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**Second Revised Sheet No. 1** Midcoast Interstate Transmission (Alabama-Tenn): Second Revised Volume No. 1  
Second Revised Sheet No. 1 : Effective  
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**First Revised Sheet No. 2** First Revised Sheet No. 2 : Effective  
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PRELIMINARY STATEMENT

Midcoast Interstate Transmission, Inc., formerly Alabama-Tennessee Natural Gas Company, (hereinafter sometimes referred to as "Transporter") is a company engaged in the business of transporting, and through a separate division of the company, of selling natural gas in interstate commerce, under authorization granted by and subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC"). The pipeline system of the Transporter extends from a point of connection with Tennessee Gas Pipeline Company in McNairy County, Tennessee, through the northeast corner of the State of Mississippi and the northern part of the State of Alabama to Morgan and Madison Counties, Alabama.



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MAP

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**Sub 15th Revised Sheet No. 4** Sub 15th Revised Sheet No. 4 : Effective  
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SUMMARY OF RATES AND CHARGES

Rate Schedule	Base Tariff Rate	Transp. Surchg. Rate	Cost Rate Adjustment	Fuel Rate After Adjustment	And Loss Other	Current Adj.	Retention Percentage
FT							
Winter1							
R1-Demand	\$3.9105	---	---	---	\$3.9105	---	
Commodity							
Maximum	0.20 >	---	---	0.22 >		0.42 >	0.8%
Minimum	0.20 >	---	---	0.22 >		0.42 >	0.8%
Summer2							
R1-Demand	\$2.9557	---	---	---	\$2.9557	---	
Commodity							
Maximum	---	---	---	0.22 >	0.22 >	0.8%	
Minimum	---	---	---	0.22 >	0.22 >	0.8%	
FT-SG							
Winter							
Commodity							
Maximum	28.78 >	---	---	0.22 >	29.00 >	0.8%	
Minimum	0.20 >	---	---	0.22 >	0.42 >	0.8%	
Summer							
Commodity							
Maximum	21.61 >	---	---	0.22 >	21.83 >	0.8%	
Minimum	---	---	---	0.22 >	0.22 >	0.8%	
IT							
Winter							
Maximum	13.06 >	---	---	0.22 >	13.28 >	0.8%	
Minimum	0.20 >	---	---	0.22 >	0.42 >	0.8%	
Summer							
Maximum	9.72 >	---	---	0.22 >	9.94 >	0.8%	
Minimum	---	---	---	0.22 >	0.22 >	0.8%	

1 Maximum Volumetric Rate for Firm Service (winter): 13.28 >  
 2 Maximum Volumetric Rate for Firm Service (summer): 9.94 >

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**Second Revised Sheet No. 5** Second Revised Sheet No. 5 : Effective

Superseding: FIRST REVISED SHEET NO. 5

RATE SCHEDULE S

Sales

1. AVAILABILITY

This Rate Schedule S is available, pursuant to the terms of Midcoast Interstate Transmission, Inc. ("Transporter") blanket certificate of public convenience and necessity granted to the pipeline sales division of Transporter pursuant to 18 C.F.R. Section 284.284 as promulgated under Order No. 636 by the FERC.

2. APPLICABILITY

This Rate Schedule S shall be applicable to all firm and interruptible sales service rendered by Transporter to Buyer under the Sales Service Contract between Transporter and Buyer.

3. SALES SERVICE CONTRACT

Sales service under this Rate Schedule shall be available only on the condition and to the extent that Transporter and Buyer have agreed to such service and have executed a written Sales Service Contract that contains the terms, conditions, rates and fees applicable to such service. Transporter shall have no obligation to provide sales service for any quantity of gas in excess of that specifically agreed to in the Sales Service Contract and such obligation shall be coextensive with the terms of that agreement. In accordance with 18 C.F.R. Section 284.285, upon expiration of the Sales Service Contract, Transporter is authorized to abandon the sales service to which such Sales Service Contract relates without obtaining any additional approval of the FERC for such abandonment.

4. TERMS CONDITIONS, RATES AND FEES

The terms, conditions, rates and fees applicable to service under this Rate Schedule S shall be those terms, conditions, rates and fees to which Transporter and Buyer have agreed in their Sales Service Contract.

5. CURTAILMENT

Natural gas delivered by Transporter to Buyer under this Rate Schedule S shall be subject to curtailment in accordance with Article 22 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

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RATE SCHEDULE FT  
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on a firm basis by Midcoast Interstate Transmission, Inc. ("Transporter") for any Shipper:

- (a) which will deliver or cause to be delivered gas to Transporter for redelivery by Transporter for the account of Shipper;
- (b) which has completed a valid request for service and has executed a Firm Gas Transportation Contract (FT Contract) wherein Transporter agrees to transport natural gas for Shipper's account up to a specific maximum daily quantity, (MDQ) and deliver at designated Primary Delivery Points on behalf of Shipper. Each FT Contract will specify the Primary Receipt and Delivery Points available for use under the FT Contract and the MDQ at each Primary Receipt and Delivery Point; and
- (c) which has entered into a FT Contract containing a minimum MDQ of 200 dekatherms per day.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 Firm transportation service under this Rate Schedule up to the maximum daily entitlement ("Contract Demand") shall be provided (i) to former sales customers which have converted their firm sales entitlement to firm transportation service pursuant to 18 C.F.R. 284.10 of the FERC's Regulations, the restructuring of Transporter's services in FERC Docket No. RS92-27-000, or such other FERC authorizations as may be applicable, and (ii) to the extent Transporter determines firm capacity is available, to any Shipper in the order in which each Shipper has fulfilled the requirements of Section 3 below and in accordance with Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff; provided, however, Transporter shall not commence service until Transporter and Shipper have executed an FT Contract.
- 2.2 Transportation service hereunder will be on a firm basis. However, service may be curtailed pursuant to Section 3 and

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**First Revised Sheet No. 19** First Revised Sheet No. 19 : Effective

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RATE SCHEDULE FT (continued)

22 of the General Terms and Conditions of Transporter's FERC Gas Tariff or whenever necessary to maintain gas quality or the operational integrity of Transporter's system.

- 2.3 Transporter shall not be obligated to, but may at its option, receive at any Receipt Point on any day a quantity of gas in excess of any limitations of the quantities to be received from each such Receipt Point as specified in the FT Contract. Upon receipt of such natural gas for Shipper's account, Transporter shall transport and deliver for Shipper's account an equivalent quantity of gas in accordance with Section 6 of this Rate Schedule at those points on Transporter's system as specified in an executed FT Contract. Provided, however, Transporter shall not be obligated to, but may at its option, deliver at any Delivery Point on any day or during any month a quantity of gas in excess of any limitations of the quantities to be delivered to each Delivery Point as specified in the FT Contract.
- 2.4 Provided Transporter's prior consent is obtained, Shipper may tender quantities of gas in excess of the MDQ specified in the FT Contract on any day (hereinafter referred to as "Authorized Overrun Quantities") for receipt, transport and delivery by Transporter of an equivalent quantity of gas in accordance with Section 6 of this Rate Schedule; provided, however, that the tender and transportation of such gas can be accomplished by Transporter without detriment to any other Shipper under any of Transporter's Rate Schedules; and provided further that such transportation is compatible to Transporter's system operation requirements. Subject to the foregoing restrictions, Transporter's consent shall not be unreasonably withheld. The rate charged for such Authorized Overrun Quantities shall be in accordance with Section 5 of this Rate Schedule.
- 2.5 Transporter shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule.

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**First Revised Sheet No. 20** First Revised Sheet No. 20 : Effective

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RATE SCHEDULE FT (continued)

### 3. QUALIFICATION FOR SERVICE

3.1 All Shippers requesting firm transportation service on or after the effective date of the implementation of restructured services on Transporter's system pursuant to FERC Docket No. RS92-27, must provide the information required by this Section 3.1 and on Transporter's Customer Nomination Form which is set forth at Tariff Sheet No. 206, in order to qualify for firm transportation service.

No request for firm service will be processed or entered on Transporter's log, as required by Section 284.13 of the FERC's Regulations, or scheduled for receipt and delivery until a completed Customer Nomination Form has been provided. A request for service shall be made no earlier than ninety (90) days prior to the proposed commencement date of service but a service contract applicable to such request shall not be executed unless firm capacity to render the service is available; provided, however, if facilities are required, the request may be made at an earlier date. All completed Customer Nomination Forms are to be sent to:

Midcoast Interstate Transmission, Inc.  
P.O. Box 3869  
Muscle Shoals, Alabama 35662  
Attention: Gas Transportation Services  
Facsimile: 205-381-2858

Any modification of an existing transportation service shall be requested by Shipper's submission of a new Customer Nomination Form with a notation on the form that the service requested is a modification of an existing service.

Any request shall include the information listed below. Shipper shall provide any additional information required by Transporter to process the request; provided, that the request for additional information shall not affect the priority of Shipper's request.

- (a) Gas Quantities: The Contract Demand which Shipper desired applicable to each Receipt and Delivery Point(s) stated in dekatherms and the estimated total quantities to be received and transported over the delivery period.

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RATE SCHEDULE FT (continued)

Provided, however, the maximum daily delivery quantity at any Receipt Point(s) shall not exceed the quantity which Shipper's supplier has agreed to deliver at such point, unless otherwise agreed to by Transporter. The aggregate quantity of receipts shall equal the sum of the aggregate quantity of deliveries, plus the quantity of gas for Fuel and Losses provided in Section 6 of this Rate Schedule.

- (b) Receipt/Delivery Point: Shipper shall show the designated Primary Receipt Point(s) and Primary Delivery Point(s) for the requested transportation and the MDQ at each point together with the name of the entity delivering the gas to Transporter and the name of the entity to receive the gas from Transporter, and the name(s) of the entity that have OBA's with Transporter covering such Primary Receipt and Delivery Point(s).
- (c) Term: The commencement and termination dates of service proposed by Shipper.
- (d) Shipper Certification: A statement by the Shipper certifying that all necessary upstream and downstream arrangements will be in place on the date the transportation service is to commence and that the Shipper will have title or the right to acquire title to the gas to be delivered to Transporter.
- (e) Facilities: Identification and location of any facilities to be constructed or installed by any party affected by the proposed transportation service.
- (f) Prepayment: A check made out to Transporter in an amount equal to the lesser of \$10,000 or the total Reservation Charge applicable to the proposed service for a three month period. The applicable prepayment amount shall be credited to Shipper's first month invoice. If no service is provided under this Rate Schedule, Transporter shall refund the prepayment amount in full unless a Gas Transportation Contract has been executed for the service.

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**Second Revised Sheet No. 22** Second Revised Sheet No. 22 : Effective

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RATE SCHEDULE FT (continued)

(g) Credit Evaluation:

- (i) a copy of Shipper's most recent twelve month financial statement (audited if available) and, if applicable, 10-K form;
- (ii) a list of Shipper's affiliates, including parent and subsidiaries, if applicable.

3.2 In the event Shippers cannot provide the information in Section 3.1(g) (i) and/or (ii) above, Shipper shall, if applicable, provide that information for its parent company. Transporter shall not be required to perform or to continue service under this Rate Schedule on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness, provided, however, such Shipper may receive firm service under this Rate Schedule if such 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 month period. Transporter shall be entitled to terminate service to any Shipper that fails to demonstrate creditworthiness or has become insolvent. For purposes herein, the insolvency of a Shipper shall be evidenced by the filing by Shipper or any parent entity thereof (hereinafter collectively referred to as "The Shipper") 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. Insolvency, for purposes herein, shall also include approval by any such court of 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

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RATE SCHEDULE FT (continued)

with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days.

- 3.3 (a) An FT Contract shall be executed by Shipper and Transporter following Transporter's acceptance in writing of Shipper's request for service. In the event the FT Contract is not executed and returned by Shipper within thirty days after Transporter tenders the FT Contract, Transporter shall consider the request for service invalid.
- (b) If the gas to be transported is not for Shipper's system supply, or its ultimate end use, then on or before the date the FT Contract is executed Shipper shall (i) identify the name of the corporate entity or entities which will ultimately receive the gas to be transported and (ii) provide verification that the identified ultimate recipients have executed sales contracts related to the transportation services to be provided under the FT Contract.

4. DELIVERY AND RECEIPT POINTS; PRESSURE; UNIFORM QUANTITIES

- 4.1 Receipt Points: The Primary Receipt Point(s) for all gas transported by Transporter under this Rate Schedule shall be at a mutually agreeable interconnection between Transporter's facilities and the facilities of the upstream pipeline system providing service as shown in Exhibit A to the FT Contract. The total quantity specified at the Primary Receipt Point(s) must equal the sum of the Contract Demand and Fuel and Losses requirement set forth in Section 6 of this Rate Schedule. Transporter shall not be required under any circumstances to receive gas at any Receipt Point(s) where the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received.



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**First Revised Sheet No. 24** First Revised Sheet No. 24 : Effective  
Superseding: ORIGINAL SHEET NO. 24  
RATE SCHEDULE FT (continued)

- 4.2 Delivery Points: The Primary Delivery Point(s) for all gas transported by Transporter under this Rate Schedule shall be at a mutually agreeable interconnection between Transporter's facilities and the facilities of Shipper or Shipper's designee as shown in Exhibit B to the FT Contract. The total quantity specified at the Primary Delivery Point(s) must equal the Contract Demand stated in the FT Contract. Transporter shall not be required under any circumstances to deliver gas at any Delivery Point where the total quantity of gas scheduled for delivery in any day is less than that required for the accurate measurement of quantities to be delivered.
- 4.3 Change in Receipt and Delivery Point(s): Subject to availability of Firm Capacity, Shipper may change the Primary Receipt or Delivery Point(s) under its FT Contract (including redistributing the Contract Demand amount) on a monthly basis by an amendment of Exhibits A and/or B to the FT Contract. Such amendment shall be reflected in an executed revision of Exhibits A and/or B submitted to Transporter by the twentieth of the month preceding the month for which the change is desired.

Subject to available capacity, Transporter will allow a change to designated Receipt Point(s) at any time in the event of failure to deliver committed gas supplies because of equipment failure, compressor malfunction, freezing, or similar force majeure conditions. Transporter will provide, via its Electronic Bulletin Board ("EBB") notice of Receipt or Delivery Point(s) changes resulting from force majeure conditions as may be reasonable under the circumstances.

Primary Receipt and Delivery Point(s) amendments pursuant to this section shall be given scheduling priority over all interruptible service requested through such points. The amendment shall not have scheduling priority over any outstanding requests for firm transportation service requests for using such points as primary points. Shipper shall lose its scheduling priority at previously designated Primary Receipt and Delivery Point(s) to the extent that the amendment reduces the MDQ at any point.

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Superseding: ORIGINAL SHEET NO. 25  
RATE SCHEDULE FT (continued)

The total quantity specified at all Receipt Points (less Fuel and Losses) and the total volumes designated for all Delivery Points shall equal the Contract Demand specified in Shipper's FT Contract.

- 4.4 Secondary Receipt and Delivery Point(s): Shipper may use as a Secondary Receipt or Delivery Point(s) any other Receipt or Delivery Point(s) on either mainline segment on Transporter's system. The nomination of Secondary Point(s) shall be made by notifying Transporter three days prior to the beginning of a month. A firm shipper's rights to use a Secondary Receipt or Delivery Point(s) shall have a higher scheduling priority to all interruptible shippers' use of that point, but a lower scheduling priority to all firm shippers using that point as a Primary Receipt or Delivery Point(s). Shipper's total receipts or deliveries on any day shall not exceed the Contract Demand specified in its FT Contract, if the capacity at a Secondary Receipt or Delivery Point(s) is insufficient to serve all shippers requesting the point, receipt or delivery quantities for that point shall be allocated in accordance with Section 3 of the General Terms and Conditions. Shipper shall not lose its priority at designated Primary Receipt or Delivery Point(s) by the use of Secondary Receipt or Delivery Point(s).
- 4.5 Pressures: Shipper shall deliver gas to Transporter at the pressure required from time to time to enable the gas to enter Transporter's facilities at the Receipt Point(s). Transporter shall deliver gas to Shipper or Shipper's designee at Transporter's line pressure existing at the Delivery Point(s).
- 4.6 Uniform Quantities: Shipper shall deliver and receive gas in uniform daily quantities during any month and in uniform hourly quantities during any day with no significant fluctuation, provided, however, that Transporter will permit greater hourly deliveries whenever the making of such greater hourly deliveries will not in Transporter's sole judgement, deprive any other firm shipper of gas to which it is entitled or impair in any way Transporter's pipeline operations, or cause Transporter to incur penalties.

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**First Revised Sheet No. 26** First Revised Sheet No. 26 : Effective  
Superseding: ORIGINAL SHEET NO. 26  
RATE SCHEDULE FT (Continued)

5. RATE AND CHARGES

- 5.1 Applicable Rates: The applicable rates for service under the Rate Schedule FT are the applicable Maximum Reservation and Commodity Rates shown on the effective Tariff Sheet No. 4; provided, however, Transporter has the right at any time and from time to time to adjust the Maximum Reservation and Commodity Rates applicable to any service upon notice to Shipper to any level not less than the Minimum or more than the Maximum Reservation and Commodity Rates established for this Rate Schedule and set forth on the effective Tariff Sheet No. 4.

Transporter shall file with the Commission the reports required under Section 284.7 of the Commission's Regulations for any adjustment below the maximum rates for service under this Rate Schedule.

Authorized Overrun Quantities: Transportation by Transporter of Authorized Overrun Quantities shall be at a rate equal to the current maximum applicable commodity rate for Interruptible transportation under Rate Schedule IT.

- 5.2 New Facilities Charge: In addition to the charge pursuant to Section 5.1 of this Rate Schedule, Transporter shall or may, at its option, subject to Shipper's prior agreement, charge Shipper an amount to recoup the cost of facilities constructed at the Shipper's request in order to provide transportation service under this Rate Schedule. Transporter shall not use the amounts so collected in establishing its general system rates. The applicable New Facilities Charge shall be stated in the FT Contract.

Transporter will construct only those facilities to render transportation services hereunder which interconnect with facilities that either cross or are immediately adjacent to Transporter's existing facilities; provided, however, Transporter shall not construct facilities hereunder which will result in the expansion or diminishment of Transporter's mainline capacity or which compromise the operational integrity of Transporter's pipeline system. Transporter will own and operate all facilities constructed hereunder.

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**Third Revised Sheet No. 27** Third Revised Sheet No. 27 : Effective

Superseding: SECOND REVISED SHEET NO. 27

RATE SCHEDULE FT (continued)

- 5.3 Incidental Charges: In addition to the charges pursuant to Sections 5.1 and 5.2 of this Rate Schedule, Transporter shall charge Shipper an amount to recoup the amount of tax levied pursuant to the Alabama Utility Gross Receipts Tax as recognized in the Commission's June 30, 1989 order in Alabama-Tennessee Natural Gas Co., Docket Nos. CP88-269-004, et al., which have not been previously paid by Shipper, which Transporter incurs in rendering service hereunder. Transporter shall not use the amounts so collected in establishing its general system rates. The applicable Incidental Charges shall be stated in the FT Contract.
- 5.4 Imbalance Charge: In addition to the charges in Sections 5.1, 5.2 and 5.3, Transporter may charge Shipper an Imbalance Charge as provided in Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 5.5 Allocated Take-or-Pay Charge: If applicable, Transporter shall charge Shipper each month the direct billed amount of allocated take-or-pay charges and volumetric surcharge as shown on the currently effective Tariff Sheet No. 4A.
- 5.6 Transition Cost: If applicable, Transporter shall charge Shipper each month the amount of transition cost, as determined pursuant to Section 33 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 5.7 Upstream Transition Costs: If applicable, Transporter shall charge Shipper the pro rata pass through on an "as billed" basis, of certain upstream costs billed to Transporter including, without limitation, upstream transition costs.
- 5.8 IT Revenue Credit: If applicable, Transporter shall credit the pro rata portion of IT revenue credits as provided under Section 35 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

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**Second Revised Sheet No. 28** Second Revised Sheet No. 28 : Effective  
Superseding: FIRST REVISED SHEET NO. 28  
RATE SCHEDULE FT (continued)

6. FUEL AND LOSSES

Included in each Shipper's nominations for transportation shall be the quantity of gas required for Transporter's system fuel and losses ("Fuel Quantity"), associated with rendering transportation service pursuant to this Rate Schedule. The Fuel Quantity shall be calculated by multiplying the Fuel Retention Factor shown on the effective Tariff Sheet No. 4 times the quantity of gas nominated for transportation pursuant to this Rate Schedule with the result of this calculation rounded to the nearest whole dekatherm [(1-Fuel Retention Factor % / 100) x Receipt Quantity = Delivery Quantity]. The winter and summer Fuel Quantity shall be separately stated. Transporter may redetermine the Fuel Retention Factor, such redetermination to be effective January 1 of any year, by filing revised tariff sheets and supporting workpapers with the FERC.

7. MONTHLY BILL

The Monthly Bill for services shall be equal to:

- (a) Reservation Charge: A reservation charge equal to the product of the Reservation Rate, determined under Section 5.1 of this Rate Schedule, multiplied by the Contract Demand specified in the FT Contract; and
- (b) Commodity Charge: The applicable Commodity Rate, determined under Section 5.1 of this Rate Schedule multiplied by the quantity of gas actually delivered by Transporter to Shipper or Shipper's designee during the month; and
- (c) Other Charge(s): If applicable, any other charges pursuant to Sections 5.2, 5.3, 5.4 (and Section 3 of the General Terms and Conditions), 5.5, 5.6, 5.7 and 5.8.

8. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulations, rules, and/or orders by any duly authorized agency. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with the General Terms and Conditions of Transporter's FERC Gas Tariff, which are incorporated as part of this Rate Schedule.

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Superseding: SECOND REVISED SHEET NO. 29  
RATE SCHEDULE FT-SG

FIRM TRANSPORTATION SMALL GENERAL SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on a firm basis by Midcoast Interstate Transmission, Inc. (hereinafter called "Transporter"), for any gas distributor (hereinafter called "Shipper" or "FT-SG Shipper"):

- (a) Whose distribution system connects, or will connect, with Transporter's certificated pipeline system;
- (b) that completes a valid request in the form beginning at Sheet No. 206 for firm service and executes an FT-SG Service Contract ("FT-SG Contract") wherein Transporter agrees to transport and deliver on behalf of Shipper natural gas up to a specified volume, which will be designated as the "Contract Demand", and wherein each FT-SG Contract will specify the Primary Receipt and Delivery Point(s) available for use under the FT-SG Contract and the maximum daily quantity ("MDQ") at each Receipt and Delivery Point;
- (c) that on any day during any month preceding the billing month, has not received total deliveries of more than twenty-five hundred sixty-four (2,564) Dth of natural gas pursuant to any sales agreement, transportation agreement, storage agreement or from local production within the area specified in the FT-SG Contract, exclusive of deliveries

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Superseding: ORIGINAL SHEET NO. 29A

RATE SCHEDULE FT-SG

FIRM TRANSPORTATION SMALL GENERAL SERVICE

pursuant to Section 7 of this Rate Schedule. This Rate Schedule shall cease to be available to Shipper on the first day of the month following the month in which Shipper has exceeded such limitation. Provided, however, that a Shipper who has previously received transportation of natural gas under this Rate Schedule and does not exceed such limitation during eleven consecutive months thereafter shall be eligible to revert to this Rate Schedule at the end of such eleventh month. Provided, further, that this Rate Schedule shall cease to be available to a Shipper who has exceeded such limitation in any two months within an eighteen month consecutive period, effective on the first day of the month following the eighteen consecutive month period in which Shipper exceeds such limitation; and

- (e) that has elected to take service under this Rate Schedule in accordance with Section 27 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

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**Second Revised Sheet No. 30** Second Revised Sheet No. 30 : Effective

Superseding: FIRST REVISED SHEET NO. 30

RATE SCHEDULE FT-SG (Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 The service rendered shall be the transportation of natural gas up to the maximum daily entitlement ("Contract Demand") set out in the FT-SG Contract. Firm transportation service under this Rate Schedule shall be provided to (i) former Rate Schedule SG sales customers that have converted a portion of their firm sales entitlement to firm transportation service pursuant to 18 C.F.R. 284.10 of the Commission's Regulations, the restructuring of Transporter's services in FERC Docket No. RS92-27-000, or such other Commission authorization as may be applicable or (ii) a gas distributor which otherwise qualifies pursuant to Section 1 of this Rate Schedule; provided, however, Transporter shall not commence service under this Rate Schedule until Transporter and Shipper have executed an FT-SG Contract. Transporter shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule except as provided in Section 5.
- 2.2 Service shall be provided on a firm basis. However, service may be curtailed pursuant to Section 3 and 22 of the General Terms and Conditions of Transporter's FERC Gas Tariff or whenever necessary to maintain gas quality or the integrity of Transporter's system.

3. QUALIFICATION FOR SERVICE

- 3.1 All Shippers requesting firm transportation service must provide the information required by this Section 3 and on Transporter's Customer Nomination Form beginning at Tariff Sheet No. 213, in order to qualify for firm transportation service. No request for firm service will be processed or entered on Transporter's log until a completed Customer Nomination Form has been provided. A request for service shall be made no earlier than 90 days prior to the proposed commencement date of service and shall not be accepted unless firm capacity to render the service is available; provided, however, if additional facilities on Transporter's system are required, the request may be made



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RATE SCHEDULE FT-SG (continued)

at an earlier date. All completed Customer  
Nomination Forms are to be sent to:

Midcoast Interstate Transmission, Inc.  
P.O. Box 3869  
Muscle Shoals, Alabama 35662  
Attention: Gas Transportation Services  
Facsimile: 205-381-2858

Any modification of an existing transportation service shall be requested by Shipper's submission of a new Customer Nomination Form with a notation on the form that the service requested is a modification of an existing service. Transporter shall maintain a log of all transportation requests.

Any request shall include the information listed below. Shipper shall provide any additional information required by Transporter to process the request; provided, that the request for additional information shall not affect the priority of Shipper's request.

- (a) Gas Quantities: The Contract Demand which Shipper desires applicable to each Receipt and Primary Delivery Point(s) stated in dekatherms and the estimated total quantities to be received and transported over the delivery period. Provided, however, the maximum daily delivery quantity at any Receipt Point(s) shall not exceed the quantity which Shipper's supplier has agreed to deliver at such point, unless otherwise agreed to by Transporter. The aggregate quantity of receipts shall equal the sum of the aggregate quantity of deliveries, plus the quantity of gas for Fuel and Losses provided in Section 8 of this Rate Schedule.
- (b) Receipt/Delivery Point: Shipper shall show the designated Primary Receipt Point(s) and Primary Delivery Point(s) for the requested transportation and the MDQ at each point, together with the name of the party delivering the gas to Transporter, and the name of the party to receive the gas from Transporter, and the name(s) of the parties that have OBAs with Transporter covering such Primary Receipt and

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RATE SCHEDULE FT-SG (continued)

Delivery Point(s) .

- (c) Term: The commencement and termination dates of service proposed by Shipper.
- (d) Shipper Certification: A Statement by the Shipper certifying that all necessary upstream and downstream arrangements will be in place on the date the transportation service is to commence and that the Shipper will have title or the right to acquire title to the gas to be delivered to transporter.
- (e) Facilities: Identification and location of any facilities to be constructed or installed by any party affected by the proposed transportation service.
- (f) Credit Evaluation:
  - (i) a copy of Shipper's most recent twelve month financial statement (audited if available) and, if applicable, 10-K form;
  - (ii) a list of Shipper's affiliates, including parent and subsidiaries, if applicable.

3.2 In the event Shipper cannot provide the information in Section 3.1(f) (i) and/or (ii) above, Shipper shall, if applicable, provide that information for its parent company. Transporter shall not be required to perform or to continue service under this Rate Schedule on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness, provided, however, such Shipper may receive firm service under this Rate Schedule if such 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 month period. Transporter shall be entitled to terminate service to any Shipper that fails to demonstrate credit

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RATE SCHEDULE FT-SG (continued)

worthiness or has become insolvent. For purposes herein, the insolvency of a Shipper shall be evidenced by the filing by Shipper or any parent entity thereof (hereinafter collectively referred to as "The Shipper") 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. Insolvent, for purposes herein, shall also include approval by any such court of 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.

