE:**

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

**19. COUNTERPARTS:**

This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

**STANDARD SERVICE AGREEMENTS CONTINUED**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Presidents, Vice Presidents or other duly authorized agents and their respective corporate seals to be hereto affixed and attested by their respective Secretaries or Assistant Secretaries, the day and year first above written.

SHIPPER: \_\_\_\_\_

COMPANY: SEACOAST GAS  
TRANSMISSION, L.L.C.

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**STANDARD SERVICE AGREEMENTS CONTINUED**

**COMPANY AFFIDAVIT**

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, personally appeared \_\_\_\_\_,  
President of SEACOAST GAS TRANSMISSION, L.L.C. (SCGT) who, being by  
me first duly sworn, says:

1. That he is the President of SCGT, an intrastate natural gas transmission company, and duly authorized to present this Affidavit to the Florida Public Service Commission pursuant to Section 368.105, Florida Statutes.
1. That he has knowledge of the certain Transportation Service Agreement between SCGT ("Natural Gas Transmission Company"), and \_\_\_\_\_ (Shipper), and that:
  - a. Neither the Natural Gas Transmission Company nor the Shipper had an unfair advantage during the negotiations culminating in said Agreement, and
  - b. That competition to the offerings of the Natural Gas Transmission Company does or did exist either with another natural gas transmission company, another supplier of natural gas, or with a supplier of an alternative form of energy at the time that the Agreement referred to herein was entered into by the Natural Gas Transmission Company and the Shipper.

DONE AND EXECUTED this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Name  
President

STANDARD SERVICE AGREEMENTS CONTINUED

COMPANY AFFIDAVIT (CONTINUED)

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

I HEREBY CERTIFY that on this day before me, the undersigned authority, personally appeared \_\_\_\_\_, President of SCGT, to me known to be the person who executed this Affidavit of his own free act and deed.

WITNESS my hand and official seal the \_\_\_\_ day of \_\_\_\_\_,  
20\_\_.

(SEAL)

\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires:

Personally known \_\_\_\_ OR Produced Identification \_\_\_\_  
Type of Identification Produced \_\_\_\_\_

**STANDARD SERVICE AGREEMENTS CONTINUED**

**SHIPPER AFFIDAVIT**

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, personally appeared \_\_\_\_\_, on behalf of \_\_\_\_\_ ("Shipper") who, being by me first duly sworn, says:

1. That s/he is an authorized representative of the Shipper and is further authorized to present this Affidavit to the Florida Public Service Commission pursuant to Section 368.105, Florida Statutes.
2. That s/he has knowledge of the certain Transportation Service Agreement between SeaCoast Gas Transmission, LLC. ("Natural Gas Transmission Company"), an intrastate natural gas transmission company, and Shipper, and that:
  - a. Neither the Natural Gas Transmission Company nor the Shipper had an unfair advantage during the negotiations culminating in said Agreement, and
  - b. That competition to the offerings of the Natural Gas Transmission Company does or did exist either with another natural gas transmission company, another supplier of natural gas, or with a supplier of an alternative form of energy at the time that the Agreement referred to herein was entered into by the Natural Gas Transmission Company and the Shipper.

DONE AND EXECUTED this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Name)  
(Title)

**STANDARD SERVICE AGREEMENTS CONTINUED**

SHIPPER AFFIDAVIT  
(CONTINUED)

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

I HEREBY CERTIFY that on this day before me, the undersigned authority, personally appeared \_\_\_\_\_, the representative of \_\_\_\_\_, to me known to be the person who executed this Affidavit of his own free act and deed.

WITNESS my hand and official seal the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

(SEAL)

\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires:

Personally known \_\_\_\_ OR Produced Identification \_\_\_\_  
Type of Identification Produced \_\_\_\_\_

**STANDARD SERVICE AGREEMENTS CONTINUED**

SeaCoast Gas Transmission, LLC.

