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FERC Docket: CP96-128-012

First Revised Sheet No. 1 Eastern Shore Natural Gas Company: Second Revised Volume No. 1

First Revised Sheet No. 1 : Effective

Superseding: Original Sheet No. 1

EASTERN SHORE NATURAL GAS COMPANY

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Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 2 Original Sheet No. 2 : Effective

PRELIMINARY STATEMENT

Eastern Shore Natural Gas Company (Eastern Shore) is a company engaged in the business of transporting natural gas in interstate commerce and subject to the jurisdiction of the Federal Energy Regulatory Commission. Eastern Shore owns and operates a natural gas pipeline system in the states of Pennsylvania, Maryland and Delaware.

Effective Date: 07/01/2010 Status: Effective
 FERC Docket: RP10-799-000

Twenty-Sixth Revised Sheet No. 4 Twenty-Sixth Revised Sheet No. 4
 Superseding: Twenty-Fifth Revised Sheet No. 4

Currently Effective Rates
 Applicable to Part 284 Transportation
 Rate per Dt

RATE ZONE ONE	Base Tariff Rate 1>	Surcharge Adjustment 2>	Total Effective Rate	Daily Rate 3>
Rate Schedule FT				
Reservation	\$9.0271	---	\$9.0271	\$0.2968
Commodity				
Maximum	\$0.0127	\$0.0019	\$0.0146	
Minimum	\$0.0127	\$0.0019	\$0.0146	
Fuel Retention Percentage - 0.00% 4>				
Rate Schedule ST				
Reservation	\$9.0271	---	\$9.0271	\$0.2968
Commodity				
Maximum	\$0.0127	\$0.0019	\$0.0146	
Minimum	\$0.0127	\$0.0019	\$0.0146	
Fuel Retention Percentage - 0.00% 4>				
Rate Schedule IT				
Commodity				
Maximum	\$0.3095	\$0.0019	\$0.3114	
Minimum	\$0.0127	\$0.0019	\$0.0146	
Fuel Retention Percentage - 0.00% 4>				

- 1> The Base Tariff Rate is the effective rate on file with the Commission excluding adjustments approved by the Commission
- 2> Surcharge adjustment comprised of Annual Charge Adjustment (ACA) Of \$0.0019 pursuant to Section 32 of the General Terms and Conditions plus Cash Out surcharge of \$0.0000 pursuant to Section 35 of the General Terms and Conditions.
- 3> This rate represents the maximum rate for volumetric capacity releases pursuant to Section 29 of the General Terms and Conditions.
- 4> Fuel Retention Percentage comprised of Current Portion of 0.00% plus a Deferred Portion of 0.00%.

Effective Date: 07/01/2010 Status: Effective
 FERC Docket: RP10-799-000

Twenty-Fifth Revised Sheet No. 5 Twenty-Fifth Revised Sheet No. 5
 Superseding: 24th Revised Sheet No. 5

Currently Effective Rates
 Applicable to Part 284 Transportation
 Rate per Dt

RATE ZONE TWO	Base Tariff Rate 1>	Surcharge Adjustment 2>	Total Effective Rate	Daily Rate 3>
Rate Schedule FT				
Reservation	\$17.3339	---	\$17.3339	\$0.5699
Commodity				
Maximum	\$0.0199	\$0.0019	\$0.0218	
Minimum	\$0.0199	\$0.0019	\$0.0218	
Fuel Retention Percentage - 0.00% 4>				
Rate Schedule ST				
Reservation	\$17.3339	---	\$17.3339	\$0.5699
Commodity				
Maximum	\$0.0199	\$0.0019	\$0.0218	
Minimum	\$0.0199	\$0.0019	\$0.0218	
Fuel Retention Percentage - 0.00% 4>				
Rate Schedule IT				
Commodity				
Maximum	\$0.5898	\$0.0019	\$0.5917	
Minimum	\$0.0199	\$0.0019	\$0.0218	
Fuel Retention Percentage - 0.00% 4>				

- 1> The Base Tariff Rate is the effective rate on file with the Commission excluding adjustments approved by the Commission
- 2> Surcharge adjustment comprised of Annual Charge Adjustment (ACA) Of \$0.0019 pursuant to Section 32 of the General Terms and Conditions plus Cash Out surcharge of \$0.0000 pursuant to Section 35 of the General Terms and Conditions.
- 3> This rate represents the maximum rate for volumetric capacity releases pursuant to Section 29 of the General Terms and Conditions.
- 4> Fuel Retention Percentage comprised of Current Portion of 0.00% plus a Deferred Portion of 0.00%.

Effective Date: 07/01/2010 Status: Effective
FERC Docket: RP10-799-000

24th Revised Sheet No. 6 24th Revised Sheet No. 6
Superseding: Twenty-Third Revised Sheet No. 6

Currently Effective Rates
Applicable to Section 7 (c) Transportation
Rate per Dt

	Base Tariff Rate 1>	Surcharge Adjustment 2>	Total Effective Rate
Rate Schedule T-1			
Reservation	\$7.1337	-	\$7.1337
Commodity	\$0.0108	\$0.0019	\$0.0127
Fuel Retention Percentage - 0.00%		3>	

- 1> The Base Tariff Rate is the effective rate on file with the Commission excluding adjustments approved by the Commission.
- 2> Surcharge adjustment comprised of Annual Charge Adjustment (ACA) Of \$0.0019 pursuant to Section 32 of the General Terms and Conditions plus Cash Out surcharge of \$0.0000 pursuant to Section 35 of the General Terms and Conditions.
- 3> Fuel Retention Percentage comprised of Current Portion of 0.00% plus a Deferred Portion of 0.00%.

Effective Date: 04/01/2010 Status: Effective
 FERC Docket: RP10-481-001

Sub. 71st Revised Sheet No. 7 Sub. 71st Revised Sheet No. 7
 Superseding: Seventieth Revised Sheet No. 7

Rates and Charges Applicable to Storage Rate Schedules		
Rate Schedule and Section	Rate per Dt	Daily Charge
		(DT)
GSS - General Storage Service 1>		
Storage Demand Charge		\$ 0.09873
Storage Capacity Quantity Charge		.00055
Storage Injection Charge		.04238
Storage Withdrawal Charge		.03795
Excess Delivery from Buyer's Storage Gas Balance Charge		.81071
Excess End of Season Inventory Charge - See Sec. 14 of Transco's Rate Schedule GSS		
LGA - Liquefied Natural Gas Storage Service 1>		
Storage Demand Charge		\$ 0.04455
Storage Capacity Quantity Charge		.00858
Storage Injection Charge		1.36905
Storage Withdrawal Charge		1.36905
Excess Delivery from Buyer's Storage Gas Balance Charge		7.75290
LSS - Leidy Storage Service 2>		
Storage Demand Charge		\$ 0.15239
Storage Capacity Quantity Charge		.00060
Storage Injection Charge		.02341
Storage Withdrawal Charge		.02044
Excess End of Season Inventory Charge - See Sec. 11 of Transco's Rate Schedule LSS		

Effective Date: 04/01/2010 Status: Effective

FERC Docket: RP10-481-001

Sub. 71st Revised Sheet No. 8 Sub. 71st Revised Sheet No. 8

Superseding: Seventieth Revised Sheet No. 8

Rates and Charges Applicable
to Storage Rate Schedules
Rate per Dt
(Continued)

- 1> Transcontinental Gas Pipe Line Corporation Tariff Sheet No.
8/21, Issued on 02/25/2010 and Effective on 04/01/2010.

- 2> Transcontinental Gas Pipe Line Corporation Tariff Sheet No.
6/25, Issued on 02/25/2010 and Effective on 04/01/2010.

Effective Date: 11/01/2001 Status: Effective
FERC Docket: CP96-128-012

First Revised Sheet No. 9 First Revised Sheet No. 9 : Effective
Superseding: Original Sheet No. 9

Statement of Negotiated Rates 1>

Name of Buyer/Shipper - PECO Energy Company
Rate Schedule - FT
MDTQ - 8,000 dt
Term - 10 year term commencing November 1, 2001
Reservation Rate - \$9.1645 / dt
Other Applicable Charges - Maximum FT Zone 1 Tariff Commodity
Rae, ACA and Fuel Retention
Primary Receipt Point - Transco Station 6570 - Parkesburg
Primary Delivery Point - Delivery Point Area 3

1> Negotiated service agreements do not deviate in any material respect from the applicable form of service agreement for Rate Schedule FT as set forth in Eastern Shore's FERC Gas Tariff.

Effective Date: 07/23/2006 Status: Effective
FERC Docket: RP06-400-001

Second Revised Sheet No. 10 Second Revised Sheet No. 10 : Effective
Superseding: Original Sheet No. 10
Allocation Of Gas Supply Realignment Costs Between

Firm and Interruptible Customers Pursuant to Section 38(b)
of the General Terms and Conditions of FERC Gas Tariff

LINE NO.	FIRM CUSTOMERS	SURCHARGE 1/
1.	Elkton Gas Service	\$ 70,839
2.	Easton Utilities Commission	\$ 57,983
3.	Formosa Plastics Corporation	\$ 34,056
4.	Delmarva Power Light Company	\$ 14,982
5.	Kraft Foods, Inc.	\$ 9,527
6.	Duke Trading & Marketing	\$ 6,819
7.	VPI Mirrex Corp.	\$ 5,295
8.	Reichhold Chemicals	\$ 1,062
9.	Total	\$200,563

INTERRUPTIBLE CUSTOMERS

10.	IT Surcharge per dt	\$0.0187 2/
-----	---------------------	-------------

1/ Customer shall be invoiced for the total surcharge amount listed above within fifteen days of the effective date of this tariff sheet. Customer may make a single lump sum payment or elect to spread its payment over twelve monthly installments as adjusted to reflect additional interest at applicable FERC interest rate.

2/ Surcharge per dt of natural gas delivered under Rate Schedule IT. Surcharge shall be in effect until such time a total of \$22,285 is recovered. Upon full recovery of such amount the IT Surcharge will be terminated.

Effective Date: 07/23/2006 Status: Effective

FERC Docket: RP06-400-001

First Revised Sheet No. 11 First Revised Sheet No. 11 : Effective

SHEET NOS. 11-19 ARE RESERVED FOR FUTURE USE

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 20 Original Sheet No. 20 : Effective

RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE

1. Availability

This Rate Schedule is available for the provision of firm transportation of natural gas by Eastern Shore Natural Gas Company ("Seller") for any party ("Buyer"), subject to the following conditions:

- (a) Buyer must submit a valid request for service as defined in Section 11 of the General Terms and Conditions of Seller's FERC Gas Tariff and must execute a contract with Seller for service under Rate Schedule FT in the form of a Service Agreement as set forth in Seller's FERC Gas Tariff ("FT Agreement"); and
- (b) Seller has determined that sufficient firm capacity is available in order to provide such transportation without the construction of facilities or other investment by Seller, or Seller has agreed to construct the necessary facilities pursuant to Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff and provided Seller has received the necessary Commission authorization to construct such facilities.

2. Applicability and Character of Service

- (a) This Rate Schedule shall apply to Firm Transportation Service rendered by Seller for a Buyer pursuant to Seller's blanket certificate under Part 284 of the Commission's regulations and the executed Service Agreement for service under this Rate Schedule.
- (b) Transportation service provided under this Rate Schedule shall be on a firm basis and shall not be subject to interruption or curtailment except as caused by Force Majeure or as otherwise provided in the General Terms and Conditions of Seller's FERC Gas Tariff.
- (c) Pregranted abandonment pursuant to Section 284.221(d) (1) of the Commission's regulations shall apply to service under this Rate Schedule upon the expiration of the term stated in Article V of the applicable Service Agreement, subject to the right of first refusal procedures, if applicable, set forth in Section 13 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 21 Original Sheet No. 21 : Effective

RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE
(Continued)

2. Applicability and Character of Service (Continued)

- (d) Transportation service provided for a Buyer hereunder pursuant to a conversion, at the effective date of Seller's restructuring of services ("restructuring"), from Seller's Rate Schedule PS-1 shall be limited to the period commencing on December 1 of each year and extending through the last day of February of the following year.
- (e) Transportation service provided for a Buyer hereunder pursuant to a conversion, at the effective date of restructuring, from Storage Service provided under Seller's Rate Schedule LGA-1 to Storage Service provided under Seller's Rate Schedule LGA shall be limited to the period commencing on December 1 of each year and extending through the last day of February of the following year.
- (f) Transportation service provided for a Buyer hereunder pursuant to a conversion, at the effective date of restructuring, from Seller's Rate Schedule CD-1 or Rate Schedule T-1 shall be limited to a combination of the following three periods where such Buyer was eligible for relief under Seller's Mitigation Plan at the time Seller received its Part 284 Blanket Certificate from the Commission: (i) the period commencing on December of each year and extending through the last day of February of the following year; (ii) the period commencing on November 1 of each year and extending through April 30 of the following year; and (iii) the period of three hundred sixty-five consecutive calendar days per year provided, however, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive calendar days. Such Mitigation Plan provided the eligible Buyer with a one-time right to designate the portion of its converted CD-1 and T-1 entitlement that would be December through February transportation service up to a maximum of four hundred-fifty (450) dt per Day and that portion of its converted CD-1 and T-1 entitlement that would be November through April transportation service. Any remaining conversion quantity after the eligible Buyer designated the respective December through February and November through April quantities would be 365-day, (or 366-day if the year contains February 29) transportation service.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 22 Original Sheet No. 22 : Effective

RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE
(Continued)

3. Rates and Charges

(a) For Firm Transportation Service rendered for Buyer each Month under this Rate Schedule, Buyer shall pay to Seller the sum of Seller's Reservation and Commodity Charges determined as follows:

(1) Reservation Charge: The applicable Reservation Rate multiplied by the applicable Maximum Daily Transportation Quantity (MDTQ).

(2) Commodity Charge: The applicable Commodity Rate and surcharges multiplied by the quantities delivered pursuant to Section 5 of this Rate Schedule from the Point(s) of Receipt on Seller's system to Buyer's Delivery Point Area(s).

(b) The maximum and minimum Reservation and Commodity Rates for Firm Transportation Service on Seller's system under Rate Schedule FT are shown on the currently effective Sheet No. 4 and Sheet No. 5, as applicable, of this Tariff. Buyer shall pay such maximum rates for service under this Rate Schedule unless Seller agrees to discount one or more of its rates to Buyer. If Seller agrees to discount one or more of such rates, it shall, upon forty-eight (48) hours written notice, advise Buyer of the effective date of such rates and the quantity of gas so affected; provided however, such discount shall not be unduly discriminatory. The rates for service under this Rate Schedule shall not be discounted below the minimum rate(s).

Buyer and Seller may mutually agree to a negotiated rate, which rate shall be less than, equal to, or greater than Seller's maximum rate and shall not be less than the minimum rate, and may be based upon a rate design other than straight fixed variable (SFV). Such negotiated rate shall be set forth in the executed Service Agreement.

(c) Buyer shall reimburse Seller for any fuel and line losses associated with rendering service pursuant to this Rate Schedule. Such reimbursement shall be accomplished by adjusting the quantity of gas delivered for the account of Buyer(s) under this Rate Schedule at the Delivery

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 23 Original Sheet No. 23 : Effective

RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE
(Continued)

3. Rates and Charges (Continued)

(c) (Continued)

Point Area(s) by a quantity calculated by multiplying the applicable fuel retention percentage specified on the effective Sheet No. 4 or Sheet No. 5 of Seller's FERC Gas Tariff by the quantity received for the account of Buyer at the Point(s) of Receipt.

(d) Buyer shall reimburse Seller for the costs of any facilities installed by Seller with Buyer's consent which are necessary to receive, measure and deliver gas to or for the account of Buyer within Buyer's firm entitlement, unless Seller waives this requirement in writing pursuant to Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

(e) If Seller curtails Buyer's scheduled delivery quantity pursuant to Section 25 or Section 26 of the General Terms and Conditions of Seller's FERC Gas Tariff and the curtailment was not due to a Force Majeure event as described in Section 28 of the General Terms and Conditions, then Buyer will receive a Reservation Charge credit. Such credit shall be computed for each Day Seller is curtailing Buyer's scheduled quantity. The credit for a given Day shall equal the FT Reservation Charge divided by the number of days in the respective Month times the difference between Buyer's scheduled quantity and Buyer's adjusted transportation quantity as a result of Seller's curtailment order.

If the curtailment was due to a Force Majeure event as described in Section 28 of the General Terms and Conditions of Seller's FERC Gas Tariff, the Buyer shall receive a partial Reservation Charge credit for the undelivered quantity, equal to the portion of the monthly Reservation Charge that is attributable to return on the common equity component of capital plus associated taxes. Such credit shall be computed for each Day Seller is curtailing Buyer's scheduled quantity, and shall be calculated in the same manner as described above for non-Force Majeure curtailments.

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RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE
(Continued)

4. Nominations and Scheduling

- (a) If Buyer desires transportation of natural gas on any Day under this Rate Schedule, Buyer shall provide a nomination to Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) Buyer shall make all necessary arrangements with other parties at or upstream of the Point(s) of Receipt where Buyer tenders gas to Seller for transportation and with the Delivery Point Operator where Buyer requests that Seller deliver the gas for Buyer's account. In instances where Buyer receives service from Seller under Rate

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RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE
(Continued)

4. Nominations and Scheduling (Continued)

(b) (Continued)

Schedule(s) GSS, LSS, LGA, or CFSS, Seller will arrange for the withdrawal and delivery of such gas to the Point(s) of Receipt on Seller's system.

(c) Seller shall confirm Buyer's nomination of receipts and deliveries and schedule gas in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff. Such quantities will only be scheduled if Seller can confirm such quantities with the other parties at or upstream of the Point(s) of Receipt and with Delivery Point Operator.

(d) Nothing herein shall obligate Seller to schedule quantities hereunder on any Day in excess of Buyer's MDTQ, as may be adjusted pursuant to Section 25, Section 26 and Section 29 of the General Terms and Conditions of Seller's FERC Gas Tariff. If Buyer should take delivery on any Day of any quantities in excess of Buyer's Authorized Daily Quantity, then such quantities shall be considered Unauthorized Overrun Quantities.

5. Receipts and Deliveries

(a) Transportation Service under this Rate Schedule shall consist of:

(1) The receipt of gas for the account of Buyer at Primary Point(s) of Receipt up to Buyer's MDTQ plus an amount for any applicable fuel retention. Primary Point(s) of Receipt are those points on Seller's system specified in the executed FT Agreement between Seller and Buyer.

(2) The transportation of gas through Seller's pipeline.

(3) The delivery of equivalent quantities, after making allowance for any applicable fuel retention pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, at Buyer's Primary Delivery Point Area(s) as specified in the executed FT Agreement between Seller and Buyer.

RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE
(Continued)

5. Receipts and Deliveries (Continued)

- (b) Based upon the scheduled nominations, Seller shall make delivery of Buyer's scheduled quantity taking into account any applicable fuel retention quantity pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff. It is the intention of Seller that daily deliveries of gas at the Point(s) of Delivery shall be equal to daily receipts of gas at the Point(s) of Receipt less any applicable fuel retention.
- (c) If Buyer should take delivery on any Day of any quantities greater than or less than the quantities confirmed or scheduled then such quantities shall be considered an imbalance. Imbalances will be subject to "cash out" at the end of the Month in accordance with Section 23 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (d) Nothing herein shall obligate Seller to schedule quantities hereunder on any Day in excess of Buyer's MDTQ, as may be adjusted pursuant to Section 25, Section 26 and Section 29 of the General Terms and Conditions of Seller's FERC Gas Tariff. If Buyer should take delivery on any Day of any quantities in excess of Buyer's Authorized Daily Quantity, then such quantities shall be considered Unauthorized Overrun Quantities.
- (e) Subject to the availability of capacity, Buyer has the right to utilize Secondary Point(s) of Receipt and Secondary Delivery Point Area(s).
- (f) Buyer shall take delivery from Seller hourly quantities during any Day in accordance with Section 20 of the General Terms and Conditions of Seller's FERC Gas Tariff.

6. General Terms and Conditions

The provisions of the General Terms and Conditions of Seller's FERC Gas Tariff, as such provisions may be amended from time to time, are incorporated as part of this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule FT, the terms and conditions of this Rate Schedule shall control.

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SHEET NOS. 26-27 ARE RESERVED FOR FUTURE USE

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE

1. Availability

This Rate Schedule is available for the provision of firm transportation of natural gas by Eastern Shore Natural Gas Company ("Seller") for any party ("Buyer"), subject to the following conditions:

- (a) Buyer must submit a valid request for service as defined in Section 11 of the General Terms and Conditions of Seller's FERC Gas Tariff and must execute a contract with Seller for service under Rate Schedule ST in the form of a Service Agreement as set forth in Seller's FERC Gas Tariff ("ST Agreement"); and
- (b) Seller has determined that sufficient firm capacity is available in order to provide such transportation without the construction of facilities or other investment by Seller, or Seller has agreed to construct the necessary facilities pursuant to Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff and provided Seller has received the necessary Commission authorization to construct such facilities.

2. Applicability and Character of Service

- (a) This Rate Schedule shall apply to Firm Transportation Service rendered by Seller for a Buyer pursuant to Seller's blanket certificate under Part 284 of the Commission's regulations and the executed Service Agreement for service under this Rate Schedule.
- (b) Transportation service provided under this Rate Schedule shall be on a firm basis and shall not be subject to interruption or curtailment except as caused by Force Majeure or as otherwise provided in the General Terms and Conditions of Seller's FERC Gas Tariff.
- (c) Pregranted abandonment pursuant to Section 284.221(d) (1) of the Commission's regulations shall apply to service under this Rate Schedule upon the expiration of the term stated in Article VI of the applicable Service Agreement, subject to the right of first refusal procedures, if applicable, set forth in Section 13 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (d) Seller shall provide Swing Transportation Service to allow Buyer to have natural gas swing supplies ("Swing

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

2. Applicability and Character of Service (Continued)

(d) (Continued)

Supply") delivered for the account of Buyer. Swing Supply eligible for scheduling on Seller's system under this Rate Schedule must be delivered to Seller's system from one or more of the following sources:

- (1) General Storage Service (GSS)
- (2) Leidy Storage Service (LSS)
- (3) Columbia Firm Storage Service (CFSS)
- (4) Flowing Swing Supply ("Third Party Swing Supply") scheduled on Transcontinental Gas Pipe Line Corporation ("Transco") firm transportation capacity retained by Seller for Buyer pursuant to Section 2(j) of this Rate Schedule.

(e) Buyer may elect to transport non-Swing Supply under its ST capacity on Seller's system. Seller shall provide Buyer with transportation service for non-Swing Supply under this Rate Schedule when scheduled in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff. All quantities transported pursuant to this Section 2(e) shall be subject to all the provisions as contained in Seller's Rate Schedule FT.

(f) Transportation service provided for a Buyer hereunder pursuant to a conversion, at the effective date of Seller's restructuring of services ("restructuring"), from Storage Service provided under Seller's Rate Schedule GSS-1 to Storage Service provided under Seller's Rate Schedule GSS shall be limited to the period commencing on November 1 of each year and extending through April 30 of the following year, provided, however, that said converting Buyer may elect at the effective date of restructuring, upon written notification to Seller, transportation service for a period of three hundred sixty-five (365) consecutive calendar days per year for the full amount or any portion of said transportation service, provided further, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive calendar days.

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

2. Applicability and Character of Service (Continued)

- (g) Transportation service provided for a Buyer hereunder pursuant to a conversion, at the effective date of restructuring, from Storage Service provided under Seller's Rate Schedule LSS to Storage Service provided under Seller's restructured Rate Schedule LSS shall be limited to the period commencing on November 1 of each year and extending through April 30 of the following year, provided, however, that said converting Buyer may elect at the effective date of restructuring, upon written notification to Seller, transportation service for a period of three hundred sixty-five (365) consecutive calendar days per year for the full amount or any portion of said transportation service, provided further, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive calendar days.
- (h) Transportation service provided for a Buyer hereunder pursuant to a conversion, at the effective date of restructuring, from Storage Service provided under Seller's CFSS Rate Schedule to Storage Service provided under Seller's Rate Schedule CFSS shall be limited to the period commencing on November 1 of each year and extending through April 30 of the following year, provided, however, that said converting Buyer may elect at the effective date of restructuring, upon written notification to Seller, transportation service for a period of three hundred sixty-five (365) consecutive calendar days per year for the full amount or any portion of said transportation service, provided further, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive calendar days.
- (i) Transportation service provided for a Buyer hereunder pursuant to a conversion, at the effective date of restructuring, from Storage Service provided under Seller's CWS Rate Schedule to Storage Service provided under Seller's Rate Schedule CFSS shall be limited to the period commencing on November 1 of each year and extending through April 30 of the following year,

RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

2. Applicability and Character of Service (Continued)

(i) (Continued)

provided, however, that said converting Buyer may elect at the effective date of restructuring, upon written notification to Seller, transportation service for a period of three hundred sixty-five (365) consecutive calendar days per year for the full amount or any portion of said transportation service, provided further, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive calendar days.

(j) Transportation service provided for a Buyer hereunder pursuant to a conversion, at the effective date of restructuring, from Seller's CD-1 or CD-E Rate Schedule(s) shall be available for a period of three hundred sixty-five (365) consecutive calendar days per year provided, however, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive calendar days, however, the quantity is limited to an amount equivalent to the quantity of firm transportation capacity on Transco which is retained by Seller pursuant to a request from Buyer at such time of conversion, as such quantity may be amended from time to time pursuant to Section 4(a) of this Rate Schedule.

(k) Transportation service provided for a Buyer hereunder pursuant to eligible Storage Service(s) provided under any of Seller's applicable Storage Rate Schedules, the Service Agreement for which was executed subsequent to the effective date of restructuring, shall be available for a period of three hundred sixty-five (365) consecutive calendar days per year provided, however, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive calendar days.

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

2. Applicability and Character of Service (Continued)

- (1) Swing Transportation Service provided to any Buyer is limited hereunder to the Maximum Daily Swing Transportation Quantity (the "MDSTQ") specified in an executed ST Agreement, which shall be comprised of:
 - (1) A quantity of pipeline capacity on Seller's system equivalent to the quantity of Transco capacity that such Buyer authorized Seller to retain pursuant to Section 2(j) of this Rate Schedule, as adjusted for Seller's fuel retention, for the sole purpose of providing swing transportation capability (the "Flowing Component");
 - (2) The Storage Demand quantity of any eligible Storage Service(s), as specified in Section 2(d) of this Rate Schedule, for which Buyer and Seller have an executed Service Agreement which resulted from a conversion from Storage Service(s) previously contracted between Seller and Buyer prior to the effective date of restructuring, as adjusted for Seller's fuel retention, (the "Initial Storage Component"); and
 - (3) The Storage Demand quantity of any eligible Storage Service(s), as specified in Section 2(d) of this Rate Schedule, for which Buyer and Seller have a Service Agreement which was executed subsequent to the effective date of restructuring, pursuant to Section 2(k) of this Rate Schedule, as adjusted for Seller's fuel retention, (the "Supplemental Storage Component").

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

3. Rates and Charges

(a) For Swing Transportation Service rendered to Buyer each Month under this Rate Schedule, Buyer shall pay to Seller the sum of Seller's Reservation and Commodity Charges determined as follows:

(1) Reservation Charges:

- (i) The applicable Reservation Rate for capacity retained by Seller on Transco pursuant to Section 2(j) of this Rate Schedule multiplied by the applicable MDSTQ; and
- (ii) The applicable Reservation Rate for capacity on Seller's system pursuant to Section 2(l) of this Rate Schedule multiplied by the applicable MDSTQ.

(2) Commodity Charges:

- (i) The Transco Commodity Rate and surcharges applicable to the Third Party Swing Supply designated by Buyer pursuant to Section 4(a) (2) of this Rate Schedule and transported pursuant to Section 2(j) of this Rate Schedule multiplied by the quantities of Third Party Swing Supply actually delivered for the account of Buyer at the Point(s) of Receipt on Seller's system; and
- (ii) The applicable ST Commodity Rate and surcharges multiplied by the quantities delivered pursuant to Section 5 of this Rate Schedule from the Point(s) of Receipt on Seller's system to Buyer's Delivery Point Area(s).

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

3. Rates and Charges (Continued)

- (b) The maximum and minimum Reservation and Commodity Rates for firm transportation service on Seller's system under Rate Schedule ST are shown on the currently effective Sheet No. 4 and Sheet No. 5, as applicable, of this Tariff. Buyer shall pay such maximum rates for service under this Rate Schedule unless Seller agrees to discount one or more of its rates to Buyer. If Seller agrees to discount one or more of such rates, it shall, upon forty-eight (48) hours written notice, advise Buyer of the effective date of such rates and the quantity of gas so affected. Such discount shall not be unduly discriminatory and the rates for service under this Rate Schedule shall not be discounted below the minimum rate(s).

Buyer and Seller may mutually agree to a negotiated rate, which rate shall be less than, equal to, or greater than Seller's maximum rate, shall not be less than the minimum rate, and may be based upon a rate design other than straight fixed variable (SFV). Such negotiated rate shall be set forth in the executed Service Agreement.

- (c) Buyer shall reimburse Seller for any fuel and line losses associated with rendering service pursuant to this Rate Schedule. Such reimbursement shall be accomplished by adjusting the quantity of gas delivered for the account of Buyer under this Rate Schedule at the Delivery Point Area(s) by a quantity calculated by multiplying the applicable fuel retention percentage specified on the effective Sheet No. 4 or Sheet No. 5 of Seller's FERC Gas Tariff by the quantity received for the account of Buyer at the Point(s) of Receipt.
- (d) Buyer shall reimburse Seller for the costs of any facilities installed by Seller with Buyer's consent which are necessary to receive, measure and deliver gas to or for the account of Buyer within Buyer's firm entitlement, unless Seller waives this requirement in writing pursuant to Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

3. Rates and Charges (Continued)

- (e) If Seller curtails Buyer's scheduled delivery quantity pursuant to Section 25 or Section 26 of the General Terms and Conditions of Seller's FERC Gas Tariff and the curtailment was not due to a Force Majeure event as described in Section 28 of the General Terms and Conditions of Seller's FERC Gas Tariff, then Buyer will receive a Reservation Charge credit. Such credit shall be computed for each Day Seller is curtailing Buyer's scheduled quantity. The credit for a given Day shall equal the ST Reservation Charge divided by the number of days in the respective Month times the difference between Buyer's scheduled quantity and Buyer's adjusted transportation quantity as a result of Seller's curtailment order.

If the curtailment was due to a Force Majeure event as described in Section 28 of the General Terms and Conditions of Seller's FERC Gas Tariff, the Buyer shall receive a partial Reservation Charge credit for the undelivered quantity, equal to the portion of the monthly Reservation Charge that is attributable to return on the common equity component of capital plus associated taxes. Such credit shall be computed for each Day Seller is curtailing Buyer's scheduled quantity, and shall be calculated in the same manner as described above for non-Force Majeure curtailments.

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

4. Nominations and Scheduling

- (a) If Buyer desires transportation of eligible Swing Supply as said Swing Supply is defined in Section 2(d) of this Rate Schedule on any Day, Buyer shall provide a nomination to Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
 - (1) The procedures for scheduling eligible supply or service under Rate Schedule(s) GSS, LSS, and CFSS are specified in the respective Rate Schedule(s).
 - (2) Any Buyer electing to receive Swing Transportation Service utilizing the Transco capacity, or any portion thereof, retained by Seller for Buyer pursuant to Section 2(j) of this Rate Schedule for the following Month must notify Seller by mail or facsimile. Such notification must be received by Seller at least forty-eight (48) hours prior to the beginning of the Month for which the Swing Transportation Service is requested. Buyer's notification must specify the quantity of the Flowing Component of its MDSTQ under Buyer's ST Agreement that it intends to use for Daily Swing

RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

4. Nominations and Scheduling (Continued)

(a) (Continued)

(2) (Continued)

Transportation Service during the following Month ("the Daily Quantity"). To the extent that the Transco capacity supporting the Swing Transportation Service is telescoped, Buyer must specify the Daily Quantity by Zone or Pool, as applicable. The Daily Quantity will represent the maximum quantity of Third Party Swing Supply that Buyer will make available for delivery to Seller's system each Day during the Month.

- (3) Each Month, to the extent Buyer requests to transport quantities of Third Party Swing Supply which exceed the Transco firm transportation capacity retained by Seller for Buyer pursuant to Section 2(j) of this Rate Schedule, Buyer may increase the Flowing Component of Buyer's Swing Transportation capacity by executing a capacity release with Seller on a prearranged basis and at the maximum rate, in accordance with the General Terms and Conditions of Transco's FERC Gas Tariff, for such additional Transco capacity required to provide the Daily Quantity noticed by Buyer pursuant to Section 4(a)(2) of this Rate Schedule.
- (4) Each Month, Seller will release to Buyer, pursuant to the General Terms and Conditions of Transco's FERC Gas Tariff, on a prearranged basis and at the maximum rate, the total quantity of Transco capacity retained by Seller for Buyer pursuant to Section 2(j) of this Rate Schedule reduced by the quantity of the Transco capacity required to provide the Daily Quantity noticed by Buyer pursuant to Section 4(a)(2) of this Rate Schedule.
- (5) To the extent Buyer nominates Third Party Swing Supply, Buyer's notification to Seller pursuant to Section 4(a)(2) of this Rate Schedule must also specify the name of the supplier(s) and the commodity price(s) for Buyer's Third Party Swing

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

4. Nominations and Scheduling (Continued)

(a) (Continued)

(5) (Continued)

Supply with the pricing reference point being the Point(s) of Receipt on Transco. This price is known as Buyer's Quoted Swing Price ("BQSP") and such BQSP will also be used as the "cash out" price for Buyer pursuant to Section 23(f)(4) and Section 23(f)(5) of the General Terms and Conditions of Seller's FERC Gas Tariff. Buyer and Seller will consider the BQSP to be commercially sensitive information and, as such, the BQSP will only be disclosed by Seller to the Commission or to any other regulatory body having jurisdiction or to a party specifically authorized, in writing, by Buyer to receive such information.

(b) To the extent that Buyer notifies Seller of Buyer's intent to receive Swing Transportation Service utilizing the Transco capacity, or any portion thereof, retained by Seller for Buyer pursuant to Section 2(j) of this Rate Schedule, Seller will make or cause to be made all necessary arrangements on Transco to schedule the Swing Supply.

(c) Seller shall confirm Buyer's nomination of receipts and deliveries and schedule gas in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.

(d) Nothing herein shall obligate Seller to schedule quantities hereunder on any Day in excess of Buyer's MDSTQ, as may be adjusted pursuant to Section 25, Section 26 and Section 29 of the General Terms and Conditions of Seller's FERC Gas Tariff. If Buyer should take delivery on any Day of any quantities in excess of Buyer's Authorized Daily Quantity, then such quantities shall be considered Unauthorized Overrun Quantities.

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

5. Receipts and Deliveries

- (a) Transportation Service under this Rate Schedule shall consist of:
- (1) The receipt of Third Party Swing Supply on Transco pursuant to Section 4(a)(2) of this Rate Schedule and the delivery of Third Party Swing Supply for the account of Buyer at Primary Point(s) of Receipt as specified in the executed ST Agreement between Seller and Buyer;
 - (2) The receipt of either Swing Supply pursuant to Section 4(a) of this Rate Schedule or Non-Swing Supply pursuant to Section 2(e) of this Rate Schedule for the account of Buyer at Primary Point(s) of Receipt up to Buyer's MDSTQ plus an amount for any applicable fuel retention.
 - (3) The transportation of gas through Seller's pipeline.
 - (4) The delivery of equivalent quantities, after making allowance for any applicable fuel retention pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, at Buyer's Primary Delivery Point Area(s) as specified in the executed ST Agreement between Seller and Buyer.
- (b) Seller will take title to Third Party Swing Supply provided by Buyer's supplier(s) at the upstream Point(s) of Receipt and transport such gas, adjusted by a quantity calculated by multiplying the applicable fuel retention percentage of the applicable upstream pipeline(s) by the quantity received at the Point(s) of Receipt on the applicable upstream pipeline(s), to the Point(s) of Receipt on Seller's system.
- (c) Buyer will take title to Third Party Swing Supply at its Primary Point(s) of Receipt on Seller's system.

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

5. Receipts and Deliveries (Continued)

- (d) The unit price paid by Seller for Third Party Swing Supply shall be the applicable BQSP and Buyer shall pay Seller the applicable BQSP for Third Party Swing Supply when it takes title at its Primary Point(s) of Receipt on Seller's system.
- (e) Seller's obligation with regard to Third Party Swing Supply upstream of its system, pursuant to this Rate Schedule, is limited to the transportation of Swing Supply provided by the Third Party supplier(s) designated by Buyer(s). Seller has no obligation to locate alternative Swing Supply in the event Buyer's supplier(s) fails to deliver the nominated Swing Supply to the specified Point(s) of Receipt. Buyer shall waive and release Seller from any claims for any and all damages, costs, losses or expenses resulting from or arising out of the failure of Buyer's supplier(s) to deliver Third Party Swing Supply.
- (f) Based upon confirmed nominations, Seller shall make delivery of Buyer's scheduled quantity taking into account any applicable fuel retention quantity pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff. It is the intention of Seller that daily deliveries of gas at the Point(s) of Delivery shall be equal to daily receipts of gas at the Point(s) of Receipt on Seller's system adjusted for any applicable fuel retention.
- (g) Swing Transportation Service provided under this Rate Schedule utilizes a Predetermined Allocation Method to allocate deliveries of natural gas to Buyer's various supply resources based upon Buyer's previously provided instructions to Seller.
 - (1) Seller's Predetermined Allocation Method will be based upon the currently available Tariff provisions and operating guidelines of the interconnecting upstream pipeline(s). In the event that the interconnecting upstream pipeline(s) changes its procedures, Seller may file to change its procedures effective coincident with the applicable upstream pipeline changes.

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RATE SCHEDULE ST
SWING TRANSPORTATION SERVICE
(Continued)

5. Receipts and Deliveries (Continued)

(g) (Continued)

(2) Seller will provide the upstream pipeline(s) with a ranking of supplies scheduled for delivery to Seller's interconnect(s) with such upstream pipeline(s). Seller will rank Third Party Swing Supply scheduled, pursuant to Section 4(a)(2) of this Rate Schedule, under any applicable ST Agreement based on the BSQP adjusted so that all prices have the same reference point, the interconnect between Transco and Seller. Supplies will be ranked from lowest to highest adjusted price. Equivalently priced supplies will be ranked at the same level.

(h) Nothing herein shall obligate Seller to schedule quantities hereunder on any Day in excess of Buyer's MDSTQ, as may be adjusted pursuant to Section 25, Section 26 and Section 29 of the General Terms and Conditions of Seller's FERC Gas Tariff. If Buyer should take delivery on any Day of any quantities in excess of Buyer's Authorized Daily Quantity, then such quantities shall be considered Unauthorized Overrun Quantities.

(i) Subject to the availability of capacity, Buyer has the right to utilize Secondary Point(s) of Receipt and Secondary Delivery Point Area(s).

(j) Buyer shall take delivery from Seller hourly quantities during any Day in accordance with Section 20 of the General Terms and Conditions of Seller's FERC Gas Tariff.

6. General Terms and Conditions

The provisions of the General Terms and Conditions of Seller's FERC Gas Tariff, as such provisions may be amended from time to time, are incorporated as part of this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule ST, the terms and conditions of this Rate Schedule shall control.

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SHEET NOS. 41-42 ARE RESERVED FOR FUTURE USE

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RATE SCHEDULE T-1
FIRM TRANSPORTATION SERVICE

1. Availability

This Rate Schedule is available to Delmarva Power and Star Enterprise ("Buyer(s) or Buyer") for the provision of firm transportation of natural gas by Eastern Shore Natural Gas Company ("Seller") provided Buyer has executed a contract with Seller for service under Rate Schedule T-1 in the form of a Service Agreement as set forth in Seller's FERC Gas Tariff ("T-1 Agreement").

2. Applicability and Character of Service

- (a) This Rate Schedule shall apply to Firm Transportation Service rendered by Seller for Buyer pursuant to Seller's specific Section 7(c) authority issued by the Commission.
- (b) Transportation service provided under this Rate Schedule shall be on a firm basis and shall not be subject to interruption or curtailment except as caused by Force Majeure or as otherwise provided in the General Terms and Conditions of Seller's FERC Gas Tariff.

3. Rates and Charges

- (a) For Firm Transportation Service rendered for Buyer each Month under this Rate Schedule, Buyer shall pay to Seller the sum of Seller's Reservation and Commodity Charges determined as follows:
 - (1) Reservation Charge: The applicable Reservation Rate multiplied by the applicable Maximum Daily Transportation Quantity (MDTQ).
 - (2) Commodity Charge: The applicable Commodity Rate and surcharges multiplied by the quantities delivered pursuant to Section 5 of this Rate Schedule from Point(s) of Receipt on Seller's system to Buyer's Point(s) of Delivery.
- (b) Buyer shall reimburse Seller for any fuel and line losses associated with rendering service pursuant to this Rate Schedule. Such reimbursement shall be accomplished by adjusting the quantity of gas delivered for the account of Buyer(s) under this Rate Schedule at the Point(s) of Delivery by a quantity calculated by multiplying the

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Original Sheet No. 44 Original Sheet No. 44 : Effective

RATE SCHEDULE T-1
FIRM TRANSPORTATION SERVICE
(Continued)

3. Rates and Charges (Continued)

(b) (Continued)

applicable fuel retention percentage specified on the effective Sheet No. 6 of Seller's FERC Gas Tariff by the quantity received for the account of Buyer at the Point(s) of Receipt.

(c) If Seller curtails Buyer's scheduled delivery quantity pursuant to Section 25 of the General Terms and Conditions of Seller's FERC Gas Tariff, then Buyer will receive a Reservation Charge credit. Such credit shall be computed for each Day Seller is curtailing Buyer. The credit for a given Day shall equal the T-1 Reservation Charge divided by the number of Days in the respective Month times the difference between Buyer's MDTQ and Buyer's adjusted transportation quantity as a result of Seller's curtailment order.

4. Nominations and Scheduling

(a) If Buyer desires transportation of natural gas on any Day under this Rate Schedule, Buyer shall provide a nomination to Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.

(b) Seller shall confirm Buyer's nominations of receipts and deliveries and schedule gas in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff. Such quantities will only be scheduled if Seller can confirm such quantities with other parties at or upstream of the Point(s) of Receipt and with the Delivery Point Operator.

5. Receipts and Deliveries

(a) Transportation Service under this Rate Schedule shall consist of:

(1) The receipt of gas for the account of Buyer at specified Point(s) of Receipt up to Buyer's

RATE SCHEDULE T-1
FIRM TRANSPORTATION SERVICE
(Continued)

5. Receipts and Deliveries (Continued)

- (a) Transportation Service under this Rate Schedule shall consist of: (Continued)
 - (1) (Continued)

Maximum Daily Transportation Quantity (MDTQ) plus an amount for any applicable fuel retention. Point(s) of Receipt are those points on Seller's system specified in the executed T-1 Agreement between Seller and Buyer.
 - (2) The transportation of gas through Seller's pipeline.
 - (3) The delivery of equivalent quantities, after making allowance for any applicable fuel retention, at Buyer's Point(s) of Delivery as specified in the executed T-1 Agreement between Seller and Buyer.
- (b) As nearly as practicable, Buyer shall cause its upstream supplier(s) to deliver to Seller uniform hourly quantities. Buyer shall take delivery at Point(s) of Delivery with Seller hourly quantities during any Day in accordance with Section 20 of the General Terms and Conditions of this Tariff.
- (c) Based upon the scheduled nominations, Seller shall make delivery of Buyer's scheduled quantity taking into account any applicable fuel retention quantity pursuant to Section 31 of these General Terms and Conditions of Seller's FERC Gas Tariff. It is the intention of Seller that daily deliveries of gas at the Point(s) of Delivery shall be equal to daily receipts of gas at the Point(s) of Receipt less any applicable fuel retention.
- (d) If Buyer should take delivery on any Day of any quantities greater than or less than the quantities scheduled then such quantities shall be considered an imbalance. Imbalances will be subject to "cash out" at the end of the Month in accordance with Section 23 of the General Terms and Conditions of Seller's FERC Gas Tariff.