- 3.3 (a) An FT-SG Contract shall be executed by Shipper and Transporter following Transporter's acceptance in writing of Shipper's request for service. In the event the FT-SG Contract is not executed and returned by Shipper within thirty days after Transporter tenders the FT-SG Contract, Transporter shall consider the request for service invalid.
- (b) If the gas to be transported is not for Shipper's system supply, or its ultimate end use, then on or before the date the FT-SG Contract is executed Shipper shall (i) identify the name of the corporate entity or entities which will ultimately receive the gas to be transported and (ii) provide verification that the identified ultimate recipients have executed sales contracts related to the transportation services to be provided under the FT-SG Contract.

4. DELIVERY AND RECEIPT POINTS; PRESSURE; UNIFORM QUANTITIES

- 4.1 Receipt Points: The Primary Receipt Point(s) for all gas transported by Transporter under this Rate Schedule shall

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RATE SCHEDULE FT-SG (continued)

be at a mutually agreeable interconnection between Transporter's facilities and the facilities of the upstream pipeline system providing service as shown in Exhibit A to the FT-SG Contract. The total quantity specified at the Primary Receipt Point(s) must equal the sum of the Contract Demand and Fuel and Losses requirement set forth in Section 8 of this Rate Schedule. Transporter shall not be required under any circumstances to receive gas at any Receipt Point(s) where the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received.

4.2 Delivery Points: The Primary Delivery Point(s) for all gas transported by Transporter under this Rate Schedule shall be at a mutually agreeable interconnection between Transporter's facilities and the facilities of Shipper or Shipper's designee as shown in Exhibit B to the FT-SG Contract. The total quantity specified at the Primary Delivery Point(s) must equal the Contract Demand stated in the FT-SG Contract. Transporter shall not be required under any circumstances to deliver gas at any Delivery Point where the total quantity of gas scheduled for delivery in any day is less than that required for the accurate measurement of quantities to be delivered.

4.3 Change in Receipt and Delivery Point(s): Subject to availability of Firm Capacity, Shipper may change the Primary Receipt or Delivery Point(s) under its FT-SG Contract (including redistributing the Contract Demand amount) on a monthly basis by an amendment of Exhibits A and/or B to the FT-SG Contract. Such amendment shall be reflected in an executed revision of Exhibits A and/or B submitted to Transporter by the twentieth of the month preceding the month for which the change is desired.

Subject to available capacity, Transporter will allow a change to designated Receipt Point(s) at any time in the event of failure to deliver committed gas supplies because of equipment failure, compressor malfunction, freezing, or similar force majeure conditions. Transporter will provide, via its Electronic Bulletin Board ("EBB") notice

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RATE SCHEDULE FT-SG (continued)

of Receipt or Delivery Point(s) changes resulting from force majeure conditions as may be reasonable under the circumstances.

Primary Receipt and Delivery Point(s) amendments pursuant to this section shall be given priority over all interruptible service requested through such points. The amendment shall not have priority over any outstanding requests for firm transportation service using such points as primary points. Shipper shall lose its priority at previously designated Primary Receipt and Delivery Point(s) to the extent that the amendment reduces the MDQ at any point. The total quantity specified at all Receipt Points (less Fuel and Losses) and the total volumes designated for all Delivery Points shall equal the Contract Demand specified in Shipper's FT-SG Contract.

- 4.4 Secondary Receipt and Delivery Point(s): Shipper may use as a Secondary Receipt or Delivery Point(s) any other Receipt or Delivery Point(s) on either mainline segment on Transporter's system. The nomination of Secondary Point(s) shall be made by notifying Transporter three days prior to the beginning of a month. A firm shipper's rights to use a Secondary Receipt or Delivery Point(s) shall have a higher scheduling priority to all interruptible shippers' use of that point, but inferior to all firm shippers using that point as a Primary Receipt or Delivery Point(s). Shipper's total receipts on any day shall not exceed the Contract Demand specified in its FT-SG Contract, if the capacity at a Secondary Receipt or Delivery Point(s) is insufficient to serve all shippers requesting the point, receipt or delivery quantities for that point shall be allocated in accordance with Section 3 of the General Terms and Conditions. Shipper shall not lose its priority at designated Primary Receipt or Delivery Point(s) by the use of Secondary Receipt or Delivery Point(s).
- 4.5 Pressures: Shipper shall deliver gas to Transporter at the pressure required from time to time to enable the gas to

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RATE SCHEDULE FT-SG (continued)

enter Transporter's facilities at the Receipt Point(s).  
Transporter shall deliver gas to Shipper or Shipper's  
designee at Transporter's line pressure existing at the  
Delivery Point(s).

- 4.6 Uniform Quantities: Shipper shall deliver and receive gas  
in uniform daily quantities during any month and in uniform  
hourly quantities during any day with no significant  
fluctuation, provided, however that Transporter will  
permit greater hourly deliveries whenever the making of  
such greater hourly deliveries will not in Transporter's  
sole judgement, deprive any other firm shipper of gas to  
which it is entitled, or impair in any way Transporter's  
pipeline operations, or cause Transporter to incur  
penalties.

5. RATES AND CHARGES

- 5.1 Applicable Rates: The applicable rate for service under  
the FT-SG Rate Schedule as shown on the effective Tariff  
Sheet No. 4.
- 5.2 New Facilities Charge: In addition to the charges pursuant  
to Section 5.1 of this Rate Schedule, Transporter shall or  
may, at its option, subject to Shipper's prior agreement,  
charge Shipper an amount to recoup the cost of facilities  
constructed at the Shipper's request in order to provide  
transportation service under this Rate Schedule.

Transporter shall not use the amounts so collected in  
establishing its general system rates. The applicable New  
Facilities Charge shall be stated in the FT-SG Contract.

Transporter will construct only those facilities to render  
transportation services hereunder which interconnect with  
facilities that either cross or are immediately adjacent  
to Transporter's existing facilities; provided, however,  
Transporter shall not construct facilities hereunder which  
will result in the expansion or diminishment of  
Transporter's pipeline system. Transporter will own and  
operate all facilities constructed hereunder.

- 5.3 Incidental Charges: In addition to the charges pursuant to  
Section 5.1 and 5.2 of this Rate Schedule, Transporter

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RATE SCHEDULE FT-SG (continued)

shall charge Shipper an amount to recoup the amount of tax levied pursuant to the Alabama Utility Gross Receipts Tax as recognized in the Commission's June 30, 1989 order in Alabama-Tennessee Natural Gas Co., Docket Nos. CP88-269-004, et al., which have not been previously paid by Shipper, which Transporter shall not use the amounts so collected in establishing its general system rates. The applicable Incidental Charges shall be stated in the FT-SG Contract.

- 5.4 Imbalance Charge: In addition to the charges in Sections 5.1, 5.2, and 5.3, Transporter may charge Shipper an Imbalance Charge as provided in Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
  - 5.5 Allocated Take-or-Pay Charge: If applicable, Transporter shall charge Shipper each month the direct billed amount of allocated take-or-pay charges and volumetric surcharge as shown on the currently effective Tariff Sheet No. 4A.
  - 5.6 Transition Cost: If applicable, Transporter shall charge Shipper each month the amount of transition cost, as determined pursuant to Section 33 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
  - 5.7 Upstream Transition Costs: If applicable, the pro rata pass through, on an "as billed" basis, of certain upstream costs billed to Transporter including, without limitation, upstream transition costs.
  - 5.8 IT Revenue Credit: If applicable, Transporter shall credit the pro rata portion of IT revenue credits as provided under Section 35 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
6. CAPACITY RELEASE AND INTERRUPTIBLE TRANSPORTATION DELIVERIES
- 6.1 Transporter shall not be obligated to accept a bid for released transportation capacity made by an FT-SG Shipper unless Shipper's nominations under its FT-SG Contract equal its Contract Demand. Should Transporter accept an

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RATE SCHEDULE FT-SG (continued)

FT-SG Shipper's bid for released transportation capacity and should the FT-SG Shipper then become a Replacement Shipper in accordance with the provisions of Section 3 of Transporter's General Terms and Conditions, then Shipper may not reduce its nomination under its FT-SG Contract until it has first reduced its nomination under its Released Transportation Service Contract to zero.

- 6.2 An FT-SG Shipper may not receive gas pursuant to a Released Transportation Service Contract between Transporter and a third party unless its nominations under its FT-SG Contract equal its Contract Demand.
- 6.3 An FT-SG Shipper may not receive gas delivered pursuant to an FT Contract using the FT-SG Shipper's Delivery Point(s) as a Primary or Secondary Delivery Point(s) unless the FT-SG Shipper's nominations under its FT-SG Contract equals its Contract Demand. Transporter shall have the right to reject any nomination under an FT Contract for delivery at an FT-SG Shipper's Delivery Point(s) if that FT-SG Shipper's current FT-SG nomination is below its Contract Demand.
- 6.4 An FT-SG Shipper may not ship gas under Transporter's IT Rate Schedule unless its nomination under its FT-SG Contract equals its Contract Demand. IF an FT-SG Shipper is taking its full Contract Demand under its FT-SG Contract and nominates additional quantities under an IT Contract, then Shipper may not reduce its nomination under its FT-SG Contract until it has reduced its nomination under its IT Contract to zero.
- 6.5 An FT-SG Shipper may not receive gas at its Delivery Point(s) shipped pursuant to an IT Contract entered into by Transporter and a third party except as provided in Section 7 hereof. Transporter shall have the right to reject any nominations under an IT Contract for delivery to an FT-SG Shipper's Delivery Point(s) if the FT-SG Shipper or the IT Shipper fails or ceases to meet the requirements of Section 7 of this Rate Schedule.



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RATE SCHEDULE FT-SG (continued)

7. ELIGIBLE INTERRUPTIBLE DELIVERIES

7.1 FT-SG Shippers may receive gas transported under an IT Contract if such gas is for ultimate redelivery by the FT-SG Shipper to certain qualified end-users as provided herein. In order for an FT-SG Shipper to receive gas at its Delivery Point(s) under an IT Contract for redelivery to such qualified end-user, in addition to satisfying the requirements of each sub-section of this Section 7, Shipper must submit to Transporter a written application, which shall:

- (a) be dated;
- (b) show the correct name and address of the qualified end-user to whom Shipper will ultimately deliver the gas transported under the IT Contract;
- (c) show the location of the proposed Point of Delivery of natural gas at which the FT-SG Shipper will deliver gas to the qualified end-user;
- (d) show the FT-SG Shipper's best estimate of maximum and minimum daily and hourly transportation quantities that will be delivered pursuant to the IT Contract for redelivery to the qualified end-user; and
- (e) show the FT-SG Shipper's best estimate of the total volume of gas that will be delivered pursuant to the IT Contract for redelivery to the qualified end-user on a monthly and annual basis.

7.2 Such written application shall be submitted to Transporter no less than 90 days prior to the date when the FT-SG Shipper desires to commence receiving interruptible transportation service at its Delivery Point on behalf of the qualified end-user, and upon approval of such application by Transporter, (Transporter shall notify the FT-SG Shipper in writing within 30 days after receipt of such application of approval or denial thereof) the FT-SG Shipper shall on and after the ninetieth day following the day of said written approval, or at such earlier time as

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Superseding: ORIGINAL SHEET NO. 40

RATE SCHEDULE FT-SG (continued)

Transporter may authorize, accept deliveries of gas at its Delivery Point(s) shipped pursuant to the IT Contract for redelivery to the qualified end-user.

- 7.3 Qualified end-users on whose behalf an FT-SG Shipper receives gas must have an alternate fuel supply or an alternate method of operations to satisfy total requirements for a minimum of five consecutive days, subject to verification by Transporter, during periods of curtailment.
- 7.4 Previously approved service pursuant to this Section 7 may be terminated, on 60 days written notice to the FT-SG Shipper, if the qualified end-user ceases to meet the requirements of this Section 7.
- 7.5 Transporter shall not be obligated to permit deliveries pursuant to this Section 7 if the qualified end-user is also using firm gas supplied from the Shipper's FT-SG Contract or if the qualified end-user's facilities are installed in any manner to allow the substitution of FT-SG service for IT service at any time. The qualified end-user's equipment will be subject to inspection at reasonable intervals by Transporter. In the event that any such prohibitive substitutions have occurred or could occur, Transporter may terminate its approval of service under this Section 7 on ten (10) days written notice to the FT-SG Shipper. Such termination is without prejudice to any other remedies Transporter may have.
- 7.6 An FT-SG Shipper receiving interruptible transportation deliveries pursuant to this Section 7, shall install, maintain, and operate, at its own expense, at or near the FT-SG Shipper's Point of Delivery to the qualified end-user, a measuring station properly equipped with meters and other measuring equipment satisfactory to Transporter, by which the daily volume of gas delivered by the FT-SG Shipper to each of the qualified end-users receiving service under the provisions of this Section 7 can be accurately determined. The quantity of gas to be billed under the IT Contract pursuant to which the qualified end-

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**Second Revised Sheet No. 41** Second Revised Sheet No. 41 : Effective  
Superseding: FIRST REVISED SHEET NO. 41  
RATE SCHEDULE FT-SG (continued)

user's gas is being delivered shall be the dekatherm equivalent of the volumes of gas measured by such meters of the FT-SG Shipper, corrected to the basis of measurement specified in this Tariff. The FT-SG Shipper shall deliver to Transporter on or before the fifth day after the close of the billing month a statement accompanied by charts and calculations or other statements as mutually agreeable showing the volume of interruptible gas delivered each billing day to each such qualified end-user during the billing month.

- 7.7 If on any day quantities of gas delivered by the FT-SG Shipper to the end-user pursuant to the provisions of this Section 7 differ from the quantities nominated under the IT Contract pursuant to which the qualified end-user's gas was delivered to the FT-SG Shipper, such difference will be allocated to the Operational Balancing Agreement between the FT-SG Shipper and Transporter. The FT-SG Shipper shall be responsible for payment of daily scheduling penalties and monthly Cash-outs resulting from such imbalances. Payment of such penalties shall not be considered as a substitute for any other remedies available to Transporter against the FT-SG Shipper for failure to conform to the provisions of this Section 7.

8. FUEL AND LOSSES

Included in each of Shipper's nominations for transportation

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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 42** Second Revised Sheet No. 42 : Effective

Superseding: FIRST REVISED SHEET NO. 42

RATE SCHEDULE FT-SG (continued)

service shall be the quantity of gas required for Transporter's fuel and losses ("Fuel Quantity"), associated with rendering transportation service pursuant to this Rate Schedule. The Fuel Quantity shall be calculated by multiplying the Fuel Retention Factor shown on the effective Tariff Sheet No. 4 times the quantity of gas nominated for transportation pursuant to this Rate Schedule with the result of this calculation rounded to the nearest whole dekatherm  $[(1-\text{Fuel Retention Factor \%} / 100) \times \text{Receipt Quantity} = \text{Delivery Quantity}]$ . The winter and summer Fuel Quantity shall be separately stated. Transporter may redetermine the Fuel Retention Factor, such redetermination to be effective January 1 of any year, by filing revised tariff sheets and supporting workpapers.

9. FT-SG MONTHLY BILL

The Monthly Bill for service shall be equal to:

- (a) The applicable Commodity Rate(s) under Section 5 multiplied by the dekatherms of natural gas transported and delivered in the month pursuant to this Rate Schedule; and
- (b) If applicable, any other charges pursuant to Section 5.

10. QUALITY OF GAS TENDERED FOR TRANSPORTATION

Refer to Section 2 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

11. MEASUREMENTS

Refer to Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

12. WAIVER

Transporter may waive any rights hereunder or any obligations of Shipper hereunder on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.

*Effective Date: 10/01/1997 Status: Effective*

*FERC Docket: GT97-71-000*

**First Revised Sheet No. 43** First Revised Sheet No. 43 : Effective

Superseding: ORIGINAL SHEET NO. 43

RATE SCHEDULE FT-SG (continued)

13. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulation, rule, and/or order by any duly authorized agency. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with the General Terms and Conditions of Transporter's FERC Gas Tariff, which are incorporated as part of this Rate Schedule.

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FERC Docket: GT97- 71-000

**First Revised Sheet No. 44** First Revised Sheet No. 44 : Effective  
Superseding: ORIGINAL SHEET NO. 44  
RATE SCHEDULE IT

INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on an interruptible basis by Midcoast Interstate Transmission, Inc. ("Transporter") for and Shipper:

- (a) that makes a valid request for interruptible service and executes an Interruptible Transportation Contract ("IT Contract") in the form included beginning at Tariff Sheet No. 197; and
- (b) which will deliver or cause to be delivered gas to Transporter, for the term of the service, for redelivery by Transporter for the account of Shipper.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 Interruptible transportation service under this Rate Schedule shall be provided when and to the extent that Transporter determines that capacity is available in its existing facilities. Available interruptible capacity shall be allocated to interruptible transportation customers in the order in which each requesting customer has fulfilled the requirements of Section 3 below and in accord with Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff; provided, however, Transporter shall not commence service until Transporter and Shipper have executed a Gas Transportation Contract.
- 2.2 Transporter shall accept, on an interruptible basis, for the account of Shipper at the Point(s) of Receipt on any day the quantity of natural gas nominated by or for the account of Shipper; provided, however, Transporter shall not be obligated to, but may at its option, receive at any Point of Receipt on any day a quantity of natural gas in excess of any limitations of the quantities to be received from each Point of Receipt as specified in the IT Contract. Upon receipt of such natural gas for Shipper's account, Transporter shall transport and deliver for the account of Shipper an equivalent quantity of natural gas, less an amount for fuel and losses as provided for in Section 6 of

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FERC Docket: GT97- 71-000

**First Revised Sheet No. 45** First Revised Sheet No. 45 : Effective  
Superseding: ORIGINAL SHEET NO. 45  
RATE SCHEDULE IT (Continued)

this Rate Schedule at the Point(s) of Delivery; provided, however, Transporter shall not be obligated to, but may at its option, deliver at any Point of Delivery on any day or during any month a quantity of natural gas in excess of any limitations of the quantities to be delivered to each Point of Delivery as specified in the IT Contract.

- 2.3 Provided Transporter's prior consent is obtained, Shipper may tender quantities of gas in excess of the Transportation Quantity specified in the Gas Transportation Agreement on any day or during any month (hereinafter referred to as "Authorized Overrun Quantities") for receipt, transport and delivery by Transporter less an amount for fuel and loss as provided for under Section 6 of this Rate Schedule; provided, however, the tender and transportation of such gas can be accomplished by Transporter without detriment to any other Shipper under any of Transporter's Rate Schedules; and provided further that such transportation is compatible to Transporter's system operation requirements. Subject to the foregoing restrictions, Transporter's consent shall not be unreasonably withheld. The rate charged for such Authorized Overrun Quantities shall be in accordance with Section 5 of this Rate Schedule.
- 2.4 Transporter shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule.

3. QUALIFICATION FOR SERVICE

- 3.1 All Shippers requesting new interruptible transportation service must provide the information required by this Section 3 and on Transporter's Customer Nomination Form which is set forth at Tariff Sheet No. 213, in order to qualify for interruptible transportation service. A request for service shall be made no earlier than ninety (90) days prior to the proposed commencement date of service; provided, however, if facilities are required, the request may be made at an earlier date. All completed Customer Nomination Forms are to be sent to:

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FERC Docket: GT97- 71-000

**First Revised Sheet No. 46** First Revised Sheet No. 46 : Effective  
Superseding: ORIGINAL SHEET NO. 46

RATE SCHEDULE IT (continued)

Midcoast Interstate Transmission, Inc.  
P.O. Box 3869  
Muscle Shoals, Alabama 35662  
Attention: Gas Transportation Service  
Facsimile: 205-381-2858

Any modification of an existing transportation service shall be requested by Shipper's submission of a new Customer Nomination Form with a notation on the form that the service requested is a modification of an existing service. Except for changes to designated Receipt Point(s), that portion of the service so modified shall constitute a new request for service for purposes of scheduling priority.

Any request shall include the information listed below. Shipper shall provide any additional information required by Transporter to process the request; provided, that the request for additional information shall not affect the priority of Shipper's request.

- (a) Gas Quantities: The maximum daily delivery quantity applicable to each Receipt Point(s) and Delivery Point(s) stated in dekatherms and the estimated total quantities to be received and transported over the delivery period. Provided, however, the maximum delivery quantity requested for any Receipt Point(s) shall not exceed the quantity which Shipper's supplier has agreed to deliver at such point, unless otherwise agreed to by Transporter. The aggregate quantity of receipts shall equal the sum of the aggregate quantity of deliveries, plus the quantity of gas for Fuel and Losses provided in Section 6 of this Rate Schedule.
- (b) Receipt/Delivery Point: The designated Receipt and Delivery Point(s) for the requested transportation together with the name(s) of the entity delivering the gas to Transporter, the name(s) of the entity to receive the gas from Transporter, and the name(s) of the entities that have OBA's with Transporter covering such points and any applicable contract numbers.
- (c) Term: The proposed commencement and termination dates of service.



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**First Revised Sheet No. 47** First Revised Sheet No. 47 : Effective

Superseding: ORIGINAL SHEET NO. 47

RATE SCHEDULE IT (continued)

- (d) Shipper Certification: A Statement by the Shipper certifying that all necessary upstream and downstream arrangements will be in place on the date the transportation service is to commence and that the Shipper will have title, or the right to acquire title to the gas to be delivered to Transporter.
  - (e) Facilities: Identification and location of any facilities to be constructed or installed by any party affected by the proposed transportation service.
  - (f) Credit Evaluation:
    - (i) a copy of Shipper's most recent audited financial statement(s) for the periods subject to (f) (ii) below;
    - (ii) a copy of Shipper's most recent twelve month financial statement or Annual Report and, if applicable, 10-K form;
    - (iii) a list of Shipper's affiliates, including parent and subsidiaries, if applicable.
- 3.2 In the event Shipper cannot provide the information in Section 3.1(f) (i) and/or (ii) above, Shipper shall, if applicable, provide that information for its parent company. Transporter shall not be required to perform or to continue service under this Rate Schedule on behalf of 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 under this Rate Schedule 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 month period. Transporter shall be entitled to terminate service to any Shipper that fails to demonstrate credit worthiness or has become insolvent. For purposes herein, the insolvency of a Shipper shall be evidenced by the filing by Shipper or any parent entity thereof (hereinafter

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FERC Docket: GT97- 71-000

**First Revised Sheet No. 48** First Revised Sheet No. 48 : Effective  
Superseding: ORIGINAL SHEET NO. 48  
RATE SCHEDULE IT (continued)

collectively referred to as "The Shipper") 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. Insolvency, for purposes herein, shall also include approval by any such court, as properly filed, of 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.

- 3.3 (a) An IT Contract in the form included beginning at Tariff Sheet No. 197, shall be executed by Shipper and Transporter following Transporter's acceptance in writing of Shipper's request for service and prior to commencement of service. In the event the IT Contract is not executed and returned by Shipper within thirty days after Transporter tenders the contract, Transporter shall consider the request for service invalid.
- (b) If the gas to be transported is not for Shipper's system supply, or its ultimate end use, then on or before the date the IT Contract is executed Shipper shall (i) identify the name of the corporate entity or entities which will ultimately receive the gas to be transported and (ii) provide verification that the identified ultimate recipients have executed sales contracts related to the transportation services to be provided under the IT Contract.
- 3.4 Shipper's IT Contract shall be terminated and Shipper's request for service shall be deemed null and void if Shipper fails to tender gas for transportation within fifteen days after the later of:

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FERC Docket: GT97- 71-000

**First Revised Sheet No. 49** First Revised Sheet No. 49 : Effective  
Superseding: ORIGINAL SHEET NO. 49  
RATE SCHEDULE IT (continued)

- (a) Shipper's service commencement date established pursuant to Section 3.1(c) of this Rate Schedule; or
- (b) the date on which the IT Contract is executed by Shipper, or
- (c) the date on which Shipper is notified that any facilities necessary to render the requested service are ready for service.

Provided, however, (1) Shipper's failure to tender gas for transportation shall be excused by an event of force majeure as defined in Section 11 of the General Terms and Conditions of Transporter's FERC Gas Tariff except that temporary failure of gas supply due to factors other than physical impairment of facilities shall not be excused, and (2) Shipper's IT Contract shall be revalidated and given full force and effect if Shipper (i) notifies Transporter in writing within ninety (90) days after the date on which the IT Contract is executed by Shipper of its intent to transport gas pursuant to the IT Contract and (ii) tenders gas for transportation within fifteen days after the date Transporter receives the notice of intent. The notice of intent shall constitute a new request for service for purposes of scheduling priority.

4. DELIVERY AND RECEIPT POINTS; PRESSURES; UNIFORM QUANTITIES

- 4.1 Receipt Points: The Receipt Point(s) for all gas transported by Transporter under this Rate Schedule shall be at a mutually agreeable interconnection between Transporter's facilities and the facilities of the upstream pipeline system providing service as shown on Exhibit A to the IT Contract. Transporter shall not be required under any circumstances to receive gas at any Receipt Point(s) where the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received.
- 4.2 Delivery Points: The Delivery Points(s) for all gas transported by Transporter under this Rate Schedule shall be at a mutually agreeable interconnection(s) between Transporter's facilities and the facilities of Shipper or

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**First Revised Sheet No. 50** First Revised Sheet No. 50 : Effective  
Superseding: ORIGINAL SHEET NO. 50  
RATE SCHEDULE IT (continued)

Shipper's designee shown on Exhibit B to the IT Contract.

- 4.3 Transporter shall not be obligated to deliver gas pursuant to this Rate Schedule to a Delivery Point that is operated by a Shipper that has entered into an FT-SG Contract with Transporter unless the FT-SG Shipper and the IT Shipper have first complied with the provisions of Section 7 of Transporter's FT-SG Rate Schedule.
- 4.4 Transporter shall not be required under any circumstances to deliver gas to any Delivery Point(s) where the total quantity of gas scheduled for delivery on any day is less than that required for the accurate measurement of quantities to be delivered.
- 4.5 Pressures: Shipper shall deliver gas to Transporter at the pressure required from time to time to enable the gas to enter Transporter's facilities at the Receipt Point. Transporter shall deliver gas to Shipper or Shipper's designee at Transporter's line pressure existing at the Delivery Point(s).
- 4.6 Uniform Quantities: Shipper shall deliver and receive gas in uniform hourly quantities during any day with no significant fluctuation.

5. RATE

- 5.1 Applicable Rates: The rates for service under this Rate Schedule is the applicable Maximum IT rate shown on the effective Tariff Sheet No. 4; provided, however, Transporter has the right at any time and from time to time to adjust the rate applicable to any transportation service upon notice to Shipper to any level not less than the Minimum or more than the Maximum Rates established for this Rate Schedule as set forth on the effective Tariff Sheet No. 4.

Transporter shall file with the Commission the reports required under Section 284.7 of the Commission's Regulations for any adjustment below the Maximum Rates for service under this Rate Schedule.

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**Third Revised Sheet No. 51** Third Revised Sheet No. 51 : Effective  
Superseding: SECOND REVISED SHEET NO.51  
RATE SCHEDULE IT (continued)

Authorized Overrun Quantities: Transportation by  
Transporter of Authorized Overrun Quantities shall be at  
the applicable rate provided for in the IT Contract.

- 5.2 New Facilities Charge: In addition to the charges pursuant  
to Section 5.1 of this Rate Schedule, Transporter shall  
charge Shipper an amount to recoup the cost of facilities  
constructed at the Shipper's request in order to provide  
transportation service under this Rate Schedule.  
Transporter shall not use the amounts so collected in  
establishing its general system rates. The applicable New  
Facilities Charge shall be stated in the IT Contract.

Transporter will construct only those facilities to render  
transportation services hereunder which interconnect with  
facilities that either cross or are immediately adjacent  
to Transporter's existing facilities; provided, however,  
Transporter shall not construct facilities hereunder which  
will result in the expansion or diminishment of  
Transporter's mainline capacity or which compromise the  
operational integrity of Transporter's pipeline system.  
Transporter will own and operate all facilities  
constructed hereunder. Before designating an  
interconnection as a Receipt or Delivery Point(s) for  
service under this Rate Schedule, Transporter shall  
require an agreement with the operator of the connecting  
facility providing for the procedures governing  
conformation of nominations and imbalances and allocation  
of the gas quantities delivered to or received from  
Transporter.

