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RATE SCHEDULES

RATE SCHEDULE FT-A
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on the Mainline on a firm basis by Company for any Customer.

Mainline shall be defined as the 30-inch diameter pipeline and appurtenant facilities extending from an interconnection between Company and Tennessee Gas Pipeline Company near Portland, Tennessee and extending to a point of interconnection between Company and ANR Pipeline Company located near Joliet, Illinois.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 The service contracted shall be the receipt of natural gas and the delivery of the Equivalent Quantity of natural gas up to the Transportation Quantity for the Transportation Path set forth in Exhibit A of the FT-A Agreement performed under Part 284 of the Commission's Regulations. This service shall be provided to the extent Company determines firm capacity is available on the Mainline to any Customer in the order in which each Customer has fulfilled the requirements of Section 3 below.

2.2 Service shall be allocated and scheduled pursuant to Subsections 3.7, 3.8 and Section 15 of the General Terms and Conditions of Company's FERC Gas Tariff. However, service may be curtailed for any of the reasons set out in Section 10 of the General Terms and Conditions of Company's FERC Gas Tariff or whenever necessary to maintain gas quality or the integrity of Company's system.

2.3 Company shall not be required to install, operate or maintain any additional facilities in order to provide new transportation service under this Rate Schedule.

3. REQUEST FOR SERVICE

3.1 All Customers requesting firm transportation service under this Rate Schedule must qualify pursuant to Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.

3.2 All Customers requesting firm transportation service hereunder must execute a Firm Gas Transportation Agreement for use under Rate Schedule FT-A (FT-A Agreement) in accordance with the provisions of Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.

4. DELIVERIES AND RECEIPTS

4.1 Receipt Points

Subject to the availability of capacity, any Receipt Point on Company's Mainline shall be eligible for designation as a Primary Receipt Point for gas transported under this Rate Schedule pursuant to Subsection 15.2 of the General Terms and Conditions of Company's FERC Gas Tariff. Company shall not be required under any circumstances to receive gas at any Receipt Point where the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received.

4.2 Delivery Points

Subject to the availability of capacity, any Delivery Point on Company's Mainline shall be eligible for designation as a Primary Delivery Point(s) for gas transported under this Rate Schedule pursuant to Subsection 15.2 of the General Terms and Conditions of Company's FERC Gas Tariff. Company shall not be required under any circumstances to deliver gas at any Delivery Point where the total quantity of gas scheduled for delivery on any day is less than that required for the accurate measurement of quantities to be delivered. Nothing in this Section 4 is intended to limit the rights of either the Releasing Shipper or the Replacement Shipper upon the release of firm capacity.

4.3 Gas Quantities at Receipt/Delivery Points

On any given day, quantities transported from the Receipt Point(s) to the Delivery Point(s) may not exceed the Transportation Quantity under the Customer's FT-A Agreement at any mainline location.

4.4 Uniform Quantities

As nearly as practical, Customer shall deliver and receive gas in uniform hourly quantities during any day. However, Company shall use its best efforts as operational conditions permit, to allow Customers to deliver or receive gas in non-uniform hourly quantities during any day.

5. RATES AND CHARGES

5.1 Applicable Rates and Charges

The rates and charges for service under this Rate Schedule shall be the sum of the charges described below.

5.2 Transportation Rates

The applicable rates for service under this Rate Schedule FT-A are the applicable Maximum Demand and Commodity Rates shown on the effective Summary of Rates and Charges; provided however, Company and Customer may enter into a discounted rate or negotiated rate FT-A Agreement pursuant to the provisions of Section 27 of the General Terms and Conditions of Company's FERC Gas Tariff.

5.3 New Facilities Charge

Company may charge Customer an amount to recoup some or the entire cost (including income tax effects resulting from such reimbursement) of facilities constructed at the Customer's request in order to provide transportation service under this Rate Schedule. Customer shall pay the New Facilities Charge by lump sum payment based upon Company's estimated cost prior to any construction activity, unless otherwise mutually agreed.

5.4 Incidental Charges

Company shall charge Customer an amount to reimburse Company for any filing or similar fees that have not been previously paid by Customer, that Company incurs in establishing or rendering service. Company shall not use the amounts so collected as either costs or revenues in establishing its general system rates.

5.5 Authorized Overrun Charge

If Customer, upon receiving the advance approval of Company, should on any day take under this Rate Schedule a quantity of natural gas in excess of Customer's Transportation Quantity under Customer's FT-A Agreement, then such excess quantity shall constitute authorized overrun quantities. All Customer requests for Authorized Overruns must be nominated through the System. If Company has complete and unrestricted control of gas deliveries to Customer, then Customer shall be deemed to have received the advanced approval of Company for such excess takes. For all authorized overrun quantities, Customer shall pay Company the Maximum Daily Demand Rate and the Commodity Rate for this Rate Schedule shown on the effective Summary of Rates and Charges multiplied by the excess quantities delivered to Customer, unless the parties have executed an FT-A Agreement providing for a different rate.

5.6 Imbalance Charge

If Customer tenders or takes gas at a point not covered by an Operational Balancing Agreement, Company shall charge Customer any applicable charges provided in Rate Schedules LMS-MA or LMS-PA, as applicable and Subsection 3.9 of the General Terms and Conditions specified in Company's FERC Gas Tariff.

5.7 Out of Mainline Charge

The applicable charge for utilizing Receipt Point(s) and/or Delivery Point(s) outside of the Mainline shall be the Rate Schedule IT - Eastern Mainline Maximum Rate, unless Company and Customer have executed an agreement providing for a different rate, for the portion of the scheduled nomination that is outside of the Mainline.

6. FUEL AND LOSSES

Customer shall provide daily to Company, at no cost to Company, the Fuel Retention and Loss Quantity for system fuel use and gas lost and unaccounted for, associated with rendering transportation service pursuant to this Rate Schedule. Since fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, shall be $(1 - \text{fuel \%} / 100)$ multiplied by receipt quantity (in Dekatherms) = delivery quantity (in Dekatherms). [1.3.16] The applicable percentage is shown in the Summary of Rates and Charges.

7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to.

(a) Demand Charge

A Demand charge equal to the product of the applicable Demand Rate shown on the effective Summary of Rates and Charges multiplied by the Transportation Quantity specified in the FT-A Agreement.

(b) Commodity Charge

The applicable Commodity Rate set forth on the effective Summary of Rates and Charges multiplied by the quantity of gas delivered in the month; and

(c) If applicable, any other charges pursuant to Sections 5 and 6 of this Rate Schedule.

8. RESERVED FOR FUTURE USE
9. GENERAL TERMS AND CONDITIONS

Customer shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any FT-A Agreement are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE FT-B
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on the Eastern Mainline on a firm basis by Company for any Customer.

The Eastern Mainline shall be defined as the approximate 30.9 miles of 16-inch diameter pipeline commencing at Company's existing mainline compressor station located near Portland, Tennessee and traversing southeasterly to two (2) interstate pipeline interconnections with 1) Columbia Gulf Transmission Company and 2) East Tennessee Natural Gas Company located near Hartsville, Tennessee in Trousdale County, Tennessee.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 The service rendered shall be the receipt of natural gas and the delivery of the Equivalent Quantity of natural gas up to the Transportation Quantity set out in the FT-B Agreement performed under Part 284 of the Commission's Regulations. This service shall be provided to the extent Company determines firm capacity is available on the Eastern Mainline to any Customer in accordance with the requirements of Section 3 below.

2.2 Service shall be allocated and scheduled pursuant to Subsection 3.7 and Section 15 of the General Terms and Conditions. However, service may be curtailed for any of the reasons set out in Section 10 of the General Terms and Conditions.

2.3 Company shall not be required to install, operate or maintain any additional facilities in order to provide new transportation service under this Rate Schedule.

3. REQUEST FOR SERVICE

3.1 All Customers requesting firm transportation service under this Rate Schedule must qualify pursuant to the applicable Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.

3.2 All Customers requesting firm transportation service hereunder must execute a Firm Gas Transportation Agreement for use under Rate Schedule FT-B (FT-B Agreement) in accordance with the provisions of Section 25 of the General Terms and Conditions of Company's Tariff.

4. DELIVERIES AND RECEIPTS

4.1 Receipt Points

Subject to the availability of capacity, any Receipt Point on Company's Eastern Mainline shall be eligible for designation as a Primary Receipt Point for gas transported under this Rate Schedule pursuant to Subsection 15.2 of the General Terms and Conditions of Company's FERC Gas Tariff. Company shall not be required under any circumstances to receive gas at any Receipt Point where the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received.

4.2 Delivery Points

Subject to the availability of capacity, any Delivery Point on Company's Eastern Mainline shall be eligible for designation as a Primary Delivery Point(s) for gas transported under this Rate Schedule pursuant to Subsection 15.2 of the General Terms and Conditions of Company's FERC Gas Tariff. Company shall not be required under any circumstances to deliver gas at any Delivery Point where the total quantity of gas scheduled for delivery on any day is less than that required for the accurate measurement of quantities to be delivered. Nothing in this Section 4 is intended to limit the rights of either the Releasing Shipper or the Replacement Shipper upon the release of firm capacity.

4.3 Gas Quantities at Receipt/Delivery Points

Quantities transported from the Receipt Point(s) to the Delivery Point(s) may not exceed the Transportation Quantity of the Transportation Path specified in Exhibit A of Customer's FT-B Agreement.

4.4 Uniform Quantities

As nearly as practical, Customer shall deliver and receive gas in uniform hourly quantities during any day. However, Company shall use its best efforts as operational conditions permit, to allow Customers to deliver or receive gas in non-uniform hourly quantities during any day.

5. RATES AND CHARGES

5.1 Applicable Rates and Charges

The rates and charges for service under this Rate Schedule shall be the sum of the charges described below.

5.2 Transportation Rates

The applicable rates for service under this Rate Schedule FT-B are the applicable Maximum Demand and Commodity Rates shown on the effective Summary of Rates and Charges; provided however, Company and Customer may enter into a discounted rate or negotiated rate FT-B Agreement pursuant to the provisions of Section 27 of the General Terms and Conditions and Company's FERC Gas Tariff.

5.3 New Facilities Charge

Company may charge Customer an amount to recoup some or the entire cost (including income tax effects resulting from such reimbursement) of facilities constructed at the Customer's request in order to provide transportation service under this Rate Schedule. Customer shall pay the New Facilities Charge by lump sum payment based upon Company's estimated cost prior to any construction activity, unless otherwise mutually agreed.

5.4 Incidental Charges

Company shall charge Customer an amount to reimburse Company for any filing or similar fees that have not been previously paid by Customer that Company incurs in establishing or rendering service. Company shall not use the amounts so collected as either costs or revenues in establishing its general system rates.

5.5 Authorized Overrun Charge

If Customer, upon receiving the advance approval of Company, should on any day take under this Rate Schedule a quantity of natural gas in excess of Customer's Transportation Quantity under Customer's FT-B Agreement, then such excess quantity shall constitute authorized overrun quantities. All Customer requests for Authorized Overruns must be nominated through the System. If Company has complete and unrestricted control of gas deliveries to Customer, then Customer shall be deemed to have received the advanced approval of Company for such excess takes. For all authorized overrun quantities, Customer shall pay Company the Maximum Daily Demand Rate and the Commodity Rate for this Rate Schedule shown on the effective Summary of Rates and Charges multiplied by the excess quantities delivered to Customer, unless the parties have executed an FT-B Agreement providing for a different rate.

5.6 Imbalance Charge

If Customer tenders or takes gas at a point not covered by an Operational Balancing Agreement, Company shall charge Customer any applicable charges provided in Rate Schedules LMS-MA or LMS-PA, as applicable and Subsection 3.9 of the General Terms and Conditions specified in Company's FERC Gas Tariff.

5.7 Out of Eastern Mainline Charge

The applicable charge for utilizing Receipt Point(s) and/or Delivery Point(s) outside of the Eastern Mainline shall be the Rate Schedule IT - Mainline Maximum Rate, unless Company and Customer have executed an agreement providing for a different rate, for the portion of the scheduled nomination that is outside of the Eastern Mainline.

6. FUEL AND LOSSES

Customer shall provide daily to Company, at no cost to Company, the Fuel Retention and Loss Quantity for system fuel use and for gas lost and unaccounted for, associated with rendering transportation service pursuant to this Rate Schedule. Since fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, shall be $(1 - \text{fuel \%} / 100) \text{ multiplied by receipt quantity (in Dekatherms) = delivery quantity (in Dekatherms)}$. [1.3.16] The applicable percentage is shown in the Summary of Rates and Charges.

7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to:

(a) Demand Charge

A Demand charge equal to the product of the applicable Demand Rate shown on the effective Summary of Rates and Charges multiplied by the Transportation Quantity specified in the FT-B Agreement.

(b) Commodity Charge

The applicable Commodity Rate set forth on the effective Summary of Rates and Charges multiplied by the quantity of gas delivered in the month; and

(c) If applicable, any other charges pursuant to Sections 5 and 6 of this Rate Schedule.

8. RESERVED FOR FUTURE USE
9. GENERAL TERMS AND CONDITIONS

Customer shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any FT-B Agreement are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE FT-C
FIRM TRANSPORTATION SERVICE (Conditional)

1. AVAILABILITY

This Rate Schedule is available for the conditional firm transportation of natural gas by Company for any Customer on the Mainline.

Mainline shall be defined as the 30-inch diameter pipeline and appurtenant facilities extending from an interconnection between Company and Tennessee Gas Pipeline Company near Portland, Tennessee and extending to a point of interconnection between Company and ANR Pipeline Company located near Joliet, Illinois.