**AGENT FORM**

\_\_\_\_\_ (“Shipper”) hereby notifies  
SEACOAST GAS TRANSMISSION, L.L.C. (“SCGT”) that \_\_\_\_\_  
\_\_\_\_\_ (“Agent”) to perform the following identified (*i.e.*, marked  
with an “X”) obligations of Shipper as provided by the SCGT Tariff and the  
applicable Firm/Interruptible Transportation Service Agreement:

- |  |   |
|--|---|
| <input type="checkbox"/> Invoicing/Payment | <input type="checkbox"/> Monthly Imbalance Resolution             |
| <input type="checkbox"/> Nominations       | <input type="checkbox"/> Operational Control Order Responsibility |

Shipper, Agent and SCGT hereby agree, for all purposes relating to the functions identified above, that:

1. The designation by Shipper of Agent shall be effective as of the beginning of the Gas Day commencing on \_\_\_\_\_.
2. Communications by SCGT to Agent shall be deemed to be notice to Shipper. SCGT has the right to rely on any written or verbal communication from Agent.
3. Agent shall perform the functions identified above in a manner consistent with the SCGT Tariff on file with the Florida Public Service Commission (FPSC), as the same may be amended from time to time.
4. Shipper shall remain liable to SCGT (a) with respect to any act or omission of Agent in the performance of the functions identified above and, (b) for all charges arising from services provided to Shipper by SCGT as provided by SCGT's Tariff and/or the FTS and/or ITS Agreement. Shipper shall indemnify, hold harmless and defend SCGT from and against any and all acts or omissions of Agent.

**STANDARD SERVICE AGREEMENTS CONTINUED**

<b>SHIPPER INFORMATION</b> <i>(Full Company Legal Name)</i>	<b>AGENT INFORMATION</b> <i>(Full Company Legal Name)</i>
<b>SHIPPER:</b>	<b>AGENT:</b>
<b>DUNS NO:</b>	<b>DUNS NO:</b>
<b>MAILING ADDRESS:</b>	<b>MAILING ADDRESS:</b>
<b>CITY:</b>	<b>CITY:</b>
<b>STATE AND ZIP CODE:</b>	<b>STATE AND ZIP CODE:</b>
<b>CONTACT PERSON:</b>	<b>CONTACT PERSON:</b>
<b>TELEPHONE:</b>	<b>TELEPHONE:</b>
<b>FAX:</b>	<b>FAX:</b>
<b>E-MAIL:</b>	<b>E-MAIL:</b>

*For Shipper:*

*For Agent:*

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Accepted for SCGT by: \_\_\_\_\_

Date: \_\_\_\_\_



**STANDARD SERVICE AGREEMENTS CONTINUED**

FORM OF SERVICE AGREEMENT  
(For EBB-TIDE Service)

THIS SERVICE AGREEMENT ("Agreement") is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between SEACOAST GAS TRANSMISSION, L.L.C., hereinafter referred to as "Company," and \_\_\_\_\_, hereinafter referred to as "Shipper."

WITNESSETH:

WHEREAS, in order to facilitate access to and provide information concerning Transportation Services on Company's pipeline system, as well as provide certain interactive functions relating to Transportation Services on its pipeline system, Company has contracted for an electronic bulletin board service referred to as "EBB-TIDE" service; and

WHEREAS, Shipper desires to obtain information from and communicate and conduct business with Company utilizing the EBB-TIDE service; and

WHEREAS, Company is willing to allow Shipper to utilize the EBB-TIDE service subject to the terms of this Agreement and Company's Tariff.