- 5.3 Incidental Charges: In addition to the charges pursuant to  
Sections 5.1 and 5.2 of this Rate Schedule, Transporter  
shall charge Shipper an amount to reimburse Transporter for  
the amount of tax levied pursuant to the Alabama Utility  
Gross Receipts Tax as recognized in the Commission's June  
30, 1989 order in Alabama-Tennessee Natural Gas Co., Docket  
Nos. CP88-269-004, et al., which have not been previously  
paid by Shipper, which Transporter incurs in rendering  
service hereunder. Transporter shall not use the amounts  
so collected in establishing its

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**Second Revised Sheet No. 52** Second Revised Sheet No. 52 : Effective  
Superseding: FIRST REVISED SHEET NO. 52  
RATE SCHEDULE IT (continued)

general system rates. The applicable Incidental Charges shall be stated in the IT Contract.

- 5.4 Imbalance Charge: In addition to the charges in Sections 5.1, 5.2 and 5.3, Transporter may charge Shipper an Imbalance Charge as provided in Section 3 of the General Terms and Conditions.
- 5.5 Take-or-Pay Charge: If applicable, Transporter shall charge Shipper each month the Volumetric Take-or-Pay Surcharge as shown on the currently effective Tariff Sheet No. 4A.
- 5.6 Transition Cost: If applicable, Transporter shall charge Shipper each month the amount of transition cost, as determined pursuant to Section 33 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

6. FUEL AND LOSSES

Included in each of Shipper's nominations for transportation shall be the quantity of gas required for Transporter's system fuel and losses ("Fuel Quantity"), associated with rendering transportation service pursuant to this Rate Schedule. The Fuel Quantity shall be calculated by multiplying the Fuel Retention Factor shown on the effective Tariff Sheet No. 4 times the quantity of gas nominated for transportation pursuant to this Rate Schedule with the result of this calculation rounded to the nearest whole dekatherm  $[(1 - \text{Fuel Retention Factor} \% / 100) \times \text{Receipt Quantity} = \text{Delivery Quantity}]$ . The winter and summer Fuel Quantity shall be separately stated. Transporter may redetermine the Fuel Retention Factor, such redetermination to be effective January 1 of any year, by filing revised tariff sheets and supporting workpapers with the FERC.

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**First Revised Sheet No. 53** First Revised Sheet No. 53 : Effective  
Superseding: ORIGINAL SHEET NO. 53  
RATE SCHEDULE IT (continued)

7. MONTHLY BILL

The Monthly Bill for service shall be equal to the applicable IT rate multiplied by the dekatherms of natural gas transported and delivered by Transporter to Shipper in the month pursuant to this Rate Schedule, the monthly bill for service shall include any New Facilities Charge pursuant to Section 5.2, any Incidental Charges pursuant to Section 5.3, and any Imbalance Charge pursuant to Section 5.4 , any Take-or-Pay Charge pursuant to Section 5.5 and any Transition Cost pursuant to Section 5.6 of this Rate Schedule and Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

8. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulations, rules, and/or orders by any duly authorized agency. Furthermore, any terms and conditions not specified in this Rate Schedule shall be determined consistent with the General Terms and Conditions of Transporter's FERC Gas Tariff, which are incorporated as part of this Rate Schedule.

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**Second Revised Sheet No. 54** Second Revised Sheet No. 54 : Effective  
Superseding: FIRST REVISED SHEET NO. 54

RATE SCHEDULE LMS  
LOAD MANAGEMENT SERVICE

1. AVAILABILITY

1.1 Transporter shall provide a daily swing and monthly balancing service to any person(s) (herein referred to as "OBA Party or Parties") who has executed an operational balancing agreement ("OBA") in the form set forth beginning at Sheet No. 226 of this Tariff. An OBA agreement will be available to:

- (a) the operator of connecting facilities at any Delivery Point(s) on Transporter's system;
- (b) a market aggregator ("Aggregator") who has obtained written consent from one or more Delivery Point operators authorizing Aggregator to operate the Delivery Point(s), which authorization shall include, but not be limited to, changing physical flows at stated Delivery Point(s).

1.2 Transporter shall provide a Demand Delivery Service (DDS) with respect to swings in excess of the 10% daily variance described below to such OBA Party which has executed a multiple party OBA with Transporter and Tennessee Gas Pipeline Company ("Tennessee") specifying methodologies for allocating or coordinating balancing, scheduling, and cost responsibility at the Affected Receipt Point and that:

- (a) operates Delivery Point(s) where firm sales service was provided by Transporter on May 18, 1992; and
- (b) elects to receive such service under the procedures established in FERC Docket No. RS92-27; and
- (c) executes an OBA, specifying a daily delivery quantity ("DDQ") for swing service at specified meters.

DDS shall also be available on a pro rata basis to other delivery point operators not otherwise qualifying under the terms of this Section 1.2 to the extent Transporter determines that there is additional DDS available.



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FERC Docket: GT97- 71-000

**First Revised Sheet No. 55** First Revised Sheet No. 55 : Effective

Superseding: ORIGINAL SHEET NO. 55

RATE SCHEDULE LMS (continued)

1.3 The source for Transporter's DDS shall be the swing capability provided to Transporter by its upstream supplier, Tennessee, pursuant to Tennessee's LMS Rate Schedule.

2. APPLICABILITY

The terms, conditions, and charges set forth in this Rate Schedule governing daily variance and monthly balancing shall apply to all gas flowing through meters covered by an OBA. A Delivery Point OBA may cover an unlimited number of points designated as Primary Delivery Points under an FT-SG Contract(s) and/or points designated as Primary Delivery Points under an FT Contract(s).

3. QUALIFICATION FOR SERVICE

3.1 Anyone requesting service under this Rate Schedule must provide the information required by this Section 3 and on Transporter's Customer Nomination Form as set forth beginning at Tariff Sheet No. 213, in order to qualify for load management service ("LMS"). A request for service shall be made no earlier than 90 days prior to the proposed commencement date of service unless the service requires modification of facilities on Transporter's System. All completed Customer Nomination Forms are to be sent to:

MIDCOAST INTERSTATE TRANSMISSION, INC.  
P. O. BOX 3869  
MUSCLE SHOALS, AL 35662-3869  
Attention: Transportation Services  
Facsimile: 205-381-2858

In the event that an OBA Party wishes to modify an existing transportation service and to continue to qualify for LMS it shall submit a new Customer Nomination Form with a notation on the form that the service requested is a modification of an existing service.

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FERC Docket: GT97-71-000

**Second Revised Sheet No. 56** Second Revised Sheet No. 56 : Effective  
Superseding: FIRST REVISED SHEET NO. 56

RATE SCHEDULE LMS (continued)

- 3.2 Any request of LMS shall include the information listed below. The OBA Party shall provide any additional information required by Transporter to process the request.
- (a) Gas Quantities: The OBA Party shall provide the aggregate Contract Demand for the Delivery or Receipt Point(s) operated by the OBA Party.
  - (b) Delivery Point: The location of the Delivery Point(s) that the OBA party proposes to be covered by the OBA.
  - (c) Term: The proposed commencement and termination dates of service under this Rate Schedule.
  - (d) Transportation Contract Information: The contract number and names and addresses of all Shippers that have named any of the OBA Party's points as Primary Receipt or Delivery Point(s) and the maximum quantity that may be delivered or received under each Shipper's firm transportation contract at each of the OBA Party's point.
  - (e) Credit Evaluation: All credit information required in the applicable Rate Schedule.

4. SCHEDULING AND CONFIRMATION BY OBA PARTY

The OBA Party will confirm with Transporter nominations under each FT, FT-SG or IT Contract that specifies point(s) as a Primary or Secondary Delivery Point(s). Such confirmation shall provide a ranking of the markets to be served by gas quantities nominated at the point. The OBA Party shall notify Shipper and Transporter, within one hour of any change in nomination by an affected Shipper to confirmed nominations scheduled for delivery.

5. DAILY VARIANCES

- 5.1 The daily variance for a Delivery Point OBA shall be the net of the difference between the total volumes scheduled and confirmed for delivery at all Delivery Points covered by

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**Second Revised Sheet No. 57** Second Revised Sheet No. 57 : Effective

Superseding: FIRST REVISED SHEET NO. 57

RATE SCHEDULE LMS (continued)

the OBA and the actual quantity of gas received from Transporter at all such points on any day that the scheduled quantities were in effect.

- 5.2 An OBA Party electing DDS service shall pay the daily overrun charges at the rate set forth in the summary of Rates and Charges in Tennessee's effective Tariff for that portion of a daily variance that exceeds the sum of (i) 10% of the scheduled and confirmed volume plus (ii) the DDQ of DDS service specified in its OBA. The OBA Party electing DDS shall pay a monthly demand charge equal to the DDQ elected multiplied by the effective DDS demand rate shown in the summary of Rates and Charges of Tennessee's Tariff. The OBA Party electing LMS service may also be subject to an unauthorized overrun charge for quantities above the daily limitation as set forth in Section 3.7 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 5.3 The OBA Party not electing DDS Service shall pay daily overrun charges at the rate set forth in the summary of Rates and Charges in Tennessee's effective tariff for that portion of a daily variance that exceeds 10% of the scheduled and confirmed volume. An OBA Party may also be subject to an unauthorized overrun charge for quantities above the daily limitation as set forth in Section 3.7 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 5.4 Based upon the best information available, an OBA Party shall take action to correct any imbalances occurring during the month by making adjustments in nominations, receipts or deliveries. Transporter will accept nominations for make-up quantities during the month on a best efforts basis. If OBA Party fails to take such corrective action, then Transporter may, upon 48 hours notice, adjust OBA Party's scheduled receipts and deliveries over the remainder of the calendar month in order to maintain a balance of receipts, deliveries and nominations.

*Effective Date: 10/01/1997 Status: Effective*

*FERC Docket: GT97-71-000*

**Fourth Revised Sheet No. 58** Fourth Revised Sheet No. 58 : Effective  
Superseding: THIRD REVISED SHEET NO. 58

RATE SCHEDULE LMS (continued)

5.5 OBA Parties will be allowed to trade imbalances occurring during the month with other OBA Parties subject to this Rate Schedule provided, however, that any imbalance traded relates to transportation transactions involving Receipt Point(s) within the same zone of the same upstream transporter. All imbalance trading must be effected through the nomination of mid-month make-up volumes. To facilitate imbalance trading, Transporter will provide for the posting of an Operator's imbalance, including details of upstream transporter and Receipt Point, on its EBB upon request.

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**Second Revised Sheet No. 59** Second Revised Sheet No. 59 : Effective

Superseding: FIRST REVISED SHEET NO. 59

RATE SCHEDULE LMS (continued)

6. UNAUTHORIZED OVERRUN

- 6.1 On any day when an OBA Party takes gas in excess of the daily limit applicable to the Delivery Point(s), such operator shall be subject to an unauthorized overrun charge as set forth in Section 3.7 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 6.2 In addition to the charge set forth in 6.1 above, in the event Shipper(s) takes gas in excess of the daily limit applicable to the Delivery Point(s) and Transporter believes it is necessary to take actions to maintain system integrity or to prevent interrupting service to another Shipper, Transporter shall have the right, but not the obligation, to take such remedial actions as it deems necessary including, without limitation the adjustment of the physical flow. If Transporter takes these actions, it shall be made whole by the Shipper(s) that incur the unauthorized overrun for all costs that Transporter incurs.

7. MONTHLY IMBALANCES

- 7.1 The OBA Party's monthly imbalance shall be the net cumulative total of daily variances from all points covered by the OBA adjusted for make-up quantities and imbalance trades. Unless Transporter and the OBA Party mutually agree to correct the imbalance in kind on a nondiscriminatory basis, Transporter and the OBA Party shall "Cash-Out" each month the monthly imbalance in accordance with Section 3.7(d) of the General Terms and Conditions of Transporter's FERC Gas Tariff.
  - (a) Access to Information - Upon request, Transporter will make available within one (1) business day the best information it has concerning the total physical deliveries at applicable Delivery Point(s). Transporter will also make available by electronic means the best information it has concerning the scheduled and allocated deliveries at all of an OBA Party's Delivery Point(s) by the end of the third business day after each service day. This information will include electronic gas measurement data at meters where such data is used for billing

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**First Revised Sheet No. 60** First Revised Sheet No. 60 : Effective  
Superseding: ORIGINAL SHEET NO. 60  
RATE SCHEDULE LMS (continued)

purposes ("Electronic Data"). Transporter will designate the points where Electronic Data is available. OBA Parties will be entitled to rely on the Electronic Data for purposes of correcting imbalances during the month. OBA Parties will not be entitled to rely on the data from other Delivery Points for purposes of correcting imbalances during the month and will be responsible for verifying the actual deliveries at Delivery Point(s) where no Electronic Data is available. Imbalances will be Cashed-Out in accordance with Section 3.7 (d) of the General Terms and Conditions of Transporter's FERC Gas Tariff.

- (b) Operational Integrity - Nothing in this Section 7 shall limit Transporter's right to take action as may be required to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system.

8. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulations, rules, and/or orders by any duly authorized agency. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with the General Terms and Conditions of Transporter's FERC Gas Tariff, which are incorporated as part of this Rate Schedule.

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RESERVED



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**Second Revised Sheet No. 71** Second Revised Sheet No. 71 : Effective

Superseding: FIRST REVISED SHEET NO. 71

GENERAL TERMS AND CONDITIONS

1. DEFINITION OF TERMS

Except where the context expressly states another meaning, the following terms when used in this tariff and in any service contract, including any sales or transportation contract, incorporating said Tariff, shall be construed to have the following:

- 1.1 The term "Transporter" or "Seller" shall mean Alabama-Tennessee Natural Gas Company.
- 1.2 The term "Shipper" shall mean any party receiving service pursuant to any of Transporter's transportation Rate Schedules.
- 1.3 The term "Buyer" shall mean any Sales Customer of Transporter.
- 1.4 The term "Parties" shall mean Transporter and Buyer or Shipper, as applicable when referred to collectively.
- 1.5 The term "day" shall mean a period of twenty-four consecutive hours, beginning and ending at 9:00 a.m. Central Clock Time ("CCT").
- 1.6 The term "month" shall mean the period beginning at 9:00 a.m. CCT on the first day of the calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month.
- 1.7 The term "year" shall mean a period of 365 consecutive days beginning on the date natural gas is first delivered or is to be delivered under transportation or other service contract, whichever is earlier, or on any anniversary thereof. Provided, however, that any such year which contains a date of February 29 shall consist of 366 consecutive days.
- 1.8 The term "cubic foot" shall mean the volume of gas which occupies one (1) cubic foot when such gas is at a temperature of sixty degrees (60p) Fahrenheit, and at a

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Superseding: ORIGINAL SHEET NO. 72

GENERAL TERMS AND CONDITIONS (Continued)

pressure of thirty-three hundredths (.33) pounds per square inch above an assumed atmospheric pressure of fourteen and four tenths (14.4) pounds per square inch (fourteen and seventy-three hundredths (14.73) pounds per square inch absolute).

- 1.9 The term "Mcf" shall mean 1,000 cubic feet of gas.
- 1.10 The term "British thermal unit" or "Btu" shall mean the amount of heat required to raise the temperature of one pound of water 1 degree Fahrenheit at 60 degrees Fahrenheit.
- 1.11 The term "dekatherm" or "dth", shall mean the quantity of heat energy which is 1,000,000 British thermal units.
- 1.12 The term "total heating value", when applied to a cubic foot of gas, means the number of British thermal units produced by the complete combustion with air, at a constant pressure, of one anhydrous (dry) cubic foot of gas at a pressure of 14.73 psia and a temperature of 60 degrees Fahrenheit when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.
- 1.13 The term "load factor" for any given period of time shall mean the percentage obtained by dividing the amount of the average daily dth delivery of gas during said period by the contracted demand during said period.
- 1.14 The term "contract demand", shall mean the quantity of natural gas specified in such contract which Transporter obligates itself to be ready to transport each billing day on behalf of Shipper, and shall equal the sum of the MDQs at all Primary Delivery Points under the contract.
- 1.15 The term "Maximum Daily Quantity," or "MDQ" where used herein or in a gas transportation contract shall mean the maximum daily quantity of natural gas that Transporter shall be obligated to deliver to Shipper at a particular Delivery Point each billing day or the maximum daily quantity of gas, exclusive of fuel and losses that

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Superseding: ORIGINAL SHEET NO. 73

GENERAL TERMS AND CONDITIONS (continued)

Transporter shall be obligated to receive from Shipper at a particular Receipt Point each billing day as such points are defined herein below.

- 1.16 The term "scheduled daily delivery" shall mean, with respect to transportation service, the quantity of natural gas which during any one day Shipper requests Transporter to deliver and that Transporter has scheduled and confirmed to deliver to Shipper.
- 1.17 The term "transportation service" shall include transportation, exchange, displacement or backhaul service.
- 1.18 The term "Point(s) of Receipt" or "Receipt Point(s)" shall mean that point on Transporter's system where Transporter receives Shipper's gas for transportation by Transporter for Shipper, or for Shipper's account.
- 1.19 The term "Point(s) of Delivery" or "Delivery Point(s)" shall mean that point at the interconnection of the facilities of Transporter and Shipper or Buyer at which the gas leaves the outlet side of the measuring equipment or mainline of Transporter and enters Shipper's or Buyer's distribution or pipeline system or another agreed upon point and shall also mean that point on Transporter's system where Transporter delivers gas to Shipper or Buyer that has also been transported by Transporter for Shipper or Buyer, or for Shipper's or Buyer's account, as applicable.
- 1.20 The term "equivalent quantity", unless otherwise stated in the Transportation Contract, shall mean that during any given period of time the quantities of gas delivered hereunder at the Point(s) of Delivery shall be the thermal equivalent of the quantities of gas received at the Point(s) of Receipt for transportation less quantities of gas for Transporter's system fuel and losses associated with the transportation service.
- 1.21 The term "Winter Season" shall refer to the months of November through March.

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**Third Revised Sheet No. 74** Third Revised Sheet No. 74 : Effective

Superseding: SECOND REVISED SHEET NO. 74

GENERAL TERMS AND CONDITIONS (continued)

- 1.22 The term "Summer Season" shall refer to the months of April through October.
- 1.23 The term "EBB" shall mean the electronic bulletin board or computer information publication system established by Transporter as more fully set forth in Section 34 of Transporter's General Terms and Conditions.
- 1.24 The term "Releasing Shipper" shall mean any shipper that releases capacity pursuant to the provisions of Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 1.25 The term "Replacement Shipper" shall mean any person that has executed a Released Transportation Service Contract in the form beginning at Tariff Sheet No. 190 and purchases released capacity pursuant to Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 1.26 The term "Bidder" shall mean any person that submits a bid for released transportation capacity pursuant to the terms of Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 1.27 The term "Maximum Interruptible Quantity" or "MIQ" shall mean the maximum quantity that a shipper may nominate under its IT Contract.
- 1.28 The term "Implementation Date" shall mean September 1, 1993, or the first day of the first month that occurs at least thirty days after the date of a final Commission order approving the restructuring of services filed in FERC Docket No. RS92-27. For purposes hereof, a Commission order shall become final on the last date for filing a request for rehearing when no such request has been filed or, if requests for rehearing are filed, on the date of the Commission's order denying all petitions for rehearing or the date all petitions for rehearing are denied by operation of law.
- 1.29 The term "OBA Party" shall mean any party that enters into an Operational Balancing Agreement ("OBA").

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**Second Revised Sheet No. 74A** Second Revised Sheet No. 74A : Effective

Superseding: FIRST REVISED SHEET NOL 74A

GENERAL TERMS AND CONDITIONS (continued)

- 1.30 The term "Right of First Refusal" shall mean the right of an existing Shipper, under a contract with an existing term of one-year or more, to avoid pregranted abandonment at the expiration of that contract by agreeing to match any offer for such capacity pursuant to the terms of Section 3.14(e) hereof.
- 1.31 The terms "Central Clock Time" and "CCT" shall mean central daylight time when central daylight time is in effect and central standard time when daylight savings time is not in effect.
- 1.32 The term "business day" shall mean Monday through Friday, excluding Federal Banking Holidays.

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**First Revised Sheet No. 75** First Revised Sheet No. 75 : Effective

Superseding: ORIGINAL SHEET NO. 75

GENERAL TERMS AND CONDITIONS (continued)

2. QUALITY

2.1 Gas: The gas received by Transporter under this Tariff shall be a combustible gas consisting wholly of, or a mixture of:

- (a) Natural gas of the quality and composition produced in its natural state except as provided for in Sub-section 2.2(a) herein;
- (b) Gas generated by vaporization of Liquefied Natural Gas ("LNG"); or
- (c) Manufactured, reformed, or mixed gas consisting essentially of hydrocarbons of the quality and character produced by nature in the petroleum, oil, and gas fields with physical properties such that when the gases are commingled, they become indistinguishable with respect to the physical properties of the mixture.

2.2 Processing: The gas delivered hereunder shall be natural gas; provided however, that:

- (a) Transporter may extract or permit the extraction of moisture, helium, natural gasoline, butane, propane, or other hydrocarbons (except methane) from said natural gas, or may return thereto any substance extracted from it. Transporter, in order to conserve and utilize other available gases, may blend such gases with said natural gas. Provided, however, that such blending shall not extend to a degree which, in Transporter's judgment reasonably exercised, would materially affect the utilization of the gas delivered hereunder.
- (b) Transporter may subject or permit the subjection of said natural gas to compression, cooling, cleaning or other processes to such an extent as may be required in its transmission from the source thereof to the Point(s) of Delivery.

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**First Revised Sheet No. 76** First Revised Sheet No. 76 : Effective

Superseding: ORIGINAL SHEET NO. 76

GENERAL TERMS AND CONDITIONS (continued)

2.3 Heating Value: Shipper shall not be required to accept natural gas having a heating value of less than 967 Btu per cubic foot.

2.4 Objectional Matter: The gas delivered:

(a) Shall be commercially free from particulates or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulations, meters and other equipment of Shipper.

(b) Shall contain less than one grain of hydrogen sulfide per one hundred (100) cubic feet of gas.

(c) Shall not contain more than twenty (20) grains of total sulfur per one hundred (100) cubic feet.

3. MEASUREMENT AND SCHEDULING OF RECEIPTS AND DELIVERIES

3.1 Unit of Measurement: The transportation unit of gas received and delivered by Transporter shall be a dekatherm.

3.2 Determination of volume and total heating value: The volume and the total heating value of gas received and delivered by Transporter shall be determined as follows:

(a) The unit of volume, for the purpose of measurement, shall be one (1) cubic foot.

(b) The total heating value of the gas per cubic foot shall be determined for any day or month by taking the average of the heating values as recorded each day by a calorimeter or as determined by chromatographic analysis of a sample of gas collected daily or any other method mutually agreed upon.

(c) Dekatherms delivered shall be determined by multiplying the Mcf delivered by the ratio of the Btu per cubic foot delivered to 1,000. For the purposes of this determination the specific gravity and heating value shall be determined at approximately the same time.

(d) The temperature of the gas passing through the meters shall be determined for any day by the continuous use of a recording thermometer so installed that it may

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**First Revised Sheet No. 77** First Revised Sheet No. 77 : Effective

Superseding: ORIGINAL SHEET NO. 77

GENERAL TERMS AND CONDITIONS (continued)

properly record the temperature of the gas flowing through the meters. The arithmetic average of the temperature(s) recorded shall be used in computing gas volumes.

- (e) The specific gravity of the gas delivered shall be determined by the use of a recording gravitometer, which shall be checked at least once each month, or any other method mutually agreed upon.
- (f) The deviation of the natural gas from Boyle's Law shall be determined by the use of the tables of formulae published by the American Gas Association Par Research Project NX-19 corrected for carbon dioxide and nitrogen, or any superseding applicable tables published by the American Gas Association, or any method or methods mutually agreed upon. Determinations of the molecular percentage of N<sub>2</sub> and CO<sub>2</sub> in the gas shall be made within thirty (30) days after commencement of deliveries and at least quarterly thereafter. The molecular percentage of N<sub>2</sub> and CO<sub>2</sub> thus determined will be used to determine the supercompressibility factors during the ensuing period, with corrections for specific gravity, temperature and pressure. For the purpose of this subparagraph, the results of the deviation tests of the upstream pipeline delivering natural gas to Transporter shall be accepted.

3.3 Determination of Receipts and Deliveries - For purposes of determining the quantities of gas received at any Receipt Point(s) and delivered at any Delivery Point(s), Transporter will enter into an Operational Balancing Agreement(s) ("OBA"), with any party that operates natural gas facilities which interconnect with Transporter's system ("OBA Party").

- (a) (1) Allocation of Receipts - Unless prohibited by applicable law or regulation, the quantities of natural gas received by Transporter at any Receipt Point(s) shall be allocated among Shippers and services in accordance with allocation procedures contained in the OBA agreed to by Transporter and the upstream pipeline serving that Receipt Point.



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FERC Docket: RP99-393-000

**Third Revised Sheet No. 78** Third Revised Sheet No. 78 : Effective  
Superseding: Second Revised Sheet No. 78

GENERAL TERMS AND CONDITIONS (continued)

- (2) Allocation of Deliveries - Unless prohibited by applicable law or regulation, the quantities of natural gas delivered by Transporter at any Delivery Point(s) shall be allocated among Shippers and services in accordance with allocation procedures agreed to by Transporter and the OBA Party at the Delivery Point(s) as set forth in the OBA in a form contained in Transporter's Tariff beginning at Sheet No. 226.
  
- (b) Where Transporter delivers gas at a Delivery Point(s) not covered by an OBA, to multiple Shippers, the operator of the Delivery Point shall appoint a designee who shall provide Transporter, an agreeable predetermined allocation ("PDA") methodology prior to the commencement of the Gas Day. Transporter shall confirm receipt of the PDA within fifteen (15) minutes of receipt. Provided, however, if on any day, for any reason, transportation quantities are scheduled by Transporter for Shipper and no PDA is provided by the designee, then the quantities received at such Delivery Point shall be prorated among all of the transportation agreements scheduled for all Shipper(s) receiving service at such Delivery Point that day. The determination of deliveries herein is subject to modifications based upon pre-existing delivery sequence arrangements between Transporter and Shipper(s).
  
- (1) PDA methodologies - The point operator, or the designee, submitting the PDA may choose one of the following methodologies for allocating deliveries: Ranked, Pro Rata, Percentage, Swing, and Operator Provided Value. Changes to a PDA may be made prospectively during the month if such changes are approved by Transporter. Only one PDA may be in effect per gas day per point. No retroactive reallocations of any transactions shall be permitted without the approval of Transporter and the agreement of those Shippers affected by such retroactive reallocations, provided that the agreement by such Shippers shall not be unreasonably withheld.

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**Second Revised Sheet No. 78A** Second Revised Sheet No. 78A : Effective  
Superseding: First Revised Sheet No. 78A

GENERAL TERMS AND CONDITIONS (continued)

- (2) PDA duration - PDA's shall remain in effect until a replacement PDA is received from the point operator, or designee; provided, however, PDA's shall be updated at the beginning of each month. The PDA may need to be updated as the nominations at the point change.

3.4 Scheduling and Allocation

Each nomination under this section shall be considered an original nomination and shall be replaced to be changed. When a Shipper includes a date range as part of its nomination, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination shall be superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only. Subsequent nominated quantities shall represent replacement daily quantities. All nomination procedures that apply to regular nominations (excluding timelines), including quick response, confirming with upstream and downstream parties and scheduling, shall also apply to hourly nominations. The sending party shall adhere to nomination, confirmation and scheduling deadlines. It is the party receiving the request who has the right to waive the deadlines.

- (a) Initial service: Upon execution of a transportation service contract with Transporter, Shipper shall send to Transporter and the point operator(s) at the Receipt and Delivery Point(s) through which Shipper desires to receive service all information requested in the Customer Nomination Form as set forth on Tariff Sheet No. 213, no later than 11:30 a.m. CCT on the day prior to the commencement of any transportation service. The information requested in the Customer Nomination Form shall be provided to Transporter at the following address:

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**Sub Fourth Revised Sheet No. 79** Sub Fourth Revised Sheet No. 79 : Effective  
Superseding: Third Revised Sheet No. 79

GENERAL TERMS AND CONDITIONS (continued)

Midcoast Interstate Transmission, Inc.  
P.O. Box 3869  
Muscle Shoals, Alabama 35662-3869  
Attention: Transportation Services  
Facsimile: 205-381-6123

Transporter shall receive all information requested in the Customer Nomination Form no later than 11:45 a.m. CCT (12:00 p.m. CCT for a quick response from Transporter) on the day prior to the proposed commencement of service. The Receipt and Delivery Point(s) operators will provide final, completed confirmation no later than 3:30 p.m.CCT on the day prior to the commencement of the nominated service.