The Transportation Paths for service under this Rate Schedule shall be limited to southbound flows between the receipt point at the existing Panhandle Scotland interconnect (at approximately milepost 231.53), and the delivery point at Portland Tennessee (at approximately milepost 0) (the "Scotland-Portland Segment"), and as may be further specified in Exhibit A of the FT-C Agreement.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 The service contracted shall be the receipt of natural gas and the delivery of the Equivalent Quantity of natural gas up to the Transportation Quantity for the Transportation Path set forth in Exhibit A of the FT-C Agreement performed under Part 284 of the Commission's Regulations. This service shall be provided to the extent Company determines conditional firm capacity is available on the Mainline to any Customer in the order in which each Customer has fulfilled the requirements of Section 3 below.

2.2 Company shall provide service under Rate Schedule FT-C transportation by means of a turbine compressor engine located at Company's Paris, Illinois compressor station (together with any replacement engine, the "Paris Turbine") from a receipt point at the existing Panhandle Scotland interconnect point to a delivery point at Portland, Tennessee, including all intermediate points. The Paris Turbine is subject to air emissions restrictions that prevent Company from operating it more than 6090 hours during any rolling twelve (12) month period. FT-C Service is subject to curtailment (an "FT-C Curtailment") when such interruption is due to a shutdown of the Paris Turbine to avoid exceeding this operating limit. Any other interruption or curtailment (including those arising from shutdown of the Paris Turbine for other reasons) of firm service due to force majeure or otherwise would apply to all affected firm service equally and would not be an FT-C Curtailment, as defined above. For purposes of determining demand charge credits only (and without affecting the allocation of capacity among Customers), if an FT-C Curtailment occurs concurrently with another cause of curtailment (e.g., a force majeure event or planned maintenance), the curtailment shall be deemed to be a non-FT-C Curtailment to the extent the other cause increased the curtailment. To the extent either the FT-C Curtailment or the other cause independently would have been sufficient to cause the curtailment, the curtailment shall, for purposes of determining demand charge credits only, be deemed to be:

- (a) an FT-C Curtailment if the FT-C Curtailment was in effect when the other cause of curtailment took effect; or
- (b) a non-FT-C Curtailment otherwise.

2.3 Service shall be allocated and scheduled pursuant to Subsections 3.7, 3.8 and Section 15 of the General Terms and Conditions of Company's FERC Gas Tariff. However, service may be

curtailed pursuant to an FT-C Curtailment or for any of the reasons set out in Section 10 of the General Terms and Conditions of Company's FERC Gas Tariff or whenever necessary to maintain gas quality or the integrity of Company's system.

2.4 To assist Customers in tracking the potential for FT-C Curtailment, the Company shall post, on the 15th day of every month, a report on the actual turbine compressor runtime hours of the preceding eleven month(s).

2.5 Company shall not be required to install, operate or maintain any additional facilities in order to provide new transportation service under this Rate Schedule.

3. REQUEST FOR SERVICE

3.1 All Customers requesting conditional firm transportation service under this Rate Schedule must qualify pursuant to Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.

3.2 All Customers requesting conditional firm transportation service hereunder must execute a Firm Gas Transportation Agreement for use under Rate Schedule FT-C (FT-C Agreement) in accordance with the provisions of Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.

4. DELIVERIES AND RECEIPTS

4.1 Receipt Points

Subject to the availability of capacity and the requirements of the Transportation Path as set forth in Section 1 of this Rate Schedule, any Receipt Point on the Scotland-Portland Segment, shall be eligible for designation as a Primary Receipt Point for gas transported under this Rate Schedule pursuant to Subsection 15.2 of the General Terms and Conditions of Company's FERC Gas Tariff. Company shall not be required under any circumstances to receive gas at any Receipt Point where the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received.

4.2 Delivery Points

Subject to the availability of capacity and the requirements of the Transportation Path as set forth in Section 1 of this Rate Schedule, any Delivery Point on the Scotland-Portland Segment shall be eligible for designation as a Primary Delivery Point(s) for gas transported under this Rate Schedule pursuant to Subsection 15.2 of the General Terms and Conditions of Company's FERC Gas Tariff. Company shall not be required under any circumstances to deliver gas at any Delivery Point where the total quantity of gas scheduled for delivery on any day is less than that required for the accurate measurement of quantities to be delivered. Nothing in this Section 4 is intended to limit the rights of either the Releasing Shipper or the Replacement Shipper upon the release of firm capacity.

4.3 Gas Quantities at Receipt/Delivery Points

On any given day, quantities transported from the Receipt Point(s) to the Delivery Point(s) may not exceed the Transportation Quantity under the Customer's FT-C Agreement at any Mainline location.

4.4 Uniform Quantities

As nearly as practical, Customer shall deliver and receive gas in uniform hourly quantities during any day. However, Company shall use its best efforts as operational conditions permit, to allow Customers to deliver or receive gas in non-uniform hourly quantities during any day.

5. RATES AND CHARGES

5.1 Applicable Rates and Charges

The rates and charges for service under this Rate Schedule shall be the sum of the charges described below.

5.2 Transportation Rates

The applicable rates for service under this Rate Schedule FT-C are the applicable Maximum Demand and Commodity Rates shown on the effective Summary of Rates and Charges; provided however, Company and Customer may enter into a discounted rate or negotiated rate FT-C Agreement pursuant to the provisions of Section 27 of the General Terms and Conditions of Company's FERC Gas Tariff.

5.3 New Facilities Charge

Company may charge Customer an amount to recoup some or the entire cost (including income tax effects resulting from such reimbursement) of facilities constructed at the Customer's request in order to provide transportation service under this Rate Schedule. Customer shall pay the New Facilities Charge by lump sum payment based upon Company's estimated cost prior to any construction activity, unless otherwise mutually agreed.

5.4 Incidental Charges

Company shall charge Customer an amount to reimburse Company for any filing or similar fees that have not been previously paid by Customer that Company incurs in establishing or rendering service. Company shall not use the amounts so collected as either costs or revenues in establishing its general system rates.

5.5 Authorized Overrun Charge

If Customer, upon receiving the advance approval of Company, should on any day take under this Rate Schedule a quantity of natural gas in excess of Customer's Transportation Quantity under Customer's FT-C Agreement, then such excess quantity shall constitute authorized overrun quantities. All Customer requests for Authorized Overruns must be nominated through the System. If Company has complete and unrestricted control of gas deliveries to Customer, then Customer shall be deemed to have received the advanced approval of Company for such excess takes. For all authorized overrun quantities, Customer shall pay Company the Maximum Daily Demand Rate and the Commodity Rate for this Rate Schedule shown on the effective Summary of Rates and Charges multiplied by the excess quantities delivered to Customer and all other applicable charges and surcharges specified on the effective Summary of Rates and Charges in Company's FERC Gas Tariff, unless the parties have executed a FT-C Agreement providing for a different rate.

5.6 Imbalance Charge

If Customer tenders or takes gas at a point not covered by an Operational Balancing Agreement, Company shall charge Customer any applicable charges provided in Rate Schedules LMS-MA or LMS-PA, as applicable and Subsection 3.9 of the General Terms and Conditions specified in Company's FERC Gas Tariff.

5.7 Out of Mainline Charge

The applicable charge for utilizing Receipt Point(s) and/or Delivery Point(s) outside of the Mainline shall be the Rate Schedule IT - Eastern Mainline Maximum Rate, unless Company and Customer have executed an agreement providing for a different rate, for the portion of the scheduled nomination that is outside of the Mainline.

6. FUEL AND LOSSES

Customer shall provide daily to Company, at no cost to Company, the Fuel Retention and Loss Quantity for system fuel use and gas lost and unaccounted for, associated with rendering transportation service pursuant to this Rate Schedule. Since fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, shall be $(1 - \text{fuel \%} / 100)$ multiplied by receipt quantity (in Dekatherms) = delivery quantity (in Dekatherms). [1.3.16] The applicable percentage is shown in the Summary of Rates and Charges.

7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to:

(a) Demand Charge

A Demand charge equal to the product of the applicable Demand Rate shown on the effective Summary of Rates and Charges multiplied by the Transportation Quantity specified in the FT-C Agreement.

(b) Commodity Charge

The applicable Commodity Rate set forth on the effective Summary of Rates and Charges multiplied by the quantity of gas delivered in the month; and

(c) If applicable, any other charges pursuant to Sections 5 and 6 of this Rate Schedule.

8. RESERVED FOR FUTURE USE

9. GENERAL TERMS AND CONDITIONS

Customer shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any FT-C Agreement are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE FT-D
FIRM TRANSPORTATION SERVICE (Conditional)

1. AVAILABILITY

This Rate Schedule is available for the conditional firm transportation of natural gas by Company for any Customer on the Mainline.

Mainline shall be defined as the 30-inch diameter pipeline and appurtenant facilities extending from an interconnection between Company and Tennessee Gas Pipeline Company near Portland, Tennessee and extending to a point of interconnection between Company and ANR Pipeline Company located near Joliet, Illinois.

The Transportation Paths for service under this Rate Schedule shall be limited to southbound flows only, and as may be further specified in Exhibit A of the FT-D Agreement.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 The service contracted shall be the receipt of natural gas and the delivery of the Equivalent Quantity of natural gas up to the Transportation Quantity for the Transportation Path set forth in Exhibit A of the FT-D Agreement performed under Part 284 of the Commission's Regulations. This service shall be provided to the extent Company determines conditional firm capacity is available on the Mainline to any Customer in the order in which each Customer has fulfilled the requirements of Section 3 below.

2.2 Company shall provide southbound service under Rate Schedule FT-D transportation by means of a turbine compressor engine located at Company's Paris, Illinois compressor station (together with any replacement engine, the "Paris Turbine"). The Paris Turbine is subject to air emissions restrictions that prevent Company from operating it more than 6,090 hours during any rolling twelve (12) month period. FT-D Service is subject to curtailment (an "FT-D Curtailment") when such interruption is due to a shutdown of the Paris Turbine to avoid exceeding this operating limit. Any other interruption or curtailment (including those arising from shutdown of the Paris Turbine for other reasons) of firm service due to force majeure or otherwise would apply to all affected firm service equally and would not be an FT-D Curtailment, as defined above. For purposes of determining demand charge credits only (and without affecting the allocation of capacity among Customers), if an FT-D Curtailment occurs concurrently with another cause of curtailment (e.g., a force majeure event or planned maintenance), the curtailment shall be deemed to be a non-FT-D Curtailment to the extent the other cause increased the curtailment. To the extent either the FT-D Curtailment or the other cause independently would have been sufficient to cause the curtailment, the curtailment shall, for purposes of determining demand charge credits only, be deemed to be:

- (a) an FT-D Curtailment if the FT-D Curtailment was in effect when the other cause of curtailment took effect; or
- (b) a non-FT-D Curtailment otherwise.

2.3 Service shall be allocated and scheduled pursuant to Subsections 3.7, 3.8 and Section 15 of the General Terms and Conditions of Company's FERC Gas Tariff. However, service may be curtailed pursuant to an FT-D Curtailment or for any of the reasons set out in Section 10 of the General Terms and Conditions of Company's FERC Gas Tariff or whenever necessary to maintain gas quality or the integrity of Company's system.

- 2.4 To assist Customers in tracking the potential for FT-D Curtailment, the Company shall post, on the 15th day of every month, a report on the actual turbine compressor runtime hours of the preceding eleven month(s).
- 2.5 Company shall not be required to install, operate or maintain any additional facilities in order to provide new transportation service under this Rate Schedule.
3. REQUEST FOR SERVICE
- 3.1 All Customers requesting conditional firm transportation service under this Rate Schedule must qualify pursuant to Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.
- 3.2 All Customers requesting conditional firm transportation service hereunder must execute a Firm Gas Transportation Agreement for use under Rate Schedule FT-D (FT-D Agreement) in accordance with the provisions of Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.
4. DELIVERIES AND RECEIPTS
- 4.1 Receipt Points
- Subject to the availability of capacity and the requirements of the Transportation Path as set forth in Section 1 of this Rate Schedule, any Receipt Point on the Mainline, shall be eligible for designation as a Primary Receipt Point for gas transported under this Rate Schedule pursuant to Subsection 15.2 of the General Terms and Conditions of Company's FERC Gas Tariff. Company shall not be required under any circumstances to receive gas at any Receipt Point where the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received.
- 4.2 Delivery Points
- Subject to the availability of capacity and the requirements of the Transportation Path as set forth in Section 1 of this Rate Schedule, any Delivery Point on the Mainline shall be eligible for designation as a Primary Delivery Point(s) for gas transported under this Rate Schedule pursuant to Subsection 15.2 of the General Terms and Conditions of Company's FERC Gas Tariff. Company shall not be required under any circumstances to deliver gas at any Delivery Point where the total quantity of gas scheduled for delivery on any day is less than that required for the accurate measurement of quantities to be delivered. Nothing in this Section 4 is intended to limit the rights of either the Releasing Shipper or the Replacement Shipper upon the release of firm capacity.
- 4.3 Gas Quantities at Receipt/Delivery Points
- On any given day, quantities transported from the Receipt Point(s) to the Delivery Point(s) may not exceed the Transportation Quantity under the Customer's FT-D Agreement at any Mainline location.
- 4.4 Uniform Quantities
- As nearly as practical, Customer shall deliver and receive gas in uniform hourly quantities during any day. However, Company shall use its best efforts as operational conditions

permit, to allow Customers to deliver or receive gas in non-uniform hourly quantities during any day.