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Original Sheet No. 46 Original Sheet No. 46 : Effective

RATE SCHEDULE T-1
FIRM TRANSPORTATION SERVICE
(Continued)

5. Receipts and Deliveries (Continued)

(e) Nothing herein shall obligate Seller to schedule quantities hereunder on any Day in excess of Buyer's MDTQ, as adjusted pursuant to Section 24, Section 25 or Section 26 of the General Terms and Conditions of Seller's FERC Gas Tariff. If Buyer should take delivery on any Day any quantities in excess of Buyer's adjusted Authorized Daily Quantity, then such quantities shall be considered Unauthorized Overrun Quantities.

6. General Terms and Conditions

The provisions of the General Terms and Conditions of Seller's FERC Gas Tariff, as such provisions may be amended from time to time, are incorporated as part of this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule T-1, the terms and conditions of this Rate Schedule shall control.

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SHEET NOS. 47-48 ARE RESERVED FOR FUTURE USE

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FERC Docket: CP96-128-004

Original Sheet No. 49 Original Sheet No. 49 : Effective

RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE

1. Availability

This Rate Schedule is available for the provision of interruptible transportation of natural gas by Eastern Shore Natural Gas Company ("Seller") for any party ("Buyer"), subject to the following conditions:

- (a) Buyer must submit a valid request for service as defined in Section 11 of the General Terms and Conditions of Seller's FERC Gas Tariff and must execute a contract with Seller for service under Rate Schedule IT in the form of a Service Agreement as set forth in Seller's FERC Gas Tariff ("IT Agreement"); and
- (b) Seller has determined that sufficient capacity is available in order to provide such transportation without the construction of facilities or other investment by Seller, or Seller has agreed to construct the necessary facilities pursuant to Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff and provided Seller receives the necessary Commission authorization to construct such facilities.

2. Applicability and Character of Service

- (a) This Rate Schedule shall apply to Interruptible Transportation Service rendered by Seller for a Buyer pursuant to Seller's blanket certificate under Part 284 of the Commission's regulations and the executed Service Agreement for service under this Rate Schedule.
- (b) Transportation service provided under this Rate Schedule shall be on an interruptible basis up to the Maximum Daily Transportation Quantity (MDTQ) specified in the executed Service Agreement.

3. Rates and Charges

- (a) For Interruptible Transportation Service rendered for Buyer each Month under this Rate Schedule, Buyer shall pay to Seller the applicable Commodity Rate and surcharges multiplied by the quantities delivered pursuant to Section 5 of this Rate Schedule.

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Original Sheet No. 50 Original Sheet No. 50 : Effective

RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE
(Continued)

3. Rates and Charges (continued)

- (b) The maximum and minimum Commodity Rates for Interruptible Transportation Service on Seller's system under Rate Schedule IT are shown on the currently effective Sheet No. 4 or Sheet No. 5, as applicable, of this Tariff. Buyer shall pay such maximum rate for service under this Rate Schedule unless Seller agrees to discount its rate to Buyer. If Seller agrees to discount such rate, it shall, upon forty-eight (48) hours written notice, advise Buyer of the effective date of such rate and the quantity of gas so affected; provided however, such discount shall not be unduly discriminatory. The rate for service under this Rate Schedule shall not be discounted below the minimum rate.

Buyer and Seller may mutually agree to a negotiated rate, which rate shall be less than, equal to, or greater than Seller's maximum rate and shall not be less than the minimum rate, and may be based upon a rate design other than straight fixed variable (SFV). Such negotiated rate shall be set forth in the Service Agreement.

- (c) Buyer shall reimburse Seller for any fuel and line losses associated with rendering service pursuant to this Rate Schedule. Such reimbursement shall be accomplished by adjusting the quantity of gas delivered for the account of Buyer(s) under this Rate Schedule at the Delivery Point Area(s) by a quantity calculated by multiplying the applicable fuel retention percentage specified on the effective Sheet No. 4 or Sheet No. 5 of Seller's FERC Gas Tariff by the quantity received for the account of Buyer at the Point(s) of Receipt.
- (d) Buyer shall reimburse Seller for the costs of any facilities installed by Seller with Buyer's consent which are necessary to receive, measure and deliver gas to or for the account of Buyer, unless Seller waives this requirement in writing pursuant to Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

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Original Sheet No. 51 Original Sheet No. 51 : Effective

RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE
(Continued)

4. Nominations and Scheduling

- (a) If Buyer desires transportation of natural gas on any Day under this Rate Schedule, Buyer shall provide a nomination to Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) Buyer shall make all necessary arrangements with other parties at or upstream of the Point(s) of Receipt where Buyer tenders gas to Seller for transportation and with the Delivery Point Operator where Buyer requests that Seller deliver the gas for Buyer's account.
- (c) Seller shall confirm Buyer's nomination of receipts and deliveries and schedule gas in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff. Such quantities will only be scheduled if Seller can confirm such quantities with the other parties at or upstream of the Point(s) of Receipt and with the Delivery Point Operator.

5. Receipts and Deliveries

- (a) Interruptible Transportation Service under this Rate Schedule shall consist of:
 - (1) The receipt of gas for the account of Buyer at Point(s) of Receipt up to Buyer's MDTQ plus an amount for any applicable fuel retention.
 - (2) The transportation of gas through Seller's pipeline.
 - (3) The delivery of equivalent quantities, after making allowance for any applicable fuel retention pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) As nearly as practicable, Buyer shall cause its upstream supplier(s) to deliver to Seller uniform hourly quantities. Buyer shall take delivery from Seller hourly quantities during any Day in accordance with Section 20 of the General Terms and Conditions of Seller's FERC Gas Tariff.

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Original Sheet No. 52 Original Sheet No. 52 : Effective

RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE
(Continued)

5. Receipts and Deliveries (Continued)

- (c) Based upon the scheduled nominations, Seller shall make delivery of Buyer's scheduled quantity taking into account any applicable fuel retention quantity pursuant to Section 31 of these General Terms and Conditions of Seller's FERC Gas Tariff. It is the intention of Seller that daily deliveries of gas at the Point(s) of Delivery shall be equal to daily receipts of gas at the Point(s) of Receipt less any applicable fuel retention.
- (d) If Buyer should take delivery on any Day of any quantities greater than or less than the quantities scheduled then such quantities shall be considered an imbalance. Imbalances will be subject to "cash out" at the end of the Month in accordance with Section 23 of the General Terms and Conditions of Seller's FERC Gas Tariff.

6. General Terms and Conditions

The provisions of the General Terms and Conditions of Seller's FERC Gas Tariff, as such provisions may be amended from time to time, are incorporated as part of this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule IT, the terms and conditions of this Rate Schedule shall control.

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Original Sheet No. 53 Original Sheet No. 53 : Effective

SHEET NOS. 53-54 ARE RESERVED FOR FUTURE USE

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First Revised Sheet No. 55 First Revised Sheet No. 55 : Effective
Superseding: Original Sheet No. 55
RATE SCHEDULE GSS
GENERAL STORAGE SERVICE

1. Availability

This Rate Schedule is available for the purchase of natural gas storage service from Eastern Shore Natural Gas Company ("Seller") by any party ("Buyer") certificated by the Federal Energy Commission (the "Commission" or "FERC"), or any predecessor agency, to receive service under Seller's Rate Schedule GSS-1 on November 1, 1997 subject to the following conditions:

- (a) Buyer and Seller must execute a contract for service under Rate Schedule GSS in the form of a Service Agreement as set forth in Seller's FERC Gas Tariff ("GSS Agreement"); and
- (b) Seller has an executed GSS Service Agreement with Transcontinental Gas Pipe Line Corporation ("Transco") for service under Transco Rate Schedule GSS which is sufficient to support Storage Service provided by Seller under this Rate Schedule.

2. Applicability and Character of Service

- (a) This Rate Schedule shall apply to Storage Service, including the associated transportation of gas from upstream storage system(s) to Seller's system rendered by Seller for a Buyer pursuant to the executed Service Agreement for service under this Rate Schedule.
- (b) Storage Service provided under this Rate Schedule within the limitations described in Section 4 and Section 5 hereof, shall be considered firm, and shall not be subject to interruption or curtailment except that caused by Force Majeure or by operating conditions beyond Seller's or Buyer's control.
- (c) Storage Service provided under this Rate Schedule is subject to the Transco Rate Schedule GSS and the General Terms and Conditions of Transco's FERC Gas Tariff in effect on November 1, 1997, as may be amended from time to time. Furthermore, Transco Rate Schedule GSS storage service is provided under individual Natural Gas Act Section 7(c) certificates and therefore is not eligible for capacity release.

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Original Sheet No. 56 Original Sheet No. 56 : Effective

RATE SCHEDULE GSS
GENERAL STORAGE SERVICE
(Continued)

3. Rates and Charges

- (a) Charges for Storage Service provided under this Rate Schedule are referenced to the rates charged Seller by its upstream service provider, Transco. As Seller's rates are referenced to Transco's rates they will change concurrently with any change in Transco's rates.
- (b) For Storage Service provided for Buyer each Month under this Rate Schedule, Buyer shall pay to Seller the sum of the following charges:
 - (1) Storage Demand Charge: A charge per Dt of Storage Demand.
 - (2) Storage Capacity Quantity Charge: A charge per Dt of Storage Capacity Quantity.
 - (3) Storage Injection Charge: A charge per Dt for gas delivered into storage for Buyer's account.
 - (4) Storage Withdrawal Charge: A charge per Dt for gas withdrawn from storage for Buyer's account.
 - (5) Excess Delivery from Buyer's Storage Gas Balance Charge: A charge per Dt for all gas withdrawn from storage for Buyer's account in excess of Buyer's firm withdrawal entitlement.
 - (6) Excess End of Season Inventory Charge: The portion of Transco's excess end of season inventory charge under Transco Rate Schedule GSS which is allocated by Seller to Buyer(s) under this Rate Schedule.
- (c) The applicable rates for the charges set forth above are shown on the currently effective Sheet No. 7 of this Tariff.
- (d) Seller shall retain from Buyer's storage injection quantities equivalent quantities of natural gas as retained by Transco for the injection of gas into storage and transportation of storage gas to and from Seller's system.

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RATE SCHEDULE GSS
GENERAL STORAGE SERVICE
(Continued)

3. Rates and Charges (Continued)

- (e) Refunds and surcharges received from Transco will be passed on to Buyer(s) based upon the relationship of Buyer(s)' service to the service contracted by Seller from Transco under Transco Rate Schedule GSS.

4. Injections into Storage

- (a) Buyer shall nominate quantities for injection into storage with Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) Buyer shall make all necessary nominations and other arrangements with Transco to have gas delivered to Seller at Seller's interconnect(s) with Transco.
- (c) Seller shall make all necessary arrangements with Transco to have gas injected into storage.
- (d) Seller shall confirm Buyer's nominations of injections of storage gas and schedule gas in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff. Such quantities will only be scheduled if Seller can confirm that such quantities will be delivered to Seller at its interconnect(s) with Transco.
- (e) Seller shall be obligated to inject into storage on behalf of Buyer, at Buyer's request, natural gas quantities up to, but not in excess of, the quantities determined in accordance with the provisions specified in Transco Rate Schedule GSS.

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First Revised Sheet No. 58 First Revised Sheet No. 58 : Effective
Superseding: Original Sheet No. 58

RATE SCHEDULE GSS
GENERAL STORAGE SERVICE
(Continued)

5. Withdrawals from Storage

- (a) Buyer shall nominate quantities for withdrawal from storage with Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) Seller shall make all necessary arrangements with Transco to have gas withdrawn from storage and transported to Seller's system.
- (c) Seller shall receive gas withdrawn from storage at Seller's interconnect(s) with Transco and Buyer shall be responsible for making all arrangements for the transportation of such gas from Buyer's Point(s) of Receipt on Seller's system to Buyer's Delivery Point Area(s).
- (d) Seller shall be obligated to withdraw from storage, on behalf of Buyer, at Buyer's request, natural gas quantities up to, but not in excess of, the quantities determined in accordance with the provisions specified in Transco Rate Schedule GSS.
- (e) Buyer shall maintain the Minimum Inventory Balances specified in Transco Rate Schedule GSS.
- (f) Buyer shall achieve the Minimum Inventory Turnover specified in Transco Rate Schedule GSS. Failure to comply with the Minimum Turnover requirements shall result in Seller deducting the applicable quantity from Buyer's Storage Gas Balance. Such quantity shall be forfeited by Buyer to Seller, free and clear of all liens and encumbrances. Seller shall post such forfeited quantities on its EBB as gas available for sale to the highest bidder within a 24 hour notice period. Such posting may provide as a condition of sale that such gas be withdrawn from storage within a specific period of time. Upon receipt of payment, Seller shall credit to the account of the Buyer whose gas was forfeited 90 percent of the proceeds for such sale, and shall retain

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RATE SCHEDULE GSS
GENERAL STORAGE SERVICE
(Continued)

5. Withdrawals from Storage (Continued)

(f) (Continued)

the remaining 10 percent of such proceeds for
administrative expenses.

Seller may waive its right to retain all or any portion
of Buyer's gas, provided that any such waiver is
granted in a non-discriminatory manner.

(g) Buyer may request Seller to withdraw gas for Buyer on any
Day in excess of Buyer's firm withdrawal entitlement
hereunder for such Day. Seller may make such excess
withdrawal for Buyer provided operating conditions allow
such an excess withdrawal. Any excess withdrawals would
be provided on a not unduly discriminatory basis.

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Original Sheet No. 59 Original Sheet No. 59 : Effective

RATE SCHEDULE GSS
GENERAL STORAGE SERVICE
(Continued)

6. Provisions for Swing Service

- (a) Seller shall (i) cause gas delivered to its system to be injected into storage, and (ii) cause gas to be withdrawn from storage and delivered to Buyer on a swing basis in accordance with the procedures specified below, provided however, nothing herein shall give Buyer the right to cause the injections or withdrawals on any Day of a quantity of gas under this Rate Schedule in excess of the quantity of gas which Buyer would otherwise be entitled to inject or withdraw under the terms of this Rate Schedule on such Day.
- (b) Seller's Swing Service procedures specified below are based upon Transco's swing scheduling procedures in effect as of November 1, 1997 . In the event that Transco changes its procedures, Seller may file to change the procedures outlined below effective coincident with Transco's changes.
- (c) Seller provides Swing Service Scheduling of injections and withdrawals of storage gas provided under Rate Schedule GSS.
- (d) The procedures for Swing Service Scheduling injections into storage provided under this Rate Schedule are as follows:
 - (1) Buyer submits a nomination to Transco for the delivery of the natural gas quantities to Seller's system;
 - (2) Buyer submits a nomination to Seller to Swing Service Schedule a quantity of the natural gas to be injected into storage for Buyer's account in the event, after making allowance for any applicable fuel retention pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, actual total deliveries at Buyer's Point(s) of Delivery are less than scheduled total receipts at Buyer's Point(s) of Receipt (a "Low Burn").

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RATE SCHEDULE GSS
GENERAL STORAGE SERVICE
(Continued)

6. Provisions for Swing Service (Continued)

- (d) The procedures for Swing Service Scheduling injections into storage provided under this Rate Schedule are as follows: (Continued)
 - (3) Seller makes all necessary arrangements with Transco to insure that, to the extent the gas was Swing Service Scheduled to be injected into storage, the gas is injected into storage for Buyer's account with Seller if Buyer has a Low Burn.
- (e) The procedures for Swing Service Scheduling withdrawals from storage provided under this Rate Schedule are as follows:
 - (1) Buyer submits a nomination to Seller to Swing Service Schedule a quantity of natural gas to be withdrawn from storage for Buyer's account in the event, after making allowance for any applicable fuel retention pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, actual total deliveries at Buyer's Point(s) of Delivery exceed scheduled total receipts at Buyer's Point(s) of Receipt (a "High Burn").
 - (2) Seller makes all necessary arrangements with Transco to insure that, to the extent gas was Swing Scheduled to be withdrawn from storage and transported to Seller's system, the gas is withdrawn from storage for Buyer's account with Seller if Buyer has a High Burn.

7. General Terms and Conditions

The provisions of the General Terms and Conditions of Seller's FERC Gas Tariff, as such provisions may be amended from time to time, are incorporated as part of this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule GSS, the terms and conditions of this Rate Schedule shall control.

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SHEET NOS. 61-62 ARE RESERVED FOR FUTURE USE

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Superseding: Original Sheet No. 63

RATE SCHEDULE LSS
LEIDY STORAGE SERVICE

1. Availability

This Rate Schedule is available for the purchase of natural gas storage service from Eastern Shore Natural Gas Company ("Seller") by any party ("Buyer") certificated by the Federal Energy Regulatory Commission (the "Commission" or "FERC"), or any predecessor agency, to receive service under Seller's Rate Schedule LSS on November 1, 1997 subject to the following conditions:

- (a) Buyer and Seller must execute a contract for service under Rate Schedule LSS in the form of a Service Agreement as set forth in Seller's FERC Gas Tariff ("LSS Agreement"); and
- (b) Seller has an executed Service Agreement with Transcontinental Gas Pipe Line Corporation ("Transco") for service under Transco Rate Schedule LSS which is sufficient to support Storage Service provided by Seller under this Rate Schedule.

2. Applicability and Character of Service

- (a) This Rate Schedule shall apply to Storage Service, including the associated transportation of gas from upstream storage system(s) to Seller's system rendered by Seller for a Buyer pursuant to the executed Service Agreement for service under this Rate Schedule.
- (b) Storage Service provided under this Rate Schedule within the limitations described in Section 4 and Section 5 hereof, shall be considered firm, and shall not be subject to interruption or curtailment except that caused by Force Majeure or by operating conditions beyond Seller's or Buyer's control.
- (c) Storage Service provided under this Rate Schedule is subject to the Transco Rate Schedule LSS and the General Terms and Conditions of Transco's FERC Gas Tariff in effect on November 1, 1997, as may be amended from time to time. Furthermore, Transco Rate Schedule LSS storage service is provided under individual Natural Gas Act Section 7(c) certificates and therefore is not eligible for capacity release.

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RATE SCHEDULE LSS
LEIDY STORAGE SERVICE
(Continued)

3. Rates and Charges

- (a) Charges for Storage Service provided under this Rate Schedule are referenced to the rates charged Seller by its upstream service provider, Transco. As Seller's rates are referenced to Transco's rates they will change concurrently with any change in Transco's rate.
- (b) For Storage Service provided for Buyer each Month under this Rate Schedule, Buyer shall pay to Seller the sum of the following charges:
 - (1) Storage Demand Charge: A charge per Dt of Storage Demand.
 - (2) Storage Capacity Quantity Charge: A charge per Dt of Storage Capacity Quantity.
 - (3) Storage Injection Charge: A charge per Dt for gas delivered into storage for Buyer's account.
 - (4) Storage Withdrawal Charge: A charge per Dt for gas withdrawn from storage for Buyer's account.
 - (5) Excess Delivery from Buyer's Storage Gas Balance Charge: A charge per Dt for all gas withdrawn from storage for Buyer's account in excess of Buyer's firm withdrawal entitlement.
 - (6) Excess End of Season Inventory Charge: The portion of Transco's excess end of season inventory charge under Transco Rate Schedule LSS which is allocated by Seller to Buyer(s) under this Rate Schedule.
- (c) The applicable rates for the charges set forth above are shown on the currently effective Sheet No. 7 of this Tariff.
- (d) Seller shall retain from Buyer's storage injection and storage withdrawal quantities equivalent quantities of natural gas as retained by Transco for the injection of gas into storage and withdrawal of gas from storage, and transportation of storage gas to and from Seller's system.

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Original Sheet No. 65 Original Sheet No. 65 : Effective

RATE SCHEDULE LSS
LEIDY STORAGE SERVICE
(Continued)

3. Rates and Charges (Continued)

- (e) Refunds and surcharges received from Transco will be passed on to Buyer(s) based upon the relationship of Buyer(s)' service to the service contracted by Seller from Transco under Transco Rate Schedule LSS.

4. Injections into Storage

- (a) Buyer shall nominate quantities for injection into storage with Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) Buyer shall make all necessary nominations and other arrangements with Transco to have gas delivered to Seller at Seller's interconnect(s) with Transco.
- (c) Seller shall make all necessary arrangements with Transco to have gas injected into storage.
- (d) Seller shall confirm Buyer's nominations of injections of storage gas and schedule gas in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff. Such quantities will only be scheduled if Seller can confirm that such quantities will be delivered to Seller at its interconnect(s) with Transco.
- (e) Seller shall be obligated to inject into storage on behalf of Buyer, at Buyer's request, natural gas quantities up to, but not in excess of, the quantities determined in accordance with the provisions specified in Transco Rate Schedule LSS.

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First Revised Sheet No. 66 First Revised Sheet No. 66 : Effective
Superseding: Original Sheet No. 66

RATE SCHEDULE LSS
LEIDY STORAGE SERVICE
(Continued)

5. Withdrawals from Storage

- (a) Buyer shall nominate quantities for withdrawal from storage with Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) Seller shall make all necessary arrangements with Transco to have gas withdrawn from storage and transported to Seller's system.
- (c) Seller shall receive gas withdrawn from storage at Seller's interconnect(s) with Transco and Buyer shall be responsible for making all arrangements for the transportation of such gas from Buyer's Point(s) of Receipt on Seller's system to Buyer's Delivery Point Area(s).
- (d) Seller shall be obligated to withdraw from storage, on behalf of Buyer, at Buyer's request, natural gas quantities up to, but not in excess of, the quantities determined in accordance with the provisions specified in Transco Rate Schedule LSS.
- (e) Buyer shall maintain the Minimum Inventory Balances specified in Transco Rate Schedule LSS.
- (f) Buyer shall achieve the Minimum Inventory Turnover specified in Transco Rate Schedule LSS. Failure to comply with the Minimum Turnover requirements shall result in Seller deducting the applicable quantity from Buyer's Storage Gas Balance. Such quantity shall be forfeited by Buyer to Seller, free and clear of all liens and encumbrances. Seller shall post such forfeited quantities on its EBB as gas available for sale to the highest bidder within a 24 hour notice period. Such posting may provide as a condition of sale that such gas be withdrawn from storage within a specific period of time. Upon receipt of payment,

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RATE SCHEDULE LSS
LEIDY STORAGE SERVICE
(Continued)

5. Withdrawals from Storage (Continued)

(f) (Continued)

Seller shall credit to the account of the Buyer whose gas was forfeited 90 percent of the proceeds for such sale, and shall retain the remaining 10 percent of such proceeds for administrative expenses.

Seller may waive its right to retain all or any portion of Buyer's gas, provided that any such waiver is granted in a non-discriminatory manner.

RATE SCHEDULE LSS
LEIDY STORAGE SERVICE
(Continued)

6. Provisions for Swing Service

- (a) Seller shall (i) cause gas delivered to its system to be injected into storage, and (ii) cause gas to be withdrawn from storage and delivered to Buyer on a swing basis in accordance with the procedures specified below, provided however, nothing herein shall give Buyer the right to cause the injections or withdrawals on any Day of a quantity of gas under this Rate Schedule in excess of the quantity of gas which Buyer would otherwise be entitled to inject or withdraw under the terms of this Rate Schedule on such Day.
- (b) Seller's Swing Service procedures specified below are based upon Transco's swing scheduling procedures in effect as of November 1, 1997. In the event that Transco changes its procedures, Seller may file to change the procedures outlined below effective coincident with Transco's changes.
- (c) Seller provides Swing Service Scheduling of injections and withdrawals of storage gas provided under Rate Schedule LSS.
- (d) The procedures for Swing Service Scheduling injections into storage provided under this Rate Schedule are as follows:
 - (1) Buyer submits a nomination to Transco for the delivery of the natural gas quantities to Seller's system;
 - (2) Buyer submits a nomination to Seller to Swing Service Schedule a quantity of the natural gas to be injected into storage for Buyer's account in the event, after making allowance for any applicable fuel retention pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, actual total deliveries at Buyer's Point(s) of Delivery are less than scheduled total receipts at Buyer's Point(s) of Receipt (a "Low Burn").

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Original Sheet No. 68 Original Sheet No. 68 : Effective

RATE SCHEDULE LSS
LEIDY STORAGE SERVICE
(Continued)

6. Provisions for Swing Service (Continued)

(d) The procedures for Swing Service Scheduling injections into storage provided under this Rate Schedule are as follows: (Continued)

(3) Seller makes all necessary arrangements with Transco to insure that, to the extent the gas was Swing Service Scheduled to be injected into storage, the gas is injected into storage for Buyer's account with Seller if Buyer has a Low Burn.

(e) The procedures for Swing Service Scheduling withdrawals from storage provided under this Rate Schedule are as follows:

(1) Buyer submits a nomination to Seller to Swing Service Schedule a quantity of natural gas to be withdrawn from storage for Buyer's account in the event, after making allowance for any applicable fuel retention pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, actual total deliveries at Buyer's Point(s) of Delivery exceed scheduled total receipts at Buyer's Point(s) of Receipt (a "High Burn").

(2) Seller makes all necessary arrangements with Transco to insure that, to the extent gas was Swing Scheduled to be withdrawn from storage and transported to Seller's system, the gas is withdrawn from storage for Buyer's account with Seller if Buyer has a High Burn.

7. General Terms and Conditions

The provisions of the General Terms and Conditions of Seller's FERC Gas Tariff, as such provisions may be amended from time to time, are incorporated as part of this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule LSS, the terms and conditions of this Rate Schedule shall control.

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SHEET NOS. 69-70 ARE RESERVED FOR FUTURE USE

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Original Sheet No. 71 Original Sheet No. 71 : Effective

RATE SCHEDULE LGA
LIQUEFIED NATURAL GAS STORAGE SERVICE

1. Availability

This Rate Schedule is available for the purchase of natural gas storage service from Eastern Shore Natural Gas Company ("Seller") by any party ("Buyer") certificated by the Federal Energy Regulatory Commission (the "Commission" or "FERC"), or any predecessor agency, to receive service under Seller's Rate Schedule LGA-1 on November 1, 1997 subject to the following conditions:

- (a) Buyer and Seller must execute a contract for service under Rate Schedule LGA in the form of a Service Agreement as set forth in Seller's FERC Gas Tariff ("LGA Agreement"); and
- (b) Seller has an executed Service Agreement with Transcontinental Gas Pipe Line Corporation ("Transco") for service under Transco Rate Schedule LGA which is sufficient to support Storage Service provided by Seller under this Rate Schedule.

2. Applicability and Character of Service

- (a) This Rate Schedule shall apply to Storage Service, including the associated transportation of gas from upstream storage system(s) to Seller's system rendered by Seller for a Buyer pursuant to the executed Service Agreement for service under this Rate Schedule.
- (b) Storage Service provided under this Rate Schedule within the limitations described in Section 4 and Section 5 hereof, shall be considered firm, and shall not be subject to interruption or curtailment except that caused by Force Majeure or by operating conditions beyond Seller's or Buyer's control.
- (c) Storage Service under this Rate Schedule provides for:
 - (1) The liquefaction of natural gas by Transco;
 - (2) The storage of such gas by Transco;
 - (3) The gasification of such gas by Transco; and
 - (4) The transportation of such gas by Transco to Seller's system;

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RATE SCHEDULE LGA
LIQUEFIED NATURAL GAS STORAGE SERVICE
(Continued)

2. Applicability and Character of Service (Continued)

- (d) Storage Service provided under this Rate Schedule is subject to the Transco Rate Schedule LGA and the General Terms and Conditions of Transco's FERC Gas Tariff in effect on November 1, 1997, as may be amended from time to time. Furthermore, Transco Rate Schedule LGA storage service is provided under individual Natural Gas Act Section 7(c) certificates and therefore is not eligible for capacity release.

3. Rates and Charges

- (a) Charges for Storage Service provided under this Rate Schedule are referenced to the rates charged Seller by its upstream service provider, Transco. As Seller's rates are referenced to Transco's rates they will change concurrently with any change in Transco's rates.
- (b) For storage service provided for Buyer each Month under this Rate Schedule, Buyer shall pay to Seller the sum of the following charges:
 - (1) Storage Demand Charge: A charge per Dt of Storage Demand.
 - (2) Storage Capacity Quantity Charge: A charge per Dt of Storage Capacity Quantity.
 - (3) Storage Injection Charge: A charge per Dt for gas delivered into storage for Buyer's account.
 - (4) Storage Withdrawal Charge: A charge per Dt for gas withdrawn from storage for Buyer's account.
 - (5) Excess Delivery from Buyer's Storage Gas Balance Charge: A charge per dt for all gas withdrawn from storage for Buyer's account in excess of Buyer's firm withdrawal entitlement.

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Original Sheet No. 72A Original Sheet No. 72A : Effective

RATE SCHEDULE LGA
LIQUEFIED NATURAL GAS STORAGE SERVICE
(Continued)

3. Rates and Charges (Continued)

- (c) The applicable rates for the charges set forth above are shown on the currently effective Sheet No. 7 of this Tariff.
- (d) Seller shall retain from Buyer's storage injection quantities equivalent quantities of natural gas as retained by Transco for the injection of gas into storage and transportation of storage gas to and from Seller's system.

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Original Sheet No. 73 Original Sheet No. 73 : Effective

RATE SCHEDULE LGA
LIQUEFIED NATURAL GAS STORAGE SERVICE
(Continued)

3. Rates and Charges (Continued)

- (e) Refunds and surcharges received from Transco will be passed on to Buyer(s) based upon the relationship of Buyer(s)' service to the service contracted by Seller from Transco under Transco Rate Schedule LGA.

4. Injections into Storage

- (a) Buyer shall nominate quantities for injection into storage with Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) The injection period shall be limited to the period commencing on April 1 and extending through the next succeeding October 31.
- (c) Buyer shall make all necessary nominations and other arrangements with Transco to have gas delivered to Seller at Seller's interconnect(s) with Transco.
- (d) Seller shall make all necessary arrangements with Transco to have gas liquefied and injected into storage.
- (e) Seller shall confirm Buyer's nominations of injections of storage gas and schedule gas in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff. Such quantities will only be scheduled if Seller can confirm that such quantities will be delivered to Seller at its interconnect(s) with Transco.
- (f) Seller shall be obligated to cause to have liquefied and inject into storage on behalf of Buyer, at Buyer's request, natural gas quantities up to but not in excess of, the quantities determined in accordance with the provisions specified in Transco Rate Schedule LGA.

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Original Sheet No. 74 Original Sheet No. 74 : Effective

RATE SCHEDULE LGA
LIQUEFIED NATURAL GAS STORAGE SERVICE
(Continued)

5. Withdrawals from Storage

- (a) Buyer shall nominate quantities for withdrawal from storage with Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) The withdrawal period shall be limited to the period commencing on November 1 of each year and extending through March 31 of the following year.
- (c) Seller shall make all necessary arrangements with Transco to have gas withdrawn from storage, vaporized and transported to Seller at its interconnect(s) with Transco.
- (d) Seller shall receive gas withdrawn from storage at Seller's interconnect(s) with Transco and Buyer shall be responsible for making all arrangements for the transportation of such gas from Buyer's Point(s) of Receipt on Seller's system to Buyer's Delivery Point Area(s).
- (e) Seller shall be obligated to withdraw from storage, on behalf of Buyer, at Buyer's request, natural gas quantities up to, but not in excess of, the quantities determined in accordance with the provisions specified in Transco Rate Schedule LGA.
- (f) Buyer may request Seller to withdraw gas for Buyer on any Day during the withdrawal period in excess of Buyer's firm withdrawal entitlement hereunder for such Day. Seller may make such excess withdrawals for Buyer provided operating conditions allow such an excess withdrawal. Any excess withdrawals would be provided on a not unduly discriminatory basis.

6. General Terms and Conditions

The provisions of the General Terms and Conditions of Seller's FERC Gas Tariff, as such provisions may be amended from time to time, are incorporated as part of this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule LGA, the terms and conditions of this Rate Schedule shall control.

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Original Sheet No. 75 Original Sheet No. 75 : Effective

SHEET NOS. 75-76 ARE RESERVED FOR FUTURE USE

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RATE SCHEDULE CFSS
COLUMBIA FIRM STORAGE SERVICE

1. Availability

This Rate Schedule is available for the purchase of natural gas storage service from Eastern Shore Natural Gas Company ("Seller") by any party ("Buyer") certificated by the Federal Energy Regulatory Commission (the "Commission" or "FERC"), or any predecessor agency, to receive service under Seller's CFSS Rate Schedule and/or CWS Rate Schedule on November 1, 1997 subject to the following conditions:

- (a) Buyer and Seller must contract for service under Rate Schedule CFSS in the form of a Service Agreement as set forth in Seller's FERC Gas Tariff ("CFSS Agreement"); and
- (b) Seller has executed Service Agreements with Columbia Gas Transmission Corporation ("Columbia") for service under Columbia FSS Rate Schedule and SST Rate Schedule which are sufficient to support Storage Service provided by Seller under this Rate Schedule.

2. Applicability and Character of Service

- (a) This Rate Schedule shall apply to Storage Service, including the associated transportation of gas from upstream storage system(s) to Seller's system, rendered by Seller for a Buyer pursuant to the executed Service Agreement for service under this Rate Schedule.
- (b) Storage Service provided under this Rate Schedule within the limitations described in Section 4 and Section 5 hereof, shall be considered firm and shall not be subject to interruption or curtailment except that caused by Force Majeure or by operating conditions beyond Seller's or Buyer's control.
- (c) Storage Service provided under this Rate Schedule is subject to the Columbia FSS Rate Schedule and SST Rate Schedule and the General Terms and Conditions of Columbia's FERC Gas Tariff in effect on November 1, 1997, as may be amended from time to time.

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Original Sheet No. 78 Original Sheet No. 78 : Effective

RATE SCHEDULE CFSS
COLUMBIA FIRM STORAGE SERVICE
(Continued)

2. Applicability and Character of Service (Continued)

- (d) Each Month, Seller will release to Buyer, pursuant to the General Terms and Conditions of Columbia's FERC Gas Tariff, on a prearranged basis and at the maximum rate the total quantity of Columbia's SST transportation capacity retained by Seller for Buyer pursuant to a conversion, at the effective date of restructuring, reduced by the quantity of the Columbia capacity that Buyer states is required for Swing Supply Scheduling and is therefore to be retained by Seller. Once Seller has released a quantity of SST transportation under Seller's SST Rate Schedule Service Agreement with Columbia, Buyer will not have the ability to make injections per Section 4, or withdrawals per Section 5, of Rate Schedule CFSS with that released capacity. The released quantity will revert back to Seller at the end of the Month.

3. Rates and Charges

- (a) Charges for Storage Service provided under this Rate Schedule are referenced to the rates charged Seller by its upstream service provider, Columbia. As Seller's rates are referenced to Columbia's rates they will change concurrently with any change in Columbia's rates.
- (b) For Storage Service provided for Buyer each Month under this Rate Schedule, Buyer shall pay to Seller the sum of the following charges:
 - (1) Storage Demand Charge: A charge per Dt of Storage Demand comprised of the sum of Columbia's FSS Demand Charges and SST Demand Charges.
 - (2) Storage Capacity Quantity Charge: A charge per Dt of Storage Capacity Quantity utilizing Columbia's FSS Storage Capacity Charge.
 - (3) Storage Injection Charge: A charge per Dt for gas delivered into storage for Buyer's account comprised of the sum of Columbia's FSS Injection Charges and SST Commodity Charges.

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Original Sheet No. 79 Original Sheet No. 79 : Effective

RATE SCHEDULE CFSS
COLUMBIA FIRM STORAGE SERVICE
(Continued)

3. Rates and Charges (Continued)

- (b) For Storage Service provided for Buyer each Month under this Rate Schedule, Buyer shall pay to Seller the sum of the following charges: (Continued)
 - (4) Storage Withdrawal Charge: A charge per Dt for gas withdrawn from storage for Buyer's account comprised of the sum of Columbia's FSS Withdrawal Charges and SST Commodity Charges.
 - (5) Excess Delivery from Buyer's Storage Gas Balance Charge: A charge per Dt for all gas withdrawn from storage for Buyer's account in excess of Buyer's firm withdrawal entitlement comprised of the sum of Columbia's FSS Overrun Charges and SST Overrun Charges.
- (c) The applicable rates for the charges set forth above are shown on the currently effective Sheet No. 7 of this Tariff.
- (d) Seller shall retain from Buyer's storage injection quantities equivalent quantities of natural gas as retained by Columbia for the transportation of gas to FSS storage and for the injection of gas into storage.
- (e) Seller shall retain from Buyer's storage withdrawal quantities equivalent quantities of natural gas as retained by Columbia for transportation of storage gas to Seller's system.
- (f) Refunds and surcharges received from Columbia will be passed on to Buyer(s) based upon the relationship of Buyer(s)' service to the service contracted by Seller from Columbia under Columbia's FSS Rate Schedule and SST Rate Schedule.

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Original Sheet No. 80 Original Sheet No. 80 : Effective

RATE SCHEDULE CFSS
COLUMBIA FIRM STORAGE SERVICE
(Continued)

4. Injections into Storage

- (a) Buyer shall nominate quantities for injection into storage with Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) Buyer shall make all necessary nominations and other arrangements with upstream parties to have gas delivered to Seller for transportation under Seller's SST Rate Schedule Service Agreement with Columbia. Buyer warrants that it will have good and merchantable title to the gas at the time such gas is delivered to Seller. Seller shall submit a nomination to Columbia for the transportation of Buyer's gas to Seller's interconnect with Columbia. Buyer acknowledges that Columbia's approval and confirmation of Seller's nomination is subject to Buyer having title to the gas at the time it is delivered to Seller, to the terms and conditions of Columbia's FERC Gas Tariff, and to the provisions of Columbia's operating procedures. If Columbia fails to confirm Seller's nomination for any reason other than Seller's failure to submit a nomination to Columbia, then Buyer shall be responsible for making all necessary arrangements with Columbia to have gas delivered to Seller at Seller's interconnect with Columbia.
- (c) Seller shall make all necessary arrangements with Columbia to have gas injected into storage.
- (d) Seller shall confirm Buyer's nominations of injections of storage gas and schedule gas in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff. Such quantities will only be scheduled if Seller can confirm that such quantities will be delivered to Seller at its interconnect with Columbia.
- (e) Seller shall be obligated to inject into storage on behalf of Buyer, at Buyer's request, natural gas quantities up to, but not in excess of, the quantities determined in accordance with the provisions specified in Columbia FSS Rate Schedule.
- (f) Buyer's storage inventory balance shall not exceed the maximum inventory balances specified in Columbia FSS Rate Schedule.

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RATE SCHEDULE CFSS
COLUMBIA FIRM STORAGE SERVICE
(Continued)

5. Withdrawals from Storage

- (a) Buyer shall nominate quantities for withdrawal from storage with Seller in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.
- (b) Seller shall make all necessary arrangements with Columbia to have gas withdrawn from storage and transported to Seller's system.
- (c) Buyer shall be responsible for making all arrangements for the transportation of such gas from Buyer's Point(s) of Receipt on Seller's system to Buyer's Delivery Point Area(s).
- (d) Seller shall be obligated to withdraw from storage on behalf of Buyer, at Buyer's request, natural gas quantities up to but, not in excess of, the quantities determined in accordance with the provisions specified in Columbia FSS Rate Schedule.
- (e) Buyer's storage inventory balance shall not exceed the maximum inventory balances specified in Columbia FSS Rate Schedule.
- (f) Buyer shall achieve the minimum inventory turnover specified in Columbia FSS Rate Schedule. Failure to comply with the minimum inventory turnover requirements shall result in Seller deducting the applicable quantity from Buyer's Storage Gas Balance. Such quantity shall be forfeited by Buyer to Seller, free and clear of all liens and encumbrances. Seller shall post such forfeited quantities on its EBB as gas available for sale to the highest bidder within a 24 hour notice period. Such posting may provide as a condition of sale that such gas be withdrawn from storage within a specific period of time. Upon receipt of payment, Seller shall credit to the account of the Buyer whose gas was forfeited 90 percent of the

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RATE SCHEDULE CFSS
COLUMBIA FIRM STORAGE SERVICE
(Continued)

5. Withdrawals from Storage (Continued)

(f) (Continued)

proceeds for such sale, and shall retain the remaining 10 percent of such proceeds for administrative expenses.

Seller may waive its right to retain all or any portion of Buyer's gas, provided that any such waiver is granted in a non-discriminatory manner.

(g) Buyer may request Seller to withdraw gas for Buyer on any Day in excess of Buyer's firm withdrawal entitlement hereunder for such Day. Seller may make such excess withdrawal for Buyer provided operating conditions allow such an excess withdrawal. Any excess withdrawals would be provided on a not unduly discriminatory basis.

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Original Sheet No. 82 Original Sheet No. 82 : Effective

RATE SCHEDULE CFSS
COLUMBIA FIRM STORAGE SERVICE
(Continued)

6. Provisions for Swing Service

- (a) Seller shall (i) cause gas delivered to its system to be injected into storage, and (ii) cause gas to be withdrawn from storage and delivered to Buyer on a swing basis in accordance with the procedures specified below, provided however, nothing herein shall give Buyer the right to cause the injections or withdrawals on any Day of a quantity of gas under this Rate Schedule in excess of the quantity of gas which Buyer would otherwise be entitled to inject or withdraw under the terms of this Rate Schedule on such Day.
- (b) Seller provides Swing Service Scheduling of injections and withdrawals of storage gas provided under Rate Schedule CFSS.
- (c) The procedures for Swing Service Scheduling injections into storage provided under this Rate Schedule are as follows:
 - (1) Buyer submits nomination(s) to the applicable upstream parties for the delivery of the natural gas quantities to Seller. Such nominations will be to Columbia or other upstream pipelines pursuant to Section 4(b) of this Rate Schedule CFSS.
 - (2) Buyer submits a nomination to Seller to Swing Service Schedule a quantity of the natural gas scheduled on Columbia's system to be injected into storage for Buyer's account in the event, after making allowance for any applicable fuel retention pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, actual total deliveries at Buyer's Point(s) of Delivery are less than scheduled total receipts at Buyer's Point(s) of Receipt (a "Low Burn").
 - (3) Seller makes all necessary arrangements with Columbia to insure that, to the extent the gas was Swing Service Scheduled to be injected into storage, the gas is injected into storage for Buyer's account with Seller if Buyer has a Low Burn.

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RATE SCHEDULE CFSS
COLUMBIA FIRM STORAGE SERVICE
(Continued)

6. Provisions for Swing Service (Continued)

- (d) The procedures for Swing Service Scheduling withdrawals from storage provided under this Rate Schedule are as follows:
- (1) Buyer submits a nomination to Seller to Swing Service Schedule a quantity of natural gas to be withdrawn from storage for Buyer's account in the event, after making allowance for any applicable fuel retention pursuant to Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, actual total deliveries at Buyer's Point(s) of Delivery exceed scheduled total receipts at Buyer's Point(s) of Receipt (a "High Burn").
 - (2) Seller makes all necessary arrangements with Columbia to insure that, to the extent gas was Swing Service Scheduled to be withdrawn from storage, the gas is withdrawn from storage for Buyer's account with Seller if Buyer has a High Burn.

7. General Terms and Conditions

The provisions of the General Terms and Conditions of Seller's FERC Gas Tariff, as such provisions may be amended from time to time, are incorporated as part of this Rate Schedule. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule CFSS, the terms and conditions of this Rate Schedule shall control.

