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FERC GAS TARIFF

Second Revised Volume No. 1-D
(Supersedes First Revised Volume No. 1-D)

of
KINDER MORGAN INTERSTATE GAS TRANSMISSION LLC

Filed with the
FEDERAL ENERGY REGULATORY COMMISSION

Communications Concerning this Tariff Should be Addressed to:

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First Revised Volume No. 1-D
of
KN Interstate Gas Transmission Co.
Cancelled effective December 28, 1999

SUPERSEDED BY
KINDER MORGAN INTERSTATE GAS TRANSMISSION LLC
F.E.R.C. GAS TARIFF
SECOND REVISED VOLUME NO. 1-D

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FERC GAS TARIFF

Second Revised Volume No. 1-D

(Supersedes First Revised Volume No. 1-D)

of

KINDER MORGAN INTERSTATE GAS TRANSMISSION LLC

Filed with the

FEDERAL ENERGY REGULATORY COMMISSION

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BUFFALO WALLOW GENERAL TERMS AND CONDITIONS FOR SERVICES

1. APPLICATION AND AVAILABILITY

The following Buffalo Wallow General Terms and Conditions apply to the extent indicated and to the extent not superseded by inconsistent provisions in each of Transporter's Buffalo Wallow Rate Schedules.

2. DEFINITIONS. The following terms shall have the meanings defined below:

- 2.1 "Aggregation Pool" means the entire Buffalo Wallow System for purposes of the Aggregation Pooling Service as described in Section 22.5 of these Buffalo Wallow General Terms and Conditions.
- 2.2 "Approved Daily Nomination" is that quantity of gas which Transporter has approved to be transported on a particular day.
- 2.3 "Balance" and "Balancing" means the Shipper's obligation to cause deliveries to equal receipts, with due consideration given to any Fuel Reimbursement Quantities, and other deductions.
- 2.4 "British Thermal Unit" ("Btu") is the amount of energy required to increase the temperature of one (1) pound of water one (1) degree Fahrenheit at fifty-nine (59) degrees Fahrenheit and is equivalent to one (1) therm. The standard Btu is the International Btu, which is also called the Btu(IT); the standard joule is the joule specified in the SI system of units.
- 2.5 "Buffalo Wallow System" or "Buffalo Wallow Market Center" means that system of Transporter's pipeline which extends from Hemphill County Texas through Roger Mills and Dewey Counties in Oklahoma, ending in Custer County, Oklahoma through which Transporter will perform certain market center services as described within this tariff.
- 2.6 "Business Day" is defined as Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- 2.7 "Capacity" means the gas volume which any particular segment of the Transporter's facilities can accommodate based on Transporter's reasonable judgment.
- 2.8 "Company-used Gas" means the quantity of gas consumed by the Transporter as fuel and for other purposes in its gas operations, not including lost and unaccounted for gas.
- 2.9 "CT" means central o'clock time.
- 2.10 "Cubic Foot of Gas" is the amount of gas necessary to fill a one cubic foot of space when the gas is at a temperature of sixty (60) degrees Fahrenheit and under an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch.
- 2.11 "Curtailement" is used interchangeably with the term "interruption".
- 2.12 "Day" is a period of twenty-four (24) consecutive hours beginning and ending at nine (9) a.m.(CT).
- 2.13 "FERC" or "Commission" means the Federal Energy Regulatory Commission and any other governmental body or bodies succeeding to, lawfully exercising, or superseding any powers of the Federal Energy Regulatory Commission.
- 2.14 "Gas" or "Natural Gas" is any mixture of hydrocarbons or of hydrocarbons and non-combustible gas, in a gaseous state, consisting essentially of methane; or all merchantable gases that conform to the quality specifications set forth in these General Terms and Conditions.
- 2.15 "Total Dry Heating Value" is the number of Btus produced by complete combustion, at a constant pressure, of the amount of gas which would occupy a volume of 1 cubic foot at a temperature of 60 degrees Fahrenheit on a water-free basis and at a pressure of 14.73 dry p.s.i.a. with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion has condensed to the liquid state.

- 2.16 "Imbalance" means the difference between the Total Energy Content in Dth of transportation gas received by the Transporter for the Shipper's account and the Total Energy Content in Dth of transportation gas delivered by the Transporter to the Shipper or for the Shipper's account at The Shipper's Delivery Point, with due regard given to any Fuel Reimbursement Quantities, and other deductions.
- 2.17 "Interested Party(ies)" means for purposes of Section 3 of these General Terms and Conditions, a Shipper or potential Shipper on the Buffalo Wallow System.
- 2.18 "Interruptible" means that Transporter has the right to stop, in whole or in part, receipt, transportation, or delivery of natural gas at any time. Transporter shall provide as much advance notice as is practical to Shipper, except as may otherwise be specifically provided for in this Buffalo Wallow Tariff.
- 2.19 "Interruption" means suspension, either in total or in part, of service due to the Transporter's inability to provide service to a Shipper based upon Transporter's reasonable judgment.
- 2.20 "Intra-day nomination" means a nomination submitted after the Timely Nomination Cycle, defined in Rate Schedules FT-BW and FT-BW, whose effective time is no earlier than the beginning of the gas day and runs through the end of that gas day.
- 2.21 "Lost and Unaccounted-For Gas" means the difference between the sum of all input quantities of gas received into Transporter's system and the sum of all output quantities of gas delivered from Transporter's system, which difference shall exclude company-used gas and shall include, but not be limited to, gas vented, storage lost, and loss as a result of an event of force majeure.
- 2.22 "Dekatherm" ("Dth") is one million (1,000,000) British thermal units.
- 2.23 "Month" is a period beginning at nine (9) a.m. (CT) or at such other hour as Shipper and Transporter have agreed upon, on the first day of the calendar month and ending at the same time on the first day of the next month.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- 2.24 "Monthly Billing Period" is the calendar month.
- 2.25 "Operational Balancing Agreement" ("OBA") means a contract between Transporter and the entity ("OBA Party") operating the facilities at a point(s) of interconnection with Transporter's system which describes the manner in which differences between actual flows and nominated quantities will be resolved between Transporter and the OBA Party.
- 2.26 "Party" means Shipper or Transporter.
- 2.27 "Point of Delivery" or "Delivery Point" is the point where Transporter delivers gas to Shipper (or for Shipper's account) that has been transported by Transporter for Shipper.
- 2.28 "Point of Receipt" or "Receipt Point" means the point where Transporter receives gas from Shipper (or for Shipper's account) to be transported by Transporter for Shipper.
- 2.29 "Pooling" means 1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or 2) the disaggregation of gas from a single physical or logical point to multiple physical and/or logical points.
- 2.30 "PSI" is the pressure measured in pounds per square inch.
- 2.31 "p.s.i.a." means pounds per square inch absolute.
- 2.32 "p.s.i.g." means pounds per square inch gauge.
- 2.33 "Quantity of Gas" or "Gas" when used to refer to a quantity of gas shall mean the Total Energy Content.
- 2.34 "Service Agreement" means a written agreement, and any exhibits, attachments and/or amendments, for gas service, which is executed by Transporter and Shipper.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- 2.35 "Shipper" means any party who has requested service from Transporter and executed a contract for such service with Transporter.
- 2.36 "Total Energy Content" is that amount determined by multiplying the total dry heating value by the volume of gas in cubic feet, adjusted for as-delivered water content.
- 2.37 "Transportation" means movement of gas from the receipt point to the delivery point.
- 2.38 "Transporter" is Kinder Morgan Interstate Gas Transmission LLC (KMIGT).
- 2.39 "Transporting Pipeline" means any pipeline delivering transportation gas to the Receipt Point(s) or taking gas from the Delivery Point(s) specified in the Service Agreement. The transporting pipeline may include facilities owned by Transporter, an affiliate of Transporter, or a third party.
- 2.40 "Variance" means the difference between a Shipper's nominated and actual volumes flowing at Receipt or Delivery Points.
- 2.41 "Year" is a period of three hundred sixty-five (365) days commencing and ending at nine (9) a.m. (CT), provided that any year which contains that date of February 29 shall consist of three hundred sixty-six (366) days.
- 2.42 "Standard Reporting Basis" means standardization of the reporting basis for gross heating value as Btu(IT)/cubic foot at standard conditions of 14.73 psia, 60 degrees F, and dry. Standardize the reporting standard for megajoules/cubic meter as 101.325 kPa, 15 degrees C, and dry, and for gigacalories as 1.03546 Kg/cm² and 15.6 degrees C and dry.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

2.43 "PIN" is the Point Identification Number.

2.44 "GID" is the Global Identification Number identifying a customer legal entity.

3. NOMINATIONS, CONFIRMATIONS AND SCHEDULING OF RECEIPTS AND DELIVERIES.

3.1 NOMINATIONS. If Shipper desires injection or withdrawal of stored gas on any day under this Rate Schedule, Shipper shall comply with the following nomination procedures. Any nominations received after the timely nomination deadline will be scheduled after the nominations received by that nomination deadline. All nominations must be submitted electronically. The standard quantity of nominations, confirmations and scheduling is dekatherms per day. For reference, 1 dekatherm=1,000,000 Btus; 1 Gigajoule=1,000,000,000 joules; 1 gigacalorie=1,000,000,000 calories. The standard conversion factor between dekatherms and Gigajoules is 1.055056 Gigajoules per dekatherm, and between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The standard Btu is the International Btu, which is also called the Btu (IT). For non-commercial purposes, the exact conversion factor is 1.05505585262 Gigajoules per Dekatherm.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- a. The Timely Nomination Cycle: 11:30 a.m. for nominations leaving control of the nominating party; 11:45 a.m. for receipt of nominations by Transporter; noon to send Quick Response; 3:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by shipper and point operator (central clock time on the day prior to flow).

- b. The Evening Nomination Cycle: 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by Transporter; 6:30 p.m. to send Quick Response; 9:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 10:00 p.m. for Transporter to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (CT on the day prior to flow).
 - (i) Scheduled quantities resulting from an Evening Nomination that does not cause another Service Requester on Transporter's system to receive notice that it is being bumped should be effective at 9:00 a.m. on gas day; and when an Evening Nomination causes another Service Requester on Transporter's system to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. on gas day.

- c. The Intra-day 1 Nomination Cycle: 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by Transporter; 10:30 a.m. to send Quick response; 1:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 2:00 p.m. for transporter to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (CT on the gas day). Scheduled quantities resulting from Intra-day 1 Nominations should be effective at 5:00 p.m. gas day.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- d. The Intra-day 2 Nomination Cycle: 5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by Transporter; 5:30 p.m. to send Quick Response; 8:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 9:00 p.m. for Transporter to provide scheduled quantities to affected shippers and point operators (CT on the gas day). Scheduled quantities resulting from Intra-day 2 Nominations should be effective at 9:00 p.m. on gas day. Bumping is not allowed during the Intra-day 2 Nomination Cycle.

- e. For purposes of Section 3.1 (b) (c) and (d), "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- f. Shipper shall include in any nomination: 1) the daily quantity of gas to be received by Transporter including Shipper's transportation volumes, 2) daily overrun quantities, may be requested on a separate transaction, 3) any daily volumes to satisfy past imbalances, 4) fuel reimbursement quantities for volumes at each specified Receipt Point, 5) receipt points (primary and/or secondary), 6) the daily quantity to be delivered by Transporter at each specified delivery point (primary and/or secondary) on the desired gas day, 7) provide contract numbers for both upstream and downstream parties, if known, and related processing agreement numbers, 8) Shipper defined beginning and ending dates. The total receipt nominations less the fuel reimbursement quantity and other deductions must equal the equivalent thermal quantity of delivery nominations.

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- g. All nominations, including intra-day nominations, shall be based on daily quantity, thus, an intra-day nominator need not submit an hourly nomination. Intra-day nominations shall include an effective date. The interconnected parties will agree on the hourly flow of the intra-day nomination, if not otherwise addressed in the Service Agreement or Transporter's Tariff. All nominations, excluding intra-day nominations, have rollover options. Specifically, Shippers have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of the Shipper's Service Agreement. Intra-day nominations do not rollover nor do they replace the remainder of a standing nomination. There is no need to re-nominate if an intra-day nomination modifies an existing nomination. Intra-day nominations cannot cause a shipper to exceed its MDTQ.

3.2 CONFIRMATIONS

- a. Nominations made shall not become effective until Transporter has confirmed the nominated receipts and deliveries with upstream and downstream parties, subject to Section 3.2 (b). Shipper shall designate the appropriate person(s) who has the authority to resolve allocation issues, if requested by Transporter and, the appropriate person(s) to confirm nominations. Confirmations must be submitted to Transporter through DART, or such other electronic means as are mutually agreed upon by Transporter and Shipper.
- b. Default confirmation procedures are as follows:
- (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 will be the confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the previously scheduled quantity will be the new confirmed quantity.

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

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

- (iii) With respect to the processing of requests for decreases during intra-day nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities will 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 will be the new confirmed quantity. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

- (iv) With respect to 3.2 (a) (i), (ii), and (iii), if there is no response to a request for confirmation or an unsolicited confirmation response, the Transportation Service Provider will 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;

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- (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 Service Requester did not have the market or submit the nomination;

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

3.3 INTRA-DAY NOMINATIONS

- a. An "Intra-day Nomination" shall mean a nomination submitted after the Timely Nomination Cycle whose effective time is no earlier than the beginning of the gas day and which runs through the end of that gas day.
- b. Transporter supports the nomination cycles set forth at Section 3.1 during non-Critical Times. During Critical Times, valid intra-day nominations may be submitted at any time.
- c. Transporter will provide notification of bumped volumes through the Scheduled Quantity Document, its EBB, telephone, and facsimile. During non-Critical Times, Transporter will waive daily penalties applicable to bumped volumes on the day of the bump. Transporter will also waive penalties if it fails to provide appropriate notice of the bump.
- d. There is no limitation as to the number of intra-day nominations which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles.
- e. Nominate storage injections or withdrawals by indicating the Storage agreement numbers as "delivered to " or "received from" party in the corresponding transportation nominations.
- f. A Shipper may nominate under terms of Section 3.1, to transfer volumes from that Shipper's inventory balance into another Shipper's Inventory balance. Such a transfer must be verified by both Shippers.

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3.4 END-OF-GAS-DAY SCHEDULED QUANTITY DOCUMENT

At the end of each gas day, Transportation Service Providers should provide the final scheduled quantities for the just completed gas day. With respect to the implementation of this process via the 1.4.x scheduled quantity related standards, Transportation Service Providers should send an end of gas day Scheduled Quantity Document. Receivers of the end of gas day Scheduled Quantity Document can waive the sender's sending of the end of gas day Scheduled Quantity Document.

3.5 TRANSFER NOMINATIONS

Whenever gas is purchased at a Receipt Point (including a pooling point) on Transporter's System by an entity that is not going to nominate that gas for receipt by Transporter under a transportation Agreement, that entity must submit a transfer nomination to Transporter through DART (or EDI), identifying the quantities (in Dth) and the entities from whom the gas is being bought and the entities to whom the gas is being sold. Such transfer nominations are needed in order to be able to confirm the nominated receipts at that point and thus such transfer nominations are due by the deadlines applicable to Shipper nominations, subject to Section 3. In addition to the transfer nomination, the purchasing entity should submit a predetermined allocation in accordance with Section 12 of these General Terms and Conditions if there is more than one buyer of the purchasing entity's gas.

3.6 NOMINATION PRIORITIES

As part of the nomination and transfer nomination process, if there is more than one supply source nominated to be delivered to a single Delivery Point or buyer, the nomination or transfer nomination should identify how and which supply sources should be cut in the event all nominated deliveries are not or cannot be made. Similarly, the nomination or transfer nomination should identify which delivery should be cut in the event gas is not or cannot be received as nominated (i.e., ranking). Ranking should be included in the list of data elements. Transportation service providers should use service requester provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules.

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- 3.7 DETERMINATION OF DELIVERIES. Refer to Section 8 of Transporter's General Terms and Conditions.
 - 3.8 COMMINGLING OF GAS. Transporter shall have the unqualified right to commingle Shipper's natural gas with other gas in Transporter's storage system
 - 3.9 DELIVERY OF GAS. Based upon the daily quantity scheduled and such information as Transporter has available concerning the quantity actually received, and subject to Section 16 of Transporter's General Terms and Conditions, Transporter shall make daily delivery of Shipper's nominated quantity. Daily deliveries of gas at the Point(s) of Delivery by Transporter shall be approximately equal to daily receipts of gas at the Point(s) of Receipt by Transporter for transportation , less applicable Fuel Reimbursement Quantity and any other deductions.
 - 3.10 If actual receipts or deliveries are more than ten percent (10%) over or under nominations, or if actual receipts differ from actual deliveries by more than ten percent (10%), Transporter will by means of the telephone or electronic bulletin board electronic mail message, notify the Shipper that it has twenty four (24) hours in which to bring actual receipts or deliveries and nominations more closely into agreement. If the discrepancy is not brought to ten (10%) within twenty four (24) hours, Transporter may adjust deliveries to compensate for the inaccurate nominations.
4. QUALITY
 - a. The natural gas to be delivered by Shipper shall be of merchantable quality.
 - b. Unless otherwise agreed to in the Service Agreement, gas tendered at each Point of Receipt shall comply with the following quality specifications:
 - (1) At a base pressure of 14.73 p.s.i.a. and a base temperature of 60 degrees Fahrenheit, such gas shall not contain more than:

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- (a) 1/4 grain of hydrogen sulphide per 100 cubic feet;
 - (b) 5 grains of total sulphur per 100 cubic feet;
 - (c) 1 grain of mercaptans per 100 cubic feet;
 - (d) 2.0 percent by volume of carbon dioxide;
 - (e) 6 pounds of water vapor per million cubic feet; or
 - (f) 10 parts per million (0.001 percent) by volume of oxygen.
- (2) Such gas shall be commercial in quality and shall be free from any foreign material such as solids, sand, dirt, dust, gums, crude oil, water or hydrocarbons in the liquid phase, iron particles, and other objectionable substances which may be injurious to pipelines or which may interfere with its transportation or commercial utilization.
- (3) At a base pressure of 14.73 p.s.i.a. the Total Dry Heating Value of such gas shall not be more than 1080 Btus nor less than 950 Btus per cubic foot. Transporter shall have the right to waive such Btu limits if, in Transporter's reasonable judgment, Transporter is able to accept gas with a Btu outside such limits without adversely affecting Transporter's operations.
- (4) The temperature of such gas shall not exceed 120 degrees Fahrenheit; provided, however, if Transporter is required to dehydrate the gas at the Point(s) of Receipt, then the temperature of such gas shall not exceed 90 degrees Fahrenheit.