5. RATES AND CHARGES

5.1 Applicable Rates and Charges

The rates and charges for service under this Rate Schedule shall be the sum of the charges described below.

5.2 Transportation Rates

The applicable rates for service under this Rate Schedule FT-D are the applicable Maximum Demand and Commodity Rates shown on the effective Summary of Rates and Charges; provided however, Company and Customer may enter into a discounted rate or negotiated rate FT-D Agreement pursuant to the provisions of Section 27 of the General Terms and Conditions of Company's FERC Gas Tariff.

5.3 New Facilities Charge

Company may charge Customer an amount to recoup some or the entire cost (including income tax effects resulting from such reimbursement) of facilities constructed at the Customer's request in order to provide transportation service under this Rate Schedule. Customer shall pay the New Facilities Charge by lump sum payment based upon Company's estimated cost prior to any construction activity, unless otherwise mutually agreed.

5.4 Incidental Charges

Company shall charge Customer an amount to reimburse Company for any filing or similar fees that have not been previously paid by Customer, that Company incurs in establishing or rendering service. Company shall not use the amounts so collected as either costs or revenues in establishing its general system rates.

5.5 Authorized Overrun Charge

If Customer, upon receiving the advance approval of Company, should on any day take under this Rate Schedule a quantity of natural gas in excess of Customer's Transportation Quantity under Customer's FT-D Agreement, then such excess quantity shall constitute authorized overrun quantities. All Customer requests for Authorized Overruns must be nominated through the System. If Company has complete and unrestricted control of gas deliveries to Customer, then Customer shall be deemed to have received the advanced approval of Company for such excess takes. For all authorized overrun quantities, Customer shall pay Company the Maximum Daily Demand Rate and the Commodity Rate for this Rate Schedule shown on the effective Summary of Rates and Charges multiplied by the excess quantities delivered to Customer and all other applicable charges and surcharges specified on the effective Summary of Rates and Charges in Company's FERC Gas Tariff, unless the parties have executed an FT-D Agreement providing for a different rate.

5.6 Imbalance Charge

If Customer tenders or takes gas at a point not covered by an Operational Balancing Agreement, Company shall charge Customer any applicable charges provided in Rate

Schedules LMS-MA or LMS-PA, as applicable and Subsection 3.9 of the General Terms and Conditions specified in Company's FERC Gas Tariff.

5.7 Out of Mainline Charge

The applicable charge for utilizing Receipt Point(s) and/or Delivery Point(s) outside of the Mainline shall be the Rate Schedule IT - Eastern Mainline Maximum Rate, unless Company and Customer have executed an agreement providing for a different rate, for the portion of the scheduled nomination that is outside of the Mainline.

6. FUEL AND LOSSES

Customer shall provide daily to Company, at no cost to Company, the Fuel Retention and Loss Quantity for system fuel use and gas lost and unaccounted for, associated with rendering transportation service pursuant to this Rate Schedule. Since fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, shall be $(1 - \text{fuel \%} / 100)$ multiplied by receipt quantity (in Dekatherms) = delivery quantity (in Dekatherms). [1.3.16] The applicable percentage is shown in the Summary of Rates and Charges.

7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to:

- (a) Demand Charge
A Demand charge equal to the product of the applicable Demand Rate shown on the effective Summary of Rates and Charges multiplied by the Transportation Quantity specified in the FT-D Agreement.
- (b) Commodity Charge
The applicable Commodity Rate set forth on the effective Summary of Rates and Charges multiplied by the quantity of gas delivered in the month; and
- (c) If applicable, any other charges pursuant to Sections 5 and 6 of this Rate Schedule.

8. RESERVED FOR FUTURE USE

9. GENERAL TERMS AND CONDITIONS

Customer shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any FT-D Agreement are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE FT-GS
FIRM TRANSPORTATION SERVICE
SMALL CUSTOMERS

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on a firm basis by Company for any Customer:

- (a) that was a sales customer under former Rate Schedule SR-1 or SR-T on May 18, 1992 and converted such sales service under former Rate Schedules SR-1 or SR-T to firm transportation service in connection with restructuring pursuant to Order No. 636 of the FERC; and
- (b) that requests a Transportation Quantity equal to or less than 5,233 Dekatherms per day; and
- (c) that completes a valid request for service and executes a Firm Gas Transportation Agreement.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 Transportation service hereunder will be firm, except as provided herein and in the General Terms and Conditions.
- 2.2 A Customer executing a service agreement under this Rate Schedule shall have a Transportation Quantity equal to the Maximum Daily Obligation contained in the Customer's former service agreement under Rate Schedule SR-1 or SR-T, as adjusted for any permanent assignment of capacity.
- 2.3 A Customer executing a service agreement under this Rate Schedule has the right to make an election to convert its service in its entirety to firm transportation service under Rate Schedule FT-A by providing written notice of such election on or before June 1 of any year. Such conversion shall be effective as of the following November 1.
- 2.4 A Customer executing a service agreement under this Rate Schedule shall not be entitled to receive for its account gas transported under Rate Schedules FT-A or IT or any transportation capacity released pursuant to Company's capacity release mechanism as specified in Section 21 of the General Terms and Conditions of Company's FERC Gas Tariff unless the Customer is receiving a quantity of gas under Rate Schedule FT-GS equal to its Transportation Quantity. However, if there is a separate meter for an end-user behind an FT-GS Customer, IT or FT-A gas quantities may be delivered to the end-user pursuant to an IT or FT-A Agreement between Company and the end-user.
- 2.5 Company shall not be required to install, operate or maintain any additional facilities in order to provide new transportation service under this Rate Schedule.

3. QUALIFICATIONS FOR SERVICE

- 3.1 All Customers requesting firm transportation service under this Rate Schedule must qualify pursuant to Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.

- 3.2 All Customers requesting firm transportation service hereunder must execute a Firm Gas Transportation Agreement for use pursuant to Rate Schedule FT-GS (FT-GS Agreement) in accordance with the provisions of Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.

4. DELIVERIES AND RECEIPTS

4.1 Receipt Points

Subject to the availability of capacity, any Receipt Point on Company's system shall be eligible to be designated as a Primary Receipt Point in Customer's FT-GS Agreement. If the capacity at such Receipt Point is insufficient to serve all Customers requesting the point, receipt quantities for that point shall be allocated in accordance with Subsection(s) 3.7, 3.8 and Section 15 of the General Terms and Conditions. Company shall not be required under any circumstances to receive gas at any Receipt Point where the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received.

4.2 Delivery Points

Customer's Delivery Points shall be the interconnection(s) of Company's system and Customer's system, or the Delivery Point(s) specified in Customer's former SR-1 or SR-T Agreement.

4.3 Uniform Quantities

As nearly as practicable, Customer shall deliver and receive gas in uniform hourly quantities during the day. However, Company may, on a best efforts basis and if operational conditions permit, allow Customers to deliver or receive gas in non-uniform hourly quantities during any day.

5. RATES AND CHARGES

5.1 Applicable Rates and Charges

The rates and charges for service under this Rate Schedule shall be the sum of the charges described below.

5.2 Transportation Rates

The applicable rates for service under Rate Schedule FT-GS are rates shown on the effective Summary of Rates and Charges; provided, however, Company and Customer may enter into a discounted rate or negotiated rate FT-GS Agreement pursuant to the provisions of Section 27 of the General Terms and Conditions of Company's FERC Gas Tariff.

5.3 New Facilities Charge

Company may charge Customer an amount to recoup some or the entire cost (including income tax effects resulting from such reimbursement) of facilities constructed at the Customer's request in order to provide transportation service under this Rate Schedule. Customer shall pay the New Facilities Charge by lump sum payment based upon Company's estimated cost prior to any construction activity, unless otherwise mutually agreed.

5.4 Incidental Charges

Company shall charge Customer an amount to reimburse Company for any filing or similar fees that have not been previously paid by Customer that Company incurs in establishing or rendering service. Company shall not use the amounts so collected (as either costs or revenues) in establishing its general system rates.

5.5 Authorized Overrun Charge

If Customer, upon receiving the advance approval of Company, should on any day take under this Rate Schedule a quantity of natural gas in excess of Customer's Transportation Quantity under Customer's FT-GS Agreement, then such excess quantity shall constitute authorized overrun quantities. All Customer requests for Authorized Overruns must be nominated through the System. If Company has complete and unrestricted control of gas deliveries to Customer, then Customer shall be deemed to have received the advance approval of Company. For all Authorized Overrun gas quantities, the Customer shall pay Company the applicable Maximum Commodity Rate per Dekatherm under this Rate Schedule, unless the parties have executed an FT-GS Agreement providing for a different rate.

5.6 Imbalance Charge

If Customer tenders or takes gas at a point not covered by an Operational Balancing Agreement, then, Company shall charge Customer any applicable charges provided in Rate Schedules LMS-MA or LMS-PA, as applicable and Subsection 3.9 of the General Terms and Conditions specified in Volume I of Company's Tariff.

6. FUEL AND LOSSES

Customer shall provide to Company, at no cost to Company, the quantity of gas required for system fuel use and gas lost and unaccounted for associated with rendering transportation service pursuant to this Rate Schedule. Since fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, shall be $(1 - \text{fuel \%} / 100)$ multiplied by receipt quantity (in Dekatherms) = delivery quantity (in Dekatherms). [1.3.16] The applicable percentage is shown in the Summary of Rates and Charges.

7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to:

- (a) Commodity Charge: The applicable Commodity Rate set forth on the effective Summary of Rates and Charges multiplied by the quantity of gas delivered in the month; and
- (b) If applicable, any other charges pursuant to Sections 5 and 6 of this Rate Schedule.

8. GENERAL TERMS AND CONDITIONS

Customer shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume 1 of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any

terms and conditions specified in any FT-GS Agreement are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE FPAL
FIRM PARK AND LOAN SERVICE

1. AVAILABILITY

1.1 Availability of Service

This Rate Schedule is available to any Person (hereinafter referred to as "Customer") who requests Firm Park and Loan Service (FPAL) from Company and has executed a PAL Agreement under this Rate Schedule. The PAL Agreement shall be considered a master PAL Agreement and Customer and Company may agree to additional PAL or FPAL services by executing additional PAL Agreement Exhibit A(s). Company shall provide PAL service on a non-discriminatory basis: (1) subject to availability and Company's flexibility to provide such service and (2) subject to the limitations set forth below.

1.2 Limits on Service

1.2.1 Existing Facilities

Company shall not be required to provide service under this Rate Schedule that would require Company to construct or acquire any new facilities.

1.2.2 Availability

FPAL Service is available on the Mainline and is not available on the Eastern Mainline. Company shall not provide FPAL service that will result in the total contracted firm capacity (transportation and FPAL) exceeding Company's peak operationally available capacity on any Mainline segment unless (1) Company, exercising reasonable judgment, determines that an FPAL transaction will have a positive effect on Company's system (i.e., a park of gas when line pack is below optimal levels or a loan of gas when line pack is above optimal levels). Company shall not provide an FPAL service that will result in the total contracted firm capacity (transportation and FPAL) exceeding Company's peak operationally available capacity at any Mainline Receipt Point or Delivery Point.

In addition to the above limitations, Company shall not provide FPAL services if, in its reasonable judgment, providing such service would interfere with the primary rights of any Customer that will hold firm capacity at the time the Customer requests FPAL service.

1.2.3 Creditworthiness

Company shall not be required to execute a PAL Agreement under this Rate Schedule prior to determining the creditworthiness of Customer. Furthermore, Company shall not be required to perform service under this Rate Schedule on behalf of any Customer who fails to demonstrate creditworthiness according to Section 25 of the General Terms and Conditions.

1.3 Use of Third Party Storage Services

Company may contract for storage services offered by third party service providers for use in providing FPAL service.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Applicability of Service

This Rate Schedule shall apply to all Firm PAL services Company provides.

2.2 Character of Service

Service under this Rate Schedule shall be provided for Parking and/or Lending service(s). Company shall park and/or lend a quantity of gas for/to Customer up to the Maximum PAL Quantity stated in Dekatherms as specified in the effective PAL Agreement Exhibit. Company and Customer may agree to a schedule, over which nominations may be ratable, for the initial park or loan period and the subsequent return period, as set forth on Exhibit "A" of Customer's Rate Schedule FPAL Service Agreement. Where Company and Customer have agreed to a ratable schedule, the quantities shall be nominated in an equal amount over the course of the corresponding period.

2.2.1 Parking Service provides for:

- (a) The receipt by Company of gas quantities that have been delivered by Customer at a Parking Point(s);
- (b) Company holding the parked gas quantities; and
- (c) The subsequent return of parked gas quantities to the Customer at such Parking Point(s), or a mutually agreeable alternative Parking Point(s) subject to 4.2 of this Rate Schedule.

2.2.2 Lending Service provides for:

- (a) The receipt of gas quantities by Customer from Company at a Lending Point(s); and
- (b) The subsequent return of the loaned gas quantities to the Company at such Lending Point(s), or a mutually agreeable alternative Lending Point(s) subject to 4.2 of this Rate Schedule.

2.3 Firm Park and Loan (PAL) Service

Firm PAL service is a Parking and Lending service that allows a Customer to request PAL service from Company for a mutually agreed upon term. The quantity of gas parked and/or loaned shall be the quantities set forth on Exhibit A of Customer's PAL Agreement. The FPAL service is subject to the applicable credits if Company is unable to provide the nominated FPAL service quantities as further described in Section 37 of the General Terms and Conditions.

Service under this Rate Schedule shall be subject to confirmation by Company prior to being scheduled.