(b) Change in Service: For purposes of scheduling any change in any transportation service, Shipper shall provide Transporter and the point operator(s) at the Receipt and Delivery Point(s) through which Shipper desires to receive service all information requested in the Customer Nomination Form as set forth on Tariff Sheet No. 213, no later than 11:45 a.m. CCT on the day prior to the requested commencement of the changes. Transporter shall receive all information requested in the Customer Nomination Form no later than 11:45 a.m. CCT (12:00 p.m. CCT for a quick response from Transporter) on the day prior to the proposed commencement of service. The Receipt and Delivery Point(s) operators will provide final, completed confirmation no later than 3:30 p.m. CCT on the day prior to the commencement of the nominated service.

(c) Hourly Intra-Day Change in Service: By providing Transporter and the point operator(s) at the Receipt and Delivery Point(s) through which Shipper desires to receive service all information requested in the Customer Nomination Form as set forth on Tariff Sheet No. 213, a Shipper may submit an intra-day nominations: (1) sixty minutes in advance to be effective on any hour of the day, except for 9:00 a.m.CCT for any change that will not "bump" deliveries to any other customer, including interruptible service, or (2) by 10 a.m. CCT to be effective at 5 p.m. CCT of that

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**1st Sub Second Revised Sheet No. 79A** 1st Sub Second Revised Sheet No. 79A : Effective  
Superseding: Sub Second Revised Sheet No. 79A

GENERAL TERMS AND CONDITIONS (continued)

same day when such change, if confirmed, will "bump" interruptible service, or (3) by 6 p.m. CCT to be effective at 9 a.m. CCT the next morning when such change, if confirmed, will "bump" interruptible service. Provided further, that an OBA Party which has elected DDS service may change its nomination effective any time during the day without meeting the Confirmation requirements of Section 3.4(i) up to the DDS contract level.

(1) The following times apply 10 a.m., 5 p.m. or 6 p.m. nominations:

(i) The Evening Nomination Cycle: 6:00 p.m. CCT for nominations leaving control of the nominating party; 6:15 p.m. CCT for receipt of nominations by Transporter; 6:30 p.m. CCT to send Quick Response; 9:00 p.m. CCT for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 10:00 p.m. CCT for Transporter to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties.

(ii) The Intra-day 1 Nomination Cycle: 10:00 a.m. CCT for nominations leaving control of the nominating party; 10:15 a.m. CCT for receipt of nominations by Transporter; 10:30 am CCT to send Quick Response; 1:00 p.m. CCT for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 2:00 p.m. CCT for Transporter to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties.

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

(d) Scheduling Duration: The scheduled service specified in the Customer Nomination Form information shall be effective commencing at 9:00 a.m. CCT on the beginning day, and terminating at 9:00 a.m. CCT on the ending day, as specified in the information provided in the Customer

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GENERAL TERMS AND CONDITIONS (continued)

Nomination, provided that the requested time period is wholly within the term of the applicable service agreement pursuant to which the nomination is submitted. An hourly nomination shall terminate at the end of the day for which it was submitted and the 9:00 a.m. CCT nomination in effect prior to the submission of any hourly nomination for such day shall continue in effect for the time period stated in the nomination.

- (e) Nomination Quantity: All nominations, including hourly nominations, shall be stated in terms of a daily transportation quantity. The daily transportation quantity shall be prorated uniformly over periods of hours for scheduling for service changes during the day and Transporter shall have (i) no obligation to schedule any nomination which exceeds the MDQ (or remaining MDQ for hourly nominations) under the service agreement pursuant to which service is being requested, and (ii) no obligation to schedule any hourly nomination that is for less than the quantity of gas that has actually flowed on such day prior to the effective time of such hourly nomination. With respect to hourly nominations, the last hourly nomination received and scheduled by Transporter with respect to a day shall be deemed to be the valid nomination for such day and shall supersede any previous nomination for such day.
- (f) Nomination of Overrun Quantities: Shipper shall submit nominations for overrun quantities (nominations pursuant to service agreements with Transporter which are in excess of the service agreements MDQ) as a separate nomination.
- (g) Nomination Ranking: A Shipper that has more than one Receipt Point or more than one Delivery Point, should specify in its nomination the supply reduction rankings and the delivery reduction rankings to be provided at the Receipt or Delivery Point(s) in the event of a loss of volume. If rankings are not utilized by Shipper, then Transporter will endeavor to contact Shipper to determine the specific impact of a loss of volume. If Shipper can not be contacted or fails to provide the requested information in a timely manner, then Transporter, shall make any necessary reductions on a pro rata basis.
- (h) Scheduling of Late Nominations: Any nomination, including hourly nominations, received by Transporter after the nomination deadlines provided in Sections 3.4(a), (b), and

**Sub Original Sheet No. 79C** Sub Original Sheet No. 79C : Effective

GENERAL TERMS AND CONDITIONS (continued)

- (c) above shall be scheduled by Transporter provided that: (i) Transporter and all affected parties mutually agree to schedule the late nomination, and (ii) the scheduling of such late nomination does not bump a nomination received prior to the nomination deadlines referenced above.
  
- (i) **Nomination Confirmations:** The receiver of a nomination initiates the confirmation process. The party that would receive a Request for Confirmation or an unsolicited Confirmation Response may waive the obligation of the sender to send. Transporter shall complete the confirmation process for chart-time nominations by 3:30 p.m. CCT the day prior to the nomination start date. Where discrepancies in quantities exist between confirming parties, the confirmed quantity shall be the lesser of the nominated quantity (inclusive of any reductions related to capacity allocation) or the confirmed quantity. Where no communication is received, the lesser of the nomination (inclusive of any reductions related to capacity allocation) or the previously scheduled quantity applies.
  
- (j) **Scheduling Limitation:** No transportation service shall commence unless and until Transporter and the point operator(s) at the Receipt and Delivery Point(s) through which Shipper desires to receive service have received the information requested in the Customer Nomination Form and Transporter is able to schedule the receipt and delivery of such service at the Point(s) of Receipt and Point(s) of Delivery and Transporter has made a determination that sufficient capacity is available so that such transportation service can be performed.

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**Fifth Revised Sheet No. 80** Fifth Revised Sheet No. 80 : Effective  
Superseding: Sub. Fourth Revised Sheet No. 80

GENERAL TERMS AND CONDITIONS (continued)

- (k) Notification of Scheduling and Bumping: Transporter will notify Shipper and the applicable point operator(s) concerning chart-time scheduling no later than 4:30 p.m. CCT on the day prior to the commencement of the nominated service. At the end of each gas day, Transporter shall provide the final scheduled quantities for the just completed gas day. With respect to implementation of this process via the GISB 1.4.x scheduled quantity related standards, Transporter shall send an end of gas day Scheduled Quantity document. Receivers of the end of the gas day Scheduled Quantity document can waive the Transporter's sending of the end of gas day Scheduled Quantity document. Also, Transporter will notify, by telephone and followed-up by facsimile, any Shipper whose scheduled quantity for that day has been "bumped" by an intra-day nomination, by a firm capacity holder, by 2 p.m. CCT when the change will be effective at 5 p.m. CCT on the same gas day and by 10 p.m. CCT when the change will be effective at 9:00 a.m. CCT the next morning.
- (l) Access to Information: Upon request, Transporter will make available to the point operator, or the designee, within one business day following the production day the best information it has concerning the total physical deliveries at applicable Delivery Points along with the best information it has concerning scheduled and allocated volumes at such points. If actuals or estimated actuals are not available, then the scheduled volume will be utilized for the daily allocation.
- (m) Billing Allocation: For purposes of billing for transportation services, Transporter will use the allocation statements provided by the point operator at each connecting facility in order to allocate receipts and deliveries of gas among Shippers and services. If an OBA agreement is in place at a point on Transporter's system, then the allocation of gas among Shippers and services will be performed pursuant to the applicable OBA agreement. In the event that an accurate allocation statement is not received by Transporter within five (5) days following the end of the billing month, actual receipts and deliveries will be allocated among Shipper's and services by Transporter in accordance with Section 3.3(b). Transporter shall provide allocation statements to the appropriate party for the meters it operates each month.

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**Second Revised Sheet No. 80A** Second Revised Sheet No. 80A : Effective

Superseding: FIRST REVISED SHEET NO. 80A

GENERAL TERMS AND CONDITIONS (continued)

(n) Allocation Disputes: Allocation corrections or disputes should be processed within six (6) months from the date of the initial month-end allocations, unless (i) Transporter, Shipper and the point operator mutually agree otherwise, or (ii) the correction is the result of a deliberate omission or misrepresentation by a Party or a mutual mistake of fact. In all instances where a correction is made, Transporter, Shipper or the point operator, as applicable, shall have a 3 month rebuttal period. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

3.5 Scheduling Priority for Transportation Quantities: Transporter shall schedule receipts and deliveries of gas in the following sequences:

(a) pro-rata among Transporter's firm transportation customers, who nominated that point as a primary firm point according to the quantities of gas scheduled by such customers;



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**First Revised Sheet No. 81** First Revised Sheet No. 81 : Effective

Superseding: ORIGINAL SHEET NO. 81

GENERAL TERMS AND CONDITIONS (continued)

- (b) pro-rata among Transporter's firm transportation customers, who nominated that point as a secondary point, according to the quantities of gas scheduled by such customers;
- (c) pro-rata among interruptible transportation customers and Transporter's former interruptible sales customers who have converted their interruptible sales contracts to unbundled interruptible transportation, authorized to receive service prior to 7:00 a.m. on November 1, 1989, who are paying Transporter's maximum IT rates, who nominated that point during the nomination period for the month and who have been receiving gas supply at that point during the month;
- (d) Pro-rata among Transporter's interruptible transportation customers paying Transporter's maximum IT rates, who nominated that point during the nomination period for the month and have been receiving gas supply at that point during the month, according to the quantities of gas scheduled by such customers (i) that provided completed Service Request Forms to Transporter during the period beginning 7:00 a.m. on October 25, 1989 and ending 7:00 a.m. on November 1, 1989, (ii) that provided completed requests for interruptible transportation under Section 7(c) of the Natural Gas Act to Transporter prior to 7:00 a.m. on November 1, 1989 and for which authorization was not received prior to 7:00 a.m. November 1, 1989 on a pro-rata basis except as otherwise required by existing contractual or certificate authorization;
- (e) pro-rata among all other interruptible transportation services paying Transporter's maximum IT rate, who nominated that point during the nomination period for the month and have been receiving gas supply at that point during the month.
- (f) among all other interruptible transportation services paying Transporter's maximum IT rate, including all Shippers receiving transportation service for Authorized Overrun Quantities under Rate Schedules FT, FT-SG and IT, on a first come/first serve basis.

**Third Revised Sheet No. 82** Third Revised Sheet No. 82 : Effective  
Superseding: SECOND REVISED SHEET NO. 82

GENERAL TERMS AND CONDITIONS (continued)

- (g) among all interruptible transportation services paying less than Transporter's maximum IT rate, based on the discounted rate being paid.
- (h) Volumes representing mid-month make-up of FT, FT-SG or IT imbalances in excess of contract demand, not otherwise authorized under 3.5(f), on a first come/first served basis.

If Buyer has failed to tender any gas for transportation, pursuant to a transportation agreement under Rate Schedule IT, during the prior one-hundred thirty-five (135) day period, then upon forty-five (45) days notice by Transporter to Shipper, during which time Shipper continues to fail to tender any such gas, Shipper's Gas Transportation Contract under Rate Schedule IT shall be terminated. Provided, further, that such termination shall not occur if Shipper has been unable to tender any such transportation gas as the result of an event of force majeure as defined in Section 11.

A Shipper receiving service under Rate Schedule FT, FT-SG or IT shall not lose its priority for purposes of this Section 3.5 by the renewal, extension of the term of that service or renegotiation of the existing contract. Provided, however, any renewal or extension must be pursuant to a rollover or evergreen provision of the Transportation Contract.

Shippers receiving service under Rate Schedule FT, FT-SG or IT shall not lose priority in utilization of Transporter's mainline capacity for that service by adding or changing Points of Receipt applicable to that service. Provided, however, (i) a Shipper receiving firm transportation service shall not have priority for service from the new Point(s) of Receipt over a pre-existing firm transportation Shipper receiving service from that point(s); and (ii) a Shipper receiving interruptible transportation service shall not have priority for service from the new Receipt Point(s) over a pre-existing firm or interruptible transportation Shipper receiving service from that point. Pre-existing priority under interruptible transportation service shall also not apply to any increase in transportation quantity.

- 3.6 Allocation of Limited Capacity: If, on any day, Transporter determines that the capacity of its system, or any portion thereof including the points at which gas is tendered for transportation, is insufficient to serve all transportation requirements which are otherwise scheduled

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**Third Revised Sheet No. 83** Third Revised Sheet No. 83 : Effective  
Superseding: Second Revised Sheet No. 83

GENERAL TERMS AND CONDITIONS (continued)

Irrespective of the transportation quantity set forth in the Shipper's IT Contract, no Shipper receiving interruptible service, including service related to the transportation of Authorized Overrun Quantities under Rate Schedule FT, FT-SG IT, may be curtailed due to a capacity limitation which is the result of a change during the month in interruptible transportation service for other Shippers. Provided, however, that interruptible service may be curtailed due to a change in interruptible service for other Shippers where the change is due to the correction of a previously existing force majeure condition. Provided further, that Transporter shall have the right to modify on a nondiscriminatory basis the above priority order in the event that a constraint on a particular part of Transporter's system requires the temporary interruption of a service higher, by ranking, than another service which, because of its location on Transporter's system, need not be interrupted.

- 3.7 Operational Balancing Agreements, Balancing and Cash-outs - It shall be the responsibility of the Shipper receiving any transportation service(s) from Transporter, or any party using such services on behalf of the Shipper, to use all reasonable efforts to ensure that receipts and deliveries of gas are equal to the nominations scheduled by Transporter. The Shipper shall be responsible to control, and if necessary, adjust receipts, deliveries and confirmed nominations. To the extent that a Shipper is out of balance, it will be subject to the daily and monthly balancing provisions contained within this Section 3.7.
- (a) Operational Balancing Agreements - OBAs shall specify the gas custody transfer procedures to be followed by Transporter and the OBA Party for the confirmation of scheduled quantities of gas to be delivered by Transporter at the Point(s) of Delivery. Such OBAs shall provide that any variance between actual quantities delivered by Shipper (as measured by Transporter) and quantities scheduled and confirmed pursuant to Section 3.4 for any day shall be resolved by the payment or crediting by Transporter to Shipper, in the situation where receipts by

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Superseding: Original Sheet No. 83C

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FERC Docket: RP01- 4-003

**Substitute Fourth Revised Sheet No. 84** Substitute Fourth Revised Sheet No. 84 : Effective  
Superseding: Fourth Revised Sheet No. 84

GENERAL TERMS AND CONDITIONS (continued)

Transporter are greater than deliveries by Transporter, or by the payment by Shipper to Transporter, where receipts by Transporter are less than deliveries by Transporter, in accordance with the provisions of Section 3.7(d) below ("Cash-Out") or pursuant to the provisions provided herein and under the terms of the OBA, unless otherwise mutually agreed. Transporter shall post on its EBB those Point(s) of Receipt and Delivery which are subject to an OBA.

- (b) Daily Variances - The daily variance at any point shall be the difference between the total volumes scheduled for receipt and delivery at that point by scheduled nomination pursuant to Section 3.4 and the actual quantity of gas delivered by Transporter at such point on any day, excluding volumes received or delivered by Transporter pursuant to service under its LMS Rate Schedule, as measured by Transporter. Provided, however, the penalties called for in paragraphs (1) and (2) below will not apply if such penalties were the result of such Shipper's gas being bumped by and intra-day nomination pursuant to Section 3.4(c) of these General Terms and Conditions.
- (1) An OBA Party shall pay a daily overrun charge equal to the daily overrun charge shown in Tennessee Gas Pipeline's Tariff applicable to Rate Schedule LMS for that portion of a daily variance that exceeds the greater of ten percent (10%) or 50 Dth of the daily limit. The daily limit shall be (i) the scheduled daily quantity applicable to a Receipt or Delivery Point(s) as specified in the Customer Nomination Form(s) and (ii) the DDQ specified in the OBA. On any day that an OBA Party takes gas in excess of the daily limit applicable to a Delivery Point, without the prior consent of Transporter, such OBA Party shall be subject to an Unauthorized Overrun Charge of fifteen dollars (\$15.00) for each dekatherm of excess volumes taken or delivered beyond the greater of ten percent (10%) allowable variation or 50 Dth.
- (2) Any Shipper delivering gas at a point not subject to an OBA agreement shall pay a daily overrun charge equal to the daily overrun charge shown in Tennessee Gas Pipeline's Tariff applicable to Rate Schedule LMS for that portion of the daily variance that exceeds the greater

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**Substitute Third Revised Sheet No. 85** Substitute Third Revised Sheet No. 85 : Effective  
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GENERAL TERMS AND CONDITIONS (continued)

of ten per cent (10%) or 50 Dth of the scheduled daily quantity applicable to that Delivery Point as specified in the Customer Nomination Form(s). On any day that such a party takes gas in excess of the daily limit applicable to that Delivery Point, without the prior consent of Transporter, such party shall be subject to an Unauthorized Overrun Charge of fifteen dollars (\$15.00) for each Dth of excess volumes taken or delivered beyond the greater of ten percent (10%) or 50 Dth allowable variation.

- (c) Monthly Imbalance Trading and Netting Procedures -
- (i) As soon as practicable following the end of each month, but not later than the ninth (9th) business day, Transporter shall provide each OBA Party, or Shipper in the case of deliveries to a point not covered by an OBA or any party using such services on behalf of the Shipper ("Agent"), a statement detailing the monthly imbalance quantity. OBA Party, or Shipper and/or its Agent, collectively referred to as "Shipper" under Sections 3.7(c) and 3.7(d), may correct monthly imbalances, until the seventeenth (17th) business day of each month, by trading imbalances with other Shippers or by netting imbalances created under its own transportation contracts. Any imbalances remaining after the seventeenth (17th) business day shall be cashed-out pursuant to Section 3.7(d) herein.
  - (ii) Customer shall use the forms prescribed by the Pipeline, to notify Pipeline as to how its monthly imbalances will be resolved for the preceding calendar month. These forms are located on the Pipeline's Internet web site under "Informational Posting," and are listed as Imbalance Trading and Netting Forms. Such notification from the Customer (the initiating trader) shall constitute Pipeline's authorization to proceed as indicated on the submitted form. Customer can access the forms by downloading such forms from Pipeline's web site or by printing the forms directly from the Internet browser.

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**Substitute Original Sheet No. 85A** Substitute Original Sheet No. 85A : Effective

Superseding: Original Sheet No. 85A

GENERAL TERMS AND CONDITIONS (continued)

- (iii) In order for Shipper to post imbalances to the Transporter's Internet web site, it must complete and submit to Transporter, the Monthly Imbalance Trading and Netting Form No 1., in accordance with the methods prescribed on such form. Transporter must receive such completed form by 11:45 a.m. Central Clock Time ("CCT") in order for imbalances to be posted by 8:00 a.m. CCT the next business day. Upon receipt of such form, Transporter shall post Shipper's imbalances to its Internet web site, to allow Shipper to trade the specific quantity with other Shippers. Any imbalances authorized for posting by Transporter by 11:45 a.m. CCT on the eighth (8th) business day of the month shall be posted to Transporter's Internet web site on or before the ninth (9th) business day of the month. Shipper shall have the ability to view, and download such postings. Transporter shall not be required to post zero (0) imbalances.
  
- (iv) In order for Shipper to trade and/or net their imbalances, it must complete and submit to Transporter the appropriate Monthly Imbalance Netting and Trading Forms, as follows. Form No. 2 shall be used by the Shipper (the initiating trader), to net imbalances across its own transportation contracts. Form No. 3 shall be used by the Shipper (the initiating trader), to trade imbalances with other Shippers (the confirming trader). Transporter must receive the appropriate completed form, in accordance with the methods prescribed on such forms, prior to the seventeenth (17th) business day of the month.

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**Substitute Original Sheet No. 85B** Substitute Original Sheet No. 85B : Effective  
Superseding: Original Sheet No. 85B

GENERAL TERMS AND CONDITIONS (continued)

In order for imbalances to be netted or traded, the imbalances must occur within the same production month and same Operational Impact Area for which the original imbalance occurred, and must not have adverse impact upon Transporter's system. For the purpose of Imbalance Trading and Netting Services, Operational Impact Area shall be defined to mean Transporter's entire system.

- (v) Shipper can withdraw its imbalance trades by using the Imbalance Trading and Netting Form No. 4, as long as this form is received by the Transporter prior to the confirming trader's confirmation of the trade. Imbalance trades are considered final when confirmed by the confirming trader and effectuated by the Transporter. After receipt of an Imbalance Trade Confirmation, Transporter shall send the Imbalance Trade Notification to the initiating trader and the confirming trader no later than noon CCT the next business day.
- (vi) After the seventeenth (17th) business day of the month Transporter shall adjust the preceding month's imbalance to reflect the quantities traded and/or netted. No additional charges to the Shipper will be imposed for monthly imbalances so adjusted.



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**Substitute Original Sheet No. 85C** Substitute Original Sheet No. 85C : Effective  
Superseding: Original Sheet No. 85C

GENERAL TERMS AND CONDITIONS (continued)

- (d) Cash-Out Provision -
  - (i) Where, at the end of any month, shipper has a net imbalance with respect to its deliveries during the preceding month then transporter shall send shipper a statement prior to the 9th business day of the following month that details the daily and/or monthly imbalance quantity, the credit due Shipper if deliveries are less than scheduled nominations, or a bill for the amount due Transporter if deliveries are greater than scheduled nominations, subject to the Billing and Payment Articles set forth under the General Terms and Conditions of Transporter's FERC Gas Tariff.
  - (ii) Transporter shall determine the Cash-Out price, before adjustments, for each upstream pipeline that has interconnecting facilities with Transporter in accordance with the Cash-Out procedures under the currently effective tariff of each such upstream pipeline.
  - (iii) A Cash-Out price shall be determined for each Delivery Point on Transporter. The Cash-Out price shall be a weighted average price determined by calculating a supply percentage for each such upstream pipeline based upon the amount of gas

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**Substitute Third Revised Sheet No. 86** Substitute Third Revised Sheet No. 86 : Effective  
Superseding: Third Revised Sheet No. 86

GENERAL TERMS AND CONDITIONS (continued)

scheduled by the Shipper or OBA Party and scheduled by Transporter for each upstream pipeline, times the Cash-Out price, before adjustments, of each upstream pipeline. Each month such Cash-Out price shall be adjusted by the "Cash-Out Adjustment Factor" as determined as follows:

- (1) When the monthly imbalance quantity is greater than zero, the Cash-Out Price shall be adjusted as follows:

Percentage Monthly Imbalance	Cash-Out Adjustment Factor
>0 - 5%	100% Cash-Out price
>5 - 10%	85% Cash-Out price
>10- 15%	70% Cash-Out price
>15- 20%	60% Cash-Out price
>20%	50% Cash-Out price

- (2) When the monthly imbalance quantity is less than zero, the Cash-Out price shall be adjusted as follows:

Percentage Monthly Imbalance	Cash-Out Adjustment Factor
>0 - 5%	100% Cash-Out price
>5 - 10%	115% Cash-Out price
>10- 15%	130% Cash-Out price
>15- 20%	140% Cash-Out price
>20%	150% Cash-Out price

Which price shall be adjusted to include any transportation or other charges associated with the upstream pipeline.

- (e) Existing Imbalances - Imbalances existing prior to the effective date of this provision shall be

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**Second Revised Sheet No. 87** Second Revised Sheet No. 87 : Effective

Superseding: FIRST REVISED SHEET NO. 87

GENERAL TERMS AND CONDITIONS (continued)

corrected pursuant to the procedures in effect at the time the imbalance was incurred.

- (f) Limitation on Penalties - Any imbalances caused by an event which excuses performance under Section II of the General Terms and Conditions or caused by an action of Transporter, including providing the OBA Parties inaccurate imbalance information at points with Electronic Data, (1) will not be included in the calculation of the total monthly imbalance for purposes of determining the appropriate cash-out level and (2) will be cashed-out at the 0-5% tolerance level in this Section 3.7.
- (g) Disposition of Cash-Out Provisions - All Cash-out Provision revenues received by Transporter in accordance with Section 3.7 (d) that are in excess of Transporter's costs, including, but not limited to: (1) payments made by Transporter in accordance with Section 3.7, and (2) Transporter's gas costs and fuel and loss costs properly allocable to operators, will be credited annually to the Volumetric Take-or-Pay Charge established pursuant to Section 26 of the General Terms and Conditions of Transporter's Tariff or, if there is no Volumetric Take-or-Pay Surcharge in effect, such excess Cash-Out Provision revenue shall be refunded annually to all shippers pro-rata based on the ratio of such shipper's through-put for the most recent twelve (12) months to the total through-put of all Shippers during the same period.
- (h) Operational Integrity - Transporter shall have the right to take any action that may be required to adjust receipts and deliveries under any transportation agreement to reflect actual experience or to alleviate conditions which threaten the operational integrity of Transporter's system, including without limitation maintenance of service to Shippers with a higher scheduling priority and/or services.

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**Third Revised Sheet No. 88** Third Revised Sheet No. 88 : Effective

Superseding: SECOND REVISED SHEET NO. 88

GENERAL TERMS AND CONDITIONS (continued)

3.8 Shipper's Request to Release Rate Schedule FT Capacity Rights

A "Releasing Shipper," including any Replacement Shipper that desires to make a subsequent release as provided in Section 3.15 herein, is a Shipper that desires to release for a minimum of one (1) day, its rights in whole or in part to firm transportation service at any receipt or delivery point on Transporter's system (provided that any release downstream of the replacement shipper's primary delivery point will have a lower scheduling priority to all firm shippers using that point as a Primary Point(s)) pursuant to Rate Schedule FT, and unless otherwise exempt herein, who shall post to Transporter's EBB prior to the applicable deadlines prescribed in Section 3.14, a Release Request containing the following information:

- (a) Releasing Shipper's name and Transportation Service Contract Number;
- (b) the maximum daily quantity ("MDQ") expressed as Dth/day to be released (including any minimum acceptable MDQ);
- (c) the proposed commencement date and term of the release (including any minimum acceptable term);
- (d) the Primary Receipt Points and Primary Delivery Points for the released service and the amount of the firm capacity to be released at each such point (the total Receipt Point capacity released, excluding applicable fuel and losses shall be equal to the total Delivery Point capacity released);

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**Sub Third Revised Sheet No. 88A** Sub Third Revised Sheet No. 88A : Effective  
Superseding: Second Revised Sheet No. 88A

GENERAL TERMS AND CONDITIONS (continued)

- (e) the reservation and/or usage rates and all other applicable rates, charges and surcharges for the released service (expressed as a dollar amount or as a percentage), including any applicable minimum rate(s) and, in the case of release with a term of one (1) year or more, maximum rates, provided that the minimum rate for the release including any applicable surcharges shall be not less than Transporter's maximum commodity rate for service under Rate Schedule FT, including any applicable surcharges; and further provided that, in the case of a release with a term of one (1) year or more, the maximum rate for the release, including any surcharges shall be not more than Transporter's maximum demand and commodity rate for service under Rate Schedule FT, including any applicable surcharges, or if a volumetric rate is applicable (expressed as a dollar amount or as a percentage), the maximum rate shall not be more than the above described maximum FT rate, including any applicable surcharges, computed using a 100% load factor basis (once the Releasing Shipper has chosen to specify dollars and cents or percents of maximum tariff rate in the documentation of bids, all transportation service providers and bids should comport with the choice.);
- (f) whether the transportation rights are to be released on a firm or recallable basis and, if on an a recallable basis, the specific conditions for interruption and/or

GENERAL TERMS AND CONDITIONS (continued)

recall or reput of the capacity;

- (g) whether contingent bids will be accepted for evaluation and, if so, the terms and conditions on which the contingent bids will be evaluated including, among other things; (1) whether the contingency can extend beyond the Bidding period and (2) whether, and for what time period, the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder exercise its option not to take the capacity;
- (h) whether the release is contingent on the Releasing Shipper's ability to release associated capacity on another pipeline and, if so, all terms and conditions associated with such contingency;
- (i) whether bids based on a one part volumetric rate will be accepted and any special conditions associated with release on a volumetric basis including any minimum volumetric commitment, expressed as a quantity or as a percentage. Provided, that, in the case of a release with a term of one (1) year or more, the maximum rate for the release, including any surcharges, shall not be more than Transporter's maximum demand rate for service under Rate Schedule FT, including any applicable surcharges, computed using a 100% load factor basis (which is equal to Transporter's applicable maximum IT rate as stated on the currently effective Sheet No.4);
- (j) any objective, non-discriminatory bid evaluation method which the Releasing Shipper desires to utilize to determine the award of released transportation rights;
- (k) the manner in which any refunds in rates and charges ordered by FERC with respect to the released capacity will be distributed by Releasing Shipper to Replacement Shipper;
- (l) an irrevocable statement that after the close of the applicable Bidding Period, the Releasing Shipper shall release its transportation rights on the terms set forth in its Release Request if all such terms are accepted by a Bidder and such Bidder otherwise qualifies for such transportation service under Transporter's Tariff;

GENERAL TERMS AND CONDITIONS (continued)

- (m) whether, in the case of a release that does not need to be posted, the Releasing Shipper has made prior arrangements with a party to release to that party the subject transportation rights ("Prearranged Replacement Shipper"). In such event, the Releasing Shipper additionally shall submit:
  - aa) the identity of the Replacement Shipper;
  - bb) a statement that the Prearranged Replacement Shipper has agreed unconditionally to accept the transportation rights on the terms prescribed in the Release Request and to abide by all applicable provisions of Transporter's Tariff; and
  - cc) evidence that the Prearranged Replacement Shipper meets the creditworthiness requirement contained in the applicable Rate Schedule.
- (n) the date when Releasing Shipper would like biddable releases posted for bidding;
- (o) any other conditions of the release.