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EASTERN SHORE NATURAL GAS COMPANY

GENERAL TERMS AND CONDITIONS

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EASTERN SHORE NATURAL GAS COMPANY

GENERAL TERMS AND CONDITIONS

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS

1. Definitions

The following terms shall have the meanings defined below:

(a) "Best Bid" shall mean the bid for released capacity which yields the highest economic value to a Releasing Shipper calculated in accordance with the criteria established by that Releasing Shipper or, if none is established, in accordance with TSP's methodology as set forth in Section 29(h) of the General Terms and Conditions of TSP's FERC Gas Tariff.

(b) "Bidder" shall mean any party that submits a bid for released capacity pursuant to Section 29 of the General Terms and Conditions of TSP's FERC Gas tariff.

Any party desiring to submit a bid under Section 29 of the General Terms and Conditions of TSP's FERC Gas Tariff must first prequalify by demonstrating that it meets, on a continuing basis, the creditworthiness standards of Section 11(e) and Section 19 of the General Terms and Conditions of TSP's FERC Gas Tariff. TSP has no obligation to accept a Bidder as a Replacement Shipper until the potential Bidder satisfies these criteria.

Upon prequalification the Bidder will be on TSP's approved Bidder list, and will be eligible to post bids on TSP's IWS. A Bidder will remain on TSP's approved Bidder list until such Bidder: (i) requests to be removed from the approved Bidder list, (ii) in TSP's sole judgment no longer meets the credit qualifications of Section 11(e) and/or Section 19 of the General Terms and Conditions of TSP's FERC Gas Tariff, or (iii) is suspended for failure to pay part or all of the amount of any bill for service from TSP.

TSP's affiliates may bid for capacity on equal terms with all other bidders.

(c) "British Thermal Unit (Btu)" shall mean the amount of heat required to raise the temperature of the one (1) pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit measured on a dry basis at fourteen and seventy-three hundredths (14.73) pounds per square inch absolute (psia). For reporting purposes, Btu conversion factors of not less than three (3) decimal places shall be used. For calculation purposes, Btu conversion factors of not less than six (6) decimal places shall be used.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

1. Definitions (Continued)

(d) "Business Day" shall mean Monday through Friday excluding Federal Banking Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico.

(e) "Buyer," "Customer," "Shipper," or "Service Requestor" shall mean any person or entity receiving service under any of TSP's Rate Schedule(s).

(f) "Central Clock Time" or "CCT" shall mean Central Standard Time adjusted for Daylight Savings Time.

(g) "Commission" or "FERC" shall mean the Federal Energy Regulatory Commission, or any successor regulatory agency or body which has authority to regulate the rates and/or service of Transportation Service Provider.

(h) "Contingent Bid" shall mean a bid which contains specific qualifications upon which acceptance by a potential Replacement Shipper of awarded capacity is dependent.

(i) "Critical Notices" shall pertain to information on Transportation Service Provider conditions that affect scheduling or adversely affect scheduled gas flow.

(j) "Cubic Foot" and "Standard Cubic Foot" shall mean that quantity of natural gas that occupies one (1) cubic foot of volume at a temperature of sixty (60) degrees Fahrenheit and at an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch (psi).

(k) "Day" or "Gas Day" shall mean a period of twenty-four (24) consecutive hours beginning at nine o'clock (9:00) a.m. CCT.

(l) "Dekatherm" (Dt) or (dt) shall mean the quantity of heat energy which is equivalent to one million (1,000,000) British Thermal Units.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

1. Definitions (Continued)

(m) "Delivery" or "Delivered" shall mean the act of transporting gas from TSP's Point(s) of Receipt with interconnecting upstream pipeline(s) to the party which controls and operates the facilities immediately downstream of TSP's facilities.

(n) "Delivery Point Area(s)" or "DPA" shall mean a specific section of TSP's pipeline system. TSP's system is divided into thirteen (13) Delivery Point Areas defined as follows:

DPA #1 Hockessin Line: the section extending between TSP's interconnect with Transcontinental Gas Pipe Line Corporation (Transco) at Hockessin, Delaware and the suction side of the Delaware City Compressor Station.

Parkesburg Line: none included in this DPA.

DPA #2 Hockessin Line: none included in this DPA.

Parkesburg Line: the section between block valve G-1 and the eastern terminus of the lateral which extends to Delaware City, Delaware.

DPA #3 Hockessin Line: none included in this DPA.

Parkesburg Line: the section extending between TSP's interconnect with Transco at Parkesburg, Pennsylvania and block valve P-8.

DPA #4 Hockessin Line: the section between the discharge side of the Delaware City Compressor Station and the boundary of the Rate Zones.

Parkesburg Line: the section between block valve P-8 and the boundary of the Rate Zones.

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First Revised Sheet No. 95 First Revised Sheet No. 95
Superseding: Original Sheet No. 95

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

1. Definitions (Continued)

(n) ?Delivery Point Area(s)? or ?DPA? (Continued)

- DPA #5 Hockessin Line: the section between the boundary of the Rate Zones and block valve H-14.

Parkesburg Line: the section between the boundary of the Rate Zones and block valve P-13A.
- DPA #6 Hockessin Line: the section between block valve H-14 and block valve H-18.

Parkesburg Line: the section between block valve P-13A and block valve P-16.
- DPA #7 Hockessin Line: the section between block valve H-18 and block valve H-21.

Parkesburg Line: the section between block valve P-16 and block valve P-17A.
- DPA #8 Hockessin Line: none included in this DPA.

Parkesburg Line: the section between block valve P-17A and block valve P-19.
- DPA #9 Hockessin Line: none included in this DPA.

Parkesburg Line: the section between block valve P-19 and the Delaware southern state boundary.
- DPA #10 Hockessin Line: none included in this DPA.

Parkesburg Line: the section between the Delaware southern state boundary and the Salisbury, Maryland terminus of TSP?s system.
- DPA #11 Hockessin Line: none included in this DPA.

Parkesburg Line: the section between block valve C-1 and block valve C-4.

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First Revised Sheet No. 96 First Revised Sheet No. 96
Superseding: Original Sheet No. 96

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

1. Definitions (Continued)

(n) ?Delivery Point Area? or ?DPA? (Continued)

DPA #12 Hockessin Line: none included in this DPA.

Parkesburg Line: the section between block valve C-4 and the Cambridge, Maryland terminus of TSP?s system.

DPA #13 Hockessin Line: none included in this DPA.

Parkesburg Line: the section between block valve E-1 and the Easton, Maryland terminus of TSP?s system.

(o) ?Delivery Point Operator? shall mean the party that controls the facilities immediately downstream of TSP?s facilities at the Point(s) of Delivery. The Delivery Point Operator shall be responsible for resolving all delivery imbalances recorded for Shipper?s account.

(p) ?Elapsed Prorata Capacity (?EPC)? shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

(q) ?Electronic Bulletin Board (EBB)? or ?Internet Web Site (IWS) shall mean the electronic bulletin board offered by TSP on a non-discriminatory basis to any user provided that the user has requested and has been assigned a password.

(r) ?Electronic Measurement? shall mean that form of measurement consisting of flow computers or computerized Remote Terminal Units (RTUs), electronic transducers, and associated power, data communications, and other electronic equipment to accomplish the measurement of gas and transfer of data without the use of charts or other paper recordings.

(s) ?Electronic Notice Delivery? shall be used to describe the delivery of notices via Internet E-mail and/or Electronic Data Interchange (?EDI?) and/or Electronic Delivery Mechanism (?EDM?).

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Second Revised Sheet No. 97 Second Revised Sheet No. 97
Superseding: First Revised Sheet No. 97

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

1. Definitions (Continued)

(t) "General Terms and Conditions" shall mean the currently effective General Terms and Conditions set forth in this Tariff.

(u) "Heating Value" shall mean the gross heating value on a dry basis which is the number of Btu produced by the complete combustion at constant pressure of the amount of dry gas which would occupy a volume of one (1) cubic foot at an absolute pressure of fourteen and seventy-three hundredths (14.73) psi and sixty (60) degrees Fahrenheit with combustion air at the same temperature and pressure as the gas, the products of combustion being cooled to the initial temperature of the gas and air, and the water formed by combustion condensed to the liquid state.

(v) "Internet Web Site (IWS)" shall mean the Internet location where Eastern Shore Natural Gas posts the information, by electronic means.

(w) "Line Pressure" shall mean the pressure at the point where the gas leaves the facilities controlled and operated by TSP and enters the facilities controlled and operated by the downstream party.

(x) "Maximum Daily Transportation Quantity (MDTQ)" and "Maximum Daily Swing Transportation Quantity (MDSTQ)" shall mean the maximum quantity of natural gas in dt which TSP is obligated to receive for transportation for the account of Shipper on any Gas Day at all Point(s) of Receipt specified in an executed Service Agreement for the applicable period, exclusive of any applicable fuel retention quantity.

(y) "Maximum Daily Receipt Obligation (MDRO)" shall mean the maximum quantity of natural gas in dt which TSP is obligated to receive on any Gas Day at any indicated Point(s) of Receipt as specified in an executed Service Agreement for the applicable period, exclusive of any applicable fuel retention quantity. The sum of the Maximum Daily Receipt Obligations at all Point(s) of Receipt shall not be in excess of the MDTQ or MDSTQ, as Applicable.

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

1. Definitions (Continued)

- (z) ?Maximum Daily Delivery Obligation (MDDO)? shall mean the maximum quantity of natural gas in dt which TSP is obligated to deliver on any Gas Day at any indicated Point(s) of Delivery and/or Delivery Point Area(s) as specified in an executed Service Agreement for the applicable period. The sum of the Maximum Daily Delivery Obligations at all Point(s) of Delivery shall not be in excess of the MDTQ or MDSTQ, as applicable.
- (aa) ?Maximum Hourly Quantity (MHQ)? shall mean the maximum quantity of gas in dt TSP is obligated to deliver for the account of Shipper in any one (1) hour period and will be set forth in the Service Agreement(s).
- (bb) ?Mcf? shall mean one thousand (1,000) cubic feet of gas.
- (cc) ?MMBtu? shall mean one million (1,000,000) Btu.
- (dd) ?Month? shall mean a period beginning at nine o'clock (9:00) a.m. CCT, on the first day of the calendar Month and shall end at the aforesaid time on the first day of the next succeeding calendar Month.
- (ee) ?Natural Gas or Gas? shall mean natural gas, processed or unprocessed, vaporized liquid natural gas, synthetic gas, gas from coal seams or any mixture of these gases.
- (ff) ?Netting? shall mean the process of resolving imbalances for a Service Requester within an Operational Impact Area. There are two types of Netting: 1) summing is the accumulation of all imbalances above any applicable tolerances for a Service Requester or agent or, 2) offsetting is the combination of positive or negative imbalances above any applicable tolerances for a Service Requester or agent.
- (gg) ?Nomination Day? shall mean the day prior to the Gas Day within which gas flows.
- (hh) ?Nomination Period? shall mean a period of time Shipper includes in a nomination for service.

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Second Revised Sheet No. 99 Second Revised Sheet No. 99
Superseding: First Revised Sheet No. 99

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

1. Definitions (Continued)

- (ii) ?Operational Balancing Agreement (OBA)? shall mean a contract between two parties which specifies the procedures to manage operating variances at an interconnect.
- (jj) ?Operational Impact Area? shall mean a Transportation Service Provider?s designation of the largest possible area(s) on it system in which imbalances have a similar operational effect.
- (kk) ?Point(s) of Delivery? shall mean the Point(s) at the connection at which the gas leaves the facilities of Transportation Service Provider and enters the downstream facilities of Service Requester.
- (ll) ?Point(s) of Receipt? shall mean the Point(s) at the connection at which the gas enters the downstream facilities of Service Requester and leaves the facilities of Transportation Service Provider.
- (mm) ?Prearranged Release? shall mean an arrangement by a Releasing Shipper for a specific Replacement Shipper to obtain the Releasing Shipper?s released capacity.
- (nn) ?Primary Delivery Point Area(s)? shall mean the Delivery Point Area(s) specified in an executed Service Agreement(s) where TSP agrees to deliver gas transported for the account of Shipper.
- (oo) ?Primary Point(s) of Receipt? shall mean the Point(s) of Receipt specified in an executed Service Agreement(s) where TSP agrees to receive gas transported for the account of Shipper.
- (pp) ?Rate Zone(s)? shall mean those zones as depicted on Sheet No. 3A and Sheet No. 3B of this Tariff.
- (qq) ?Recall Rights? shall mean the conditions under which the right to the released capacity reverts from the last Replacement Shipper to a Releasing Shipper who specified such conditions. Such conditions shall be objectively stated and not unduly discriminatory.

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Superseding: Original Sheet No. 99A

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

(1) Definitions (Continued)

- (rr) ?Releasable Firm Capacity Entitlements? shall mean the firm capacity entitlements as described in a Releasing Shipper?s Service Agreement(s).
- (ss) ?Release Period? shall mean the duration of a capacity release transaction.
- (tt) ?Releasing Shipper? shall mean a Shipper which has a currently effective Service Agreement(s) with TSP for firm transportation service, rendered under TSP?s blanket certificate or Part 284 of the Commission?s regulations, that releases its firm transportation capacity entitlements to a third party.
- (uu) ?Replacement Shipper? shall mean an eligible Bidder which obtains released firm transportation capacity entitlements from a Releasing Shipper.
- (vv) ?Scheduled Daily Delivery? shall mean the daily quantity of gas in Dt Shipper requests TSP to deliver and that TSP has confirmed and scheduled to deliver for the account of Shipper pursuant to the provisions of any of TSP?s Rate Schedule(s).
- (ww) ?Scheduled Daily Receipt? shall mean the daily quantity of gas in Dt Shipper requests TSP to receive and that TSP has confirmed and scheduled to receive for the account of Shipper pursuant to the provisions of any of TSP?s Rate Schedule(s).
- (xx) ?Secondary Delivery Point Area(s) shall mean the Delivery Point Area(s) available to Shipper under an executed Service Agreement(s) within or upstream of those Rate Zones in which Shipper currently holds firm capacity and which are not designated as Shipper?s Primary Delivery Point Area(s). Secondary Delivery Point Area(s) may only be utilized if deliveries to such area(s) are determined by TSP to be operationally feasible.

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

(1) Definitions (Continued)

- (yy) ?Secondary Point(s) of Receipt? shall mean the Point(s) of Receipt available to Shipper under an executed Service Agreement(s) where TSP agrees to receive gas transported for the account of Shipper and which are not designated as Shipper?s Primary Point(s) of Receipt. Secondary Point(s) of Receipt may only be utilized if receipts at such Point(s) are determined by TSP to be operationally feasible.
- (zz) ?Seller,? ?Transportation Service Provider (TSP),? or ?Transporter? shall mean Eastern Shore Natural Gas Company.
- (aaa)?Service Agreement? shall mean an agreement executed by TSP and Shipper for the provision of any service pursuant to TSP?s FERC Gas Tariff.
- (bbb)?Storage Demand? shall mean the quantity set forth in the applicable Service Agreement and shall be utilized to determine the Storage Demand Charges payable by Shipper.
- (ccc)?Storage Capacity Quantity? shall mean the quantity set forth in the applicable Service Agreement and shall be utilized to determine the Storage Capacity Quantity charges payable by Shipper.
- (ddd)?Storage Gas Balance? shall mean the quantity of gas in storage for Shipper?s account at such time.
- (eee)?Year? shall mean a period of three hundred sixty-five (365) consecutive calendar days provided, however, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive calendar days.

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Original Sheet No. 100 Original Sheet No. 100 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

2. Quality

- (a) The gas received by Seller for Buyer's account shall be natural gas conforming to the quality specifications as provided for in the General Terms and Conditions of the FERC gas tariffs of the immediately upstream pipeline(s) on which the gas was transported.
- (b) The gas delivered by Seller to any Point of Delivery shall be natural gas conforming to the least stringent of the quality specifications contained in the respective General Terms and Conditions of the FERC gas tariffs of the upstream pipeline(s) that interconnect with Seller's system.
- (c) Seller may perform odorization, or cause to have odorization to be performed, prior to delivery. Such odorization of gas shall not be construed as interfering with the merchantability of gas delivered. Such odorization of the gas by Seller, unless otherwise mutually agreed by Buyer and Seller, shall be for the purpose of detection of the gas only during the time it is in possession of Seller, prior to delivery.
- (d) If the natural gas received from Buyer or Buyer's supplier by Seller for delivery shall fail at any time to conform to any of the quality specifications required by Section 2(a) of these General Terms and Conditions or might otherwise interfere with or adversely affect the normal operation of the facilities of Seller or Seller's other Buyers, then upon notification by Seller to Buyer, Seller may, at its option, refuse to accept such gas pending correction by Buyer or Buyer's supplier. In addition, Buyer shall be responsible for, and shall indemnify and hold Seller harmless from, any damages or liability for injury to or death of any persons, or damage to property of Seller or of third parties, or any other costs, liabilities and expenses incurred by Seller, as a result of such receipt or delivery of natural gas of non-conforming quality.

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Sub First Revised Sheet No. 100A Sub First Revised Sheet No. 100A
Superseding: First Revised Sheet No. 100A

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

2. Quality (Continued)

(d) TSP has adopted the Gas Quality Practices and Standards which were required by the Commission in 18 CFR Subsection 284.12(a) in accordance with Order Nos. 587, et. al., in addition to the standards which are reflected in other provisions of this tariff, TSP is incorporating herein the following NAESB Wholesale Gas Quadrant (WGQ) principles, definitions, standards and data sets, Version 1.8, where applicable, by reference, into this Second Revised Volume No. 1 FERC Gas Tariff:

(1) Principles

Version 1.8: 4.1.40

(2) Standards

Version 1.8: 4.3.89 through 4.3.93

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Original Sheet No. 101 Original Sheet No. 101 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

3. Possession of Gas and Responsibility

Seller shall be deemed to be in control and possession of the gas from the time it is received by Seller for transportation at the Point(s) of Receipt until it is delivered at the Point(s) of Delivery. Buyer shall be deemed to be in control and possession of such gas prior to such receipt and after such delivery. Seller shall have no responsibility whatsoever with respect to such gas before receipt or after delivery.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

4. Title to Gas

Buyer warrants that it has good title to all the gas received by Seller for Buyer's account at the Point(s) of Receipt and that such gas is free and clear of all liens, encumbrances and claims whatsoever. Buyer agrees to indemnify and hold Seller harmless against any loss or cost incurred by Seller on account of such liens, encumbrances and claims whatsoever relating to title to the gas. Seller warrants that at the time of delivery at the Point(s) of Delivery and/or Delivery Point Area(s) the gas so delivered shall be free and clear of all liens, encumbrances and claims whatsoever resulting from Seller's possession or transportation of gas pursuant to the transportation Rate Schedule(s). Seller agrees to indemnify and hold Buyer harmless against any loss or cost incurred by Buyer on account of liens, encumbrances or claims relating to title to the gas resulting from such possession or transportation by Seller.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

5. Pressures

Seller shall deliver natural gas to the party which controls and operates the facilities immediately downstream of Seller's facilities at a minimum pressure of seventy-five (75) pounds per square inch gauge (psig) unless Seller and such downstream party mutually agree in writing on a different minimum delivery pressure.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

6. Governmental Regulation

The Service Agreement(s), Rate Schedule(s), these General Terms and Conditions, all terms and provisions contained or incorporated therein, and the respective obligations of the parties thereunder are subject to all valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

7. Release and Indemnification

Buyer shall waive and release Seller from any claims for any and all damages, costs, losses or expenses resulting from or arising out of interruption or curtailment of service, whether caused by capacity or supply constraints on Seller's system; provided, however, that the foregoing shall not result in the waiver or release of a claim against Seller for Seller's negligence, bad faith, fault or willful misconduct. Further, Buyer shall indemnify and hold Seller harmless from any and all suits, actions, debts, accounts, damages, costs, losses and/or expenses brought by or accruing to or for the benefit of the end-users downstream of a Point(s) of Delivery, where Buyer controls and operates the facilities downstream of such Point(s) of Delivery or where Buyer has arranged for the transportation and delivery of gas on behalf of such end-user, resulting from or arising out of interruption or curtailment of service whether caused by capacity or supply constraints on Seller's system; provided, however, that the foregoing shall not require Buyer to indemnify and hold Seller harmless from a claim against Seller for Seller's negligence, bad faith, fault or willful misconduct. Nothing in this section shall prevent a Buyer from asserting a claim against another Buyer; in the event of such a claim between Buyers, Seller will make available such information in its possession relevant to such claim.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

8. Notices

Any communication, notice, request, demand, statement, or bill provided for in this Tariff or any Service Agreement(s), or any notice which either Seller or Buyer may desire to give to the other, shall be in writing and shall be considered as duly conveyed when mailed by postpaid registered, certified, or first class mail, or when sent by telegram, telecopy, facsimile transmission, telex, express service, when posted on Seller's EBB, or such other method mutually agreed upon between the parties. Material sent by mail or express service shall be addressed to said party at its last known address, or at such other address as either party may designate in writing.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

9. Complaint Procedures

Any Buyer or potential Buyer that has requested transportation service pursuant to Section 11 of these General Terms and Conditions and has not been granted such service or is otherwise unsatisfied with Seller's provision of service shall notify Seller's Customer Services department, either orally or in writing, of any complaint it has concerning the denial of or provision of such service. For purposes of Section 9 of these General Terms and Conditions, all oral and written complaints should be directed to:

Eastern Shore Natural Gas Company
P.O. Box 1769
Dover, Delaware 19903-1769
Attn: Director of Customer Services
Telephone: (302) 734-6710
Fax: (302) 734-6745

Seller shall respond initially within forty-eight (48) hours by telephone and in writing within thirty (30) Business Days. Seller's response shall explain the basis for action complained of and explain what additional action, if any, will be taken by Seller concerning the complaint.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

10. Order No. 497 Compliance Procedures

(a) Standards of Conduct

Seller will conduct its business in accordance with the standards of conduct contained in Section 161.3 of the Commission's Regulations.

(b) Shared Operating Personnel and Facilities

Seller has two (2) affiliated distribution company customers, Chesapeake Utilities Corporation - Delaware Division and Chesapeake Utilities Corporation - Maryland Division, and relies on its parent and affiliates for certain administrative and support services which are provided from office facilities located at 350 South Queen Street and 909 Silver Lake Boulevard in Dover, Delaware 19904.

Seller does not share any operating personnel with Chesapeake Utilities Corporation. Seller shares telephone equipment and a computer network with its affiliates. All computer equipment and data files will be configured in a manner to establish and maintain operational separation between Seller and its affiliates. Such measures shall include, but not be limited to, the use of password protection of Seller's data files to insure that affiliates' employees are unable to access sales, cost or pricing data pertaining to Seller's customers, or other data pertaining to Seller's customers that could provide Seller's affiliates with any commercial or competitive advantage.

(c) To the extent the requirements of Commission Order No. 497 are supplemented, revised or otherwise modified by the Commission, such requirements shall be deemed incorporated herein by reference to the extent such requirements apply to Seller.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

11. Request for Service

- (a) General. Any party seeking new service or a change to existing service from Seller must submit a completed Service Request Form. Such party shall be known as the "Requesting Party". No request for service will be accepted and/or processed and no gas will be scheduled for receipt and delivery until a completed Service Request Form has been provided and Requesting Party's credit evaluation pursuant to Section 11(e) of these General Terms and Conditions is satisfactory. In the event Seller determines that Requesting Party's request for service does not meet its requirements Seller shall promptly notify Requesting Party of the deficiencies and the additional information or changes required to complete the request. Requesting Party shall have the right for a period of ten (10) calendar days after such notice to supplement Requesting Party's request as required to comply with Section 11 of these General Terms and Conditions. If Requesting Party's request, as supplemented within said ten (10) calendar days after such notice, is satisfactory, then Requesting Party's original request date shall be utilized. If Requesting Party's request, as supplemented within said ten (10) calendar days, remains deficient, then Requesting Party's request shall be deemed void.

Seller will satisfy all requests which are feasible given Seller's existing facilities and Seller's existing MDTQ and MDSTQ obligations and which can be fulfilled without impairment of firm capacity rights held by any other Buyer or without reducing the total contractual entitlements on Seller's system. If Seller determines that capacity is not available to satisfy a request for service, then Seller shall so notify Requesting Party in writing within ten (10) calendar days of such determination. If the provision of service requested pursuant to Section 11 of these General Terms and Conditions requires the construction of facilities, the request for service will also be subject to the provisions of Section 12 of these General Terms and Conditions.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

11. Request for Service (Continued)

- (b) Service Request Form. Any Requesting Party seeking service from Seller must submit a completed Service Request Form. A blank Service Request Form is included in the Form of Service Agreements section of these General Terms and Conditions.
- (c) Execution of Service Agreement. If Requesting Party's request for service and credit evaluation comply with these General Terms and Conditions, and Seller accepts Requesting Party's request for service, Seller will tender a Service Agreement to Requesting Party. In the event the Service Agreement is not executed by Requesting Party and returned within thirty (30) calendar days after Seller tendered the Service Agreement, Seller shall consider the request for service invalid and the Service Agreement shall be deemed void.
- (d) Prepayment. If requesting firm transportation service, Requesting Party shall make a prepayment by check or wire transfer in an amount equal to the Reservation Charges for one Month's service at the MDTQ and MDSTQ level specified in Requesting Party's request. If firm capacity is available and a Service Agreement is executed, then this amount, with interest, shall be credited to Requesting Party's initial bill for the requested firm transportation service. If firm capacity is not available, Seller shall refund the entire amount of the prepayment, with interest. Interest shall be computed in the manner provided in Section 154.501(2)(d)(1) of the Commission's regulations.

Seller may waive all or part of the prepayment requirement if the Requesting Party is an existing Buyer in good standing with Seller. Waivers of the prepayment requirement to existing Buyer(s) will be granted by Seller in a not unduly discriminatory manner.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

11. Request for Service (Continued)

(d) Prepayment (Continued)

All prepayments made to Seller are to be sent to:

By check: Eastern Shore Natural Gas Company
P.O. Box 566
Wilmington, DE 19899
Re: Firm Transportation Prepayment

By wire transfer: PNC Bank
Wilmington, De.
Acct. No. 5684278110
Payable to Eastern Shore Natural Gas
Company
Re: Firm Transportation Prepayment

(e) Creditworthiness

- (1) Seller shall not be required to provide service to any Requesting Party that fails to meet Seller's standards for creditworthiness. In this regard Seller may require that Requesting Party provide the following information:
 - (i) Current audited financial statements (to include a balance sheet, income statement and statement of cash flow), annual reports, 10-K reports or other filings with regulatory agencies, a list of all corporate affiliates, parent companies and subsidiaries and any reports from credit agencies which are available. If audited financial statements are not available, then Requesting Party also should provide an attestation by its chief financial officer that the information shown in the unaudited statements submitted is true, correct and a fair representation of Requesting Party's financial condition;
 - (ii) A bank reference and at least three (3) trade references. The results of reference checks must show that Requesting Party's obligations are being paid on a prompt basis;

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

11. Request for Service (Continued)

(e) Creditworthiness (Continued)

(1) (Continued)

- (iii) A written attestation from Requesting Party that it is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditor's committee agreement. An exception can be made for a Requesting Party which is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurances that any billing will be paid promptly as cost of administration under the federal court's jurisdiction;
 - (iv) A written attestation from Requesting Party that it is not subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or which could seriously affect the ability to exist as an ongoing business entity; and
 - (v) A written attestation from Requesting Party that no significant collection lawsuits or judgments are outstanding which could seriously reflect upon the business entity's ability to remain solvent.
- (2) If Requesting Party has an ongoing business relationship with Seller, no uncontested delinquent balances shall be outstanding for storage and transportation services or any imbalances previously billed by Seller and Requesting Party must have paid its account during the past according to the established terms and not made deductions or withheld payment for claims not authorized by contract.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

11. Request for Service (Continued)

(e) Creditworthiness (Continued)

- (3) A Requesting Party which has a request accepted by Seller and executes a valid Service Agreement to receive service under any of Seller's Rate Schedule(s) shall, as a Buyer, furnish Seller at least annually, and at such other time as is requested by Seller, updated credit information as specified in Section 11(e) of these General Terms and Conditions for the purpose of enabling Seller to perform an updated credit evaluation. In addition, Seller reserves the right to request such information at any time if Seller is not reasonably satisfied with Buyer's creditworthiness or ability to pay based on information available to Seller at that time.
- (4) Seller shall not be required to perform and shall have the ability to suspend service for any Buyer who has become insolvent, fails to timely provide information to Seller as requested in Section 11(e) of these General Terms and Conditions, or fails to demonstrate ongoing creditworthiness as a result of credit information obtained pursuant to Section 11(e) of these General Terms and Conditions, provided, however, Buyer may receive or continue to receive service if Buyer elects one (1) of the following options:
 - (i) Payment in advance for up to two (2) Months service;
 - (ii) A standby irrevocable letter of credit, in form and substance satisfactory to Seller, in a face amount up to two (2) Months service. The letter of credit must be drawn upon a bank acceptable to Seller;

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

11. Request for Service (Continued)

(e) Creditworthiness (Continued)

(4) (Continued)

(iii) A guaranty, in form and substance satisfactory to Seller and executed by an entity Seller deems creditworthy, of Buyer's performance of its obligations to Seller; or

(iv) Such other form of security as Buyer may agree to provide and as may be acceptable to Seller.

In the event such Buyer fails to immediately prepay the required two (2) Months of revenue under Section 11(e)(4)(i) of these General Terms and Conditions or furnish security under Section 11(e)(4)(ii), Section 11(e)(4)(iii), or Section 11(e)(4)(iv) of these General Terms and Conditions, Seller may, without waiving any rights or remedies it may have, suspend further service until security is received.

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

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Original Sheet No. 115 Original Sheet No. 115 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

11. Request for Service (Continued)

- (f) Seller shall exempt existing Buyers from the requirements of Section 11(a), Section 11(b), Section 11(d), and Section 11(e)(1) of these General Terms and Conditions at the time such Buyers convert from Seller provided merchant services to Part 284 services in conjunction with Seller's open access service restructuring. These Buyers will be subject to all of the provisions of Section 11 of these General Terms and Conditions after the initial conversion to Seller's Part 284 services in 1997.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

12. Construction of Facilities

Seller will evaluate all requests for new facilities based on regulatory requirements, potential costs and revenues, operational considerations and the impact on Seller's ability to meet its existing service obligations. If the provision of service requested pursuant to Section 11 of these General Terms and Conditions requires the construction of facilities, the following terms and conditions are applicable:

- (a) Seller will construct, own and operate, with the consent of Buyer, lateral pipelines, metering and regulating facilities that include electronic measurement equipment and data communication equipment necessary to receive, monitor, measure, transport, or deliver gas for the account of Buyer at new and/or additional Point(s) of Delivery and/or Delivery Point Area(s) or at new and/or additional Point(s) of Receipt, provided: (i) the metering and regulating facilities shall be installed at point(s) which, in Seller's reasonable judgment, is the most practical, convenient and/or readily accessible location; (ii) Buyer provides all information necessary to support the proposed service for any needed Commission proceedings, and (iii), except as provided in Section 12(c), Section 12(d) and Section 12(e) of these General Terms and Conditions, Buyer contributes an aid-to-construction amount to Seller which is equal to the cost of the additional facilities including all costs involved in filing applications, pursuing needed approvals and in obtaining all licenses and permits required for the services or construction and amounts necessary to reimburse any costs, including without limitation, right-of-way costs, loss of revenues if the installation requires the interruption of any services, overhead charges incurred as result of the installation of any such facilities and any income taxes that may be incurred by Seller as a result of the contribution. For the purpose of this provision, lateral pipelines are defined as any pipeline extension, other than a mainline extension, built from an existing pipeline facility to deliver gas for the account of Buyer, including new Point(s) of Delivery and/or Delivery Point Area(s) and enlargements or replacements of existing laterals.

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

12. Construction of Facilities (Continued)

- (b) If the facilities existing at the Point(s) of Receipt and/or the Point(s) of Delivery and/or Delivery Point Area(s) are deemed adequate and operable by Seller, then such facilities shall be used; however, if any modification or expansion of any such existing facilities is deemed necessary by Seller, then such modification or expansion shall be performed by Seller with the consent of Buyer in accordance with Section 12 of these General Terms and Conditions.
- (c) Seller may waive all or part of any required reimbursement for the costs of new facilities based on the determination that the facilities will generate sufficient transportation throughput or other revenues to make the facilities economical to Seller. Waivers of reimbursement will be granted in a not unduly discriminatory manner based on an evaluation of the potential costs and revenues related to the facilities and other relevant economic factors.
- (d) Seller may invest in lateral and appurtenant facilities necessary to increase service to an existing Buyer or to allow Seller to provide service to a new Buyer in a not unduly discriminatory manner under the following conditions:
 - (1) Annual service revenues generated from such new or increased service shall be sufficient to compensate Seller for the cost of service associated with such facilities. Such cost of service shall be calculated to include, without limitation, the following:
 - (i) The cost of service associated with transporting gas to the proposed facilities on Seller's mainline;
 - (ii) The incremental operating expenses Seller may incur in operating the proposed facilities, including but not limited to administrative, operation and maintenance, and ad valorem and other taxes;

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

12. Construction of Facilities (Continued)

(d) (Continued)

(1) (Continued)

(iii) The estimated capital cost of the proposed facilities, assumed to be depreciated over the life of the proposed new service; and,

(iv) A carrying charge on all capital costs for the proposed facilities equal to the pre-tax overall rate of return reflected in Seller's most recent rate filing.

(2) The facilities will be adequate to provide the requested service and the utilization of the facilities will not, in Seller's reasonable judgment, compromise the integrity of Seller's pipeline system.

(3) The necessary authorizations are obtained from governmental bodies.

(e) Seller may waive the requirement for its ownership of any facilities based on the determination that the best interests of Buyer and Seller are served by the granting of such waiver. Waivers of Seller's requirement for its ownership of any facilities will be granted in a not unduly discriminatory manner based on an evaluation of the potential costs and revenues related to the facilities, other relevant economic factors and operating considerations.

(f) Seller shall not be obligated to build or contribute to the cost of building any new facilities or lateral pipelines to provide service to any Buyer under this Tariff. Nothing in Section 12 of these General Terms and Conditions shall require Seller to file an application for a Certificate of Public Convenience and Necessity

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

12. Construction of Facilities (Continued)

(f) (Continued)

under Section 7(c) of the Natural Gas Act. Further, nothing in Section 12 of these General Terms and Conditions shall prevent Seller from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. Seller reserves the right to seek a waiver of the policy set forth herein, for good cause shown, during any proceeding before the Commission instituted under Section 7 of the Natural Gas Act.

(g) Buyer shall make payments within fifteen (15) calendar days of the date of receipt of any billings submitted by Seller pursuant to Section 12 of these General Terms and Conditions. Seller may submit billings to Buyer up to sixty (60) calendar days prior to commencing construction for estimated costs to be incurred by Seller as provided in Section 12 of these General Terms and Conditions. Any such estimated billings shall be reconciled to the actual costs of construction and any deficiency owed by Buyer shall be paid within fifteen (15) calendar days of the date of receipt of Seller's final bill. For purposes of Section 12 of these General Terms and Conditions, a bill is deemed to be received by Buyer the earlier of actual receipt or three (3) Business Days after the postmark or postal meter date. If the normal payment date is a Saturday, Sunday or holiday, then payment is due the following Business Day. Late payments shall be subject to Section 18 of these General Terms and Conditions. Any amount paid by Buyer in excess of the actual cost due Seller shall be promptly refunded to Buyer or credited to Buyer's account for future services upon completion of the work.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

SHEET NOS. 120-125 ARE RESERVED FOR FUTURE USE

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First Revised Sheet No. 126 First Revised Sheet No. 126 : Effective
Superseding: Original Sheet No. 126

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

13. Right of First Refusal Procedures

- (a) For (1) firm transportation service rendered under Seller's blanket certificate or Part 284 of the Commission's regulations at Seller's maximum applicable firm transportation rate and with a term of twelve (12) or more consecutive months and not subject to Natural Gas Act Section 7(b) abandonment requirements or (2) for firm transportation service rendered under Seller's blanket certificate or Part 284 of the Commission's regulations at Seller's maximum applicable firm transportation rate that is not available for twelve (12) consecutive months and with a term of one (1) year or more and not subject to Natural Gas Act Section 7(b) abandonment requirements, Seller shall provide Buyer written notice of Seller's intent to terminate its firm Service Agreement(s) with Buyer at least eight (8) Months prior to the expiration of such Service Agreement(s). In the event Buyer desires to continue to receive all or a portion of its firm contract entitlement under such Service Agreement(s), after receiving notice as specified above, Buyer shall provide at least six (6) months written notice of the same to Seller prior to the expiration of such Service Agreement(s).

- (b) If existing Buyer desires to retain its firm Service Agreement(s), such Buyer will not be subject to the bidding procedures specified herein below if such Buyer agrees to pay Seller the maximum applicable firm transportation rate(s) for a term of five (5) years or more, and enters into the appropriate form of Service Agreement(s) with Seller reflecting such agreement.

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Original Sheet No. 126A Original Sheet No. 126A : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

13. Right of First Refusal Procedures (continued)

- (c) If Buyer notifies Seller of its intent to exercise its right of first refusal and does not agree to the provision of Section 13(b) of these General Terms and Conditions, then Seller shall post on its EBB a notice of potential availability of firm capacity at least ninety (90) calendar days prior to the expiration of the Service Agreement(s). Such EBB notice shall describe the quantity, the firm Point(s) of Receipt and Delivery Point Area(s) associated with the firm capacity, and the duration of the posting period, which period shall not be less than thirty (30) calendar days, during which time Seller will receive bids for the capacity. In addition, the EBB notice shall indicate whether Seller is willing to receive bids for the available capacity at a level below Seller's maximum applicable firm transportation rate but greater than a certain rate floor, and any minimum term and/or quantity conditions.

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Original Sheet No. 127 Original Sheet No. 127 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

13. Right of First Refusal Procedures (Continued)

- (d) The Best Bid relating to each Service Agreement shall be determined by Seller through the non-discriminatory application of the following criteria:
 - (1) The bid with the highest net present value of reservation charges.
 - (2) In the event Seller receives two (2) or more bids of equal net present value, then the Best Bid shall be the bid with the shortest term. If two (2) or more bids are tied Seller will select the Best Bid based on the first in time to submit said bid.
- (e) Buyer shall have the right to continue to receive service by notifying Seller in writing within fifteen (15) calendar days of receiving Seller's notification of the Best Bid that said Buyer agrees to match the Best Bid. In such event, Buyer and Seller shall, prior to the expiration of the Service Agreement(s), execute a new Service Agreement(s) setting forth terms and conditions consistent with the Best Bid. Such Service Agreement(s) shall be effective as of the day following the expiration of the expiring Service Agreement(s).
- (f) If Buyer elects not to match the Best Bid, then such election shall constitute an irrevocable waiver of said Buyer's right of first refusal and Seller shall execute a Service Agreement(s) with the bidding Buyer submitting the Best Bid and shall provide such service pursuant to the terms and conditions contained in the Best Bid.

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First Revised Sheet No. 128 First Revised Sheet No. 128 : Effective
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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

13. Right of First Refusal Procedures (continued)

- (g) Notwithstanding the above, Seller shall not be obligated to accept any bid or execute any Service Agreement(s) at a rate less than the maximum rate allowable under the applicable Rate Schedule(s). If no bids are received during the bidding period, or if Seller does not accept any bids, Buyer shall be entitled to continue to receive service at the maximum rate and at a term selected by Buyer, provided that Buyer executes a new Service Agreement(s) prior to the expiration of the term of the existing Service Agreement(s) or within thirty (30) calendar days following the date that Seller tenders the new Service Agreement(s) to Buyer if the new Service Agreement(s) is tendered by Seller on or after the expiration date of the existing Service Agreement(s). If Buyer is unwilling to pay the maximum rate for continued service, Buyer and Seller may agree upon a negotiated rate between the maximum and minimum allowable rates, as well as other mutually agreeable terms and conditions for continued service, provided, however, in no event shall Buyer and Seller agree upon a rate which is less than any bid received by Seller pursuant to Section 13 of these General Terms and Conditions and rejected by Seller. Buyer, however, under the newly negotiated Service Agreement forfeits its right of first refusal.
- (h) In the event a Buyer provides notice to Seller to terminate service under a Service Agreement(s) or fails to provide notice of its intent to exercise its right of first refusal at least six (6) months prior to the expiration of the Service Agreement; Buyer shall have forfeited its right of first refusal provided herein.
- (i) Notwithstanding any of the above, any Service Agreement in effect prior to the effective date of this provision which contains a discounted or negotiated rate shall be granted a one-time exemption and the right of first refusal shall apply. However, after the one-time exemption is taken, the right of first refusal will not apply if the re-executed Service Agreement is not at the maximum tariff rate.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

14. Procedures for Allocating Available Firm Capacity

- (a) In the event firm capacity on Seller's system becomes available other than through the applicable provisions of Section 13 and Section 29 of these General Terms and Conditions, Seller shall post on its EBB all relevant terms and conditions pertaining to such capacity and will solicit bids for at least the following periods:
 - (1) One (1) Business Day for firm capacity which will be available for one (1) Month or less;
 - (2) Five (5) Business Days for firm capacity which will be available for more than one (1) Month but less than twelve (12) Months; and
 - (3) Fifteen (15) Business Days for firm capacity which will be available for twelve (12) Months or longer.
- (b) The Best Bid relating to each Service Agreement shall be determined by Seller through the non-discriminatory application of the following criteria:
 - (1) The bid with the highest net present value of reservation charges and/or other guaranteed revenue stream.
 - (2) In the event Seller receives two (2) or more bids of equal net present value, then the Best Bid shall be the bid with the shortest term. If two (2) or more bids are tied, Seller will select the Best Bid based on the first in time to submit said bid.
- (c) In the event a potential Buyer's bid is accepted, and such potential Buyer otherwise meets all qualifications for service under such Rate Schedule, Seller shall submit a Service Agreement to Buyer which sets forth the terms and conditions consistent with such Best Bid. Buyer shall execute the Service Agreement and return to Seller within thirty (30) calendar days following the date that Seller tenders the Service Agreement to Buyer.
- (d) Notwithstanding the above, Seller shall not be obligated to accept any bid or execute any Service Agreement(s) at a rate less than the maximum rate allowable under the applicable Rate Schedule(s).

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

SHEET NOS. 130-135 ARE RESERVED FOR FUTURE USE

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

15. Measurements

(a) Measurement Unit

The measurement unit of the natural gas delivered by Seller shall be one (1) Dekatherm (dt).

(b) Determination of Volume and Heating Value

The volume and the heating value of the natural gas delivered by Seller shall be determined as follows:

- (1) The unit of volume for the purpose of measurement shall be one (1) Mcf of gas at a temperature of sixty (60) degrees Fahrenheit and at an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch.
- (2) The pressure and temperature of the gas passing through the meters shall be determined by the use of electronic measurement equipment or other recording device. The instantaneous measurements from the electronic measurement equipment or the average of the pressure and temperature recorded each Day shall be used in computing gas volumes. For both reporting and calculation purposes pressure base conversion factors shall be reported to not less than six (6) decimal places.
- (3) The specific gravity of the gas delivered by Seller on any Day shall be fixed at a value, which is a representative value of that which is reported to Seller by the interconnecting upstream pipeline(s).
- (4) The deviation of the natural gas from Boyle's and Charles' Law shall be that determined in accordance with, but not limited to, the published recommendations of the American Gas Association and the American National Standards Institute as Seller deems to be in accordance with accepted industry practice. The amount of nitrogen and carbon dioxide contained in gas for the purpose of determining the deviation factors shall be derived from that which is reported to Seller by the interconnecting upstream pipeline(s).