2.4 Term of Service

Service under this Rate Schedule shall be provided for a minimum of one (1) day and a maximum term as set forth in the effective PAL Agreement Exhibit A between Customer and Company.

In the event parked quantities remain in Company's system and/or loaned quantities have not been returned to Company's system by the expiration of the term, Company and Customer may mutually agree to an extended time frame and/or modified terms, including the rate, of such PAL service or a replacement PAL service, to permit Customer to return such quantities to Company or to permit Company to return such quantities to Customer.

2.5 Nominations for Service

Customer shall nominate PAL services under this Rate Schedule in accordance with the nomination deadlines set forth in Section 3 of the General Terms and Conditions.

2.6 Confirmation and Scheduling of Service

Service under this Rate Schedule shall be subject to confirmation by Company prior to being scheduled. Confirmed and scheduled quantities of gas parked or loaned by Company cannot be bumped by new requests for parking and/or lending service. Service under this Rate Schedule shall be scheduled and confirmed with equal priority with other firm services.

2.7 Capacity Release

The capacity release mechanism specified in Section 21 of the General Terms and Conditions is applicable to this Rate Schedule.

2.8 Transportation Service

Customer shall pay for all charges, including any applicable Fuel Retention and/or Loss Quantity, for any transportation associated with FPAL service. If Customer repays a loan of gas at a point other than the initial Lending Point or retrieves parked gas at a point other than the initial Parking Point, it shall pay all associated transportation charges, including any applicable Fuel Retention and/or Loss Quantity. Customer shall enter into contracts under the appropriate Rate Schedules for the above-described transportation services.

3. RATE AND PAYMENT

3.1 Maximum and Minimum Rates

The daily Maximum and Minimum Rates for service under this Rate Schedule are listed on the Summary of Rates and Charges of Company's FERC Gas Tariff.

Customer shall pay the daily Maximum Rate for service under this Rate Schedule unless Customer and Company have executed an Exhibit A providing for a discounted or negotiated rate agreement pursuant to Section 27 of the General Terms and Conditions of Company's FERC Gas Tariff. Company is not obligated to accept a rate for services rendered hereunder at less than the Maximum Rate.

3.2 Monthly Invoice

The charge to be invoiced monthly pursuant to Section 5 of the General Terms and Conditions for service under this Rate Schedule for FPAL services shall be the maximum or mutually agreed upon FPAL daily demand rate multiplied by the Maximum PAL Quantity plus the commodity rate multiplied by the actual quantity parked or loaned as set forth in Exhibit A for each day service is made available by Company. Charges shall commence on the first day of the agreed upon transaction and continue until the last day of the agreed upon term as set forth in Exhibit A of Customer's PAL Agreement.

4. RATE SCHEDULE PAL POINTS OF SERVICE

4.1 Listing of Available Parking and Lending Points

Company shall post the name and location of all Parking Points and Lending Points.

Each Parking Point and Lending Point shall be associated with a physical point of service identified pursuant to this Section, as updated from time to time pursuant to Section 4.2 of this Rate Schedule.

4.2 Addition or Deletion of Points of Service

Company shall post any additions or deletions to the list of available Parking Points or Lending Points. If Company terminates a Parking Point where parked quantities are to be returned to Customer or a Lending Point where loaned quantities are to be returned to Company, such point(s) shall remain available for the limited purpose of completing such outstanding transactions unless Customer and Company mutually agree to utilize a different Parking Point or Lending Point. If Customer and Company mutually agree to utilize a different Parking Point or Lending Point for the limited purpose of completing such outstanding transaction, Customer must contract separately for transportation service between the points.

4.3 Use of Location Codes

In order to facilitate PAL service under this Rate Schedule, Parking Points and Lending Points shall be assigned nominatable location codes. Such location codes shall be posted.

5. NOTIFICATIONS, ALLOCATIONS AND CURTAILMENT

5.1 Service under this Rate Schedule shall be allocated and curtailed with equal priority with other firm services.

5.2 Customer may be required, upon notification from Company to suspend or reduce deliveries for the agreed upon Park Service, or receipts for the agreed upon Loan Service. Further, Customer may be required, upon notification from Company, to remove quantities of gas previously provided to Company under the Park Service, or return quantities of gas previously loaned to Customer under the Loan Service. Such notification shall be by telephone, and also by Company's Information Postings web site, e-mail, or facsimile.

5.3 Should Company notify Customer to remove or return quantities of gas pursuant to Subsection 5.2, Company's notification shall specify the time frame within which Park Service quantities shall be removed, and/or Loan Service quantities shall be returned. Such notifications shall be consistent with Company's operating conditions, but in no event shall the specified time frame be less than three (3) business days from the date of Company's notification unless Company and Customer mutually agree to a different time frame. The obligation of Customer to comply with the issued notification shall be monitored until such time as Company is able to recommence the PAL services.

5.4 In the event Customer makes a timely nomination in response to a notification by Company pursuant to Subsection 5.2, the obligation of Customer to comply with that notification shall be suspended until such time as Company's operational conditions allow Company to schedule the nomination.

6. FAILURE BY CUSTOMER TO RESPOND

6.1 Park Service

- (a) In the event any of the following occurs, parked quantities shall become the property of Company at no cost to Company, free and clear of any adverse claims:
 - (i) Company's prevailing operations require Company to notify Customer that receipts of parked quantities must be suspended or be reduced, and Customer fails to comply with such notification; and/or
 - (ii) Company's prevailing operations require Company to notify Customer that all or part of Customer's parked quantities must be removed, and Customer fails to comply within the specified time frame; and/or
 - (iii) Subject to Subsection 2.4 herein, the FPAL account reflects a balance at the termination date of the associated Exhibit A to Customer's FPAL Agreement.
- (b) If, pursuant to Subsection 6.1(a)(i), Company notifies Customer that receipts of parked quantities must be suspended or be reduced, only those quantities parked in violation of the notification shall become the property of Company at no cost to Company, free and clear of any adverse claims.
- (c) No penalty will be assessed, pursuant to this Subsection, on a remaining balance if the Customer-submitted nominations related to that balance to clear the FPAL transaction cannot be scheduled by the Company, through no fault of the Customer.
- (d) In the event that parked quantities of natural gas become the property of Company, Company shall dispose of such excess gas pursuant to Subsection 22.2 of the General Terms and Conditions. Company shall categorize the proceeds of an excess-parked gas sale, net of incremental administrative charges, as PAL penalties.

6.2 Loan Service

- (a) In the event any of the following occurs, loaned quantities shall be sold to Customer at 150 percent of the weekly average spot price at the Midpoint Chicago LDC Citygate as reported in Gas Daily during the term of the agreed upon transaction as set forth in the associated Exhibit A to Customer's PAL Agreement:
 - (i) Company's prevailing operations require Company to notify Customer that deliveries of Customer's loaned quantities must be suspended or be reduced, and Customer fails to comply with such notification; and/or
 - (ii) Company's prevailing operations require Company to notify Customer that all or part of Customer's loaned quantities must be returned to Company, and Customer fails to comply within the specified time frame; and/or
 - (iii) Subject to Subsection 2.4 herein, the PAL account reflects a balance at the termination date of the associated Exhibit A to Customer's PAL Agreement.
- (b) If, pursuant to Subsection 6.2(a)(i), Company notifies Customer that deliveries of Customer's loaned quantities must be suspended or be reduced, only those quantities loaned in violation of the notification shall be sold to Customer at 150 percent of the highest weekly Midpoint Chicago LDC Citygate price as reported in Gas Daily during

the term of the agreed upon transaction as set forth in the associated Exhibit A to Customer's PAL Agreement.

- (c) No penalty will be assessed, pursuant to this Subsection, on a remaining balance if the Customer-submitted nominations related to that balance to clear the PAL transaction cannot be scheduled by the Company, through no fault of the Customer.

6.3 Crediting of PAL Penalties

All amounts invoiced and collected by Company as payment of penalties assessed under this Rate Schedule, net of incremental administrative charges and loaned gas costs, shall be treated as PAL penalties and shall be allocated by Company to all Customers using the methodology set forth in Subsection 23.1 of the General Terms and Conditions. The loaned gas costs for gas sold pursuant to Section 6.2 of this Rate Schedule shall be the weekly average spot price at the Midpoint Chicago LDC Citygate as reported in Gas Daily during the term of the agreed upon transaction as set forth in the associated Exhibit A to a PAL Agreement.

7. OTHER CONDITIONS OF SERVICE

Company shall not be required to provide service under this Rate Schedule in the event that all facilities needed to render the requested service do not exist or are not in service at the time the request is made or the time service is commenced.

8. GENERAL TERMS AND CONDITIONS

Customer shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any PAL Agreement are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on the Mainline and Eastern Mainline on an interruptible basis by Company to any Customer:

- (a) that makes a valid request pursuant to Section 3 hereof and executes an Interruptible Transportation Agreement (IT Agreement); and
- (b) to the extent that capacity is available on Company's system from time to time for the delivery of gas to Company and the redelivery by Company for the account of Customer.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 The service rendered hereunder shall be the receipt of natural gas and the delivery of the Equivalent Quantity of natural gas up to the maximum interruptible quantity set out in the IT Agreement, subject to the availability of capacity sufficient to provide the service without detriment or disadvantage to Company's firm transportation Customers. Service hereunder is fully interruptible to the extent necessary to provide firm transportation service.
- 2.2 Interruption of service includes decreasing, suspending, or discontinuing either the receipt or delivery of gas. Interruption and the allocation of available interruptible capacity shall be in accordance with Subsection(s) 3.7 and 3.8 of the General Terms and Conditions. Company may also interrupt service to any Customer whenever necessary to maintain gas quality or the integrity of Company's system.
- 2.3 Company shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule.

3. QUALIFICATION FOR SERVICE

- 3.1 All Customers requesting interruptible transportation service must qualify pursuant to Section 25 of the General Terms and Conditions of Company's Tariff.
- 3.2 All Customers requesting interruptible transportation service must execute an IT Agreement in accordance with the provisions of Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff.

4. DELIVERIES AND RECEIPTS

4.1 Receipt Points

All Receipt Points on Company's system shall be available for gas transported under this Rate Schedule. Company shall not be required under any circumstances to receive gas at any Receipt Point where the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received.

4.2 Delivery Points

All Delivery Points on Company's system shall be available for gas transported under this Rate Schedule. Company shall not be required under any circumstances to deliver gas at any Delivery Point where the total quantity of gas scheduled for delivery on any day is less than that required for the accurate measurement of quantities to be delivered.

4.3 Uniform Quantities

As nearly as practicable, Customer shall deliver and receive gas in uniform hourly quantities during any day.

5. RATES AND CHARGES

5.1 Applicable Rates and Charges

The rates and charges for service under this Rate Schedule shall be the sum of the charges described below.

5.2 Transportation Rate

The Transportation Rate is the Maximum Rate per Dekatherm as shown on the effective Summary of Rates and Charges; provided however, Company and Customer may enter into a discounted rate or a negotiated rate IT Agreement pursuant to the provisions of Section 27 of the General Terms and Conditions of Company's FERC Gas Tariff.

5.3 New Facilities Charge

Company may charge Customer an amount to recoup some or the entire cost (and income tax effects resulting from such reimbursement) of facilities constructed at the Customer's request in order to provide transportation service under this Rate Schedule. Customer shall pay the New Facilities Charge by lump sum payment based upon Company's estimated cost prior to any construction activity, unless otherwise mutually agreed.

5.4 Incidental Charges

Company shall charge Customer an amount to reimburse Company 100 percent for any filing or similar fees, that have not been previously paid by Customer that Company incurs in establishing or rendering service. Company shall not use the amounts so collected (as either revenues or costs) in establishing its general system rates.

5.5 Imbalance Charge

If Customer takes receipts or deliveries at a point not covered by an Operational Balancing Agreement, then, Company shall charge Customer any applicable charges as provided in Rate Schedules LMS-MA or LMS-PA, as applicable and Subsection 3.9 of the General Terms and Conditions specified in Volume I of Company's Tariff.

6. FUEL AND LOSSES

Customer shall provide daily to Company, at no cost to Company, the quantity of gas required for system fuel and uses and for gas lost and unaccounted for, associated with rendering transportation service pursuant to this Rate Schedule. Since fuel reimbursement is in kind, the standard fuel

calculation mechanism, as this is related to the nomination process, shall be $(1 - \text{fuel \%} / 100)$ multiplied by receipt quantity (in Dekatherms) = delivery quantity (in Dekatherms). [1.3.16] The applicable percentage is shown in the Summary of Rates and Charges.

7. MONTHLY BILL

The Monthly Bill for deliveries shall be equal to (i) the Transportation Rate multiplied by the Dekatherms of natural gas delivered for Customer and (ii) if applicable, any charges pursuant to Sections 5 or 6 above.

8. GENERAL TERMS AND CONDITIONS

Customer shall provide Company with such information as is needed to meet the requirements placed on Company by valid regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any IT Agreement are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE PAL
PARK AND LOAN SERVICE

1. AVAILABILITY

1.1 Availability of Service

This Rate Schedule is available to any Person (hereinafter referred to as "Customer") who requests interruptible Park and Loan Service (PAL) from Company and has executed a PAL Agreement under this Rate Schedule. The PAL Agreement shall be considered a master PAL Agreement and Customer and Company may agree to additional PAL or FPAL services by executing additional PAL Agreement Exhibit A(s). Company shall provide PAL service on a non-discriminatory basis: (1) subject to availability and Company's flexibility to provide such service and (2) subject to the limitations set forth below.