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- (5) The hydrocarbon dew point of such gas shall not exceed a temperature of 25 degrees Fahrenheit at the pressure existing at the Point of Receipt.

4.1 QUALITY TESTING

- a. The Party operating the measuring equipment, shall use approved standard methods in general use in the gas industry, and shall cause adequate tests to be made to determine the quality of the gas delivered. Such tests shall be made at intervals frequent enough that the gas conforms to these specifications.
- b. If gas tendered fails to meet the specifications of these Buffalo Wallow General Terms and Conditions, the measuring Party shall notify the other Party of such failure. The receiving Party may refuse to accept such gas. The Party tendering non-specification gas shall indemnify the receiving Party for any injury, damage, loss, or liability caused by the delivery of such gas, except to the extent the receiving Party knowingly and willingly accepts such non-specification gas.

5. MEASUREMENTS.

- 5.1 The unit of volume for the purpose of measurement and for the determination of total heating value shall be the cubic foot of gas as defined in Section 2 above. Volumes of gas measured at prevailing meter pressures and temperatures shall be corrected to the unit of volume defined above by the procedures described hereinbelow.
 - a. Orifice Meters: Installation of orifice meters and the determination of volumes delivered through orifice meters shall conform to the recommendations in "Gas Measurement Committee Report Number Three" of the American Gas Association as amended, revised or superseded from time to time. Values of the orifice thermal expansion, manometer, and gauge location factors shall be assumed to be unity.

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- b. Turbine Meters: Installation of turbine meters and the determination of volumes delivered through turbine meters shall conform to the recommendations in "Transmission Measurement Committee Report Number Seven" of the American Gas Association as amended, revised or superseded from time to time.
 - c. Positive Displacement Meters: Installation of positive displacement meters and the determination of volumes delivered through such meters shall conform to the recommendations in "Gas Measurement Manual Displacement Measurement Part Number Two" of the American Gas Association as amended, revised or superseded from time to time.
- 5.2 The volume of gas delivered through each Point of Delivery and Receipt shall be corrected to a base temperature of sixty (60) degrees Fahrenheit by using:
- a. The arithmetic average of the hourly temperatures recorded by a properly installed continuously operated recording thermometer, or
 - b. A meter containing a temperature operated device, hereinafter referred to as a temperature compensated meter, through the operation of which the meter correctly registers the volume, corrected to sixty (60) degrees Fahrenheit, or
 - c. An assumed temperature of the gas flowing through the meters of fifty (50) degrees Fahrenheit in the case of any small volume delivery where Transporter does not elect to install a recording thermometer or temperature compensated meter; provided, however, in the event Transporter does not install a recording thermometer or temperature compensated meter, Shipper may install a recording thermometer and in such case the temperature so recorded shall be used in correcting to a temperature of sixty (60) degrees Fahrenheit.
- 5.3 When orifice meters are used, the specific gravity of the gas delivered shall be determined by approved methods once a month, or as frequently as necessary for reasonably accurate determination, and the specific gravity so obtained shall be used in computing volumes of gas delivered hereunder.

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5.4 The components for determining the deviation from Boyle's Law, at the pressure and temperature under which delivered, shall be determined by tests at intervals of twelve (12) months or at such shorter interval as is found necessary in practice and the correction factor so determined using American Gas Association "Report Number Eight" or American Gas Association "Project NX-19" shall be used in the computation of deliveries until the next test.

5.5 The heating value of the gas delivered shall be determined by approved recording calorimeters, chromatographs, continuous samplers, or other instruments, installed by Transporter at points on Transporter's pipeline system.

5.6 The cutoff for the closing of measurement is 5 business days after business month.

6. MEASURING EQUIPMENT

6.1 Transporter and Shipper shall agree regarding arrangements for installation, ownership, operation and maintenance at or near Points of Receipt and Points of Delivery of measuring equipment, including heating value measuring equipment and telemetering equipment, which shall meet the qualifications set out in the General Terms and Conditions of Transporter's Buffalo Wallow FERC Gas Tariff.

6.2 If Shipper installs, maintains, or operates measuring equipment, such actions shall be pursuant to the specifications set forth in the General Terms and Conditions of Transporter's Buffalo Wallow FERC Gas Tariff. Transporter shall not be obligated to install such measuring equipment.

6.3 Shipper may install, operate and maintain, at its own expense, such check measuring equipment as it shall desire, provided that such check meters and equipment shall be so installed as not to interfere with the operation of Transporter's meters at or near the Point of Delivery. Transporter shall have access to such check measuring equipment at all reasonable hours but the reading, calibrating, and adjusting thereof and changing of charts shall be done only by Shipper.

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6.4 Both Transporter and Shipper shall have the right to be represented at any installing, reading, cleaning, changing, repairing, inspecting, calibrating or adjusting done in connection with the other's measuring equipment installed hereunder. The records from such measuring equipment shall remain the property of the owner but the owner upon request will submit to the other such records and charts, together with calculations therefrom, for its inspection and verification, subject to return within ten (10) days after receipt thereof.

7. METER TESTS AND ADJUSTMENTS.

7.1 Transporter shall test its meters at reasonable intervals in the presence, if Shipper so elects, of Shipper's representatives. Shipper, at its own expense, may have tests or calibrations of Transporter's meters made at reasonable times, in the presence of Transporter's representatives.

- a. If, upon any test, measuring equipment is found to be accurate within two percent (2%) or less, previous readings of such equipment shall be considered correct in computing deliveries of gas hereunder; but such equipment shall be properly adjusted at once to record accurately.
- b. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding two percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such adjustment shall be for a period extending over one-half of the time elapsed since the date of last test but not exceeding a correction period of thirty (30) days.

7.2 If for any reason Transporter's meters are out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading, the gas received or delivered during the period such meters are out of service or out of repair shall be estimated and agreed upon on the basis of the best data available, using the first of the following methods which shall be feasible:

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- a. By using the registration of any check meter or meters if installed and accurately registering;
- b. By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation, or
- c. By estimating the quantity of receipt or delivery based upon receipts or deliveries during preceding period(s) under similar conditions when the meter was registering accurately.

7.3 If Transporter institutes a new method or technique of gas measurement, such as electronic metering, such new method or technique may be substituted by Transporter in exercise of its reasonable judgment. Transporter shall promptly inform Shipper of any such new technique adopted and the date of its implementation.

8. DETERMINATION OF DELIVERIES

- 8.1 For purposes of billing, the order of nominated services through a particular delivery point, unless otherwise determined, will be:
 - a. Nominated FT-BW;
 - b. Nominated IT-BW;
 - c. Authorized Contract Overrun Deliveries;
 - d. Imbalance gas; and
 - e. Unauthorized Contract Overrun Deliveries

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- 8.2 At any receipt or delivery point, Transporter will allocate available gas to Shippers according to the following methodology:
- a. Gas will be allocated first to firm transportation through the point, up to the daily nomination. If insufficient gas is available to satisfy firm nominations, the available gas will be allocated pro rata based on firm nominations.
 - b. Any remaining volumes will be allocated pro rata to interruptible transportation based on the approved nominations.
 - c. The transportation priority for fuel shall be the same as the level of service of the transaction which it applies.
- 8.3 **PREDETERMINED ALLOCATION AGREEMENTS.** Transporter may enter into mutually acceptable predetermined allocation agreements with upstream or downstream parties to accommodate allocation methodologies different than that outlined in Section 8.2. The allocation methodology types which two parties may agree upon are ranked, pro rata, percentage, swing and operator provided value. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations shall be used as the default method. The party responsible for custody transfer (the party performing the measurement function) shall provide the allocation. Two welded parties shall agree on who submits a pre-determined allocation methodology and who allocates at the point before gas flows. There is no need to submit pre-determined allocation if a transportation service provider has an operational balancing agreement in effect for a point. Only one pre-determined allocation methodology shall be applied per allocation period. The upstream or downstream party providing the point confirmation shall submit the pre-determined allocation to the allocating party after or during confirmation and before start of gas day. The allocating party shall send back confirmation of receipt of the pre-determined allocation within fifteen minutes. Transporter will accept GISB-approved allocation methodology types from the upstream or downstream custody transfer party who is providing the point confirmation.
- 8.4 **OPERATIONAL BALANCING AGREEMENTS.** Transporter will enter into mutually acceptable operational balancing agreements with upstream or downstream parties.

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8.5 The timing for reporting daily operational allocations after the gas has flowed is within one (1) business day after the end of gas day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity will be used for the daily operational allocation. The responsibility for calculation and reporting of allocated quantities will rest with the party responsible for accepting GISB allocation types. The party receiving nominations will provide allocation statements. As a minimum, allocations will be provided by both contract and location. Delivery point allocations will be performed at the lowest level of detail provided by nominations. The time limitation for disputes of allocations will be six (6) months from the date of the initial month-end allocation with a 3-month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights will not otherwise be diminished by this standard. Allocated quantities and imbalances shall be expressed in the same units as the nominated quantities.

9. BILLING.

9.1 Imbalance statements will be generated at the same time or prior to the generation of the transportation invoice. On or before the ninth business day after the end of the production month, Transporter shall render invoices for all charges applicable to the preceding month. The imbalance statement shall be rendered prior to or with the invoice. Rendered is defined as postmarked, time-stamped, and delivered to the designate site. Invoices will be based on actuals (if available) or best available data. Quantities at points where OBAs exist will be invoiced based on scheduled quantities.

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Invoices shall include any applicable credits, including those relating to demand charges for released capacity, if paid. When information necessary for billing purposes is in the control of Shipper, such information shall be delivered to Transporter by Shipper on or before the fifth business day of each month for the prior monthly billing period.

Both Transporter and Shipper shall have the right to examine, At reasonable times, books, records and charts of the extent Necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions hereof.

9.3 Transporter may invoice Shipper for additional charges which may be applicable. Shipper shall pay Transporter such charges within 10 days of the invoice date except where otherwise specified in a the applicable Rate Schedule.

9.4 BILLING ERRORS. In the event an error is discovered in the amount billed in any statement rendered by Transporter or paid thereunder, such error shall be adjusted within thirty (30) days of the determination, provided that claim shall have been made within sixty (60) days from the date of discovery of such error, but in any event within nine (9) months from the date of any such statement.

9.5 PRIOR PERIOD ADJUSTMENTS. For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the production month. A meter adjustment becomes a prior period adjustment after the fifth business day following the business month. Estimate missing or late measurement data and treat actual as a prior period adjustment, with the measuring party to provide the estimate. Measurement data corrections shall be processed within six (6) months of the production month with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentative or mutual

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mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Prior period adjustment time limits shall be six(6) months from the date of the initial transportation invoice and seven (7) months from date of initial sales with a three (3) month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

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10. PAYMENTS

- 10.1 Shipper shall pay Transporter, at its designated office on or before the due date established in this tariff for the invoice rendered by Transporter. However, payment shall never be due until ten days from the receipt of Transporter's invoice.

Unpaid and Disputed Bills. If invoice is in dispute, Shipper shall pay portion not in dispute and provide documentation identifying basis for the dispute. Should Shipper fail to pay part or all of the amount of any such bill, interest thereon shall accrue at an average prime interest rate computed in a manner consistent with section 154.501(d) of the FERC's Regulations from the DUE DATE until date of receipt of payment by transporter. If such failure to pay continues 30 days after payment is due, Transporter, in addition to any other remedy it may have, after Transporter provides Shipper with 20 days prior written notice may suspend further service to Shipper until such amount is paid; provided however, that if Shipper in good faith disputes in writing the amount of any such bill or parts thereof and pays to Transporter such amounts as it concedes to be correct, and at any time thereafter within 30 days of the demand made by Transporter shall furnish a good and sufficient surety bond guaranteeing payment to Transporter of the amount ultimately found due upon such bills after a final determination, which may be either by agreement or judgment of the courts as may be the case, then Transporter shall not be entitled to suspend further service unless and until default be made in the condition of such bond. If resolution of the dispute is in favor of Shipper and the Shipper furnished a surety bond and any interest assessed instead of paying the disputed amount, then the Transporter shall reimburse Shipper for the cost of securing the surety bond and any interest assessed. No payment by Shipper or the amount of a disputed bill shall prejudice the right of Shipper to claim an adjustment of the disputed bill.

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10.2 Any payments received shall first be applied to accrued interest, then to additional charges due, then to the previously outstanding principal due, and lastly, to the most current principal due.

11. OPERATIONS BY SHIPPER

11.1 Upon any request Shipper shall furnish to Transporter, as far in advance as operations permit, estimates of the expected daily, monthly and annual quantities of natural gas required by Shipper.

11.2 At each Point of Receipt and Point of Delivery, each Party shall use reasonable efforts to deliver, or cause to be delivered, gas at reasonably uniform hourly and daily rates of flow; provided, however, either Party may request the other Party to change the rates of delivery or receipt. The Party requested to make such changes will do so to the extent that it can, in its judgment, without adversely affecting its deliveries of gas to any other customer.

11.3 If requested by a shipper or supplier on Transporter's system, Transporter shall offer at least one pool. Deliveries from receipt point shall be able to be delivered directly into at least one pool and delivery points shall be able to receive quantities from at least one pool, excluding non-contiguous facilities. Transactions at pooling points shall not be consolidated for billing purposes.

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11.3 Transporter shall, to the extent reasonable, deliver volumes for Shipper's account concurrently with the receipt of Receipt Volumes. It is recognized that the Parties may be unable to control exactly the quantities of gas received and delivered on any Day and that the quantities received by Transporter may vary from the quantities delivered on any Day. Such variations shall be subject to the daily balancing provision in the applicable Buffalo Wallow Rate Schedule. Monthly cumulative net variations may result in the application of charges as provided in the Buffalo Wallow Rate Schedules. Shipper and Transporter shall manage the receipts and deliveries so that the difference between receipt volumes and delivery volumes shall be kept as near zero as practicable, taking into account any Fuel Reimbursement Quantity and other deductions. Further, Transporter shall be under no obligation to accept from Shipper gas in excess of the Approved Daily Nomination for the Receipt Point for that Day.

12. IMBALANCES

Transporter shall not be responsible for eliminating any imbalances in volumes between Shipper and any third party, including imbalances between local distribution companies and specific end users. Furthermore, Transporter shall not be obligated to deviate from its standard operating and accounting procedures in order to reduce or eliminate any such third party imbalances. No imbalance penalty shall be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty.

13. POSSESSION OF GAS

13.1 Shipper agrees to indemnify and hold Transporter harmless against any loss or cost incurred by Transporter on account of any liens, encumbrances and claims whatsoever. Transporter agrees to indemnify and hold Shipper harmless against any loss or cost incurred by Shipper on account of liens, encumbrances or claims resulting from any possession or transportation by Transporter.

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13.2 Shipper shall be in exclusive control and possession of the gas until such has been received by Transporter at the Point(s) of Receipt and after the gas has been delivered to Shipper or for Shipper's account at the Point(s) of Delivery. The Party which is, or is deemed to be, in exclusive control and possession of such gas shall be responsible for all injury, damage, loss, or liability caused thereby. Transporter's responsibility with respect to Shipper's gas shall be deemed to be met if Transporter exercises due diligence in protecting such gas.

14. RIGHT TO DELIVER THE GAS

Shipper shall have a valid right to deliver the gas to be transported at the time of tender to Transporter. Each Party shall indemnify the other Party against all damages, costs, and expenses of any nature whatsoever arising from any claim against the gas.

15. FUEL AND LOSS REIMBURSEMENT

Shippers shall reimburse Transporter for Company-used gas and Lost and Unaccounted for Gas (fuel and loss) in kind. Fuel and loss reimbursement percentages stated on a systemwide basis are set forth in the effective Sheet No. 4 of this FERC Gas Tariff.

For current in-kind fuel reimbursement procedures, fuel rates shall be made effective only at the beginning of the month.

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16. LIMITATIONS ON OBLIGATIONS

16.1 FORCE MAJEURE

- a. It is expressly agreed that Transporter shall not be liable on any account whatsoever to Shipper for any failure, interruption or diminution in delivery of gas or any act, omission or circumstance occasioned by or in consequence of accident to or breakage of pipelines, equipment or machinery, explosions, landslides, earthquakes, fires, lightning, floods, washouts, freezing, storms, the elements, the making of repairs, alterations or replacements, scheduled maintenance, strikes, lockouts or other industrial disturbances, riots, insurrections, civil disturbances, pestilence, acts of God or the public enemy, war, legal interferences, orders or requirements of any court of competent authority, depletion or destruction of gas wells or fields, diminution or failure of, or interference, partial or entire, with Transporter's pipeline system, or, and without limitation by the foregoing, any other causes beyond reasonable control of Transporter.
- b. Shipper shall not be liable to Transporter for any failure to accept natural gas when occasioned by or in consequence of accident or breakage of pipelines, equipment or machinery, explosions, fires, floods, freezing, storms, landslides, washouts, strikes, industrial disturbances, legal interferences, orders or requirements of competent authority, acts of God or the public enemy, or, and, without limitation by the foregoing, any other cause beyond reasonable control of Shipper. Any such cause or contingency, however, exempting Shipper from liability for non-performance (excepting where prevented by valid orders or requirements of Federal, State or other governmental regulatory bodies having jurisdiction in the premises) shall not relieve Shipper of its obligation to pay demand charges or reservation charges in accordance with the provisions of the applicable Rate Schedule.

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- c. Each Party shall exercise reasonable diligence to remove any such interference with its receipt or delivery of gas and shall resume such receipts or deliveries at the earliest practicable time.