NOW THEREFORE, in consideration for Company providing Shipper access to the EBB-TIDE service, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company and Shipper hereby agree as follows:

1. **UserIDs and Passwords.** Company agrees that upon receipt of Shipper's EBB-TIDE Access Request Form, in which Shipper designates its Security administrator ("Administrator"), Company will assign a EBB-TIDE UserID and temporary password to Administrator. Administrator's temporary password will expire upon initial log-on to EBB-TIDE, and Administrator will designate his or her own password. Administrator may request additional UserIDs from Company for use by Shipper's authorized employees. Shipper may cancel UserIDs via EBB-TIDE or the notice provisions hereof and shall cancel UserIDs of any employee or Administrator terminated from employment with Shipper or who is otherwise no longer authorized to access EBB-TIDE on behalf of Shipper. Shipper agrees to immediately notify Company upon any material change to the information provided on the EBB-TIDE Access Request Form, and to forward Company any documentation required to verify such material change (e.g., documentation verifying a legal name change, etc.).

**STANDARD SERVICE AGREEMENTS CONTINUED**

2. Agents. Company agrees that it will recognize the appointment of an agent by Shipper to access and perform functions on EBB-TIDE on Shipper's behalf ("Agent"). However, Company shall only recognize such appointment when all the following conditions have been met: Shipper and Agent complete and provide to Company an Agent Form; Agent completes and provides to Company the EBB-TIDE Access Request Form specifying Agent's Security Administrator; and Agent enters into a EBB-TIDE Agreement with Company. Thereafter, Agent will be considered for purposes of this Agreement as a Shipper and will be treated as a Shipper as described herein. Shipper may cancel the appointment of an Agent and name a successor Agent via EBB-TIDE or the notice provisions hereof. Shipper represents and acknowledges that any Agent it appoints has legal authority to act on behalf of Shipper in performing any functions listed on the EBB-TIDE menu for which the Agent is authorized, and that Company is fully entitled to rely upon, and is fully protected in relying upon and acting in accordance with, such representation and acknowledgment.

3. Electronic Execution of Agreements. Shipper shall be bound by any agreement executed by it using the electronic execution procedures of EBB-TIDE.

The electronic execution by Shipper shall constitute Shipper's signature to and approval of the subject agreement, provided that an agreement electronically executed by Shipper shall not be deemed to have been properly received by Company until accessible to Company through EBB-TIDE. Any such agreement which has been received shall not give rise to any obligation until Company has provided in return its notice of acceptance of the agreement. Company's notice of acceptance of the agreement shall constitute Company's signature to and approval of same. The parties agree that by executing this Agreement, Shipper's use of the electronic execution feature of EBB-TIDE to execute an agreement, together with Company's notice of acceptance thereof, will constitute an executed written agreement between the parties in satisfaction of any applicable "statute of frauds."

4. Security. Company and Shipper agree that security is a priority. Company, therefore, reserves the right to terminate any Shipper UserID which has been inactive for more than ninety (90) calendar days. Company further reserves the right to invalidate Shipper's UserIDs if Shipper breaches any term of this Agreement and such breach threatens the viable operation of EBB-TIDE, or if Company terminates this Agreement as provided herein. Such invalidation shall only be implemented following ten (10) Days prior notice by Company to Shipper of such intended action and the reason therefor to provide Shipper a reasonable time to reform or correct conduct which has resulted in a breach of this Agreement; however, if the conduct results in a serious breach which may

**STANDARD SERVICE AGREEMENTS CONTINUED**

immediately jeopardize the security, confidentiality, or viable operation of EBB-TIDE, Company reserves the right to immediately invalidate Shipper's UserIDs.