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Original Sheet No. 137 Original Sheet No. 137 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

15. Measurements (Continued)

(b) Determination of Volume and Heating Value (Continued)

- (5) The total heating value of the gas per cubic foot each Day shall be the weighted average of the daily heating value(s) reported to Seller by the interconnecting upstream pipeline(s).

(c) Determination of Quantity Delivered

The quantity in dt delivered for the account of Buyer shall be calculated by multiplying the Mcf delivered by a fraction, the numerator of which shall be Seller's system average heating value as determined in Section 15(b)(5) of these General Terms and Conditions, and the denominator of which is one thousand (1,000).

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Original Sheet No. 138 Original Sheet No. 138 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

16. Measurement Equipment

(a) Measurement Stations on Seller's System

At each Point of Delivery, Seller will install, maintain, and operate a measurement station equipped with measurement equipment which shall consist of the necessary metering devices, designed and installed in accordance with, but not limited to, the published recommendations of the American Gas Association, the American National Standards Institute and the United States Department of Transportation as Seller deems to be in accordance with accepted industry practice. Buyer shall reimburse Seller, at Seller's discretion, for all expenses incurred by Seller in connection with the design and construction of such measurement station, together with all associated piping and equipment.

(b) Buyer's Check Measurement Equipment

Buyer, acting jointly with Seller, may install, maintain, and operate at its own expense such check measurement equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Seller's measurement equipment.

(c) Joint Presence

Seller and Buyer shall have the right to have representatives present at the time of installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with measurement equipment involved in billing and used in measuring or checking the measurement of deliveries. The records from such measurement equipment shall remain the property of their owner, but upon request, each will submit to the other its records together with calculations therefrom, for inspection and verification, subject to return within ten (10) calendar days after receipt thereof.

(d) Installation

All installations of measurement equipment applying to or affecting deliveries shall be made in such manner as to permit an accurate determination of the volume of natural

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

16. Measurement Equipment (Continued)

(d) Installation (Continued)

gas delivered. Reasonable care shall be exercised by Seller and Buyer in the installation, maintenance, and operation of all equipment so as to prevent any inaccuracy in the determination of the volume of gas delivered hereunder.

(e) Correction of Measurement Errors

In the event measurement equipment is out of service or registering inaccurately, the volume of natural gas delivered shall be determined:

- (1) By correcting the error or the percentage of error if ascertainable by calibration, test, or mathematical calculation, or in the absence of (1);
- (2) By using the registration of any check measuring equipment if installed and accurately registering, or, in the absence of both (1) and (2);
- (3) By estimating the volume delivered by using deliveries during periods under similar conditions when the measurement equipment was registering accurately.

Measurement data corrections shall be processed by Seller within six (6) Months from the Month the error occurred. Buyer shall have up to a three (3) Month rebuttal period after receipt of Seller's correction. These limitations shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Seller and Buyer's other statutory or contractual rights shall not otherwise be diminished by this standard. A meter adjustment becomes a prior period adjustment after the fifth (5) Business Day following the business Month.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

16. Measurement Equipment (Continued)

(f) Verification

The accuracy of Seller's measurement equipment shall be verified by Seller at reasonable intervals, and, if requested, in the presence of representatives of Buyer, but Seller shall not be required as a matter of routine to verify the accuracy of such equipment more frequently than once in any thirty (30) calendar day period. In the event either party shall notify the other that it desires a special test of any measurement equipment, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. The expense of such special tests, as may be requested by Buyer, shall be borne by Buyer if the measurement equipment, by such tests, is found to be accurate within two percent (2%) or less; otherwise the cost shall be borne by Seller.

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Third Revised Sheet No 141 Third Revised Sheet No 141 : Effective
Superseding: Sub Second Revised Sheet No. 141

EASTERN SHORE NATURAL GAS COMPANY

GENERAL TERMS AND CONDITIONS

(Continued)

16. Measurement Equipment (Continued)

(g) Accuracy

Each measurement device shall be considered accurate if it is operating within the manufacturer's published accuracy rating or within one half of one percent (1/2%), whichever is greater.

(h) Adjusting for Inaccuracy of Measurement Equipment

If, upon test, any measurement equipment is found to be in error of not more than two percent (2%), previous recording of such equipment shall be considered accurate in computing deliveries; but such equipment shall be adjusted at once to record correctly (plus or minus 1/2% error). If, upon test, any measurement equipment shall be found to be inaccurate by any amount exceeding two percent (2%) at a recording corresponding to the average hourly rate of flow for the period since the last preceding test, then any previous recording of such equipment shall be corrected to zero error for any period which is definitely known. But in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half (1/2) of the time elapsed since the date of the last test not exceeding a correction period of sixteen (16) calendar days.

(i) Preservation of Measurement Records

Each party shall preserve all original tests, data, or other similar records for a period of at least one (1) year or such lesser period as may be permitted by applicable rules of regulatory agencies having jurisdiction.

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Sub 2nd Revised Sheet No. 141A Sub 2nd Revised Sheet No. 141A
Superseding: Second Revised Sheet No. 141A

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

16. Measurement Equipment (Continued)

(j) Compliance with North American Energy Standards Board

TSP has adopted the Flowing Gas Practices and Standards which were required by the Commission in 18 CFR Subsection 284.12(a) in accordance with Order Nos. 587, et. al. In addition to the standards which are reflected in other provisions of this tariff, TSP is incorporating herein the following NAESB WGQ principles, definitions, standards and data sets, Version 1.8, where applicable, by reference, into this Second Revised Volume No. 1 FERC Gas Tariff:

(1) Standards

Version 1.8: 2.3.12, 2.3.13, and 2.3.15

(2) Data Sets

Version 1.8: 2.4.18

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Superseding: Original Sheet No. 142

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

17. Billing

(a) Rendering of Bills

On the first (1st) calendar day of the Month Seller shall render by facsimile transmission, followed by first class mail, its bill for the Reservation Charges for service rendered during the preceding Month.

The imbalance statement should be rendered prior to or with the invoice, and the transportation invoice should be prepared on or before the 9th business day after the

end of the production month. Rendered is defined of the Month, prior period billing adjustments pursuant to Section 17(c) of the General Terms and Conditions of Seller's FERC Gas Tariff and any other charges owed by Buyer applicable to the Month for which the bill is rendered.

(b) Supporting Data

Seller and Buyer shall each provide to the other for examination such pertinent records, including imbalance statements, as shall be reasonably necessary to verify the accuracy of any statement or computation made by either of them under or pursuant to any of the provisions hereof, or applicable Rate Schedule(s) or Service Agreement(s).

(c) Prior Period Billing Adjustments

In the event an adjustment is required in any bill rendered by Seller, such adjustment shall be made within six (6) Months from date of the initial transportation bill and seven (7) Months from the date of the initial sales bill with a three (3) Month rebuttal period excluding Commission-required rate

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Eighth Revised Sheet No. 143 Eighth Revised Sheet No. 143
Superseding: Seventh Revised Sheet No. 143

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

17. Billing (Continued)

(c) Prior Period Adjustments (Continued)

changes. Such time limits shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact.

The parties' other statutory or contractual rights shall not otherwise be diminished by this section.

No prior period adjustment applied in the current period will effect a current Month imbalance penalty.

(d) Compliance with North American Energy Standards Board

TSP has adopted the Flowing Gas and Invoicing Practices And Standards which were required by the Commission in 18 CFR Subsection 284.12(a) in accordance with Order Nos. 587, et. al. In addition to the standards which are reflected in other provisions of this tariff, TSP is incorporating herein the following NAESB WGQ principles, definitions, standards and data sets, Version 1.8, where applicable, by reference, into this Second Revised Volume No. 1 FERC Gas Tariff:

(1) Principles

Version 1.8: 3.1.1 and 3.1.2

(2) Definitions

Version 1.8: 3.2.1

(3) Standards

Version 1.8: 2.3.28, 3.3.1 through 3.3.5,
3.3.6 through 3.3.9, 3.3.11 through 3.3.13, 3.3.16,
3.3.20 through 3.3.24, and 3.3.26

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Second Revised Sheet No. 144 Second Revised Sheet No. 144 : Effective
Superseding: Rst Revised Sheet No. 144

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

18. Payments

(a) Payment of Bills for Service

Buyer shall pay to Seller by wire transfer of immediately available funds on or before the tenth (10th) calendar day of the Month Seller's bill for the Reservation Charges rendered pursuant to Section 17(a) of the General Terms and Conditions of Seller's FERC Gas Tariff and on or before the twentieth (20th) calendar day of each Month Seller's bill for the remainder of the charges for gas service rendered, also pursuant to Section 17(a) of the General Terms and Conditions of Seller's FERC Gas Tariff. Party making payment should identify invoice number(s) on all payments, submit supporting documentation; party receiving payment should apply payment per supporting documentation provided by the paying party; and if payment differs from billed amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two Business Days of the payment due date. If the normal payment date is a Saturday, Sunday or holiday, then payment is due the next Business Day.

(b) Failure to Pay

Should Buyer fail to pay all of the amount of any bill as herein provided when such amount is due, Buyer shall pay a charge for late payment which shall be included by Seller on the next regular monthly bill rendered to Buyer under Section 17 of the General Terms and Conditions of Seller's FERC Gas Tariff. Such charge for late payment shall be determined by multiplying (1) the unpaid portion of the bill, by (2) the ratio of the number of days from the due date to the date of actual payment to 365, by (3) a rate of interest equal to the prime interest rate, as published in The Wall Street Journal under "Money Rates" the first (1st) Business Day following due date of payment, plus one percent (1%). If such failure to pay continues for thirty (30) calendar days after payment is due, Seller, in addition to any other remedy it may have

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

18. Payments (Continued)

(b) Failure to Pay (Continued)

under the applicable Service Agreement(s), may suspend further delivery of gas until such amount is paid. Provided, however, that if Buyer, in good faith shall dispute the amount of any such bill or part thereof in writing, including documentation identifying the basis of dispute, and shall pay to Seller such amounts as it concedes to be correct at any time thereafter within thirty (30) calendar days of a demand made by Seller, and Buyer furnishes good and sufficient surety bond guaranteeing payment to Seller of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Seller shall not suspend further delivery of gas unless and until default be made in the conditions of such bond. If Buyer furnishes good and sufficient surety bond and amounts are ultimately not due to Seller, then Seller will bear unrecovered surety bond costs incurred by Buyer.

(c) Adjustment of Overpayment or Underpayment

If within twelve (12) months of the date of payment it shall be found that Buyer has been overcharged or undercharged in any form whatsoever under the provisions hereof, and Buyer shall have actually paid the bill(s) containing such overcharge, then within sixty (60) calendar days after the final determination thereof, Seller shall refund the amount of any such overcharge with interest thereon from the time such overcharge was paid to the date of refund. Interest shall be computed in the manner provided in Section 154.501(2)(d)(1) of the Commission's regulations. Buyer shall pay the amount of any such undercharge but without interest.

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Sub First Revised Sheet No. 146 Sub First Revised Sheet No. 146 : Effective
Superseding: Original Sheet No. 146

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

19. Creditworthiness of Service Requester

(a) Credit Evaluation

If at any time Transportation Service Provider (TSP) is not reasonably satisfied with Service Requester's (SR's) credit or ability to perform under its Service Agreement(s), TSP may require SR to provide TSP with credit information sufficient for a credit evaluation in accordance with the criteria specified in Section 11(e) of the General Terms and Conditions of TSP's FERC Gas Tariff.

1. If the TSP requests additional information to be used for credit evaluation after the initiation of service, the TSP, contemporaneous with the request, should provide its reason(s) for requesting the additional information to the SR and designate to whom the response should be sent. The TSP and the SR may mutually agree to waive the requirements of this standard.
2. The SR authorized representative(s) should respond to the TSP request for credit information, as allowed by the TSP's tariff, on or before the due date specified in the request. The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.
3. Upon receipt of either an initial or follow-up request from TSP for information to be used for creditworthiness evaluation, the SR authorized representative should acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive this standard.
4. Upon receipt from the SR of all credit information provided pursuant to applicable NAESB WGQ standards, the TSP should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive the requirements of this standard.

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Superseding: Original Sheet No. 147

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

19. Creditworthiness of Service Requester (continued)

(a) Credit Evaluation (continued)

5. The SR should designate up to two representatives who are authorized to receive notices regarding the SR's creditworthiness, including requests for additional information, pursuant to the applicable NAESB WGQ standards and provide to the TSP the Internet e-mail addresses of such representatives prior to the initiation of service. Written requests and responses should be provided via Internet E-mail, unless otherwise agreed to by the parties. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. The SR should manage internal distributions of any creditworthiness notices that are received.
6. The TSP shall designate, on its Internet website or in written notices to the SR, the Internet e-mail addresses of up to two representatives who are authorized to receive notices regarding the SR's creditworthiness. The SR's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and the TSP shall manage internal distribution of any such confirmations.

If SR's credit does not meet the criteria in the aforementioned Section 11(e), TSP may, upon ten (10) calendar days' written notice to SR suspend performance of service pending assurance of payments in accordance with Section 18 of the General Terms and Conditions of TSP's FERC Gas Tariff.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

19. Creditworthiness of Service Requester (continued)

(b) Creditworthiness Re-Evaluation Initiated by Service Requester

1. At any time after the SR is determined to be non-creditworthy by the TSP, the SR may initiate a creditworthiness re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR shall either update or confirm in writing the prior information provided to the TSP related to the SR's creditworthiness. Such update shall include any event(s) that the SR believes could lead to a material change in the SR's creditworthiness.
2. After a TSP's receipt of a SR's request for re-evaluation, including all required information pursuant to NAESB WGQ Standard 0.3.8 (SR's Request), within five (5) Business Days, the TSP shall provide a written response to the SR's Request. Such written request shall include either a determination of creditworthiness status, clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event shall such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of the SR's Request unless specified in the TSP's tariff or if the parties mutually agree to some later date.

(c) Form of Communication

In complying with the creditworthiness related notifications pursuant to the applicable NAESB WGQ Standards, the SR(s) and the TSP may mutually agree to other forms of communication in lieu of Internet E-mail notification.

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First Revised Sheet No. 149 First Revised Sheet No. 149 : Effective
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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

SHEET NOS. 149-150 ARE RESERVED FOR FUTURE USE

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FERC Docket: CP96-128-004

Original Sheet No. 151 Original Sheet No. 151 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

20. Maximum Daily and Hourly Quantities

- (a) The MDTQ and MDSTQ shall be the quantity specified in an executed Service Agreement, exclusive of any applicable fuel retention quantity.
- (b) Maximum Hourly Quantity (MHQ) shall be the maximum quantity of gas Seller is obligated to deliver for the account of Buyer in any one (1) hour period and will be set forth in the Service Agreement(s). Unless otherwise specifically agreed to in writing by authorized personnel between Seller and Buyer, the Maximum Hourly Quantity will be specified for each Delivery Point Area and will equal five percent (5%) of the respective MDDO for each such Delivery Point Area.

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Second Revised Sheet No. 152 Second Revised Sheet No. 152 : Effective
Superseding: First Revised Sheet No. 152

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services

(a) Availability of Authorized Scheduling Personnel

Service Requester and Transportation Service Provider shall have authorized personnel available seven (7) days a week (including holidays), twenty-four (24) hours a day to schedule transportation services. Authorized personnel if not available at their ordinary work site will be available by telephone or beeper.

(b) Original Service Nomination

Any Service Requester that has fulfilled the requirements of Section 11 of the General Terms and Conditions of Transportation Service Provider's FERC Gas Tariff, Request for Service, must submit a completed Customer Nomination Form to Transportation Service Provider no later than eleven-thirty (11:30) a.m. CCT, with begin and end dates of nomination, the day prior to the proposed commencement of firm or interruptible transportation service, unless a lesser period of time is mutually agreed upon by Service Requester and Transportation Service Provider. A completed Customer Nomination Form must be posted to Transportation Service Provider's EBB. As a backup to the EBB posting, Service Requester may also submit the completed Customer Nomination Form by facsimile to:

Eastern Shore Natural Gas Company
417 Bank Lane
P.O. Box 1769
Dover, Delaware 19903-1769
Fax: (302) 734-6745

A Replacement Buyer, as that term is defined in Section 29 of these General Terms and Conditions, shall be permitted to nominate consistent with the terms of this Section during the first available nomination cycle following the consummation of the capacity release.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(b) Original Service Nomination (Continued)

No transportation service will commence until (i) Transportation Service Provider receives the completed Customer Nomination Form, and (ii) Transportation Service Provider receives interconnecting upstream pipeline(s) confirmation of quantities to be delivered for the account of Service Requester.

(c) Duration of Nominations

The nominated service specified in a Customer Nomination Form shall include Service Requester defined begin dates and end dates (the "Nomination Period"). All nominations, excluding Intraday Nominations, have rollover options.

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Second Revised Sheet No. 153 Second Revised Sheet No. 153 : Superseded
Superseding: First Revised Sheet No. 153

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(c) Duration of Nominations

Service Requester shall have the option to nominate several Days, Months, or Years, provided the nomination begin and end dates are within the term of Service Requester's Service Agreement(s). However, all nominations are subject to confirmation by Transportation Service Provider prior to gas flow. All nominations, including Intraday Nominations, shall be based on a daily quantity; thus, an intraday nominator need not submit an hourly nomination.

All nominations shall be considered original nominations and need to be replaced to be changed. When a nomination for a date range is received by Transportation Service Provider, each Gas Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Gas Days within that range, the previous nomination is superseded by the subsequent nomination only for those Gas Days specified. The Gas Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

(d) Changes in Service Nominations

- (1) For all changes in transportation service nominated on the day prior to the Gas Day, Service Requester must provide Transportation Service Provider a completed Customer Nomination Form indicating the changes to be made in service and the beginning and ending dates of the revised service. The completed Customer Nomination Form must be posted to Transportation Service Provider's EBB and may also be provided as back-up by facsimile to the telephone number(s) specified in Section 21(b) of the General Terms

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(d) Changes in Service Nominations (Continued)

(1) (Continued)

and Conditions of Transportation Service Provider's FERC Gas Tariff. Service Requester must provide Transportation Service Provider with this revised Customer Nomination Form within the standard nomination timeline prior to the requested commencement of the revised service, unless a lesser period of time is mutually agreed upon by Service Requester and Transportation Service Provider. With the exception of otherwise stated GISB nomination deadlines, when a Transportation Service Provider receives a Nomination document from a Service Requester by the conclusion of a given quarter hour period, the Transportation Service Provider will send to the Service Requester's designated site a corresponding Quick Response document by the conclusion of the subsequent quarter hour period. The quarter hour periods will be defined to begin on the hour and at 15, 30, and 45 minutes past the hour. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour. All Transportation Service Providers should support the following standard nomination cycles:

(i) The Timely Nomination Cycle:

11:30 am CCT	Nominations leave control of the nominating party;
11:45 am CCT	Receipt of nominations by transporter (including from Title Transfer Tracking Service Providers (TTSPs);

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Superseding: Second Revised Sheet No. 155

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(d) (1) (i) (Continued)

12:00 pm	CCT	Send Quick Response;
3:30 pm	CCT	Receipt of completed confirmations by Transporter from upstream and downstream connected parties;
4:30 pm	CCT	Receipt of scheduled quantities by shipper and Delivery Point Operator (central clock time on the day prior to flow).

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Sub 2nd Revised Sheet No. 155A Sub 2nd Revised Sheet No. 155A : Effective
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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(d) (1) (Continued)

(ii) The Evening Nomination Cycle:

6:00 pm CCT	Nominations leave control of the nominating party;
6:15 pm CCT	Receipt of nominations by transporter (including from Title Transfer Tracking Service Providers (TTSPs));
6:30 pm CCT	Send Quick Response;
9:00 pm CCT	Receipt of completed confirmations by transporter from upstream and downstream connected parties;
10:00 pm CCT	Transportation Service Provider provides scheduled quantities to affected shippers and Delivery Point Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties) (central clock time on the day prior to flow).

Scheduled quantities resulting from an Evening Nomination that does not cause another Service Requester on the subject Transportation Service Provider to receive notice that it is being bumped shall be effective at 9:00 am CCT on Gas Day; and when an Evening Nomination causes another Service Requester on the subject Transportation Service Provider to receive notice that it is being bumped, the scheduled quantities shall be effective at 9:00 a.m. on gas day.

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Sub 2nd Revised Sheet No. 155B Sub 2nd Revised Sheet No. 155B : Effective

Superseding: First Revised Sheet No. 155B

EASTERN SHORE NATURAL GAS COMPANY

GENERAL TERMS AND CONDITIONS

(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(d) (1) (Continued)

(iii) The Intraday 1 Nomination Cycle (ID1):

10:00 am CCT	Nomination leaves control of the nominating party;
10:15 am CCT	Receipt of nominations by transporter (including from Title Transfer Tracking Service Providers (TTSPs)).
10:30 am CCT	Send Quick Response;
1:00 pm CCT	Receipt of completed confirmations by transporter from upstream and downstream connected parties;
2:00 pm CCT	Transportation Service Provider provides scheduled quantities to affected shippers and Delivery Point Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties (central clock time on the gas day)).

Scheduled quantities resulting from an ID1 nomination shall be effective 5:00 p.m. CCT on Gas Day.

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Sub 2nd Revised Sheet No. 155C Sub 2nd Revised Sheet No. 155C : Effective
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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(d) (1) (Continued)

(iv) The Intraday 2 Nomination Cycle (ID2):

5:00 pm CCT	Nomination leaves control of the nominating party;
5:15 pm CCT	Receipt of nominations by transporter (including from Title Transfer Tracking Service Providers (TTSPs));
5:30 pm CCT	Send Quick Response;
8:00 pm CCT	Receipt of completed confirmations by transporter from upstream and downstream connected parties;
9:00 pm CCT	Transportation Service Provider provides scheduled quantities to affected shippers and Delivery Point Operators (central clock time on the gas day).

Scheduled quantities resulting from an ID2 Nomination shall be effective 9:00 p.m. CCT on Gas Day. Bumping is not allowed during the ID2 nomination cycle.

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EASTERN SHORE NATURAL GAS COMPANY

GENERAL TERMS AND CONDITIONS

(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(d) (2) (iii) (Continued)

Scheduled quantities resulting from an ID2 Nomination shall be effective 9:00 p.m. CCT on Gas Day. Bumping is not allowed during the ID2 cycle.

(iv) For the purposes of i, ii, and iii, provide

shall mean, for transmittals pursuant to standards 1.4x, receipt at the designated site, and for purposes of other forms of transmittals, it shall mean to send or post.

TSP will use all reasonable efforts to accommodate Intraday Nominations. Intraday Nominations can be used to request increases or decreases in total flow, increases or decreases in quantities to be delivered to TSP at the Point(s) of Receipt, increases or decreases in quantities to be delivered by TSP to the Delivery Point Area(s), changes to Point(s) of Receipt and/or changes to Delivery Point Area(s) of previously scheduled Gas. Intraday Nominations may be used to nominate new supply or market. Service Requester may change as many previously scheduled gas packages as Service Requester chooses during all Intraday Nominations cycle.

Intraday Nominations do not replace the remainder of Service Requester's nominated and confirmed quantities for such Gas Day.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(e) Scheduling of Nominations

Nominated quantities, including overrun quantities (shown as a separate transaction line on the nomination) shall be subject to daily confirmation by Transportation Service Provider. Nominations to be confirmed must have confirmation of the receipt and delivery quantities with the affected upstream pipeline(s) and downstream Delivery Point Operators. Such confirmed quantity shall be deemed the scheduled quantity.

(i) With respect to the timely nomination/confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity should be the new confirmed quantity.

(ii) With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the previously scheduled quantity should be the new confirmed quantity.

(iii) With respect to the processing of requests for decreases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity should be the new confirmed quantity.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(e) Scheduling of Nominations (Continued)

- (iv) With respect to i, ii, and iii, if there is no response to a request for confirmation or an unsolicited confirmation response, the Transportation Service Provider should provide the Service Requester with the following information to explain why the nomination failed, as applicable:
- (1) the Service Requester's Transportation Service Provider did not conduct the confirmation;
 - (2) the Service Requester is told by its Transportation Service Provider that the upstream confirming party did not conduct the confirmation;
 - (3) the Service Requester is told by its Transportation Service Provider that the upstream Service Requester did not have the gas or submit the nomination;
 - (4) the Service Requester is told by its Transportation Service Provider that the downstream confirming party did not conduct the confirmation;
 - (5) the Service Requester is told by its Transportation Service Provider that the downstream Buyer did not have the market or submit the nomination.

This information should be imparted to the Service Requester on the Scheduled Quantities document.

If Service Requester does not wish to receive a copy of the Daily Confirmation Statement Service Requester may waive the obligation of Transportation Service Provider to send.

The sending party should adhere to nomination, confirmation, and scheduling deadlines. It is the party receiving the request who has the right to waive the deadline. When Transportation Service Provider exercises its discretion to schedule quantities after the deadlines prescribed in Section 21 of the

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(e) Scheduling of Nominations (Continued)

General Terms and Conditions of Seller's FERC Gas Tariff
it shall do so in a not unduly discriminatory manner.
Any nomination received after the nomination deadline
will be scheduled after the nominations received before
the nomination deadline.

When a previously confirmed and scheduled quantity is
altered, notifications of such alterations should be
provided to all parties to the nomination. The
applicable notification of such alterations should be

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(e) Scheduling of Nominations (Continued)

provided to the affected parties reasonably close to the time the alteration takes place but no later than the next confirmation period.

Intraday Nomination requests at a minimum must:

- (1) Under no circumstances result in a revised nomination for a Gas Day that would fall below the delivered quantities for the Gas Day up to the effective time of the revised nomination;
- (2) Not adversely affect confirmed commitments for delivery of gas flowing under any firm Rate Schedule(s) for the account of any other Service Requester(s); and
- (3) Be operationally feasible.

Intraday Nomination increases under firm Rate Schedule(s) may result in reduction to quantities previously confirmed under interruptible Rate Schedule(s).

(f) Nomination Not Confirmed

If a nomination should fail to be confirmed Transportation Service Provider will provide Service Requester with one of the following explanations:

- (1) Transportation Service Provider failed to conduct the confirmation;
- (2) Transportation Service Provider did not receive an upstream confirmation for Service Requester; or,
- (3) Transportation Service Provider is told by upstream pipeline that Service Requester (or Service Requester's supplier) has not nominated on the upstream pipeline.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(f) Delivery Point Area - Predetermined Allocations (PDA)

- (1) PDA is an agreement between Transportation Service Provider and Delivery Point Operator(s), prior to the beginning of the Gas Day, to allocate the difference between the scheduled daily quantity and the actual daily flow of gas at the Delivery Point Area in a mutually agreeable manner.

The Delivery Point Operator(s) shall submit a proposed PDA. The list of allocation methodology types agreed upon are: ranked, pro rata, percentage, swing, and operator provided value. The types of allocation methodologies is a list from which two parties may agree. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations should be used as the default method. The party responsible for custody transfer (the party performing the measurement function) should provide the allocation.

- (2) If the upstream interconnecting pipeline(s) do not confirm entire quantities nominated by Service Requester to Transportation Service Provider's Point(s) of Receipt then Transportation Service Provider will use Service Requester's provided rankings to make reductions in deliveries to Delivery Point Area(s) during the scheduling process provided the rankings do not conflict with other provisions of Transportation Service Provider's FERC Gas Tariff.
- (3) Changes to a PDA may be made prospectively during the Month. Only one PDA may be applied per Gas Day per Delivery Point Operator.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(f) Delivery Point Area - Predetermined Allocations (PDA)

(4) PDAs shall remain in effect until a replacement PDA is agreed upon by Transportation Service Provider and Delivery Point Operator; provided, however, PDAs shall be updated at the beginning of each Month.

(5) Any PDA method is available for use in all Delivery Point Areas. All PDAs must specify all applicable contract numbers and Delivery Point Areas.

(g) Scheduling Priorities

(1) Firm Transportation Services will be scheduled in the order indicated below from the highest (i) to lowest (vi) priority. All firm services will be scheduled utilizing Delivery Point Area(s) within Rate Zones. For the purposes of determining available capacity, Transportation Service Provider will quantify an amount of swing transportation service gas it considers its likely obligation. In the event there is insufficient capacity available to schedule all firm service within a category specified below, all firm Service Requester's within that category will be scheduled on a pro rata basis based upon their MDTQ and MDSTQ.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(g) Scheduling Priorities (Continued)

(1) Firm Transportation Services (Continued)

- (i) Firm transportation storage injections and withdrawals, under any firm Rate Schedule, within the limits of the injection and

withdrawal schedules set forth in Seller's Rate Schedules GSS, LSS, LGA, and CFSS;

- (ii) Firm transportation service utilizing Primary Point(s) of Receipt and Primary Delivery Point Area(s) and firm transportation scheduled under Rate Schedule T-1;

- (iii) Firm transportation service utilizing Secondary Point(s) of Receipt or Secondary Delivery Point Area(s) within the Primary Path;

- (iv) Firm transportation service utilizing Secondary Point(s) of Receipt and Secondary Delivery Point Area(s) outside the Primary Path; and

- (v) Firm transportation of quantities, up to Buyer's MDTQ and MDSTQ, nominated to resolve imbalances in Buyer's operating account.

(2) Interruptible Transportation Service

Interruptible transportation service will be scheduled in the order indicated below from the highest (i) to the lowest (iii) priority. To the extent that there is insufficient capacity available

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EASTERN SHORE NATURAL GAS COMPANY

GENERAL TERMS AND CONDITIONS

(Continued)

21. Nominations and Scheduling of Transportation Services
(Continued)

(g) Scheduling Priorities (Continued)

(2) Interruptible Transportation Service (Continued)

to schedule all of the interruptible service within the category, all Buyers within that category will be scheduled on a pro rata basis based upon their nominations:

- (i) Interruptible transportation service to Buyers paying the maximum applicable rate, on a first-come/first-served basis, provided however, a Buyer paying a negotiated rate which exceeds the maximum rate will be considered for purposes of this Section 21(g)(2)(i) to be paying the maximum rate;
- (ii) Interruptible transportation service to Buyers paying a discounted rate. To the extent that all of the interruptible transportation service within this category cannot be scheduled then the capacity will be allocated in inverse order based upon the size of the discount; and
- (iii) Interruptible transportation service utilized to resolve interruptible service imbalances in scheduled receipts or deliveries up to applicable contractual entitlements of such Buyers.

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Sub 8th Revised Sheet No. 160A Sub 8th Revised Sheet No. 160A
Superseding: Eighth Revised Sheet No. 160A

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

21. Nomination and Scheduling of Transportation Services
(Continued)

(h) Compliance with North American Energy Standards Board

TSP has adopted the Nominations and Flowing Practices and Standards which were required by the Commission in 18 CFR Subsection 284.12(a) in accordance with Order Nos. 587, et. al. In addition to the standards which are reflected in other provisions of this tariff, TSP is incorporating herein the following NAESB WGQ principles, definitions, standards and data sets, Version 1.8, where applicable, by reference, into this Second Revised Volume No. 1 FERC Gas Tariff:

(1) Principles

Version 1.8: 1.1.1 through 1.1.5, 1.1.7, 1.1.9 through 1.1.18, 1.1.20 through 1.1.22, and 2.1.1 through 2.1.6

(2) Definitions

Version 1.8: 0.2.1 through 0.2.3 and 1.2.1 through 1.2.19

(3) Standards

Version 1.8: 0.3.11 through 0.3.15, 1.3.14 through 1.3.18, 1.3.20, 1.3.22(iv) through 1.3.25, 1.3.27, 1.3.29, 1.3.31, 1.3.32, 1.3.35, 1.3.36, 1.3.38 through 1.3.46, 1.3.64 through 1.3.77, 2.3.1, 2.3.3, 2.3.5, 2.3.6, 2.3.8, 2.3.17, 2.3.19, 2.3.20, 2.3.25, 2.3.27, 2.3.29, 2.4.9, and 2.4.13.

(4) Data Sets

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

22. Unauthorized Daily Overrun

(a) Unauthorized Daily Overrun Defined

An Unauthorized Daily Overrun is defined as any quantity of gas taken by Buyer on any Gas Day from Seller in excess of the Authorized Daily Quantity. For the purpose of this Section 22, Buyer's Authorized Daily Quantity shall equal the sum of the following :

- (1) Buyer's scheduled MDTQ or any maximum limitations imposed thereon pursuant to Section 24, Section 25 or Section 26 of the General Terms and Conditions of Seller's FERC Gas Tariff, and
- (2) Buyer's MDSTQ or any maximum limitations imposed thereon pursuant to Section 24, Section 25, or Section 26 of the General Terms and Conditions of Seller's FERC Gas Tariff, and
- (3) Buyer's scheduled quantity under Seller's Rate Schedule IT.

(b) Overrun Charges and Penalties

The level of overrun charges and penalties paid by Buyer to Seller will depend on whether Buyer's takes exceeded Buyer's Authorized Daily Quantity plus an Overrun Tolerance Quantity and the applicable curtailment conditions at the time of such overrun. The Overrun Tolerance Quantity shall equal five percent (5%) of the Authorized Daily Quantity during the period beginning on May 1 of any year and extending through the next succeeding September 30 and three percent (3%) of the Authorized Daily Quantity during the period beginning October 1 and extending through April 30 of the next succeeding year. If Buyer takes quantities on any Gas Day in excess of Buyer's Authorized Daily Quantity, and such quantities taken do not exceed the Authorized Daily Quantity plus the applicable Overrun Tolerance Quantity, Buyer shall pay Seller, for all such overrun quantities

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

22. Unauthorized Daily Overrun (Continued)

(b) Overrun Charges and Penalties (Continued)

taken on that Gas Day, an overrun charge equal to Seller's Rate Schedule IT rate per dt and such quantities shall be treated as deliveries under Seller's applicable Rate Schedule(s) and as an imbalance. If Buyer takes an Unauthorized Daily Overrun on any Gas Day and such quantities taken exceed the Authorized Daily Quantity plus the applicable Overrun Tolerance Quantity, and curtailment is not in effect, Buyer shall pay, in addition to such IT charge, a penalty of the higher of (i) \$50 per dt or (ii) two times the mid-point of the range of prices reported for "Transco Zone 6 Non-NY" published in the Daily price survey by Platt's Gas Daily for the day on which the unauthorized daily overrun occurs, for all Unauthorized Daily Overrun quantities taken on that Gas Day. However, if Buyer takes an Unauthorized Daily Overrun on any Gas Day during a period of curtailment, and such quantities taken exceed the Authorized Daily Quantity plus the applicable Overrun Tolerance Quantity, Buyer shall pay Seller, in addition to such IT charge, a penalty of the higher of (i) \$50 per dt or (ii) three times the mid-point of the range of prices reported for "Transco Zone 6 Non-NY" published in the Daily price survey by Platt's Gas Daily for the day on which the unauthorized daily overrun occurs, for all Unauthorized Daily Overrun quantities taken on that Gas Day.

- (c) Seller shall waive any penalties against Buyers whose scheduled and flowing IT quantities are bumped as a result of firm intra-day nomination changes. Intraday bump notices should indicate whether daily penalties will apply for the gas day for which quantities are reduced. The waiver of such penalties shall apply only for the day on which scheduled IT quantities were bumped.

Furthermore, Seller shall waive any penalties against Buyer in circumstances where the imposition of such penalty is not necessary to protect the operational integrity of the system and/or Seller's ability to render reliable service.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

22. Unauthorized Daily Overrun (Continued)

(d) Disposition of Penalties

Seller shall refund or carry forward penalty revenues net of costs associated with Unauthorized Daily Overrun quantities in accordance with Section 36 of the General Terms and Conditions of Seller's FERC Gas Tariff.

(e) Reservation

The payment of a penalty for an Unauthorized Daily Overrun quantity shall under no circumstances be considered as giving any Buyer the right to take such Unauthorized Daily Overrun quantity, nor shall such payment be considered as a substitute for any other remedy available to Seller or to any other Buyer against the offending Buyer for failure to respect its obligations to avoid the Unauthorized Daily Overrun.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services

(a) Responsibility to Balance Receipts and Deliveries

Seller neither assumes any responsibility nor any obligation to adjust receipts and deliveries for Buyer's account.

Buyer shall have the responsibility to balance receipts of gas for its account at Buyer's Point(s) of Receipt and deliveries of gas for its account from Seller at the Point(s) of Delivery and/or Delivery Point Area(s). Buyer shall make adjustments as necessary in order to maintain a daily balance between the quantity of gas received by Seller for delivery for the account of Buyer and the quantity of gas actually delivered for the account of Buyer. Except as provided for in the swing supply provisions of certain firm Rate Schedules, Seller shall not be obligated to receive or deliver gas in excess of the transportation quantities scheduled by Buyer, nor shall Seller be obligated to deliver for the account of Buyer at the Point(s) of Delivery and/or Delivery Point Area(s) quantities in excess of the quantities received for the account of Buyer at the Point(s) of Receipt.

(b) Availability of Operating Data

Seller will provide, on Seller's EBB or by other available means of communication, its best operating data (the "Operating Data") to all parties to the transaction requesting such data, and will provide such data by twelve o'clock (12:00) noon CCT on the next full Business Day following each Gas Day so as to allow Buyer a reasonable opportunity to correct any accumulated imbalances during such Month. Buyer will be entitled to rely on Seller's Operating Data for

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services

(b) Availability of Operating Data (Continued)

purposes of correcting such imbalances during the Month. To determine whether the "cash out" price factors in Section 23(f)(2) and Section 23(f)(3) of the General Terms and Conditions of Seller's FERC Gas Tariff apply, Buyer's imbalance percentage will be determined by the lesser of Operating Data or Actual Data. However, the "cash out" provisions in Section 23(f)(2), Section 23(f)(3), Section 23(f)(4) and Section 23(f)(5) and, if triggered,

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services (Continued)

(b) Availability of Operating Data (Continued)

the "cash out" price factors in Section 23(f)(2) and Section 23(f)(3) will apply to final measured and allocated quantities at the close of the Month. The Actual Data will be such final measured and allocated quantities available no later than five (5) Business Days after the close of the Month.

(c) Predetermined Allocation (PDA) Data

Seller will calculate and report allocated quantities utilizing PDAs provided by Delivery Point Operators. The allocated quantities will be available, on Seller's EBB, to Buyers within the same time frame as Operating Data is available pursuant to Section 23(b) of the General Terms and Conditions of Seller's FERC Gas Tariff.

The time limitation for disputes of allocations shall be six (6) Months from the date of the initial month-end allocation with a three (3) Month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentations or mutual mistake of fact. Other statutory or contractual rights of Seller and Buyer shall not otherwise be diminished by this standard.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services (Continued)

(d) Adjustments to be Scheduled with Seller

Any adjustments to receipts and deliveries by Buyer shall be coordinated with Seller's transportation and scheduling department and shall be in accordance with Section 21 of the General Terms and Conditions of Seller's FERC Gas Tariff.

(e) Seller May Issue Operational Flow Orders

Seller may issue Operational Flow Orders pursuant to Section 24 of the General Terms and Conditions of Seller's FERC Gas Tariff to require adjustments to Buyer's receipts and/or deliveries if, in its reasonable discretion, Seller determines that such action is required in order to alleviate operating conditions which threaten the integrity of Seller's system. A Buyer shall not incur penalties for complying with the provisions of an Operational Flow Order(s).

(f) Imbalances shall be "Cashed Out"

Each Month Buyer and Seller shall "cash out" any imbalances between total receipts and total deliveries for all Buyer's scheduled transactions. Seller shall pay the "Buy" price for excess receipts and Buyer shall pay the "Sell" price for excess deliveries. The price at which Buyer's imbalance will be "cashed out" depends on whether Buyer elected Swing Transportation Service for the Month pursuant to Section 4 of Seller's Rate Schedule ST. For any Buyer that provided Third Party Swing Supply pursuant to Section 4 of Rate Schedule ST the imbalance shall be "cashed out" at the Swing Price as determined in accordance with Section 23(f) (4) and Section 23(f) (5) below. For any Buyer that did not elect Swing Transportation Service for the Month pursuant to Section 4 of Seller's Rate Schedule ST the imbalance shall be "cashed out" at the Index Price as determined in accordance with the procedures described in Section 23(f) (1), Section 23(f) (2) and Section 23(f) (3) below.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services (Continued)

(f) Imbalances shall be "Cashed Out" (Continued)

At the time Seller bills Buyer for transportation service during a given Month Seller shall also bill Buyer, or credit Buyer's bill, as appropriate, to resolve in cash the imbalance between Seller's scheduled receipts for such Buyer and Seller's actual deliveries for the account of such Buyer.

- (1) The Index Price for purposes of resolving imbalances shall be the index "cash out" prices for the relevant Month, accepted by the Commission, established for purposes of resolving imbalances by Transcontinental Gas Pipe Line Corporation. The Index Price utilized in each case shall be inclusive of any transportation charges assessed by Transcontinental Gas Pipe Line Corporation in the course of "cashing out" imbalances on such upstream facilities that are attributable to points of interconnection with Seller's facilities.

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services (Continued)

(f) Imbalances shall be "Cashed Out" (Continued)

(2) Imbalance due Seller with Index Price basis

In the event of an imbalance caused when actual total deliveries at the Point(s) of Delivery and/or Delivery Point Area(s) exceed scheduled total receipts at the Point(s) of Receipt, Seller shall charge Buyer for such excess delivery. Such charge shall be based on the Index Price for the relevant Month multiplied by one of the following factors:

Imbalance Level	Factor
Greater than 0% but less than or equal to 5%	1.00
Greater than 5% but less than or equal to 10%	1.20
Greater than 10% but less than or equal to 15%	1.30
Greater than 15% but less than or equal to 20%	1.40
Greater than 20%	1.50

The applicable imbalance percentage for purposes of determining the applicable "cash out" price factor shall be determined by dividing the amount of the excess deliveries by the scheduled total receipts. However, in the case where a portion of Buyer's imbalance resulted from Seller decreasing receipts for Buyer's account, such portion shall be excluded from Buyer's imbalance for the purpose of calculating the imbalance percentage. This portion is, however, subject to "cash out".

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services (Continued)

(f) Imbalances shall be "Cashed Out" (Continued)

(3) Imbalance due Buyer with Index Price basis

In the event of an imbalance caused when actual total deliveries at the Point(s) of Delivery and/or Delivery Point Area(s) are less than scheduled total receipts at the Point(s) of Receipt, Seller shall make a "cash out" payment to Buyer for such excess receipt. Such payment will be based on the Index Price for the relevant Month multiplied by one of the following factors:

Imbalance Level	Factor
Greater than 0% but less than or equal to 5%	1.00
Greater than 5% but less than or equal to 10%	.80
Greater than 10% but less than or equal to 15%	.70
Greater than 15% but less than or equal to 20%	.60
Greater than 20%	.50

The applicable imbalance percentage for purposes of determining the applicable "cash out" price factor shall be determined by dividing the amount of the excess receipts by the scheduled total receipts. However, in the case where a portion of Buyer's imbalance resulted from Seller increasing receipts for Buyer's account, such portion shall be excluded from Buyer's imbalance for the purpose of calculating the imbalance percentage. This portion is, however, subject to "cash out".

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services (Continued)

(f) Imbalances shall be "Cashed Out" (Continued)

(4) Imbalance due Buyer with Swing Price basis

In the event of an imbalance caused when actual total deliveries at the Point(s) of Delivery and/or Delivery Point Area(s) are less than the actual total receipts at the Point(s) of Receipt, Seller shall make a "cash out" payment to Buyer for such excess receipt. The Swing Price for such payment shall be Buyer's Quoted Swing Price for the relevant Month as defined in Seller's Rate Schedule ST multiplied by the appropriate Imbalance Level Factor as specified in Section 23(f)(3) above.