16.2 CAPACITY CURTAILMENT

- a. Whenever the capability of Transporter's Buffalo Wallow System, due to any cause whatsoever, is such that Transporter is unable to receive, transport or deliver the quantity of gas which all customers served by Transporter require, then receipts, transportation and deliveries will be curtailed as specified below.
- b. The order of transportation priority for purposes of interruption, from lowest to highest, is as follows:
 - (1) Interruptible service overrun
 - (2) Firm service overrun
 - (3) Interruptible service
 - (4) Secondary Firm service
 - (5) Secondary Firm service within a primary path
 - (6) Primary Firm service
- c. Whenever the capacity of all or a portion of Transporter's system or system segment, due to any cause, is such that Transporter is unable to serve all Shippers receiving interruptible services, service to Shippers receiving transportation on an interruptible basis shall be interrupted or reduced in the order of priorities set forth above, with all services under (1) being interrupted or reduced first, all services under (2) second, all services under (3) being interrupted or reduced third, and all services under (4) fourth, all services under (5) fifth and all services under (6) last. When interruption or reduction is necessary within any one of the interruptible service categories above, Shippers receiving service at a lower rate will be interrupted before those Shippers receiving service at a higher rate. Should any Shippers have equal priority based on rate paid, available capacity shall be allocated pro rata based on accepted nominations.

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- d. Any interruptible service which is flowing on the first of the month at maximum rate cannot be interrupted by other interruptible service as long as the service continues uninterrupted for the remainder of the month. Any interruptible service which is flowing at less than maximum rate may be interrupted by interruptible service at a higher rate on forty-eight (48) hours notice. The Shipper being interrupted has twenty-four (24) hours in which to match the rate, or pay maximum rate to keep from being interrupted. Interruptible service can always be interrupted by firm service, subject to 24 hours' notice.
- e. After all interruptible services have been interrupted, if sufficient capacity still does not exist to serve all firm customers, firm receipts, transportation and deliveries on a secondary basis, not utilizing primary paths, will be curtailed next, on a pro rata basis. Firm receipts, transportation and deliveries on a secondary basis, utilizing primary paths, will be curtailed next on a pro rata basis. Finally, firm receipts, transportation and deliveries on a primary basis will be reduced pro rata based on maximum daily contract quantities.
- f. After all secondary firm services have been interrupted, if sufficient capacity still does not exist to serve all firm customers using primary receipt and delivery points, firm receipts, transportation and deliveries on a primary basis will be reduced pro rata based on nominated quantities.

16.3 SPECIFIC PIPELINE OR AREA REDUCTIONS

The reductions prescribed in this Section 16 are applicable only to receipt, transportation and delivery capability limitations on the Buffalo Wallow System or the applicable part thereof.

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16.4 LIABILITY

- a. If service under this Tariff is interrupted consistent with this Section 16, Transporter shall not be liable for damages of any kind, including consequential damages, to Shipper or others, except for interruptions caused by Transporter's negligence or willful misconduct.
- b. Transporter shall have the right, without liability to Shipper or consumers, to interrupt the transportation of gas when necessary to test, alter, modify, enlarge, or repair any facility or property comprising a part of, or appurtenant to, its pipeline system, or otherwise related to the operation thereof. Transporter shall endeavor to cause a minimum inconvenience to Shipper and consumers. Except in cases of unforeseen emergency, Transporter shall give advance notice on the EBB of its intention to so interrupt the transportation of gas, stating the anticipated timing and magnitude of each such interruption.

17. REMEDIES

- 17.1 In the case of an accounting dispute, Transporter will provide Shipper with the necessary information within five (5) days of the receipt of written notification of the dispute. Should Shipper have a disagreement regarding a bill, Shipper must document the disputed amount and must pay all the undisputed amount to be exempt from this provision. In the event that Shipper shall fail to pay any invoice rendered it by Transporter for gas delivered within sixty (60) days after the same becomes due, Transporter, in addition to all other remedies which it may have at law may, after giving Shipper thirty (30) days notice thereafter, suspend the delivery of gas until payment in full.

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17.2 No provision of these Buffalo Wallow General Terms and Conditions regarding specific remedies shall bar Transporter from asserting any other remedy it may have at law or in equity.

17.3 In the event of a bona fide dispute between the Parties with respect to any invoice(s), Transporter shall have the right to discontinue the transportation of gas beginning 30 days after the issuance of a final nonappealable decision by a court of competent jurisdiction in favor of Transporter, if Shipper has failed to remedy or correct such violation within said 30-day period.

18. SERVICE AGREEMENT/RIGHT OF FIRST REFUSAL

Shippers with a term of one (1) year or more may exercise the Right of First Refusal. Such agreements are not subject to pregranted abandonment provided notice is given as described herein. A firm Shipper may elect to retain a portion of its capacity, subject to the Right of First Refusal process and have Transporter's pregranted abandonment authority apply to the remainder of the capacity. The process for exercising the Right of First Refusal is as follows:

18.1 NOTICE

Transporter will provide no more than nine (9) months, and not less than six (6) months advance written notice of pending contract expiration to firm Shippers with contract terms of one (1) year or more. Shippers must give notice to Transporter no less than four (4) months before the expiration of its firm throughput contract that it wishes Transporter to post its capacity to begin the Right of First Refusal process.

Failure by the Shipper to give Transporter the notice specified in this section will result in the automatic abandonment of the entitlement and the Shipper's right to the subject capacity at the end of the contract term will cease.

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18.2 BIDDING PROCESS

Upon Transporter's receipt of the Shipper's Right of First Refusal notice described in Section 18.1 above, Transporter will post the designated capacity on its Electronic Bulletin Board (EBB) in order to solicit bids for the capacity. A Bidder desiring to obtain the posted capacity must submit a bid to Transporter in accordance with Section 18.3 below, within forty-five (45) days of the posting to participate in the Right of First Refusal process. If the tendered bids are less than maximum rate, Transporter will utilize an iterative bidding process. Each bid will be posted on the EBB and each iteration's best offer will be posted on the EBB for informational purposes, along with the name of the highest bidder. In subsequent iteration(s), bidders will have ten (10) days to respond to Transporter after a posting; thereafter, after each bidding period, Transporter will have up to ten (10) days to perform an analysis to determine the best offer as described in Section 18.4 below. The bidding process must be completed forty-five (45) days before the end of the existing contract term.

If any bid submitted by a bidder is subsequently withdrawn, any new bids submitted by such bidder for the same path(s) must be at a higher rate.

Transporter will have the right to reject, on a non-discriminatory basis, any bid not at the maximum rate.

18.3 CONTENTS OF BID

Service Agreements, corresponding to the Shipper's bid, will be required and must contain the price, term, amount of capacity desired and primary receipt and delivery points.

When any Shipper bids the maximum rate, such Shipper is only required to bid up to the maximum rate for its requested receipt and delivery points, not the maximum rate which may apply to different receipt and delivery points which could be charged for such service.

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Multiple bids (defined as different bids made for different portions of the total capacity) will be permitted.

18.4 BEST OFFER

Transporter will determine which bid constitutes the best offer by determining the highest economic unit value (per Dth of capacity) to Transporter. A calculation based on the formula and interest rate set forth in Section 23.5 will be used to determine the highest economic unit value. The comparative economic unit value of each bid will be determined by calculating the Net Present Value (NPV) of the reservation charges of each offer over either the term of the offer or five (5) years, whichever is less, and then dividing by the quantity of the respective bid. However, if the bid is at maximum rate and the term is more than five (5) years, the entire term will be considered in determining the economic unit value.

In the event equivalent offers are submitted, the capacity will be made available on a pro rata basis to the equal bidders. Should any one of the equal bidders veto their pro rata allocation of the capacity, Transporter will then conduct a lottery to select the winning bidder, who will then, if the bid is not matched under Section 18.5 below, be allotted its requested capacity. The remainder of said capacity, if any, will be available to the other equal bidder(s) on a pro rata basis, which will again trigger the veto/lottery selection process.

Transporter will post the name of the winning bidder of the gas for a period of no less than five (5) work days.

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18.5 MATCH

The original firm Shipper shall have the option to execute a firm service agreement which exactly matches the rate and term of the bid constituting the highest economic unit value to Transporter, except that the original firm Shipper need not match a contract term of more than five (5) years. The original firm Shipper need only match the quantity bid if the quantity bid is less than the quantity offered under Section 18.1 above. Transporter will notify the original firm Shipper within five (5) work days of the best offer it must match by tendering to such Shipper a service agreement. The service agreement must be executed by the original firm Shipper within fifteen (15) days of Transporter's tender thereof. Transporter is not required to accept an offer at less than the maximum rate.

18.6 NO BIDS

Where there are no competing bids for the capacity and the original firm Shipper agrees to pay the maximum rate, service may be contracted for any term the original firm shipper chooses. Transporter is not required to accept an offer at less than the maximum rate. If Transporter rejects a bid at less than the maximum rate, the original Shipper will receive continued service at the maximum rate unless a negotiated rate is agreed to by Transporter and the original Shipper.

19. DULY CONSTITUTED AUTHORITIES

This Buffalo Wallow FERC Gas Tariff, including these Buffalo Wallow General Terms and Conditions and the respective obligations of the parties under the Service Agreement, is subject to valid current and future laws, orders, rules and regulations of duly constituted authorities having jurisdiction. Each Party's obligations under a Service Agreement are conditioned upon obtaining authorization from the appropriate governmental authorities.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

20. NOTICES AND COMMUNICATION

Communication between the Parties, other than nominations, may be either through the electronic bulletin board, by facsimile or in writing. Nominations must be made through the electronic bulletin board unless Shipper is notified by Transporter that paper nominations are required because of technical problems with the electronic bulletin board. If written, such communication will be considered delivered when deposited in the United States mail, postage prepaid and registered, addressed to the Post Office address of Transporter or Shipper, or at such other address as either shall designate by formal written notice. Routine communications shall be considered delivered when mailed by either registered or ordinary mail, telecopied, or posted on the electronic bulletin board. Notices pursuant to Section 16 of these Buffalo Wallow General Terms and Conditions may be given orally.

21. GAS RESEARCH INSTITUTE CHARGE AND FERC ANNUAL CHARGE ADJUSTMENT PROVISIONS

21.1 GAS RESEARCH INSTITUTE CHARGE ADJUSTMENT:

a. PURPOSE

Transporter has joined with other gas enterprises in the formation of and participation in the activities and financing of Gas Research Institute (GRI), an Illinois not for profit corporation. GRI has been organized for the purpose of sponsoring Research, Development and Demonstration (RD&D) programs in the field of natural and manufactured gas for the purpose of assisting all segments of the gas industry in providing adequate, reliable, safe, economic and environmentally acceptable gas service for the benefit of gas consumers and the general public. The GRI Adjustment shall only be applicable to payments to GRI for Program Funding Services which are approved by the Commission.

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For the purpose of funding of GRI's approved expenditures, this Section establishes a GRI Adjustment Charge to be applicable to Transporter's Rate Schedules FT-BW and IT-BW, as set forth on Sheet No. 4 of First Revised Volume No. 1-C of this FERC Gas Tariff; provided however, such charge shall not be applicable to Shippers which are interstate pipelines and which include in their rates a charge for RD&D expenditures, or to Shippers which pay a charge for RD&D expenditures to a third party in connection with third party transportation of gas.

b. BASIS OF THE GRI ADJUSTMENT CHARGE

The Rate Schedules shall include an increment for a GRI Adjustment Charge for RD&D. Such adjustment charge shall be that increment, adjusted to Transporter's pressure base and heating value, if required, which has been approved by Federal Energy Regulatory Commission orders approving GRI's RD&D expenditures.

c. FILING PROCEDURE

The notice period and proposed effective date of filings pursuant to this subsection shall be those permitted under the Commission's Regulations unless, for a good cause shown, a lesser notice period and different effective date is allowed by valid Commission order. Any such filing shall not become effective unless it becomes effective without suspension or refund obligation.

VOLUNTARY CONTRIBUTIONS MECHANISM

Pursuant to the GRI Settlement approved by FERC order issued April 29, 1998, at Docket Nos. RP97-149-003, et al., [(83 FERC Para. 61,093 (1998))], Transporter and other pipelines have agreed to be voluntary collection agents for Shippers who voluntarily choose to contribute to GRI programs through a "check-the-box" approach on pipelines' invoices. The amounts collected pursuant to the "check-the-box" mechanism will not be part of Transporter's jurisdictional rates and the FERC will not review or approve any such amounts.

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The amounts contributed by Shippers through the "check-the-box" mechanism will be in addition to the amounts (if any) Transporter may be required to collect as a GRI member by applying the GRI Adjustment approved by FERC against the transactions specified in Section 21.1 (a) hereof. Through this "check-the-box" mechanism, Shippers: (1) shall indicate the amounts they are voluntarily contributing to GRI and (2) may indicate the specific project(s) or project area(s) to which the amounts are applicable.

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Original Sheet No. 32 Original Sheet No. 32 : Superseded

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d. REMITTANCE TO GRI

Transporter shall remit to GRI, not later than fifteen (15) days after the receipt thereof, all monies received by virtue of the GRI Adjustment Charge and the "check-the-box" mechanism, less any amounts properly payable to a Federal, State or Local authority relating to the monies received hereunder. In addition, for the amounts received through the "check-the-box" mechanism, Transporter shall indicate to the GRI the amounts applicable to specific project(s) and project area(s), if so indicated by Shipper(s).

21.2 FEDERAL ENERGY REGULATORY COMMISSION ANNUAL CHARGE ADJUSTMENT:

a. PURPOSE

For the purpose of funding of the Federal Energy Regulatory Commission's (FERC) costs incurred in any fiscal year, this Article 21 establishes an Annual Charge Adjustment to be applicable to Transporter's Rate Schedules FT-BW and IT-BW, as set forth on Sheet No. 4 of First Revised Volume No. 1-C of this FERC Gas Tariff.

Transporter shall not recover any annual charges recorded in FERC Account No. 928 in a NGA Section 4 rate case.

b. BASIS

The basis for the charge shall be the amount which is redetermined annually by FERC pursuant to Docket No. RM87-3 (May 29, 1987).

c. REMITTANCE TO THE FERC

Transporter shall remit to the FERC, not later than 45 days after receipt of the Annual Charge Billing, the Total Annual Charge stated in such billing.

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Original Sheet No. 33 Original Sheet No. 33 : Superseded

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

22. GENERAL

The following subparagraphs shall also be applicable to Transporter's Buffalo Wallow Rate Schedules:

22.1 TARIFF CHANGES

- a. The rates, terms, and conditions, for Services may require change from time to time. Accordingly, Transporter's rates, terms and conditions, may from time to time be changed by appropriate lawful processes, including the filing of changed provisions with the FERC. Transporter shall give Shipper written notice of any filing of Tariff Sheets with the Commission, reflecting any proposed change in such jurisdictional rates and charges. Shipper shall be obligated to pay the changed rate made effective in the manner described above, but nothing herein contained shall prejudice the rights of Shipper to contest at any time changes to the charges for the services rendered by Transporter.

22.2 LIMITATION OF SERVICE

After giving Shipper ten (10) days notice in which to comply, Transporter shall not be required to perform and may suspend service under the Service Agreement on behalf of any Shipper that fails to comply with any and all of the terms and conditions of the Service Agreement, including the applicable Buffalo Wallow Rate Schedules and these Buffalo Wallow General Terms and Conditions but excluding the suspension of service for non-payment in Article 17.1 of these Buffalo Wallow General Terms and Conditions. Transporter may suspend service immediately if Shipper's actions or failure to act threaten the integrity of Transporter's Buffalo Wallow System.

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22.3 ODORIZATION

Transporter shall have no obligation whatsoever to odorize the natural gas delivered, nor to maintain odorant levels in such gas.

22.4 GATHERING POOLING POINTS

Gathering Pooling Points are designated as those points where gathering facilities, or facilities owned by third parties, connect with the Buffalo Wallow transmission facilities of Transporter. In order for such points to function as Gathering Pooling Points, daily measurement readings must be available to Transporter. New or additional points may be designated as Gathering Pooling Points by meeting these criteria. Points on Transporter's Buffalo Wallow System where conditions may be favorable for custody transfer of gas may also be designated as "paper" Gathering Pooling Points. At such paper Gathering Pooling Points, no physical measurement will take place and throughput will be assumed to equal nominations.

22.5 AGGREGATION POOLING SERVICE

- a. AVAILABILITY. If requested by a shipper or supplier on Transporter's system, Transporter shall offer at least one pool. No rate will be charged a Shipper utilizing Pooling Services for moving gas from a receipt point to the Aggregation Pool. No rate shall be charged a Shipper utilizing Pooling Services for moving gas from one Aggregation Pool to another. The rate which the Shipper shall pay for deliveries from the Aggregation Pool shall be the applicable transportation rate, and any other applicable charges provided for herein.

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- b. INFORMATION TO BE PROVIDED. Shipper shall provide to Transporter through Transporter's EBB, at such times as may be established by Transporter, the following information: any transportation contracts with Transporter on the Buffalo Wallow System held by Shipper identified by Transporter's contract number; the quantities nominated by each Shipper; and such other data as Transporter may deem necessary to render service.
- c. POOL-TO-POOL TRANSFERS. Pool-to-pool transfers by Shippers shall be permitted. Nominations of such transfers shall be submitted in accordance with the nomination procedures set forth herein. Transporter shall not unreasonably withhold approval of pool-to-pool transfers.
- d. SERVICE REQUESTS. All Shippers requesting Aggregation Pooling Services must submit a written request.
- e. PRIORITY OF SERVICE. Priority of service from the receipt point to the Aggregation Pool will be the same as for Interruptible Service. Nominations into and out of the pool must match on a daily basis. In the event that supply nominations exceed market confirmations for the Aggregation Pool, Shipper shall identify through Transporter's EBB the priorities of flow so as to enable Transporter to reduce supplies to match markets. In the event that market nominations by Shipper exceed supply nominations for the Aggregation Pool, Transporter shall reject any nominations to market that have not been confirmed by Shipper.
- f. SCHEDULING OF RECEIPTS AND DELIVERIES. If Shipper desires pooling of gas on any day under Rate Schedules FT-BW or IT-BW, Shipper shall nominate and schedule such pooling in accordance with the provisions contained within those Rate Schedules.