1.2 Limits on Service

1.2.1 Existing Facilities

Company shall not be required to provide service under this Rate Schedule that would require Company to construct or acquire any new facilities.

1.2.2 Existing Services

Company shall not be required to provide service under this Rate Schedule if such service would prevent Company from providing any other firm or interruptible transportation service.

1.2.3 Creditworthiness

Company shall not be required to execute a PAL Agreement under this Rate Schedule prior to determining the creditworthiness of Customer. Furthermore, Company shall not be required to perform service under this Rate Schedule on behalf of any Customer who fails to demonstrate creditworthiness according to Section 25 of the General Terms and Conditions.

1.3 Use of Third Party Storage Services

Company may contract for storage services offered by third party service providers for use in providing PAL service.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Applicability of Service

This Rate Schedule shall apply to all interruptible PAL services Company provides.

2.2 Character of Service

Service under this Rate Schedule shall be provided for Parking and/or Lending service(s).

2.2.1 Parking Service provides for:

- (a) The receipt by Company of gas quantities that have been delivered by Customer at a Parking Point(s);
- (b) Company holding the parked gas quantities; and
- (c) The subsequent return of parked gas quantities to the Customer at such Parking Point(s), or a mutually agreeable alternative Parking Point(s), subject to Subsections 2.3.3 and 4.2 of this Rate Schedule.

2.2.2 Lending Service provides for:

- (a) The receipt of gas quantities by Customer from Company at a Lending Point(s); and
- (b) The subsequent return of the loaned gas quantities to the Company at such Lending Point(s), or a mutually agreeable alternative Lending Point(s), subject to Subsection 2.3.3 and 4.2 of this Rate Schedule.

Company shall attempt to park and/or lend a quantity of gas for/to Customer up to the Maximum PAL Quantity stated in Dekatherms as specified in the effective PAL Agreement Exhibit. Company and Customer may agree to a schedule, over which nominations may be ratable, for the initial park or loan period and the subsequent return period, as set forth on Exhibit "A" of Customer's Rate Schedule PAL Service Agreement. Where Company and Customer have agreed to a ratable schedule, the quantities shall be nominated in an equal amount over the course of the corresponding period.

2.3 Park and Loan (PAL) Service Options

2.3.1 Customer Nominated Parking/Lending (NPL)

Customer Nominated Parking/Lending (NPL) is a service option that allows a Customer to nominate and link supplemental PAL service to nominated transportation service on Company's system in each of the supported nomination and scheduling cycles.

2.3.2 Customer Requested Term Parking/Lending (RPL)

Customer Requested Term Parking/Lending (RPL) is a service option that allows a Customer to request parking and/or lending service from Company for a mutually agreed upon term.

Requests for RPL service shall be considered if Customer has completed and submitted a proposed Exhibit A of an effective PAL Agreement reflecting the selection of RPL service for a specific time period.

If Company accepts Customer's request for RPL service, Company shall execute Customer's proposed Exhibit A to its effective PAL Agreement.

2.3.3 Company Offered Parking/Lending (OPL)

Company Offered Parking/Lending (OPL) is a service option that allows Company to offer parking and/or lending service to potential Customers for a mutually agreed upon term.

Company shall post all OPL offers, detailing the specific terms and conditions of each OPL offer, as well as provide electronic notification of such offers.

Bids for OPL service shall be considered only if Company has received from Customer a proposal for service under this Rate Schedule.

For the purposes of determining the Best Bid(s) for a posted Company Offered Parking/Lending Service, Company will award service on basis of highest rate bid. In the event there is more than one Best Bid, Company will allocate service on a pro-rata basis.

Company shall execute the proposed Exhibit A to a PAL Agreement(s) for the winning bid(s).

In the event that the Receipt and Delivery Points differ under a specific OPL transaction, then a separately stated amount for transportation shall be included in the bid. Such transportation amount shall not be priced at less than the Minimum Commodity Rate pursuant to Rate Schedule IT on a Dekatherm basis.

2.3.4 Customer Authorized Automatic Parking/Lending (APL)

Customer Authorized Automatic Parking/Lending (APL) is a service option that allows a Customer to pre-authorize Company to nominate, on the Customer's behalf, parking and/or lending service within a supported nomination cycle in attempt to minimize the Customer's Stranded Allocated Capacity in such cycle.

To initiate or terminate APL on a prospective basis, a Customer must complete and submit to Company a proposed Exhibit A to its effective PAL Agreement.

Customer retains the right to prospectively adjust scheduled parking and/or lending activity nominated via APL in subsequent nomination cycles.

2.3.5 For all options listed in Subsections 2.3.1 through 2.3.4 above, service under this Rate Schedule shall be subject to confirmation by Company prior to being scheduled.

2.4 Term of Service

Service under this Rate Schedule shall be provided for a minimum of one (1) day and a maximum term as set forth in the effective PAL Agreement Exhibit A between Customer and Company.

In the event parked quantities remain in Company's system and/or loaned quantities have not been returned to Company's system by the expiration of the term, Company and Customer may mutually agree to an extended time frame and/or modified terms, including the rate, of such PAL service or a replacement PAL service, to permit Customer to return such quantities to Company or to permit Company to return such quantities to Customer.

2.5 Nominations for Service

Customer shall nominate PAL services under this Rate Schedule in accordance with the nomination deadlines set forth in Section 3 of the General Terms and Conditions.

2.6 Confirmation and Scheduling of Service

Service under this Rate Schedule shall be confirmed and scheduled, after all other services offered by Company are scheduled and confirmed, on the basis of the Customer paying the highest rate at a Parking Point or Lending Point. Ties will be confirmed and scheduled on a pro rata basis.

Existing quantities of gas parked or loaned by Company cannot be bumped by new requests for parking and/or lending service.

2.7 Transportation Service

Customer shall pay for all charges, including any applicable Fuel Retention and/or Loss Quantity, for any transportation associated with PAL service. If Customer repays a loan of gas at a point other than the initial Lending Point or retrieves parked gas at a point other than the initial Parking Point, it shall pay all associated transportation charges, including any applicable Fuel Retention and/or Loss Quantity. Customer shall enter into contracts under the appropriate Rate Schedules for the above-described transportation services.

3. RATE AND PAYMENT

3.1 Maximum and Minimum Rates

The daily Maximum and Minimum Rates for service under this Rate Schedule are listed on the Summary of Rates and Charges of Company's FERC Gas Tariff.

Customer shall pay the daily Maximum Rate for service under this Rate Schedule unless Customer and Company have executed an Exhibit A providing for a discounted or negotiated rate agreement pursuant to Section 27 of the General Terms and Conditions of Company's FERC Gas Tariff. Company is not obligated to accept a rate for services rendered hereunder at less than the Maximum Rate.

The charge to be invoiced monthly pursuant to Section 5 of the General Terms and Conditions for service under this Rate Schedule for PAL services shall be the maximum or mutually agreed upon PAL daily rate multiplied by the quantity of gas parked or loaned, for each separate transaction of Customer, multiplied by the number of days within such month that the quantity of gas is parked or loaned.

4. RATE SCHEDULE PAL POINTS OF SERVICE

4.1 Listing of Available Parking and Lending Points

Company shall post the name and location of all Parking Points and Lending Points.

Each Parking Point and Lending Point shall be associated with a physical point of service identified pursuant to this Section, as updated from time to time pursuant to Section 4.2 of this Rate Schedule.

4.2 Addition or Deletion of Points of Service

Company shall post any additions or deletions to the list of available Parking Points or Lending Points. If Company terminates a Parking Point where parked quantities are to be returned to Customer or a Lending Point where loaned quantities are to be returned to Company, such point(s) shall remain available for the limited purpose of completing such outstanding transactions unless Customer and Company mutually agree to utilize a different

Parking Point or Lending Point. If Customer and Company mutually agree to utilize a different Parking Point or Lending Point for the limited purpose of completing such outstanding transaction, Customer must contract separately for transportation service between the points.

4.3 Use of Location Codes

In order to facilitate PAL service under this Rate Schedule, Parking Points and Lending Points shall be assigned nominatable location codes. Such location codes shall be posted.

5. NOTIFICATIONS, ALLOCATIONS AND CURTAILMENT

5.1 For purposes of restricting PAL services, Company will give priority to PAL Agreements with the highest rate commitment to Company. For purposes of calculating the daily rate commitment, Customers willing to pay more than the Maximum Rate listed on the Summary of Rates and Charges of this FERC Gas Tariff will be considered to be paying the Maximum Rate. Service will be allocated or curtailed on a pro rata basis among Customers willing to make the same daily rate commitment to Company for PAL services.

5.2 Customer may be required, upon notification from Company, to suspend or reduce deliveries for the agreed upon Park Service, or receipts for the agreed upon Loan Service. Further, Customer may be required, upon notification from Company, to remove quantities of gas previously provided to Company under the Park Service, or return quantities of gas previously loaned to Customer under the Loan Service. Such notification shall be by telephone, and also by Company's Information Postings web site, e-mail, or facsimile.

5.3 Should Company notify Customer to remove or return quantities of gas pursuant to Subsection 5.2, Company's notification shall specify the time frame within which Park Service quantities shall be removed, and/or Loan Service quantities shall be returned. Such notifications shall be consistent with Company's operating conditions, but in no event shall the specified time frame be less than three (3) business days from the date of Company's notification unless Company and Customer mutually agree to a different time frame. The obligation of Customer to comply with the issued notification shall be monitored until such time as Company is able to recommence the PAL services.

5.4 In the event Customer makes a timely nomination in response to a notification by Company pursuant to Subsection 5.2, the obligation of Customer to comply with that notification shall be suspended until such time as Company's operational conditions allow Company to schedule the nomination.

6. FAILURE BY CUSTOMER TO RESPOND

6.1 Park Service

(a) In the event any of the following occurs, parked quantities shall become the property of Company at no cost to Company, free and clear of any adverse claims:

(i) Company's prevailing operations require Company to notify Customer that receipts of parked quantities must be suspended or be reduced, and Customer fails to comply with such notification; and/or

(ii) Company's prevailing operations require Company to notify Customer that all or part of Customer's parked quantities must be removed, and Customer fails to comply within the specified time frame; and/or

- (iii) Subject to Subsection 2.4 herein, the PAL account reflects a balance at the termination date of the associated Exhibit A to Customer's PAL Agreement.
- (b) If, pursuant to Subsection 6.1(a)(i), Company notifies Customer that receipts of parked quantities must be suspended or be reduced, only those quantities parked in violation of the notification shall become the property of Company at no cost to Company, free and clear of any adverse claims.
- (c) No penalty will be assessed, pursuant to this Subsection, on a remaining balance if the Customer-submitted nominations related to that balance to clear the PAL transaction cannot be scheduled by the Company, through no fault of the Customer.
- (d) In the event that parked quantities of natural gas become the property of Company, Company shall dispose of such excess gas pursuant to Subsection 22.2 of the General Terms and Conditions. Company shall categorize the proceeds of an excess-parked gas sale, net of incremental administrative charges, as PAL penalties.

6.2 Loan Service

- (a) In the event any of the following occurs, loaned quantities shall be sold to Customer at 150 percent of the weekly average spot price at the Midpoint Chicago LDC Citygate as reported in Gas Daily during the term of the agreed upon transaction as set forth in the associated Exhibit A to Customer's PAL Agreement:
 - (i) Company's prevailing operations require Company to notify Customer that deliveries of Customer's loaned quantities must be suspended or be reduced, and Customer fails to comply with such notification; and/or
 - (ii) Company's prevailing operations require Company to notify Customer that all or part of Customer's loaned quantities must be returned to Company, and Customer fails to comply within the specified time frame; and/or
 - (iii) Subject to Subsection 2.4 herein, the PAL account reflects a balance at the termination date of the associated Exhibit A to Customer's PAL Agreement.
- (b) If, pursuant to Subsection 6.2(a)(i), Company notifies Customer that deliveries of Customer's loaned quantities must be suspended or be reduced, only those quantities loaned in violation of the notification shall be sold to Customer at 150 percent of the highest weekly Midpoint Chicago LDC Citygate price as reported in Gas Daily during the term of the agreed upon transaction as set forth in the associated Exhibit A to Customer's PAL Agreement.
- (c) No penalty will be assessed, pursuant to this Subsection, on a remaining balance if the Customer-submitted nominations related to that balance to clear the PAL transaction cannot be scheduled by the Company, through no fault of the Customer.

6.3 Crediting of PAL Penalties

All amounts invoiced and collected by Company as payment of penalties assessed under this Rate Schedule, net of incremental administrative charges and loaned gas costs, shall be treated as PAL penalties and shall be allocated by Company to all Customers using the methodology set forth in Subsection 23.1 of the General Terms and Conditions. The loaned gas costs for gas sold pursuant to Section 6.2 of this Rate Schedule shall be the weekly average spot price at the Midpoint Chicago LDC Citygate as reported in Gas Daily during the

term of the agreed upon transaction as set forth in the associated Exhibit A to a PAL Agreement.

7. OTHER CONDITIONS OF SERVICE

Company shall not be required to provide service under this Rate Schedule in the event that all facilities needed to render the requested service do not exist or are not in service at the time the request is made or the time service is commenced.