5. Confidentiality. Company and Shipper agree that confidentiality is critical to security. Therefore, Shipper agrees to keep, and to cause Administrator and Shipper's authorized employees to keep, all Shipper UserIDs and passwords confidential and not to disclose the same, either separately or combined, to any person or entity without authority to access EBB-TIDE for Shipper. Shipper agrees that only Administrator and Shipper's authorized employees will be given Shipper's UserIDs and passwords, and that only Administrator and Shipper's authorized employees will be permitted to access EBB-TIDE on Shipper's behalf. Likewise, Company agrees to keep, and to cause its authorized employees to keep, Shipper's UserIDs and temporary passwords confidential and not to disclose the same, either separately or combined, to any person or entity without authority to access EBB-TIDE for Company. Shipper agrees to immediately notify Company if

it becomes aware that a security breach has or may have occurred with regard to its authorized employees that has been on-going or that it has not corrected or is unable to correct. Any use of EBB-TIDE by any person using any of Shipper's UserIDs and/or passwords shall be deemed to be use by Shipper and Shipper agrees to be responsible for and to accept liability for any such use, whether by authorized or unauthorized persons unless Company is responsible for disclosure of the Shipper User IDs and/or passwords not in accordance with this Agreement.

6. Indemnification. Shipper agrees to defend, indemnify and hold harmless Company and its members, operators, officers, directors, employees, Agents and representatives from and against all claims, demands, direct damages, losses, costs and expenses (including without limitation court costs and reasonable attorneys' fees) and liabilities (exclusive of special, indirect or consequential damages, including, without limitation, loss of profits or business interruptions) arising out of (i) any breach of confidentiality with respect to the assignment of UserIDs or passwords to Shipper or its authorized persons or the use of UserIDs or passwords by Shipper's authorized persons, or use by any unauthorized person who gained knowledge of Shipper's UserIDs or passwords due to the negligent actions or willful misconduct of Shipper, (ii) any breach of this Agreement by Shipper or its employees or Agents and/or (iii) any and all use of the EBB-TIDE system or of the files and the information displayed on the EBB-TIDE System except to the extent resulting from the negligent actions or willful misconduct of Company.

**STANDARD SERVICE AGREEMENTS CONTINUED**

7. Limitation of Liability. Shipper agrees that Company may act, without liability to Shipper or any other party, in reliance upon any acts or things done or performed by persons utilizing Shipper's UserIDs or passwords on behalf of Shipper or its Agents (so long as Company is not aware of a security breach). Shipper shall hold Company harmless from any omission or failure by Shipper or its authorized Agents to act or perform any duty required as a result of any use of the interactive function of the EBB-TIDE service. Company shall not be held responsible for any omission or failure of a function accessed through the EBB-TIDE service if such omission or failure is caused by or related to any errors in transmission of data to or from Company's or its operators' computer systems, power failures, failure of any computer systems or any backup systems, or any other event beyond the reasonable control of Company. If Shipper requests and receives assistance from Company's representatives, such assistance will be at the Shipper's sole risk and Company will not have any responsibility or liability arising therefrom, except as may arise from the negligent action or willful misconduct of Company. Company shall not be liable to Shipper or to any third party for any special, indirect or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement, the provision and use of the EBB-TIDE service or the information contained therein.

8. Procedures. Company and Shipper agree to follow all procedures regarding the EBB-TIDE service as such procedures may be established and announced from time to time.

9. Term. This Agreement shall become effective as of the date first above written and shall remain in force and effect until terminated by Shipper or Company upon ten (10) Days written notice to the other party, or until terminated pursuant to other provisions of this Agreement.

10. Choice of Law. This Agreement shall be governed by the laws of the State of Florida, excluding, however, any conflicts of law or choice of law provisions which may require the application of the laws of another state.

11. Tariff. This Agreement, the services provided hereunder, and the use of such services are subject to all of the terms and conditions set forth in Company's Tariff, and all such terms, conditions and provisions are incorporated herein by reference.

12. Tariff Changes. Shipper agrees that Company shall have the unilateral right to file with the appropriate regulatory authority and make changes in (i) the

**STANDARD SERVICE AGREEMENTS CONTINUED**

terms, rates and charges applicable to service pursuant to this Agreement or (ii) any provision of Company's Tariff relating to this Agreement or to the EBB-TIDE service. Company agrees that Shipper may protest or contest the aforementioned filings, and Shipper does not waive any rights it may have with respect to such filings. To the extent that the Commission or other appropriate regulatory authority approves and makes effective any changes in the terms, rates or charges applicable to service pursuant to this Agreement, this Agreement shall be deemed to be modified and amended to conform with such changes.