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- g. BALANCING. A Shipper transporting gas from a physical receipt point to the Aggregation Pool shall be responsible for any imbalance which occurs between the Receipt Point and the Aggregation Pool. A Shipper transporting gas from the Aggregation Pool to a physical Delivery Point shall be responsible for all imbalances which occur between the Aggregation Pool and the Delivery Point.

22.6 SCHEDULING PRINCIPLES

- a. The order for scheduling transportation services is as follows:
 - (1) Firm transportation at primary points (scheduled pro rata based on nominations);
 - (2) Firm transportation at secondary points utilizing primary path (scheduled pro rata based on nominations);
 - (3) Firm transportation at secondary points not utilizing primary path (scheduled pro rata based on nominations);
 - (4) Interruptible transportation at maximum rates (scheduled pro rata based on nominations);
 - (5) Interruptible transportation at less than maximum rates (scheduled by rate);
 - (6) Firm transportation overrun (scheduled pro rata based on nominations);
 - (7) Interruptible transportation overrun (scheduled pro rata based on nominations).
- b. Released capacity has the same priority as non-released capacity.

Released FT-BW is considered firm service.

Firm Intra-day Nominations are entitled to bump scheduled interruptible volumes only during the Evening and Intra-day 1 Nomination Cycles, as defined in Section 6.1. Firm intra-day nominations are not entitled to bump already scheduled firm volumes.

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22.7 CREDITWORTHINESS

Transporter shall not be required to perform or to continue service under any Buffalo Wallow Rate Schedule for any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate credit worthiness; provided, however, such Shipper may receive service if Shipper prepays for such service or furnishes good and sufficient security, as determined by Transporter in its reasonable discretion, in an amount equal to the cost of performing the service requested by Shipper for a three (3) month period. Such cost of performing the service shall include, but not be limited to, the projected cost of transporting Shipper's gas or the equivalent of the cost of gas owed Transporter by the Shipper under an imbalance. For purposes herein, the insolvency of a Shipper shall be evidenced by the filing by Shipper, 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 the Shipper bankrupt or insolvent, or approving as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Shipper or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days.

22.8 INCIDENTAL PURCHASE AND SALE

From time to time, Transporter may be required to purchase or sell gas in order to properly maintain the operation of the Buffalo Wallow System. Any purchase or sale of gas and the price to be paid for the gas will be posted on the electronic bulletin board for at least two (2) business days prior to the actual purchase.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

23. CAPACITY RELEASE BY FIRM SHIPPERS

23.1 GENERAL

(a) Subject to the terms, conditions and limitations set forth in this Section 23, a Shipper holding capacity rights under an Eligible Firm Transportation Agreement shall have the right to release all or a portion of such capacity rights and, if a capacity release is effectuated under this Section 23, to receive a credit for reservation charge revenues received by Transporter from that other Shipper for such released capacity.

(b) The deadlines set forth in this Section 23 are applicable to all parties involved in the capacity release process; however, they are only applicable if all information provided by the parties to the transaction is valid and the Replacement Shipper (or Subreplacement Shipper, if applicable) has been determined to be creditworthy before the Qualified Bid is tendered, and there are no special terms or conditions of the release.

(c) Following is a summary of the capacity release process and deadlines set forth in greater detail in the remainder of this Section 23:

(1) For short-term releases (less than five months):

(i) The Capacity Release Request should be tendered by no later than 1:00 p.m. Central Clock Time on the day before nominations are to be submitted under the resulting release;

(ii) The open season ends no later than 2:00 p.m. Central Clock Time on the day before nominations are due (evaluation period begins at 2:00 p.m. Central Clock Time during which contingency is eliminated, determination of winning Qualified Bid(s) is made, and ties are broken);

(iii) Evaluation period ends at 3:00 p.m. Central Clock Time;

(iv) Match or award is communicated by 3:00 p.m. Central Clock Time;

(v) Match response by 4:00 p.m. Central Clock Time;

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- (vi) Award posting by 5:00 p.m. Central Clock Time;
 - (vii) Posting of pre-arranged deals not subject to bid by 9:00 a.m. Central Clock Time on the day of nominations;
 - (viii) Released Firm Transportation Agreement tendered with contract number by 10:00 a.m. Central Clock Time; contract executed; nomination possible for next Day gas flow.
- (2) For longer term releases (five months or more):
- (i) The Capacity Release Request should be tendered by no later than 1:00 p.m. Central Clock Time four (4) Business Days before the award for long-term releases;
 - (ii) The open season ends no later than 2:00 p.m. Central Clock Time on the day before nominations are due (open season is three Business Days);
 - (iii) Evaluation period begins at 2:00 p.m. Central Clock Time during which contingency is eliminated, determination of best bid is made, and ties are broken;
 - (iv) Evaluation period ends at 3:00 p.m. Central Clock Time;
 - (v) Match or award is communicated by 3:00 p.m. Central Clock Time;
 - (vi) Match response by 4:00 p.m. Central Clock Time;
 - (vii) Award posting by 5:00 p.m. Central Clock Time;
 - (viii) Posting of pre-arranged deals not subject to bid by 9:00 a.m. Central Clock Time on the day of nominations;
 - (ix) Released Firm Transportation Agreement tendered with contract number by 10:00 a.m. Central Clock Time; contract executed; nomination possible for next Day gas flow.

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23.2 DEFINITIONS

(a) BID VALUE

The value assigned to a Qualified Bid or a Prearranged Release according to the bid evaluation procedures set forth in Section 23.10 or, if applicable, the bid evaluation procedures set forth in the Capacity Release Request.

(b) CAPACITY RELEASE REQUEST

The request that a Releasing Shipper submits to initiate the capacity release procedure under this Section 23.

(c) ELIGIBLE FIRM TRANSPORTATION AGREEMENT

A transportation agreement under Rate Schedule FTS.

(d) MAXIMUM BID VOLUME

The maximum amount of capacity the Qualified Bidder agreed to accept in its Qualified Bid.

(e) MINIMUM BID VOLUME

The minimum amount of capacity the Qualified Bidder agreed to accept in its Qualified Bid.

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(f) ORIGINAL SHIPPER

The entity who is the Shipper under an Eligible Firm Transportation Agreement (other than through a capacity release).

(g) PREARRANGED RELEASE

The binding written release agreement between a Releasing Shipper and a Prearranged Shipper covering Eligible Firm Transportation Agreement capacity rights, the effectiveness of which is subject only to: (1) the prequalification of the Prearranged Shipper under Section 23.15; and (2) the release of such capacity rights to the Prearranged Shipper as provided by this Section 23.

(h) PREARRANGED SHIPPER

A person or entity prequalified under Section 23.15 who has entered into a Prearranged Release with a Releasing Shipper for Eligible Firm Transportation Agreement capacity rights.

(i) QUALIFIED BID

A binding bid prequalified under Section 23.15 by a Qualified Bidder for capacity rights subject to a Capacity Release Request under this Section 23.

(j) QUALIFIED BIDDER

Any person or entity prequalified under Section 23.15 who bids for capacity rights being released under this Section 23.

(k) RELEASED FIRM TRANSPORTATION AGREEMENT

The agreement between Transporter and a Replacement Shipper or a Subreplacement Shipper by which the Replacement Shipper or Subreplacement Shipper confirms the receipt of capacity rights under an Eligible Firm Transportation Agreement released by a Releasing Shipper under this Section 23.

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- (l) **RELEASING SHIPPER**
Any Shipper holding capacity rights under an Eligible Firm Transportation Agreement or Released Firm Transportation Agreement who has released or seeks to release such capacity rights pursuant to this Section 23.
- (m) **REPLACEMENT SHIPPER**
A Shipper receiving capacity rights under an Eligible Firm Transportation Agreement pursuant to a direct release from an Original Shipper under this Section 23.
- (n) **SHORT-TERM PREARRANGED RELEASE**
A Prearranged Release with a term of thirty-one (31) days or less.
- (o) **SUBREPLACEMENT SHIPPER**
A Shipper receiving capacity rights released from an Eligible Firm Transportation Agreement by a Replacement Shipper or a Subreplacement Shipper under this Section 23.
- (p) **UNIT BID VALUE**
The unit value per Dth assigned to a Qualified Bid or a Prearranged Release according to the bid evaluation procedures set forth in Section 23.10.
- (q) **WINNING BID VALUE**
The highest possible total Bid Value achievable under Section 23.10 for the Capacity Release Request from the Qualified Bids consistent with the Capacity Release Request and this Section 23.

23.3 RELEASE WITHOUT A PREARRANGED SHIPPER

A Shipper seeking to release its Eligible Firm Transportation Agreement capacity rights without a Prearranged Shipper shall deliver a Capacity Release Request to Transporter's DART system (or in writing for posting on Transporter's DART system if Transporter's DART system is unavailable for receiving Capacity Release Requests) which sets forth:

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(a) The Releasing Shipper's legal name, address and phone number, the Eligible Firm Transportation Agreement number, the date of the Eligible Firm Transportation Agreement and the name and title of the individual responsible for authorizing the capacity release;

(b) The quantity of the capacity (in Dth per day) and the transportation path(s) being released, including identification by Transporter's PIN Number of the Receipt Points, Delivery Points, and the firm capacity to be released at each such point;

(c) Whether the capacity being released is subject to recall and/or reput, and if so, the exact conditions for such recall and/or reput (which conditions must conform to Sections 23.5 and 23.14);

(d) The proposed effective date and proposed term of the release;

(e) Whether the Releasing Shipper wants Transporter to actively market the Releasing Shipper's capacity rights pursuant to Section 31 of these General Terms and Conditions;

(f) Whether the Releasing Shipper will accept Qualified Bids which are contingent on subsequent events (such as the subsequent purchase of upstream or downstream capacity), and if so, what events and the last date by which such contingency must be fulfilled;

(g) The starting date for the open season and the length of time for the open season (which must conform to Section 23.7);

(h) Whether the Releasing Shipper will accept Qualified Bids whose revenues will vary by the volume transported, and if so, any minimum amount to be billed as a reservation charge even if there is no flow (or insufficient flow);

(i) Which of the bid evaluation procedures set forth in Section 23.10 the Shipper wishes to use, if any;

(j) Whether the Qualified Bids are to specify dollars and cents and/or percents of maximum tariff rate (to the extent the rate ceilings on such release have been waived pursuant to 18 C.F.R. Section 284.8(i), such percents may exceed 100%); and

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(k) Any other applicable conditions (which must conform to Section 23.5), including any minimum price condition and whether the Releasing Shipper wishes to apply a bid evaluation procedure different than the bid evaluation procedure set forth in Section 23.10 for evaluating Qualified Bids for its capacity rights, and if so, all the factors to be used in evaluating Qualified Bids, including how its capacity rights are to be awarded in the event of a tie for the highest valued Qualified Bid and whether the Releasing Shipper has presubmitted a computer diskette for such bid evaluation procedure pursuant to Section 23.5(a).

23.4 PREARRANGED RELEASE

Subject to Section 23.6, a Shipper seeking to release its Eligible Firm Transportation Agreement capacity rights to a Prearranged Shipper shall deliver a Capacity Release Request to Transporter's DART system or via EDI at Transporter's designated site for an open season. The Capacity Release Request shall set forth:

(a) The Releasing Shipper's legal name, address and phone number, the Prearranged Shipper's legal name, address, phone number, and telefax number, the Eligible Firm Transportation Agreement number, the date of the Eligible Firm Transportation Agreement and the name and title of the individuals at the Releasing Shipper and the Prearranged Shipper responsible for authorizing the capacity release;

(b) A statement that the Prearranged Shipper has agreed to be bound by a capacity award to the Prearranged Shipper under this Section 23 by Transporter and to execute a Released Firm Transportation Agreement, which consists of Transporter's standard form of FTS Agreement and the terms and conditions of the Prearranged Release, in accordance with Transporter's Tariff. Such statement shall also set forth:

(1) The quantity of the capacity (in Dth per day) and the transportation path(s) being released, including identification by Transporter's PIN Number (or Common Code) of the Receipt Points, Delivery Points and the firm capacity to be released at each such point;

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(2) The fixed reservation charge and/or volumetric charge the Prearranged Shipper has agreed to pay for the released capacity;

(3) Whether the capacity being released is subject to recall and/or reput in the Prearranged Release and, if so, the exact conditions of such recall and/or reput (which conditions must conform with Sections 23.5 and 23.14); and

(4) The proposed effective date of the Prearranged Release and the proposed term of the Prearranged Release.

(c) Whether the Releasing Shipper will accept Qualified Bids which are contingent on subsequent events (such as the purchase of upstream or downstream capacity), and if so, what events and the last date by which such contingency must be fulfilled;

(d) Whether the Releasing Shipper will accept Qualified Bids with longer terms or larger volumes, and if so, what is the maximum volume and the longest term the Releasing Shipper will accept;

(e) Whether the Releasing Shipper wants Transporter to actively market its capacity rights subject to the Prearranged Release pursuant to Section 31 of these General Terms and Conditions;

(f) The starting date for and the length of time for the open season (which must conform to Section 23.7) and the length of time [consistent with Section 23.9(b)] for the Prearranged Shipper to be able to match a winning Qualified Bid;

(g) Whether the Releasing Shipper will accept Qualified Bids whose revenues will vary by the volume transported, and if so, any minimum amount to be billed as a reservation charge even if there is no flow (or insufficient flow);

(h) Which of the bid evaluation procedures set forth in Section 23.10 the Shipper wishes to use, if any;

(i) Whether the Qualified Bids are to specify dollars and cents and/or percents of maximum tariff rate (to the extent the rate ceilings on such release have been waived pursuant to 18 C.F.R. Section 284.8(i), such percents may exceed 100%); and

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(j) Any other applicable conditions (which must conform with Section 23.5), including any minimum price condition and whether the Releasing Shipper wishes to apply a bid evaluation procedure different than the bid evaluation procedure set forth in Section 19.10 for evaluating Qualified Bids for its capacity rights, and if so, all the factors to be used in evaluating Qualified Bids, including how its capacity rights are to be awarded in the event of a tie for the highest valued Qualified Bid and whether the Releasing Shipper has presubmitted a computer diskette for such bid evaluation procedure pursuant to Section 23.5(a).

23.5 CAPACITY RELEASE REQUIREMENTS

(a) All terms and conditions relating to a release which is the subject of a Capacity Release Request: (1) must be nondiscriminatory and applicable to all potential bidders; (2) must be made available to Transporter for posting; (3) must relate solely to the details of acquiring or maintaining the transportation capacity rights on Transporter, which are the subject of the release; and (4) must not place any obligations or burdens on Transporter in addition to the terms and conditions applicable to a capacity release under this Section 23 which are specified in Transporter's Tariff. Any bid evaluation procedure elected by a Releasing Shipper different from Transporter's bid evaluation procedure set forth in Sections 23.10(b) through 23.10(d) must be objective, nondiscriminatory in all circumstances and contain a complete description of the bid evaluation procedure for posting on Transporter's DART system. Transporter may require the Releasing Shipper to submit a working computer program to Trailblazer in diskette form which is compatible with Transporter's DART system computer which will enable Transporter to make such alternative bid evaluation entirely through Transporter's DART system, prior to the time any alternative bid evaluation procedure is requested, if such bid evaluation procedure is not based on (1) highest rate; (2) net revenue; or (3) present value as determined in Sections 23.10(b)(1) through 23.10(b)(4) (collectively referred to as "Acceptable Alternative Bid Evaluation Procedure") and the remaining procedures set forth in Sections 23.10(c) and 23.10(d). If the Releasing Shipper elects a bid evaluation procedure that differs from Transporter's bid evaluation procedure or the Acceptable Alternative Bid Evaluation Procedure and the remaining procedures set forth in Sections 23.10(c) and 23.10(d), Transporter shall not be held to the

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subsequent deadlines set forth in this Section 23, but Transporter shall make a reasonable attempt to adhere to such deadlines. Transporter shall publish standards relating to such computer diskettes, but it is the responsibility of the Releasing Shipper to develop and provide the working computer diskette. The Releasing Shipper shall warrant that the computer diskette conforms to the bid evaluation procedure in the Capacity Release Request.

(b) The term of any release of capacity sought under this Section 23 shall be at least one full day and shall not exceed the remaining term of the Eligible Firm Transportation Agreement.

(c) The quantity sought to be released under a Capacity Release Request shall not be less than one hundred (100) Dth per Day.

(d) (1) No capacity release under this Section 23 shall result in an increase in the total capacity set forth in the Eligible Firm Transportation Agreement with the Original Shipper for any segment of a path covered by such Eligible Firm Transportation Agreement. In the event a path is segmented by a capacity release under this Section 23, the upstream path segment shall receive all secondary points upstream of the break point and the downstream path segment shall receive all secondary points downstream of the break point. The direction of "forward" flow for path segments must be the same direction of "forward" flow for the original path. The Replacement Shipper may nominate service at Receipt and Delivery Points for the path segment that result in a reverse flow from the original path; however, such service will be treated as being outside of the path as provided in Section 3 of Rate Schedule FTS in Volume 1-C.

(2) The commodity and reservation charges applicable to deliveries to and from newly created path endpoints as a result of a path release shall be determined in accordance with Section 3 of Rate Schedule FTS in Volume 1-C; provided, however, that the bid may exceed the maximum reservation charge through September 30, 2002, to the extent the rate ceilings have been waived for released capacity contracts of less than one (1) year pursuant to 18 C.F.R. Section 284.8(i).

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(3) No Replacement Shipper or Subreplacement Shipper shall have the right to change the primary Receipt or Delivery Points listed in the Eligible Firm Transportation Agreement, unless the Original Shipper and Transporter agree to amend the Eligible Firm Transportation Agreement to accordingly change the primary Receipt and Delivery Points.