8. GENERAL TERMS AND CONDITIONS

Customer shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any PAL Agreement are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE LMS-MA
LOAD MANAGEMENT SERVICE – DELIVERY POINTS

1. AVAILABILITY

Company shall provide balancing services at Delivery Points to persons (herein referred to as "Balancing Party") who have executed an Operational Balancing Agreement (for use at Delivery Points)(Delivery Point OBA) in the form set forth on Company's web site (www.mgt.oneokpartners.com) under Customer Activities. A Delivery Point OBA will be available to:

- (a) the operator of connecting facilities at a Delivery Point(s) on Company's system; and
- (b) a market aggregator ("Aggregator") who has obtained written consent from Delivery Point operators that imposes responsibility on Aggregator for all scheduling and balancing at stated Delivery Points and that provides authority to Aggregator to change physical flows at stated Delivery Points upon notice from Company to the Aggregator.

2. APPLICABILITY AND CHARACTER OF SERVICE

The terms, conditions and charges set forth in this Rate Schedule shall apply to all gas flowing through meters covered by a Delivery Point OBA. A Delivery Point OBA may include all Delivery Points controlled by a single Balancing Party except that no OBA may cover Delivery Points under more than one firm transportation rate schedule. An Aggregator's Delivery Point OBA may include any Delivery Point where the maximum deliveries at any such point do not exceed 5,233 Dekatherms on any day.

3. SCHEDULING AND CONFIRMATION BY BALANCING PARTY

The Balancing Party will confirm nominations of the quantities to be delivered at Delivery Points. The Balancing Party will notify affected Customers via the System by entering confirmations into the System, which are available for viewing by Customers, within the time specified in Subsection 3.6.1 of the General Terms and Conditions of any change in a nomination by Customer to Scheduled Quantities.

Company agrees to perform as a Delivery Point operator on other pipelines' systems at its existing points of interconnection with other pipelines to the extent necessary and agreed to by the other pipeline(s). To the extent Company incurs any imbalance charges, cash-outs, or penalties on such other pipelines, all such expenditures, except where negligently incurred by Company, shall be borne by Balancing Parties that are out of balance on Company's system in proportion to each Balancing Party's imbalance related to such other pipelines.

4. IMBALANCE NETTING AND TRADING

- (a) Based upon the best information available, a Balancing Party shall take action to correct any imbalances occurring during the month by making adjustments in nominations, receipts or deliveries. If a Balancing Party fails to take such corrective action, then Company may, upon 48 hours notice, adjust Balancing Party's scheduled receipts and deliveries over the remainder of the calendar month in order to maintain a balance of receipts, deliveries and nominations.

- (b) Balancing Parties under this Rate Schedule and Supply Aggregators under Rate Schedule SA will be allowed to trade imbalances occurring during the month with other Parties that are subject to this Rate Schedule or Rate Schedule LMS-PA.

Mid-Month Trading

All imbalance trading occurring during the month that the imbalance(s) occurred must be effected through the nomination of mid-month make-up gas quantities. Any "receipt-to-delivery" imbalance trade may be effected by a Party nominating transportation from a point covered on its Balancing Agreement or Rate Schedule SA Agreement to a point on another Agreement where the trade will occur. A "receipt-to-delivery" imbalance trade is defined as any imbalance trade between a Party under this Rate Schedule and a Party under Rate Schedule LMS-PA whereby the Party under this Rate Schedule is trading an excess of actual deliveries relative to Scheduled Quantities with an excess of actual receipts relative to Scheduled Quantities incurred by a Party under Rate Schedule LMS-PA.

End-of-Month Trading

Balancing Parties and Supply Aggregators will also be allowed to trade offsetting imbalances in the month following the month during which the imbalance occurred; provided that the Party notifies Company of the identities of the Parties agreeing to the trade, and the gas quantities to be traded, no later than seventeen Business Days after the end of the month during which the imbalances occurred. For receipt-to-delivery imbalance trades after the month during which the imbalances occurred, the Parties agreeing to the trade must notify Company of the Party responsible for the transportation from point to point. If the Parties do not notify Company of the Party responsible for transportation, Company will hold the Party who traded the imbalance due Company responsible for the applicable transportation charges. To facilitate end-of-month imbalance trading, Company will provide for Parties to post their imbalances, and any information relevant to the trading thereof, on the System.

For mid-month and end-of-month trading, transportation charges for receipt-to-delivery imbalance trades will be based on the applicable maximum authorized overrun rate associated with Company's Rate Schedule(s) FT-A, FT-B, FT-C or FT-D.

When a netting and trading transaction results in an overpayment of transportation charges, Company shall reimburse the affected Customer the excess transportation charges in the subsequent billing cycle.

5. DAILY IMBALANCE CHARGE

5.1 Applicability

- (a) Single Point of Interconnection Under LMS-MA Agreement

A Balancing Party shall be subject to a potential Daily Imbalance Charge if

- (i) Company lacks the ability to physically control delivered quantities to the Balancing Party at such interconnect, or
- (ii) Company has the ability to physically control delivered quantities to the Balancing Party at such interconnect but the capability has been disabled pursuant to a request by the Balancing Party, or

- (iii) The Balancing Party either lacks the ability to physically control receipt quantities from Company at such interconnect or utilizes its physical flow control capability to deviate from the current total scheduled nomination at such interconnect without Company's consent.

(b) Multiple Points of Interconnection Under LMS-MA Agreement

A Balancing Party shall be subject to a potential Daily Imbalance Charge if

- (i) Company lacks the ability to physically control delivered quantities to the Balancing Party at all of the interconnects specified in the Balancing Party's LMS-MA Agreement, or
- (ii) Company has the ability to physically control delivered quantities to the Balancing Party at one or more of the interconnects specified in the Balancing Party's LMS-MA Agreement but the capability has been disabled at such location(s) pursuant to a request by the Balancing Party, or
- (iii) Company lacks the ability to physically control delivered quantities to the Balancing Party at the specific interconnect designated to assume the imbalances by the Balancing Party (balancing "swing" interconnect) under the Balancing Party's LMS-MA Agreement, or
- (iv) The Balancing Party lacks the ability to physically control receipt quantities from Company at any of the interconnects specified in the Balancing Party's LMS-MA Agreement, or
- (v) The Balancing Party utilizes its physical flow control capability at one or more interconnect locations specified in the Balancing Party's LMS-MA Agreement to deviate from the current aggregate scheduled nomination for such interconnects without Company's consent.

(c) Listing of Balancing Parties Subject to Potential Daily Imbalance Charge

Company shall maintain a list on its Informational Postings web site of the Balancing Parties that are potentially subject to a Daily Imbalance Charge under Rate Schedule LMS-MA.

Company shall revise such posting within a Gas Day if the applicability of the Daily Imbalance Charge for a given Balancing Party changes due to change in flow control status at one or more interconnects under the Balancing Party's LMS-MA Agreement.

In addition, Company shall notify a Balancing Party listed pursuant to this Subsection, by phone, of any status change related to the applicability of the Daily Imbalance Charge at the time such change is made.

The amount of Balancing Party's imbalance at the end of a Gas Day will determine if the Daily Imbalance Charge is potentially applicable to such Balancing Party.

5.2 Calculation

(a) Net Pipeline Position

By 12 Noon CCT each day, Company shall provide on its Informational Postings web site a notice of the net pipeline position on Company's pipeline system for the previous Gas Day.

The net pipeline position is the sum of the total positive and negative Cumulative Imbalances, based on SCADA data, at all Balancing Party interconnections subject to the Daily Imbalance Charge for such Gas Day under Rate Schedules LMS-MA and LMS-PA.

A positive net pipeline position indicates that gas has been stored on Company's pipeline and is due others. A negative net pipeline position indicates that gas is due Company.

Company will post a notice that the Daily Imbalance Charge will not be applicable for a given Gas Day, if Company determines that insufficient accurate SCADA data exist for such Gas Day to calculate a net pipeline position.

(b) Allowable Swing Quantity (ASQ)

The Balancing Party's ASQ for a given Gas Day is the greater of (1) 1000 Dekatherms or (2) 10 percent of the highest daily Scheduled Quantity at such designated interconnect(s) during the prior 15 days.

On a given Gas Day, a Balancing Party may take gas in excess of Scheduled Quantities or not take delivery of all Scheduled Quantities at the interconnect(s) listed under the Balancing Party's LMS-MA Agreement up to its ASQ.

(c) Imbalance Tolerance Bandwidth - 110 to 120 Percent

On a Gas Day that the net pipeline position exceeds plus or minus 25,000 Dekatherms, any Balancing Party subject to the Daily Imbalance Charge under this Rate Schedule, whose Cumulative Imbalance is 1) equal to or greater than 110 percent but less than 120 percent of that Balancing Party's ASQ and 2) has a Cumulative Imbalance in the same direction (positive or negative) as the net pipeline position, will be notified by Company of its Daily Imbalance position no later than 5:00 p.m. CCT the following Gas Day.

If the notified Balancing Party fails to take corrective action during the Gas Day following Company's Daily Imbalance position notice pursuant to this Subsection, such Balancing Party shall be assessed a Daily Imbalance Charge per Dekatherm equal to two times the currently effective maximum rate under Tennessee Gas Pipeline Company's Rate Schedule PAL. The Daily Imbalance Charge under this Subsection shall apply only to those quantities of the Cumulative Imbalance that are equal to or greater than 110 percent but are less than 120 percent of the Balancing Party's ASQ.

(d) Imbalance Tolerance Bandwidth - 120 Percent or Greater

On a Gas Day that the net pipeline position exceeds plus or minus 25,000 Dekatherms, any Balancing Party subject to the Daily Imbalance Charge under this Rate Schedule

whose Cumulative Imbalance is 1) equal to or greater than 120 percent of that Balancing Party's ASQ and 2) has a Cumulative Imbalance in the same direction (positive or negative) as the net pipeline position will be notified by Company of its Daily Imbalance position no later than 5:00 p.m. CCT the following Gas Day.

If the notified Balancing Party fails to take corrective action during the Gas Day following Company's Daily Imbalance position notice pursuant to this Subsection, such Balancing Party shall be assessed a Daily Imbalance Charge per Dekatherm equal to four times the currently effective Maximum Rate under Tennessee Gas Pipeline Company's Rate Schedule PAL. The Daily Imbalance Charge under this Subsection shall apply only to those quantities of the Cumulative Imbalance that are equal to or in excess of 120 percent of the Balancing Party's ASQ.

5.3 Treatment of Revenue

All amounts invoiced and collected by Company as payment of Daily Imbalance Charges assessed under this Rate Schedule, net of incremental administrative charges (including costs that Company incurs in making such sales pursuant to Section 22 of the General Terms and Conditions), will be treated as LMS penalties and shall be allocated by Company to Balancing Parties using the methodology set forth in Subsection 23.2 of the General Terms and Conditions.

6. MONTHLY IMBALANCES

- (a) A Balancing Party's monthly imbalance shall be the net total of Daily Imbalances from all points covered by the Delivery Point OBA. Unless Company and Balancing Party mutually agree to correct the imbalance in kind on a nondiscriminatory basis, each month Company and Balancing Party shall "cash out" any imbalance between deliveries and Scheduled Quantities at Delivery Points covered by a Delivery Point OBA. Company shall divide the monthly imbalance by the sum of the Scheduled Quantities for all days of the month for all points covered by the OBA to determine the monthly imbalance percentage to be cashed out as set forth below.
- (b) If the monthly imbalance percentage is due to a deficiency of deliveries relative to Scheduled Quantities, Company shall pay the Balancing Party in accordance with Schedule A below. If the monthly imbalance percentage is due to an excess of deliveries relative to Scheduled Quantities, the Balancing Party shall pay Company in accordance with Schedule B below. Notwithstanding the above, a monthly imbalance that is less than 1000 Dekatherms shall be cashed out at the 0-5 percentage level. In addition to correcting the monthly imbalance in cash, the Balancing Party shall pay to Company the "Transportation Component" if deliveries are greater than Scheduled Quantities, or Company shall pay to Balancing Party the "Transportation Component" if deliveries are less than Scheduled Quantities.

The "Transportation Component" shall be equal to:

- (i) Company's commodity rate under Rate Schedule(s) FT-A, FT-B, FT-C, FT-D or FT-GS, as applicable, multiplied by the monthly imbalance, plus
- (ii) an additional amount to cover Company's cost of gas for the system fuel use and lost and unaccounted for gas.

The additional amount shall be calculated by multiplying the Index Price by the amount of fuel necessary to transport the imbalance on the Company's system.

Schedule A

<u>Monthly Imbalance Percentage</u>	<u>Company Pays Balancing Party the Following Percent of the Index Price</u>
0-5%	100%
>5-10%	85%
>10-15%	70%
>15-20%	60%
>20%	50%

Schedule B

<u>Monthly Imbalance Percentage</u>	<u>Balancing Party Pays Company the Following Percent of the Index Price</u>
0-5%	100%
>5-10%	115%
>10-15%	130%
>15-20%	140%
>20%	150%

The Index Price shall be the monthly average of the daily, midpoint Tennessee, 500 Leg price as published in the "Daily price survey" of Platts *Gas Daily* for the month. The Index Price shall be posted on the System in a reasonable time after receipt of the final "Daily price survey" for the month. If the "Daily price survey" of Platts *Gas Daily* is no longer published, Company shall use an alternative publication to determine the spot price indices for calculation of the Index Price. Company shall allocate "cash-outs" with other upstream pipelines according to the same formula.

For the purpose of determining the level at which a Balancing Party's imbalance shall be cashed out, if a Balancing Party has an imbalance outside a given tolerance level, the escalating or declining percentage of the Index Price will apply only to the portion of the imbalance outside of the tolerance level.

The amounts due hereunder shall be paid in accordance with Sections 5 and 6 of the General Terms and Conditions of Company's FERC Gas Tariff.