13. Assignment. Any assignment of this Agreement by either party shall be void and of no force or effect without the prior written consent of the other party.

14. Notices. Unless otherwise provided herein, notices shall be given by hand, electronic transmission, mail or courier. Notices shall be deemed given upon the date the notice is sent. Either party may change its address or telephone or facsimile numbers for notices hereunder by providing written notice of such change to the other party. Notices hereunder shall be addressed as follows:

If to Shipper:

If to Company:  
SEACOAST GAS TRANSMISSION, L.L.C.  
702 North Franklin Street  
Tampa, Florida 33601  
Attention:

15. Headings. The headings or titles to each of the sections of this Agreement are included for convenience of reference only and shall have no effect on, or be deemed as part of, the text of this Agreement.

**STANDARD SERVICE AGREEMENTS CONTINUED**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

SEACOAST GAS TRANSMISSION, L.L.C. SHIPPER

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

**STANDARD SERVICE AGREEMENTS CONTINUED**

**SeaCoast Gas Transmission, LLC  
REQUEST FOR IMBALANCE TRADE**

<b>Required Data Fields</b>		<b>Initiating Trader Data</b>		<b>Confirming Trader Data</b>	
Company Name:					
DUNS Number:					
Contact Name:					
Contact Phone Number:					
E-mail Address:					
Fax Number:					
Contract Holder:					
DUNS Number					
<b>Imbalance Type</b>	<b>Imbalance Posting Number</b>	<b>Trade Quantity Requested</b>	<b>Imbalance Trade Direction</b>		
			<b>To Init Trdr</b>	<b>From Init Trdr</b>	
<b>Date:</b>		<b>Signature:</b>			

**Imbalance Trade Direction:**

TO – The quantity is being traded to the initiating trader from the confirming trader.

FROM – The quantity is being traded from the initiating trader to the confirming trader.

<b>Imbalance Trade Confirmation</b>	
<b>Imbalance Trade Response:</b>	
Company Name:	
DUNS Number:	
Contact Name:	
Date:	
Signature:	

<b>Imbalance Trade Notification</b>				
<b>Statement Date/Time</b>	<b>Trade Quantity Requested</b>	<b>Trade Quantity</b>	<b>Imbalance Trade Direction</b>	
			<b>To Init Trdr</b>	<b>From Init Trdr</b>

<b>Contact Name:</b>
<b>Phone Number:</b>
<b>Fax Number:</b>
<b>Date:</b>
<b>Signature:</b>

**Issued by: Wraye Grimard, Mgr., Regulatory      Effective: October 17, 2008**  
**Issued on: August 18, 2008**

**STANDARD SERVICE AGREEMENTS CONTINUED**

**Instructions for completing this form:**

**Request for Imbalance Trade**

The initiating trader or the person who wants to trade their imbalance position fills in this portion of the form. The data should include the information pertaining to their entity as well as the confirming parties' information. Once the information is filed in, the initiating trader dates, signs and faxes the form to the confirming trader.

**Imbalance Trade Confirmation**

After reviewing the information pertaining to the trade, the confirming trader either accepts or rejects the trade, dates, signs and faxes the form to SeaCoast Gas Transmission as instructed on the form.

**Imbalance Trade Notification**

SeaCoast Gas Transmission will review the imbalance trade request, authorize the trade and fax back to the initiating and confirming traders a copy of the form for their records.

Once all trades have been finalized for the imbalance trading period, SeaCoast Gas Transmission will continue to send the Imbalance Trading Report by Customer.

**Instructions for sending completed form:**

1. Print form and complete document or complete form on-line then print.
2. Take a hard copy and complete Date and Signature fields.
3. Fax to appropriate party for further completion and authorization.