(e) A Capacity Release Request may include the right by a Releasing Shipper to recall all or part of the capacity, and/or to repute all or part of the recalled capacity, at any time and from time to time. All recalls or reputs must be made in accordance with the other provisions of Transporter's Tariff, including Section 23.14 of these General Terms and Conditions.

(f) (1) The Releasing Shipper may withdraw its posted Capacity Release Request during an open season under this Section 23 where unanticipated circumstances justify and no minimum bid has been received; following the close of the open season, a Releasing Shipper may not reject a winning Qualified Bid.

(2) Offer should be binding until written or electronic notice of withdrawal is received by Transporter.

(3) Notice of a withdrawal of a Capacity Release Request must be delivered to Transporter's DART system or via EDI no later than the end of the open season for the Capacity Release Request.

(g) A Replacement Shipper or Subreplacement Shipper may release the capacity under the provisions of this Section 23 (except as prohibited by the Federal Energy Regulatory Commission Regulations).

(h) Any Capacity Release Request not in compliance with this Section 23.5 and the other provisions of Transporter's Tariff shall be null and void and, even if posted, may be removed from Transporter's DART system by Transporter at any time.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

23.6 OPEN SEASON EXCEPTIONS

An open season is not required for: (a) a Prearranged Release for one year or more at the maximum reservation charge applicable to the capacity being released; or (b) a Short-term Prearranged Release. A Capacity Release Request which is not subject to an open season need only contain the information required in Sections 23.4(a) and (b). Such Capacity Release Request must be delivered to Transporter's DART system (or in writing for posting on Transporter's DART system if Transporter's DART system is unavailable for receiving Capacity Release Requests) sufficiently in advance so that the release may become effective under Section 23.9 before the release transaction is to commence. A Releasing Shipper may not 1) rollover, extend or in any way continue a Short-term Prearranged Release without first complying with advance posting and bidding requirements, or 2) rerelease with the same Replacement or Subreplacement Shipper until twenty-eight (28) days after the Short-term Prearranged Release has ended unless the Releasing Shipper complies with the Capacity Release Request provisions in Sections 23.3 and 23.4.

23.7 POSTINGS; OPEN SEASON

- (a) A Capacity Release Request received by Transporter via EDI (which is applicable only for Prearranged Capacity Release Request) or through the DART system prior to the starting time of the open season requested by the Releasing Shipper in its Capacity Release Request in conformance with this Section 23 shall be posted on Transporter's DART system as requested. The posting shall contain the information contained in the Capacity Release Request, except that all identifying information, and the minimum price in any minimum price condition requested to be held confidential by the Releasing Shipper (but not the existence of the minimum bid condition), shall be kept confidential and shall not be posted. The posting shall also include the maximum reservation charge (including all reservation surcharges) applicable to the capacity subject to the Capacity Release Request or a statement that the maximum rate does not apply where the rate ceiling on such releases has been waived pursuant to 18 C.F.R. Section 284.8(i), the beginning and ending time for the open season and the time the notice was posted. Transporter shall post the Capacity Release Request upon receipt, unless the Releasing Shipper requests otherwise. If the Releasing Shipper requests a posting time, Transporter will comply with that request as long as it comports with the deadlines set forth in this Section 23.

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(b) An open season shall consist of: (1) a one (1) hour period on a business day between 1:00 p.m. and 2:00 p.m. Central Clock Time or (2) any number (no fractions) of days running from 1:00 p.m. Central Clock Time on the following business day, as requested by the Releasing Shipper in its Capacity Release Request; provided, however, that any capacity release for a period of five (5) months or longer must have an open season of at least three business days, each running from 1:00 p.m. Central Clock Time on a business day to 2:00 p.m. Central Clock Time on the following business day.

(c) A Releasing Shipper may not specify an extension of an open season or the match period for a Prearranged Release. Rather, the Releasing Shipper must submit a new Capacity Release Request.

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23.8 QUALIFIED BIDS FOR RELEASED CAPACITY RIGHTS

(a) At any time during an open season, a Qualified Bidder may submit a Qualified Bid to Transporter's DART system (or in writing for posting on Transporter's DART system if Transporter's DART system is unavailable for receiving Qualified Bids) seeking released capacity rights under a Capacity Release Request. In addition to being prequalified for credit pursuant to Section 23.15, each Qualified Bid must include the following:

(1) The Qualified Bidder's legal name, address, phone number, telefax number, the name and title of the individual responsible for authorizing the Qualified Bid and identification of the capacity rights for which the Qualified Bid is made;

(2) The term for the purchase;

(3) A Minimum Bid Volume and a Maximum Bid Volume (in Dth per day);

(4) The fixed reservation charge and/or volumetric charge that the Qualified Bidder agrees to pay for the capacity (and if a volumetric charge, any minimum amount to be billed as a reservation charge, which must be equal to or greater than any such amount designated by the Releasing Shipper);

(5) A statement that the Qualified Bidder agrees to all the terms and conditions of the Capacity Release Request, with only the modifications as expressly provided in its Qualified Bid, which modifications must be permitted by the Capacity Release Request and must conform with the requirements in Section 23. In the event that the Releasing Shipper has stated that Qualified Bid(s) may be contingent upon subsequent events and the Qualified Bidder submits such a contingent Qualified Bid, then the Qualified Bidder must state in full the nature of the condition and the last date by which the Qualified Bid is null and void if the contingency does not occur; and

(6) Agreement that the Qualified Bidder is bound by the terms and conditions of the capacity award by Transporter pursuant to this Section 23 to the Qualified Bidder, including Transporter's standard form of Agreement covering the Rate Schedule applicable to the released capacity and the terms and conditions of the Qualified Bid and the Capacity Release Request, in accordance with Transporter's Tariff.

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(b) The volume in a Qualified Bid may not be less than the minimum volume required for an Eligible Firm Transportation Agreement under Transporter's Tariff. Neither the volume nor the release term specified in a Qualified Bid may exceed the maximum volume or term specified in a Capacity Release Request, unless the Capacity Release Request specifically allows otherwise. A Qualified Bidder must accept all the terms and conditions of a Capacity Release Request submitted under Section 23.4 (involving a Prearranged Release) except for the level of the reservation charge and the MDQ, unless the Capacity Release Request specifically allows otherwise.

(c) (i) Except as provided in (ii), a Qualified Bidder may not bid rates which would exceed Transporter's maximum reservation charge applicable to the Eligible Transportation Agreement capacity. If the Original Shipper is paying a negotiated rate, a Qualified Bidder may not bid a rate which exceeds the applicable Recourse Rate, except as provided in (ii). The maximum Qualified Bid reservation charge includes all demand surcharges, including all direct-billed charges which are or may become applicable to the Eligible Transportation Agreement capacity.

(ii) Notwithstanding the provisions of (i), the rates which are bid and charged for a Released Firm Transportation Agreement may exceed the otherwise applicable maximum rates through September 30, 2002, to the extent such rate ceilings have been waived for released capacity contracts of less than one (1) year pursuant to 18 C.F.R. Section 284.8(i).

(d) All Qualified Bids shall provide for payment of maximum commodity charges under Transporter's Tariff for the capacity bid, as well as all other applicable add-on charges and surcharges under Transporter's Tariff, such as, but not limited to, ACA, Fuel Gas and Unaccounted For Gas.

(e) A Qualified Bid received by Transporter during an open season shall be posted by Transporter on its DART system, without the name of the Qualified Bidder. A Qualified Bid may be withdrawn by the Qualified Bidder prior to the close of the open season, but may not be withdrawn thereafter. Following such withdrawal, the Qualified Bidder cannot bid for the same capacity during the open season at a lower rate.

(f) All Qualified Bids must be consistent with all provisions of Transporter's Tariff. Any Qualified Bid inconsistent with Transporter's Tariff or the applicable Capacity Release Request shall be null and void.

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23.9 AWARDING OF RELEASED CAPACITY; EFFECTIVE DATE; GAS NOMINATIONS

(a) For a Prearranged Release for which no open season is required under Section 23.6 and which is received by 9:00 a.m. Central Clock Time on a business day, Transporter shall award the capacity to the Prearranged Shipper by 10:00 a.m. Central Clock Time on such business day on which Transporter received the Prearranged Release, provided that all applicable provisions of this Section 23 have been complied with.

(b) As to any other Prearranged Release, in the event there was no winning Qualified Bid(s) with a higher total Bid Value than the Prearranged Shipper's Bid Value, Transporter shall notify the Prearranged Shipper by 3:00 p.m. Central Clock Time following the end of the open season. If, during an open season, the winning Qualified Bid(s) have a higher total Bid Value than the Bid Value of the Prearranged Release under the bid evaluation procedure selected by the Releasing Shipper, then, by 3:00 p.m. Central Clock Time following the conclusion of the open season, Transporter shall notify the Prearranged Shipper of the terms and conditions of the winning Qualified Bid(s), except for any identification of the Qualified Bidder(s). The Prearranged Shipper may elect to match any or all of such winning Qualified Bid(s), but may not elect to match only a portion of a winning Qualified Bid. Such election shall consist of the Prearranged Shipper submitting notice to Transporter of its unconditional agreement to the terms and conditions of one or more of such winning Qualified Bid(s) in writing or electronic means by 4:00 p.m. Central Clock Time on the business day on which Transporter gave notice to the Prearranged Shipper of such winning Qualified Bid(s) (or such later time as requested by the Releasing Shipper in its Capacity Release Request). In the event of a timely match, then the Prearranged Shipper shall be awarded the released capacity by 5:00 p.m. Central Clock Time on that business day. To the extent that the Prearranged Shipper fails to timely match (within the above time frame) the winning Qualified Bid(s) with a higher Bid Value, then the Qualified Bidder(s) who made the winning Qualified Bid shall be awarded the capacity by 5:00 p.m. Central Clock Time on the business day of Transporter's notice to the Prearranged Shipper.

(c) For any other Capacity Release Request, the capacity rights shall be automatically awarded to the winning Qualified Bidder(s) when Transporter has identified the entity(s) to receive the released capacity under this Section 23.

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(d) A capacity release shall become effective, and nominations for gas service utilizing the release capacity shall be accepted, at the latest of the following times:

(1) The applicable nomination deadline set forth in Section 3.2 of these General Terms and Conditions for the start of service requested for such release in the Capacity Release Request; or

(2) The applicable nomination deadline set forth in Section 3.2 of these General Terms and Conditions on the day following the capacity award.

(e) Gas nominations for transportation pursuant to released capacity are subject to the provisions of Section 3 of these General Terms and Conditions. Gas nominations by a Shipper utilizing released capacity awarded by Transporter shall constitute Shipper's binding acceptance of the terms and conditions of the capacity award by Transporter pursuant to this Section 23, including Transporter's standard form of Agreement covering the Rate Schedule applicable to the released capacity and the terms and conditions of the Qualified Bid and the Capacity Release Request, in accordance with Transporter's Tariff.

(f) Subject to the other provisions in this Section 23, in the event that there is no Qualified Bidder or Prearranged Shipper for posted Eligible Firm Transportation Agreement capacity during an open season, no capacity release will be awarded and the Releasing Shipper shall retain the capacity sought to be released.

23.10 BID EVALUATION PROCEDURE

(a) Unless specifically requested otherwise by a Releasing Shipper in its Capacity Release Request, Qualified Bids for released capacity shall be evaluated pursuant to Sections 23.10(b) through 23.10(g) below. Any Qualified Bid which does not meet a minimum price condition stated in the Capacity Release Request shall be rejected outright. Any Qualified Bid with a contingency must have such contingency eliminated before 3:00 p.m. Central Clock Time following the close of the open season, unless the Releasing Shipper's offer has specified a later time; otherwise, such Qualified Bid will be rejected.

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(b) Transporter shall calculate a Bid Value and Unit Bid Value for each Qualified Bid and Prearranged Release (if any), and shall calculate the Winning Bid Value, as follows:

(1) For each month, the volume and reservation charge per Dth stated in the Qualified Bid shall be multiplied together to derive a gross monthly revenue figure. If the Qualified Bids contain volumetric-based charges permitted by the Capacity Release Request, then the gross monthly revenue figure shall be equal to any minimum amount designated by the bidder to be billed as a reservation charge even if there is no (or insufficient) flow.

(2) Each gross monthly revenue figure shall be discounted to a net present value figure as of the first day of the capacity release as sought in the Capacity Release Request, using the current Federal Energy Regulatory Commission interest rate as defined in 18 C.F.R. Section 154.501(d) (1).

(3) The net present value figures for the proposed release shall be summed, and such sum shall be the Bid Value.

(4) The Unit Bid Value is defined to equal the Bid Value divided by the product of: (i) the highest volume of capacity (in Dth) sought in the Qualified Bid for any day; multiplied by (ii) the release term (in months) in the Capacity Release Request; and multiplied further by (iii) thirty and four-tenths (30.4).

(c) The combination of Qualified Bid(s) with the highest possible total Bid Value (Winning Bid Value) for the capacity in the Capacity Release Request shall be the winning Qualified Bid(s). A Qualified Bid may be allocated less than its Maximum Bid Volume, but in no event shall the Qualified Bid be allocated less than its Minimum Bid Volume. It is recognized that this procedure is intended to result in the highest possible total Bid Value for the Releasing Shipper consistent with the Qualified Bids, and it is possible that a Qualified Bid with the highest individual Unit Bid Value may be rejected partially or in its entirety.

(d) If there is more than one combination of Qualified Bids with a total Bid Value equal to the Winning Bid Value this Section 23.10(d) provides the procedure for selecting just one such combination, and thereby the winning Qualified Bid(s).

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Subject to the provisions in Sections 23.10(d)(1), (2) and (3) below, the selection of winning Qualified Bid(s) among Qualified Bids (or combinations thereof) of equal Winning Bid Value is based on the following order of preference: (i) pro rata, if possible; (ii) preference for a Qualified Bid with the highest Maximum Bid Volume; (iii) preference for a Qualified Bid with the lowest Minimum Bid Volume; and (iv) first come, first served.

The specific Qualified Bid selection procedure is as follows:

(1) Identify the Winning Bid Value. If there is only one Qualified Bid, or combination of Qualified Bids, which create the Winning Bid Value, such Qualified Bid(s) shall be awarded the released capacity.

(2) In order to break ties, identify all Qualified Bids which, alone or in combination with other Qualified Bids, can create the Winning Bid Value. Rank order these Qualified Bids in order of their Unit Bid Value from highest to lowest. Allocate the Capacity Release Request capacity first to the Maximum Bid Volume of each Qualified Bid with the highest Unit Bid Value; allocate any remainder to the Maximum Bid Volume of each Qualified Bid with the next highest Unit Bid Value; and so forth. If, at any step, the available Capacity Release Request capacity is less than the combined Maximum Bid Volumes of Qualified Bids with equal Unit Bid Values, then the Capacity Release Request capacity shall be allocated on a pro rata basis to each Qualified Bid based on its Maximum Bid Volume. To the extent such a pro rata allocation would result in a capacity allocation to one or more Qualified Bid(s) below its Minimum Bid Volume, then such below-minimum Qualified Bids shall be discarded in their entirety and the Capacity Release Request capacity shall instead be allocated on a pro rata basis (based on the Maximum Bid Volume of each Qualified Bid) among the remaining Qualified Bid(s).

(3) In the event that the previous Section 23.10(d)(2) pro rata allocation procedure does not result in a single winning combination of Qualified Bid(s) with the Winning Bid Value, then Section 23.10(d)(2) shall be disregarded and the winning Qualified Bid(s) shall be determined in the following manner:

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(A) Identify the highest individual Maximum Bid Volume for a Qualified Bid which, alone or in combination with other Qualified Bid(s), can create the Winning Bid Value. Discard all Qualified Bid combinations which do not contain a Qualified Bid with such highest Maximum Bid Volume. Identify the highest volume which can be allocated to such Qualified Bid with such highest Maximum Bid Volume in the remaining combinations and still have the Winning Bid Value. Discard all combinations of Qualified Bid(s) which do not contain the highest such volume allocation. If this does not break the tie, then repeat the above procedure looking to the next highest Maximum Bid Volume, with the highest volume allocated thereto, within each remaining combination of Qualified Bid(s) with a Winning Bid Value; and so forth, until the tie is broken or all Qualified Bids in the remaining combinations are reviewed.

(B) If the above does not break the tie, identify again the Qualified Bid within each remaining combination with the highest Maximum Bid Volume and the highest volume allocated to such Qualified Bid, and identify which such Qualified Bid has the lowest Minimum Bid Volume. Discard all combinations which do not contain such Qualified Bid. If this does not break the tie, repeat the above procedure looking to the next highest Maximum Bid Volume, with the lowest Minimum Bid Volume, within each remaining combination of Qualified Bid(s) with the Winning Bid Value; and so forth, until the tie is broken or all Qualified Bid(s) in the remaining combination are reviewed.

(C) If the above does not break the tie, identify again the Qualified Bid within each remaining combination with the highest Maximum Bid Volume. The combination containing such Qualified Bid that Transporter's DART system shows was submitted and received earliest by the DART system (or if DART is not available and the Qualified Bid was submitted in writing, the time Transporter received the Qualified Bid) shall be the winning combination. The next highest Maximum Bid Volume within each remaining combination shall be used as necessary pursuant to the above first come, first served rule to break any remaining ties; and so forth as necessary to break any remaining ties.

(4) In no event shall the combination of winning Qualified Bid(s) result in a total Bid Value less than the highest possible total Bid Value achievable from a combination of Qualified Bid(s) consistent with the Qualified Bids, the Capacity Release Request and this Section 23.

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(5) The Qualified Bid(s) allocated capacity under Sections 23.10(c) or 23.10(d) shall be winning Qualified Bid(s) to the extent of such capacity allocations.

(6) Here are examples of the application of Section 23.10(d):

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EXAMPLE (1) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids:

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
	-----	-----	-----	-----
Bid (a)	20,000/day	5 years	\$.18	0
Bid (b)	10,000/day	5 years	\$.17	0
Bid (c)	85,000/day	5 years	\$.15	0

Winning Qualified Bids: There is only one combination of bids with the highest possible total Bid Value (Winning Bid Value). Therefore, Bid (a) receives its Maximum Bid Volume (20,000); Bid (b) receives its Maximum Bid Volume (10,000); Bid (c) receives 70,000.