3.9 Request to Acquire Capacity Rights

A Replacement Shipper that desires to acquire rights to certain transportation service may post on Transporter's EBB system in accord with Section 3.11(c), a "Replacement Shipper Request" which shall contain the following information:

- (a) Replacement Shipper's name
- (b) Replacement Shipper's Released Transportation Service Contract Number;
- (c) the maximum daily quantity desired (including any minimum acceptable daily quantity);
- (d) the desired commencement date and term of the transportation service (including any minimum acceptable term)

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**Third Revised Sheet No. 91** Third Revised Sheet No. 91 : Effective

Superseding: SECOND REVISED SHEET NO. 91

GENERAL TERMS AND CONDITIONS (continued)

- (e) the desired Primary Receipt and Primary Delivery Points and the amount of capacity to be released at each such point under the transportation service;
- (f) whether the person is seeking temporary or permanent service.
- (g) whether or not its request is contingent on the acquisition of upstream capacity.

### 3.10 Releases Permitted Without Prior Posting

A Releasing Shipper may release some or all of its firm transportation rights pursuant to Rate Schedules FT without competitive bidding if its proposed release qualifies under this Section 3.10.

#### (a) Short-Term Release Option:

- i) Competitive bidding for released capacity will not be required if:
  - aa) the release term is thirty-one (31) days or less; and
  - bb) prior to the commencement of service:
    - (y) if the Releasing Shipper elects, the Releasing Shipper, the Replacement Shipper and Transporter shall enter into a three-party contract in the form included beginning at Tariff Sheet No. 221 incorporating an Exhibit which contains the information as shown on the Release Request submitted by Shipper; and
    - (z) the Replacement Shipper meets Transporter's creditworthiness standards as set forth in the applicable Rate Schedule or



**Sub Fourth Revised Sheet No. 92** Sub Fourth Revised Sheet No. 92 : Effective  
Superseding: Third Revised Sheet No. 92

GENERAL TERMS AND CONDITIONS (continued)

the Releasing Shipper agrees to remain directly liable for all rates, charges and surcharges associated with the released capacity.

- ii) Releases made pursuant to this Section 3.10(a) may not be rolled-over, renewed or otherwise extended beyond the term described in Section 3.10(a)(i)(aa), unless the Replacement Shipper agrees to pay the applicable maximum rate and meets all other terms and conditions of the release request, or the Releasing Shipper follows the prior posting and bidding procedures set forth herein; provided that the Releasing Shipper may use this Section 3.10 to release the capacity again to the same Replacement Shipper commencing twenty-eight (28) days from the end of the original release.
  - iii) Releasing Shipper shall post the terms of a release under this Section 3.10(a) on Transporter's EBB and/or Internet Web site system no later than forty-eight (48) hours after the commencement of the release transaction.
- (b) Maximum Rate Prearranged Bidder
- i) Competitive bidding for released capacity will not be required if the release is a permanent release or if the term of the release is for one (1) year or more, and if:
    - aa) a "Prearranged Replacement Shipper" has agreed to pay Transporter's maximum applicable rates and agrees to all of the other terms and conditions of the release as specified by the Releasing Shipper;
    - bb) the Releasing Shipper provides Transporter with the information specified in Section 3.8(a), (b), (c), (d), (e), (f), (g) (h), (i), (k) and (n) with respect to the particular release; and
    - cc) in the instance of a temporary release, prior to the commencement of service:
      - (y) if the Releasing Shipper elects, the Releasing Shipper, the Prearranged Replacement Shipper and Transporter enter into a three-party contract for the released

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**Third Revised Sheet No. 93** Third Revised Sheet No. 93 : Effective

Superseding: SUB SECOND REVISED SHEET NO. 93

GENERAL TERMS AND CONDITIONS (continued)

capacity in the form included beginning at Tariff Sheet No. 221 incorporating the information as shown on the Release Request submitted by Shipper; and

(z) the Prearranged Replacement Shipper meets Transporter's creditworthiness standards as set forth in the applicable Rate Schedule; and

dd) in the instance of a permanent release, prior to commencement of service:

(y) the Releasing Shipper and Transporter enter into an agreement terminating the Releasing Shipper's Transportation Service Contract for the capacity which is to be released; and

(z) the Prearranged Replacement Shipper and Transporter enter into a new Transportation Service Contract in the form included beginning at Tariff Sheet No. 168 for the released capacity.

ii) Releasing Shipper shall post the terms of a release under this Section 3.10(b) on Transporter's EBB System no later than forty-eight (48) hours after the commencement of the release transaction.

### 3.11 Posting of Release Requests and Acquisition Requests

(a) Releasing Shipper shall post all applicable information required by Section 3.8 on Transporter's EBB system. Once a capacity release request is posted on Transporter's EBB system, such offer to release shall be binding until written or electronic notice of withdrawal is received by Transporter or the capacity release service provider. Transporter will assign an individual release number to such Release Request. The individual release number will be used as a tie-breaker in the case where more than one Replacement Shipper desires to release capacity for which Replacement Shipper(s) have submitted non-specific bids. The period of time for the posting of the information ("Posting Period") and the period of time during which bids will be received on such Release Request ("Bidding Period") shall be as set forth in Section 3.14.

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Superseding: THIRD REVISED SHEET NO. 94

GENERAL TERMS AND CONDITIONS (continued)

- (b) Releasing Shipper may withdraw its Release Request, by written or electronic notice of withdrawal to Transporter, up to the close of the applicable Bidding Period, where unanticipated circumstances justify and no bid meeting the Releasing Shipper's minimum requirements has been submitted.
- (c) Any person seeking to acquire capacity shall post all applicable information required by Section 3.9 on Transporter's EBB system. Such request shall remain posted for a period of one month or until a transaction is consummated, whichever is shorter.
- (d) Transporter makes no representation or warranty to any party concerning the accuracy or completeness of any posted information or concerning the willingness or ability of any Releasing Shipper to release transportation rights hereunder or of any Replacement Shipper or person seeking capacity to accept transportation rights hereunder. Transporter shall not be liable to any party for any damages, of any nature whatsoever, including without limitation, any special, incidental or consequential damages, or any other kind that may arise in connection with the posting of information hereunder.

#### 3.12 Bidding for Transportation Rights

- (a) Persons that desire to bid on released transportation rights are required to execute a Released Transportation Contract and, in addition, may pre-qualify with Transporter demonstrating their creditworthiness in the same manner and subject to the same standards and procedures as required for Firm Shippers as contained in the applicable Rate Schedule. The creditworthiness requirement shall be continuing in nature in the same manner and to the same extent as prescribed for Firm Shippers as contained in the applicable Rate Schedule. Transporter will waive the creditworthiness requirement on a non-discriminatory

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Superseding: SUB FIRST REVISED SHEET NO. 95  
GENERAL TERMS AND CONDITIONS (continued)

basis for Bidders if the Releasing Shipper provides Transporter with a guarantee satisfactory to Transporter of all financial obligations of the Replacement Shipper under its Released Transportation Service Contract prior to the commencement of service to the Replacement Shipper.

- (b) Bidding will be an iterative process in that a Bidder may submit any number of bids during the Bidding Period for such rights; provided that each new submission of a bid for such rights by such Bidder shall constitute the withdrawal of any immediately proceeding bid by such Bidder for such released transportation rights. The purpose of this provision is to ensure that a Bidder may not have more than one bid in contention at the same time for such transportation rights. If a Bidder withdraws its bid by submitting a new bid, such new bid must be at a higher rate than such Bidder's immediately proceeding rate. Bids are binding until written or electronic notice of withdrawal is received by Transporter or the capacity release service provider. A Bidder retains the right to withdraw its bid until the close of the Bidding Period, however, a bid cannot be withdrawn after the bid period ends.
- (c) Bids shall contain the following information:
  - i) the identity of the Bidder;
  - ii) Bidder's Released Transportation Service Contract number.
  - iii) the Release Request number to which the Bid relates or numbers, in the case where capacity packages posted by two or more different release Shippers are acceptable to a bidder.
  - iv) the bid rate(s) expressed as a dollar amount or as a percentage, that the Bidder is willing to pay for the released transportation rights, which must be no less than any minimum bid rate(s) specified in the Release Request and which, in any event, must be no less than Transporter's currently effective maximum Rate Schedule FT commodity rate, including any applicable surcharges;

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**Second Revised Sheet No. 96** Second Revised Sheet No. 96 : Effective  
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GENERAL TERMS AND CONDITIONS (continued)

- v) the MDQ for the Bid, which must be no greater than the maximum MDQ specified in the Release Request or be no less than any minimum MDQ specified in the Release Request;
  - vi) the term for which the Bidder wishes to obtain the transportation rights, which must be no greater than the term specified in the Release Request or be no less than any minimum specified in the Release Request;
  - vii) the desired Receipt and Delivery Point capacity for the transportation service,
  - viii) a statement as to whether or not the bid is contingent upon the acquisition of upstream capacity, and
  - ix) an irrevocable statement that the Bidder agrees to all other terms and conditions of the Release Request and to abide by all applicable provisions of Transporter's Tariff.
- (d) All bids received will be posted on Transporter's EBB, however, Transporter's EBB will be programmed such that upon the submission to Transporter's EBB, each bid will be assigned a bid number and the identity of the Bidder will not be revealed during the Bidding Period.

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Superseding: ORIGINAL SHEET NO. 96A

GENERAL TERMS AND CONDITIONS (continued)

### 3.13 Determination of Successful Bidder

Transporter shall determine the successful Bidder in accordance with the following procedures:

- (a) Bid evaluation methodologies: The Releasing Shipper shall specify in the Release Request one of the following bid evaluation methodologies: (i) highest rate, (ii) maximum net revenue, or (iii) highest present value. A Release Request may specify a different bid evaluation methodology, but such alternate methodology may, delay the award of the capacity. If Releasing Shipper fails to specify a bid evaluation methodology, then Transporter will use the maximum net revenue methodology to evaluate any bids received and accepted which meet Releasing Shipper's minimum requirements specified in the Release Request.
- (b) Net revenue method: If the net revenue ("NR") method is chosen, Transporter shall determine the bid or bids having the highest NR using the following formula:

$$NR = (\text{Bid Rate}) \times (\text{Bid Term}) \times (\text{Bid MDQ})$$

where

Bid Rate = the reservation charge which Bidder has agreed to pay; for volumetric bids the rate is calculated by multiplying the bid rate by 30.4167 (average days per month in a 365 day year).

Bid Term = the term proposed by the bidder, in months.

Bid MDQ = the MDQ stated in the Bid.

**Second Revised Sheet No. 97** Second Revised Sheet No. 97 : Effective  
Superseding: FIRST REVISED SHEET NO. 97

GENERAL TERMS AND CONDITIONS (continued)

- (c) Present Value Method: If the Present Value ("PV") Method is specified in the Release Request or in the event of a firm contract nearing expiration, Transporter shall determine the bid or bids having the highest PV based on the following formula:

$$PV = (\text{Bid Rate}) \times (\text{Bid MDQ}) \times \frac{1 - (1/(1+i))^N}{i}$$

where

Bid Rate = the reservation charge which the Bidder has agreed to pay; for volumetric bids the rate is calculated by multiplying the bid rate by 30.4167.

Bid MDQ = the MDQ stated in the Bid.

i = Interest rate per month, which shall be the interest rate as calculated under 18 C.F. R. 154.67 (c) (2) (iii); and

N = the lesser of (i) the term proposed by the Bidder or (ii) 120 months.

- (d) If a Release Request includes a Prearranged Replacement Shipper, then the released transportation rights shall be awarded to the Prearranged Replacement Shipper (a) if its bid either is equal to or is higher than the bid with the highest value under the bid evaluation methodology specified by the Releasing Shipper as provided herein or, if no such standard is specified, is equal to or is higher than the bid with the highest NR of the bids submitted by all other Bidders in accordance with the NR method herein, or (b) if the Prearranged Replacement Shipper exercises its right of first refusal and agrees to match any bid having a higher value, as applicable, within the time period provided under Section 3.14.

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**Third Revised Sheet No. 98** Third Revised Sheet No. 98 : Effective

Superseding: SECOND REVISED SHEET NO. 98

GENERAL TERMS AND CONDITIONS (continued)

- (e) If only one Bidder has submitted a bid which reflects the highest value, as applicable, then the transportation rights shall be awarded to that Bidder, subject to any Prearranged Replacement Shipper's exercise of its right of first refusal (matching) as set forth above.
- (f) If two or more Bidders have submitted bids which reflect the highest value, as applicable, then, subject to any Prearranged Replacement Shipper's exercise of its right of first refusal (matching) as set forth above, the released transportation rights will be awarded to one of such Bidders whose bid was received first in time by Transporter. Provided, however, that if the Releasing Shipper has specified an alternative means for awarding the released capacity as between two or more equal bids ("Alternative Tie Breaker"), the winner of the alternative tie breaker shall be awarded the transportation rights. Transporter shall conduct the Alternative Tie Breaker in a non-discriminatory manner.
- (g) Except in the case where multiple Bidders requested less than the total available capacity, Transporter's application of the Releasing Shipper's bid evaluation methodology and the Alternative Tie Breaker provided above shall result in only one successful Bidder per Release Request.



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**Third Revised Sheet No. 99** Third Revised Sheet No. 99 : Effective  
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GENERAL TERMS AND CONDITIONS (continued)

- (h) If multiple Bidders meeting the minimum conditions request less than the total available capacity, then Transporter, subject to any Prearranged Replacement Shipper's exercise of its right of first refusal (matching) as set forth above, shall award capacity, best bid first, until all offered capacity is awarded.
- (i) For informational purposes only, Transporter shall post on its EBB system the terms of the successful bid within forty-eight (48) hours of the awarding of such winning bid.
- (j) If elected by the Releasing Shipper then prior to the commencement of service pursuant to any Release Request, the Releasing Shipper, Transporter and the Replacement Shipper (which shall include a Prearranged Replacement Shipper, if any) shall enter into a three-party contract for the released capacity in the form set forth beginning at Sheet No. 221 of this Tariff which shall incorporate an Exhibit which states, among other things, all the terms of the successful bid ("Released Transportation Service Contract").
- (k) The Replacement Shipper shall submit to Transporter, in accord with Section 3.1(f) of the applicable Rate Schedule of this Tariff, including any applicable surcharges, a check in an amount equal to the lesser of (1) \$10,000, (2) the total reservation charges under its Released Transportation Service Contract applicable to the released service for the lesser of a three month period or the term of the Contract, or (3) if the release is based on a volumetric rate, the volumetric rate less the usage portion of that rate, multiplied by the total capacity to be released, multiplied by the lesser of a three month period or the term of the Contract. The applicable prepayment amount shall be credited against the Replacement Shipper's first month's invoice.

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**Third Revised Sheet No. 100** Third Revised Sheet No. 100 : Effective  
Superseding: SUB SECOND REVISED SHEET NO. 100  
GENERAL TERMS AND CONDITIONS (continued)

### 3.14 Applicable Deadlines

- (a) For releases of thirty-one (31) days or less (not subject to bidding) or releases under prearranged deals at the maximum rate, Releasing Shipper and Replacement Shipper shall notify Transporter by 9:00 a.m. CCT on the day of the nomination deadline applicable to the effective day of the release.
- (b) For all other releases, Releasing Shipper shall post the Release Request on Transporter's EBB no later than 1:00 p.m. CCT (i) on the business day prior to the nomination deadline applicable to the effective date of the release for a release of less than five (5) months, or (ii) four business days prior to the nomination deadline applicable to the effective date of the release for a release of five (5) months or more. The Bidding Period for all capacity release offers shall commence at 1:00 p.m. CCT and end at 2:00 p.m. CCT subject to the following Bidding Periods:
  - (i) Release Requests for a term of less than five (5) months shall be posted for a minimum Bidding Period of one (1) hour on a business day;
  - (ii) Release Requests for a term of five (5) months or more shall be posted for a minimum Bidding Period of three (3) business days.
- (c) (i) Within one (1) hour after the close of the Bidding Period, Transporter shall notify any Prearranged Bidder of any competing bid that has a value determined in accord with Section 3.13 which is higher than that of the bid by the Prearranged Bidder. The Prearranged Bidder shall have until 4:00 p.m. CCT to match such higher bid for a Release Request. If a Prearranged Bidder was not specified in the Release Request, then Transporter shall notify the winning bidder(s) within one (1) hour after the close of the Bidding Period. Transporter shall post the award on its EBB by 5:00 p.m. for biddable deals and by 9:00 a.m. on the day that nominations are due for pre-arranged deals that are not subject to bidding. Transporter shall tender a contract with contract number by 10:00 a.m.; contract executed; nominations possible for next day gas flow.

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**Fifth Revised Sheet No. 101** Fifth Revised Sheet No. 101 : Effective

Superseding: 1ST SUB FOURTH REVISED SHEET NO. 101

GENERAL TERMS AND CONDITIONS (continued)

- (ii) If the Releasing Shipper specified an alternate bid evaluation methodology in its Release Request, then within 24 hours after the close of the Bidding period, Transporter shall notify any Prearranged Bidder of any competing bid that has a value determined in accord with Section 3.13 which is higher than that of the bid by the Prearranged Bidder. The Prearranged Bidder shall have eight (8) hours following such notification to match such higher bid for a Release Request. If a Prearranged Bidder was not specified in the Release Request, then Transporter shall notify the winning bidder(s) within 24 hours after the close of the Bidder Period.
- (d) Transporter or the capacity release facilitator should post offers and bids, including prearranged deals, upon receipt, unless Releasing Shipper requests otherwise. If a Releasing Shipper requests a posting time, Transporter or the capacity release facilitator should support such request insofar as it comports with the standard time line set forth in Gas Industry Standards Board Standard 5.3.2
- (e) The deadlines set forth in sections 3.14 (a), (b) and (c) above are only applicable if (i) all the information provided by the parties to the transaction is valid, (ii) the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered to Transporter, and (iii) there are no special terms or conditions of the release which would serve to delay the award of the capacity.
- (f) With respect to a Transportation Contract which had an initial term of one-year or more, which will expire within one (1) year (i.e., the Transportation Contract(s) can not be extended for any reason), Transporter shall post the capacity under such Contract(s) on its EBB for a Bidding Period, which shall be for a minimum of fourteen days. If Transporter receives no bids for such capacity during the Bidding Period, then the provisions of Section 3.14(e) (ii) below shall apply. If

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Superseding: 1ST SUB FIRST REVISED SHEET NO. 101A

GENERAL TERMS AND CONDITIONS (continued)

Transporter receives any bids for such capacity during the Bidding Period the Right of First Refusal provisions set forth in Section 3.14(e) (i) below shall apply.

- i) Within one business day after the close of the Bidding Period, Transporter shall present the existing Customer any offer(s) received during the Bidding Period and, in the event of more than one offer received, such offer which reflects the highest present value as computed in accordance with Section 3.13 of the General Terms and Conditions. Upon receipt of the offer information, the existing Customer shall have the Right of First Refusal consisting of twenty-five (25) business days to match such offer(s). In any event, prior to the commencement of service the successful Bidder: (1) shall enter into a Released Transportation Contract for such capacity in the form included beginning at Tariff Sheet No. 190 which shall incorporate among other things all the terms of the successful bid, (2) shall submit to Transporter, in accord with Section 3.1(f) of the applicable Rate Schedule of Transporter's Tariff, a check in an amount equal to the lesser of \$10,000 or the total reservation charges under its Transportation Service Contract applicable to the released service for the lesser of a three month period or the term of the

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**Third Revised Sheet No. 102** Third Revised Sheet No. 102 : Effective

Superseding: SECOND REVISED SHEET NO. 102

GENERAL TERMS AND CONDITIONS (continued)

contract. The applicable prepayment amount shall be credited against the Replacement Shipper's first month's invoice.

- (ii) In the event no offer is received during the Bidding Period, the existing customer is entitled to continue the transportation service for a term of its choosing at the pre-existing rate. Provided, however, that such Customer shall be required to enter into a new Transportation Service Contract reflecting the same.

### 3.15 Reassignment of Released Capacity

A Replacement Shipper and any subsequent Replacement Shipper(s) shall be allowed to release the capacity under its Released Transportation Service Contract and under the applicable provisions of this Section 3, except where (i) the release is subject to a recall provision, or (ii) it is specifically prohibited by Releasing Shipper in the Release Request.

### 3.16 Submission of Information

All necessary information, Release Requests, Replacement Requests and bids to Transporter required under this Section 3 shall be made by any of the following: hand delivery, U.S. mail, overnight delivery service, facsimile or other acceptable electronic media or submitted via Transporter's EBB.

### 3.17 Further Conditions on Release of Transportation Rights

- (a) The release program set forth herein shall be limited to the release of transportation rights under Firm Transportation Service Contracts or Released Transportation Service Contracts.
- (b) Persons participating in this release program agree to be bound by and shall comply with the Terms and Conditions of this Tariff, and all applicable Commission rules, orders and regulations.
- (c) All terms and conditions in all Release Requests must be objectively stated, applicable to all Bidders and be non-discriminatory.

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**Sub Fourth Revised Sheet No. 103** Sub Fourth Revised Sheet No. 103 : Effective  
Superseding: Third Revised Sheet No. 103

GENERAL TERMS AND CONDITIONS (continued)

- (d) The minimum term of any release shall be one day and the maximum term shall be the remaining term of the Releasing Shipper's Transportation Service Contract. With respect to the releases for the remaining term of the Releasing Shipper's Transportation Service Contract, which shall be deemed to be a permanent assignment (unless recall rights are specified in the Release Request), Transporter shall enter into a new Transportation Service Contract with the Replacement Shipper, thereafter, the Replacement Shipper is entitled to the right of first refusal even if the remaining term is less than one year, provided the Releasing Shipper's Transportation Service Contract originally was for an initial term of one year or more. The Releasing Shipper shall have no further rights or obligations to Transporter in the future under that Contract. Notwithstanding anything herein to the contrary, the Releasing Shipper shall not be relieved of its take-or-pay or transition cost obligations due under the "Cosmic Settlement" in Docket Nos. RP86-119, et al., or Transporter's settlement in Docket No. RP91-103 or any other obligations which may become due and which were incurred during the time the Releasing Shipper had the rights to such capacity, unless otherwise agreed to and paid in full by the Replacement Shipper.
- (e) The maximum rates for any release of one (1) year or more shall be the applicable maximum reservation rate and commodity rate, as well as all other applicable rates, charges and surcharges set forth in this Tariff respecting service under Rates Schedule FT, notwithstanding any discount to such rates, charges or surcharges then in effect for the Releasing Shipper. Effective until 9:00 a.m. CCT on September 30, 2002, or such date as the Commission may order, there is no maximum rate for a release of less than one year.
- (f) All terms and conditions of all releases must be consistent with the Terms and Conditions of the Releasing Shipper's Transportation Service Contract and with this Tariff, including the provisions on nominations and scheduling of service and curtailment of service. Any re-release of the capacity by a Replacement Shipper additionally must be consistent with the terms of such Replacement Shipper's Released Transportation Service Contract.

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GENERAL TERMS AND CONDITIONS (continued)

- (g) A Releasing Shipper which has released its capacity subject to recall, upon occurrence of the event(s) allowing recall and unless otherwise specified in the Release Request, may effect a recall by notifying Transporter and Replacement Shipper by 8:00 a.m. CCT on the day preceding the effective date of the recall. Such notification will confirm that the conditions of recall have been met and will be accompanied by the scheduling information required under Section 3.4. A Releasing Shipper may specify in the Release Request whether the recalled capacity is to be reput (i.e., released back) to the original Replacement Shipper and the terms of the reput. These terms may be either: (i) reput must be accepted by the original Replacement Shipper for the original terms of the release or (ii) reput may be accepted at the option of the original Replacement Shipper for the original terms of the release. The Releasing Shipper may effect a reput by notifying Transporter and Replacement Shipper by 8:00 a.m. CCT on the day prior to the effective date of the reput of entitlements to Replacement Shipper. Provided, however, that if the recall is effected in a manner such that there is no change in scheduled quantities at any receipt or delivery points, then Releasing Shipper may notify Transporter of the recall any time up until two (2) hours prior to its occurrence. The minimum term of any recall shall be one day.
  
- (h) Transporter may invalidate any Release Request or any bid which does not conform in all respects to the requirements of Transporter's Tariff and such invalidated Release Request or bid shall be deemed null and void.

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**First Revised Sheet No. 104A** First Revised Sheet No. 104A : Effective

Superseding: ORIGINAL SHEET NO. 104A

GENERAL TERMS AND CONDITIONS (continued)

- (i) With respect to all temporary releases of firm service, Releasing Shippers shall remain responsible for payment of the reservation charge. Based on the terms of the Released Transportation Service Contract, the Releasing Shipper shall receive a demand credit equaling the demand dollars which Transporter bills to the Replacement Shipper in the same month that such bill is rendered to the Replacement Shipper. A demand rate for the purposes of this Section 3.17 shall consist of (i) the base demand rate, and (ii) all applicable surcharges. Any discount from said rate shall be deemed to be made first from the reservation charge and then from the surcharges. Therefore, a Releasing shipper paying a discounted rate is only entitled to receive any revenues from the release of its capacity that exceed the amount of the applicable surcharges.
  
- (j) Transporter shall bill the Replacement Shipper in accordance with Section 5 of the General Terms and Conditions of its FERC Gas Tariff based upon the rates, harges and surcharges incorporated into the Released Transportation Service Contract. The commodity charges for the Replacement Shipper shall include the maximum commodity rate under the applicable rate schedule, including all adjustments. Except with respect to charges for imbalance penalties or volumetric surcharges, if the Replacement Shipper fails to pay all or any portion of any bill, by the due date specified on the invoice, Transporter shall include on the next invoice to the Releasing Shipper all unpaid amounts up to the amount of the Releasing Shipper's reservation charge, including any applicable surcharges.



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GENERAL TERMS AND CONDITIONS (continued)

The Releasing Shipper shall be responsible for obtaining reimbursement for any such payment from the Replacement Shipper pursuant to the Three Party Contract, if such Three Party Contract is elected by the Replacement Shipper. Failure of either the Replacement Shipper or Releasing Shipper to pay bills as provided herein shall entitle Transporter to exercise the remedies available under the Transportation Service Contract and this Tariff, including suspension of service to the Releasing Shipper and the Replacement Shipper, as well as any other remedies available to Transporter.