(c) Access to Information

Company will make available by electronic means the best information it has concerning the scheduled deliveries at all Delivery Points. This information regarding the scheduled deliveries shall become "Operational Data" and Balancing Parties will be able to utilize the Operational Data for purposes of correcting imbalances during the month. Monthly imbalances will be cashed out on the basis of actual deliveries and Scheduled Quantities; provided that the penalty level and pricing associated with imbalances will be based upon the lesser of (1) the monthly operational imbalance reported by Company based upon the Operational Data or (2) the monthly imbalance based upon actual receipts and deliveries at such locations.

(d) Limitation on Charges

Any imbalances caused by an event as set forth in Section 10 of the General Terms and Conditions, or by Company's actions (including providing the Balancing Party inaccurate balancing information) or by Balancing Party's compliance with an OFO issued pursuant to Section 8 of the General Terms and Conditions, will not be included in the calculation of the total monthly imbalance for purposes of determining the appropriate cash-out level and will be cashed out at the 0-5 percent tolerance level, as set forth in Subsection 6(b) above.

(e) Operational Integrity

Nothing in this Section 6 shall limit Company's right to take action as may be required to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system.

(f) Disposition of Charges

At the conclusion of each annual period, Company will determine the net cashout activity. All Imbalance Charges received by Company in accordance with Subsection 6(b) that are in excess of Company's costs, including, but not limited to (i) payments made by Company in accordance with Subsection 6(b), and (ii) Company's gas costs and fuel and loss costs properly allocable to Balancing Parties, and (iii) administrative costs will be credited against the Demand charges of all firm Customers, pro rata based on Transportation Quantities. To the extent that the cashout activity in any annual period results in a negative balance, such balance will be carried forward and applied to the next annual determination of cashout activity. At the end of each annual period, Company will file a report and refund plan with the Commission. At that time all Balancing Parties/Customers will have the right to challenge the refund calculations and allocation methodology.

7. GENERAL TERMS AND CONDITIONS

Balancing Party shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any Delivery Point OBA are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE LMS-PA
LOAD MANAGEMENT SERVICE – RECEIPT POINTS

1. AVAILABILITY

Company shall provide balancing services at Receipt Points to persons (herein referred to as "Balancing Party") who have executed an Operational Balancing Agreement for use at receipt points (Receipt Point OBA) in the form set forth on Company's web site (www.mgt.oneokpartners.com) under Customer Activities. A Receipt Point OBA will be available to the operator of connecting facilities at a Receipt Point(s) on Company's system.

2. APPLICABILITY AND CHARACTER OF SERVICE

The terms, conditions and charges set forth in this Rate Schedule shall apply to all gas flowing through meters covered by a Receipt Point OBA.

3. SCHEDULING AND CONFIRMATION BY BALANCING PARTY

The Balancing Party will confirm nominations of the quantities to be received at Receipt Points. The Balancing Party will notify Customer and Company via the System by entering confirmations into the System, which are available for viewing by Customers, within the time specified in Subsection 3.6.1 of the General Terms and Conditions of any change in a nomination by Customer to Scheduled Quantities.

4. IMBALANCE NETTING AND TRADING

- (a) Based upon the best information available, a Balancing Party shall take action to correct any imbalances occurring during the month by making adjustments in nominations, receipts or deliveries. If Balancing Party fails to take such corrective action, then Company may, upon 48 hours notice, adjust Balancing Party's scheduled receipts and deliveries over the remainder of the calendar month in order to maintain a balance of receipts, deliveries and nominations.
- (b) Balancing Parties under this Rate Schedule and Aggregators under Rate Schedule SA will be allowed to trade imbalances occurring during the month with other Parties that are subject to this Rate Schedule or Rate Schedule LMS-MA.

Mid-Month Trading

All imbalance trading occurring during the month that the imbalance(s) occurred must be effected through the nomination of mid-month make-up gas quantities. Any "receipt-to-delivery" imbalance trade may be effected by a Party nominating transportation from a point covered on its Operational Balancing Agreement or Rate Schedule SA Agreement to a point on another agreement where the trade will occur. A "receipt-to-delivery" imbalance trade is defined as any imbalance trade between a Party under this Rate Schedule and a Party under Rate Schedule LMS-MA whereby the Party under this Rate Schedule is trading an excess of actual receipts relative to Scheduled Quantities with an excess of actual deliveries relative to Scheduled Quantities incurred by a Party under Rate Schedule LMS-MA.

End-of-Month Trading

Balancing Parties and Aggregators under Rate Schedule SA will also be allowed to trade offsetting imbalances in the month following the month during which the imbalance occurred;

provided that the Party notifies Company of the identities of the Parties agreeing to the trade, and the gas quantities to be traded, no later than seventeen Business Days after the end of the month during which the imbalances occurred. For receipt-to-delivery imbalance trades after the month during which the imbalances occurred, the Parties agreeing to the trade must notify Company of the Party responsible for the transportation from point to point. If the Parties do not notify Company of the Party responsible for transportation, Company will hold the Party who traded the imbalance due Company responsible for the applicable transportation charges. To facilitate end-of-month imbalance trading, Company will provide for Parties to post their imbalances, and any information relevant to the trading thereof, on the System.

For mid-month and end-of-month trading, transportation charges for receipt-to-delivery imbalance trades will be based on the maximum applicable authorized overrun rate associated with Company's Rate Schedule FT-A, FT-C or FT-D.

When a netting and trading transaction results in an overpayment of transportation charges, Company shall reimburse the affected Customer the excess transportation charges in the subsequent billing cycle.

5. DAILY IMBALANCE CHARGE

5.1 Applicability

(a) Single Point of Interconnection Under LMS-PA Agreement

A Balancing Party shall be subject to a potential Daily Imbalance Charge if

- (i) Company lacks the ability to physically control delivered quantities to the Balancing Party at such interconnect, or
- (ii) Company has the ability to physically control delivered quantities to the Balancing Party at such interconnect but the capability has been disabled pursuant to a request by the Balancing Party, or
- (iii) The Balancing Party either lacks the ability to physically control receipt quantities from Company at such interconnect or utilizes its physical flow control capability to deviate from the current total scheduled nomination at such interconnect without Company's consent.

(b) Multiple Points of Interconnection Under LMS-PA Agreement

A Balancing Party shall be subject to a potential Daily Imbalance Charge if

- (i) Company lacks the ability to physically control delivered quantities to the Balancing Party at any of the interconnects specified in the Balancing Party's LMS-PA Agreement, or
- (ii) Company has the ability to physically control delivered quantities to the Balancing Party at one or more of the interconnects specified in the Balancing Party's LMS-PA Agreement but the capability has been disabled at such location(s) pursuant to a request by the Balancing Party, or
- (iii) Company lacks the ability to physically control delivered quantities to the Balancing Party at the specific interconnect designated to assume the

imbalances by the Balancing Party (balancing "swing" interconnect) under the Balancing Party's LMS-PA Agreement, or

- (iv) The Balancing Party lacks the ability to physically control receipt quantities from Company at any of the interconnects specified in the Balancing Party's LMS-PA Agreement, or
- (v) The Balancing Party utilizes its physical flow control capability at one or more interconnect locations specified in the Balancing Party's LMS-PA Agreement to deviate from the current aggregate scheduled nomination for such interconnects without Company's consent.

(c) Listing of Balancing Parties Subject to Potential Daily Imbalance Charge

Company shall maintain a list on its Informational Postings web site of the Balancing Parties that are potentially subject to a Daily Imbalance Charge under Rate Schedule LMS-PA.

Company shall revise such posting within a Gas Day if the applicability of the Daily Imbalance Charge for a given Balancing Party changes due to change in flow control status at one or more interconnects under the Balancing Party's LMS-PA Agreement.

In addition, Company shall notify a Balancing Party listed pursuant to this Subsection, by phone, of any status change related to the applicability of the Daily Imbalance Charge at the time such change is made.

The amount of Balancing Party's imbalance at the end of a Gas Day will determine if the Daily Imbalance Charge is potentially applicable to such Balancing Party.

5.2 Calculation

(a) Net Pipeline Position

By 12 Noon CCT each day, Company shall provide on its Informational Postings web site a notice of the net pipeline position on Company's pipeline system for the previous Gas Day.

The net pipeline position is the sum of the total positive and negative Cumulative Imbalances, based on SCADA data, at all Balancing Party interconnections subject to the Daily Imbalance Charge for such Gas Day under Rate Schedules LMS-MA and LMS-PA.

A positive net pipeline position indicates that gas has been stored on Company's pipeline and is due others. A negative net pipeline position indicates that gas is due Company.

Company will post a notice that the Daily Imbalance Charge will not be applicable for a given Gas Day, if Company determines that insufficient accurate SCADA data exist for such Gas Day to calculate a net pipeline position.

(b) Allowable Swing Quantity (ASQ)

The Balancing Party's ASQ for a given Gas Day is the greater of (1) 1000 Dekatherms or (2) 10 percent of the highest daily Scheduled Quantity at such designated interconnect(s) during the prior 15 days.

On a given Gas Day, a Balancing Party may take gas in excess of Scheduled Quantities or not take delivery of all Scheduled Quantities at the interconnect(s) listed under the Balancing Party's LMS-PA Agreement up to its ASQ.

(c) Imbalance Tolerance Bandwidth - 110 to 120 Percent

On a Gas Day that the net pipeline position exceeds plus or minus 25,000 Dekatherms, any Balancing Party subject to the Daily Imbalance Charge under this Rate Schedule, whose Cumulative Imbalance is 1) equal to or greater than 110 percent but less than 120 percent of that Balancing Party's ASQ and 2) has a Cumulative Imbalance in the same direction (positive or negative) as the net pipeline position, will be notified by Company of its Daily Imbalance position no later than 5:00 p.m. CCT the following Gas Day.

If the notified Balancing Party fails to take corrective action during the Gas Day following Company's Daily Imbalance position notice pursuant to this Subsection, such Balancing Party shall be assessed a Daily Imbalance Charge per Dekatherm equal to two times the currently effective maximum rate under Tennessee Gas Pipeline Company's Rate Schedule PAL. The Daily Imbalance Charge under this Subsection shall apply only to those quantities of the Cumulative Imbalance that are equal to or greater than 110 percent but are less than 120 percent of the Balancing Party's ASQ.

(d) Imbalance Tolerance Bandwidth - 120 Percent or Greater

On a Gas Day that the net pipeline position exceeds plus or minus 25,000 Dekatherms, any Balancing Party subject to the Daily Imbalance Charge under this Rate Schedule whose Cumulative Imbalance is 1) equal to or greater than 120 percent of that Balancing Party's ASQ and 2) has a Cumulative Imbalance in the same direction (positive or negative) as the net pipeline position will be notified by Company of its Daily Imbalance position no later than 5:00 p.m. CCT the following Gas Day.

If the notified Balancing Party fails to take corrective action during the Gas Day following Company's Daily Imbalance position notice pursuant to this Subsection, such Balancing Party shall be assessed a Daily Imbalance Charge per Dekatherm equal to four times the currently effective maximum rate under Tennessee Gas Pipeline Company's Rate Schedule PAL. The Daily Imbalance Charge under this Subsection shall apply only to those quantities of the Cumulative Imbalance that are equal to or in excess of 120 percent of the Balancing Party's ASQ.

5.3 Treatment of Revenue

All amounts invoiced and collected by Company as payment of the Daily Imbalance Charges assessed under this Rate Schedule, net of incremental administrative charges (including costs that Company incurs in making such sales pursuant to Section 22 of the General Terms and Conditions), will be treated as LMS penalties and shall be allocated by Company to Balancing Parties using the methodology set forth in Subsection 23.2 of the General Terms and Conditions.

6. MONTHLY IMBALANCES

- (a) A Balancing Party's monthly imbalance shall be the net total of Daily Imbalances from all points covered by the Receipt Point OBA. Unless Company and Balancing Party mutually agree to correct the imbalance in kind on a nondiscriminatory basis, each month Company and Balancing Party shall "cash out" any imbalance between receipts and Scheduled Quantities at receipt points covered by the Receipt Point OBA. Company shall divide the monthly imbalance by the sum of the Scheduled Quantities for all days of the month for all points covered by the OBA to determine the percent monthly imbalance to be cashed out as set forth below:
- (b) If the monthly imbalance percentage is due to an excess of receipts relative to Scheduled Quantities, Company shall pay the Balancing Party in accordance with Schedule A below. If the monthly imbalance percentage is due to a deficiency in receipts relative to Scheduled Quantities, the Balancing Party shall pay Company in accordance with Schedule B below. Notwithstanding the above, a monthly imbalance that is less than 1,000 Dekatherms shall be cashed out at the 0-5 percentage level.

Schedule A

<u>Monthly Imbalance Percentage</u>	<u>Company Pays Balancing Party the Following Percent of the Index Price</u>
0-5%	100%
>5-10%	85%
>10-15%	70%
>15-20%	60%
>20%	50%

Schedule B

<u>Monthly Imbalance Percentage</u>	<u>Balancing Party pays Company the Following Percent of the Index Price</u>
0-5%	100%
>5-10%	115%
>10-15%	130%
>15-20%	140%
>20%	150%

The Index Price shall be the monthly average of the daily, midpoint Tennessee, 500 Leg price as published in the "Daily price survey" of Platts *Gas Daily* for the month. The Index Price will be posted on the System in a reasonable time after receipt of the final "Daily price survey" for the month. If the "Daily price survey" of *Gas Daily* is no longer published, Company shall use an alternative publication to determine the spot price indices for calculation of the Index Price. Company shall allocate "cash-outs" with other upstream pipelines according to the same formula.