(5) Imbalance due Seller with Swing Price basis

In the event of an imbalance caused when actual total deliveries at the Point(s) of Delivery and/or Delivery Point Area(s) exceed the actual total receipts at the Point(s) of Receipt, Seller shall charge Buyer for such excess delivery. The Swing Price charged Buyer shall be Buyer's Quoted Swing Price for the relevant Month as defined in Seller's Rate Schedule ST multiplied by the appropriate Imbalance Level Factor as specified in Section 23(f)(2) above.

(g) Imbalance Netting and Trading

All Transportation Service Providers shall allow Service Requesters (including agents of Service Requesters) to net imbalances within the same Operational Impact Area on and across contracts with the Service Requester and to trade imbalances within the same Operational Impact Area. The total quantity of natural gas received and delivered under Buyer's transportation agreements shall be netted and excess receipts or excess deliveries ("imbalance") shall be

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services (Continued)

(g) Imbalance Netting and Trading (Continued)

determined only after such netting. Imbalance Trading is available to permit Buyers to trade netted month-end imbalances incurred during the same month. An Imbalance Trade must result in a decrease in each Buyer's imbalance.

For each previous month, Seller will establish an Imbalance Trading Period during which it will accept Imbalance Trading Forms.

- (1) Seller shall provide Buyers the ability to post and trade imbalances until at least the close of the seventeenth (17th) business day of the month.
- (2) Seller shall provide Buyer the ability to view and, upon request, download posted imbalances.
- (3) Imbalances to be posted for trading should be authorized by the Buyer.
- (4) Authorizations to post imbalances that are received by Seller by 11:45 a.m. (CCT) should be effective by 8:00 a.m. (CCT) the next business day. Imbalances previously authorized for posting will be posted on or before the ninth (9th) business day of the month.
- (5) Seller is not required to post zero imbalances.
- (6) Netting, posting and trading of imbalances shall be accomplished based upon Seller's current method for accounting for imbalances.
- (7) Seller shall enable the imbalance trading process by: receiving the Request for Imbalance Trading, receiving the Imbalance Trade Confirmation, sending the Imbalance Trade Notification, and reflecting the trade prior to or on the next monthly Buyer imbalance or cashout.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

23. Balancing of Transportation Services (Continued)

(g) Imbalance Netting and Trading (Continued)

(10) After receipt of the Imbalance Trade Confirmation, TSP shall send the Imbalance Trade Notification to the initiating SR and the confirming SR no later than noon (CCT) the next business day.

(11) To account for any imbalance remaining after imbalance trading and cashout, TSP shall associate such imbalance with a contract, SR and TSP shall agree to designate one of SR's valid contracts where the original imbalance occurred, for such purpose.

(h) Disposition of Cash Out Revenues and Costs

TSP shall refund or carry forward revenues net of costs associated with cash out quantities in accordance with Section 35 of the General Terms and Conditions of TSP's FERC Gas Tariff.

(i) TSP has adopted the Nominations and Flowing Gas Practices and Standards which were required by the Commission in 18 CFR Subsection 284.12(a) in accordance with Order Nos. 587, et. al. In addition to the standards which are reflected in other provisions of this tariff, TSP is incorporating herein the following NAESB WGQ principles, definitions, standards and data sets Version 1.8, where applicable, by reference, into this Second Revised Volume No. 1 FERC Gas Tariff:

(1) Definitions

Version 1.8: 2.2.1 through 2.2.5

(2) Standards

Version 1.8: 2.3.21 and 2.3.51 through 2.3.65

(3) Data Sets

Version 1.8: 2.4.17

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

24. Operational Flow Orders

(a) General

(1) Seller's Issuance of Operational Flow Orders

Seller, in its reasonable discretion, shall have the right to issue Operational Flow Orders (OFO) as specified in this Section upon determination by Seller that action is required in order to alleviate operating conditions which threaten the integrity of Seller's system, to maintain pipeline operations at the pressures required to provide reliable firm transportation service, to have adequate supplies in the pipeline to deliver on demand (including deliveries into the mainline and providing line pack), to maintain firm service to all Buyers and for all firm services, and to maintain the pipeline system in balance for the foregoing reasons. To the extent feasible, Seller shall attempt to direct such OFOs to those Buyers causing the condition that necessitates issuance of the OFO. The declaration to the affected parties of operational flow orders, critical periods, and/or critical notices should describe the conditions and the specific responses required from the affected parties.

(2) Buyer's Responsibility to Comply With OFOs

Upon issuance of an OFO by Seller to Buyer, Buyer shall adjust gas receipts or deliveries for its account as directed. Failure to comply with an OFO will result in a violation of the OFO and cause Buyer to incur OFO penalties.

(b) Pipeline-Specific Operational Standards for Issuance of OFOs

- (1) If, in Seller's judgment, impending operating conditions will cause inadequate delivery pressures to one or more Buyers, Seller may immediately issue an OFO pursuant to this Section requiring that deliveries under all of Seller's

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(Continued)

24. Operational Flow Orders (Continued)

(b) Pipeline-Specific Operational Standards for Issuance of
OFOs (Continued)

(1) (Continued)

rate schedules be made on a basis consistent with the flow rate and limitations set forth in the OFO. Such OFO shall be limited to the smallest practicable segment of Seller's pipeline system. For the duration of the OFO, increases in scheduled delivery quantities within affected segments of Seller's pipeline will be made on a prospective basis only.

(2) Seller may issue an OFO directing a Buyer to take specific actions to enable Seller to adequately respond to certain operational conditions occurring on Seller's pipeline system, including, but not limited to:

- (a) Partial or entire electronic failure that impairs Seller's ability to monitor and control Seller's essential facilities.
- (b) Mechanical or physical failure that affects Seller's ability to transport gas, including but not limited to, pipeline failure, compressor failure, regulator failure or other similar mechanical or physical failure.
- (c) External operations such as highway construction operations that may require Seller to reduce operating pressures in, or remove from service, a portion of Seller's pipeline facilities.
- (d) Loss of natural gas supply from third-party upstream transporters due to emergencies occurring on such upstream transporter's systems.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

24. Operational Flow Orders (Continued)

(b) Pipeline-Specific Operational Standards for Issuance of OFOs (Continued)

(3) Other circumstances given rise to an OFO are:

- (a) The need to respond to an event of Force Majeure;
- (b) The daily gas consumption by Buyer(s) deviating from the scheduled quantities by more than ten percent (10%);
- (c) The need to require adjustments to receipts or deliveries to correct imbalances as further described in Section 23 of the General Terms and Conditions of Seller's FERC Gas Tariff;
- (d) The need to maintain line pack at a level which Seller believes, in its reasonable discretion, is required to protect the integrity of its system; and
- (e) The need to respond to any event which Seller believes, in its reasonable discretion, may jeopardize the integrity of its system.

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EASTERN SHORE NATURAL GAS COMPANY
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(Continued)

24. Operational Flow Orders (Continued)

(c) OFO Notice, Contents and Procedures

Except for Force Majeure events, or events or conditions which threaten the integrity of Seller's pipeline system, Seller may issue an OFO upon notice to Buyer, which notice shall be given at least twenty-four (24) hours in advance of implementation. Seller shall issue OFOs by posting on its EBB and by telephone or facsimile to Buyer's representative. Buyer, upon notification by Seller, shall monitor Seller's EBB for any OFO applicable to Buyer's service and shall be solely responsible for compliance with each OFO. Each OFO will contain the following provisions:

- (1) Time and date of issuance;
- (2) Time that the OFO is considered to be effective;
- (3) Duration of the OFO (if no duration is specified, the OFO will be effective until further notice);
- (4) The OFO Level declared and reason for the issuance of the OFO;
- (5) A description of the area of Seller's pipeline system in which the OFO is in effect and the Buyer(s) or class of Buyers affected;
- (6) The specific actions required to comply with the OFO, including the time frame within which compliance is required to avoid penalties. These actions include, but are not limited to, (i) a measureable change in gas flow rate to the level specified in the OFO, and/or (ii) written confirmation of a flow rate change on an interconnecting upstream pipeline, and/or (iii) a written confirmation of a scheduling change with Seller; and
- (7) Any other terms Seller may reasonably require to ensure the effectiveness of the OFO.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

24. Operational Flow Orders (Continued)

(c) OFO Notice, Contents and Procedures (Continued)

In addition to the twenty-four (24) hour notice requirement of Section 24(c) above, Seller shall post updates regarding the expected duration of an OFO and within a reasonable period of time following termination thereof, Seller shall post on its EBB a report detailing the factors requiring the issuance and the termination of the OFO.

(d) Operational Remedies

Seller may, prior to or in connection with the issuance of an OFO, implement the following operational remedies when addressing operational constraints on its pipeline system:

- (1) Seller may restrict interruptible delivery capacity to Seller's affected DPA's by posting a reduced level (down to zero) of interruptible delivery capacity into those affected DPA's;
- (2) Seller may require individual Buyers to utilize primary delivery points;
- (3) Seller may require individual Buyers to utilize primary receipt points;
- (4) Seller may impose hourly flow rates in accordance with the provisions of Seller's FERC Gas Tariff;
- (5) Seller may limit service to a specific delivery point or DPA.

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EASTERN SHORE NATURAL GAS COMPANY
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(Continued)

24. Operational Flow Orders (Continued)

(e) OFO Levels

If Seller determines the need to issue an OFO, Seller will classify the OFO within one of the following three levels of severity, with Level 1 representing the least severe and Level 3 representing the most severe operational conditions on Seller's pipeline system.

Level 1: Seller experiences any event covered by the provisions of this Section 24 that threatens Seller's ability to maintain firm service to a DPA or to any portion thereof.

Level 2: Seller experiences any event covered by the provisions of this Section 24 that threatens Seller's ability to maintain firm service to multiple DPA's or to any portion of those multiple DPA's.

Level 3: Seller experiences any event covered by the provisions of this Section 24 that threatens Seller's ability to maintain firm service to all DPA's or to any portions of all DPA's.

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EASTERN SHORE NATURAL GAS COMPANY
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(Continued)

24. Operational Flow Orders (Continued)

(f) Limitations

A Buyer must comply with an OFO within the time period set forth therein unless Buyer is able to demonstrate that such compliance: (i) is prevented by operating conditions on a third party pipeline system beyond Buyer's control; (ii) is precluded by its contractual restrictions with a third party pipeline system; and/or (iii) is prevented due to a Force Majeure event as defined in Section 28 of the General Terms and Conditions of Seller's FERC Gas Tariff; provided that Buyer shall make a good faith effort to comply with an OFO, including seeking waivers of any contractual limits with third party pipelines or modifications of operating conditions on third party pipeline systems. Buyer will notify Seller immediately by telephone or facsimile if it believes that it is excused from compliance with the OFO for the reasons set forth in this subparagraph and shall promptly provide Seller with documentation sufficient to support its basis for non-compliance. In the event Seller determines, in its reasonable discretion, that Buyer's documentation is insufficient to support its basis for non-compliance, Buyer will be subject to the penalty provisions of Section 24(e) of the General Terms and Conditions of Seller's FERC Gas Tariff.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

24. Operational Flow Orders (Continued)

(g) OFO Penalties

Compliance with the specific actions required must occur within the time frame specified. If any Buyer fails to comply with an OFO, and has not been excused from compliance pursuant to Section 24(d) of the General Terms and Conditions of Seller's FERC Gas Tariff, such Buyer shall be subject to a penalty.

Level One OFO: the higher of (i) \$50.00 per dt or (ii) three times the mid-point of the range of prices reported for "Transco Zone 6 Non-NY" published in the Daily price survey by Platt's Gas Daily for the day on which the OFO is in effect per dt times the quantity by which Buyer deviated from the requirements of the OFO.

Level Two OFO: the higher of (i) \$50.00 per dt or (ii) three times the mid-point of the range of prices reported for "Transco Zone 6 Non-NY" published in the Daily price survey by Platt's Gas Daily for the day on which the OFO is in effect per dt times the quantity by which Buyer deviated from the requirements of the OFO.

Level Three OFO: the higher of (i) \$50.00 per dt or (ii) three times the mid-point of the range of prices reported for "Transco Zone 6 Non-NY" published in the Daily price survey by Platt's Gas Daily for the day on which the OFO is in effect per dt times the quantity by which Buyer deviated from the requirements of the OFO.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

24. Operational Flow Orders (Continued)

(g) OFO Penalties (Continued)

Such penalty will be in addition to any other penalties and/or "cash out" provisions of the General Terms and Conditions of Seller's FERC Gas Tariff.

(h) Disposition of OFO Penalties

Seller shall refund or carry forward penalty revenues net of costs associated with the OFOs in accordance with Section 36 of the General Terms and Conditions of Seller's FERC Gas Tariff.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

25. Capacity Curtailment

(a) Seller's Right to Curtail

Seller shall have the right to curtail or interrupt transportation services in whole or in part on all or a portion of its system at any time for reasons of Force Majeure or, when in Seller's judgment reasonably exercised, capacity or operating conditions so require.

(b) Seller Shall Issue Notice of Curtailment

Seller shall promptly provide Buyer(s) with notice of curtailment at a time and in a manner that is reasonable under then existing conditions. Notification will be provided by telephone, facsimile and posted to Seller's EBB. When possible, such notice shall be provided in advance. In the event of a curtailment of firm service, the notice shall include a concise statement regarding the cause of the curtailment. Seller shall provide a more detailed explanation of the cause of the curtailment upon request.

In the event the curtailment is to become effective during the current Gas Day and Seller issues the curtailment notice to Buyer prior to Buyer's receipt of the Daily Confirmation Statement pursuant to Section 21(e) of the General Terms and Conditions of Seller's FERC Gas Tariff, then the curtailment may extend no longer than the end of the current Gas Day. If, however, Seller deems that it is necessary to limit deliveries on the next Gas Day also, then Seller will specify Buyer's reduced level when it sends Buyer its Daily Confirmation Statement.

In the event the curtailment is to become effective during the current Gas Day and Seller issues the curtailment notice to Buyer after Buyer's receipt of the Daily Confirmation Statement pursuant to Section 21(e) of the General Terms and Conditions of Seller's FERC gas Tariff, then a revised Daily Confirmation Statement will be issued.

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

25. Capacity Curtailment (Continued)

(b) Seller Shall Issue Notice of Curtailment (Continued)

Seller shall notify affected Buyer(s) as soon as practicable of the resumption of service by telephone, facsimile, or posting of such notification on its EBB and, upon such notification Buyer shall verify the level of service desired.

(c) Buyer's Responsibility for Notification Relating to Curtailment

Buyer shall have the responsibility to inform its suppliers, upstream transporting pipeline(s) and all other parties to Buyer's transaction(s).

(d) Buyer's Notification of an Emergency Situation

Buyer may notify Seller of an Emergency Situation and request an Emergency Capacity Reallocation in accordance with the provisions of Section 26 of the General Terms and Conditions of Seller's FERC gas Tariff.

(e) Seller Shall Issue Notice of Emergency Adjustment to Curtailment

Seller shall provide notice to any Buyer that is curtailed to a lower quantity as a result of a request submitted under the Emergency Situation relief provisions of Section 26 of the General Terms and Conditions of Seller's FERC Gas Tariff. Such notice shall be provided in a time and manner that is reasonable under then existing conditions. Seller shall provide a copy of the sworn statement required by Section 26(c) of the General Terms and Conditions of Seller's FERC Gas Tariff at the request of any Buyer curtailed to a lower quantity as a result of the Emergency Situation.

(f) Order of Curtailment

In the event transportation is curtailed, Seller shall reduce each Buyer's transportation service based on the priorities and in the order indicated below and within each group based on the criteria specified until the necessary level of interruption is achieved.

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

25. Capacity Curtailment (Continued)

(f) Order of Curtailment (Continued)

- (1) Scheduled interruptible transportation service for the resolution of imbalances under interruptible Service Agreements.

The capacity available, if any, shall be allocated among such Buyers with the Buyer paying the highest rate (not to exceed the maximum rate for such service set forth in Seller's applicable Rate Schedule) having the highest priority; provided however, Buyers paying a negotiated rate which exceeds the maximum rate will be considered for purposes of this Section 25(f)(1) to be paying the maximum rate. Service scheduled at the same price shall be curtailed pro rata based on confirmed nominations.

- (2) Scheduled transportation service for interruptible services not otherwise classified in Section 25(f)(1) above.

The capacity available, if any, shall be allocated among such Buyers with the Buyer paying the highest rate (not to exceed the maximum rate for such service set forth in Seller's applicable Rate Schedule) having the highest priority; provided however, Buyers paying a negotiated rate which exceeds the maximum rate will be considered for purposes of this Section 25(f)(2) to be paying the maximum rate. Service scheduled at the same price shall be curtailed pro rate based on confirmed nominations.

- (3) Scheduled transportation service under all firm Rate Schedule(s) and within Buyer's MDTQ and MDSTQ.

The capacity available shall be prorated based on the Buyer's MDDO in each Delivery Point Area under the affected Rate Schedule(s).

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

25. Capacity Curtailment (Continued)

- (g) When it is necessary to allocate capacity or curtail service on a particular portion of Seller's system, any necessary allocation or reduction on that portion of Seller's system shall be implemented in accordance with Section 25 of the General Terms and Conditions of Seller's FERC Gas Tariff.

- (h) Violation of Curtailment Orders

All quantities taken by Buyer(s) in violation of Seller's curtailment orders, except as authorized in an Emergency Situation pursuant to Section 26 of the General Terms and Conditions of Seller's FERC Gas Tariff, shall constitute an Unauthorized Daily Overrun subject to the provisions of Section 22 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Seller will provide Buyer notice of such curtailment orders and Buyer shall be permitted eight (8) hours, or such lesser time as is required to protect the integrity of Seller's system, to reduce receipts, deliveries or both for its account in compliance with the curtailment orders. If Buyer adjusts receipts or deliveries for its account in compliance with the curtailment orders within such period then no charge shall be assessed.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

26. Emergency Capacity Reallocation During Curtailment

(a) Buyer's Notification of an Emergency Situation

Buyer may notify Seller that an Emergency Situation exists and request Seller to make adjustments to its curtailment. An "Emergency Situation" is defined as a situation where absent an adjustment to the curtailment, Buyer will be unable, for the duration indicated by Buyer, to serve essential human needs, avoid irreparable injury to health or property, including environmental emergencies, or to provide for minimum plant protection.

(b) Seller's Response to an Emergency Situation

Seller may, but shall not be obligated to, adjust its curtailment of all other Buyers on a pro rata basis as necessary to deliver the quantities required to avoid or mitigate the threatened or existing Emergency Situation. Seller's denial of any Buyer's request for emergency relief will be on a not unduly discriminatory basis.

(c) Buyer's Obligation To Support Its Notification of an Emergency Situation

Buyer must provide Seller a sworn statement within twenty-four (24) hours of its notification to Seller of its need for emergency relief. The sworn statement must include:

- (1) A detailed explanation of, and an estimated duration for, the Emergency Situation;
- (2) Affirmation that all sources of gas supply available to Buyer, including peak-shaving and storage, are being, and shall continue to be, utilized to the maximum extent possible during the time period for which the exception to the curtailment provisions is in effect;
- (3) Affirmation that all interruptible services of Buyer have been, and shall continue to be, interrupted during the time period for which the exception to the curtailment provisions is in effect;

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

26. Emergency Capacity Reallocation During Curtailment
(Continued)

(c) Buyer's Obligation To Support Its Notification of an
Emergency Situation (Continued)

(4) Affirmation that no alternate fuel or alternate
power supply could be utilized or is available to be
utilized in lieu of emergency relief hereunder; and

(5) Affirmation that, if the Emergency Situation is an
environmental emergency, Buyer has made and
continues to make all feasible requests for waiver,
exemption and other relief from any regulation,
directive, order or other requirement of a
governmental body.

Buyer shall provide Seller immediate verbal notification
of the cessation of the Emergency Situation.

(d) Penalty Provision

In the event Buyer does not provide the sworn statement
as required, then all quantities delivered for the
account of Buyer that are attributable to the adjustments
made by Seller shall be billed, in addition to all other
charges, at a rate of twenty-five dollars (\$25.00) per
dt. Seller shall refund or carry forward penalty
revenues net of costs associated with emergency capacity
reallocation quantities in accordance with Section 36 of
the General Terms and Conditions of Seller's FERC Gas
Tariff.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

26. Emergency Capacity Reallocation During Curtailment
(Continued)

(e) Compensation

If Seller grants emergency relief hereunder, then the requesting Buyer's bill for such Month shall be adjusted upward by an amount equal to the aggregate curtailment relief quantity requested by Buyer multiplied by the one hundred percent (100%) load factor equivalent of the reservation rate for the applicable Rate Schedule(s). All revenues attributable to such adjustment shall be credited, on a pro rata basis, to those Buyers curtailed to a lower quantity, based on each Buyer's additional curtailment quantity due to the Emergency Situation divided by the aggregate of all Buyers' additional curtailment quantity due to the Emergency Situation.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

27. Section Reserved For Future Use

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

28. Force Majeure

- (a) The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts, or other labor disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraint of governments and peoples, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making non-routine repairs or alterations to machinery or lines of pipe, freezing of lines of pipe, unplanned outages on Buyer's facilities, unplanned outages on Seller's pipeline system, acts of civil or military authority (including, but not limited to, courts or administrative or regulatory agencies), partial or entire failure of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include, in those instances where either party is required to obtain servitudes, rights-of-way grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way grants, permits or licenses; and, in those instances where either party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.
- (b) In the event that either Seller or Buyer is rendered unable, wholly, or in part, by Force Majeure to carry out its obligations under any Service Agreement(s), other than to make payments due thereunder, it is agreed that the party affected shall as soon as reasonably

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EASTERN SHORE NATURAL GAS COMPANY
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(Continued)

28. Force Majeure (Continued)

(b) (Continued)

practicable notify the other party orally and within five (5) Business Days provide the other party with written confirmation of the nature, cause, date of commencement and anticipated extent of such nonperformance. The obligations of the party giving such notice, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.

(c) It is understood and agreed that the settlement of strikes or lockouts or other labor disturbances shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

SHEET NOS. 184-190 ARE RESERVED FOR FUTURE USE

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release

- (a) Section 29 of the General Terms and Conditions of Transportation Service Provider's (?TSP?) FERC Gas Tariff sets forth the specific terms and conditions applicable to Transportation Service Provider's implementation of the capacity release program, as provided by Section 284.8 of the Commission's Regulations. This section is not applicable to any Shipper whose Service Agreement has been executed pursuant to an individually certificated service.
- (b) Definitions of terms applicable to Section 29 of the General Terms and Conditions of Transportation Service Provider's FERC Gas Tariff can be found in Section 1 of the General Terms and Conditions of Transportation Service Provider's FERC Gas Tariff.
- (c) Release Rights

A Releasing Shipper may release its Releasable Firm Capacity Entitlements in whole or in part, on a full or partial term basis, with or without Recall Rights or any combination thereof. A Releasing Shipper may also release its Releasable Firm Capacity Entitlements by segments. For the purpose of this Section 29, a capacity segment shall be a single DPA or two or more contiguous DPAs.
- (d) Submission of Offers and Bids
 - (1) Offers to release capacity and bids for released capacity, excluding Bidder's identity, shall be posted by TSP on TSP's IWS. Offers to release capacity and bid criteria submitted by Releasing Shipper shall be objectively stated and not unduly discriminatory. Releasing Shipper may specify the date and time that the bidding period starts and the date and time that the bidding period ends, provided, however, that the bidding period shall not commence any later than the time set forth in the capacity release timeline or within twenty-four (24) hours after submission, whichever is applicable.

Sub First Revised Sheet No. 192 Sub First Revised Sheet No. 192
Superseding: Original Sheet No. 192

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(d) Submission of Offers and Bids (Continued)

(1) (Continued)

The Releasing Shipper may withdraw its offer to release capacity during the bid period when it can justify that unanticipated circumstances have occurred creating a need for the capacity and no minimum bid has been made on the offered capacity. Offers to release capacity shall be binding until a written or electronic notice of withdrawal is received by the Transportation Service Provider.

(2) The TSP shall not award capacity release offers to the Replacement Shipper until and unless the Replacement Shipper meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

(3) A potential Replacement Shipper may withdraw a bid until the close of the posting period for competitive bids. However, bids will be binding until TSP receives written or electronic notice of bid withdrawal from the Bidder. If a potential Replacement Shipper submits a new bid for a released capacity, the existing bid for the same capacity must first be withdrawn, and any new bid for that released capacity must be at an equal or higher rate. Bids submitted by a Replacement Shipper are binding if selected.

(4) Capacity bids may be submitted on a reservation or volumetric basis. TSP shall support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Commission. The capacity bids must be stated as a total rate per dt (including base tariff rate and surcharges). The rate charged the Replacement Shipper for a release of capacity may not exceed the applicable maximum rate, except that no rate limitation applies to the of capacity for a

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(d) Submission of Offers and Bids (Continued)

(4) (Continued)

period of one year or less if the release is to take effect on or before one year from the date on which the pipeline is notified of the release. Payments or other consideration exchanged between the Releasing and Replacement Shippers in a release to an asset manager as defined in Section 29(h)(3) are not subject to the maximum rate. Releasing Shipper has the choice to specify dollars and cents or percents of maximum tariff rate in the denomination of bids and TSP shall support this. Once the choice is made by the Releasing Shipper, the bids must comport with the choice. If the Releasing Shipper elects to offer a capacity segment that is only in Rate Zone 2 for more than one year, the maximum tariff rate for such offer shall be the difference between the maximum tariff rates for Rate Zone 1 and Rate Zone 2 for the applicable Rate Schedule.

(5) Release offers must specify the level of firm entitlements that the Releasing Shipper is electing to release, expressed as a numeric quantity in Dt per Gas Day for transportation, storage injection, storage withdrawal, and a per release quantity for storage capacity and total release period quantity.

(6) Release offers must indicate whether the capacity is to be released on a recallable basis, and if so, the terms and conditions of such recall, and whether the Releasing Shipper is authorized to reput the release if and when it notifies TSP that the recall is no longer in effect and the applicable reput method; or whether the capacity is to be released on a permanent basis. Reput method and rights are individually negotiated between the Releasing Shipper and the Replacement Shipper.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(d) Submission of Offers and Bids (Continued)

(7) Releasing and Replacement Shippers shall hold TSP harmless with regard to any claim which may be raised by any party regarding the selection of a Best Bid, except to the extent that such party successfully establishes that TSP has incorrectly selected the Best Bid as the result of the negligent action or willful misconduct of TSP.

(8) Only eligible Bidders may bid on a Releasing Shipper's offer to release capacity.

(e) Biddable and Non-biddable Releases

The Capacity Release timeline is applicable to all parties involved in the Capacity Release process; however, it is only applicable if 1) all information provided by the parties to the transaction is valid and the acquiring Shipper has been determined to be credit worthy before the capacity release bid is tendered, 2) there are no special terms or conditions of the release, and 3) for purposes of determining the Best Bid, either

(a) the methodology specified by the Releasing Shipper is either the highest rate, net revenue, or present value, or (b) the present value methodology specified in Section 29(h) of the General Terms and Conditions is applicable of TSP's FERC Gas Tariff.

(1) For Biddable Releases (one year or less)

- offers should be tendered by 12:00 pm CCT on a Business Day;
- open season ends no later than 1:00 pm on a Business Day (evaluation period begins at 1:00 pm CCT during which contingency is eliminated, determination of best bid is made, and ties are broken);
- evaluation period ends and award posting if no match required at 2:00 pm CCT;
- match or award is communicated by 2:00 pm CCT;
- match response by 2:30 pm CCT;

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Sub 2nd Revised Sheet No. 193B Sub 2nd Revised Sheet No. 193B

Superseding: Sub First Revised Sheet No. 193B

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(e) Biddable and Non-biddable Releases (Continued)

(1) For Biddable Releases (one year or less)
(Continued)

- where match required, award posting by 3:00 pm CCT;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time)

(2) For Biddable Releases (more than one year):

- offers should be tendered by 12:00 pm CCT four (4) Business Days before award;
- open season ends no later than 1:00 pm CCT on the Business Day before timely nominations are due (open season is three Business Days);
- evaluation period begins at 1:00 pm CCT during which contingency is eliminated, determination of best bid is made, and ties are broken;
- evaluation period ends and award posting if no match required at 2:00 pm CCT;
- match or award is communicated by 2:00 pm CCT;
- match response by 2:30 pm CCT;
- where match required, award posting by 3:00 pm CCT;
- contract issued within one hour of award posting (with a new contract number, when applicable) nomination possible beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time).

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Superseding: Sub First Revised Sheet No. 193C

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(e) Biddable and Non-biddable Releases (Continued)

(3) For Non-biddable Release: Timely Cycle

- posting of prearranged deals not subject to bid are due by 10:30 am CCT;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time).

(4) For Non-biddable Releases: Evening Cycle

- posting of prearranged deals not subject to bid are due by 5:00 pm CCT;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time).

(5) For Non-biddable Releases: Intraday 1 Cycle

- posting of prearranged deals not subject to bid are due by 9:00 am CCT;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time).

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(e) Biddable and Non-biddable Releases (Continued)

(6) For Non-biddable Releases: Intraday 2 Cycle

- posting of prearranged deals not subject to bid are due by 4:00 pm CCT;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract (Central Clock

Time).

(f) Transportation Service Provider's Criteria for Best Bid

In the event that the Releasing Shipper does not specify such criteria, the Best Bid shall be determined by TSP through the non-discriminatory application of the following criteria:

- (1) The bid with the highest rate of all bids submitted;
- (2) When the capacity release service provider makes awards of capacity for which there have been multiple bids meeting minimum conditions, the TSP should award the bids, best bid first, until all offered capacity is awarded.

(g) Awarded Bids

TSP shall notify Releasing Shipper and Replacement Shipper of the capacity awarded and the terms of the awarded bid(s) for Released Capacity shall be posted by TSP on TSP's IWS. Such posting shall include the following information:

- (1) The identity of the Releasing Shipper.
- (2) The identity of the Replacement Shipper.
- (3) The proposed commencement date and term of the release, which term must be for at least one (1) Gas Day commencing at nine o'clock (9:00) a.m. CCT.

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Superseding: Sub First Revised Sheet No. 193E

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(g) Awarded Bids (Continued)

(4) The rate charged for the capacity.

(5) All conditions of release objectively stated including, but not limited to, any recall or reput conditions.

(6) The applicable Rate Schedule, specific quantity of capacity released, the Point of Receipt, and the Delivery Point Area.

(h) Capacity Releases Not Subject to Prior Notice or Competitive Bidding

(1) For Prearranged Releases (i) of thirty-one (31) days or less at any mutually agreed upon rate, (ii) of greater than one (1) year at maximum tariff rates, (iii) to an asset manager as defined in Section 29(h)(3), or (iv) to a marketer participating in a state-regulated retail access program as defined in Section 29(h)(4), a Firm Shipper releasing capacity to a qualified Replacement Shipper need not comply with the notification and bidding requirements of Section 29(i). Notice of a firm release under this paragraph must be provided on TSP's IWS as soon as possible, but not later than the first nomination, after the release transaction commences.

(2) When a release of capacity for thirty-one (31) Days or less is exempt from bidding requirements under Section 29(h)(1), a Firm Shipper may not roll-over, extend, or in any way continue the release to the same Replacement Shipper using the 31 days or less bidding exemption until 28 days after the first release period has ended. The 28-day hiatus does not apply to any re-release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding in Section 29(h)(1).

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(h) Capacity Releases Not Subject to Prior Notice or Competitive Bidding (Continued)

(3) A release to an asset manager exempt from bidding requirements under Section 29(h)(1) is any Prearranged Release that contains a condition that the Releasing Shipper may, on any day during a minimum period of five (5) months out of each twelve-month period of the

release, call upon the Replacement Shipper to (i) deliver to the Releasing Shipper a volume of gas up to one-hundred percent of the daily contract demand of the released transportation capacity or, (ii) purchase a volume of gas up to the daily contract demand of the released transportation capacity. If the capacity release is for a period of one year or less, the asset manager's delivery or purchase obligation described in the previous sentence must apply for the lesser of five (5) months or the term of the release. If the capacity release is a release of storage capacity, the asset manager's delivery or purchase obligation need only be one-hundred percent of the daily contract demand under the release for storage withdrawals or injections, as applicable.

(4) A release to a marketer participating in a state-regulated retail access program exempt from bidding requirements under Section 29(h)(1) is any prearranged capacity release that will be utilized by the Replacement Shipper to provide the gas supply requirement of retail consumers pursuant to a retail access program approved by the state agency with jurisdiction over the local distribution company that provides delivery service to such retail consumers.

(i) Capacity Releases Subject to Prior Notice and Competitive Bidding

(1) Except as provided in Section 29(h), a Firm Shipper that wants to release any or all of its firm capacity must notify the TSP of the terms and conditions under which the Shipper will release its capacity. The Firm Shipper

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GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(i) Capacity Releases Subject to Prior Notice and Competitive Bidding (Continued)

(1) (Continued)

must also notify the TSP of any Replacement Shipper designated to obtain the released capacity under the terms and conditions specified by the Firm Shipper.

(2) The TSP must provide notice of offers to release or to purchase capacity, the terms and conditions of such offers, and the name of any Replacement Shipper, on the TSP's IWS, for a reasonable period.

(3) The TSP must allocate released capacity to the person offering the highest rate and offering to meet any other terms and conditions of the release. If more than one person offers the highest rate and meets the terms and conditions of the release, the released capacity may be allocated on a basis provided in TSP's tariff, provided however, if the Replacement Shipper offers the highest rate, the capacity must be allocated to the designated Replacement Shipper.

(j) Permanent Releases

A Firm Shipper which has a currently effective executed Service Agreement with TSP under either of TSP's firm transportation Rate Schedules FT and ST may release its capacity to a qualified Replacement Shipper for the remaining term of the Service Agreement(s) and be relieved of all liability under its Service Agreement(s) prospective from the effective date of such release, provided that the following conditions are satisfied:

(1) The Replacement Shipper executes a new Service Agreement(s) under the applicable Rate Schedule pursuant to Part 284 of the regulations of the Commission that is subject to pre-grant of abandonment;

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FERC Docket: RP09-337-000

Original Sheet No. 193H Original Sheet No. 193H

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(j) Permanent Releases (Continued)

- (2) The Replacement Shipper agrees to pay the maximum rates for service thereunder (unless otherwise agreed to by TSP) and accepts all obligations of the Releasing Shipper;
- (3) The Commission provides any necessary abandonment authorization for the service subject to such permanent release on or before the effective date thereof; and
- (4) The Replacement Shipper meets the creditworthiness requirements specified in Section 11(e) and Section 19 of the General Terms and Conditions of TSP's FERC Gas Tariff.

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First Revised Sheet No. 194 First Revised Sheet No. 194
Superseding: Original Sheet No. 194

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(k) Billing and Payment

(1) A Replacement Shipper shall be billed by TSP and shall make payments to TSP in accordance with the terms of TSP's FERC Gas Tariff and either the Replacement Shipper's executed Service Agreement or Releasing Shipper's executed Service Agreement, whichever is applicable. Transportation Service Provider shall (i) bill Releasing Shipper for the full reservation charge, applicable reservation-related surcharges and any other fixed charges for which Releasing Shipper is otherwise obligated to TSP, reduced by a credit(s) equal to either the reservation charge bid by Replacement Shipper, or the reservation charge portion of amounts billed to a Replacement Shipper paying a volumetric rate(s); and (ii) bill the Replacement Shipper for (a) the reservation charge bid by that Replacement Shipper (except for period during which the Releasing Shipper has recalled the capacity), (b) all commodity charges, or all charges under a volumetric rate(s), and any minimum volumetric commitment agreed to but not met by the Replacement Shipper, (c) any commodity surcharges, (d) any penalties or imbalance correction costs associated with the released capacity, and (e) any applicable overrun charges. For all payments received from Replacement Shipper, TSP shall allocate such payment first to the reservation charge (or to the reservation charge component under a volumetric rate) and then any amounts above that level to the commodity charge (or to the commodity charge component under a volumetric rate). Replacement Shipper may, upon notice to TSP and approval of the Releasing Shipper, appoint Releasing Shipper as its agent to receive such billings from TSP. The charges shall be pro-rated for a billing Month if necessary. TSP shall not provide a reservation charge to the Releasing Shipper in a Permanent Release.

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First Revised Sheet No. 194A First Revised Sheet No. 194A
Superseding: Original Sheet No. 194A

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(k) Billing and Payment (Continued)

(2) For all released capacity, other than permanent releases, Releasing Shipper shall remain ultimately responsible to TSP for full payment of the reservation charge, any applicable reservation-related surcharges, and any other fixed charges for which Releasing Shipper is otherwise obligated to TSP. Until payment by Replacement Shipper to TSP of any unpaid reservation charges, any claims Releasing Shipper may have relating to those charges shall be subordinated to those of TSP. Any reservation charge payments made by Replacement Shipper to TSP will not be withheld from Releasing Shipper by TSP due to Replacement Shipper's failure to pay TSP other amounts owed that are unrelated to the capacity released by the Releasing Shipper.

(3) In the event that a Replacement Shipper (including a Secondary Replacement Shipper) fails to pay TSP's bill relating to the released capacity by the due date, TSP shall reverse the applicable credit(s) and bill the Releasing Shipper in the following Month for those charges previously credited, plus interest. TSP shall, within five (5) Business Days, provide the Releasing Shipper (the most recent Releasing Shipper, where the capacity has been secondarily released) with written or telephonic notice of such nonpayment. Upon Releasing Shipper's receipt of such notice of Replacement Shipper's nonpayment, Releasing Shipper, without prejudice to any other rights it may have, may immediately recall the released capacity upon 24-hour notice to Replacement Shipper, in accordance with Section 29(1) unless within such period Replacement Shipper pays in full the outstanding indebtedness, together with accrued interest at the Commission approved interest rate.

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Second Revised Sheet No. 195 Second Revised Sheet No. 195
Superseding: First Revised Sheet No. 195

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(1) Recall Rights

The Transportation Service Provider (TSP) will support the following recall notification periods for all Released capacity subject to recall rights:

(1) Recall Notification Period(s)

(a) Timely Recall Notification

- (i) A Releasing Shipper recalling capacity will provide notice of such recall to the TSP and the first Replacement Shipper no later than 8:00 a.m. CCT on the day that Timely Nominations are due;
- (ii) The TSP will provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. CCT on the day that Timely Nominations are due.

(b) Early Evening Recall Notification

- (i) A Releasing Shipper recalling capacity will provide notice of such recall to the TSP and the first Replacement Shipper no later than 3:00 p.m. CCT on the day that Evening Nominations are due;
- (ii) The TSP will provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. CCT on the day that Evening Nominations are due.

(c) Evening Recall Notification

- (i) Releasing Shipper recalling capacity will provide notice of such recall to the TSP and the first Replacement Shipper no later than 5:00 p.m. CCT on the day that Evening Nominations are due;

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Third Revised Sheet No. 196 Third Revised Sheet No. 196
Superseding: Second Revised Sheet No. 196

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(1) Recall Rights (Continued)

(1) Recall Notification Period(s) (Continued)

(c) Evening Recall Notification (Continued)

(ii) The TSP will provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. CCT on the day that Evening Nominations are due.

(d) Intraday 1 Recall Notification

(i) A Releasing Shipper recalling capacity will provide notice of such recall to the TSP and the first Replacement Shipper no later than 7:00 a.m. CCT on the day that Intraday 1 Nominations are due;

(ii) The TSP will provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. CCT on the day that Intraday 1 Nominations are due.

(e) Intraday 2 Recall Notification

(i) A Releasing Shipper recalling capacity will provide notice of such recall to the TSP and the first Replacement Shipper no later than 2:30 p.m. CCT on the day that Intraday 2 Nominations are due;

(ii) The TSP will provide notification of such recall to all affected Replacement Shippers no later than 3:30 p.m. CCT on the day that Intraday 2 Nominations are due.

For recall notification provided to the TSP prior to the recall notification deadline specified in NAESB WCQ standard 5.3.44 and received between 7:00 a.m.

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(1) Recall Rights (Continued)

(1) Recall Notification Period(s) (Continued)

CCT and 5:00 p.m. CCT, the TSP should provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification.

For recall notification provided to the TSP after 5:00 p.m. CCT and prior to 7:00 a.m. CCT, the TSP should provide notification to all affected Replacement Shippers no later than 8:00 a.m. CCT after receipt of such recall notification.

The TSP should support the ability for the Releasing Shipper to specify, as a condition of a release, whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day.

Recalled capacity notices shall indicate whether penalties will apply for the gas day for which quantities are reduced due to a capacity recall.

(2) Recall Notification

(a) The Releasing Shipper should provide capacity recall notification to the TSP through the TSP's Customer Activities Website. The recall notification will specify the recall notification period for the specified effective gas day, as well as any other information needed to uniquely identify the capacity being recalled.

(b) The TSP will support the ability for the Releasing Shipper to specify, as a condition of a capacity release offer, which recall notification period(s), as provided in NAESB WGQ Standard No. 5.3.44, will be available for use by the parties.

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Fourth Revised Sheet No. 198 Fourth Revised Sheet No. 198
Superseding: Third Revised Sheet No. 198

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(1) Recall Rights (Continued)

(2) Recall Notification (Continued)

(c) For the recall notification provided to the TSP, the TSP's Tariff will specify whether the quantity should be expressed in terms of:

(i) total released capacity entitlements; or

(ii) adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity (EPC).

The capacity entitlements resulting from the use of either (i) or (ii) should be the same.

(d) In the event of an intraday capacity recall, the TSP will determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity (EPC). Variations to the use of EPC may be necessary to reflect the nature of the TSP's tariff, services, and/or operational characteristics.

(e) The amount of capacity allocated to the Replacement Shipper(s) should equal the original released capacity less the recalled capacity that is adjusted based upon the EPC or other TSP tariff specific variations of the EPC in accordance with NAESB WGQ Standard No. 5.3.56.

(f) The TSP should not be obligated to deliver in excess of the total daily contract quantity of the release as a result of NAESB WGQ Standard No. 5.3.55.

(3) Other Recall Notification Requirements

(a) The Replacement Shipper should provide the TSP with no more than two Internet E-mail addresses

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Fourth Revised Sheet No. 199 Fourth Revised Sheet No. 199
Superseding: Third Revised Sheet No. 199

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(1) Recall Rights (Continued)

(3) Other Recall Notification Requirements (Continued)

(a) (Continued)

to be used for recall notification. The obligation of the TSP to provide notification is waived until at least one of the addresses has been provided.

(b) Affected Replacement Shippers should manage internal distribution of notification of recall received from the TSP.

(4) TSP shall have no liability to any party in relying on the recall instructions and conditions specified by the Releasing Shipper, except to the extent that such party establishes that TSP has incorrectly applied such instructions as a result of the negligent action or willful misconduct of Transportation Service Provider.

(m) Reput Rights

(1) Reput Notification

(a) The deadline for notifying the TSP of a reput is 8:00 a.m. CCT to allow for timely nominations to flow on the next gas day.

(b) When capacity is recalled, it may not be reput for the same gas day.

(n) Marketing Fee

Transportation Service Provider shall have the right to negotiate a marketing fee with a Releasing Shipper for any mutually agreeable marketing services which are provided by TSP.