- (k) With respect to all temporary releases of firm service, any increase in Transporter's rates, charges and surcharges shall remain the responsibility of the Releasing Shipper; provided, however, that the Releasing Shipper may provide in its Release Request for the rates, charges or surcharges for released transportation rights to increase in accordance with any such increases in Transporter's rates, charges and surcharges. In any event, any refunds of any rates or charges ordered by the FERC shall be paid by Transporter to the Releasing Shipper.
- (l) The Replacement Shipper's service under a release shall be subject to and governed by this Tariff, the terms and conditions of the Releasing Shipper's Service Contract and governing rate schedule and, in the event of a temporary release, shall also be subject to and governed by the Released Transportation Service Contract.
- (m) In the event that scheduling instructions, communications or nominations ("Communications") from the Releasing Shipper and Replacement Shipper are, in Transporter's sole opinion, inconsistent or conflicting,

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GENERAL TERMS AND CONDITIONS (continued)

Transporter shall comply with the Communications of the Releasing Shipper. Provided, however, that the same Communications, in Transporter's sole opinion, must not be inconsistent with Transporter's Tariff or the terms of either the Releasing Shipper's or Replacement Shipper's Service Contract. The Releasing Shipper shall indemnify Transporter against any claim or suit by the Replacement Shipper, its successors or assigns, arising from any action taken by Transporter in reliance upon the Releasing Shipper's Communications, and shall hold Transporter harmless for any action taken by Transporter in reliance upon the Communications of the Replacement Shipper. The Replacement Shipper shall indemnify Transporter against any claim or suit of any kind by the Releasing Shipper, its successors or assigns, arising from any action taken by Transporter in reliance upon the Communications of the Replacement Shipper and shall hold Transporter harmless for any actions taken by Transporter in reliance upon the Communications of the Releasing Shipper.

#### 4. MEASURING EQUIPMENT

- 4.1 Measuring station: With respect to gas received or delivered under a Transportation Contract, unless otherwise agreed upon, all measuring facilities shall be installed, if necessary, owned, maintained and operated by Transporter or Transporter's designee near the Receipt and Delivery Point(s).
- (a) Orifice meters, if used, shall be installed and operated, and gas quantities computed in accordance with the current published recommendations of the American Gas Association or as mutually agreed upon by Transporter and Shipper.
  - (b) Diaphragm or Turbine Meters, if used, shall be installed, and gas volumes computed, in accordance with generally accepted industry practices.
  - (c) Electronic Flow Computers or other types of flow computers are required, unless otherwise mutually

GENERAL TERMS AND CONDITIONS (continued)

agreed, and such shall be installed, and volumes calculated in accordance with generally accepted industry practices.

- (d) New Measurement Techniques - If at any time a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, such new method or technique may be substituted.
- 4.2 Check measuring equipment: Transporter and Shipper may install, maintain, and operate, at its own expense, such check measuring equipment as desired, provided that such equipment be installed on its own facilities so as not to interfere with the operation of either Party's measuring equipment at or near the Point of Delivery.
- 4.3 Right to be present: Transporter and Shipper have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas under the executed Service Contract. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts together with calculation therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
- 4.4 Care required: All installations of measuring equipment applying to or affecting deliveries of gas shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by Transporter and Shipper in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume of gas delivered by Transporter to Shipper.
- 4.5 Calibration and test of meters: The accuracy of Transporter's measuring equipment shall be verified at reasonable intervals, and if requested, in the presence of representatives of Shipper or Transporter, but neither party shall be required to verify the accuracy of equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the

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GENERAL TERMS AND CONDITIONS (continued)

other that it desires a special test of any measuring equipment, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. The expense of any special test, if called for shall be borne by the requesting Party if the measuring equipment tested is found to be in error not more than two percent (2%).

If, upon test, any measuring equipment is found to be in error by not more than two percent (2%), any previous recording by such equipment shall be considered accurate in computing deliveries of gas, but such equipment shall be adjusted at once to record accurately.

If, upon test, any measuring equipment shall be found to be inaccurate by an amount exceeding two percent (2%), at a recording corresponding to the average hourly rate of flow for the period since the last preceding test, then any previous recordings of such equipment shall be corrected to zero error for one-half (1/2) of the time elapsed since the date of the last test.

- 4.6 Measurement Closing - The closing of measurement shall be no later than the fifth (5th) business day after the close of the production month. Any meter adjustment that occurs after the closing of measurement shall be treated as a prior period adjustment. If actual quantities are not available, quantities will be estimated by the measuring party.
- 4.7 Correction of metering errors - failure of meters:  
In the event a meter is out of service, or registering inaccurately, the volume of gas delivered shall be determined:
- (a) by using the registration of any check meter, telemeter or meters, if installed and accurately registering; or, in the absence of (a);
  - (b) by correcting the error if the percentage of error is ascertainable by calibration, tests or mathematical calculation; or in the absence of both (a) and (b), then;
  - (c) by estimating the quantity of delivery by deliveries during periods under similar conditions when the meter was registering accurately.

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Superseding: FIRST REVISED SHEET NO. 108A

GENERAL TERMS AND CONDITIONS (continued)

- 4.8 Correction of metering errors-adjustments: Measurement data corrections should be processed within six (6) months from the end of the production month, unless (i) Transporter, Shipper and Operator mutually agree otherwise or (ii) the correction is the result of a deliberate omission or misrepresentation by a Party or a mutual mistake of fact. Prior period measurement adjustments will be taken back to the production flow month and reflected as such on invoices, imbalance statements and allocation statements. In all instances where a correction is made, Shipper, Transporter or Operator, as applicable, shall have a 3 month rebuttal period. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.
- 4.9 Preservation of metering records: Transporter and Shipper shall each preserve for a period of at least one (1) year all test data, charts, and other similar records.

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**Third Revised Sheet No. 109** Third Revised Sheet No. 109 : Effective

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GENERAL TERMS AND CONDITIONS (Continued)

5. BILLING

5.1 Monthly invoicing date: Transporter shall render by mail, fax, or by electronic communication invoices and imbalance statements on or before the ninth (9th) business day of each month for all gas delivered and service furnished during the preceding month. Transporter may render separate invoices for demand charges, commodity charges and cash-out charges.

5.2 Right of examination: Both Transporter and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the executed Service Contract.

5.3 Direct billing of exit fees: In the event a Shipper receiving service under Transporter's Rate Schedules FT or FT-SG requests to terminate its service with Transporter prior to the expiration of its contract or to reduce its level of service in the absence of specific contract rights to do so, Transporter and that Shipper may negotiate an exit fee to be charged for the right to make such a termination or reduction.

6. PAYMENTS

6.1 Monthly payment date: Shipper (or other payor) shall pay Transporter, at a bank designated by Transporter, so that payment is received and Transporter has available funds therefrom on or before the twenty-fifth (25th) day of each month, unless payment is made by check, in which case payment shall be received in Transporter's offices on or before the twenty-third (23rd) day of each month, for the natural gas and natural gas service purchased by Shipper during the preceding months and invoiced by Transporter in a statement for such month according to the measurement, computations and prices provided in the applicable Rate Schedule(s) and the executed Service Contract. All payments shall be identified by invoice number and the party making payment should submit supporting documentation. The party receiving payment should apply the payment per the supporting documentation provided by the paying party. If a payment differs from the invoiced amount, remittance detail should be provided with the payment.

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GENERAL TERMS AND CONDITIONS (continued)

- 6.2 Remedies for non-payment: Should Shipper fail to pay all of the amount of any invoice as herein provided when such amount is due, interest on the unpaid portion of the invoice shall accrue from the due date until the date of payment at the interest rate calculated according to Section 154.67(c)(2) of the FERC's regulations. If such failure to pay continues for thirty (30) days after payment is due and Transporter has provided Shipper and the Federal Energy Regulatory Commission with at least fifteen (15) days notice that service will terminate due to the non-payment, Transporter in addition to any other remedy it may have under the executed Services Contract may suspend further delivery of gas until such amount is paid. Provided, however, that if Shipper in good faith shall dispute the amount of any such invoice or part thereof (and provides Transporter written documentation as to the basis for the dispute) and shall pay to Transporter such amounts as it concedes to be correct and at any time thereafter within thirty (30) days of a demand made by Transporter shall furnish good and sufficient surety bond, guaranteeing payment to Transporter of the amount ultimately found due upon such invoices after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Transporter shall not be entitled to seek or suspend further delivery of gas unless and until default be made in the conditions of such bond.
- 6.3 Adjustment of underpayment, overpayment or error in invoicing: If it shall be found that Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the executed Service Contract, and Shipper shall have actually paid the invoices containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, Transporter shall refund the amount of any such overcharge with interest thereon from the time such overcharge was paid to the date of refund the interest rate calculated according to Section 154.67(c)(2) of FERC's regulations and Shipper shall pay the amount of any such undercharge, but without interest.

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**Third Revised Sheet No. 111** Third Revised Sheet No. 111 : Effective  
Superseding: SUB SECOND REVISED SHEET NO. 111  
GENERAL TERMS AND CONDITIONS (continued)

Prior period adjustment time limits, excluding governmental required rate changes, should be six (6) months from the date of the initial transportation invoice and 7 months from the date of initial sales invoice to which the error pertains, unless (i) the parties mutually agree otherwise, or (ii) the claimed error is the result of a deliberate omission or misrepresentation by either party or a mutual mistake of fact. In all instances in which a claim for adjustment is made, the Shipper or Transporter, as applicable shall have a 3 month rebuttal period. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

7. POSSESSION OF GAS

Unless otherwise provided in the transportation contract or applicable Rate Schedule, as between Transporter and Shipper, Shipper shall be deemed to be in exclusive control and possession of the gas to be transported (i) prior to receipt by Transporter at the Receipt Point(s), and (ii) after delivery by Transporter at the Delivery Point(s); otherwise, Transporter shall be in exclusive control and possession of the gas. The Party which shall be in exclusive control and possession of the gas shall be responsible for all injury or damage caused thereby to any third party. In the absence of negligence or willful misconduct on the part of Transporter, Shipper waives any and all claims and demands against Transporter, its officers, employees or agents, arising out of or in any way connected with (i) the quality, use or condition of the gas after delivery from Transporter for the account of such Shipper, (ii) any losses or shrinkage of gas during or resulting from transportation hereunder, and (iii) all other claims and demands arising out of Transporter's performance of its duties hereunder. In any event, Transporter's shall not be liable for any damages hereunder other than compensatory damages.

8. PRESSURES

Unless otherwise provided in the applicable Rate Schedule, or executed Service Contract, this Section 8 shall apply to all transportation service.



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GENERAL TERMS AND CONDITIONS (continued)

Transporter shall deliver natural gas to Shipper at Transporter's line pressure at the Point of Delivery designated in the executed Service Contract between Transporter and Shipper, but the minimum pressure shall be as agreed upon by Shipper and Transporter in the executed Service Contract. The pressure shall not be less than fifty (50) pounds per square inch gauge, as long as the volume of gas delivered during the most recent twenty-four (24) hour period does not exceed Transporter's maximum daily obligation to deliver to Shipper. Provided that as long as Transporter's suppliers maintain a delivery pressure of at least six hundred (600) pounds per square inch gauge at suppliers' delivery points to Transporter, and the volume of gas delivered to Shipper during the most recent twenty-four hour period does not exceed Transporter's maximum daily obligation to Shipper, Transporter shall maintain delivery pressure to Shipper of not less than one hundred (100) pounds per square inch gauge, unless Shipper shall agree to delivery at a lower pressure. Transporter shall endeavor to, but shall not be obligated to, provide deliveries at the pressure requested by Shipper.

9. WARRANTY OF TITLE OF GAS

9.1 Gas Sales Service: Transporter warrants that it will at the time of delivery, pursuant to Rate Schedule G or SG have good title to all gas delivered by it to Shipper; that same will be free and clear of all liens, encumbrances, and claims whatsoever, that it will at such time of delivery have good right and title to sell said gas as aforesaid; and that it will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse claims of any or all persons to said gas or to royalties, taxes, license fees or charges thereon, which are applicable before the title to the gas passes to Shipper. In the event any adverse claim of any character whatsoever is asserted against Shipper in respect of any of said gas, Shipper may retain the purchase price thereof up to the amount of such claim against it without interest, until such claim has been finally determined, as security for the performance of Transporter's obligations with respect to such claims under this Section, or until Transporter shall have furnished bond to Shipper, in the amount of such claim and with sureties satisfactory to Shipper conditioned for the protection of Shipper with respect to such claim.

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**First Revised Sheet No. 113** First Revised Sheet No. 113 : Effective  
Superseding: ORIGINAL SHEET NO. 113

GENERAL TERMS AND CONDITIONS (continued)

9.2 Transportation Service: This Section 9.2 shall apply to all transportation service unless otherwise provided in the applicable Rate Schedule or transportation contract. Shipper or OBA Party warrants for itself, its successors and assigns, that it will have, at the time of delivery of gas for transportation hereunder, good title or the right to acquire title for the delivery of the gas. Transporter warrants for itself, its successors and assigns, that the gas it warrants hereunder shall be free and clear of all liens, encumbrances and claims whatsoever, that each will have at such time of delivery good right and/or title to deliver the gas, that each will indemnify the other and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, license fees, or charges thereon which are applicable for such delivery of gas and that each will indemnify the other and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by and the obligation of the party making such delivery. If Shipper's or OBA Party's title or right to deliver gas to be transported is questioned or involved in any action Shipper or OBA Party shall not qualify for or shall be ineligible to continue to receive service until such time as Shipper's or OBA title or right to deliver is free from question; provided, however, Transporter shall allow Shipper to qualify for or continue receiving service under this Tariff if Shipper or OBA Party furnishes a bond satisfactory to Transporter. Title to the gas received by Transporter at the Receipt Point(s) shall not pass to Transporter except that as provided in Section 3.7 (and title to gas delivered for fuel and losses quantities shall pass to Transporter upon delivery at the Receipt Point(s)).

10. PRIORITY OF SERVICE

Deliveries under Transporter's Rate Schedules shall be made in accordance with the provisions of Sections 3 and 22 of these General Terms and Conditions.

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Superseding: ORIGINAL SHEET NO. 114

GENERAL TERMS AND CONDITIONS (continued)

11. FORCE MAJEURE AND REMEDIES

- 11.1 Relief from liability: Neither Transporter nor Shipper shall be liable in damages to the other for any act, omission, or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, line freeze ups, temporary failure of firm gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether caused or occasioned by or happening on account of the act or omission of one of the Parties to the executed Service Contract between Transporter and Shipper or some person or concern not a party thereto, not within the control of the Party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the Party claiming suspension.
- 11.2 Liabilities not relieved: Such causes or contingencies affecting the performance of said executed Service Contract by either Party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such cause or contingencies affecting the performance of said Contract relieve either Party from its obligations to make payments of amounts then due thereunder, nor shall such causes or contingencies relieve either Party of liability unless such Party shall give notice and full particulars of the same in writing or by electronic communication to the other Party as soon as possible after the occurrence relied on.
- 11.3 Termination of executed Service Contract: If either Transporter or Shipper shall fail to perform any of the

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GENERAL TERMS AND CONDITIONS (continued)

covenants or obligations imposed upon it by the executed Service Contract, then in such event the other party may at its option terminate said Contract by proceeding as follows:

The Party not in default shall cause a written notice to be served on the Party in default, stating specifically the cause for terminating the contract and declaring it to be the intention of the Party giving the notice to terminate the same. Thereupon the Party in default shall have thirty (30) days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the notice for terminating the Contract, and if within said period of thirty days the Party in default does so remove and remedy said cause or causes and fully indemnify the Party not in default for any and all consequences of such breach, then such notice shall be withdrawn and the Contract shall continue in full force and effect. In case the Party in default does not so remedy and remove the cause or causes or does not indemnify the Party giving the notice for any and all consequences of such breach, within said period of thirty (30) days, the Contract shall terminate. Any cancellation of the Contract pursuant to the provisions of this section, except where Transporter fails to transport gas delivered to it due to its negligence except where such failure is due to the Shipper's own conduct or that of its suppliers, shall be without prejudice to the right of Transporter to collect any amounts then due to it for natural gas delivered prior to the time of cancellation, and shall be without prejudice to the right of Shipper to receive any gas which it has not received but for which it has delivered to Transporter for transportation prior to the time of cancellation, and without waiver of any remedy to which the Party not in default may be entitled for violation of the Contract.

## 12. NOTICES

Unless otherwise specifically provided in this Tariff, particularly with regard to notices and communications required through Transporter's EBB, any notice, request, demand, statement, or bill provided for in this Tariff or in an executed Service Contract, or any notice which either Transporter or Shipper may desire to give to the other, shall be in writing and

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GENERAL TERMS AND CONDITIONS (continued)

shall be considered as duly delivered when mailed by post-paid registered mail addressed to said Party at its last known post office address, or at such other address as either Party may designate in writing. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed (by either registered or by ordinary mail) or by electronic communication. Any notice, request, demand, communication, or other posting made on Transporter's EBB as required by this Tariff shall be considered as duly delivered when transmitted by the sending party.

13. NON-WAIVER AND FUTURE DEFAULT

No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provision of an executed Service Contract shall operate or be construed as a waiver of any default or defaults, whether of a like or of a different character.

14. SCHEDULES AND SERVICE CONTRACT(S) SUBJECT TO REGULATION

This Tariff including these General Terms and Conditions and the respective obligations of the Parties under the executed Service Contract is subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities now or hereafter having jurisdiction.

15. OPERATING INFORMATION AND ESTIMATES

At Transporter's request, any Shipper which has executed a Gas Sales Contract, Transportation Service Contract or Released Transportation Service Contract with Transporter will furnish to Transporter within a reasonable period of time estimates of the hourly, daily, monthly and annual quantities of natural gas which Shipper desires Transporter to furnish to Shipper.

16. RESERVED

17. SERVICE CONTRACT

17.1 Form of Service Contract: Shipper shall enter into a Contract with Transporter under Transporter's standard

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GENERAL TERMS AND CONDITIONS (continued)

Form of Service Contract for the Rate Schedule  
applicable to the sale and/or transportation of natural  
gas to Shipper.

17.2 Term of Service Contract: The term of any executed  
Service Contract shall be as mutually agreed upon by  
Shipper and Transporter and shall not exceed twenty  
(20) years.

18. DELIVERY LATERAL PIPELINE POLICY

18.1 Transporter will, upon receiving proper authorization  
deemed requisite and satisfactory by Transporter, and  
upon the execution of a satisfactory Service Contract,  
expand, enlarge, or augment its existing delivery  
lateral pipelines on a non-discriminatory basis.

18.2 Nothing in this policy statement shall require  
Transporter to file an Application for a Certificate of  
Public Convenience and Necessity under Section 7(c) of  
the Natural Gas Act. Nothing in this policy statement,  
further, shall prevent Transporter from contesting an  
application for service filed pursuant to Section 7(a).  
Transporter reserves the right to seek a waiver of the  
policy set forth herein, for good cause shown, during  
any proceeding before the Commission instituted under  
Section 7 of the Natural Gas Act.

19. ODORIZATION

Gas delivered by Transporter will be delivered in its  
natural state without the addition of any odorizing agent,  
and Transporter does not by such delivery assume any  
obligation for damages, claims, or liabilities by reason of  
the fact that it has not odorized such gas prior to its  
delivery.

20. RESERVED

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GENERAL TERMS AND CONDITIONS (continued)

21. RESERVED

22. CAPACITY AND SUPPLY CURTAILMENT

22.1 If as the result of capacity constraints Transporter is in danger of curtailment or interruption of service, then Transporter shall allocate such reduced available capacity in accordance with Section 3 of Transporter's FERC Gas Tariff, Second Revised Volume No. 1.

- (a) Where Transporter's ability to render service is impaired in a particular segment of Transporter's system, then curtailment or interruption shall be effected in accordance with the above only in that segment of Transporter's system in which service has been impaired.

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GENERAL TERMS AND CONDITIONS (Continued)

22.2 If as a result of a curtailment of gas deliveries by Midcoast Interstate Transmission, Inc. merchant's (herein after referred to as "Seller") gas suppliers, Seller is unable to deliver the requirements of its sales customers within the limits of their sales contract volume limitations, the volume of gas which Seller determines it will be able to deliver will be allocated among Seller's sales customers in accordance with this Section 22.2,

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GENERAL TERMS AND CONDITIONS (Continued)

notwithstanding any other provision in this tariff or any service agreement or contract with Seller.

- (a) Definitions: Affected Services are those subject to curtailment under this Section 22 and include all deliveries under Seller's S Rate Schedule. Affected Customers are customers receiving Affected Service. The Volume Available for Affected Services for any Curtailment Period (consisting of a day, a series of consecutive days, a month, or a period of consecutive months) is the total volume of gas which Seller determines it will be able to deliver for Affected Services during the Curtailment Period.
- (b) Method of Curtailment: Seller shall periodically determine the Volume Available for Affected Services for appropriate Curtailment Periods. If such volume is less than the estimated requirements of Affected Services for the period involved, Seller shall determine the Curtailment Period Quantity Entitlement (CPQE) which each Affected Customer shall be entitled to receive for Affected Services during that Curtailment Period. Seller shall promptly notify each Affected Customer of its Curtailment Period Quantity Entitlement and the Curtailment Period during which it will apply, as far in advance and for as long a period of time as is possible and reasonable. Seller may change announced CPQE if conditions so require.

The CPQE for each Affected Customer for each Affected Service shall be determined by allocating volumes to each such customer based on the customer's requirements for each partial and/or full month involved in the priority of service categories set forth in Section 22.2(c) of this Section 22.2. Such allocation shall be accomplished by assigning to each customer its requirements in each successive category beginning first with the highest (category 0) and continuing successively to each lower category, until the total volumes allocated to all Affected Customers equal the Volume Available for Affected Services. If such Volume Available for Affected Services is reached by assigning only a portion of the requirements of all Affected Customers

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GENERAL TERMS AND CONDITIONS (Continued)

in a priority category, the total volume to be assigned to all Affected Customers will be based on the ratio of each Affected Customer's requirements in that category to the total requirements of all Affected Customers in that category. If the Curtailment Period is a period less than a Month, the requirements in each priority category for each Affected Customer for such period shall be determined by multiplying each such customer's monthly requirements in each category by the ratio of the number of days in the Curtailment Period to the total days in such Month.

If changed conditions so require, Seller may (a) during the course of a previously announced Curtailment Period change the CPQEs for such period or (b) terminate a previously announced Curtailment Period prior to its originally announced expiration date and establish one or more new prospective Curtailment Periods for or including the remainder of the originally announced Curtailment Period. In the latter event, the CPQE for each Affected Customer for the terminated portion of the originally announced Curtailment Period shall be the sum of the average daily entitlements underlying the CPQE for each full Month and/or partial Month in the terminated portion of the originally announced Curtailment Period.

This Section 22.2 shall not be construed nor operate to permit any customer to receive deliveries in excess of contract volume limitations.

Such determination of Curtailment Period Quantity Entitlements shall be based on end-use data for the priority of service categories furnished by Affected Customers in accord with Section 22.2(c) of this Section 22.2, or when not furnished, imputed by Seller, based upon information available to Seller.

- (c) Priority of Service Categories: Curtailments under this Section 22.2 shall be based on the following priority categories:

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GENERAL TERMS AND CONDITIONS (Continued)

- (0) Affected Customer's use for fuel and loss and unaccounted for.
- (1) Residential, small commercial (less than fifty dekatherms on a peak day), schools, hospitals, police protection, fire protection, sanitation facility, or correctional facility.
- (2) Essential agricultural requirements.
- (3) Large commercial requirements (fifty dekatherms or more on a peak day), firm industrial requirements for plant protection, feedstock, and process needs, pipeline customer storage injection requirements, and firm industrial sales up to three hundred (300) dekatherms per day.
- (4) All industrial requirements not specified in (2), (3), (5), (6), (7), (8), (9), or (10).
- (5) Firm industrial requirements for boiler fuel use at less than three thousand (3,000) dekatherms per day, but more than fifteen hundred (1,500) dekatherms per day, where alternate fuel capabilities can meet such requirements.
- (6) Firm industrial requirements for large volume (3,000 dekatherms or more per day) boiler fuel use where alternate fuel capabilities can meet such requirements.
- (7) Interruptible requirements of more than three hundred (300) dekatherms per day but less than fifteen hundred (1,500) dth per day, where alternate fuel capabilities can meet such requirements.
- (8) Interruptible requirements of intermediate volumes (from 1,500 dekatherms per day through 3,000) dekatherms per day, where alternate fuel capabilities can meet such requirements.
- (9) Interruptible requirements of more than three thousand (3,000) dekatherms per day, but less than ten thousand (10,000) dekatherms per day, where alternate fuel capabilities can meet such requirements.

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GENERAL TERMS AND CONDITIONS (Continued)

- (10) Interruptible requirements of more than ten thousand (10,000) dekatherms per day, where alternate fuel capabilities can meet such requirements.

The definitions of terms for the priority of service categories are as follows:

- (1) Residential: Service to customers which consists of direct natural gas usage in a residential dwelling including apartments and other multi-unit buildings predominately for space heating, air conditioning, cooking, clothes drying, water heating and other residential use.
- (2) Hospital: Service to a facility, the primary function of which is delivering medical care to patients who remain at the facility including nursing and convalescent homes but excluding outpatient clinics or doctor's offices.
- (3) Schools: Service to a facility, the primary function of which is to deliver instruction to regularly enrolled students in attendance at such facility.
- (4) Essential Agricultural: Service to customers for natural gas usage which is certified by the Secretary of Agriculture pursuant to 7. C.F.R. S2900, et seq., excluding those volumes where the use of a fuel other than natural gas is economically practicable and that fuel is reasonably available as determined by the FERC under Section 401(b) of the NGPA.
- (5) Commercial: Service to customers engaged primarily in the sale of goods or services including institutions and local, state, and federal government agencies for uses other than those involving manufacturing or electric power generation.
- (6) Industrial: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.

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GENERAL TERMS AND CONDITIONS (Continued)

- (7) Firm Service: Service from schedules or contracts under which Seller is expressly obligated to deliver specific volumes within a given time period and which anticipates no interruptions, but which may permit unexpected interruption in case the supply to higher priority customers is threatened.
- (8) Interruptible Service: Service from schedules or contracts under which Seller is not expressly obligated to deliver specific volumes within a given time period, and which anticipates and permits interruption on short notice, or service under schedules or contracts which expressly or impliedly require installation of alternate fuel capability.
- (9) Plant Protection Gas: Is defined as minimum volumes required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel.  

This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.
- (10) Feedstock Gas: Is defined as natural gas used as a raw material for its chemical properties in creating an end product.
- (11) Process Gas: Is defined as gas use for which alternate fuels are not technically feasible such as in applications requiring precise temperature controls and precise flame characteristics. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.
- (12) Boiler Fuel: Is considered to be natural gas used as a fuel for the generation of steam or electricity, including the utilization of gas turbines for the generation of electricity.
- (13) Alternate Fuel Capabilities: Is defined as a situation where an alternate fuel could have been utilized

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GENERAL TERMS AND CONDITIONS (Continued)

whether or not the facilities for such use have actually been installed; provided, however, where the use of natural gas is for plant protection, feedstock, or process uses and the only alternate fuel is propane or other gaseous fuel, then the consumer will be treated as if he had no alternate fuel capability.

- (d) Special Adjustment Procedure: If any Affected Customer shall notify Seller that for any Curtailment Period, such customer's Curtailment Period Quantity Entitlement will result in emergency conditions, including environmental emergencies, irreparable injury to life or physical property, or in such customer's inability to serve minimum plant protection volumes when operations are shut down; and that such Affected Customer has to, the extent feasible, scheduled the use of all alternate sources of supply available for the Curtailment Period involved, Seller, having satisfied itself that the customer is entitled thereto, shall permit a special adjustment to such customer's Curtailment Period Quantity Entitlement equal to the volume required to avoid such emergency to the extent Seller can permit such adjustment without creating similar emergencies for other Affected Customers or jeopardizing Seller's operating program; provided, however, that no customer shall be entitled to receive on any day or in any period a volume in excess of its applicable contract volume limitations and that any customer receiving a special adjustment shall return the volume involved to Seller before resuming any interruptible services, or under such operating arrangements as may be agreed upon between Seller and the customer; and provided further that, if Seller determines that it is necessary, Seller may offset any such special adjustment by reductions of the Curtailment Period Quantity Entitlements of other Affected Customers pursuant to the procedures specified in Section 22.2(b) hereof.