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EXAMPLE (2) The assumptions remain the same as in Example (1),
except that we assume that Bid (c) has a Minimum Bid
Volume of 85,000.

Winning Qualified Bids: Again, there is only one combination of bids
with the Winning Bid Value. Therefore, Bid (c) receives its Maximum
Bid Volume (85,000) plus Bid (a) receives 15,000.

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EXAMPLE (3) The assumptions remain the same as in Example (1),
except that we assume that Bid (a) has a Minimum Bid
Volume of 20,000 and Bid (c) has a Minimum Bid Volume
of 85,000.

Winning Qualified Bids: Again, there is only one combination of bids
with the Winning Bid Value. Therefore, Bids (b) and (c) each receive
their Maximum Bid Volumes. This combination leaves 5,000
unallocated, which stays with the Releasing Shipper.

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EXAMPLE (4) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids:

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
	-----	-----	-----	-----
Bid (a)	60,000/day	5 years	\$.18	0
Bid (b)	60,000/day	5 years	\$.18	0
Bid (c)	70,000/day	5 years	\$.18	45,000
Bid (d)	50,000/day	5 years	\$.18	15,000
Bid (e)	30,000/day	5 years	\$.18	10,000
Bid (f)	40,000/day	5 years	\$.17	0

Winning Qualified Bids: Bid (a) receives 30,000; Bid (b) receives 30,000; Bid (d) receives 25,000; and Bid (e) receives 15,000.

Explanation: There are many combinations of Bids (a), (b), (c), (d) and (e) with the same Winning Bid Value. Each Bid has the same Unit Bid Value. There is insufficient capacity being released to provide all the Maximum Bid Volumes for Bids (a), (b), (c), (d) and (e). Pursuant to Section 23.10(d)(2), a pro rata allocation is attempted. This would result in each bidder receiving 100/270 of its Maximum Bid Volume. In the case of Bid (c), Bid (c) would receive 70,000 (100/270) = 25,925 Dth. Since this figure is below Bid (c)'s Minimum Bid Volume of 45,000, Bid (c) must be discarded. Bids (a), (b), (d) and (e) are able to be allocated capacity based on a 100/270 pro rata factor. With Bid (c) discarded, the pro rata allocation factor is now 100/200 (i.e., one-half) so that Bids (a), (b), (d), and (e) each receive half of their Maximum Bid Volumes. Bid (c) receives zero (0) because its Minimum Bid Volume was too high for the initial pro rata allocation.

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EXAMPLE (5) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids:

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
	-----	-----	-----	-----
Bid (a)	60,000/day	5 years	\$.18	60,000
Bid (b)	60,000/day	5 years	\$.18	50,000
Bid (c)	70,000/day	5 years	\$.18	65,000
Bid (d)	50,000/day	5 years	\$.18	15,000
Bid (e)	30,000/day	5 years	\$.18	10,000
Bid (f)	40,000/day	5 years	\$.17	0

Winning Qualified Bids: Bid (c) receives 70,000. Bid (d) receives 30,000.

Explanation: Again, there are many combinations of Bids (a), (b), (c), (d) and (e) with the same Winning Bid Value. Pro rata allocation won't work, because each Bid would receive 100/270 of the capacity; only Bids (d) and (e) have low enough Minimum Bid Volumes for a pro rata allocation, and the sum of Bid (d)'s and Bid (e)'s Maximum Bid Volumes is less than 100,000. Under Section 23.10(d)(3)(A), we then look to the combinations of Bid(s) (a), (b), (c), (d) and (e) to identify the Bid with the highest Maximum Bid Volume. This is Bid (c). We allocate the highest volume to Bid (c) consistent with creating the Winning Bid Value, so 70,000 is allocated to (c). This leaves 30,000 to be allocated. Bids(a) and (b) have the next highest Maximum Bid Volume (60,000), but the Minimum Bid Volumes of Bids (a) and (b) are each too high to receive the remaining capacity. The next highest available Maximum Bid Volume is in Bid (d), which is allocated the remaining capacity of 30,000.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

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EXAMPLE (6) The assumptions remain the same as in Example (5),
except that we assume that Bids (c) and (d) were never
made.

Winning Qualified Bids: Bid (b) receives 60,000. Bid (e) receives
30,000. Bid (f) receives 10,000.

Explanation: There are two combinations of Qualified Bids with the
Winning Bid Value:

Combination 1	Combination 2
-----	-----
Bid (a): 60,000	Bid (b): 60,000
Bid (e): 30,000	Bid (e): 30,000
Bid (f): 10,000	Bid (f): 10,000

(Pro rata allocation pursuant to Section 23.10(d) (2) between Bids
(a), (b) and (e) doesn't work, because only Bid (e) has a low enough
Minimum Bid Volume to accept 100/150 capacity allocation and Bid (e)
alone cannot create the Winning Bid Value). Under Section
23.10(d) (3) (A), we compare Combinations 1 and 2 for the highest
individual Maximum Bid Volumes, and find them all equal. Under
Section 23.10(d) (3) (B), the tie breaker goes to the Winning Bid Value
combination containing the Qualified Bid having the highest Maximum
Bid Volume and the lowest Minimum Bid Volume. In this case, Bid (b)
has the same (highest) Maximum Bid Volume as Bid (a) but a lower
Minimum Bid Volume. Therefore, Combination 2 wins.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

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EXAMPLE (7) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids (which were all received through the DART system):

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
	-----	-----	-----	-----
Bid (a)	50,000/day	5 years	\$.18	50,000
Bid (b)	50,000/day	5 years	\$.18	50,000
Bid (c)	50,000/day	5 years	\$.18	50,000

Winning Qualified Bids: The two Qualified Bids shown as received earliest by Transporter's DART system shall each receive their Maximum Bid Volume.

Explanation: Clearly, any two Bids in combination have the same Winning Bid Value. Since the Bids are completely inflexible and have equivalent Maximum Bid Volumes and equivalent Minimum Bid Volumes, only Section 23.10(d)(3)(C) can be used to break the tie. The tie breaker looks to the Qualified Bid(s) shown as received earliest on Transporter's DART system.

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(e) In no event shall this Section 23.10 result in winning Qualified Bids with a total volume in excess of the capacity specified in the Capacity Release Request.

(f) The bid evaluation procedure set forth in this Section 23.10 shall only consider Qualified Bids to the extent they provide for an objectively quantifiable payment by the Qualified Bidder. A Qualified Bid based on a percentage of Transporter's reservation charge shall be evaluated by Transporter based solely on the maximum reservation charge being charged by Transporter for such service as of the end of the open season.

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

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

(g) If the Releasing Shipper selected a bid evaluation procedure which is different from the procedure set forth in this Section 23.10, which procedure must comply with Section 23.5, Transporter shall determine the winning Qualified Bid(s) pursuant to the Releasing Shipper's bid evaluation procedure in its Capacity Release Request and computer diskette (if any) submitted by the Releasing Shipper pursuant to Section 23.5(a).

23.11 CONFIRMATIONS; RELEASED FIRM TRANSPORTATION AGREEMENT

At the time the award of capacity under this Section 23 is posted, Transporter shall send the winning Qualified Bidder or the Prearranged Shipper confirmation of the capacity release awarded to such Qualified Bidder or Prearranged Shipper. Prior to Transporter awarding capacity on a Prearranged Release, the Prearranged Shipper shall confirm electronically the terms of the Prearranged Release.

23.12 COMPLETED TRANSACTIONS

By 5:00 p.m. Central Clock Time after capacity has been awarded, Transporter shall post on its DART system the name(s) of the winning Qualified Bidder(s), identification of the winning Qualified Bid(s) and any minimum bid conditions held confidential during the open season. The Releasing Shipper is responsible for reviewing the Qualified Bids to ensure that the released capacity was correctly awarded. The Releasing Shipper shall notify Transporter of any error in the award of capacity within one business day after such posting on the DART system. In the event of an error, the capacity shall be reawarded by Transporter. As between Transporter and the Releasing Shipper, the Releasing Shipper shall indemnify and hold Transporter harmless as to any costs, damages or expenses relating to the bid evaluation procedure for which timely notice of an error was not provided to Transporter by the Releasing Shipper hereunder. Transporter shall correct an error in a timely fashion after receiving notice of such error from the Releasing Shipper or another person.

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GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

23.13 BILLING

(a) Transporter shall bill the Replacement Shippers and the Subreplacement Shippers the rate(s) specified in the Released Firm Transportation Agreements and any other applicable charges and each such Replacement Shipper and Subreplacement Shipper shall pay the billed amounts directly to Transporter. Transporter shall have the right to discount the commodity rates under the Released Firm Transportation Agreement. Transporter will support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Federal Energy Regulatory Commission.

(b) A Releasing Shipper shall be billed the reservation charge associated with the entire amount of released capacity pursuant to its contract rate, which includes all non-commodity based charges under Transporter's Tariff for such released capacity including but not limited to additional direct-bill charges, with a concurrent conditional credit for payment of the reservation charge due from the Replacement or Subreplacement Shipper(s), as applicable, which received the released capacity. Releasing Shipper shall also be billed a marketing fee, if applicable, pursuant to the provisions of Section 31 of these General Terms and Conditions. As to any capacity released by a Releasing Shipper, the Releasing Shipper shall not be billed or be responsible for: (1) commodity charges; (2) scheduling charges or cashouts of imbalances; and (3) add-on charges and surcharges applicable to Transporter's commodity rates under Transporter's Tariff such as ACA, Fuel Gas and Unaccounted For Gas, which are incurred by a Replacement Shipper or Subreplacement Shipper which received the released capacity.

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Original Sheet No. 45 Original Sheet No. 45 : Effective

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

(c) If a Replacement Shipper or Subreplacement Shipper does not make payment to Transporter of the reservation portion of the charges due as set forth in its Released Firm Transportation Agreement, Transporter shall bill the Releasing Shipper(s) from whom such Replacement or Subreplacement Shipper received the capacity for the amount(s) due, including all applicable late charges authorized by Transporter's Tariff, and such amount shall be paid by such Releasing Shipper within ten (10) days of the receipt of such billing, or interest shall continue to accrue. In the event that the Replacement or Subreplacement Shipper has not paid such amount(s) due by the end of such ten (10) day period, then: (1) the Releasing Shipper has the right to recall the capacity; and (2) Transporter's rights against the delinquent Replacement/Subreplacement Shipper shall be subrogated to the related rights of the Releasing Shipper. Transporter shall make a reasonable effort to collect from the Replacement/Subreplacement Shipper the amount(s) due. Such reasonable effort shall not include incurring costs from outside attorneys, collection agents or other third parties.

(d) All payments received from a Replacement or Subreplacement Shipper shall first be applied to reservation charges, then to late charges on reservation charges, then to scheduling charges and cashout amounts, then to late charges not on the reservation charges, and then last to commodity-based charges. Payments by Replacement or Subreplacement Shippers in excess of the total amount(s) due for the Released Firm Transportation Agreement capacity shall be a credit applied to any outstanding balance owed under any contract with Transporter, or a refund if requested in writing and no such outstanding balance exists.

23.14 NOMINATIONS/SCHEDULING; RECALLS AND REPUTS

All Replacement and Subreplacement Shippers shall nominate and schedule natural gas for service hereunder directly with Transporter in accordance with the applicable procedures set forth in Section 3 of these General Terms and Conditions. In order for any capacity recall or capacity reput to be effective for a day, a Releasing Shipper must give prior notice of such recall or reput and any allocation of the capacity for a partial recall or reput to Transporter, and to the Replacement Shipper or Subreplacement Shipper from which the capacity is recalled or to whom the capacity is reput, no later than 8:00 a.m. Central Clock Time on the day the regularly-scheduled nomination for service related to the recalled capacity is due under Section 3.2 of these General Terms and Conditions. All recalls and reputs shall be effective as of the

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

start of a day, must be for a term of at least one full day (i.e., there are no partial day recalls or reputs) and must be consistent with the procedures set forth in the Capacity Release Request and this Tariff. In the event of a dispute between the Releasing Shipper and any other person as to the validity of any recall or reput, or the status of the holder of the capacity rights, Transporter shall be entitled to conclusively rely on any notice provided by the Releasing Shipper. The Original Shipper, Replacement Shipper and/or Subreplacement Shipper involved in any such dispute shall indemnify and hold Transporter harmless from any costs, damages or expenses relating to Transporter's reliance on such notice.

23.15 QUALIFICATION FOR PARTICIPATION IN THE CAPACITY RELEASE PROGRAM

(a) Any person wishing to become a Qualified Bidder and make a Qualified Bid must satisfy the creditworthiness requirements in Section 22.7 of these General Terms and Conditions prior to submitting a Qualified Bid under this Section 23. A person cannot bid for services which exceed its pre-qualified level of creditworthiness. Transporter shall process--and encourage--applications from potential Qualified Bidders seeking prequalification for bids they may make in the future.

(b) Credit applications shall be completed in full with all information required to establish creditworthiness under the credit criteria included in Section 22.7 of these General Terms and Conditions. Should a potential bidder fail to satisfy such credit criteria, the potential bidder may still become a Qualified Bidder by providing a prepayment, letter of credit, security interest or guarantee satisfactory to Transporter as further set forth in Section 22.7 of these General Terms and Conditions.

(c) Based on Transporter's continuing review of a Shipper's financial records, Transporter shall have the right to amend a Shipper's line of credit and lower or increase the quantity and term.

(d) Transporter's determination of a Shipper's creditworthiness is solely for Transporter's purposes under Transporter's Tariff and such determination is neither a representation nor a guarantee to a Releasing Shipper or any other entity as to the ability of a Replacement or Subreplacement Shipper to pay any outstanding amount under a Released Firm Transportation Agreement.

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Original Sheet No. 47 Original Sheet No. 47 : Effective

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

23.16 COMPLIANCE BY SHIPPER

By acquiring released capacity, a Shipper agrees that it will comply with all provisions of Transporter's Tariff and all applicable Commission orders, rules and regulations. Such Shipper also agrees to be responsible to Transporter for compliance with all applicable terms and conditions of Transporter's Tariff, as well as the terms and conditions of the Released Firm Transportation Agreement.

23.17 OBLIGATIONS OF RELEASING SHIPPER

(a) The Releasing Shipper shall continue to be liable and responsible for all reservation charges associated with the released capacity up to the reservation charge specified in such Releasing Shipper's Agreement with Transporter. The Releasing Shipper agrees that the award of capacity to a Replacement Shipper or Subreplacement Shipper shall automatically reduce the Releasing Shipper's firm capacity rights under the Agreement with Transporter effective on the effective date of the release for the period of the release, except for any period that the firm capacity is recalled by the Releasing Shipper (if the successful bid so permits) until such capacity is reup to the Replacement or Subreplacement Shipper, in accordance with this Section 23.

(b) A release by a Replacement Shipper shall not relieve the Original Shipper or the Replacement Shipper of their obligations under this Section 23.

23.18 CONVERSIONS BETWEEN MONTHLY AND DAILY RESERVATION RATES

For less than maximum rate transactions only, converting daily rate to monthly rate is accomplished by multiplying the daily rate times number of days in rate period, dividing the result by number of months in rate period and taking the remainder out to five (5) decimal places and rounding up or down to Transporter's specified decimal place. Converting a monthly rate to a daily rate is accomplished by multiplying the monthly rate by number of months in rate period, dividing the result by number of days in rate period and taking the remainder out to five (5) decimal places and rounding up or down to Transporter's specified decimal place.

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FERC Docket: MT00- 6-000

First Revised Sheet No. 48 First Revised Sheet No. 48 : Effective
Superseding: Sheet Nos. 48 Through 48

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

24. COMPLAINT AND TRANSPORTATION INFORMATION AND PROCEDURES

24.1 SHIPPER COMPLAINT PROCEDURES.

The procedures applicable to a written complaint from a Shipper are as follows:

- a. Shipper notifies Transporter of any complaint Shipper may have regarding Transporter's services.
- b. Transporter obtains all necessary facts from Shipper.
- c. Transporter notifies other appropriate departments (e.g. dispatch, engineering, accounting, legal, etc.) and obtains any necessary information regarding the complaint.
- d. Transporter contacts Shipper if additional information is needed regarding the complaint.
- e. Transporter reviews and analyzes all available information and responds initially within 48 hours, prepares a formal written reply and/or proposal for action regarding the complaint, and submits it for management approval.
- f. Following management approval, a written response is sent to Shipper within 30 days of the complaint.

24.2 PROCEDURES FOR OBTAINING TRANSPORTATION INFORMATION.

Information regarding availability and pricing of transportation service, and capacity of pipeline available for transportation, may be obtained on DART or by contacting Transporter at:

Kinder Morgan Interstate Gas Transmission LLC
P.O. Box 281304
Lakewood, CO 80228-8304
Telephone: (303) 989-1740
Facsimile: (303) 763-3515

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First Revised Sheet No. 49 First Revised Sheet No. 49 : Effective
Superseding: Original Sheet No. 49

RESERVED FOR FUTURE USE

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

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

25. ORDER NO. 500/528. FLOW-THROUGH OF PIPELINE SUPPLIERS BUY-OUT BUY- DOWN BILLINGS.

25.1 PURPOSE.

This section establishes the procedures under which Transporter will recover from Shippers under Transporter's sales Rate Schedules CD-1, WPS-1, CD-2, WPS-2, SF-1 and SF-2 the total jurisdictional portion of Buyout-Buydown Obligations paid by Transporter pursuant to applicable tariff provisions of its upstream pipeline supplier, Colorado Interstate Gas Company ("CIG"), on an as billed basis.

25.2 BASIS OF CIG's BILLING.

CIG has filed in Docket Nos. RP89-98 and RP89-133 to recover a portion of its Buyout-Buydown Costs from its jurisdictional customers. For the purposes of calculating each customer's Purchase Deficiency, CIG has utilized a Base Period of Fiscal Year 1982 and a Deficiency Period of Fiscal Years 1983 through 1988. CIG's fiscal years are the 12 month periods ending on September 30 of the year indicated. Pursuant to this calculation, CIG has allocated \$218,984, as adjusted, as Transporter's fixed charge Buyout-Buydown Obligation with respect to Buyout-Buydown Costs incurred by CIG.