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Third Revised Sheet No. 200 Third Revised Sheet No. 200
Superseding: Second Revised Sheet No. 200

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(o) Execution of Service Agreements

- (1) Unless otherwise requested in writing by either the Releasing Shipper or the Replacement Shipper, each Releasing and Replacement Shipper who is a party to a Section 29 capacity release transaction for a term of one (1) year or less, shall be deemed to have executed a firm Service Agreement or amendment consistent with TSP's Form of Service Agreement pursuant to the applicable Rate Schedule, which such Service Agreement or amendment shall be effective as of the date the release commences; provided, however, (i) the rate shall be consistent with the Replacement Shipper's bid; and (ii) the term of the applicable firm transportation Form of Service Agreement shall be interpreted consistent with the term of the release; provided further, the Replacement Shipper under each capacity release shall be subject to a separate Service Agreement. TSP, if requested, shall forward the necessary Service Agreement(s), amendment(s) or exhibit(s) to the Service Agreement(s) to the Releasing and Replacement Shippers. All parties agree not to contest the validity or enforceability of a firm Service Agreement or exhibit established pursuant to this provision and further agree that if introduced in any judicial, arbitration, mediation or administrative proceedings, any such firm Service Agreement or exhibit will be admissible as between the parties to the same extent and under the same conditions as other business records.
- (2) TSP and each Replacement Shipper who receives capacity pursuant to Section 29 of the General Terms and Conditions of TSP's FERC gas Tariff for a term greater than one (1) year, or Replacement Shippers that elect to enter into written contracts or amendments, shall execute a firm Service Agreement pursuant to the applicable Rate Schedule, where executed Service Agreement shall be effective as of the date the capacity release commences. With respect to Permanent Releases only, upon execution by TSP

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(o) Execution of Service Agreements (Continued)

(2) (Continued)

and Replacement Shipper of the new Service Agreement, and effective as of the effective date of said new Service Agreement, the Releasing Shipper shall, except as otherwise agreed to by TSP and Releasing Shipper, be relieved of liability under its existing Service Agreement, but only to the extent of the quantity of the executed new Service Agreement.

(3) A Replacement Shipper who executes or who is deemed to have executed a firm Service Agreement pursuant to Section 29 of the General Terms and Conditions of TSP's FERC Gas Tariff shall, upon execution of such firm Service Agreement, be considered a firm Replacement Shipper for all purposes under TSP's FERC Gas Tariff, and shall be entitled to the rights and subject to the obligations of a Replacement Shipper under all applicable firm transportation Rate Schedules including, without limitation, the right to participate in TSP's capacity release program pursuant to Section 29 of the General Terms and Conditions of TSP's FERC gas Tariff.

(p) TSP Reporting Requirements

For release transactions, the Transportation Service Provider must post with respect to each contract, or a revision of contract for service, the following information no later than the first nomination under a transaction:

(1) The full legal name of the Shipper, and identification number, of the Shipper receiving service under the contract, and the full legal name, and identification number, of the Releasing Shipper if a capacity release is involved or an indication that the pipeline is the Seller of transportation capacity;

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(p) TSP Reporting Requirements (Continued)

- (2) The contract number for the Shipper receiving service under the contract, and, in addition, for released transactions, the contract number of the Releasing Shipper's contract;
- (3) The rate charged under each contract;
- (4) The maximum rate, and for each capacity release transactions not subject to a maximum rate, the maximum rate that would be applicable to a comparable sale of pipeline services;
- (5) The duration of the contract;
- (6) The receipts and delivery points and zones or segments covered by the contract, including the industry common code for each point, zone, or segment;
- (7) The contract quantity or the volumetric quantity under a volumetric release;
- (8) Special terms and conditions applicable to a capacity release transaction, including all aspects in which the contract deviates from TSP's tariff, and special details pertaining to a pipeline transportation contract including whether the contract is a negotiated rate contract, conditions applicable to a discounted transportation contract, and all aspects in which the contract deviates from TSP's tariff;
- (9) Whether there is an affiliate relationship between TSP and the Shipper or between the Releasing and Replacement Shipper;
- (10) Whether a capacity release is a release to an asset manager as defined in Section 29(h)(3) and the asset manager's obligation to deliver gas to, or purchase gas from, the Releasing Shipper; and

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(p) TSP Reporting Requirements (Continued)

- (11) Whether a capacity release is a release to a marketer participating in a state-regulated retail access program as defined in Section 29(h)(4).

(q) Notice Provided to Releasing Shipper Concerning Replacement Shipper

The TSP should provide the original Releasing Shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by the TSP to the Releasing Shipper's Replacement Shipper(s), of the following:

- (1) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to the TSP's tariff;
- (2) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;
- (3) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and
- (4) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.

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Sub 2nd Revised Sheet No. 204 Sub 2nd Revised Sheet No. 204
Superseding: Second Revised Sheet No. 204

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Releases (Continued)

(r) Compliance with North American Energy Standards Board

TSP has adopted the Capacity Release Practices and Standards which were required by the Commission in 18 CFR Subsection 284.12(a) in accordance with Order Nos. 587, et. al. In addition to the standards which are reflected in other provisions of this tariff, TSP is incorporating herein the following NAESB WGQ principles, definitions, standards and data sets, Version 1.8, where applicable, by reference, into this Second Revised Volume No. 1 FERC Gas Tariff:

(1) Principles

Version 1.8: 5.1.1 through 5.1.4

(2) Definitions

Version 1.8: 5.2.1 through 5.2.3

(3) Standards

Version 1.8: 5.3.1 through 5.3.5, 5.3.8, 5.3.14, 5.3.16, 5.3.26, 5.3.44 through 5.3.45, and 5.3.47 through 5.3.60

(3) Data Sets

Version 1.8: 5.4.23

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Superseding: First Revised Sheet No. 205

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

SHEET NOS. 205-210A ARE RESERVED FOR FUTURE USE

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(1) Prearranged Releases Not Subject to Prior Notice
(Continued)

(3) Any Prearranged Release pursuant to Section 29(1) of thirty-one (31) days or less may not be rolled over, extended or in any way continued beyond the initial term of the release without being subject to the requirements of Section 29(m). Capacity may be re-released for thirty-one (31) days or less at any mutually agreed upon rate to the same Replacement Buyer only if a period of at least twenty-eight (28) calendar days has elapsed since the end of the latest release of the same capacity.

(m) Prearranged Releases Subject to Prior Notice

For Prearranged Releases (i) between thirty-one (31) Days and one (1) year at any mutually agreed upon rates or (ii) greater than one (1) year at lower than maximum tariff rates are subject to competitive bidding. Seller shall post the notice of a prearranged offer for release on its EBB. The notification shall include the following information:

- (1) The identity of the Releasing Buyer.
- (2) The proposed commencement date and term of the release.
- (3) All conditions of release objectively stated including, but not limited to, any recall conditions.
- (4) The Rate Schedule, specific quantity of capacity to be released, the Point of Receipt and the Delivery Point Area.

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Original Sheet No. 207 Original Sheet No. 207 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(m) Prearranged Releases Subject to Prior Notice (Continued)

- (5) The prearranged and maximum reservation or volumetric rates applicable to the capacity to be released.
- (6) The start and end dates for the bidding period.
- (7) The criteria for selecting the Best Bid.
- (8) The date and time the Release Notice is posted on Seller's EBB.
- (9) The length of time for a prearranged Replacement Buyer to match the terms and conditions of the Best Bid.
- (10) Whether contingent bids are permitted and, if so, the length of time during which the contingent Bidder(s) will be allowed to accept or decline the capacity without condition.
- (11) Any tie-breaking methodologies.

If the Best Bid is superior to the initial prearranged agreement, then Seller shall promptly contact the prearranged Replacement Buyer, by telephone or facsimile transmission, and the prearranged Replacement Buyer shall have the option to match the terms and conditions of the Best Bid in accordance with Section 29(m)(7) or Section 29(g) and thereby be awarded such capacity. The maximum length of time within which a prearranged Replacement Buyer may match the Best Bid is one (1) hour after evaluation period ends in accordance with Section 29(f). The terms of the awarded bid(s) shall be posted by Seller in accordance with Section 29(h).

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

- (n) Releases that are Not Prearranged but are Subject to Prior Notice and Competitive Bidding

Releases that are not prearranged are subject to prior notice and competitive bidding. Seller shall post the notice of release on its EBB. The notification shall include the following information:

- (1) The identity of the Releasing Buyer.
- (2) The proposed commencement date and term of the release, which term must be at least one (1) Gas Day commencing at nine o'clock (9:00) a.m. CCT.
- (3) The existence of any conditions of release, objectively stated, including, but not limited to, any recall and whether minimum term, rate, or quantity conditions apply. Any minimum term, rate, or quantity conditions will be posted at the option of the Releasing Buyer.
- (4) The Rate Schedule, specific quantity of capacity to be released, the Point of Receipt and the Delivery Point Area.
- (5) The maximum reservation or volumetric rates applicable to the capacity to be released.
- (6) The start and end dates for the bidding period.
- (7) The criteria for selecting the Best Bid.
- (8) The date and time the Release Notice is posted on Seller's EBB.
- (9) Whether contingent bids are permitted and, if so, the length of time during which the contingent Bidder(s) will be allowed to accept or decline the capacity without condition.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(n) Releases that are Not Prearranged but are Subject to
Prior Notice and Competitive Bidding (Continued)

(10) Any tie-breaking methodologies.

The terms of the awarded bid(s) shall be posted by Seller
in accordance with Section 29(h).

(o) Permanent Releases

A Buyer which has a currently effective executed Service
Agreement with Seller under either of Seller's firm
transportation Rate Schedules FT and ST may release its
capacity to a qualified Replacement Buyer for the
remaining term of the Service Agreement(s) and be
relieved of all liability under its Service Agreement(s)
prospective from the effective date of such release,
provided that the following conditions are satisfied:

- (1) The Replacement Buyer executes a new Service
Agreement(s) under the applicable Rate Schedule
pursuant to Part 284 of the regulations of the
Commission that is subject to pre-granted
abandonment;
- (2) The Replacement Buyer agrees to pay the maximum
rates for service thereunder (unless otherwise
agreed to by Seller) and accepts all obligations of
the Releasing Buyer;
- (3) The Commission provides any necessary abandonment
authorization for the service subject to such
permanent release on or before the effective date
thereof; and
- (4) The Replacement Buyer meets the creditworthiness
requirements specified in Section 11(e) and Section
19 of the General Terms and Conditions of Seller's
FERC Gas Tariff.

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(p) Compliance with North American Energy Standards Board

TSP has adopted the Capacity Release Practices and Standards which were required by the Commission in 18 CFR Subsection 284.12(a) in accordance with Order Nos. 587, et. al. In addition to the standards which are reflected in other provisions of this tariff, TSP is incorporating herein the following NAESB Wholesale Gas Quadrant (WGQ) principles, definitions, standards and data sets, Version 1.7, as modified by Recommendation R03035A, 2004 Annual Plan Item 2 Order 2004, and 2005 Annual Plan Item 8 FERC Order 2004, where applicable, by reference, into this Second Revised Volume No. 1 FERC Gas Tariff: Principle No.5.1.1 through 5.1.4; Definition Nos. 5.2.1 and 5.2.3; Standard Nos. 5.3.9 through 5.3.12, 5.3.17 through 5.3.25, 5.3.30, 5.3.31 through 5.3.40, 5.3.41 through 5.3.43, 5.3.46, 5.4.20 through 5.4.22.

(q) Notice Provided to Releasing Buyer Concerning Replacement Buyer

The TSP shall provide the original Releasing Buyer with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by the TSP to the Releasing Buyer's Replacement Buyer(s), of the following:

1. Notice to the Replacement Buyer regarding the Replacement Buyer's past due, deficiency, or default status pursuant to the TSP's tariff;
2. Notice to the Replacement Buyer regarding the Replacement Buyer's suspension of service notice;
3. Notice to the Replacement Buyer regarding the Replacement Buyer's contract termination notice due to default or credit-related issues; and

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EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

29. Capacity Release (Continued)

(q) Notice Provided to Releasing Buyer Concerning Replacement Buyer (Continued)

4. Notice to the Replacement Buyer that the Replacement Buyer(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.

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SHEET NOS. 211-212 ARE RESERVED FOR FUTURE USE

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Superseding: First Revised Sheet No. 213

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

30. Electronic Delivery Mechanisms / Internet Electronic Transport

(a) TSP will provide an Internet World Wide Web Page (Web Page) for the purpose of providing equal and timely access to information pertaining to the availability of transportation services, capacity releases, receipts and deliveries, tariff rates, availability of interruptible capacity, pipeline construction, and other information as necessary from time to time. The Web Page will include the following:

(1) Ability to transfer files from Service Requester to TSP's Web Page, including nominations, capacity release offers and capacity release bids.

(2) Ability to view files from TSP's Web Page.

(3) Backup of information that is displayed. Information will be archived for at least three (3) years. Archived information will be made available by TSP within a reasonable time after a Service Requester's request for such information.

(4) A periodic purging of information on completed transactions from current files.

(5) A display menu that permits users to separately access all Web Page information. Service Requester specific information will require a customer identification code and password.

(6) Presentation of information such that the most recent information will be listed ahead of older information.

(b) The following information will be obtained through or posted on the Web Page:

(1) All capacity release information as required by the Commission;

(2) Information required by the Commission's Order No. 497 and associated regulations;

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Third Revised Sheet No. 214 Third Revised Sheet No. 214
Superseding: Second Revised Sheet No. 214

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

30. Electronic Delivery Mechanisms / Internet Electronic
Transport (Continued)

(b) The following information will be obtained through or
posted on the Web Page: (Continued)

- (3) Available firm and interruptible capacity;
- (4) TSPs' firm and interruptible transportation
request forms;
- (5) Electronic measured volumes;
- (6) Transportation balances;
- (7) Emergency bulletins, critical system wide notices
and other pipeline operational notices describing
the conditions and the specific response required
from the affected Service Requester(s);
- (8) Less critical system wide notices than those
posted pursuant to Section 30(b) (7);
- (9) Index of Customers;
- (10) Tariff rates, terms and conditions information; and
- (11) All other information or notices necessary for
TSP and Service Requester to arrange for
transportation and transportation services.
- (12) Transactional data should be retained for at least
24 months for audit purposes. This data
requirement only applies to the ability to recover
or regenerate electronic records for a period
of two years and does not otherwise modify
statutory, regulatory, or contractual record
retention requirements.

For Service Requesters who enter into an EDI Trading
Partner Agreement with TSP, the documents defined in the
Trading Partner Agreement will be available via the
TSP's EDI Designated Site instead of the TSP's Web
Page.

Effective Date: 08/01/2009 Status: Effective

FERC Docket: RP09-685-002

2nd Sub 8th Revised Sheet No. 215 2nd Sub 8th Revised Sheet No. 215

Superseding: Eighth Revised Sheet No. 215

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

30. Electronic Delivery Mechanisms / Internet Electronic
Transport (Continued)

(c) TSP has adopted the EDI Practices and Standards which are required by the Commission in 18 CFR Subsection 284.12(a) in accordance with Order Nos. 587, et. al. In addition to the standards which are reflected in other provisions of this tariff, TSP is incorporating herein the following NAESB WGQ principles, definitions, standards and data sets, Version 1.8, where applicable, by reference, into this Second Revised Volume No. 1 FERC Gas Tariff;

(1) Principles

Version 1.8: 4.1.2 through 4.1.4, 4.1.6, 4.1.7, 4.1.10, 4.1.12, 4.1.13, 4.1.15 through 4.1.24, 4.1.26 through 4.1.39, and 10.1.1 through 10.1.9.

(2) Definitions

Version 1.8: 4.2.1 through 4.2.20 and 10.2.1 through 10.2.38

(3) Standards

Version 1.8: 4.3.1, 4.3.2, 4.3.5, 4.3.16 through 4.3.18, 4.3.20, 4.3.22 through 4.3.36, 4.3.38 through 4.3.43, 4.3.45, 4.3.46, 4.3.48 through 4.3.51, 4.3.53, 4.3.54, 4.3.57 through 4.3.62, 4.3.65 through 4.3.66, 4.3.68 through 4.3.79, 4.3.85 through 4.3.87, 10.3.1, and 10.3.3 through 10.3.25

Service Requesters transacting business on TSP's Web Page and/or designated site agree to be bound by all the Terms and Conditions of TSP's FERC Gas Tariff, Volume No. 1.

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Original Sheet No. 215A Original Sheet No. 215A

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

30. Electronic Delivery Mechanisms / Internet Electronic
Transport (Continued)

(d) TSP makes no representation or warranty to any party concerning the accuracy or completeness of any information posted on TSP's IWS or obtained via TSP's designated site. Additionally, TSP makes no representation or warranty to any party concerning the willingness or ability of any Releasing Shipper to release capacity rights of any Replacement Shipper to accept capacity rights. Further, all parties shall hold TSP harmless with regard to any claim which may arise in connection with the posting of information on TSP's IWS or transfer of information via TSP's designated site, except to the extent that such party successfully establishes that TSP's posting or transfer of inaccurate or incomplete information was the result of TSP's negligent action or willful misconduct.

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FERC Docket: RP02-449-001

First Revised Sheet No. 216 First Revised Sheet No. 216 : Effective
Superseding: Original Sheet No. 216

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

31. Fuel Retention Adjustment

- (a) This Section 31 of the General Terms and Conditions of Service Provider's FERC Gas Tariff is applicable to all transportation service under which Service Provider retains fuel. In addition to the payments by Service Requester to Service Provider for transportation services pursuant to Service Provider's Rate Schedules, Service Requester shall reimburse Service Provider in accordance with the Fuel Retention Percentage ("FRP") applicable to each such transaction.

For in-kind fuel reimbursement methods, Service Providers should provide, if applicable, a fuel matrix for receipt and delivery point combinations. The Service Requesters should not be responsible for calculating and totaling fuel based on each zone or facility traversed.

- (b) With no less than thirty (30) calendar days prior notice, Service Provider shall file with the FERC revised tariff sheets containing a redetermined FRP for the affected Rate Schedules. The revised tariff sheets will take effect each July 1 subsequent to the effective date of this provision, or at such other times as Service Provider in its reasonable discretion determines necessary based upon operating or other conditions. For current in-kind fuel reimbursement procedures, fuel rates should be made effective only at the beginning of the month. Such FRP shall be designed to reimburse Service Provider for the cost of its Gas Required for Operations ("GRO"). Service Provider's GRO shall consist of (i) gas used for compressor fuel, and (ii) gas otherwise used, lost or unaccounted for, in Service Provider's operations.
- (c) Service Provider shall redetermine the FRP applicable to the affected transportation Rate Schedules in accordance with the following procedure. Service Provider shall calculate GRO quantities attributable to system wide operations for the affected Rate Schedules using the last twelve (12) Month period for which data is available. Such GRO quantity shall then be divided by the transportation commodity quantities

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Fourth Revised Sheet No. 217 Fourth Revised Sheet No. 217 : Effective
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(Continued)

31. Fuel Retention Adjustment (Continued)

(c) (continued)

received by Service Provider for the same twelve (12) Month period referenced above in order to compute the redetermined FRP.

(d) Service Provider shall determine for each Month the difference, positive or negative, between (i) total GRO quantities actually incurred by Service Provider for transportation service, and (ii) the total quantities retained from all Service Requesters for transportation service in accordance with the applicable FRP. For every such month, Service Provider shall multiply the foregoing difference by the currently applicable GRO Index Price, as defined in Section 31(e) of the General Terms and Conditions of Seller's FERC Gas Tariff. The resulting product shall be recorded each Month in a subaccount of Account No. 186 of the Uniform System of Accounts, which Seller shall designate as a Deferred GRO Account. Interest shall be computed on the balance in Seller's Deferred GRO account, positive or negative, based on the method prescribed in Section 154.403 (7) of the Commission's Regulations.

(e) For any Month, the GRO Index Price shall be the Index Price used for the purposes of "cashing out" imbalances, pursuant to Section 23(f)(1) of the General Terms and Conditions of Seller's FERC Gas Tariff, for the relevant Month. Such index cash out price shall further be inclusive of any and all transportation charges assessed Seller by Transcontinental Gas Pipe Line Corporation.

(f) The Deferred GRO Account Balance shall be incorporated into each annual FRP filing by dividing (i) the current balance in the Deferred GRO Account by (ii) the weighted average value of the GRO Price Index for the deferral period.

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FERC Docket: CP96-128-004

Original Sheet No. 218 Original Sheet No. 218 : Effective

EASTERN SHORE NATURAL GAS COMPANY
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(Continued)

32. Annual Charge Adjustment (ACA)

(a) Annual Filing

Seller is authorized to recover from Buyer the annual charge assessed to Seller by the Commission for Commission budgetary expenses. Seller shall recover this annual charge by including in its transportation rates a per unit surcharge rate equivalent to the per dt charge assessed against Seller by the Commission. During the effectiveness of this Annual Charge Adjustment (ACA) provision, Seller will not recover in a Natural Gas Act (NGA) Section 4 rate case any annual charges recorded in FERC Account No. 928 assessed to Seller by the Commission pursuant to Order No. 472.

(b) Seller shall adjust its ACA surcharge rate annually to be effective each October 1. Seller shall comply with the notice requirements of Section 154.207 of the Commission's Regulations.

(c) Seller's ACA Surcharge rate shall be the per unit rate used by the Commission to determine the annual charge assessment to Seller adjusted, if necessary, to a dekatherm basis, rounded to the nearest one-hundredth of one cent (\$0.0001).

(d) The affected Rate Schedules are transportation Rate Schedules contained in Seller's Volume No 1, FERC Gas Tariff and all transportation performed under Part 284 of the Commission's Regulations.

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FERC Docket: CP96-128-004

Original Sheet No. 219 Original Sheet No. 219 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

33. Periodic Rate Adjustments and Surcharges

Seller and Buyer recognizes that Seller will, from time to time, experience changes in costs related to providing service under this Tariff, including, but not limited to, changes in the cost of labor, benefits, materials and supplies, taxes, required rate of return, costs associated with the resolution of past disputes or outstanding uncertainties concerning amounts owed by Seller or Buyer or attributable to Seller or Buyer, and costs generated by decisions of the Commission, the courts, or by an arbitration panel or other body having jurisdiction over Seller. Seller hereby notifies Buyer that it may be appropriate, equitable, and consistent with the cost responsibility to allocate such costs among Buyers based on, or taking into account, past period factors, such as contract demand levels, purchases, or any other factors related to a prior period of time. Seller shall have the right, from time to time, to make rate change filings based in whole or in part on factors related to past periods, however, Seller may not thereby engage in retroactive ratemaking. Buyer shall have the right to intervene and protest any such filings.

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First Revised Sheet No. 220 First Revised Sheet No. 220 : Effective
Superseding: Original Sheet No. 220

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

34. Discounting

(a) Discount Policy

Seller may at any time selectively discount the rate applicable to any Buyer under the Rate Schedules set forth in this Tariff; provided, however, that such discounted rate(s) shall not be less than the minimum rate for the applicable service as set forth in the currently effective rate sheets of this Tariff, which may be changed from time to time. Any rate discount provided to any Buyer shall be applied to the components of the rate in following order: (i) base tariff rate for the applicable service including fuel retention; and (ii) applicable surcharges under Section 33 of the General Terms and Conditions of Seller's FERC Gas Tariff. Seller and Buyer shall enter into a written agreement describing the terms of any such discounting of rate(s) to Buyer.

(b) Discount Retention Policy and Procedures

A Buyer with an existing discount rate with Seller limited to service at a specific receipt point and Delivery Point Area ("DPA") can request that it be permitted to retain that discount rate when seeking to use an alternate point, as part of its segmentation, capacity release, or use of its flexible receipt and delivery point rights under this tariff. Seller will process request to retain discounts within two hours of the request is made more than two hours prior to the 6:00 p.m. Evening Nomination. For requests made two hours or less prior to the 6:00 p.m. Evening Nomination, Seller will process the request by 8:30 a.m. CCT the next morning. In such cases, a discount rate will not be retained by the Buyer if Seller can demonstrate that it has not granted a discount with respect to a similarly situated Buyer at that point. If the discount is to be retained, the Buyer will pay the higher of its contractual discounted rate or the discount rate applicable to the similarly situated Buyer receiving a discount at that point.

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FERC Docket: RP00-393-002

Original Sheet No. 220A Original Sheet No. 220A : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

34. Discounting (Continued)

(c) Refunds

If the discounted rate(s) charged Buyer exceeds the rate(s) ultimately approved by the Commission, any required refund shall be made based on the amount by which the rate(s) actually collected from Buyer exceeds the rate(s) approved by the Commission.

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Third Revised Sheet No. 221 Third Revised Sheet No. 221 : Effective
Superseding: Second Revised Sheet No. 221

EASTERN SHORE NATURAL GAS COMPANY
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(Continued)

35. Cash Out Refund/Surcharge

- (a) Transportation Service Provider (TSP) will refund or surcharge for each annual billing period, any difference between the revenues received by TSP and the costs incurred by TSP under the "cash out" provisions of TSP's FERC Gas Tariff. For purposes of this Section an annual billing period shall be the twelve (12) Month period commencing each April 1st and ending the following March 31st.
- (b) Subsequent to the end of each annual billing period TSP shall compare the revenues received by TSP under the "cash out" procedures with the costs incurred by TSP under such "cash out" procedures, as further adjusted for interest from the date of collection until the date credited using the current Federal Energy Regulatory Commission interest as defined in 18 C.F.R. Section 154.403 (7). If the revenues received exceed the costs incurred, then TSP shall refund, within sixty (60) calendar days of the end of the annual billing period, the net over recovery to all firm and interruptible transportation Service Requesters in accordance with each transportation Service Requestors' pro rata share of the total transportation quantities which TSP has delivered during said annual billing period. If, however, the revenues received are less than the costs incurred, then TSP shall recover the net under recovered balance by means of a surcharge applicable to each dekatherm delivered to all firm and interruptible transportation Service Requesters. Said surcharge shall be effective July 1 of each year and shall be calculated on the same basis as the refund of over-recoveries described above; i.e., net under recovered balance divided by the total transportation quantities which TSP has delivered during the annual billing period.
- (c) If the original amount used to calculate said surcharge is not collected exactly through the surcharge, any under or over-recovery will be carried forward and included in the determination of the next period's refund or surcharge.

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First Revised Sheet No. 222 First Revised Sheet No. 222 : Effective
Superseding: Original Sheet No. 222

EASTERN SHORE NATURAL GAS COMPANY
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36. Crediting of Penalty Revenues

(a) Eligible Penalty Revenues

Eligible Penalty Revenues shall include all penalty amounts assessed and actually collected by Seller during the calendar year (January 1st through December 31st) pursuant to the penalty provisions of Section 22 Unauthorized Daily Overrun; Section 24 Operational Flow Orders; Section 25 Capacity Curtailment and Section 26 Emergency Capacity Reallocation of the General Terms and Conditions of Seller's FERC Gas Tariff. Eligible Penalty Revenues shall exclude all necessary costs incurred.

(b) Disposition of Penalty Revenues

At the end of the calendar year, Seller will calculate the amount of Eligible Penalty Revenues actually collected. Such Penalty Revenues will accrue interest from the date of collection until the date credited, using the current Federal Energy Regulatory Commission interest rate as defined in 18 C.F.R. Section 154.501(d). Seller will credit Eligible Penalty Revenues to all firm transportation Buyers on a pro rata basis based on each firm Buyer's MDTQ and MDSTQ and interruptible Buyer's imputed MDTQ provided, however that transportation Buyers who were penalized during the year shall not be credited for any portion of the penalty amount which they paid. Seller shall credit the bills of such Buyers within sixty (60) calendar days of the end of the calendar year.

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Original Sheet No. 223 Original Sheet No. 223 : Effective

EASTERN SHORE NATURAL GAS COMPANY
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(Continued)

37. Interruptible Revenue Sharing

- (a) Seller will share the Net Revenues it receives from its interruptible transportation service under Rate Schedule IT with its firm transportation customers.
- (b) Net Revenues shall be defined as the total revenues received under Rate Schedule IT less: (i) the fixed cost of service allocated to Rate Schedule IT, (ii) the variable costs of providing service under such Rate Schedule, (i.e. the firm transportation commodity rate), and (iii) any surcharges applicable to such Rate Schedule. Seller will credit ninety percent (90%) of Net Revenues under Rate Schedule IT to its firm transportation customers on a pro-rata basis using each firm customer's total unadjusted MDTQ and MDSTQ under firm transportation Rate Schedules FT and ST. Credits shall include interest at the FERC approved rate from the date that revenues are received from the interruptible service to the date of the credit.
- (c) Seller will calculate Net Revenues at the end of each twelve (12) Month period ending March 31. Within ninety (90) calendar days after the end of each such period, Seller will return the shared portion of Net Revenues in the form of billing credits to its firm transportation customers.

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Original Sheet No. 224 Original Sheet No. 224 : Effective

EASTERN SHORE NATURAL GAS COMPANY
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(Continued)

38. Transition Cost Recovery Mechanism

This Section 38 of these General Terms and Conditions provides for the recovery of costs incurred as a result of implementing, in connection with implementing, or attributable to the requirements of the Commission's Order No. 636, as it may be modified or amended ("Order No. 636"), such costs hereinafter referred to as "Transition Costs".

(a) Recovery of FERC Account No. 191 and Account No. 858 Costs

Seller shall direct bill Buyer, in the case of a positive balance, or refund Buyer, in the case of a negative balance, its share of the unrecovered costs. Such amounts are subject to adjustment in order to permit recovery by Seller of one hundred percent (100%) of its unrecovered costs. Seller shall revise its billings to permit recovery of out-of-pocket costs incurred within nine (9) months from the date its Purchase Gas Adjustment and Transportation Cost Adjustment provisions are terminated. Refunds related to purchases prior to the implementation of Section 38(a) of the General Terms and Conditions Of Seller's FERC Gas Tariff shall be flowed through to the former CD sales Buyers regardless of when Seller receives such refund.

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Original Sheet No. 225 Original Sheet No. 225 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

38. Transition Cost Recovery Mechanism (Continued)

- (a) Recovery of FERC Account No. 191 and Account No. 858 Costs (Continued)

Unrecovered Gas and Transportation Costs (including interest) will be allocated as follows among applicable Buyers under Rate Schedules FT and ST:

- (1) The portion of unrecovered costs that relate to demand charges shall be allocated on the basis of each Buyer's contract demand quantity under Seller's former CD-1 or CD-E Rate Schedule in effect on the day before the effective date of this tariff sheet; and
- (2) The portion of unrecovered costs that relate to commodity charges shall be allocated on the basis of each Buyer's purchases under Seller's former CD-1 and CD-E Rate Schedules during the twelve (12) months immediately preceding the effective date of this tariff sheet.

Buyer may elect, in the case of a positive balance, to be billed in twelve (12) equal monthly installments, in which case, Buyer shall be required to pay interest on the unpaid balance at the applicable annual interest rate specified in Section 154.501(2)(d)(1) of the Commission's regulations. Payment of such billed amount shall be due within ten (10) calendar days of Seller's bill. If the normal payment date is a Saturday, Sunday or holiday, than payment is due the next Business Day.

- (b) Recovery of Gas Supply Realignment Costs

All Gas Supply Realignment Costs ("GSRC"), including interest, prudently incurred by Seller as a result of implementing, in connection with implementing, or attributable to the requirements of the Commission's Order No. 636 will be recovered by Seller by means of a reservation surcharge contained in its rates for Part 284 firm transportation, a volumetric surcharge included in the Rate Schedule IT rate, and any exit fees agreed upon by Seller and its former Buyers in consideration of

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 226 Original Sheet No. 226 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

38. Transition Cost Recovery Mechanism (Continued)

(b) Recovery of Gas Supply Realignment Costs (Continued)

Seller's agreement to terminate such Buyer(s) Service Agreement(s) prior to their date of expiration. GSRC reservation surcharges shall be applied to services provided under Rate Schedules FT and ST for recovery of ninety percent (90%) of recoverable GSRC. Ten percent (10%) of recoverable GSRC shall be allocated to the rates for volumes transported under Rate Schedule IT. Such GSRC reservation surcharge and the allocation of GSRC to Rate Schedule IT shall be calculated to recover the known and measureable GSRC as of the time of the limited Section 4 filing referenced below.

Seller shall perform the following to attempt to mitigate all GSRC costs:

- (1) Seller will propose an assignment to each Buyer receiving service from Seller under Seller's Rate Schedules CD-1 or CD-E or firm direct sales service on the day before the effective date of the service restructuring a pro rata share of all daily gas purchase agreements. Each Buyer will have up to ten (10) calendar days to accept or decline the assignment of its respective share of the daily gas purchase agreements. The share offered to each Buyer will be based on each Buyer's pro rata share of CD-1 service, CD-E service, or firm direct sales service prior to the restructuring. In the event there is remaining service

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(Continued)

38. Transition Cost Recovery Mechanism (Continued)

(b) Recovery of Gas Supply Realignment Costs (Continued)

(1) (Continued)

service entitlement after all Buyers have notified Seller of their respective decisions regarding the assignments, those Buyers which accepted assignment of their pro rata share will be given the opportunity to take assignment of additional entitlement. Such Buyers may request any quantity of the entitlements made available in such second offering by Seller. In the event quantities requested exceed the total offered by Seller, then each Buyer submitting a request in the second offering will receive a pro rata share based on each Buyer's requested quantity as compared to the total quantity requested by all Buyers in the second offering.

(2) If there is remaining entitlement after Seller has made its two (2) assignment offerings Seller will attempt to negotiate a buy-out of the remaining entitlements.

(3) Seller's recovery of GSRC costs related to all daily gas purchase agreements will extend through the termination of the gas supply contracts.

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FERC Docket: CP96-128-004

Original Sheet No. 228 Original Sheet No. 228 : Effective

EASTERN SHORE NATURAL GAS COMPANY
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(Continued)

38. Transition Cost Recovery Mechanism (Continued)

(b) Recovery of Gas Supply Realignment Costs (Continued)

Seller shall make a limited filing with the Commission under Section 4 of the Natural Gas Act. Seller's initial filing will cover the period of November through December, 1997. Seller will file quarterly to adjust the costs, and the surcharge, as necessary. Seller shall file such adjustments at least thirty (30) days prior to the proposed effective date. Seller shall make the filing according to Commission regulations together with all supporting computations.

- (1) Ninety percent (90%) of the GSRC shall be charged to Buyers receiving service under Rate Schedule FT and ST by means of a GSRC demand surcharge per MDTQ and MDSTQ respectively, based on the proportion of each Buyer's MDTQ and MDSTQ compared to the sum of all Rate Schedules FT and ST, MDTQs and MDSTQs, respectively.
- (2) Ten percent (10%) of the GSRC shall be included in revised rates for service under Rate Schedule IT. Such volumetric GSRC surcharge shall be designed to recover such costs over the subsequent twelve (12) month period.

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FERC Docket: CP96-128-004

Original Sheet No. 229 Original Sheet No. 229 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

38. Transition Cost Recovery Mechanism (Continued)

(b) Recovery of Gas Supply Realignment Costs (Continued)

- (3) Any Buyer accepting assignment of its full pro rata share of the Seller's daily gas purchase agreements shall not be subject to the GSRC reservation surcharge as described above. Such pro rata share shall be based on the proportion of each Buyer's firm sales entitlement with Seller on the day before the effective date of Seller's service restructuring. Any Buyer which accepts assignment of less than its full pro rata share of Seller's daily gas purchase agreements shall be subject to the GSRC reservation surcharge but will be charged an adjusted GSRC reservation surcharge. Buyer's unit adjusted GSRC reservation surcharge will be the full GSRC reservation surcharge multiplied by the ratio which is such Buyer's actual accepted quantity divided by its full pro rata quantity.

Any GSRC actually recovered from Buyers receiving service under Rate Schedules FT and ST but subsequently required by the Commission to be refunded shall be refunded, together with applicable interest calculated pursuant to Section 154.501(2)(d)(1) of the Commission's regulations, to such Buyer within sixty (60) calendar days after the date of a final Commission order requiring such refunds based on the proportion of each Buyer's MDTQ and MDSTQ to the sum of all such Buyers' MDTQs and MDSTQs for the time period during which such costs were allocated. Any GSRC actually recovered from Buyers receiving service under Rate Schedule IT shall be credited, together with applicable interest calculated pursuant to Section 154.501(2)(d)(1) of the Commission's regulations, to the GSRC to be included in the IT rates for the next quarterly filing.

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FERC Docket: CP96-128-005

Substitute Original Sheet No 230 Substitute Original Sheet No 230 : Effective
Superseding: Original Sheet No 230

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

38. Transition Cost Recovery Mechanism (Continued)

(b) Recovery of Gas Supply Realignment Costs (Continued)

Seller shall be entitled to update and revise either upward or downward, the GSRC amounts used for the development of the reservation surcharge, GSRC allocated to Rate Schedule IT, and/or negotiated exit fees through additional filings in order to permit Seller to recover all recoverable GSRC, and to ensure that Seller will not overcollect the recoverable GSRC.

(c) New Facilities Costs

Seller may request recovery of the full cost of any new facilities obtained to implement, or which are the result of implementing, restructured services pursuant to Order No. 636 in all rate filings under Section 4 of the Natural Gas Act made by Seller subsequent to construction/purchase of such facilities.

(d) Stranded Costs

Seller may request recovery of all costs incurred in connection with bundled sales service that is not subscribed or assigned to unbundled service Buyers, which recovery shall be made in all rate filings under Section 4 of the Natural Gas Act made by Seller in which Seller has determined that such stranded costs have been incurred.

(e) Departing Buyers

To the extent that any Buyer subject to the provisions of Section 38 of the General Terms and Conditions of Seller's FERC gas Tariff terminates or reduces the quantity under its Service Agreement prior to Seller's full recovery of the Transition Costs collectible hereunder, Seller shall negotiate with such departing Buyer for the recovery of all or part, as applicable, of the departing Buyer's share of such remaining unrecovered Transition Costs.

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FERC Docket: CP96-128-011

2nd Sub 1st Revised Sheet No. 231 2nd Sub 1st Revised Sheet No. 231 : Effective

Superseding: Sub First Revised Sheet No. 231

EASTERN SHORE NATURAL GAS COMPANY

GENERAL TERMS AND CONDITIONS

(Continued)

39. Negotiated Rates

Notwithstanding anything to the contrary contained in this Tariff, Buyer and Seller may negotiate a rate for service under any Part 284 transportation rate schedule contained in this Tariff. Seller's maximum rate, as shown on Currently Effective Rates Applicable to Part 284 Transportation, for a service ("Recourse Rate") is available for any Buyer that does not desire to negotiate a rate with Seller.

A Negotiated Rate shall mean a rate for service which may be greater than the maximum tariff rate or may be less than the minimum tariff rate, or a rate which falls between the maximum and minimum tariff rates but employs a rate design other than straight fixed variable. This definition shall also include a formula rate which may be greater than the maximum tariff rate or may be less than the minimum tariff rate in some months but not in others. With respect to a Negotiated Rate which, when calculated on a 100% load factor basis, exceeds Seller's maximum rate for that service, for purposes of Nominations and Scheduling of Transportation Services and Capacity Curtailment pursuant to Sections 21 and 25 respectively, of the General Terms and Conditions of Seller's Tariff, Buyers willing to pay said Negotiated Rate would be considered to have paid the maximum Recourse Rate. For purposes of exercising rights to continue service pursuant to Right of First Refusal Procedures (Section 13) of the General Terms and Conditions of Seller's Tariff, the highest rate that a Buyer must match if it desires to retain all or a portion of its capacity and continue to receive firm service under the same Rate Schedule beyond the expiration date of such long-term firm Service Agreement is the maximum rate applicable to such service. For purposes of Capacity Release (Section 29) of the General Terms and Conditions of Seller's FERC Gas Tariff, the highest rate that a Buyer may bid if it desires to obtain released capacity is the maximum rate.

Seller shall file with the Commission individually numbered tariff sheets implementing the Negotiated Rate at the time Seller intends the rate to go into effect. Such tariff sheet shall include said Negotiated Rate, the name of the Buyer, the type of service, the receipt and delivery points, the quantity of gas to be transported, and any other applicable charges.

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Original Sheet No. 232 Original Sheet No. 232 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

39. Negotiated Rates (Continued)

Seller shall, for each Negotiated Rate transaction undertaken, maintain records of the quantities transported, billing determinants, rate components, surcharges, and revenues associated with the Negotiated Rates for each billing period. Seller will separately identify and total such transactions in Statements G, I, and J (or their equivalent) filed in any general rate proceeding.

Penalty amounts assessed pursuant to the penalty provisions of Section 22 (Unauthorized Daily Overrun); Section 24 (Operational Flow Orders); Section 25 (Capacity Curtailment); and Section 26 (Emergency Capacity Reallocation), respectively, shall not be subject to negotiation.

Effective Date: 08/01/2009 Status: Effective
FERC Docket: RP09-685-000

Second Revised Sheet No. 233 Second Revised Sheet No. 233
Superseding: Sub First Revised Sheet No. 233

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

40. Compliance with North American Energy Standards Board

TSP has adopted the General Practices and Standards which were required by the Commission in 18 CFR Subsection 284.12(a) in accordance with Order Nos. 587, et. al. In addition to the standards which are reflected in other provisions of this tariff, TSP is incorporating herein the following NAESB WGQ principles, definitions, standards and data sets, Verion 1.8, where applicable, by reference, into this Second Revised Volume No. 1 FERC Gas Tariff:

(1)..Principles

Version 1.8: 0.1.1 and 0.1.2

(2) Standards

Version 1.8: 0.3.1 and 0.3.2

Effective Date: 09/07/2006 Status: Effective

FERC Docket: RP06-404-001

Original Sheet No. 234 Original Sheet No. 234 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

41. Pre-Certification Cost Surcharge

(a) Applicability

Shippers on Eastern Shore's system who enter into a Precedent Agreement with Eastern Shore to subscribe to firm transportation service capacity on the Project, described in the Stipulation and Agreement of Settlement approved by the Commission in Docket No. RP06-404-000 ("Participating Shippers"), shall be subject to a Pre-Certification Cost Surcharge, based on the formula set forth below. Eastern Shore will not seek to recover such costs from any other Shipper on its system in this or any future Commission proceeding.

(b) Formula for Determining Surcharge

The Pre-Certification Costs Surcharge to be charged to each Participating Shipper shall be determined as follows:

(1) In the event that the Project is not certificated by the Commission, Eastern Shore does not accept the certificate, or the Project is not completely constructed and placed into service, Eastern Shore shall compute all costs incurred through the date of the Final Order by the Commission, which is no longer subject to rehearing or appeal, authorizing or denying Eastern Shore's application to construct and operate the Project (the "Pre-Certification Costs Period"), including costs incurred by Eastern Shore for engineering, communications, governmental relations, economic studies, environmental, regulatory, and legal services (collectively, "Pre-Certification Costs"). Such Project Pre-Certification Costs shall be accounted for in accordance with the FERC's Uniform System of Accounts, and Eastern Shore shall certify to each Participating Shipper the total amount of such Pre-Certification Costs.

Effective Date: 09/07/2006 Status: Effective
FERC Docket: RP06-404-001

Original Sheet No. 235 Original Sheet No. 235 : Effective

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

41. Pre-Certification Cost Surcharge (Continued)

(b) Formula for Determining Surcharge: (Continued)

(2) Each Participating Shipper's proportionate share of such Pre-Certification Costs shall be computed by taking its Maximum Daily Transportation Quantity ("MDTQ"), contained in its Project Precedent Agreement, divided by the sum of the MDTQ's contained in all executed Project Precedent Agreements and multiplying such result by the total level of actual Pre-Certification Costs, such costs not to exceed three million dollars (\$3 million). For Pre-Certification Costs in excess of \$3 million dollars, each Participating Shipper's proportionate share shall be one (1) divided by the sum of all Participating Shippers plus Eastern Shore (for example, once total Pre-Certification Costs exceed \$3 million, with a total of two (2) participating Shippers each Participating Shipper's proportionate share of the Pre-Certification Costs over \$3 million would equal: one (1) divided by three (3), or thirty-three and one-third (33 1/3 percent of such costs in excess of \$3 million dollars). Unless a change is agreed to in writing by a Participating Shipper, its total share of Pre-Certification Costs, excluding interest, shall in no event exceed two million dollars (\$2 million).