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INDEX OF END USE VOLUMES  
IN ACCORDANCE WITH DOCKET RM79-15  
(DTH)

Total	Priority	Priority	Priority	Priority	Priority	Priority	Priority
	1	2	3	4	7	8	9
Unaccounted Requirements							

(TO BE SUPPLIED)

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**Second Revised Sheet No. 129** Second Revised Sheet No. 129 : Effective  
Superseding: FIRST REVISED SHEET NO. 129

GENERAL TERMS AND CONDITIONS (Continued)

A customer shall obtain such special adjustments by telephone communication to Seller, but each customer obtaining a special adjustment shall mail to Seller, within three (3) days after the date Seller agrees to each such adjustment, an affidavit certifying the detailed facts concerning the emergency involved, and showing that such customer has met each of the criteria specified herein for each such special adjustment for the period thereof.

- (e) Liability for Damages: Notwithstanding any other provision of Seller's FERC Gas Tariff or any service agreement or contract with Seller, Seller shall not be contractually or otherwise obligated to deliver to any customer any volumes of gas in excess of the maximum volume such customer is entitled to receive under this Section 22.2 and Seller shall not be liable in damages or otherwise to any customer or other person for any volume of gas which any customer is not permitted to receive as the result of curtailment of deliveries by Seller pursuant to this Section 22.2.

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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 130** Second Revised Sheet No. 130 : Effective  
Superseding: FIRST REVISED SHEET NO. 130

GENERAL TERMS AND CONDITIONS (Continued)

- (f) Unauthorized Overrun Penalty: If during any Curtailment Period, any Affected Customer takes, without Seller's advance approval, a volume of natural gas in excess of the Curtailment Period Quantity Entitlement applicable to such customers, said volume shall constitute unauthorized overrun volume. For each dth of such unauthorized overrun volume taken by such customer, such customer shall pay to Seller a penalty of fifteen dollars (\$15.00) together with and in addition to other charges otherwise payable by such customer for the period in which said unauthorized overrun volume was taken; provided, however, that Seller shall have the right, without obligation, to waive any penalty for unauthorized overrun volume under this Section 22.2(f), unless, on or after the day when the penalty was incurred, deliveries to Seller's other customers are adversely affected by the taking of said unauthorized overrun volume or Seller incurs a penalty from its supplier or Seller's pipeline operations are impaired as a result of said unauthorized overrun. The payment of a penalty for unauthorized overrun shall not, under any circumstances, be considered as giving any such customer the right to take unauthorized overrun; nor shall such payment be considered as a substitute for any other remedies available to Seller or any other customer against the offending customer for failure to adhere to its obligations under the provisions of this Section 22.2.
- (g) Customer Reports: Each customer of Seller shall promptly furnish such information as Seller may request from time to time to implement any curtailment under this Section 22.2, including but not limited to, (1) the customer's monthly requirements from Seller by priority of service categories with supporting data, including information for individual industrial consumers served by Seller's customers and (2) the periodic deliveries from Seller planned by the customer to implement any allocation of deliveries made effective under this Section 22.2 during any Curtailment Period.

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*FERC Docket: GT97-71-000*

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RESERVED

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*FERC Docket: GT97-71-000*

**Second Revised Sheet No. 132** Second Revised Sheet No. 132 : Effective

Superseding: FIRST REVISED SHEET NO. 132

GENERAL TERMS AND CONDITIONS (Continued)

23. RESERVED

24. FERC ANNUAL CHARGE ADJUSTMENT

Transporter shall adjust the rates for Funding Services, as defined herein, from time to time to reflect the annual charge assessed Transporter by the FERC ("Annual Charge") pursuant to Order Nos. 472 and 472-A, or any other superseding or related rule or order.

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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 133** Second Revised Sheet No. 133 : Effective

Superseding: FIRST REVISED SHEET NO. 133

GENERAL TERMS AND CONDITIONS (Continued)

- 24.1 Funding Services: Funding Services shall include all services under Rate Schedules shown on Sheet No. 4 of Transporter's FERC Gas Tariff.
- 24.2 (a) Filing of Annual Charge Rate Adjustment: The effective rates for Funding Services under Rate Schedules shown on Sheet No. 4 of Transporter's FERC Gas Tariff shall be the Rate After Current Adjustment for each applicable Rate Schedule reflecting the Current Annual Charge Rate Adjustment under this Section 24.
- (b) Effective Date of Adjustment: The Effective Date of Adjustment for each Annual Charge Rate Adjustment filed pursuant to this Section 24 shall be October 1 of each year. The Annual Charge Rate Adjustment shall become effective on the Effective Date of Adjustment without suspension or refund obligation.
- (c) Filing Procedure: At least thirty (30) days prior to the Effective Date of Adjustment, Transporter shall file with the FERC and post, as defined in Section 154.16 of the Commission's Regulations, revised Tariff Sheet No. 4 to Volume No. 1 of Transporter's FERC Gas Tariff, reflecting the Current Annual Charge Rate Adjustment.
- 24.3 Current Annual Charge Rate Adjustment: The current Annual Charge Rate Adjustment shall be the unit amount, adjusted as necessary for heating value and pressure base, which the FERC orders to be effective for the fiscal year commencing on the Effective Date of Adjustment.
- 24.4 Retention of Revenues Collected Under Annual Charge Rate Adjustment: Transporter shall retain all revenues collected under this Section 24. Except as provided by this Section 24, Transporter shall not have the right to seek to recover in any proceeding under Section 4(e) of the Natural Gas Act any Annual Charges recorded in its FERC Account No. 928.

25. INCORPORATION IN RATE SCHEDULES AND TRANSPORTATION CONTRACTS

These General Terms and Conditions are incorporated in and are a part of Transporter's Rate Schedules and Transportation Contracts excluding Rate Schedule S.

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**First Revised Sheet No. 134** First Revised Sheet No. 134 : Effective  
Superseding: ORIGINAL SHEET NO. 134

GENERAL TERMS AND CONDITIONS (Continued)

26. ALLOCATED TAKE-OR-PAY CHARGES

This section establishes the procedures under which Transporter will flow-through, pursuant to Section 2.104(e) of the Commission's Regulations, the jurisdictional portion of take-or-pay charges billed to it by upstream gas pipeline supplier(s) pursuant to FERC Docket No. RP86-119, et al. The allocation of such costs to Transporter's customers is based a method acceptable pursuant to FERC order Nos. 528 and 528-A.

26.1 Basis of the Allocated Take-or-Pay Charge: This section establishes Allocated Take-or-Pay Charges applicable to each of Transporter's transportation customers pursuant to Rate Schedules FT, FT-SG and IT for recovery of take-or-pay charges billed to Transporter by upstream gas pipeline supplier(s).

- (a) Such Allocated Take-or-Pay Charges applicable to each of Transporter's transportation customers shall be the amounts as set out on Sheet No. 4A of Transporter's FERC Gas Tariff, Original Volume No. 1. The charges set out thereon shall be adjusted from time to time to reflect either increases or decreases in the take-or-pay charges billed to Transporter by Tennessee. Such allocated Take-Or-Pay Charges shall be paid by each Shipper until Transporter has recovered from such Shipper its total aggregate allocated amount, including carrying charges.
- (b) Each customer's Allocated Take-or-Pay Charge shall be amortized over a five (5) year period or such shorter time as may be mutually agreeable.
- (c) Each customer, i.e. firm and interruptible transportation, shall pay the Volumetric Take-Or-Pay Surcharge as set forth on the then current Tariff Sheet No. 4A.
- (d) Transporter shall file, not less than annually, to adjust the Volumetric Take-Or-Pay Surcharge to

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FERC Docket: GT97- 71-000

**First Revised Sheet No. 135** First Revised Sheet No. 135 : Effective  
Superseding: ORIGINAL SHEET NO. 135

GENERAL TERMS AND CONDITIONS (Continued)

reflect changes in that rate resulting from increases or decreases billed by its upstream gas pipeline supplier(s) or changes in Transporter's through-put. Further, at the end of the five (5) year period, Transporter shall compare the amount collected by the Volumetric Take-Or-Pay Surcharge to the amount to be recovered through that surcharge and either bill or refund any over-or-under recovery on a pro rata basis. Such adjustment shall not include any amounts which are uncollected because of discounting of Transporter's interruptible transportation rates.

(e) Transporter shall be entitled to carrying charges computed consistent with the method used by Tennessee as approved by the Commission, on the difference between amounts recovered by Transporter and the total amount to be recovered from Transporter's jurisdictional business.

26.2 Refunds: Any refund of take-or-pay amounts received by Transporter from Tennessee will be refunded to Transporter's customers on the same basis as the refunded amount, including carrying charges, was collected from the customers.

26.3 Payment: The amount of each jurisdictional customer's Take-or-Pay Charge, as calculated pursuant to Section 26.1 above, shall be due and payable consistent with the method described in Section 6.1 of General Terms and Conditions of Transporter's FERC Gas Tariff, Original Volume No. 1.

27. CONVERSION OF FIRM CONTRACTS

27.1 Upon the effective date of Transporter's filing in FERC Docket No. RS92-27, any Buyer receiving service under Transporter's Rate Schedule G as of November 1, 1992, Rate Schedule SG as of May 18, 1992 or which had a Firm Direct Sales Contract as of May 18, 1992 shall convert its full sales contract entitlement under said sales Rate Schedule to firm transportation service and shall execute an FT or FT-SG Contract, as applicable, in accordance with the provisions of Transporter's Rate Schedule FT or FT-SG.



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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 136** Second Revised Sheet No. 136 : Effective  
Superseding: FIRST REVISED SHEET NO. 136

GENERAL TERMS AND CONDITIONS (Continued)

- 27.2 The Contract Demand under sales contracts in effect prior to the effective date of Transporter's filing in FERC Docket No. RS92-27 was stated in cubic feet. Upon any conversion provided herein, the Contract Demand for the converted FT and FT-SG contracts shall be stated in dekatherms. For purposes of this conversion, Transporter shall use the current heating value of 1,026 Dth per million cubic feet of gas. However, in the event of a significant decline in the heating value of gas on Transporter's system, Transporter shall not be obligated to deliver more cubic feet of gas to any Shipper than the quantity calculated using a heating value of 1,026 Dth per million cubic feet. In the event of such a decline in heating value of gas on Transporter's system, Transporter will call a meeting of all Shippers to discuss an appropriate remedy.
28. DELIVERY POINT CAPACITY  
Shippers shall be allocated Primary Delivery Point Capacity at the same points listed under their sales and transportation contracts in effect as of the effective date of Transporter's restructuring pursuant to FERC Docket No. RS92-27.
29. ALLOCATION OF FIRM RECEIPT POINT CAPACITY
- 29.1 Shippers shall be allocated total Primary Receipt Point capacity equal to the Contract Demand specified in their sales contract in effect as of the effective date of Transporter's restructuring pursuant to FERC Docket No. RS92-27, plus an amount necessary to recognize fuel and losses.
- 29.2 All remaining Receipt Point capacity on Transporter's system shall be available to each firm Shipper as a Secondary Receipt Point on a pro rata basis.
30. ALLOCATION OF UPSTREAM TRANSPORTATION CAPACITY
- 30.1 Transporter shall allocate and assign its rights to firm transportation capacity under its contract with Tennessee pursuant to Tennessee's FT-A Rate Schedule to all Firm Sales customers that were purchasing gas from Transporter as of the effective date of Transporter's restructuring pursuant to FERC Docket No. RS92-27, based on each customers Contract Demand.
- 30.2 Shippers receiving an allocation and assignment of

GENERAL TERMS AND CONDITIONS (Continued)

Tennessee firm transportation capacity shall be responsible for all charges associated with such capacity, including but not limited to gas supply realignment costs and take-or-pay costs, effective on the implementation date of Transporter's filing in FERC Docket No. RS92-27.

- 30.3 All Shippers that were purchasing gas from Transporter on November 1, 1992 that are allocated Tennessee Storage shall receive a corresponding amount of Transporter's FT-A capacity on Tennessee.

31. CHANGE OF CAPACITY ENTITLEMENT

- 31.1 Shippers desiring to increase or decrease their allocated share of capacity on Transporter's system from any particular Receipt Point and potential Shippers seeking capacity on Transporter's system, may submit a Transportation Service Request Form which is set forth at Tariff Sheet No. 206 no later than thirty (30) days prior to the proposed effective date, stating:
- (a) In the event that the requesting party has an existing transportation contract with Transporter:
    - (i) Shipper's full name and address, and the name of the principal contact for purposes of the change in capacity;
    - (ii) the quantity and type of capacity that the Shipper wants to relinquish, if any;
    - (iii) the quantity and type of capacity that the Shipper desires to acquire, if any.
  - (b) In the event the requesting party does not have an existing transportation contract with Transporter, then the party shall provide, in addition to the information required in Section 31.1 (a) above, demonstration of creditworthiness under the Transporter's applicable Rate Schedule.

- 31.2 Transporter will notify the requesting party within 25 days of receipt of Shipper's request as to whether Transporter is able to grant the request. Transporter shall have no obligation to honor a request for an increase unless firm capacity is available, and no obligation to honor a request for a decrease unless

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**First Revised Sheet No. 138** First Revised Sheet No. 138 : Effective  
Superseding: ORIGINAL SHEET NO. 138

GENERAL TERMS AND CONDITIONS (Continued)

another qualified party agrees to take the relinquished capacity. Transporter shall accord Shippers who were buying gas under a firm sales contract from transporter on November 1, 1992 priority with respect to the granting of changes in capacity allocation hereunder.

32. DELEGATION RIGHTS

A Shipper may delegate, for a term of one or more calendar months starting on the first day of a month, a third party ("Shipper's Representative") who shall be responsible for submitting and receiving notices, making nominations or performing other administrative duties under any contract under Rate Schedule FT or FT-SG, provided the following conditions are met:

32.1 Shipper, the OBA Party at Shipper's Delivery Point, and Shipper's Representative must enter into a separate contract which shall set forth the terms and conditions of the delegation ("Delegation Authorization Contract") as set forth beginning on Sheet No. 234 of Transporter's FERC Gas Tariff. The executed Delegation Authorization Contract must be received by Transporter at least three (3) business days prior to the beginning of the month that the delegation is to be effective.

32.2 Any request for a Delegation Change must include the full name, address, and telephone numbers of appropriate contacts at Shipper's Representative and the OBA Party's places of business, and must be submitted in writing to (i) Transporter and (ii) OBA Parties at the Receipt and Delivery Points through which the delegated transportation service is to be received/delivered. Upon receipt of a written change request, Transporter shall send to Shipper, Shipper's Representative, and the OBA Party involved a Delegation Authorization Contract. The change will become effective on the first day of the first month following the date that Transporter receives all necessary fully executed Delegation Authorization Contracts.

**Second Revised Sheet No. 139** Second Revised Sheet No. 139 : Effective  
Superseding: FIRST REVISED SHEET NO. 139

GENERAL TERMS AND CONDITIONS (Continued)

- 32.3 Shipper's Representative shall not have the right to amend the underlying Contract in any manner, including but not limited to, changing Primary Receipt or Delivery Point(s) and changing the MDQ at Receipt and Delivery Point(s).
- 32.4 Transporter shall rely on communications and actions of Shipper's Representative for all purposes. Communications with, and actions by, the Shipper's Representative shall be deemed communications with or actions by Shipper. Shipper shall indemnify and hold Transporter harmless from suits, actions, costs, losses and expenses (including, without limitation, attorney's fees) arising from claims associated with Transporter's reliance on the communications and actions of Shipper's Representative. If Shipper's Representative fails to meet its obligation under Shipper's Transportation Contract, then, without Transporter being obligated to proceed against such representative, Shipper shall be liable for all obligations under the Transportation Contract.
- 32.5 A third party may administer rights under multiple transportation contracts, provided however, that such representative shall separately administer and account for each such transportation contract, including, without limitation, submitting nominations.
- 32.6 A third party receiving capacity by delegation shall use such capacity for the transportation of gas for only those Shippers that have delegated the rights and obligations under their transportation contracts.

33. BILLING OF TRANSITION COSTS

- 33.1 Applicability: This section shall govern the recovery of:
- (a) Amounts reflected in Transporter's Unrecovered Gas Cost Account pursuant to the terms of Transporter's previously effective Purchased Gas Cost Adjustment clause set forth in Section 20 of Volume 1 of Transporter's formerly effective Tariff ("Transporter Gas Costs") including refunds or adjustments applicable to such amounts received after the implementation date of RS92-27 but which are applicable to the period prior to such implementation;

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**Third Revised Sheet No. 140** Third Revised Sheet No. 140 : Effective  
Superseding: SECOND REVISED SHEET NO. 140

GENERAL TERMS AND CONDITIONS (Continued)

- (b) Amounts billed by Tennessee to Transporter pursuant to Section XIX of the General Terms and Conditions contained in Tennessee's Tariff that becomes effective upon the implementation of restructured services in Docket No. RS92-27-000 ("Tennessee Gas Costs"); and
- (c) Transportation Costs amounts reflected in Transporter's Unrecovered Transportation Cost Account pursuant to Section 33.4 of these General Terms and Conditions.

33.2 Recovery of Transporter Gas Costs: Transporter will terminate its existing Purchased Gas Cost Adjustment clause effective on the implementation date of Transporter's filing in FERC Docket No. RS92-27 ("Implementation Date"). The Unrecovered Gas Cost Account balance, including any amounts subsequently billed or refunded, regardless of when such amounts are received, applicable to the period the PGA was in effect, on the Implementation Date shall be billed/refunded in a lump sum amount to Shippers that were formerly bundled jurisdictional sales customers who had contracted to purchase gas from Transporter under Transporter's Rate Schedules G and SG on the day prior to the Implementation Date ("Affected Shippers"). Transporter will invoice/refund in a lump sum amount to Shippers for Transporter's Gas Costs attributable to each Shipper as follows:

- (a) Each Affected Shipper will be allocated a portion of Transporter's demand and commodity Unrecovered Purchased Gas Cost Account balance on the Implementation Date, including any amounts subsequently billed or refunded applicable to the period the PGA was in effect, plus adjustments to reflect changes in the accruals and estimates for billing dispute settlements, carrying charges and other amounts that are known and measurable within the six-month period following the Implementation Date.

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FERC Docket: GT97-71-000

**First Revised Sheet No. 140A** First Revised Sheet No. 140A : Effective  
Superseding: ORIGINAL SHEET NO. 140A

GENERAL TERMS AND CONDITIONS (Continued)

- (b) Each Affected Shipper will have allocated to it an amount of the total Unrecovered Purchased Gas Cost Account demand balance, including any amounts subsequently billed or refunded during the period the PGA was in effect, according to the following formula:

$$\left( \frac{X}{Y} \right) \text{times} ( Z ) =$$
  
Affected Shipper's allocated share of Unrecovered Purchased Gas Costs Account demand balance;

where

X= the Affected Shipper's effective sales

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**Second Revised Sheet No. 141** Second Revised Sheet No. 141 : Effective  
Superseding: FIRST REVISED SHEET NO. 141

GENERAL TERMS AND CONDITIONS (continued)

demand billing determinants effective immediately prior to the Implementation Date; and

Y= the total of the effective sales demand billing determinants under all of Transporter's G Sales Contracts and the imputed demand units (based on the total actual volumes received during the most recent twelve months proceeding the effective date of Transporter's restructuring filing) under all of Transporter's SG sales contracts effective immediately prior to the Implementation Date; and

Z= the total Unrecovered Purchased Gas Costs Account demand balances.

(c) Each Shipper will have allocated to it a share of the total Unrecovered Purchased Gas Cost Account commodity balance according to the following formula:

$((A/B) \times C) =$  Affected Shipper's allocated share of Unrecovered Purchased Gas Costs Account commodity balance; where

A= Affected Shipper's actual gas purchases pursuant to its sales contract for the 12 months prior to the Implementation Date; and

B= the total purchases of all Affected Shippers under Transporter's Rate Schedules G and SG during the 12 months prior to the Implementation Date.

C= the total Unrecovered Purchased Gas Cost Account Commodity balance.

(d) The affected Shipper shall have the option of paying such invoice amounts either in a lump sum payment or in 12 monthly installments including interest on the unpaid balance calculated pursuant to Section 154.305(h) of the Commission's Regulations.

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**Sub Third Revised Sheet No. 141A** Sub Third Revised Sheet No. 141A : Effective  
Superseding: SUB SECOND REVISED SHEET NO. 141A

GENERAL TERMS AND CONDITIONS (continued)

(e) Transporter shall file a report with the Commission at the end of the sixth month following the effective date of Transporter's tariff filed pursuant to Docket No. RS92-27 stating the balance in its FERC Account 191 and the amount collected or refunded at that time. In addition, Transporter shall file a second report with the Commission at the end of the amortization period showing the amounts actually billed or refunded and the method proposed to collect or refund any remaining balance.

33.3 Recovery of Tennessee Gas Costs: Upon Commission authorization, Tennessee Gas Costs shall be billed or refunded, as applicable, at each customers election, by way of a lump sum payment or direct billed monthly payments, to all former bundled jurisdictional sales customers and direct sales customers that had the contract right to purchase firm gas from Transporter on the day prior to the Implementation Date; provided, that in the case of costs allocated to former bundled direct sales customers, such recovery shall be limited to those customers from which Transporter has a right to collect such costs pursuant to the terms of the direct sales contract with such customers; provided, further, that any amount allocated but not collected from such former bundled direct sales customers (for reasons relating solely to Transporter's contract rights, if any, with such former bundled direct sales customers to collect such amounts) shall not be reallocated to Transporter's former bundled jurisdictional sales customers, (such former bundled jurisdictional sales and direct sales customers hereafter referred to together as the "Affected Shippers"). Transporter will invoice, over the same period used by Tennessee, Affected Shippers for Tennessee Gas Costs attributable to Affected Shippers, including interest on any unpaid balance calculated pursuant to Section 154.67(c) of the Commission's Regulations, as follows:



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**Second Revised Sheet No. 142** Second Revised Sheet No. 142 : Effective  
Superseding: FIRST REVISED SHEET NO. 142

GENERAL TERMS AND CONDITIONS (Continued)

- (a) Each Affected Shipper will be allocated a portion of Tennessee Gas Costs as of the effective date of termination of Tennessee's Purchased Gas Adjustment clause ("Tennessee Termination Date") plus adjustments to reflect changes in the accruals and estimates for billing dispute settlements, carrying charges and other amounts which are known and measurable within the six-month period following the Tennessee Termination Date.
- (b) Each Affected Shipper will have allocated to it an amount of Tennessee Gas Costs according to the following formula:

$(X/Y) \times Z =$  Affected Shipper's allocated share of Tennessee Gas Cost;

where

X= the Affected Shipper's firm sales Contract Demands effective immediately prior to the implementation date of transporter's restructuring pursuant to FERC Docket No. RS92-27; and

Y= the total of the firm sales Contract Demand under all of Transporter's Affected firm sales contracts effective immediately prior to the implementation date of transporter's restructuring pursuant to FERC Docket No. RS92-27; and

Z= the total Tennessee Gas Cost.

33.4 Transportation Cost Rate Adjustments

The rates and charges for the Affected Rate Schedules are subject to adjustments following the effective date of the rates filed by Transporter in Docket No. RP92-237 to reflect changes in Transportation Costs; provided; however, that these adjustments shall be effected no more frequently than on a semiannual basis. "Transportation Costs" are defined as the as-billed demand and commodity charges incurred by Transporter for the remaining demand charges after the temporary or permanent assignment of any such contracts.

**Second Revised Sheet No. 143** Second Revised Sheet No. 143 : Effective  
Superseding: FIRST REVISED SHEET NO. 143

GENERAL TERMS AND CONDITIONS (Continued)

Transporter shall make an initial filing of an adjustment under this article to coincide with the effective date of the tariff revisions in Docket No. RS92-27. On November 30 of each year Transporter shall file with the Commission a Transportation Cost Filing (the "Annual Transportation Cost Filing") to provide for the reconciliation under Paragraph (e)(4). The annual Transportation Cost Filing shall include a Current Transportation Cost Rate Adjustment (TCRA).

(a) Affected Rate Schedules

Affected Rate Schedules shall be Rate Schedules FT-SG and FT. The Affected Rates are the demand rates under Rate Schedule FT and the commodity rate under Rate Schedule FT-SG.

(b) Filing of Transportation Cost Rate Adjustment

The effective TCRA under the Affected Rate Schedules shall be shown in the Summary of Rates and Charges in Transporter's effective tariff. Each TCRA shall be effective on 30 days notice, unless notice is shortened by the Commission. Concurrent with each Annual Transportation Cost Filing, Transporter shall include computations showing the derivation of the TCRA.

(c) Calculation Period and Rate Determinants

The TCRA Calculation Period for each TCRA filing shall be the twelve-month period commencing with the effective date of that filing. The term Billing Determinants, as used herein, shall refer to the projected Demand and Commodity billing units for the affected Rate Schedules for the TCRA Calculation Period.

(d) Determination of Transportation Cost Rate Adjustment:

- (1) The Current Transportation Cost shall be the Transportation Costs estimated to be incurred by Transporter during the TCRA Calculation Period. These costs shall be classified to Demand.

**First Revised Sheet No. 144** First Revised Sheet No. 144 : Effective  
Superseding: ORIGINAL SHEET NO. 144

GENERAL TERMS AND CONDITIONS (Continued)

- (2) The Current Transportation Cost Rates shall be determined by dividing the Current Transportation Costs by the applicable Billing Determinants under the Affected Rate Schedules for the TCRA Calculation Period; provided that the Initial Transportation Cost Rates shall be determined on the basis of the applicable costs and billing determinants reflected in Transporter's rates in effect on the date of filing. The Demand Billing Determinants for Rate Schedule FT-SG shall be based on estimated Commodity Billing Determinants and an imputed load factor of 45%.
- (3) The Current Transportation Cost Rate Adjustment reflected in the Summary of Rates and Charges in Transporter's Tariff shall be determined in succeeding filings following the initial filing by subtracting the Transportation Cost Rate in Transporter's preceding TCRA from the Current Transportation Cost Rate. The Current Transportation Cost Rate Adjustment shall be applied to all of the demand rates under the appropriate Affected Rate Schedules and to the FT-SG commodity rate using an imputed load factor of 45%.
- (e) Unrecovered Transportation Cost Account:
- Transporter shall establish and maintain an Unrecovered Transportation Cost Account for the collection of the Transportation Costs under the Affected Rate Schedules as a sub-account of FERC Account No. 186.

- (1) Each month the Unrecovered Transportation Cost Account shall be (1) debited by Transporter's actual Transportation Costs (net of any cost reductions or revenues from Transporter's assignment of its capacity or obligations related to those actual Transportation Costs), and (2) credited by the actual revenues received attributable to the Transportation Costs reflected in Transporter's Rates, which revenues shall be determined by multiplying (i) the actual Demand and Commodity billing units under the Affected Rate Schedules for the billing month by (ii) the effective Current Transportation Cost Rate determined in accordance with this Section 33.4(d).
- (2) Commencing with the effective date of this Article, all transportation refunds received by Transporter, which relate to the Transportation Costs recovered pursuant to this Section, shall be credited to this Account.
- (3) Each month the Account shall be debited (in the event of a debit balance) or credited (in the event of a credit balance) with interest, calculated in accordance with the procedures set forth in Section 254.305 (h) of the Commission's regulations, on the prior month's ending balance.
- (4) In each annual Transportation Cost filing, Transporter shall adjust its rates either positively or negatively to include a surcharge to recover or return the balances in the applicable FERC Account No. 186 sub-accounts for Unrecovered Transportation Costs at the end of the month ending four (4) months prior to the effective date of the adjustments. The surcharge shall equal the applicable balance divided by the applicable estimated billing determinants for the TCRA Calculation Period.

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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 146** Second Revised Sheet No. 146 : Effective  
Superseding: FIRST REVISED SHEET NO. 146  
GENERAL TERMS AND CONDITIONS (Continued)

(f) Termination of Provision

At such times as the provisions of this Article are terminated, (a) any net credit balance in the applicable Account No. 186 sub-account for Unrecovered Transportation Costs shall be refunded to Shippers under the Affected Rate Schedules, or (b) any net debit balance shall be due and payable by Shipper's under the Affected Rate Schedules. Such credits or debits will be allocated to the affected Shippers in proportion to their applicable billing determinants during the preceding twelve months. Any refunds received after the termination that relate to the Transportation Costs reflected in adjustments under this Section shall be flowed through to the Shippers in the same manner as such Transportation Costs were flowed through under this Section.