CIG has also filed, in Docket Nos. RP89-178, TM90-4-32 and TM90-5-32, to flow through the Buyout-Buydown Obligation assigned to CIG by its former pipeline supplier, Northwest Pipeline Corporation ("Northwest") and recover a portion of this obligation from its jurisdictional customers. For the purpose of calculating each customer's Purchase Deficiency, CIG utilized Northwest's Base Period of Calendar Years 1982 and 1983 and a Deficiency Period of Calendar Years 1984 through 1988. Pursuant to this calculation, CIG has allocated \$26,889, as adjusted, (Docket No. TM90-5-32) as Transporter's fixed charge Buyout-Buydown Obligation with respect to the Buyout-Buydown Obligation incurred by CIG from Northwest.

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

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

Accordingly, Transporter has calculated each affected Shipper's allocated share of Transporter's fixed charge Buyout-Buydown Obligation to CIG, using the same procedures CIG and Northwest utilized in allocating such cost. Any refunds related to CIG's Buyout-Buydown billing which Transporter receives will be refunded to Shippers by Transporter on the same basis as the refund amount was initially recovered by Transporter from such Shippers. Any increase or decrease in CIG's Buyout-Buydown billing to Transporter will be flowed-through to Shippers on the same proportionate basis, to the extent possible, as the increase or decrease was allocated by CIG to Transporter.

25.3 ELECTION TO DELAY BILLING.

Any Shipper notifying Transporter in writing no later than 30 days after the date of the Commission's order accepting tariff sheets authorizing the initial fixed charge billing of its election to do so may delay the initial billing of the Buyout-Buydown Obligation applicable to such Shipper until the normal billing cycle in November 1989. Any Shipper electing to delay the commencement of Buyout-Buydown Obligation billings and notifying the Transporter in writing on or before such date may elect an Amortization Period other than twelve months, not to exceed 60 months. Upon acceptance of an appropriate tariff filing to be made by Transporter upon receipt of such notice, Shippers electing to delay commencement of initial billing and an alternate Amortization Period will be billed in the normal billing cycle commencing in November 1989, based on their elections.

25.4 ELECTION OF AMORTIZATION PERIOD.

Any Shipper not timely notifying Transporter in writing of its election to delay the billing of the Buyout-Buydown Obligation billing pursuant to Section 25.3 above may notify Transporter on or before 30 days after the date of the Commission's order accepting tariff sheets authorizing the initial fixed charge billing of its desire to utilize an Amortization Period other than twelve months, not to exceed 60 months.

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

In the event Transporter makes additional tariff filings which adjust the Buyout-Buydown Obligation, Shipper shall be provided 30 days after the date of the Commission's order accepting the tariff filing to elect to delay the billing or to utilize an amortization period other than twelve months, not to exceed 60 months, as provided by this Section 25 for the initial billing.

Upon receipt of such election to utilize an alternate Amortization Period, and upon acceptance of an appropriate tariff filing to be made by Transporter reflecting the effect of the use of an alternate Amortization Period, Transporter will bill Shipper in the immediately following normal billing cycle based upon the alternate Amortization Period selected by Shipper.

25.5 FAILURE TO ELECT.

Any Shipper failing to notify Transporter in writing no later than August 24, 1989 of its election either to delay the initial billing of the Buyout-Buydown Obligation or to use an alternate Amortization Period will be billed in the normal billing cycle of the month immediately following the effectiveness of this tariff sheet for the Buyout-Buydown Obligation amount over a twelve month Amortization Period.

25.6 PAYMENT TO TRANSPORTER.

Transporter shall render invoices on or before the tenth day of each month. The payment of each affected Shipper's share of Transporter's fixed charge Buyout-Buydown Obligation to CIG shall be due and payable at Transporter's designated office on or before the twentieth day of each month as billed by Transporter in the invoice for said month. Transporter's monthly billing to the identified Shippers shall contain a separately stated Buyout-Buydown Obligation principal amount currently due, including appropriate interest charges. Interest shall be calculated in accordance with Section 154.67(c) of the Commission's Regulations, commencing with the effective date of interest accruals from CIG, and continuing throughout Shipper's Amortization Periods. At any time during the Amortization Period, any Shipper may elect to pay through a lump-sum payment the remaining unamortized balance of Shipper's Buyout-Buydown Obligation which shall include interest accrued to date of payment.

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

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

Notwithstanding any such election, if Shipper's contract terminates during the Amortization Period, applicable to Shipper, in which such payments are to be made, Transporter shall, at Shipper's option, either: (1) bill Shipper within 45 days after such notice of termination, a one-time charge for the remaining unamortized Buyout-Buydown Obligation, excluding future interest; or (2) continue billing in accordance with Shipper's prior elections.

25.7 RESERVATIONS.

CIG has reserved the right to file to recover additional Buyout-Buydown Costs and Obligations. Transporter therefore reserves its rights to flow through additional Buyout-Buydown Obligations that are billed to Transporter pursuant to any such future filings by CIG.

26. TRANSITION COST RECOVERY MECHANISMS.

26.1 UPSTREAM PIPELINE TRANSITION COSTS.

To the extent Transporter assigns its upstream capacity to its customers, such customers will be responsible for all costs related to that capacity. Costs related to any capacity not assigned will be collected from all FT customers through a demand-based surcharge mechanism.

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Original Sheet No. 54 Original Sheet No. 54 : Effective

26.2 GAS SUPPLY REALIGNMENT TRANSITION COSTS.

Beginning March 1993, Transporter will make available for review its gas supply contracts which Transporter has determined are not required to provide MSS Service. Within seven (7) business days after the Commission issues an order accepting Transporter's revised Compliance Filing in Docket No. RS92-19, all parties are free to submit to Transporter, written notice of their binding election to take direct assignment of specific Transporter supply contracts. Parties have the right to take assignment of Transporter's non-CAM gas, to the extent that parties also takes assignment of the same percentage of net present value share of CAM gas. Full assignment of contracts will become effective upon implementation of Transporter's Compliance Filing under Order Nos. 636, 636-A and 636-B. After seven (7) business days from the date the Commission issues an order accepting Transporter's revised Compliance Filing in Docket No. RS92- 19, Transporter may buyout or realign its remaining CAM gas supply contracts which have not been assigned. GSR costs shall include buyout, buydown or other reformation costs relating to CAM gas contract activity plus carrying charges.

a. DEFINITIONS.

- (1) CAM Gas - Gas which Transporter has under contract and is currently priced at or above \$2.50 per MMBtu delivered into Transporter's pooling receipt point and for which Transporter has no contractual right to terminate the contract, market out, reduce takes, or control production.
- (2) NPV of CAM Gas - The net present value discounted cash flow of the total projected cost of CAM gas over a twenty (20) year period.

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Original Sheet No. 55 Original Sheet No. 55 : Effective

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

26.3 TRANSITION COST RECOVERY MECHANISM

- a. In addition to the other costs included in the rates set forth in this FERC Gas Tariff for Rate Schedules FT, NNS, and IT, Shipper shall, beginning one (1) month from Commission authorization in a Section 4 proceeding, recover from Customers under Rate Schedules FT, NNS and IT its Gas Supply Realignment Costs in accordance with the procedures set forth in this Section 26.3. Gas Supply Realignment Costs are those costs attributable to realigning Shipper's gas supply contracts as permitted by Order No. 636, et al. including but not limited to Pricing Differential costs. Pricing Differential costs are costs incurred beginning one (1) month from the implementation date that are equal to 1) the difference between the contract price under List A and List B Contracts and the higher of (a) the price paid by a third party purchaser from time to time for gas quantities available for sale attributable to such Contracts or (b) a floor price equal to the applicable GSR Index Price 2) times the quantity sold. Transporter will continue to negotiate to buyout, buydown, assign, modify or settle the terms and conditions of the Contracts from time to time so as to result in the minimization of transition costs without regard to continuation of any other Contract. In addition, within seven (7) days after receipt of a final Commission order in Docket No. RS92-19-000, Transporter will file under seal List A and List B. Contracts under List A and List B will be available for review in Lakewood and Washington upon execution of an appropriate protective and non-disclosure agreement.

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

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- b. Transporter will make filings to be effective commencing one (1) month after Commission authorization in a Section 4 proceeding, and quarterly thereafter, to recover any Gas Supply Realignment Costs actually incurred and booked by the end of the quarter preceding the filing and which are known and measurable with reasonable accuracy, plus carrying charges calculated on the net outstanding balance (i.e., after Gas Supply Realignment revenues are received and credited) from the date of incurrence of such Gas Supply Realignment Costs to the projected date of payment as determined pursuant to Section 154.305 of the Commission's regulations; provided, however, that on and after the date of the credit calculated pursuant to Section 26.3e. carrying charges shall be computed on the net outstanding balance.
- (1) Ninety percent (90%) of such Gas Supply Realignment Costs shall be allocated to Shippers under Rate Schedules FT and NNS, pursuant to Order No. 636, pro rata based on the ratio of the Shipper's aggregate MDQ to the total aggregate MDQ under Rate Schedules FT and NNS effective as of the date of Transporter's GSR surcharge filings and adjusted as necessary during that recovery period to reflect any changes in Shipper's MDQ, and recovered from such Shippers under Rate Schedules FT and NNS by means of a GSR Demand Surcharge per MDQ. Allocation of Gas Supply Realignment Costs shall not be reduced for any Shipper by virtue of any discounted FT or NSS services commencing after the implementation date. Shippers under Rate Schedules FT and NNS taking assignment of gas supply contracts from Transporter shall be excluded from the allocation of Gas Supply Realignment Costs as calculated pursuant to Section 26.3.

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- (a) Transporter shall render a bill for the entire amount of each Shipper's GSR Demand Surcharge Amount with respect to any quarterly filing on or after the tenth day of the month following the effective date of the filing. Such amount shall be payable in three (3) consecutive monthly installments equal to one-third (1/3) of such amount on each date following submission of such bill on which payment is payable.
- (b) Each Shipper shall have the option, in lieu of payment of such GSR Demand Surcharge in three installments, of paying twelve (12) consecutive monthly installments equal to 1/12th of such amount. Additional carrying charges on such amount shall be calculated and included on each monthly bill for those Shippers electing the twelve (12) month payment option. Monthly amounts shall be payable on the 20th of each month following submission of the bill referred to in paragraph (a). Any Shipper may, at any time, pay all or a portion of its unpaid GSR Demand Surcharge Amount and in such event its obligation for carrying charges shall be applicable only to amounts unpaid.

Carrying charges on unpaid principal amounts for those Shippers electing to extend their payment hereunder shall be determined using the methods specified in Section 154.305 of the Commissions's Regulations.

- (c) Should Shipper fail to pay any amount on the date due hereunder, additional interest thereon shall accrue at the rate computed using the factors specified in Section 154.305 of the Commissions's Regulations, until such time as the full amount due has been paid or collected.

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- (d) Regardless of whether the Shipper elects the three (3) month or twelve (12) month payment option, the GSR Demand Surcharge Amounts hereunder together with the applicable carrying charges, shall accrue in full as of the effective date of any quarterly filing, shall be unaffected by, and shall remain in effect following, any expiration or termination of Shipper's service agreement with Transporter. Notwithstanding anything herein or in any contract to the contrary, Transporter shall have the right to sell or assign to a third party or parties amounts payable hereunder by any Shipper.
- (2) Ten percent (10%) of such Gas Supply Realignment Costs shall be reflected in revised rates for Rate Schedule IT service which shall be designed to recover over the following twelve (12) months said ten percent (10%) of Transporter's Gas Supply Realignment Costs. A portion of the Rate Schedule IT revenue as determined pursuant to Section 26.3 d. shall be credited to the recovery of Gas Supply Realignment Charges collected by Transporter.
- (3) Any Gas Supply Realignment Costs actually incurred and recovered from Shippers under Rate Schedules FT and NNS but subsequently required by the Commission to be refunded shall be refunded to such Shippers within sixty (60) days after the date of the Commission order requiring such refunds on the ratio of the Shipper's aggregate MDQ to the total aggregate MDQ under Rate Schedules FT and NNS for the time period during which the Gas Supply Realignment Costs were allocated. Any Gas Supply Realignment Costs actually incurred and deemed recovered from Shippers under Rate Schedule IT shall be credited to the Gas Supply Realignment Costs to be included in the rates for Rate Schedule IT in the next quarterly filing.

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

GENERAL TERMS AND CONDITIONS FOR SERVICES - continued

- c. Within sixty (60) days from each twelve (12) month period following the implementation date, Transporter shall file a statement with the Commission reflecting:
- (1) The aggregate amount of Gas Supply Realignment Costs incurred and allocated to be collected during the previous twelve (12) month period from Rate Schedule IT, as determined pursuant to Section 26.3 d.;
 - (2) The aggregate amount of Gas Supply Realignment Costs deemed collected during the previous twelve (12) month period by Transporter under Rate Schedule IT as determined pursuant to Section 26.3 d.

Transporter shall have the option at any time after twelve (12) months from the initial implementation of the GSR surcharge to file to recover any Gas Supply Realignment Costs unrecovered through its Rate Schedule IT rates through an alternate mechanism.

- d. To determine pursuant to Section 26.3 c.(2) whether Transporter has recovered Gas Supply Realignment Costs pursuant to Rate Schedule IT, Transporter shall compare total IT revenues during the initial twelve (12) month period of the GSR surcharge against the cost of service allocated to be recovered from Rate Schedule IT excluding Gas Supply Realignment Costs. To the extent such revenue exceeds such cost of service allocation, excluding Gas Supply Realignment Cost, Transporter shall consider such excess revenue, less applicable surcharges and variable costs incurred in providing the service, to be recovery of the Gas Supply Realignment Costs allocated to Rate Schedule IT for such period. Ninety percent (90%) of any additional excess revenue, less applicable surcharges and variable costs incurred in providing the service, shall also be considered recovery of Gas Supply Realignment Costs and shall be credited against future Gas Supply Realignment Costs. Transporter shall retain the remaining ten percent (10%) of such excess revenue without any refund obligation.

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- e. Shipper's aggregate MDQ for purposes of allocating Gas Supply Realignment Costs shall be reduced by a credit percentage to the extent Customer takes assignment of a CAM Gas Supply contract(s). Shipper's credit percentage shall be calculated as follows:
 - (1) Shipper's GSR responsibility shall be equal to an allocation of total NPV of CAM gas based upon aggregate MDQ under Rate Schedules FT and NNS.
 - (2) Shipper's credit percentage shall equal the NPV of CAM gas associated with the contract(s) assigned to the Customer divided by Customer's GSR responsibility.

27. OPERATIONAL FLOW ORDERS

- a. An operational flow order is an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of Transporter's system or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order should be referred to as an Operational Flow Order. Transporter shall have the right to issue operational flow orders (OFO) as specified in this Section if action is required in order to alleviate conditions which threaten the integrity of Transporter's Buffalo Wallow System, to maintain pipeline operations at the pressures required to provide an efficient and reliable transportation service, to have adequate gas supplies in the system to deliver on demand to maintain service to all Shippers and for all services, and/or to maintain the system in balance for the foregoing purposes. Before issuing an OFO, Transporter will attempt to identify specific customers causing a problem and attempt to remedy those

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problems. Upon issuing an OFO, Transporter shall notify all affected Shippers by telephone and facsimile as well as by posting the information on the EBB. Where operationally feasible, service to interruptible Shippers will be suspended prior to issuing an OFO interrupting service to firm Shippers.

If an OFO is issued, Transporter will direct one or more Shippers ("OFO Party(ies)") to adjust receipts and/or deliveries at specific point(s) on Transporter's system. The declaration to the affected parties of operational flow orders, critical periods, and/or critical notices shall describe the conditions and the specific responses required from the affected parties.

All quantities tendered to Transporter and/or taken by Shipper on a daily basis in violation of Transporter's OFO shall constitute unauthorized receipts or deliveries for which a charge of \$15 per Dth shall be assessed. Shippers will be exempt from penalties on imbalances that result from complying with an OFO. A make-up period of thirty (30) days or longer, if otherwise agreed to by Shipper and Transporter, from the date Shipper is advised by Transporter of its imbalance, will be allowed to correct OFO created imbalances. Upon an OFO becoming effective, as specified in the OFO or as provided in this Section 28 of the General Terms and Conditions, Shipper, OFO party, or operator of the facilities connecting with Transporter's facilities shall be permitted the time stated in the OFO, or such lesser time as is required to protect the integrity of Transporter's system, to make adjustments in compliance with the OFOs. If Shipper, or operator of such interconnect, adjusts its tenders or takes within such notice period, then no charge, as provided for herein, shall be assessed. Transporter will

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post on its EBB its intention to place an OFO into effect and notify the affected Shipper(s) by telephone and fascimile at least twenty-four (24) hours prior to the implementation of the OFO; provided, however, that a shorter notice period may be given where action must be taken to protect the integrity of the system. Such notice and posting shall (i) identify the parties subject to the OFO, (ii) the time the OFO will become effective, (iii) the estimated duration of the OFO (i.e., the triggering tariff provision which is the basis for the OFO). Where an OFO is issued pursuant to this section or made effective on a less than twenty-four (24) hours notice, Transporter will also provide the Commission and affected Shippers, as well as post on the EBB, with a Detailed explanation with all relevant information specific to the individual situation to justify issuance of that particular OFO.

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- b. In the event receipts in segments of Transporter's system exceed scheduled receipts so that high system pressures back off scheduled receipt quantities, Transporter may issue an OFO to all Shippers in the affected segment of the system stating that a high pressure condition exists. All such operators will be required to check their deliveries into receipt points on the affected portion of the system. Those operators who are delivering more than their scheduled volumes will have four (4) hours to make needed adjustments, or enter the penalty situation. Shipper(s) responsible for the high pressure conditions will have four (4) hours to make needed adjustments or, absent timely compliance, the Shipper will enter the penalty situation. An OFO issued pursuant to this Section 27.b. will be canceled by Transporter when the high pressure condition described above has been corrected and the imbalances created by the high pressure condition have been reasonably resolved.