(c) Billing and Payment

Each Participating Shipper's proportionate share of Pre-Certification Costs shall: (1) be amortized and billed monthly over a period of twenty (20) years; and (ii) shall earn a return of 10.70% after tax, such amount accruing, until date of payment by Participating Shipper.

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

42. CONSOLIDATION OF SERVICE AGREEMENTS

42.1 TSP and Buyer may mutually agree to consolidate (and terminate, as necessary) multiple service agreements into one or more new service agreements provided the service agreements to be combined meet the following threshold requirements.

- (a) The service agreements are with the same Buyer, under the same rate schedule, have the same contract path and the same rate:
 - (i) Service agreements shall be considered the same when the firm contract paths to be combined have the same furthestmost upstream receipt point and the same downstream delivery point(s) eligible for nomination in accordance with Section 21 of the General Terms and Conditions of TSP's tariff:
 - (ii) Service agreements shall be considered to have the same rate when:
 - (A) The maximum rate applicable to each service agreement and the actual rate being charged under each service agreement is the same.
- (b) None of the service agreements pertain to capacity acquired through temporary capacity release; and
- (c) The service agreements have the same termination date, or TSP and Buyer have mutually agreed to a single termination date under the consolidated service agreement(s).

Effective Date: 01/15/2010 Status: Effective

FERC Docket: RP10-234-001

Original Sheet No. 237 Original Sheet No. 237

EASTERN SHORE NATURAL GAS COMPANY
GENERAL TERMS AND CONDITIONS
(Continued)

42. CONSOLIDATION OF SERVICE AGREEMENTS (Continued)

42.2 Subject to the foregoing, TSP will permit service agreements to be consolidated provided the following conditions are met:

- (a) Buyer's and TSP's rights and obligations under the consolidated service agreement(s) will be the same as Buyer's and TSP's collective rights and obligations under the individual service agreements prior to consolidation; and
- (b) The consolidation will not, in TSP's sole opinion, affect TSP's ability to provide firm service to Buyer or other Buyers; and
- (c) The consolidation will not, on TSP's sole opinion, place an unreasonable burden on TSP or impose an adverse financial impact on TSP
;
and
- (d) Any regulatory authorizations required to effectuate the consolidation are granted in a manner acceptable to TSP and Buyer.

42.3 Termination of service agreements, if required as part of the consolidation process, shall not initiate right-of-first-refusal procedures, or initiate the procedures for allocating available firm capacity as set forth in Section 14 of the General Terms and Conditions.

42.4 TSP's agreement to consolidate service agreements pursuant to this Section 42 shall not be withheld or granted in an unduly discriminatory manner.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 252 Original Sheet No. 252 : Effective

EASTERN SHORE NATURAL GAS COMPANY
SERVICE REQUEST FORM

1. General information:

(a) Any party seeking new service or a change to existing service from Eastern Shore Natural Gas Company (Seller) shall complete a Service Request Form pursuant to the General Terms and Conditions of Seller's FERC Gas Tariff, First Revised Volume No. 1. Such party shall be known as the "Requesting Party".

(b) Completed Service Request Forms shall be forwarded to:

Director of Customer Services
Eastern Shore Natural Gas Company
P.O. Box 1769
Dover, Delaware 19903-1769

2. Information to be provided by the Requesting Party:

(a) Requesting Party's Identification:

Legal Name: _____

Address: Street: _____
P.O. Box: _____
City: _____
State: _____
Zip Code: _____

Type of Legal Entity: _____
State of Incorporation: _____

Requesting Party is (Check One):

- Local Distribution Company
- Marketer
- Producer
- Broker
- Interstate Pipeline
- Intrastate Pipeline
- End-User
- Other, specify: _____

(b) Specify the affiliation of Requesting Party with Seller, if any:

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 253 Original Sheet No. 253 : Effective

EASTERN SHORE NATURAL GAS COMPANY
SERVICE REQUEST FORM
(Continued)

- (c) If Requesting Party is acting as agent in arranging this service, specify below each principal (complete legal name, type of legal entity and state of incorporation) and its respective type of company. Requesting Party must supply agency agreements for each principal.

- (d) Name and full title of individual who is authorized to execute a Service Agreement with Seller on behalf of Requesting Party:

Name: _____
Title: _____

- (e) Contact person for this Request:

Name: _____
Address: Street: _____
P.O. Box: _____
City: _____
State: _____
Zip Code: _____
Telephone Number: _____
Facsimile Number: _____

- (f) Twenty-four (24) hour contact person(s) for purposes of scheduling gas:

Name: _____
Address: Street: _____
P.O. Box: _____
City: _____
State: _____
Zip Code: _____
Telephone Number: _____
Beeper Number: _____
Facsimile Number: _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 254 Original Sheet No. 254 : Effective

EASTERN SHORE NATURAL GAS COMPANY
SERVICE REQUEST FORM
(Continued)

(g) Person to whom invoices and billing notices are to be directed:

Name: _____
Address: Street: _____
P.O. Box: _____
City: _____
State: _____
Zip Code: _____
Telephone Number: _____
Facsimile Number: _____

(h) Names and titles of duly authorized individuals designated to submit nominations to Seller on behalf of Requesting Party for the requested service:

(i) Identification and location of any facilities to be constructed or installed by any party affected by the requested service:

(j) Service is requested under Rate Schedule(s) (Check all that apply):

<input type="checkbox"/> FT	<input type="checkbox"/> LSS
<input type="checkbox"/> ST	<input type="checkbox"/> LGA
<input type="checkbox"/> IT	<input type="checkbox"/> CFSS
<input type="checkbox"/> GSS	

Effective Date: 11/01/1997 Status: Effective
 FERC Docket: CP96-128-004

Original Sheet No. 255 Original Sheet No. 255 : Effective

EASTERN SHORE NATURAL GAS COMPANY
 SERVICE REQUEST FORM
 (Continued)

(k) The maximum quantity requested, in dekatherms, is:

Maximum Daily Transportation Quantity
 under Rate Schedule FT _____
 Maximum Daily Swing Transportation Quantity
 under Rate Schedule ST _____
 Maximum Daily Transportation Quantity
 under Rate Schedule IT _____
 Maximum Daily Storage Demand under
 Rate Schedule GSS _____
 Maximum Storage Capacity under
 Rate Schedule GSS _____
 Maximum Daily Storage Demand under
 Rate Schedule LSS _____
 Maximum Storage Capacity under
 Rate Schedule LSS _____
 Maximum Daily Storage Demand under
 Rate Schedule LGA _____
 Maximum Storage Capacity under
 Rate Schedule LGA _____
 Maximum Daily Storage Demand under
 Rate Schedule CFSS _____
 Maximum Storage Capacity under
 Rate Schedule CFSS _____

(l) In the case of firm service, identify Primary Point(s) of Receipt where Seller will receive gas for the account of Requesting Party, the requested Maximum Daily Receipt Obligation (MDRO), in dekatherms, of Seller at each Point of Receipt and the Interconnecting Upstream Pipeline(s) delivering gas at Primary Point(s) of Receipt:

Primary Point(s) of Receipt	Rate Schedule	MDRO	Inter- connecting Upstream Pipeline
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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 FERC Docket: CP96-128-004

Original Sheet No. 256 Original Sheet No. 256 : Effective

EASTERN SHORE NATURAL GAS COMPANY
 SERVICE REQUEST FORM
 (Continued)

(m) In the case of firm service, identify Point(s) of Delivery where Seller will deliver gas, the requested Maximum Daily Delivery Obligation (MDDO), in dekatherms, of Seller at each Point of Delivery and the Downstream Party taking delivery of the gas at each Delivery Point:

Point(s) of Delivery	Rate Schedule	MDDO	Downstream Party
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(n) Term of Service:

Date service is proposed to commence: _____
 Date service is proposed to terminate: _____

(o) Credit Evaluation:

The following information must accompany the request for service and is considered an integral part of the Service Request Form:

- (1) A copy of Requesting Party's most recent audited financial statements (if audited financial statements are not available, then Buyer must provide an attestation by its chief financial officer that the information shown in the unaudited statements submitted is true, correct and a fair representation of Requesting Party's financial condition);
- (2) A copy of Requesting Party's most recent Annual Report and 10-K Form, if applicable;
- (3) A list of Requesting Party's affiliates, including parent and subsidiary companies, if applicable;
- (4) A list of at least three (3) trade references;
- (5) A bank reference;

EASTERN SHORE NATURAL GAS COMPANY
SERVICE REQUEST FORM
(Continued)

(o) Credit Evaluation: (Continued)

- (6) A written attestation from Requesting Party that it is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditor's committee agreement;
- (7) A written attestation from Requesting Party that it is not subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or which could seriously affect its ability to exist as an ongoing business entity;
- (8) A written attestation from Requesting Party that no significant collection lawsuits or judgments are outstanding which could seriously reflect upon Requesting Party's ability to remain solvent; and
- (9) Such other information Seller deems necessary to evaluate the creditworthiness of Requesting Party.
- (10) Seller may waive all or part of the requirements of Section 2(o) of the Service Request Form if Requesting Party is an existing Buyer in good standing with Seller. Waivers of the requirements of Section 2(o) of the Service Request Form of Seller's FERC Gas Tariff will be granted in a not unduly discriminatory manner.

(p) Certifications:

The following certifications must accompany the request for service and are considered an integral part of the Service Request Form:

- (1) Certification by Requesting Party that Requesting Party has title to, or a current contractual right to acquire such title to, the gas received by Seller for the account of Requesting Party at the

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 258 Original Sheet No. 258 : Effective

EASTERN SHORE NATURAL GAS COMPANY
SERVICE REQUEST FORM
(Continued)

(p) Certifications: (Continued)

(1) (Continued)

Point(s) of Receipt in accordance with Section 4 of the General Terms and Conditions of Seller's FERC Gas Tariff; and

(2) Certification by Requesting Party that prior to the commencement of service, Requesting Party has or will enter into all necessary third party transportation agreements to transport gas to the party ultimately taking delivery of the gas.

3. Requesting Party understands that this Service Request Form, complete and unrevised as to format, plus any supplemental information requested by Seller, must be received by Seller before the request for service will be accepted and processed. Requesting Party further understands that Seller is an interstate pipeline subject to the Regulations of the Federal Energy Regulatory Commission ("Commission"), and that Buyer's request will become a part of a log available for public inspection. Buyer hereby agrees to pay Seller's currently effective rate(s) applicable to the service(s) requested. In the case of service requiring the construction of additional facilities, Requesting Party agrees to pay rates as approved by the Commission designed, inter alia, to reimburse Seller for the cost of construction of such additional facilities. Requesting Party also understands that it must reimburse Seller for the Commission's filing fee upon receipt of an invoice thereof. Requesting Party, by its signature, represents to Seller that the information provided in this request for service is correct and accurate and that all necessary transportation arrangements with the upstream and downstream parties, as stated herein, have been or will be secured prior to the commencement of the requested services.

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 259 Original Sheet No. 259 : Effective

EASTERN SHORE NATURAL GAS COMPANY
SERVICE REQUEST FORM
(Continued)

4. If requesting firm service, Requesting Party must comply with the prepayment provisions of Section 11(d) of the General Terms and Conditions of Seller's FERC Gas Tariff.

Signature of Requesting Party: _____

Typed or Printed Name of Requesting Party: _____

Title of Requesting Party: _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 260 Original Sheet No. 260 : Effective

SHEET NOS. 260-261 ARE RESERVED FOR FUTURE USE

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 262 Original Sheet No. 262 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)

THIS AGREEMENT entered into this ____ day of _____,
_____, by and between Eastern Shore Natural Gas Company, a
corporation of the State of Delaware (herein called "Seller"), and
_____ (herein called "Buyer").

WITNESSETH

WHEREAS, Buyer desires to obtain Firm Transportation Service
from Seller and Seller is willing to provide Firm Transportation
Service for Buyer; and

WHEREAS, such service will be provided by Seller for Buyer in
accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and of the
mutual covenants and agreements herein contained, the sufficiency
of which is hereby acknowledged, Seller and Buyer do covenant and
agree as follows:

ARTICLE I

Definitions

In addition to the definitions incorporated herein through
Seller's Rate Schedule FT, the following terms when used herein
shall have the meanings set forth below:

1.1 The term "FERC" shall mean the Federal Energy Regulatory
Commission or any successor regulatory agency or body which has
authority to regulate the rates and/or services of Seller.

1.2 The term "Rate Schedule FT " shall mean Seller's Rate
Schedule FT and the General Terms and Conditions of Seller's FERC
Gas Tariff, as filed with the FERC and as changed and adjusted from
time to time by Seller in accordance with Section 4.2 hereof or in
compliance with any final FERC order affecting such Rate Schedule
and/or General Terms and Conditions.

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 263 Original Sheet No. 263 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

ARTICLE II

Quantity

2.1 The Maximum Daily Transportation Quantity ("MDTQ") shall be set forth on Exhibit "B" attached hereto. The applicable MDTQ shall be the largest daily quantity of gas, expressed in dekatherms ("dt"), that Seller is obligated to transport and make available for delivery for the account of Buyer under this Service Agreement on any one Gas Day.

2.2 Buyer may tender natural gas for transportation to Seller on any Gas Day up to the MDTQ, plus the Fuel Retention Quantity as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff. Seller agrees to receive the aggregate of the quantities of natural gas that Buyer tenders for transportation, plus the Fuel Retention Quantity, at the Point(s) of Receipt, up to the Maximum Daily Receipt Obligation ("MDRO") specified for each Point of Receipt as set forth on Exhibit "A" attached hereto, and to transport and make available for delivery for the account of Buyer at each Delivery Point Area ("DPA") specified on Exhibit "B" attached hereto, quantities of natural gas up to the amount scheduled by Seller, less the Fuel Retention Quantity, and Buyer agrees to accept or cause acceptance of such delivery by Seller.

Effective Date: 10/15/1998 Status: Effective
FERC Docket: RP98-402-000

First Revised Sheet No. 264 First Revised Sheet No. 264 : Effective
Superseding: Original Sheet No. 264
FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

ARTICLE III

Payment and Rights of Termination

3.1 Except as provided to the contrary in any written agreement(s) between Buyer and Seller in effect during the term hereof, Buyer shall pay Seller, for all service rendered hereunder, the applicable maximum rate, and all other lawful charges, as specified in Seller's Rate Schedule FT, as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded. Buyer and Seller may mutually agree that Buyer shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in Seller's Tariff. Buyer and Seller may agree that a specific discounted rate will apply only to certain quantities under this Agreement; that a specified discounted rate will apply only if specified quantities are achieved or only if the quantities do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; and/or that a specified discounted rate will apply only to specified rate zones, Delivery Point Areas, delivery points or other defined geographic area.

3.2 In the event Buyer fails to pay for the service provided under this Agreement or otherwise fails to meet Seller's standards for creditworthiness, Seller shall have the right to terminate this Agreement pursuant to the conditions set forth in Section 11, Section 18 and Section 19 of the General Terms and Conditions of Seller's FERC Gas Tariff.

3.3 In the event Buyer and Seller mutually agree to a negotiated rate(s) and/or terms of service hereunder (if authorized by the Commission), provisions governing such negotiated rate (including surcharges) and terms shall be set forth on Exhibit C to this Agreement.

Effective Date: 10/15/1998 Status: Effective

FERC Docket: RP98-402-000

Original Sheet No. 264A Original Sheet No. 264A : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

ARTICLE IV

Rights to Amend Rates and Terms and Conditions of Service

4.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule FT and the provisions of the General Terms and Conditions of Seller's FERC Gas Tariff (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

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FERC Docket: CP96-128-004

Original Sheet No. 265 Original Sheet No. 265 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

ARTICLE IV
(Continued)

Rights to Amend Rates and Terms and Conditions of Service
(Continued)

4.2 Seller shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in: (a) the rates and charges applicable to its Rate Schedule FT; (b) Rate Schedule FT including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; and/or (c) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff applicable to Rate Schedule FT, provided however, Seller shall not have the right, without the consent of Buyer, unless required to do so pursuant to applicable laws or regulations, to make any filing pursuant to Section 4 of the Natural Gas Act to reduce the firm nature of the service provided under said Rate Schedule or the provisions of Exhibits "A", "B" and "C". Seller agrees that Buyer may protest or contest the aforementioned filings, or seek authorization from duly constituted regulatory authorities for such adjustment of Seller's existing FERC Gas Tariff as may be found necessary in order to assure that the provisions in (a), (b), or (c) above are just and reasonable.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 266 Original Sheet No. 266 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

ARTICLE V

Term of Agreement and Commencement of Service

5.1 The primary term of this Agreement shall commence on _____ and shall continue in effect until _____. Termination or renewal of this Agreement shall occur in accordance with the provisions of Section 13 of the General Terms and Conditions of Seller's FERC Gas Tariff.

5.2 Any portion of this Agreement necessary to correct or "cash out" imbalances under this Agreement, pursuant to the General Terms and Conditions of Seller's FERC Gas Tariff, shall survive the other parts of this Agreement until such time as such balancing has been accomplished.

ARTICLE VI

Point(s) of Receipt and Delivery and Maximum Daily Quantities

6.1 The Primary Point(s) of Receipt and MDRO for each Primary Point of Receipt, for all gas delivered for the account of Buyer into Seller's pipeline system under this Agreement, shall be at the Point(s) of Receipt on Seller's pipeline system as set forth on Exhibit "A" attached hereto.

6.2 The Primary Delivery Point Area(s) ("DPA") and Maximum Daily Delivery Obligation ("MDDO") for each DPA for all gas made available for delivery by Seller to Buyer, or for the account of Buyer, under this Agreement shall be as set forth on Exhibit "B" attached hereto. Exhibit "B" also includes the Maximum Hourly Quantity ("MHQ") for each DPA as defined in Section 20 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 267 Original Sheet No. 267 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

ARTICLE VII

Notices and Payments

7.1 All notices and communications with respect to this Agreement shall be in writing and shall be considered as duly conveyed when sent to the addresses stated below or at any other such address as either Seller or Buyer may hereafter designate in writing in accordance with the applicable provisions of Section 8 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Seller: Eastern Shore Natural Gas Company
Post Office Box 1769
Dover, Delaware 19903-1769
Attention: Customer Services

Buyer: _____

7.2 All payments for service provided under this Agreement shall be by wire transfer of funds and shall be directed to the address stated below:

Eastern Shore Natural Gas Company
[NAME OF BANK]
Account No. _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 268 Original Sheet No. 268 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

ARTICLE VIII

Facilities

8.1 To the extent that construction of facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE IX

Regulatory Authorizations and Approvals

9.1 Seller's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service for Buyer in accordance with the terms of Rate Schedule FT, this Service Agreement and the General Terms and Conditions of Seller's FERC Gas Tariff. Buyer agrees to reimburse Seller for all reporting and/or filing fees incurred by Seller in providing service under this Service Agreement.

ARTICLE X

Pressures

10.1 The quantities of gas delivered or caused to be delivered by Buyer to Seller hereunder shall be delivered into Seller's pipeline system at a pressure sufficient to enter Seller's system, but in no event shall such gas be delivered at a pressure exceeding the maximum authorized operating pressure or such other pressure as Seller permits at the Point(s) of Receipt.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 269 Original Sheet No. 269 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

ARTICLE XI

Miscellaneous

11.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

11.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

11.3 This Agreement includes Exhibits "A", "B" and "C", which are incorporated fully herein and made a part hereof.

11.4 Modifications to this Agreement shall not become effective except by execution of an amendment thereto.

11.5 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without recourse to the law governing conflicts of laws, and to all present and future valid laws with respect to the subject matter, including present and future orders, rules and regulations of duly constituted governmental authorities.

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FERC Docket: CP96-128-004

Original Sheet No. 270 Original Sheet No. 270 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

ARTICLE XII

Superseding Prior Service Agreements

12.1 This Agreement, on its effective date, supersedes and cancels the following Service Agreement(s) between Seller and Buyer:

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

SELLER

BUYER

EASTERN SHORE NATURAL GAS COMPANY

By: _____

By: _____

Title: _____

Title: _____

(To be attested by the corporate secretary
if not signed by an officer of the company)

Attested By: _____

Attested By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 271 Original Sheet No. 271 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

EXHIBIT "A"

TO

FIRM TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

_____/_____

Point(s) of Receipt

Description of
Point of Receipt

Maximum Daily
Receipt Obligation
("MDRO") in dekatherms
(excluding fuel)

Date of this Exhibit "A": _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 272 Original Sheet No. 272 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

EXHIBIT "B"

TO

FIRM TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

_____/_____

Description of Point(s) of Delivery	Delivery Point Area	Maximum Daily Delivery Obligation ("MDDO") in dekatherms	Maximum Hourly Quantity ("MHQ") in dekatherms
-------------------------------------	---------------------	--	---

Total MDTQ in dekatherms:

Date of this Exhibit "B": _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 273 Original Sheet No. 273 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation (FT) Service
(For Use Under Seller's Rate Schedule FT)
(Continued)

EXHIBIT "C"

TO

FIRM TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

Specification of Negotiated Rate(s) and Terms of Service

Date of this Exhibit "C": _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 274 Original Sheet No. 274 : Effective

SHEET NOS. 274-275 ARE RESERVED FOR FUTURE USE

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 276 Original Sheet No. 276 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)

THIS AGREEMENT entered into this _____ day of _____,
_____, by and between Eastern Shore Natural Gas Company, a
corporation of the State of Delaware (herein called "Seller"), and
_____ (herein called "Buyer").

WITNESSETH

WHEREAS, Buyer desires to obtain Swing Transportation Service
from Seller and Seller is willing to provide Swing Transportation
Service for Buyer; and

WHEREAS, such service will be provided by Seller for Buyer in
accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and of the
mutual covenants and agreements herein contained, the sufficiency
of which is hereby acknowledged, Seller and Buyer do covenant and
agree as follows:

ARTICLE I

Definitions

In addition to the definitions incorporated herein through
Seller's Rate Schedule ST the following terms when used herein
shall have the meanings set forth below:

1.1 The term "FERC" shall mean the Federal Energy Regulatory
Commission or any successor regulatory agency or body which has
authority to regulate the rates and/or services of Seller.

1.2 The term "Rate Schedule ST" shall mean Seller's Rate
Schedule ST and the General Terms and Conditions of Seller's FERC
Gas Tariff, as filed with the FERC and as changed and adjusted from
time to time by Seller in accordance with Section 5.2 hereof or in
compliance with any final FERC order affecting such Rate Schedule
and/or General Terms and Conditions.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 277 Original Sheet No. 277 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

ARTICLE II

Quantity

2.1 The Maximum Daily Swing Transportation Quantity ("MDSTQ") shall be set forth on Exhibit "B" attached hereto. The applicable MDSTQ shall be the largest daily quantity of gas, expressed in dekatherms ("dt"), that Seller is obligated to transport and make available for delivery for the account of Buyer under this Service Agreement on any one Gas Day.

2.2 Buyer may tender natural gas for transportation to Seller on any Gas Day up to the MDSTQ, plus the Fuel Retention Quantity as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff. Seller agrees to receive the aggregate of the quantities of natural gas that Buyer tenders for transportation, plus the Fuel Retention Quantity, at the Point(s) of Receipt, up to the Maximum Daily Receipt Obligation ("MDRO") specified for each Point of Receipt as set forth on Exhibit "A" attached hereto, and to transport and make available for delivery for the account of Buyer at each Delivery Point Area ("DPA") specified on Exhibit "B" attached hereto, quantities of natural gas up to the amount scheduled by Seller, less the Fuel Retention Quantity, and Buyer agrees to accept or cause acceptance of such delivery by Seller.

ARTICLE III

Upstream Capacity Retained by Seller

3.1 To facilitate transportation of Buyer's swing supply from Point(s) of Receipt on Transcontinental Gas Pipe Line Corporation's (Transco) pipeline system to Seller's system, Seller shall retain firm transportation capacity on Transco. The Transco capacity that Seller has retained on Buyer's behalf is set forth on Exhibit "C" attached hereto.

Effective Date: 10/15/1998 Status: Effective
FERC Docket: RP98-402-000

First Revised Sheet No. 278 First Revised Sheet No. 278 : Effective
Superseding: Original Sheet No. 278
FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

ARTICLE IV

Payment and Rights of Termination

4.1 Except as provided to the contrary in any written agreement(s) between Buyer and Seller in effect during the term hereof, Buyer shall pay Seller, for all service rendered hereunder, the applicable maximum rate, and all other lawful charges, as specified in Seller's Rate Schedule ST, as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded. Buyer and Seller may mutually agree that Buyer shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in Seller's Tariff. Buyer and Seller may agree that a specific discounted rate will apply only to certain quantities under this Agreement; that a specified discounted rate will apply only if specified quantities are achieved or only if the quantities do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; and/or that a specified discounted rate will apply only to specified rate zones, Delivery Point Areas, delivery points or other defined geographic area.

4.2 In the event Buyer fails to pay for the service provided under this Agreement or otherwise fails to meet Seller's standards for creditworthiness, Seller shall have the right to terminate this Agreement pursuant to the conditions set forth in Section 11, Section 18 and Section 19 of the General Terms and Conditions of Seller's FERC Gas Tariff.

4.3 In the event Buyer and Seller mutually agree to a negotiated rate(s) and/or terms of service hereunder (if authorized by the Commission), provisions governing such negotiated rate (including surcharges) and terms shall be set forth on Exhibit D to this Agreement.

Effective Date: 10/15/1998 Status: Effective
FERC Docket: RP98-402-000

Original Sheet No. 278A Original Sheet No. 278A : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

ARTICLE V

Rights to Amend Rates and Terms and Conditions of Service

5.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule ST and the provisions of the General Terms and Conditions of Seller's FERC Gas Tariff (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

5.2 Seller shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in: (a) the rates and charges applicable to its Rate Schedule ST; (b) Rate Schedule ST including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; and/or (c) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff applicable to Rate Schedule ST, provided however, Seller shall not have the right, without the consent of Buyer, unless required to do so pursuant to applicable laws or regulations, to make any filing pursuant to Section 4 of

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 279 Original Sheet No. 279 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

ARTICLE V
(Continued)

Rights to Amend Rates and Terms and Conditions of Service

5.2 (Continued)

the Natural Gas Act to reduce the firm nature of the service provided under said Rate Schedule or the provisions of Exhibits "A", "B", "C" and "D". Seller agrees that Buyer may protest or contest the aforementioned filings, or seek authorization from duly constituted regulatory authorities for such adjustment of Seller's existing FERC Gas Tariff as may be found necessary in order to assure that the provisions in (a), (b) or (c) above are just and reasonable.

ARTICLE VI

Term of Agreement and Commencement of Service

6.1 The primary term of this Agreement shall commence on _____ and shall continue in effect until _____.

6.2 Any portion of this Agreement necessary to correct or "cash out" imbalances under this Agreement, pursuant to the General Terms and Conditions of Seller's FERC Gas Tariff, shall survive the other parts of this Agreement until such time as such balancing has been accomplished.

ARTICLE VII

Point(s) of Receipt and Delivery and Maximum Daily Quantities

7.1 The Primary Point(s) of Receipt and MDRO for each Primary Point of Receipt, for all gas delivered for the account of Buyer into Seller's pipeline system under this Agreement, shall be at the Point(s) of Receipt on Seller's pipeline system as set forth on Exhibit A attached hereto.

7.2 The Primary Delivery Point Area(s) ("DPA") and Maximum Daily Delivery Obligation ("MDDO") for each DPA for all gas made available for delivery by Seller to Buyer, or for the account of Buyer, under this Agreement shall be as set forth on Exhibit "B"

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 280 Original Sheet No. 280 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

ARTICLE VII
(Continued)

Point(s) of Receipt and Delivery and Maximum Daily Quantities
(Continued)

7.2 (Continued)

attached hereto. Exhibit "B" also includes the Maximum Hourly Quantity ("MHQ") for each DPA as defined in Section 20 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE VIII

Notices and Payments

8.1 All notices and communications with respect to this Agreement shall be in writing and shall be considered as duly conveyed when sent to the addresses stated below or at any other such address as either Seller or Buyer may hereafter designate in writing in accordance with the applicable provisions of Section 8 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Seller: Eastern Shore Natural Gas Company
Post Office Box 1769
Dover, DE 19903-1769
Attention: Customer Services

Buyer: _____

8.2 All payments for service provided under this Agreement shall be by wire transfer or funds and shall be directed to the address stated below:

Eastern Shore Natural Gas Company
[NAME OF BANK]
Account No. _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 281 Original Sheet No. 281 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

ARTICLE IX

Facilities

9.1 To the extent that construction of facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE X

Regulatory Authorizations and Approvals

10.1 Seller's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service for Buyer in accordance with the terms of Rate Schedule ST, this Service Agreement and the General Terms and Conditions of Seller's FERC Gas Tariff. Buyer agrees to reimburse Seller for all reporting and/or filing fees incurred by Seller in providing service under this Service Agreement.

ARTICLE XI

Pressures

11.1 The quantities of gas delivered or caused to be delivered by Buyer to Seller hereunder shall be delivered into Seller's pipeline system at a pressure sufficient to enter Seller's system, but in no event shall such gas be delivered at a pressure exceeding the maximum authorized operating pressure or such other pressure as Seller permits at the Point(s) of Receipt.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 282 Original Sheet No. 282 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

ARTICLE XII

Miscellaneous

12.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

12.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

12.3 This Agreement includes Exhibits "A", "B", "C" and "D", which are incorporated fully herein and made a part hereof.

12.4 Modifications to this Agreement shall not become effective except by execution of an amendment thereto.

12.5 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without recourse to the law governing conflicts of laws, and to all present and future valid laws with respect to the subject matter, including present and future orders, rules and regulations of duly constituted governmental authorities.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 283 Original Sheet No. 283 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

ARTICLE XIII

Superseding Prior Service Agreements

13.1 This Agreement, on its effective date, supersedes and cancels the following Service Agreement(s) between Seller and Buyer:

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

SELLER

BUYER

EASTERN SHORE NATURAL GAS COMPANY

By: _____

By: _____

Title: _____

Title: _____

[To be attested by the corporate secretary
if not signed by an officer of the company]

Attested By: _____

Attested By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 284 Original Sheet No. 284 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

EXHIBIT "A"

TO

SWING TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

Point(s) of Receipt
Description of
Point of Receipt

Maximum Daily
Receipt Obligation
("MDRO") in dekatherms
(excluding fuel)

Date of this Exhibit "A": _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 285 Original Sheet No. 285 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

EXHIBIT "B"

TO

SWING TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED
_____, _____

Description of Point(s) of Delivery	Delivery Point Area	Maximum Daily Delivery Obligation (MDDO) in dekatherms	Maximum Hourly Quantity (MHQ) in dekatherms
-------------------------------------	---------------------	--	---

Total MDSTQ in dekatherms:

Date of this Exhibit "B": _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 286 Original Sheet No. 286 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

EXHIBIT "C"

TO

SWING TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

_____, _____

Description of Transco Capacity Retained by Seller

Transco Rate Schedule	Transco Contract Number	MDQ(dt)	Point(s) of Receipt	Point of Delivery
--------------------------	----------------------------	---------	------------------------	----------------------

Date of this Exhibit "C": _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 287 Original Sheet No. 287 : Effective

FORM OF SERVICE AGREEMENT

Swing Transportation (ST) Service
(For Use Under Seller's Rate Schedule ST)
(Continued)

EXHIBIT "D"

TO

SWING TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

_____, _____

Specification of Negotiated Rate(s) and Terms and Service

Date of this Exhibit "D": _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 288 Original Sheet No. 288 : Effective

SHEET NOS. 288-289 ARE RESERVED FOR FUTURE USE

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 290 Original Sheet No. 290 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)

THIS AGREEMENT entered into this ____ day of _____,
_____, by and between Eastern Shore Natural Gas Company, a
corporation of the State of Delaware (herein called "Seller"), and
_____ (herein called "Buyer").

WITNESSETH

WHEREAS, Buyer desires to obtain Firm Transportation Service
from Seller and Seller is willing to provide Firm Transportation
Service for Buyer; and

WHEREAS, such service will be provided by Seller for Buyer in
accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and of the
mutual covenants and agreements herein contained, the sufficiency
of which is hereby acknowledged, Seller and Buyer do covenant and
agree as follows:

ARTICLE I

Definitions

In addition to the definitions incorporated herein through
Seller's Rate Schedule T-1, the following terms when used herein
shall have the meanings set forth below:

1.1 The term "FERC" shall mean the Federal Energy Regulatory
Commission or any successor regulatory agency or body which has
authority to regulate the rates and/or services of Seller.

1.2 The term "Rate Schedule T-1" shall mean Seller's Rate
Schedule T-1 and the General Terms and Conditions of Seller's FERC
Gas Tariff, as filed with the FERC and as changed and adjusted from
time to time by Seller in accordance with Section 4.2 hereof or in
compliance with any final FERC order affecting such Rate Schedule
and/or General Terms and Conditions.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 291 Original Sheet No. 291 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)
(Continued)

ARTICLE II

Quantity

2.1 The Maximum Daily Transportation Quantity ("MDTQ") shall be set forth on Exhibit "B" attached hereto. The applicable MDTQ shall be the largest daily quantity of gas, expressed in dekatherms ("dt"), that Seller is obligated to transport and make available for delivery for the account of Buyer under this Service Agreement on any one Gas Day.

2.2 Buyer may tender natural gas for transportation to Seller on any Gas Day, up to the MDTQ, plus the Fuel Retention Quantity, as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff. Seller agrees to receive the aggregate of the quantities of natural gas that Buyer tenders for transportation, plus the Fuel Retention Quantity, at the Point(s) of Receipt, up to the Maximum Daily Receipt Obligation ("MDRO") specified for each Point of Receipt as set forth on Exhibit "A" attached hereto, and to transport and make available for delivery for the account of Buyer at each Point(s) of Delivery specified on Exhibit "B" attached hereto, quantities of natural gas up to the amount scheduled by Seller, less the Fuel Retention Quantity, and Buyer agrees to accept or cause acceptance of such delivery by Seller.

ARTICLE III

Payment and Rights of Termination

3.1 Upon the commencement of service hereunder, Buyer shall pay Seller, for all service rendered hereunder, the rates established under Buyer's Rate Schedule T-1 as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded.

3.2 In the event Buyer fails to pay for the service provided under this Agreement or otherwise fails to meet Seller's standards for creditworthiness, Seller shall have the right to terminate this Agreement pursuant to the conditions set forth in Section 11, Section 18 and Section 19 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 292 Original Sheet No. 292 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)
(Continued)

ARTICLE IV

Rights to Amend Rates and Terms and Conditions of Service

4.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule T-1 and the provisions of the General Terms and Conditions of Seller's FERC Gas Tariff (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

4.2 Seller shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in: (a) the rates and charges applicable to its Rate Schedule T-1, (b) Rate Schedule T-1 including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; and/or (c) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff applicable to Rate Schedule T-1; however, Seller shall not have the right, without the consent of Buyer, unless required to do so pursuant to applicable laws or regulations, to make any filing pursuant to Section 4 of the Natural Gas Act to reduce the firm nature of the service provided under Rate Schedule or the provisions of Exhibits "A" and "B". Seller agrees that Buyer may protest or contest the aforementioned filings, or seek authorization from duly constituted regulatory authorities for such adjustment of Seller's existing FERC Gas Tariff as may be found necessary in order to assure that the provisions in (a), (b), or (c) above are just and reasonable.

ARTICLE V

Term of Agreement and Commencement of Service

5.1 The term of this Agreement shall commence on _____ and shall continue in effect until _____.

5.2 Any portion of this Agreement necessary to correct or "cash out" imbalances under this Agreement, pursuant to the General Terms and Conditions of Seller's FERC Gas Tariff, shall survive the other parts of this Agreement until such time as such balancing has been accomplished.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 293 Original Sheet No. 293 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)
(Continued)

ARTICLE VI

Point(s) of Receipt and Delivery and Maximum Daily Quantities

6.1 The Primary Point(s) of Receipt and MDRO for each Primary Point of Receipt, for all gas delivered for the account of Buyer into Seller's pipeline system under this Agreement, shall be at the Point(s) of Receipt on Seller's pipeline system as set forth on Exhibit "A" attached hereto.

6.2 The Primary Point(s) of Delivery and Maximum Daily Delivery Obligation ("MDDO") for each Primary Point(s) of Delivery for all gas made available for delivery by Seller to Buyer, or for the account of Buyer, under this Agreement shall be at the Point(s) of Delivery as set forth on Exhibit "B" attached hereto. Exhibit "B" also includes the Maximum Hourly Quantity ("MHQ") for each Point(s) of Delivery as defined in Section 20 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 294 Original Sheet No. 294 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)
(Continued)

ARTICLE VII

Notices and Payments

7.1 All notices and communications with respect to this Agreement shall be in writing and shall be considered as duly conveyed when sent to the addresses stated below or at any other such address as either Seller or Buyer may hereafter designate in writing in accordance with the applicable provisions of Section 8 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Seller: Eastern Shore Natural Gas Company
Post Office Box 1769
Dover, Delaware 19903-1769
Attention: Customer Services

Buyer: _____

7.2 All payments for service provided under this Agreement shall be by wire transfer of funds and shall be directed to the address stated below:

Seller: Eastern Shore Natural Gas Company
[NAME OF BANK]
Account No. _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 295 Original Sheet No. 295 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)
(Continued)

ARTICLE VIII

Facilities

8.1 To the extent that construction of facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE IX

Regulatory Authorizations and Approvals

9.1 Seller's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service for Buyer in accordance with the terms of Rate Schedule T-1, this Service Agreement and the General Terms and Conditions of Seller's FERC Gas Tariff. Buyer agrees to reimburse Seller for all reporting and/or filing fees incurred by Seller in providing service under this Service Agreement.

ARTICLE X

Pressures

10.1 The quantities of gas delivered or caused to be delivered by Buyer to Seller hereunder shall be delivered into Seller's pipeline system at a pressure sufficient to enter Seller's system, but in no event shall such gas be delivered at a pressure exceeding the maximum authorized operating pressure or such other pressure as Seller permits at the Point(s) of Receipt.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 296 Original Sheet No. 296 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)
(Continued)

ARTICLE XI

Miscellaneous

11.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

11.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

11.3 This Agreement includes Exhibits "A" and "B", which are incorporated fully herein and made a part hereof.

11.4 Modifications to this Agreement shall not become effective except by execution of an amendment thereto.

11.5 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without recourse to the law governing conflicts of laws, and to all present and future valid laws with respect to the subject matter, including present and future orders, rules and regulations of duly constituted governmental authorities.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 297 Original Sheet No. 297 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)
(Continued)

ARTICLE XII

Superseding Prior Service Agreements

12.1 This Agreement, on its effective date, supersedes and cancels the following Service Agreement(s) between Seller and Buyer:

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

SELLER

BUYER

EASTERN SHORE NATURAL GAS COMPANY

By: _____

By: _____

Title: _____

Title: _____

(To be attested by the corporate secretary
if not signed by an officer of the company)

Attested By:

Attested By:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 298 Original Sheet No. 298 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)
(Continued)

EXHIBIT "A"

TO

T-1 TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

Point(s) of Receipt
Description of
Point of Receipt

Maximum Daily
Receipt Obligation
("MDRO") in
dekatherms
(excluding fuel)

Date of this Exhibit "A": _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 299 Original Sheet No. 299 : Effective

FORM OF SERVICE AGREEMENT

Firm Transportation Service
(For Use Under Seller's Rate Schedule T-1)
(Continued)

EXHIBIT "B"

TO

T-1 TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED
_____ / _____

Description of Point(s) of Delivery	Maximum Daily Delivery Obligation ("MDDO") (in dekatherms)	Maximum Hourly Quantity ("MHQ") (in dekatherms)
--	--	---

Total MDTQ (in dekatherms):

Date of this Exhibit "B": _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 300 Original Sheet No. 300 : Effective

SHEET NOS. 300-301 ARE RESERVED FOR FUTURE USE

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 302 Original Sheet No. 302 : Effective

FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)

THIS AGREEMENT entered into this ____ day of _____,
_____, by and between Eastern Shore Natural Gas Company, a
corporation of the State of Delaware (herein called "Seller"), and
_____ (herein called "Buyer").

WITNESSETH

WHEREAS, Buyer desires to obtain Interruptible Transportation
Service from Seller and Seller is willing to provide Interruptible
Transportation Service for Buyer; and

WHEREAS, such service will be provided by Seller for Buyer in
accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and of the
mutual covenants and agreements herein contained, the sufficiency
of which is hereby acknowledged, Seller and Buyer do covenant and
agree as follows:

ARTICLE I

Definitions

In addition to the definitions incorporated herein through
Seller's Rate Schedule IT, the following terms when used herein
shall have the meanings set forth below:

1.1 The term "FERC" shall mean the Federal Energy Regulatory
Commission or any successor regulatory agency or body which has
authority to regulate the rates and/or services of Seller.

1.2 The term "Rate Schedule IT" shall mean Seller's Rate
Schedule IT and the General Terms and Conditions of Seller's FERC
Gas Tariff, as filed with the FERC and as changed and adjusted from
time to time by Seller in accordance with Section 5.2 hereof or in
compliance with any final FERC order affecting such Rate Schedule
and/or General Terms and Conditions.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 303 Original Sheet No. 303 : Effective

FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)
(Continued)

ARTICLE II

Nature of Service

2.1 Transportation service provided under this Agreement shall be subject to curtailment or interruption when, in Seller's judgment, such curtailment or interruption is necessary due to operating conditions or insufficient pipeline capacity available on Seller's system, or is otherwise necessary to protect authorized firm services. In the event Seller is unable to receive or deliver the total quantity of natural gas requested to be transported by all Buyers of service under Rate Schedule IT, then Seller shall allocate available capacity among such Buyers in accordance with the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE III

Quantity

3.1 The Maximum Daily Transportation Quantity ("MDTQ") under this Agreement shall be _____ dekatherms ("dt"), which shall be the largest daily quantity of gas that Seller is obligated to transport and make available for delivery for the account of Buyer under this Agreement on any one Gas Day.

3.2 Buyer may tender natural gas for transportation to Seller on any Gas Day up to the MDTQ, plus the Fuel Retention Quantity as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff. Seller agrees to receive the aggregate of the quantities of natural gas that Buyer tenders for transportation, plus the Fuel Retention Quantity, at Point(s) of Receipt on Seller's system, subject to the availability of capacity at such point(s), and to transport and make available for delivery for the account of Buyer at Delivery Point Area(s) on Seller's system, quantities of natural gas, up to the amount scheduled by Seller, less the Fuel Retention Quantity, subject to the availability of capacity, and Buyer agrees to accept or cause acceptance of such delivery by Seller.

Effective Date: 10/15/1998 Status: Effective
FERC Docket: RP98-402-000

First Revised Sheet No. 304 First Revised Sheet No. 304 : Effective
Superseding: Original Sheet No. 304
FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)
(Continued)

ARTICLE IV

Payment and Rights of Termination

4.1 Except as provided to the contrary in any written agreement(s) between Buyer and Seller in effect during the term hereof, Buyer shall pay Seller, for all service rendered hereunder, the applicable maximum rate, and all other lawful charges, as specified in Seller's Rate Schedule IT, as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded. Buyer and Seller may mutually agree that Buyer shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in Seller's Tariff. Buyer and Seller may agree that a specific discounted rate will apply only to certain quantities under this Agreement; that a specified discounted rate will apply only if specified quantities are achieved or only if the quantities do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; and/or that a specified discounted rate will apply only to specified rate zones, Delivery Point Areas, delivery points or other defined geographic area.

4.2 In the event Buyer fails to pay for the service provided under this Agreement or otherwise fails to meet Seller's standards for creditworthiness, Seller shall have the right to terminate this Agreement pursuant to the conditions set forth in Section 11, Section 18 and Section 19 of the General Terms and Conditions of Seller's FERC Gas Tariff.