For the purpose of determining the level at which a Balancing Party's imbalance shall be cashed out, if a Balancing Party has an imbalance outside a given tolerance level, the escalating or declining percentage of the Index Price will apply only to the portion of the imbalance outside of the tolerance level.

The amounts due hereunder shall be paid in accordance with Sections 5 and 6 of the General Terms and Conditions of Company's FERC Gas Tariff.

(c) Access to Information

Company will make available by electronic means the best information it has concerning the scheduled deliveries at all Delivery Points. This information regarding the scheduled deliveries shall become "Operational Data" and Balancing Parties will be able to utilize the Operational Data for purposes of correcting imbalances during the month. Monthly imbalances will be cashed out on the basis of actual deliveries and Scheduled Quantities; provided that the penalty level and pricing associated with imbalances will be based upon the lesser of (1) the monthly operational imbalance reported by Company based upon the Operational Data or (2) the monthly imbalance based upon actual receipts and deliveries at such locations.

(d) Limitation on Charges

Any imbalances caused by an event as set forth in Section 10 of the General Terms and Conditions, or by Company's actions (including providing the Balancing Parties inaccurate balancing information), or by Balancing Party's compliance with an OFO issued pursuant to Section 8 of the General Terms and Conditions, will not be included in the calculation of the total monthly imbalance for purposes of determining the appropriate cash-out level and will be cashed out at the 0-5 percent tolerance level, as set forth in Subsection 6(b) above.

(e) Operational Integrity

Nothing in this Section 6 shall limit Company's right to take action as may be required to adjust receipts of gas in order to alleviate conditions that threaten the integrity of its system.

(f) Disposition of Charges

At the conclusion of each annual period, Company will determine the net cashout activity. All imbalance charge revenues received by Company in accordance with Subsection 6(b) that are in excess of Company's costs, including, but not limited to, (i) payments made by Company in accordance with Subsection 6(b), and (ii) Company's gas costs and fuel and loss costs properly allocable to Balancing Parties and (iii) administrative costs will be credited against the demand charges of all firm Customers, pro rata based on Transportation Quantities. To the extent that the cashout activity in any annual period results in a negative balance, such balance will be carried forward and applied to the next annual determination of cashout activity. At the end of each annual period, Company will file a report and refund plan with the Commission. At that time all Balancing Parties/Customers will have the right to challenge the refund calculations and allocation methodology.

7. GENERAL TERMS AND CONDITIONS

Balancing Party shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and

Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any Receipt Point OBA are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE SA
SUPPLY AGGREGATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for any Party (Aggregator) which has

- (a) requested supply aggregation service by Company;
- (b) met the conditions for qualification for receipt of service under Section 25 of the General Terms and Conditions of Company's FERC Gas Tariff; and
- (c) executed a Supply Aggregation Service Agreement with Company for service under Rate Schedule SA pursuant to Section 25 of the General Terms and Conditions.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule permits Aggregator to aggregate quantities of gas, under any of Company's transportation rate schedules, at a Supply Aggregation Point (SA Point) pursuant to the terms and conditions set forth herein.
- 2.2 Nominated and confirmed receipts into an SA Point can be from any physical Receipt Point(s), a different SA Point(s) other than the SA Point designated on Exhibit A of the Supply Aggregation Service Agreement (SA Agreement), or from a Transfer Point(s), all of which are located on Company's system.
- 2.3 Nominated and confirmed deliveries from the SA Point detailed on Exhibit A of the SA Agreement can be to any physical Delivery Point(s), different SA Point(s) other than the SA Point listed on Exhibit A of the SA Agreement, or to a Transfer Point(s), all of which are located on Company's system.
- 2.4 In addition to designating the SA Point, a minimum of one physical point must be designated under Point(s) on Exhibit A of the SA Agreement. To be eligible for designation under Point(s) on Exhibit A of the SA Agreement, each Point must be a physical point whose nominations are confirmed by Aggregator and are located within the same Operational Impact Area on Company's system. Additionally, each Point must have an associated agreement executed under Rate Schedule LMS-MA of Company's Tariff. Aggregator also must provide to Company a pre-determined ranking of deliveries at the Point(s) set forth on Exhibit A of the SA Agreement.
- 2.5 The SA Point shall be assigned a milepost number and DRN number on Company's System. Company shall determine and post SA Point(s) and their respective capacity on the System.
- 2.6 The quantity of gas measured at the SA Point for a given Gas Day shall be the total of the actual metered quantities at the Point(s) set forth in Exhibit A of the SA Agreement and shall be used to determine any operational imbalance at the SA Point.
- 2.7 Any Customer may nominate quantities directly to the Point(s) listed on Exhibit A of the SA Agreement.

3. NOMINATIONS

- 3.1 Aggregator shall nominate quantities into and out of the relevant SA Point. Aggregator shall be responsible for confirming nominations at the SA Point and at the Point(s) identified on Exhibit A of the SA Agreement. Aggregator shall be required to nominate quantities into the SA Point set forth on Exhibit A of the SA Agreement. Aggregator also shall be required to nominate quantities from the SA Point to any Delivery Point(s) not listed on Exhibit A. Any remaining quantities shall be delivered to the Point(s) listed on Exhibit A of the SA Agreement based upon the predetermined ranking(s) set forth on Exhibit A.
- 3.2 In addition to daily nomination rights and obligations as set forth in Subsection 3.6 of the General Terms and Conditions, Aggregator shall have the right to make intra-day and hourly nomination changes as provided in and subject to the conditions set forth in Subsection 3.6 of the General Terms and Conditions.
- 3.3 Flow adjustments at the point(s) set forth on Exhibit A of the SA Agreement shall be made throughout a Gas Day to balance the SA Point.
- 3.4 In the event of an interruption or reduction in the supplies or markets, or in the event that pipeline operating conditions require Company to adjust scheduled receipts or deliveries, Company shall allocate quantities at the Point(s) identified on Exhibit A based on the Aggregator's pre-determined ranking.

4. IMBALANCE RESOLUTION

- 4.1 Company will provide notice to Aggregator of any imbalance situation at the SA Point needing resolution and will specify the necessary corrective action. Aggregator shall take corrective action as specified by Company, or provide Company an alternate schedule for correcting imbalance. In the event that Company determines, in its sole discretion, that the Aggregator has not made a good faith effort to correct the imbalance, Company has the right, with twenty-four hours prior notice to Aggregator, to reduce receipts into, or deliveries out of, Aggregator's SA Point, based on the pre-determined rankings provided pursuant to Subsection 2.4 of this Rate Schedule.
- 4.2 Any imbalances between allocated receipts and allocated deliveries ("allocated imbalance") at the SA Point which are not made up before the end of the month shall be the responsibility of Aggregator and shall be resolved pursuant to the cash out provisions of Rate Schedules LMS-MA and LMS-PA.

5. OPERATIONAL INTEGRITY

Nothing in this Rate Schedule shall limit Company's right to take action as may be required to adjust receipts and deliveries of Scheduled Quantities of gas in order to alleviate conditions which threaten the integrity of its pipeline system, or the ability of Company to transport quantities scheduled by any Customer.

6. GENERAL TERMS AND CONDITIONS

Aggregator shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any SA Agreement are inconsistent with any terms and

conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

RATE SCHEDULE TPB
THIRD PARTY BALANCING SERVICE

1. AVAILABILITY

1.1 Availability of Service

This Rate Schedule is available to any party (hereafter called "Balancing Provider") desiring Third Party Balancing Service provided that:

- (a) Balancing Provider has entered into a Third Party Balancing Service Agreement ("Agreement") in the form contained in Company's Tariff for service under this Rate Schedule.
- (b) Balancing Provider provides Company with names and methods of communicating, on a twenty-four (24) hour, three hundred sixty-five (365) day basis, with persons who are employed or retained by Balancing Provider and whom Company can contact for purposes of managing the balancing service.

1.2 Limitation on Availability Service

Third-Party Balancing Service under Rate Schedule TPB shall be limited, on a daily basis, to the total aggregate quantity of gas scheduled by Balancing Provider at the Balanced Point on a Gas Day.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Applicability

This Rate Schedule shall apply to Third Party Balancing Services where Company has entered into a Third Party Balancing Service Agreement with a Balancing Provider for the purpose of balancing natural gas quantities on Company's system at a Variable Load Point. Balancing Provider shall either be physically connected to Company's system or have firm contractual rights to capacity at an interconnect with Company's system. At the request and under the direction of Balancing Provider, Company will manage the Third Party Balancing Service.

2.2 Character of Service

2.21 Variable Load Points

Only one Variable Load Point shall be designated under each Agreement for service hereunder. Balancing Provider shall be responsible for identifying the location of the Variable Load Point. An OBA must be executed at the Variable Load Point.

2.22 Balanced Point

A Balanced Point shall be created under each Agreement to facilitate this balancing service. Company shall be responsible for identifying the location of the Balanced Point, as specified in Exhibit A(s) of the Agreement.

2.23 Physical Interconnections Comprising Balanced Point

The Balancing Provider and Company shall mutually agree to the physical interconnection(s) that will satisfy the physical flow requirements of gas under this Agreement. At least one of the physical interconnection(s) shall have flow control capability accessible to Company and shall be designated by the Balancing Provider to take swing quantities of gas in order that real time flow adjustments can be made by Company to assure that any daily operational imbalance at the Balanced Point is maintained at or near zero.

The Variable Load Point, designated physical interconnection(s) and the Balanced Point shall be treated as a single location for nomination and scheduling purposes.

2.24 Predetermined Allocation Methodology

In the event more than one Balancing Provider is providing balancing service to a Variable Load Point Customer at the same Variable Load Point, the operator of that Variable Load Point shall provide Company with a predetermined allocation method (agreed to by Variable Load Point Customer and the Balancing Providers).

2.25 Operational Imbalances

The Balancing Provider shall be responsible for managing any operational imbalance created under this Rate Schedule. Daily allocated measured quantities of natural gas at the various physical interconnection(s) comprising the Balanced Point shall be totaled with the total daily allocated measured quantity at the Variable Load Point to serve as the aggregated metered quantity for the Balanced Point for that day. The difference between the total scheduled quantity at the Balanced Point for a given day and the corresponding aggregate metered quantity shall be treated as an operational imbalance for such Gas Day.

2.26 Responsibility of Balancing Provider

Balancing Provider is responsible for ensuring it has sufficient quantities of gas scheduled at the Balanced Point at any point in time during the Gas Day on Company's system to meet the balancing requirements under the Agreement.

Company shall monitor the instantaneous flow activity at the Variable Load Point on a real time basis. If a change in such instantaneous flow does occur, Company shall notify the Balancing Provider, by phone, and shall adjust the instantaneous flow rates at the physical point(s) of interconnection that are designated to take swing quantities of gas.

2.27 Company's Right to Flow Control

If the quantity of gas available at the Balanced Point is less than the quantity of gas being delivered to the Variable Load Point, Company reserves the right under this Rate Schedule to place the Variable Load Point on flow control

such that the gas available at the Balanced Point is equal to the gas being provided to the Variable Load Point Customer.

3. RATES AND PAYMENTS

3.1 Rates

The daily Maximum and Minimum Rates for services under this Rate Schedule are listed on the Summary of Rates and Charges in Company's FERC Gas Tariff.

Company may elect to provide service at a rate that is less than the Maximum Rate, but no less than the Minimum Rate applicable to this Rate Schedule. However, Company is not obligated to offer to provide service at any rate less than the Maximum Rate.

Balancing Provider shall pay Company each month the product of the applicable rate for this service multiplied by the applicable number of days in the calendar month multiplied by the Balancing Provider's Maximum Balancing Quantity ("MBQ") specified in Exhibit A(s) of the Agreement.

3.2 Payment

Payment under this Rate Schedule shall be in accordance with Section 6 of the General Terms and Conditions.

4. NOMINATIONS AND SCHEDULING

Customers delivering gas to the Balanced Point shall nominate gas consistent with the requirements of Section 3 of the General Terms and Conditions.

5. FAILURE OF BALANCING PROVIDER TO RESPOND

When Balancing Provider fails to provide sufficient quantities of gas at the Balanced Point to effectuate balancing service pursuant to this Rate Schedule for the Variable Load Point Customer, Balancing Provider shall be deemed responsible for any resultant charges under the General Terms and Conditions including under Section 8, should Company issue an Operational Flow Order.

To the extent Balancing Provider fails to maintain a daily operational imbalance quantity which is equivalent to or less than three percent (3%) of the MBQ, Company may terminate the Agreement without further notice, unless such failure is due to Company's actions. Such termination will not relieve Balancing Provider of its liabilities under this Rate Schedule or such other lawful remedies as Company may pursue.

6. OTHER CONDITIONS OF SERVICE

Company shall not be required to provide service under this Rate Schedule in the event that all facilities needed to render the requested service do not exist or are not in service at the time the request is made or the time service is commenced. Company shall not be required to provide service under this Rate Schedule that would require Company to construct or acquire any new facilities.

7. GENERAL TERMS AND CONDITIONS

Balancing Provider shall provide Company with such information as is needed to meet the requirements placed on Company by regulation, rule, and/or order. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with Company's General Terms and Conditions specified in Volume I of Company's FERC Gas Tariff, which are incorporated into this Rate Schedule. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent any terms and conditions specified in any Third Party Balancing Agreement are inconsistent with any terms and conditions specified in this Rate Schedule, then the terms and conditions of this Rate Schedule shall govern.

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