- c. In the event there is a need for Transporter to engage in routine and normal maintenance of the Buffalo Wallow System, to undertake repairs and replacements of lines of pipe, to schedule DOT compliance activities, to install taps, to make pig runs, to test equipment, to check or change compressor internals, or to engage in other similar actions affecting the capacity of any portions of the Buffalo Wallow System, Transporter may issue OFO's pursuant to this Section 27.c. which will contain an estimate of the time, duration, and impact of the activity. This provision is contained in Section 16.1 of the General Terms and Conditions of Transporter's FERC Gas Tariff as applicable to the Buffalo Wallow System. An event of force majeure may affect deliveries, but not trigger the need for an operational flow order pursuant to this Section 27.c. An order issued pursuant to this Section 27.c. shall be canceled when such planned maintenance or other activities have been completed.

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- d. If in Transporter's judgment, impending operating conditions will cause the delivery pressure to one or more Shippers to drop to a level which could jeopardize the integrity of the Buffalo Wallow System, Transporter may immediately issue an OFO pursuant to this Section 27.d. of the Buffalo Wallow General Terms and Conditions, to protect the system integrity of the pipeline, requiring that deliveries under all of Transporter's Rate Schedules be made on a uniform hourly rate effective three (3) hours after issuance of the OFO or, absent timely compliance, the Shipper will enter the penalty situation.

For the duration of this OFO, increases in scheduled delivery quantities for Transporter's Buffalo Wallow System will be made on a prospective basis only.

- e. Transporter may, on a nondiscriminatory basis, issue such other reasonable OFOs for the purposes set forth in this Section 27.e. of the Buffalo Wallow General Terms and Conditions in order to provide the services contemplated by this Buffalo Wallow FERC Gas Tariff.
- f. Compliance with the OFOs and the other terms and conditions of Transporter's Buffalo Wallow FERC Gas Tariff is essential to provide deliveries and services under all Rate Schedules. A failure by one or more Shippers to comply with the OFOs may affect Transporter's ability to provide such deliveries and services. In such event and in addition to other provisions hereof and not in lieu of any other remedies available in law or at equity, Transporter will, except for negligence or undue discrimination, have no liability consistent with the provisions in Section 16.4 of these General Terms and Conditions.

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- g. In the event a Shipper's gas supplies are diverted to another Shipper or retained by Transporter as a result of an OFO, the party receiving such gas supplies shall compensate the Shipper whose gas was diverted or retained at one hundred percent (100%) of Transporter's cashout index price. Should reduced deliveries result from the issuance of an OFO, Transporter shall provide reservation charge credits to Shippers reflecting such reduced deliveries.

28. OPERATIONAL BALANCING AGREEMENTS

- 28.1 GENERAL. Any imbalances arising under any transportation agreement between Shipper and Transporter that are attributable to variances (1) between actual receipts of natural gas and scheduled and confirmed receipts of natural gas at Point(s) of Receipt into Pipeline's system, or (2) between actual deliveries of natural gas and scheduled and confirmed deliveries of natural gas at Point(s) of Delivery from Transporter's system, which Point(s) of Receipt and/or Point(s) of Delivery are subject to Operational Balancing Agreements ("OBAs") as more fully described in Section 28.2 on the day or days such variances arise, will be resolved pursuant to the applicable OBA and Shipper will not be subject to any imbalance charges or penalties pursuant to its transportation agreements with Transporter for such imbalances.
- 28.2 TERMS GOVERNING. For the purpose of minimizing operational conflicts between various natural gas facilities with respect to the delivery of gas to and from Transporter's facilities, Transporter is willing to negotiate and execute OBAs with appropriate parties that operate natural gas facilities interconnecting with Transporter's system (any such party will be referred to herein as the "OBA Party"). Such OBAs shall specify the gas custody transfer procedures to be followed by Transporter and the OBA Party for the

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confirmation of scheduled quantities to be received by Transporter at Point(s) of Receipt and delivered by Transporter at Point(s) of Delivery. Such OBAs will provide that any variance between actual quantities and scheduled and confirmed quantities for any day shall be resolved pursuant to the terms of the OBA. To facilitate such determination of variances on a timely basis, Transporter and the OBA Party will agree in the OBA on necessary measurement and accounting procedures. Transporter shall post on its EBB those Points of Receipt and Points of Delivery which are subject to an OBA. Transporter will also provide to any party upon request a copy of any executed OBA. An illustrative form of OBA is contained among the forms of service agreements contained in this tariff. Any mutually acceptable OBA may be executed by Transporter and the OBA Party.

28.3 PREREQUISITE TO EXECUTION. It is Transporter's intent to negotiate and execute OBAs on a non-discriminatory basis with any OBA Party. However, Transporter shall have no obligation to negotiate and execute OBAs with any Party that:

- (a) is not creditworthy as determined pursuant to Section 22.7 of these General Terms and Conditions, substituting the term "OBA Party" for "Shipper" for this purpose;
- (b) does not maintain a gas control operation which is staffed on a continuous, around-the-clock basis;
- (c) does not have electronic flow measurement equipment to which Transporter has access at the interconnect points which are proposed to be subject to the OBA;
- (d) would cause an increase in the level of regulators or flow control regulation which Transporter is subject to prior to the execution of the applicable OBA; or
- (e) does not commit to timely and final determination of imbalances based on reasonable available measurement technology.

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28.4 RIGHT TO PROTECT SYSTEM INTEGRITY

Nothing in this Section 28, nor any executed OBA, shall limit Transporter's rights to take action as may be required to adjust Receipts and deliveries under any transportation agreement to reflect Actual experience or to alleviate conditions which threaten the Integrity of Transporter's pipeline system, including maintenance of service to higher priority customers or services.

28.5 RECORDKEEPING. Transporter shall maintain records of volumes and amounts paid pursuant to OBAs entered into under this Section 31. Such records shall be available for review.

29. GATHERING AFFILIATE

29.1 Transporter will provide nondiscriminatory access to all sources of supply in accordance with Part 284 of the Commission's regulations and will not give shippers of its gathering affiliate undue preference over shippers of nonaffiliated gatherers or other customers in scheduling, transportation, storage or curtailment priority.

29.2 Transporter will not condition or tie its agreement to provide transportation service to an agreement by the producer, customer, end-user, or shipper relating to any service by any gathering affiliate or any services by it on behalf of its gathering affiliate or any services in which its gathering affiliate is involved.

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31. ADVERTISEMENT AND MARKETING FEES

31.1 ADVERTISEMENTS

Any person may advertise for the purchase of capacity on Transporter's System on DART by submitting the desired advertisement (up to one page) to Transporter. Transporter shall post such advertisement on DART no later than the business day following receipt thereof if so required, so long as the advertisement is not unlawful or inconsistent with Transporter's Tariff. The posted period requested may be for a period of time not to exceed one month. There will be no posting fee for such advertisements seeking to purchase capacity on Transporter. A response in and of itself to an advertisement seeking to purchase capacity never constitutes a capacity release; to release capacity, the Shipper holding the capacity rights must utilize the release procedures set forth in Section 23 of these General Terms and Conditions.

31.2 FEE FOR ACTIVE MARKETING

When a Releasing Shipper under Section 23 of these General Terms and Conditions requests that Transporter actively market capacity to be released, the Releasing Shipper and Transporter shall negotiate the terms of the marketing service to be provided by Transporter and the marketing fee to be charged thereof.

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32. OWNERSHIP OF LIQUIDS/PROCESSING RIGHTS

Shippers have the right to process their own gas, or have their gas processed by a third party, unless otherwise provided by contract. Transporter recognizes Shipper's ownership rights to products removed from the gas. If gas is processed by Transporter, absent any other agreement, the Shipper will receive credit for extracted products based on allocated volumes and compositions at applicable receipt points to Transporter's transmission system, as follows: 98% of residue gas, 50% of net hydrocarbon liquids proceeds, and 20% of net helium proceeds. Transporter will individually negotiate on a non-discriminatory basis other processing arrangements with Shippers. If Transporter has Shipper's gas processed through a third party plant, and Shipper does not have a processing agreement with the third party plant, Transporter will pass through to Shipper all residue gas and net liquids proceeds received from the third party processor.

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33. COMPLIANCE WITH 18 C.F.R. SECTION 284.10

33.1 Transporter and Shipper shall comply with the business practice and electronic communication standards incorporated by reference in Section 284.10 of the Commission's Regulations (18 C.F.R. Section 284.10) as listed below:

(a) Nominations, Confirmations and Scheduling (Version 1.3):
1.1.13, 1.1.15, 1.1.16, 1.1.17 to 1.1.19, 1.2.1, 1.2.2, 1.2.5,
1.2.8 to 1.2.11, 1.3.2(vi), 1.3.4, 1.3.7, 1.3.14, 1.3.15, 1.3.16, 1.3.20,
1.3.21, 1.3.23 to 1.3.25, 1.3.27 to 1.3.28, 1.3.29, 1.3.30 to 1.3.31,
1.3.33, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39 to 1.3.44, 1.3.45,
1.3.46, 1.4.1 to 1.4.5, 1.4.6, 1.4.7

(b) Flowing Gas (Version 1.3):
2.1.4, 2.3.1, 2.3.8, 2.3.10, 2.3.12, 2.3.15, 2.3.17, 2.3.20, 2.3.25,
2.3.31, 2.4.1 to 2.4.5, 2.4.6

(c) Invoicing (Version 1.3):
3.3.1 to 3.3.5, 3.3.7, 3.3.8, 3.3.10 to 3.3.13, 3.3.16 to 3.3.18,
3.3.20 to 3.3.21, 3.3.22, 3.4.1 to 3.4.3, 3.4.4

(d) Electronic Delivery Mechanisms (Version 1.3):
4.1.1 to 4.1.15, 4.1.16, 4.1.17, 4.1.18, 4.1.19, 4.1.20, 4.1.21, 4.2.1,
4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.3.1 to 4.3.3, 4.3.5,
4.3.6 to 4.3.15, 4.3.16, 4.3.17, 4.3.18, 4.3.19, 4.3.20, 4.3.21, 4.3.22,
4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.29, 4.3.30, 4.3.31,
4.3.32, 4.3.33, 4.3.34, 4.3.35

(e) Capacity Release (Version 1.3):
5.2.1, 5.3.5, 5.3.9 to 5.3.12, 5.3.17 to 5.3.18, 5.3.20 to 5.3.24,
5.3.26 to 5.3.29, 5.3.30, 5.4.1 to 5.4.17

Transporter's HTML page(s) required by Standard 4.3.6 is accessible via the Internet's World Wide Web at the following address:

<http://pipeline.kindermorgan.com>

33.3 Transporter has adopted the Gas Industry Standards Board Model Trading Partner Agreement for use with all Shippers.

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Superseding: Sheet Nos. 72 Through 72

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34. DIRECT ACCESS REQUEST AND TRACKING SYSTEM (DART)

34.1 DESCRIPTION OF DART

(a) Transporter maintains a twenty-four (24) hour interactive electronic system, the Direct Access Request and Tracking System (DART). DART is available for use by all Shippers and other interested parties upon request and at no charge. The DART system provides interactive search functions permitting users to locate a specific transaction. Additionally, it provides customers the ability to download a file from DART. Daily back-up records of the information displayed on DART will be archived and accessible to customers on a non-discriminatory basis. The data will be kept for a rolling three (3) year period, inclusive of both current and archived data.

(b) The DART system is comprised of FERC mandated information web pages as well as mandated interactive transactional web pages. The system provides access to a variety of features including Informational Postings and Tariff, Nominations, Flowing Gas/Volume Inquiry, Invoicing, Contracting, Capacity Release Processing, Discount Request processing and Regulatory Reporting. The Informational Posting and Regulatory Reporting components do not require a logon and password. All other components require a valid logon and password, which may be obtained per the procedures outlined in Section 34.2.

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(1) INFORMATIONAL POSTINGS

The types of information available through the Information Postings include: (i) reports on operationally available capacity, unsubscribed capacity, and released capacity at Receipt/Delivery Points and on the mainline; (ii) information on construction and maintenance projects impacting capacity; (iii) imbalance volumes available for trading among Shippers prior to cashout as provided in Section 12 hereof; (iv) firm and interruptible rates and fuels, including general discount offers; (v) catalog of currently active Receipt and Delivery Points; (vi) general announcements and procedures, including Operational Flow Orders; and (vii) this tariff with search, download and print capabilities.

(2) NOMINATIONS

This feature allows for submittal of all transportation nominations, transfer nominations, predetermined allocations and nomination priorities as required in Section 3. Additionally, operators can confirm volumes online and Shippers and Point Operators can review, print or download scheduled quantity reports.

(3) FLOWING GAS/VOLUME INQUIRY

This feature provides volumetric information on total gas flows and allocated flows, at a point and contract level. The timing for reporting daily operational allocations after the gas has flowed is within one (1) Business Day after the end of the gas Day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity should be used for the daily operational allocation. Each Shipper and each other entity involved in a transaction at a point will be able to see the total flows at the point and the volumes allocated to or by such Shipper or other entity.

INVOICING

This system component allows Shippers to view and Download invoices and a statement of account. Additionally, using this component, Shippers can create and submit a Payment Remittance.

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(5) CONTRACT REQUEST PROCESSING

Using this feature, Shippers can review their existing Agreement information, submit new requests for Agreements and submit requests to amend Agreements and execute Service Agreements online.

(6) CAPACITY RELEASE REQUEST AND BID PROCESSING

This interactive feature allows Shippers to submit Capacity Release Requests and Bids, which, in turn, are automatically posted to DART as provided in Section 23. Additionally, Shipper with recall provisions in a release of capacity can initiate the recall process using this feature.

DISCOUNT REQUEST PROCESSING

Using this feature, Shippers can submit point or Path level requests for discounts. Once approved by Transporter, such Requests can be viewed by customers through this component of DART.

(8) REGULATORY REPORTING

This system component contains the information required in FERC Form No. 592 for all requests for service made by affiliated marketers or in which an affiliated marketer is involved for transportation or storage, that would be conducted pursuant to Subparts B or G of Part 284 of the Commission's Regulations. The Regulatory Reporting System also contains any other related information required under the Commission's Regulations, relative to required informational postings.

34.2 ACCESS TO DART

Shippers and other interested parties may obtain access to the interactive transactional web pages in the DART system by contacting a representative of Transporter's Gas Transportation Department in Houston. Logons, passwords and access instructions will be supplied upon request under the following terms and conditions set forth in Sections 34.3 through 34.12. The Internet address for DART is: <http://pipeline.kindermorgan.com>.

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AUTHORITY OF EMPLOYEE

Users of the DART software (Subscribers) shall be deemed to have agreed and admitted that any employee permitted by Subscriber to access DART shall have the legal authority to act on behalf of Subscriber in performing any functions, including those functions which are available presently and those functions which become available at a later date.

INSTALLATION OF SOFTWARE

Each Subscriber shall purchase and ensure that lawful installation of Internet browser software occurs for each personal computer (PC) from where DART is accessed.

CONFIDENTIALITY

DART software and certain information contained in DART is proprietary and confidential. A Subscriber shall not reproduce, disclose or otherwise make available DART software and confidential information contained therein to any other company, corporation, individual, or partnership.

RELIANCE BY TRANSPORTER

Transporter may act, and shall be fully protected by a Subscriber in acting, in reliance upon any acts or things done or performed by Subscriber's employees or designated agents on behalf of Subscriber and in respect to all matters conducted through DART. Transporter may correct errors in information entered into DART by a Subscriber promptly after receiving notice of the corrections or may require Subscribers to enter the corrections directly into DART.

ACCESS

Should a Subscriber require access to confidential information (such as Agreement, points, nomination, volume, or other customer-specific information deemed to be of a confidential nature requiring controlled access), Transporter will require the Subscriber to provide a written request and officer level approval for issuance of a company-level computer access (logon) identification code and password. Upon receipt of such request, Transporter will ensure return of a confidential logon code and password within one business day.

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34.8 LOGON

A Subscriber's logon and password are confidential and are used to identify that Subscriber. A Subscriber shall keep its DART logon and password confidential. A Subscriber will ensure that only authorized employees and agents of Subscriber will be given Subscriber's logon and password and only these authorized persons will be permitted to access DART on Subscriber's behalf. A Subscriber and its employees and agents will not disclose the Subscriber's logon and password to anyone without authority to access DART for the Subscriber. To ensure such confidentiality is not breached, requests from Subscriber employees or agents for information regarding Subscriber logon and password made subsequent to issuance of the original logon and password may not be honored without receipt by Transporter of additional authorization from Subscriber. Subscriber shall be responsible for and accepts liability for any security breach that is traced to Subscriber's logon and password.

34.9 BREACH OF SECURITY

A Subscriber shall promptly notify Transporter if there is any indication that a security breach has occurred with regard to Subscriber's logon and password. This includes, but is not limited to: (a) loss of confidentiality of logon and password; (b) termination of employment of any authorized employee; or (c) loss of authority to access DART by any authorized employee. Such notification shall be made to Transporter's Gas Transportation Services Department.

34.10 LIMITATION TO ACCESS

A Subscriber may attempt to access only that data for which Subscriber has authorization. A Subscriber shall provide supporting legal documentation prior to being given access to data of other subsidiaries, affiliates, or companies for whom it has an agency relationship. See Section 3 of these General Terms and Conditions for information on delegation.

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34.11 LIMITS OF RESPONSIBILITY

Transporter shall not be responsible for an omission or failure by Transporter to act or perform any duty requested by a function accessed via DART if such omission or failure to act is caused by or related to data lost in the transmission of such data from Subscriber's to Transporter's computer system, power failures, failure of backup systems, or any other event beyond the reasonable control of Transporter.

34.12 RESERVATION

Transporter reserves the right to add, modify or terminate DART functions at any time subject to compliance with Commission Regulations.

34.13 AGREEMENT

Any Subscriber who is not a Shipper will be required to sign an agreement with Transporter pursuant to which the Subscriber agrees to be bound by the provisions of this Section.