4.3 In the event Buyer and Seller mutually agree to a negotiated rate(s) and/or terms of service hereunder (if authorized by the Commission), provisions governing such negotiated rate (including surcharges) and terms shall be set forth on Exhibit "A" to this Agreement.

Effective Date: 10/15/1998 Status: Effective
FERC Docket: RP98-402-000

Original Sheet No. 304A Original Sheet No. 304A : Effective

FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)
(Continued)

ARTICLE V

Rights to Amend Rates and Terms and Conditions of Service

5.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule IT and the provisions of the General Terms and Conditions of Seller's FERC Gas Tariff (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

5.2 Seller shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in: (a) the rates and charges applicable to its Rate Schedule IT, (b) Rate Schedule IT including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; and/or (c) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff applicable to Rate Schedule IT. Seller agrees that Buyer may protest or contest the aforementioned filings, or seek authorization from duly constituted regulatory authorities for such adjustment of Seller's existing FERC Gas Tariff as may be found necessary in order to assure that

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 305 Original Sheet No. 305 : Effective

FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)
(Continued)

ARTICLE V
(Continued)

Rights to Amend Rates and Terms and Conditions of Service
(Continued)

5.2 (Continued)

the provisions in (a), (b), or (c) above are just and reasonable.

ARTICLE VI

Term of Agreement and Commencement of Service

6.1 The term of this Agreement shall commence on _____ and shall continue until _____ and month to month thereafter unless terminated by either party upon thirty (30) calendar days prior written notice to the other party.

6.2 Any portion of this Agreement necessary to correct or "cash out" imbalances under this Agreement, pursuant to the General Terms and Conditions of Seller's FERC Gas Tariff, shall survive the other parts of this Agreement until such time as such balancing has been accomplished.

ARTICLE VII

Receipts and Deliveries

7.1 Subject to the availability of capacity, any Point of Receipt on Seller's system, as defined in the General Terms and Conditions of Seller's FERC Gas Tariff, shall be eligible for designation as a Point of Receipt for gas transported under this Agreement.

7.2 Subject to the availability of capacity, any Delivery Point Area on Seller's system shall be eligible for designation as a Point of Delivery for gas transported under this Agreement.

7.3 As nearly as practicable, Buyer shall cause its upstream supplier(s) to deliver to Seller uniform hourly quantities. Buyer shall take delivery from Seller hourly quantities during any Gas Day in accordance with Section 20 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 306 Original Sheet No. 306 : Effective

FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)
(Continued)

ARTICLE VIII

Notices and Payments

8.1 All notices and communications with respect to this Agreement shall be in writing and shall be considered as duly conveyed when sent to the addresses stated below or at any other such address as either Seller or Buyer may hereafter designate in writing in accordance with the applicable provisions of Section 8 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Seller: Eastern Shore Natural Gas Company
Post Office Box 1769
Dover, Delaware 19903-1769
Attention: Customer Services

Buyer: _____

8.2 All payments for service provided under this Agreement shall be by wire transfer of funds and shall be directed to the address stated below:

Eastern Shore Natural Gas Company
[NAME OF BANK]
Account No. _____

ARTICLE IX

Facilities

9.1 To the extent that construction of facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 307 Original Sheet No. 307 : Effective

FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)
(Continued)

ARTICLE X

Regulatory Authorizations and Approvals

10.1 Seller's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Interruptible Transportation Service for Buyer in accordance with the terms of Rate Schedule IT, this Service Agreement and the General Terms and Conditions of Seller's FERC Gas Tariff. Buyer agrees to reimburse Seller for all reporting and/or filing fees incurred by Seller in providing service under this Service Agreement.

ARTICLE XI

Pressures

11.1 The quantities of gas delivered or caused to be delivered by Buyer to Seller hereunder shall be delivered into Seller's pipeline system at a pressure sufficient to enter Seller's system, but in no event shall such gas be delivered at a pressure exceeding the maximum authorized operating pressure or such other pressure as Seller permits at the Point(s) of Receipt.

ARTICLE XII

Miscellaneous

12.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

12.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 308 Original Sheet No. 308 : Effective

FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)
(Continued)

ARTICLE XII
(Continued)

Miscellaneous
(Continued)

12.3 Modifications to this Agreement shall not become effective except by execution of an amendment thereto.

12.4 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without recourse to the law governing conflicts of laws, and to all present and future valid laws with respect to the subject matter, including present and future orders, rules and regulations of duly constituted governmental authorities.

12.5 This Agreement includes Exhibit "A" which is incorporated fully herein and made a part hereof.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 309 Original Sheet No. 309 : Effective

FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)
(Continued)

ARTICLE XIII

Superseding Prior Service Agreements

13.1 This Agreement, on its effective date, supersedes and cancels the following Service Agreement(s) between Seller and Buyer:

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

SELLER

BUYER

EASTERN SHORE NATURAL GAS COMPANY

By: _____

By: _____

Title: _____

Title: _____

(To be attested by the corporate secretary
if not signed by an officer of the company)

Attested By: _____

Attested By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 310 Original Sheet No. 310 : Effective

FORM OF SERVICE AGREEMENT

Interruptible Transportation (IT) Service
(For Use Under Seller's Rate Schedule IT)
(Continued)

EXHIBIT "A"

TO

INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

_____, _____
Specification of Negotiated Rate(s) and Terms of Service

Date of this Exhibit "A": _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 311 Original Sheet No. 311 : Effective

SHEET NOS. 311-312 ARE RESERVED FOR FUTURE USE

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 313 Original Sheet No. 313 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)

THIS AGREEMENT entered into this ____ day of _____,
_____, by and between Eastern Shore Natural Gas Company, a
corporation of the State of Delaware (herein called "Seller"), and
_____ (herein called "Buyer").

WITNESSETH

WHEREAS, Buyer desires to obtain Firm Storage Service from
Seller and Seller is willing to provide such service for Buyer in
accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and of the
mutual covenants and agreements herein contained, the sufficiency
of which is hereby acknowledged, Seller and Buyer do covenant and
agree as follows:

ARTICLE I

Definitions

In addition to the definitions incorporated herein through
Seller's Rate Schedule GSS, the following terms when used herein
shall have the meanings set forth below:

1.1 The term "FERC" shall mean the Federal Energy Regulatory
Commission or any successor regulatory agency or body which has
authority to regulate the rates and/or services of Seller.

1.2 The term "Rate Schedule GSS" shall mean Seller's Rate
Schedule GSS and the General Terms and Conditions of Seller's FERC
Gas Tariff, as filed with the FERC and as changed and adjusted from
time to time by Seller in accordance with Section 4.2 hereof or in
compliance with any final FERC order affecting such Rate Schedule
and/or General Terms and Conditions.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 314 Original Sheet No. 314 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

ARTICLE II

Quantity

2.1 Buyer's Storage Capacity Quantity, set forth on Exhibit "A" attached hereto, shall be the total quantity of natural gas, expressed in dekatherms ("dt"), that Seller agrees to receive and store or cause to be stored at any one time for Buyer's account. Buyer's Storage Capacity Quantity does not include the Fuel Retention Quantity, as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff.

2.2 Buyer's Storage Demand, set forth on Exhibit "A" attached hereto, shall be the maximum quantity of natural gas, expressed in dt per day, that Seller agrees to withdraw from storage or cause to be withdrawn from storage for the account of Buyer. Buyer's Storage Demand, less the Fuel Retention Quantity, as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, shall be delivered to Buyer, or for the account of Buyer, at Buyer's Point(s) of Receipt set forth on Exhibit "B" attached hereto.

2.3 Buyer's storage injection and withdrawal rights under this Agreement shall be governed by Seller's Rate Schedule GSS and by the applicable provisions of Transcontinental Gas Pipe Line Corporation's Rate Schedule GSS, on file with the FERC, as such Rate Schedules may be amended from time to time.

ARTICLE III

Payment and Rights of Termination

3.1 Upon the commencement of service hereunder, Buyer shall pay Seller, for all service rendered hereunder, the rates established under Seller's Rate Schedule GSS as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 315 Original Sheet No. 315 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

ARTICLE III
(Continued)

Payment and Rights of Termination
(Continued)

3.2 In the event Buyer fails to pay for the service provided under this Agreement or otherwise fails to meet Seller's standards for creditworthiness, Seller shall have the right to terminate this Agreement pursuant to the conditions set forth in Section 11, Section 18 and Section 19 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE IV

Rights to Amend Rates and Terms and Conditions of Service

4.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule GSS and the provisions of the General Terms and Conditions of Seller's FERC Gas Tariff (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

4.2 Seller shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in: (a) the rates and charges applicable to its Rate Schedule GSS, (b) Rate Schedule GSS including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; and/or (c) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff applicable to Rate Schedule GSS; provided, however, Seller shall not have the right, without the consent of Buyer, unless required to do so pursuant to applicable laws or regulations, to make any filing pursuant to Section 4 of the Natural Gas Act to reduce the firm nature of the service provided under said Rate Schedule or the provisions of Exhibits "A" and "B". Seller agrees that Buyer may protest or contest the aforementioned filings, or seek authorization from duly constituted regulatory authorities for such adjustment of Seller's existing FERC Gas Tariff as may be found necessary in order to assure that the provisions in (a), (b) or (c) above are just and reasonable.

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

ARTICLE V

Term of Agreement and Commencement of Service

5.1 The term of this Agreement shall commence on _____ and shall continue in effect until _____ or such earlier date that Transcontinental Gas Pipe Line Corporation (Transco) is authorized to abandon service under Transco's Rate Schedule GSS to Seller.

5.2 At least twelve (12) months prior to the end of the term specified in Section 5.1, absent any abandonment on the part of Transco, Buyer shall provide Seller with a written notice, specifying Buyer's desired disposition of the Storage Service entitlement under Rate Schedule GSS at the expiration of the term. In such written notice, Buyer shall specify one of the following alternatives:

- (a) Buyer elects to extend its Storage Service with Seller under Seller's Rate Schedule GSS beyond the expiration of the term of the existing GSS Service Agreement with Seller; or
- (b) Buyer elects to discontinue its Storage Service with Seller under Seller's Rate Schedule GSS at the expiration of the term of its GSS Service Agreement with Seller and Buyer elects to receive Storage Service directly from Transco under Transco's Rate Schedule GSS; or
- (c) Buyer elects to discontinue its Storage Service with Seller under Seller's Rate Schedule GSS at the expiration of the term of its GSS Service Agreement with Seller and Buyer does not elect to receive Storage Service directly from Transco under Transco's Rate Schedule GSS.

If Buyer fails to provide Seller with the written notice at least twelve (12) months prior to the end of the term of the GSS Service Agreement, then Buyer will be deemed to have selected Section 5.2(c) as Buyer's alternative.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 317 Original Sheet No. 317 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

ARTICLE V
(Continued)

Term of Agreement and Commencement of Service
(Continued)

5.3 In the event Buyer elects the alternative specified in Section 5.2(a) and Seller elects to, and is able to, extend the term of its then effective GSS Service Agreement with Transco on terms and conditions acceptable to Buyer and Seller, then Seller and Buyer will execute a new Service Agreement under Seller's Rate Schedule GSS for a term that coincides with the term of the extended GSS Service Agreement with Transco.

5.4 In the event Buyer elects the alternative specified in Section 5.2(b), Seller will use best efforts to assign such capacity to Buyer and Seller agrees to use best efforts to assist Buyer in its efforts to obtain Storage Service directly from Transco under Transco's Rate Schedule GSS. Such assignment will be effective on the day after the expiration of the GSS Service Agreement between Buyer and Seller. Upon the effective date of such assignment Buyer accepts all of the associated obligations related to such service.

5.5 In the event Buyer elects the alternative specified in Section 5.2(c) or is deemed to have elected the alternative specified in Section 5.2(c), Seller will endeavor to locate a replacement Buyer or seek abandonment of its obligation to receive such Storage Service under Transco's Rate Schedule GSS with such abandonment proposed to become effective on the expiration date of the GSS Service Agreement between Buyer and Seller. In either event the term of this Agreement will be as provided in Section 5.1 above.

ARTICLE VI

Point(s) of Receipt

6.1 The Point(s) of Receipt for all gas delivered for the account of Buyer into Seller's pipeline system under this Agreement shall be at the Point(s) of Receipt on Seller's pipeline system as set forth on Exhibit "B" attached hereto.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 318 Original Sheet No. 318 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

ARTICLE VII

Notices and Payments

7.1 All notices and communications with respect to this Agreement shall be in writing and shall be considered as duly conveyed when sent to the addresses stated below or at any other such address as either Seller or Buyer may hereafter designate in writing in accordance with the applicable provisions of Section 8 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Seller: Eastern Shore Natural Gas Company
Post Office Box 1769
Dover, Delaware 19903-1769
Attention: Customer Services

Buyer: _____

7.2 All payments for service provided under this Agreement shall be by wire transfer of funds and shall be directed to the address stated below:

Seller: Eastern Shore Natural Gas Company
[NAME OF BANK]
Account No. _____

ARTICLE VIII

Facilities

8.1 To the extent that construction of facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 319 Original Sheet No. 319 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

ARTICLE IX

Regulatory Authorizations and Approvals

9.1 Seller's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Storage Service for Buyer in accordance with the terms of Rate Schedule GSS, this Service Agreement and the General Terms and Conditions of Seller's FERC Gas Tariff. Buyer agrees to reimburse Seller for all reporting and/or filing fees incurred by Seller in providing service under this Service Agreement.

ARTICLE X

Miscellaneous

10.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

10.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 320 Original Sheet No. 320 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

ARTICLE X
(Continued)

Miscellaneous
(Continued)

10.3 This Agreement includes Exhibits "A" and "B", which are incorporated fully herein and made a part hereof.

10.4 Modifications to this Agreement shall not become effective except by execution of an amendment thereto.

10.5 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without recourse to the law governing conflicts of laws, and to all present and future valid laws with respect to the subject matter, including present and future orders, rules and regulations of duly constituted governmental authorities.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 321 Original Sheet No. 321 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

ARTICLE XI

Superseding Prior Service Agreement

11.1 This Agreement, on its effective date, supersedes and cancels the following Service Agreement(s) between Seller and Buyer:

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

SELLER

BUYER

EASTERN SHORE NATURAL GAS COMPANY

By: _____

By: _____

Title: _____

Title: _____

(To be attested by the corporate secretary
if not signed by an officer of the company)

Attested By: _____

Attested By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 322 Original Sheet No. 322 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

EXHIBIT "A"

TO

STORAGE SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED
_____ / _____

Storage Capacity Quantity (dt) _____

Storage Demand (dt/day) _____

Date of this Exhibit "A" : _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 323 Original Sheet No. 323 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule GSS)
(Continued)

EXHIBIT "B"

TO

STORAGE SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

Point(s) of Receipt

Date of this Exhibit "B" : _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 324 Original Sheet No. 324 : Effective

SHEET NOS. 324-325 ARE RESERVED FOR FUTURE USE

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 326 Original Sheet No. 326 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)

THIS AGREEMENT entered into this ____ day of _____,
_____, by and between Eastern Shore Natural Gas Company, a
corporation of the State of Delaware (herein called "Seller"), and
_____ (herein called "Buyer").

WITNESSETH

WHEREAS, Buyer desires to obtain Firm Storage Service from
Seller and Seller is willing to provide such service for Buyer in
accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and of the
mutual covenants and agreements herein contained, the sufficiency
of which is hereby acknowledged, Seller and Buyer do covenant and
agree as follows:

ARTICLE I

Definitions

In addition to the definitions incorporated herein through
Seller's Rate Schedule LSS, the following terms when used herein
shall have the meanings set forth below:

1.1 The term "FERC" shall mean the Federal Energy Regulatory
Commission or any successor regulatory agency or body which has
authority to regulate the rates and/or services of Seller.

1.2 The term "Rate Schedule LSS" shall mean Seller's Rate
Schedule LSS and the General Terms and Conditions of Seller's FERC
Gas Tariff, as filed with the FERC and as changed and adjusted from
time to time by Seller in accordance with Section 4.2 hereof or in
compliance with any final FERC order affecting such Rate Schedule
and/or General Terms and Conditions.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 327 Original Sheet No. 327 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

ARTICLE II

Quantity

2.1 Buyer's Storage Capacity Quantity, set forth on Exhibit "A" attached hereto, shall be the total quantity of natural gas, expressed in dekatherms ("dt"), that Seller agrees to receive and store or cause to be stored at any one time for Buyer's account. Buyer's Storage Capacity Quantity does not include the Fuel Retention Quantity, as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff.

2.2 Buyer's Storage Demand, set forth on Exhibit "A" attached hereto, shall be the maximum quantity of natural gas, expressed in dt per day, that Seller agrees to withdraw from storage or cause to be withdrawn from storage for the account of Buyer. Buyer's Storage Demand, less the Fuel Retention Quantity, as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, shall be delivered to Buyer, or for the account of Buyer, at Buyer's Point(s) of Receipt set forth on Exhibit "B" attached hereto.

2.3 Buyer's storage injection and withdrawal rights under this Agreement shall be governed by Seller's Rate Schedule LSS and by the applicable provisions of Transcontinental Gas Pipe Line Corporation's Rate Schedule LSS, on file with the FERC, as such Rate Schedules may be amended from time to time.

ARTICLE III

Payment and Rights of Termination

3.1 Upon the commencement of service hereunder, Buyer shall pay Seller, for all service rendered hereunder, the rates established under Seller's Rate Schedule LSS as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded.

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 328 Original Sheet No. 328 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

ARTICLE III
(Continued)

Payment and Rights of Termination
(Continued)

3.2 In the event Buyer fails to pay for the service provided under this Agreement or otherwise fails to meet Seller's standards for creditworthiness, Seller shall have the right to terminate this Agreement pursuant to the conditions set forth in Section 11, Section 18 and Section 19 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE IV

Rights to Amend Rates and Terms and Conditions of Service

4.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule LSS and the provisions of the General Terms and Conditions of Seller's FERC Gas Tariff (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

4.2 Seller shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in: (a) the rates and charges applicable to its Rate Schedule LSS, (b) Rate Schedule LSS including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; and/or (c) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff applicable to Rate Schedule LSS; provided, however, Seller shall not have the right, without the consent of Buyer, unless required to do so pursuant to applicable laws or regulations, to make any filing pursuant to Section 4 of the Natural Gas Act to reduce the firm nature of the service provided under said Rate Schedule or the provisions of Exhibits "A" and "B". Seller agrees that Buyer may protest or contest the aforementioned filings, or seek authorization from duly constituted regulatory authorities for such adjustment of Seller's existing FERC Gas Tariff as may be found necessary in order to assure that the provisions in (a), (b) or (c) above are just and reasonable.

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

ARTICLE V

Term of Agreement and Commencement of Service

5.1 The term of this Agreement shall commence on _____ and shall continue in effect until _____ or such earlier date that Transcontinental Gas Pipe Line Corporation (Transco) is authorized to abandon service under Transco's Rate Schedule LSS to Seller.

5.2 At least twelve (12) months prior to the end of the term specified in Section 5.1, absent any abandonment on the part of Transco, Buyer shall provide Seller with a written notice, specifying Buyer's desired disposition of the Storage Service entitlement under Rate Schedule LSS at the expiration of the term. In such written notice, Buyer shall specify one of the following alternatives:

- (a) Buyer elects to extend its Storage Service with Seller under Seller's Rate Schedule LSS beyond the expiration of the term of the existing LSS Service Agreement with Seller; or
- (b) Buyer elects to discontinue its Storage Service with Seller under Seller's Rate Schedule LSS at the expiration of the term of its LSS Service Agreement with Seller and Buyer elects to receive Storage Service directly from Transco under Transco's Rate Schedule LSS; or
- (c) Buyer elects to discontinue its Storage Service with Seller under Seller's Rate Schedule LSS at the expiration of the term of its LSS Service Agreement with Seller and Buyer does not elect to receive Storage Service directly from Transco under Transco's Rate Schedule LSS.

If Buyer fails to provide Seller with the written notice at least twelve (12) months prior to the end of the term of the LSS Service Agreement, then Buyer will be deemed to have selected Section 5.2(c) as Buyer's alternative.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 330 Original Sheet No. 330 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

ARTICLE V
(Continued)

Term of Agreement and Commencement of Service
(Continued)

5.3 In the event Buyer elects the alternative specified in Section 5.2(a) and Seller elects to, and is able to, extend the term of its then effective LSS Service Agreement with Transco on terms and conditions acceptable to Buyer and Seller, then Seller and Buyer will execute a new Service Agreement under Seller's Rate Schedule LSS for a term that coincides with the term of the extended LSS Service Agreement with Transco.

5.4 In the event Buyer elects the alternative specified in Section 5.2(b), Seller will use best efforts to assign such capacity to Buyer and Seller agrees to use best efforts to assist Buyer in its efforts to obtain Storage Service directly from Transco under Transco's Rate Schedule LSS. Such assignment will be effective on the day after the expiration of the LSS Service Agreement between Buyer and Seller. Upon the effective date of such assignment Buyer accepts all of the associated obligations related to such service.

5.5 In the event Buyer elects the alternative specified in Section 5.2(c) or is deemed to have elected the alternative specified in Section 5.2(c), Seller will endeavor to locate a replacement Buyer or seek abandonment of its obligation to receive such Storage Service under Transco's Rate Schedule LSS with such abandonment proposed to become effective on the expiration date of the LSS Service Agreement between Buyer and Seller. In either event the term of this Agreement will be as provided in Section 5.1 above.

ARTICLE VI

Point(s) of Receipt

6.1 The Point(s) of Receipt for all gas delivered for the account of Buyer into Seller's pipeline system under this Agreement shall be at the Point(s) of Receipt on Seller's pipeline system as set forth on Exhibit "B" attached hereto.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 331 Original Sheet No. 331 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

ARTICLE VII

Notices and Payments

7.1 All notices and communications with respect to this Agreement shall be in writing and shall be considered as duly conveyed when sent to the addresses stated below or at any other such address as either Seller or Buyer may hereafter designate in writing in accordance with the applicable provisions of Section 8 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Seller: Eastern Shore Natural Gas Company
Post Office Box 1769
Dover, Delaware 19903-1769
Attention: Customer Services

Buyer: _____

7.2 All payments for service provided under this Agreement shall be by wire transfer of funds and shall be directed to the address stated below:

Seller: Eastern Shore Natural Gas Company
[NAME OF BANK]
Account No. _____

ARTICLE VIII

Facilities

8.1 To the extent that construction of facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 332 Original Sheet No. 332 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

ARTICLE IX

Regulatory Authorizations and Approvals

9.1 Seller's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Storage Service for Buyer in accordance with the terms of Rate Schedule LSS, this Service Agreement and the General Terms and Conditions of Seller's FERC Gas Tariff. Buyer agrees to reimburse Seller for all reporting and/or filing fees incurred by Seller in providing service under this Service Agreement.

ARTICLE X

Miscellaneous

10.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

10.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 333 Original Sheet No. 333 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

ARTICLE X
(Continued)

Miscellaneous
(Continued)

10.3 This Agreement includes Exhibits "A" and "B", which are incorporated fully herein and made a part hereof.

10.4 Modifications to this Agreement shall not become effective except by execution of an amendment thereto.

10.5 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without recourse to the law governing conflicts of laws, and to all present and future valid laws with respect to the subject matter, including present and future orders, rules and regulations of duly constituted governmental authorities.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 334 Original Sheet No. 334 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

ARTICLE XI

Superseding Prior Service Agreement

11.1 This Agreement, on its effective date, supersedes and cancels the following Service Agreement(s) between Seller and Buyer:

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

SELLER

BUYER

EASTERN SHORE NATURAL GAS COMPANY

By: _____

By: _____

Title: _____

Title: _____

(To be attested by the corporate secretary
if not signed by an officer of the company)

Attested By: _____

Attested By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 335 Original Sheet No. 335 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

EXHIBIT "A"

TO

STORAGE SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED
_____ / _____

Storage Capacity Quantity (dt) _____

Storage Demand (dt/day) _____

Date of this Exhibit "A" : _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 336 Original Sheet No. 336 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LSS)
(Continued)

EXHIBIT "B"

TO

STORAGE SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

Point(s) of Receipt

Date of this Exhibit "B" : _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 337 Original Sheet No. 337 : Effective

SHEET NOS. 337-338 ARE RESERVED FOR FUTURE USE

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 339 Original Sheet No. 339 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)

THIS AGREEMENT entered into this ____ day of _____,
_____, by and between Eastern Shore Natural Gas Company, a
corporation of the State of Delaware (herein called "Seller"), and
_____ (herein called "Buyer").

WITNESSETH

WHEREAS, Buyer desires to obtain Firm Storage Service from
Seller and Seller is willing to provide such service for Buyer in
accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and of the
mutual covenants and agreements herein contained, the sufficiency
of which is hereby acknowledged, Seller and Buyer do covenant and
agree as follows:

ARTICLE I

Definitions

In addition to the definitions incorporated herein through
Seller's Rate Schedule LGA, the following terms when used herein
shall have the meanings set forth below:

1.1 The term "FERC" shall mean the Federal Energy Regulatory
Commission or any successor regulatory agency or body which has
authority to regulate the rates and/or services of Seller.

1.2 The term "Rate Schedule LGA" shall mean Seller's Rate
Schedule LGA and the General Terms and Conditions of Seller's FERC
Gas Tariff, as filed with the FERC and as changed and adjusted from
time to time by Seller in accordance with Section 4.2 hereof or in
compliance with any final FERC order affecting such Rate Schedule
and/or General Terms and Conditions.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 340 Original Sheet No. 340 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

ARTICLE II

Quantity

2.1 Buyer's Storage Capacity Quantity, set forth on Exhibit "A" attached hereto, shall be the total quantity of natural gas, expressed in dekatherms ("dt"), that Seller agrees to receive and store or cause to be stored at any one time for Buyer's account. Buyer's Storage Capacity Quantity does not include the Fuel Retention Quantity, as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff.

2.2 Buyer's Storage Demand, set forth on Exhibit "A" attached hereto, shall be the maximum quantity of natural gas, expressed in dt per day, that Seller agrees to withdraw from storage or cause to be withdrawn from storage for the account of Buyer. Buyer's Storage Demand, less the Fuel Retention Quantity, as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, shall be delivered to Buyer, or for the account of Buyer, at Buyer's Point(s) of Receipt set forth on Exhibit "B" attached hereto.

2.3 Buyer's storage injection and withdrawal rights under this Agreement shall be governed by Seller's Rate Schedule LGA and by the applicable provisions of Transcontinental Gas Pipe Line Corporation's Rate Schedule LGA, on file with the FERC, as such Rate Schedules may be amended from time to time.

ARTICLE III

Payment and Rights of Termination

3.1 Upon the commencement of service hereunder, Buyer shall pay Seller, for all service rendered hereunder, the rates established under Seller's Rate Schedule LGA as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 341 Original Sheet No. 341 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

ARTICLE III
(Continued)

Payment and Rights of Termination
(Continued)

3.2 In the event Buyer fails to pay for the service provided under this Agreement or otherwise fails to meet Seller's standards for creditworthiness, Seller shall have the right to terminate this Agreement pursuant to the conditions set forth in Section 11, Section 18 and Section 19 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE IV

Rights to Amend Rates and Terms and Conditions of Service

4.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule LGA and the provisions of the General Terms and Conditions of Seller's FERC Gas Tariff (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

4.2 Seller shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in: (a) the rates and charges applicable to its Rate Schedule LGA, (b) Rate Schedule LGA including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; and/or (c) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff applicable to Rate Schedule LGA; provided, however, Seller shall not have the right, without the consent of Buyer, unless required to do so pursuant to applicable laws or regulations, to make any filing pursuant to Section 4 of the Natural Gas Act to reduce the firm nature of the service provided under said Rate Schedule or the provisions of Exhibits "A" and "B". Seller agrees that Buyer may protest or contest the aforementioned filings, or seek authorization from duly constituted regulatory authorities for such adjustment of Seller's existing FERC Gas Tariff as may be found necessary in order to assure that the provisions in (a), (b) or (c) above are just and reasonable.

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

ARTICLE V

Term of Agreement and Commencement of Service

5.1 The term of this Agreement shall commence on _____ and shall continue in effect until _____ or such earlier date that Transcontinental Gas Pipe Line Corporation (Transco) is authorized to abandon service under Transco's Rate Schedule LGA to Seller.

5.2 At least twelve (12) months prior to the end of the term specified in Section 5.1, absent any abandonment on the part of Transco, Buyer shall provide Seller with a written notice, specifying Buyer's desired disposition of the Storage Service entitlement under Rate Schedule LGA at the expiration of the term. In such written notice, Buyer shall specify one of the following alternatives:

- (a) Buyer elects to extend its Storage Service with Seller under Seller's Rate Schedule LGA beyond the expiration of the term of the existing LGA Service Agreement with Seller; or
- (b) Buyer elects to discontinue its Storage Service with Seller under Seller's Rate Schedule LGA at the expiration of the term of its LGA Service Agreement with Seller and Buyer elects to receive Storage Service directly from Transco under Transco's Rate Schedule LGA; or
- (c) Buyer elects to discontinue its Storage Service with Seller under Seller's Rate Schedule LGA at the expiration of the term of its LGA Service Agreement with Seller and Buyer does not elect to receive Storage Service directly from Transco under Transco's Rate Schedule LGA.

If Buyer fails to provide Seller with the written notice at least twelve (12) months prior to the end of the term of the LGA Service Agreement, then Buyer will be deemed to have selected Section 5.2(c) as Buyer's alternative.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 343 Original Sheet No. 343 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

ARTICLE V
(Continued)

Term of Agreement and Commencement of Service
(Continued)

5.3 In the event Buyer elects the alternative specified in Section 5.2(a) and Seller elects to, and is able to, extend the term of its then effective LGA Service Agreement with Transco on terms and conditions acceptable to Buyer and Seller, then Seller and Buyer will execute a new Service Agreement under Seller's Rate Schedule LGA for a term that coincides with the term of the extended LGA Service Agreement with Transco.

5.4 In the event Buyer elects the alternative specified in Section 5.2(b), Seller will use best efforts to assign such capacity to Buyer and Seller agrees to use best efforts to assist Buyer in its efforts to obtain Storage Service directly from Transco under Transco's Rate Schedule LGA. Such assignment will be effective on the day after the expiration of the LGA Service Agreement between Buyer and Seller. Upon the effective date of such assignment Buyer accepts all of the associated obligations related to such service.

5.5 In the event Buyer elects the alternative specified in Section 5.2(c) or is deemed to have elected the alternative specified in Section 5.2(c), Seller will endeavor to locate a replacement Buyer or seek abandonment of its obligation to receive such Storage Service under Transco's Rate Schedule LGA with such abandonment proposed to become effective on the expiration date of the LGA Service Agreement between Buyer and Seller. In either event the term of this Agreement will be as provided in Section 5.1 above.

ARTICLE VI

Point(s) of Receipt

6.1 The Point(s) of Receipt for all gas delivered for the account of Buyer into Seller's pipeline system under this Agreement shall be at the Point(s) of Receipt on Seller's pipeline system as set forth on Exhibit "B" attached hereto.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 344 Original Sheet No. 344 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

ARTICLE VII

Notices and Payments

7.1 All notices and communications with respect to this Agreement shall be in writing and shall be considered as duly conveyed when sent to the addresses stated below or at any other such address as either Seller or Buyer may hereafter designate in writing in accordance with the applicable provisions of Section 8 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Seller: Eastern Shore Natural Gas Company
Post Office Box 1769
Dover, Delaware 19903-1769
Attention: Customer Services

Buyer: _____

7.2 All payments for service provided under this Agreement shall be by wire transfer of funds and shall be directed to the address stated below:

Seller: Eastern Shore Natural Gas Company
[NAME OF BANK]
Account No. _____

ARTICLE VIII

Facilities

8.1 To the extent that construction of facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 345 Original Sheet No. 345 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

ARTICLE IX

Regulatory Authorizations and Approvals

9.1 Seller's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Storage Service for Buyer in accordance with the terms of Rate Schedule LGA, this Service Agreement and the General Terms and Conditions of Seller's FERC Gas Tariff. Buyer agrees to reimburse Seller for all reporting and/or filing fees incurred by Seller in providing service under this Service Agreement.

ARTICLE X

Miscellaneous

10.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

10.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 346 Original Sheet No. 346 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

ARTICLE X
(Continued)

Miscellaneous
(Continued)

10.3 This Agreement includes Exhibits "A" and "B", which are incorporated fully herein and made a part hereof.

10.4 Modifications to this Agreement shall not become effective except by execution of an amendment thereto.

10.5 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without recourse to the law governing conflicts of laws, and to all present and future valid laws with respect to the subject matter, including present and future orders, rules and regulations of duly constituted governmental authorities.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 347 Original Sheet No. 347 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

ARTICLE XI

Superseding Prior Service Agreement

11.1 This Agreement, on its effective date, supersedes and cancels the following Service Agreement(s) between Seller and Buyer:

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

SELLER

BUYER

EASTERN SHORE NATURAL GAS COMPANY

By: _____

By: _____

Title: _____

Title: _____

(To be attested by the corporate secretary
if not signed by an officer of the company)

Attested By: _____

Attested By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 348 Original Sheet No. 348 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

EXHIBIT "A"

TO

STORAGE SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED
_____ / _____

Storage Capacity Quantity (dt) _____

Storage Demand (dt/day) _____

Date of this Exhibit "A" : _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 349 Original Sheet No. 349 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule LGA)
(Continued)

EXHIBIT "B"

TO

STORAGE SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

Point(s) of Receipt

Date of this Exhibit "B" : _____

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 350 Original Sheet No. 350 : Effective

SHEET NOS. 350-351 ARE RESERVED FOR FUTURE USE

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 352 Original Sheet No. 352 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule CFSS)

THIS AGREEMENT entered into this ____ day of _____,
_____, by and between Eastern Shore Natural Gas Company, a
corporation of the State of Delaware (herein called "Seller"), and
_____ (herein called "Buyer").

WITNESSETH

WHEREAS, Buyer desires to obtain Firm Storage Service from
Seller and Seller is willing to provide such service for Buyer in
accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and of the
mutual covenants and agreements herein contained, the sufficiency
of which is hereby acknowledged, Seller and Buyer do covenant and
agree as follows:

ARTICLE I

Definitions

In addition to the definitions incorporated herein through
Seller's Rate Schedule CFSS, the following terms when used herein
shall have the meanings set forth below:

1.1 The term "FERC" shall mean the Federal Energy Regulatory
Commission or any successor regulatory agency or body which has
authority to regulate the rates and/or services of Seller.

1.2 The term "Rate Schedule CFSS" shall mean Seller's Rate
Schedule CFSS and the General Terms and Conditions of Seller's FERC
Gas Tariff, as filed with the FERC and as changed and adjusted from
time to time by Seller in accordance with Section 4.2 hereof or in
compliance with any final FERC order affecting such Rate Schedule
and/or General Terms and Conditions.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 353 Original Sheet No. 353 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule CFSS)
(Continued)

ARTICLE II

Quantity

2.1 Buyer's Storage Capacity Quantity, set forth on Exhibit "A" attached hereto, shall be the total quantity of natural gas, expressed in dekatherms ("dt"), that Seller agrees to receive and store or cause to be stored at any one time for Buyer's account. Buyer's Storage Capacity Quantity does not include the Fuel Retention Quantity, as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff.

2.2 Buyer's Storage Demand, set forth on Exhibit "A" attached hereto, shall be the maximum quantity of natural gas, expressed in dt per day, that Seller agrees to withdraw from storage or cause to be withdrawn from storage for the account of Buyer. Buyer's Storage Demand, less the Fuel Retention Quantity, as defined in Section 31 of the General Terms and Conditions of Seller's FERC Gas Tariff, shall be delivered to Buyer, or for the account of Buyer, at Buyer's Point(s) of Receipt set forth on Exhibit "B" attached hereto.

2.3 Buyer's storage injection and withdrawal rights under this Agreement shall be governed by Seller's Rate Schedule CFSS and by the applicable provisions of Columbia Gas Transmission Corporation's Rate Schedules FSS and SST, on file with the FERC, as such Rate Schedules may be amended from time to time.

ARTICLE III

Payment and Rights of Termination

3.1 Upon the commencement of service hereunder, Buyer shall pay Seller, for all service rendered hereunder, the rates established under Seller's Rate Schedule CFSS as filed with the FERC and as said Rate Schedule may hereafter be legally amended or superseded.

Effective Date: 11/01/1997 Status: Effective

FERC Docket: CP96-128-004

Original Sheet No. 354 Original Sheet No. 354 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule CFSS)
(Continued)

ARTICLE III
(Continued)

Payment and Rights of Termination
(Continued)

3.2 In the event Buyer fails to pay for the service provided under this Agreement or otherwise fails to meet Seller's standards for creditworthiness, Seller shall have the right to terminate this Agreement pursuant to the conditions set forth in Section 11, Section 18 and Section 19 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE IV

Rights to Amend Rates and Terms and Conditions of Service

4.1 This Agreement in all respects shall be and remain subject to the provisions of said Rate Schedule CFSS and the provisions of the General Terms and Conditions of Seller's FERC Gas Tariff (as the same may hereafter be legally amended or superseded), all of which are made a part hereof by this reference.

4.2 Seller shall have the unilateral right to file with the appropriate regulatory authority and seek to make changes in: (a) the rates and charges applicable to its Rate Schedule CFSS, (b) Rate Schedule CFSS including the Form of Service Agreement and the existing Service Agreement pursuant to which this service is rendered; and/or (c) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff applicable to Rate Schedule CFSS; provided, however, Seller shall not have the right, without the consent of Buyer, unless required to do so pursuant to applicable laws or regulations, to make any filing pursuant to Section 4 of the Natural Gas Act to reduce the firm nature of the service provided under said Rate Schedule or the provisions of Exhibits "A" and "B". Seller agrees that Buyer may protest or contest the aforementioned filings, or seek authorization from duly constituted regulatory authorities for such adjustment of Seller's existing FERC Gas Tariff as may be found necessary in order to assure that the provisions in (a), (b) or (c) above are just and reasonable.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 355 Original Sheet No. 355 : Effective

FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule CFSS)
(Continued)

ARTICLE V

Term of Agreement and Commencement of Service

5.1 The term of this Agreement shall commence on _____ and shall continue in effect until _____ or such earlier date that the upstream Columbia Gas Transmission Corporation (Columbia) entitlements are permanently released to Buyer.

5.2 At least twelve (12) months prior to the end of the term specified in Section 5.1, Buyer shall provide Seller with a written notice, specifying Buyer's desired disposition of the Storage Service entitlement under Rate Schedule FSS and the Storage Service related transportation under Rate Schedule SST at the expiration of the term. In such written notice, Buyer shall specify one of the following alternatives:

- (a) Buyer elects to extend its Storage Service with Seller under Seller's Rate Schedule CFSS beyond the expiration of the term of the existing CFSS Service Agreement with Seller; or
- (b) Buyer elects to discontinue its Storage Service with Seller under Seller's Rate Schedule CFSS at the expiration of the term of its CFSS Service Agreement with Seller.

If Buyer fails to provide Seller with the written notice at least twelve (12) months prior to the end of the term of the CFSS Service Agreement, then Buyer will be deemed to have selected Section 5.2(b) as Buyer's alternative.

Effective Date: 11/01/1997 Status: Effective
FERC Docket: CP96-128-004

Original Sheet No. 356 Original Sheet No. 356 : Effective

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Firm Storage Service
(For Use Under Seller's Rate Schedule CFSS)
(Continued)

ARTICLE V
(Continued)

Term of Agreement and Commencement of Service
(Continued)

5.3 In the event Buyer elects the alternative specified in Section 5.2(a) and Seller elects to, and is able to, extend the term of its then effective SST Service Agreement and FSS Service Agreement with Columbia on terms and conditions acceptable to Buyer and Seller, then Seller and Buyer will execute a new Service Agreement under Seller's Rate Schedule CFSS for a term that coincides with the term of the executed SST Service Agreement and FSS Service Agreement with Columbia.

5.4 In the event Buyer elects the alternative specified in Section 5.2(b), Seller will permanently release such FSS and SST capacities to Buyer. Such permanent release will be effective on the day after the expiration date of the CFSS Service Agreement between Buyer and Seller. Upon the effective date of such permanent release Buyer accepts all of the associated obligations related to such Columbia services.

ARTICLE VI

Point of Receipt

6.1 The Point of Receipt for all gas delivered for the account of Buyer into Seller's pipeline system under this Agreement shall be at the Point of Receipt on Seller's pipeline system as set forth on Exhibit "B" attached hereto.

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Firm Storage Service
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(Continued)

ARTICLE VII

Notices and Payments

7.1 All notices and communications with respect to this Agreement shall be in writing and shall be considered as duly conveyed when sent to the addresses stated below or at any other such address as either Seller or Buyer may hereafter designate in writing in accordance with the applicable provisions of Section 8 of the General Terms and Conditions of Seller's FERC Gas Tariff.

Seller: Eastern Shore Natural Gas Company
Post Office Box 1769
Dover, Delaware 19903-1769
Attention: Customer Services

Buyer: _____

7.2 All payments for service provided under this Agreement shall be by wire transfer of funds and shall be directed to the address stated below:

Seller: Eastern Shore Natural Gas Company
[NAME OF BANK]
Account No. _____

ARTICLE VIII

Facilities

8.1 To the extent that construction of facilities is necessary to provide service under this Service Agreement, such construction, including payment for the facilities, shall occur in accordance with Section 12 of the General Terms and Conditions of Seller's FERC Gas Tariff.

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(Continued)

ARTICLE IX

Regulatory Authorizations and Approvals

9.1 Seller's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Storage Service for Buyer in accordance with the terms of Rate Schedule CFSS, this Service Agreement and the General Terms and Conditions of Seller's FERC Gas Tariff. Buyer agrees to reimburse Seller for all reporting and/or filing fees incurred by Seller in providing service under this Service Agreement.

ARTICLE X

Miscellaneous

10.1 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto; provided however, neither party shall assign this Agreement or any of its rights or obligations hereunder without first obtaining the written consent of the other party.

10.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults of a like or different character.

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Firm Storage Service
(For Use Under Seller's Rate Schedule CFSS)
(Continued)

ARTICLE XI
(Continued)

Miscellaneous
(Continued)

10.3 This Agreement includes Exhibits "A" and "B", which are incorporated fully herein and made a part hereof.

10.4 Modifications to this Agreement shall not become effective except by execution of an amendment thereto.

10.5 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without recourse to the law governing conflicts of laws, and to all present and future valid laws with respect to the subject matter, including present and future orders, rules and regulations of duly constituted governmental authorities.

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FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule CFSS)
(Continued)

ARTICLE XI

Superseding Prior Service Agreement

11.1 This Agreement, on its effective date, supersedes and cancels the following Service Agreement(s) between Seller and Buyer:

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

SELLER

BUYER

EASTERN SHORE NATURAL GAS COMPANY

By: _____

By: _____

Title: _____

Title: _____

(To be attested by the corporate secretary
if not signed by an officer of the company)

Attested By: _____

Attested By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Effective Date: 11/01/1997 Status: Effective
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FORM OF SERVICE AGREEMENT

Firm Storage Service
(For Use Under Seller's Rate Schedule CFSS)
(Continued)

EXHIBIT "A"

TO

STORAGE SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

Storage Capacity Quantity (dt) _____
Storage Demand (dt/day) _____

Date of this Exhibit "A" : _____

Effective Date: 11/01/1997 Status: Effective

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Firm Storage Service
(For Use Under Seller's Rate Schedule CFSS)
(Continued)

EXHIBIT "B"

TO

STORAGE SERVICE AGREEMENT

BETWEEN

EASTERN SHORE NATURAL GAS COMPANY

AND

DATED

Point(s) of Receipt

Date of this Exhibit "B" : _____