*Effective Date: 10/01/1997 Status: Effective*

*FERC Docket: GT97-71-000*

**Second Revised Sheet No. 147** Second Revised Sheet No. 147 : Effective  
Superseding: FIRST REVISED SHEET NO. 147

RESERVED

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**Fifth Revised Sheet No. 148** Fifth Revised Sheet No. 148 : Effective  
Superseding: Fourth Revised Sheet No. 148

GENERAL TERMS AND CONDITIONS (Continued)

34. ORDER NO. 497 and 497-A COMPLIANCE INFORMATION AND  
PROCEDURES

34.1 Shared Personnel and Facilities

(a) Certain personnel working for the Transporter are involved in the operation of affiliated marketing companies. The titles of such personnel are as follows:

- (1) Dan C. Tutcher; President & CEO
- (2) I.J. "Chip" Berthelot, II; Executive Vice President & COO
- (3) E. Chris Kaitson; General Counsel
- (4) David Croucher; Contract Administration
- (5) Greg Montgomery; Financial Accounting

The only common facilities are offices occupied by those personnel listed above which are located at 1100 Louisiana, Suite 2900 and Suite 3200, Houston Texas 77002. These facilities include offices, office furniture and equipment. These facilities relate only to those personnel performing work for Transporter and the affiliated marketing companies. Additionally, Transporter and the affiliate marketing companies also share selected computer applications such as E-mail, etc. However, those applications do not include any applications related to Transporter's transportation services.

34.2 Standards of Conduct

Transporter will apply FERC Order No. 497 standards of conduct and reporting requirements to its marketing affiliate(s), including Merchant, as applicable.

34.3 Shipper Complaint Procedures

Customers are encouraged to resolve any disputes informally with their designated customer representative. A formal complaint concerning any transportation service offered by Transporter shall specifically state that it is a complaint under Order No. 497 or 636 and shall be directed, in writing, to the

*Effective Date: 08/20/2000 Status: Effective*

*FERC Docket: MT00- 11-000*

**Fourth Revised Sheet No. 149** Fourth Revised Sheet No. 149 : Effective  
Superseding: Third Revised Sheet No. 149

Reserved



**Sub Fourth Revised Sheet No. 150** Sub Fourth Revised Sheet No. 150 : Effective  
Superseding: Third Revised Sheet No. 150

GENERAL TERMS AND CONDITIONS (Continued)

General Counsel,  
Midcoast Interstate Transmission, Inc.,  
1100 Louisiana, Suite 2900,  
Houston, Texas 77002. Each complaint  
shall clearly identify the specific activity.  
that has given rise to the complaint. The  
General Counsel or his designee will  
respond initially to the complainant within 48  
hours, and in writing within 30 days.

34.4 Electronic Bulletin Board

- (a) General - Transporter shall contract with a third-party vendor (Vendor) for interactive electronic bulletin board services. Transporter's EBB will be made available to Shipper and other third parties, as set forth below. A Shipper or third party may gain access to Transporter's EBB by:
  - (a) acquiring compatible computer capability;
  - (b) executing the necessary access agreements with Vendor; and (c) receiving a user password for accessing the system.Transporter's EBB shall be available on a nondiscriminatory basis.
- (b) Operation - The EBB shall be available seven (7) days per week, twenty-four (24) hours per day, except during scheduled maintenance. The EBB will be menu driven and will allow for electronic mail and the uploading and downloading of files. Vendor, on behalf of Transporter, will create and maintain archived back-up records of the information displayed on the EBB for no less than three (3) years, and will permit parties reasonable access to those records. Vendor, will however, periodically purge from current files archived information regarding completed transactions. Information that has been purged from the EBB system will be archived, for at least three (3) years, and will be available in hard copy for inspection by appointment during regular business hours at Transporter's principal place of business.
- (c) Information Available - The EBB system will permit Shipper and third parties to access the following:

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**Third Revised Sheet No. 151** Third Revised Sheet No. 151 : Effective

Superseding: SECOND REVISED SHEET NO. 151

TRANSPORTATION REMOVE	POST	UPDATE
(1) Capacity Reallocation Transactions		
- Pre-arranged transfers	Shippers provide on-line	As necessary
Upon transaction completion		
- Maximum Rate Prerarrangement Transactions	within forty-eight hours	As necessary
Upon transaction completion	from commencement	
- Regular releases	Shippers provide on-line	As necessary
Upon transaction completion,		
notification by shipper or after six		
months, subject to re-posting		
- Short term releases	within forty-eight hours	As necessary
Upon transaction completion	from commencement	
(2) Unused Firm Capacityat receipt points,	Daily as required	Daily as required
Permanent feature		
on the mainline or at delivery points, and		
whether the capacity is available directly		
from the pipeline or through capacity release		
(3) Offers to purchase capacity	Daily as required	Daily as required
Permanent feature		
(4) Maintenance Schedules	One-month prior to maintenance	Daily as required
Permanent feature		
(5) Capacity Restriction	Immediate	As necessary
Thirty days after event		
(6) Imbalances	Daily	Daily
Seven days after event		
(7) Notices	As soon as possible	As necessary
Thirty days after event		
(8) Discounts	Immediate	As necessary
Ninety days		
(9) Tariff Rates	As tariff changes	As necessary
When replaced		
(10) Tariff Forms	As tariff changes	As necessary
When replaced		
(11) System Wide Notices	Immediate	As necessary
Thirty days after event		
(12) Critical Notices	Immediate	As necessary
Thirty days after event		

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FERC Docket: GT97-71-000

**Third Revised Sheet No. 152** Third Revised Sheet No. 152 : Effective  
Superseding: SECOND REVISED SHEET NO. 152

GENERAL TERMS AND CONDITIONS (Continued)

- (d) Relation to Other Provisions - Communications made in accordance with this Section shall satisfy the requirements of the Rate Schedules, Service Contracts, and General Terms and Conditions, as specified in this Tariff, and shall be binding upon the parties to the same extent as if transmitted by any other means permitted by such Tariff. Nothing in this Section, however, shall operate to override any requirements elsewhere in this Tariff with respect to the need for any communications, or the deadlines for such communications. In the event any conflict exists between this Section and any other provision of this Tariff, the latter provision shall control.
- (e) Warranty of Accuracy - All parties using the EBB system agree that they assume responsibility that the data that they transmit through the EBB is accurate and complete. All such parties further agree that the parties receiving data transmitted through the EBB may act in full reliance upon such data to the same extent that they could have had the data been delivered by any other means authorized under this Tariff.
- (f) Confidentiality - All communications received through the EBB system, and any data contained therein, shall be subject to the same requirements of confidentiality, if any, applicable to such communications had they been made by any other means permitted under this Tariff.
- (g) Responsibility for Employees - Each party shall be responsible for the actions of its employees and agents with respect to the use of or access to Transporter's EBB system. Each employee and agent shall be deemed to have authority to act on behalf of and to bind that party with respect to any communications and data in electronic transmissions initiated by that employee or agent. Provided, however, Shipper and other parties shall promptly inform Transporter of any changes in the employment status of any employee or agent holding a password to Transporter's EBB system affecting such employees or agents authority to act on behalf of and to bind that party.
- (h) Access to Data - In the event that any party receives a transmission that the receiving party knows or should know is not directed to or intended for the receiving

party, the receiving party shall immediately notify Transporter so that corrective action can be taken. In no event shall the receiving party utilize such information to the detriment of the transmitting party or any other party, or otherwise convey the substance of such transmission to any third party.

- (i) Security Breaches - Any Shipper or other party using the EBB agrees to notify Transporter promptly if there is any indication that a security breach may have occurred with regard to the EBB system, and to make any changes in passwords or other changes necessary to ensure the continued integrity of the EBB system.
- (j) Merchant/Marketing Affiliate - To the extent Transporter provides information related to transportation of natural gas, gas sales and marketing to its marketing affiliate(s), including Merchant, Transporter will contemporaneously disseminate that information to all current and potential shippers through the use of its EBB. This information will be updated on a daily basis and will be made available to the public seven (7) days a week. To the extent Transporter offers a discount rate for transportation to its marketing affiliate(s), including Merchant, then Transporter will contemporaneously make available the information regarding the discount offer to all current and potential Shippers. Transporter will electronically disseminate this information on its EBB.

35.

IT REVENUE CREDITING

The rates and charges for services performed under Rate Schedules FT and FT-SG ("Affected Services") shall be adjusted upon the effective date of Transporter's Tariff in FERC Docket No. RS92-27 to reflect the flow through of ninety percent (90%) of all revenue in excess of the level of cost allocated to IT services as approved by the Commission in Transporter's rate filing at FERC Docket No. RP92-237, or any other subsequent rate filing, received by Transporter for transportation service performed by it under Rate Schedule IT, net of amounts recovered from the application of the take-or-pay or transition surcharge rate and the ACA surcharge rate ("IT Revenue"). Such IT Revenue flow through shall be allocated among all Affected Services pro rata, based on the ratio of each customer's Contract Demand to the total of all Contract Demand for all Affected Services. The pro rata share of such IT Revenue crediting shall be reflected on each customer's bill for the month following the month in which the IT Revenue is received.

Effective Date: 05/01/2001 Status: Effective  
FERC Docket: RP01-286-001

**Substitute Fifth Revised Sheet No. 154** Substitute Fifth Revised Sheet No. 154 : Effective  
Superseding: Fourth Revised Sheet No. 154

GENERAL TERMS AND CONDITIONS (continued)

36. Gas Industry Standards Board ("GISB")

Pursuant to Order Nos. 587, 587-B through 587-K promulgated by the FERC in Docket No. RM96-1, for GISB Standards that do not otherwise require implementing tariff provisions, the following GISB Standards are hereby incorporated by reference into Transporter's FERC Gas Tariff. Unless specifically indicated otherwise, all incorporated standards are as reflected in GISB Version 1.4.

36.1 General Standards: 0.3.1.

36.2 Nominations Related Standards: 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.3.2 (v), 1.3.2 (vi), 1.3.7, 1.3.14, 1.3.15, 1.3.17, 1.3.18, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.47, 1.3.48, 1.3.49, 1.3.50, 1.3.51, 1.3.52, 1.3.53, 1.3.54, 1.3.55, 1.3.56, 1.3.57, 1.3.58, 1.3.59, 1.3.60, 1.3.61, 1.3.62, 1.3.63, 1.3.79 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, and 1.4.7.

36.3 Flowing Gas Related Standards: 2.2.1, 2.3.1, 2.3.8, 2.3.9, 2.3.10, 2.3.12, 2.3.13, 2.3.15, 2.3.17, 2.3.23, 2.3.24, 2.3.25, 2.3.27, 2.3.31, 2.3.32, 2.3.33, 2.3.34, 2.3.35, 2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, and 2.4.6.

36.4 Invoicing Related Standards: 3.2.1, 3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.16, 3.3.17, 3.3.20, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.4.1, 3.4.2, 3.4.3, and 3.4.4.

36.5 Electronic Delivery Mechanism Standards: 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.3.1, 4.3.2, 4.3.3, 4.3.5, 4.3.6, 4.3.7, 4.3.8, 4.3.9, 4.3.10, 4.3.11, 4.3.12, 4.3.13, 4.3.14, 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,

Effective Date: 08/01/1999 Status: Effective

FERC Docket: RP99-393-000

**Original Sheet No. 154A** Original Sheet No. 154A : Effective

36.5 Capacity Release Related Standards: 5.2.1, 5.3.9,  
5.3.10, 5.3.11, 5.3.12, 5.3.17, 5.3.20, 5.3.21,  
5.3.22, 5.3.23, 5.3.25, 5.3.27, 5.3.28, 5.3.29,  
5.3.30, 5.4.1, 5.4.2, 5.4.3, 5.4.4, 5.4.5, 5.4.6,  
5.4.7, 5.4.8, 5.4.9, 5.4.10, 5.4.11, 5.4.12,  
5.4.13, 5.4.14, 5.4.15, 5.4.16, and 5.4.17.

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*FERC Docket: GT97- 71-000*

**First Revised Sheet No. 155** First Revised Sheet No. 155 : Effective  
Superseding: ORIGINAL SHEET NO. 155

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**First Revised Sheet No. 156** First Revised Sheet No. 156 : Effective  
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*FERC Docket: GT97-71-000*

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Superseding: ORIGINAL SHEET NO. 159

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Superseding: ORIGINAL SHEET NO. 160

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**First Revised Sheet No. 163** First Revised Sheet No. 163 : Effective  
Superseding: ORIGINAL SHEET NO. 163

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*Effective Date: 10/01/1997 Status: Effective*

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**Second Revised Sheet No. 164** Second Revised Sheet No. 164 : Effective  
Superseding: FIRST REVISED SHEET NO. 164

RESERVED



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Superseding: FIRST REVISED SHEET NO. 165

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Superseding: FIRST REVISED SHEET NO. 166

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**First Revised Sheet No. 168** First Revised Sheet No. 168 : Effective  
Superseding: ORIGINAL SHEET NO. 168

FORM OF SERVICE CONTRACT  
GAS TRANSPORTATION CONTRACT  
(For Use Under Rate Schedule FT)

THIS AGREEMENT is made and entered into as of the \_\_\_\_ day  
of \_\_\_\_\_, 19\_\_, by and between MIDCOAST INTERSTATE  
TRANSMISSION, INC., an Alabama Corporation, hereinafter referred  
to as "Transporter" and \_\_\_\_\_, a \_\_\_\_\_  
corporation, hereinafter referred to as "Shipper." Transporter  
and Shipper shall collectively be referred to herein as the  
"Parties."

W I T N E S S E T H:

That in consideration of the premises and of the mutual  
covenants and agreements herein contained, Transporter and Shipper  
agree as follows:

ARTICLE I

DEFINITIONS

- 1.1 TRANSPORTATION QUANTITY - shall mean the Maximum Daily  
Quantity ("MDQ") of gas which Transporter agrees to receive  
and transport, subject to Article II herein, for the account of  
Shipper hereunder, which on each day shall be \_\_\_\_\_  
dekatherms. Any limitations of the quantities to be received  
from each Point of Receipt and/or delivered to each Point of  
Delivery shall be as specified on Exhibit(s) A and B attached  
hereto.
- 1.2 EQUIVALENT QUANTITY - shall mean that the quantities of gas  
delivered hereunder at the Point(s) of Delivery shall be the  
thermal equivalent of the quantities of gas received at the  
Point(s) of Receipt for transportation less, the Fuel and  
Losses Quantity associated with this transportation service in  
accordance with Section 6 of Rate Schedule FT.

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**First Revised Sheet No. 169** First Revised Sheet No. 169 : Effective  
Superseding: ORIGINAL SHEET NO. 169

FORM OF SERVICE CONTRACT (FT)  
(continued)

ARTICLE II  
TRANSPORTATION SERVICE

Transporter agrees to accept and receive daily on a firm basis, at the Point(s) of Receipt from Shipper or for Shipper's account such quantity of gas as Shipper makes available up to the MDQ, excluding fuel and losses, as specified in Section 1.1 and to transport and deliver to or for the account of Shipper to the Point(s) of Delivery an equivalent quantity of gas; provided, that Transporter, at its option, may agree to receive, transport and deliver quantities of gas in excess of the amounts specified in Section 1.1, subject to the limitations and conditions specified in Section 2 of Rate Schedule FT.

ARTICLE III  
PRIMARY POINT(S) OF RECEIPT AND DELIVERY

- 3.1 The Primary Point(s) of Receipt and Delivery shall be those points specified on Exhibit(s) A and B attached hereto.
- 3.2 Shipper may supplement Primary Point(s) of Receipt and/or Point(s) of Delivery provided by this Contract by submitting to Transporter a Customer Nomination Form. Such request form, after having been fully processed and accepted by Transporter, shall be deemed to have the full force and effect of a written Contract and shall qualify as a supplementary written consent pursuant to Paragraph 17.3 of this Contract. Priority of transportation service to such additional Points of Receipt and/or Delivery shall be determined pursuant to Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff. Shipper may nominate Secondary Point(s) of Receipt and/or Delivery within Shipper's MDQ by submitting to Transporter a revised Customer Nomination Form.

ARTICLE IV  
FACILITIES

All facilities are in place to render the service provided for in this Contract.

or

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**Second Revised Sheet No. 170** Second Revised Sheet No. 170 : Effective  
Superseding: FIRST REVISED SHEET NO. 170  
FORM OF SERVICE CONTRACT (FT)  
(continued)

[If facilities are to be constructed, a brief description of the facilities will be included, as well as who is to construct, own and/or operate such facilities in accordance with Transporter's Rate Schedule FT].

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ARTICLE V

RECEIPT AND DELIVERY PRESSURES

Shipper shall deliver or cause to be delivered to Transporter the gas to be transported hereunder at pressures sufficient to deliver such gas into Transporter's system at the Point(s) of Receipt. Transporter shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in Transporter's system at the Point(s) of Delivery.

ARTICLE VI

QUALITY SPECIFICATIONS AND STANDARDS FOR MEASUREMENT

For all gas received, transported and delivered hereunder the parties agree to the Quality Specifications and Standards for Measurement as specified in the General Terms and Conditions of Transporter's FERC Gas Tariff, Second Revised Volume No. 1. To the extent that no new measurement facilities are installed to provide service hereunder, measurement operations will continue in the manner in which they have previously been handled. In the event that such facilities are not operated by Transporter then responsibility for operations shall be deemed to be Shipper's. Any exceptions to this Article shall be specified on Exhibits(s) \_\_\_\_\_ attached hereto.

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**Second Revised Sheet No. 171** Second Revised Sheet No. 171 : Effective  
Superseding: FIRST REVISED SHEET NO. 171

FORM OF SERVICE CONTRACT (FT)  
(continued)

ARTICLE VII

RATES AND CHARGES FOR GAS TRANSPORTATION

- 7.1 TRANSPORTATION RATES - Commencing with the date of execution the compensation to be paid by Shipper to Transporter for the transportation service provided herein, including system fuel and losses, shall be in accordance with Transporter's Rate Schedule FT and the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 7.2 NEW FACILITIES CHARGE - \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.
- 7.3 INCIDENTAL CHARGES - Shipper agrees to reimburse Transporter for any filing or similar fees and taxes, which have not been previously paid by Shipper, which Transporter incurs in rendering service hereunder.
- 7.4 OTHER CHARGES - Shipper agrees to pay, if applicable, other charges as listed in Section 5.4, 5.5, 5.6, 5.7 and 5.8 of Rate Schedule FT.
- 7.5 CHANGES IN RATES AND CHARGES - Transporter shall have the unilateral right to file and make effective changes in the rates and charges stated in this Article, the rates and charges applicable to service pursuant to Transporter's Rate Schedule FT, the Rate Schedule pursuant to which this service is rendered and/or any provisions of the General Terms and Conditions in Transporter's FERC Gas Tariff applicable to this service. Without prejudice to Shipper's right to contest such changes, Shipper agrees to pay the effective rates and charges for service rendered pursuant to this Contract.

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FERC Docket: GT97- 71-000

**First Revised Sheet No. 172** First Revised Sheet No. 172 : Effective  
Superseding: ORIGINAL SHEET NO. 172

FORM OF SERVICE CONTRACT (FT)  
(continued)

#### ARTICLE VIII

##### BILLINGS AND PAYMENT

Transporter shall bill and Shipper shall pay all rates and charges in accordance with Section 5 and 6, respectively, of the General Terms and Conditions of Transporter's FERC Gas Tariff.

#### ARTICLE IX \*

##### TAXES

Shipper agrees to pay the amount of any tax and/or any increase of any additional tax (as tax and additional tax is defined in the next sentence hereof) which Transporter shall be required to pay. The term "tax" and "additional tax" shall mean collectively any sales (wholesale or retail), transactions, occupation, privilege license or franchise, service, production, severance, gathering, transmission, export or excise tax, assessment, fee, gross receipts or other exaction, whether of the kind herein enumerated, or otherwise (not including income, excess profits, capital stock, state franchise or general property taxes) hereafter levied, assessed or fixed by the United States or any state or other governmental authority, measured by, in respect of or applicable to the natural gas to be delivered by Transporter to Shipper under this Contract, and which Transporter may be liable for in any month either directly or indirectly through any obligation of Transporter to reimburse others.

\* This provision presently applies to the Alabama Utility Gross Receipts Tax. Taxes collected pursuant to this Article shall not be included in Transporter's FERC cost of service used for the design of jurisdictional rates.



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FERC Docket: GT97- 71-000

**First Revised Sheet No. 173** First Revised Sheet No. 173 : Effective  
Superseding: ORIGINAL SHEET NO. 173

FORM OF SERVICE CONTRACT (FT)  
(continued)

X

GENERAL TERMS AND CONDITIONS

This Contract shall be subject to the provisions of Transporter's Rate Schedule FT and to the General Terms and Conditions of Transporter's FERC Gas Tariff incorporated therein, as the same may be changed or superseded from time to time in accordance with the rules and regulations of the FERC, which Rate Schedule and General Terms and Conditions are incorporated herein by reference and made a part hereof for all purposes.

ARTICLE XI

REGULATION

This Contract shall be subject to all applicable and lawful governmental statutes, orders, rules and regulations and is contingent upon the receipt and continuation of all necessary regulatory approvals or authorizations upon terms acceptable to Transporter. This Contract shall be void and of no force and effect if any necessary regulatory approval is not so obtained or continued. All parties hereto shall cooperate to obtain or continue all necessary approvals or authorizations, but no party shall be liable to any other party for failure to obtain or continue such approvals or authorizations.

ARTICLE XII

RESPONSIBILITY DURING TRANSPORTATION

Except as herein specified, the responsibility for gas during transportation shall be as stated in the General Terms and Conditions of Transporter's FERC Gas Tariff.

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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 174** Second Revised Sheet No. 174 : Effective

Superseding: FIRST REVISED SHEET NO. 174

FORM OF SERVICE CONTRACT (FT)

(continued)

ARTICLE XIII

WARRANTIES

In addition to the warranties set forth in Section 9 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Shipper warrants the following:

- 13.1 Shipper warrants that all upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the Receipt and Delivery Point(s) under this Contract and any quantity limitations for each point as specified on Exhibits(s) A and B attached hereto. Shipper agrees to indemnify and hold Transporter harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Contract.
- 13.2 If transportation hereunder is pursuant to Subpart B of Part 284 of the FERC's Regulations, Shipper warrants that the service provided hereunder is on behalf of an intrastate pipeline or a local distribution company within the meaning of Section 311(a)(1) of the Natural Gas Policy Act of 1978.
- 13.3 Shipper agrees to indemnify and hold Transporter harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses (including reasonable attorneys fees) arising from or out of breach of any warranty, express or implied, by Shipper herein.
- 13.4 Transporter shall not be obligated to provide or continue service hereunder in the event of any breach of warranty.

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FERC Docket: GT97- 71-000

**First Revised Sheet No. 175** First Revised Sheet No. 175 : Effective  
Superseding: ORIGINAL SHEET NO. 175

FORM OF SERVICE CONTRACT (FT)  
(Continued)

ARTICLE XIV

TERM

- 14.1 The term of this Contract shall commence \_\_\_\_\_ and shall continue in full force and effect until \_\_\_\_\_ (the "Primary Term"). Providing the Primary Term is one year or more and Shipper is paying Transporter's Maximum FT transportation rate, then Shipper shall have a one-time, unilateral right, exercisable by written notice to Transporter at any time not less than twelve months before the end of the Primary Term, to extend the term of this Contract for a period of not less than one (1) year, nor more than fifteen (15) years which shall begin on the first day immediately following the expiration of the Primary Term and shall end on the date specified by Shipper in such notice ("the Rollover Term"). Providing Shipper is paying Transporter's Maximum FT transportation rate, the term of this Contract shall continue after the Primary Term or the Rollover Term, as the case may be, for successive periods of one (1) year each (the "Renewal Terms"), unless terminated as of the end of any such Primary Term, Rollover Term or Renewal Term by written notice given by either party to the other not less than twelve (12) months prior to the end of any such term; provided; however, that no such notice shall have the effect of terminating this Contract at the end of the Primary Term if Buyer has given notice extending the term of this Contract for a Rollover Term. If the FERC or other governmental body having jurisdiction over the service rendered pursuant to the Contract authorizes abandonment of such service, this Contract shall terminate on the abandonment date permitted by the FERC or such other governmental body.
- 14.2 Any portions of this Contract necessary to correct or cash-out imbalances under this Contract as required by the General Terms and Conditions of Transporter's FERC Gas Tariff, shall survive the other parts of this Contract until such time as such balancing has been accomplished.
- 14.3 This Contract will terminate automatically in the event Shipper fails to pay all of the amount of any bill for service rendered by Transporter hereunder in accord with the terms and conditions of Section 6 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

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**First Revised Sheet No. 176** First Revised Sheet No. 176 : Effective  
Superseding: ORIGINAL SHEET NO. 176  
FORM OF SERVICE CONTRACT (FT)  
(continued)

ARTICLE XV

NOTICE

Except as otherwise provided in the General Terms and Conditions applicable to this Contract, any notice under this Contract shall be in writing and mailed to the post office address of the party intended to receive the same, as follows:

Midcoast Interstate Transmission, Inc.  
P.O. Box 3869  
Muscle Shoals, Alabama 35662  
ATTENTION: Transportation Services  
Facsimile: 205-381-2858

Shipper:

NOTICES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

BILLINGS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

or to such other address as either Party shall designate by formal written notice to the other.

ARTICLE XVI

ASSIGNMENTS

16.1 Either Party may assign or pledge this Contract and all rights and obligations hereunder under the provisions of any mortgagee, deed of trust, indenture, or other instrument which it has executed or may execute hereafter as security for indebtedness. Either Party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to a company with which

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**First Revised Sheet No. 177** First Revised Sheet No. 177 : Effective  
Superseding: ORIGINAL SHEET NO. 177  
FORM OF SERVICE CONTRACT (FT)  
(continued)

it is affiliated, otherwise Shipper shall not assign this Contract or any of its rights hereunder, except in accord with Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff, unless it shall first have obtained the written consent of Transporter.

16.2 Any person which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of either party hereto shall be entitled to the right and shall be subject to the obligations of its predecessor in interest under this Contract.

ARTICLE XVII

MISCELLANEOUS

17.1 This Contract shall be interpreted under the laws of the State of Alabama.

17.2 If any provision of this Contract is declared null and void, or voidable, by a court of competent jurisdiction, then that provision will be considered severable upon consent of Transporter and the Shipper; and if the severability option is exercised, the remaining provisions of the Contract shall remain in full force and effect.

17.3 No modification of or supplement to the terms and provisions hereof shall be or become effective, except by the execution of supplementary written consent.

17.4 Exhibit(s) A and B attached hereto is/are incorporated herein by reference and made a part hereof for all purposes.

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97-71-000

**Second Revised Sheet No. 178** Second Revised Sheet No. 178 : Effective  
Superseding: FIRST REVISED SHEET NO. 178

FORM OF SERVICE CONTRACT (FT)  
(continued)

IN WITNESS WHEREOF, the parties hereto have caused this  
Contract to be duly executed in several counterparts as of the date  
first hereinabove written.

MIDCOAST INTERSTATE TRANSMISSION, INC.

ATTEST: \_\_\_\_\_

By: \_\_\_\_\_  
Agent and Attorney-in-fact

Accepted and Agreed to this  
\_\_\_ day of \_\_\_\_\_, 199\_\_

SHIPPER

ATTEST: \_\_\_\_\_

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

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 179** First Revised Sheet No. 179 : Effective  
Superseding: ORIGINAL SHEET NO. 179

FORM OF SERVICE CONTRACT  
GAS TRANSPORTATION CONTRACT  
(For Use Under Rate Schedule FT-SG)

THIS AGREEMENT is made and entered into as of the \_\_\_\_ day  
of \_\_\_\_\_, 19\_\_, by and between MIDCOAST INTERSTATE  
TRANSMISSION, INC., an Alabama Corporation, hereinafter referred  
to as "Transporter" and \_\_\_\_\_, a \_\_\_\_\_  
corporation, hereinafter referred to as "Shipper." Transporter  
and Shipper shall collectively be referred to herein as the  
"Parties."

W I T N E S S E T H:

That in consideration of the premises and of the mutual  
covenants and agreements herein contained, Transporter and Shipper  
agree as follows:

ARTICLE I

DEFINITIONS

- 1.1 TRANSPORTATION QUANTITY - shall mean the Maximum Daily  
Quantity ("MMBtu") of gas which Transporter agrees to receive  
and transport, subject to Article II herein, for the account of  
Shipper hereunder, which on each day shall be \_\_\_\_\_  
dekatherms. Any limitations of the quantities to be received  
from each Point of Receipt and/or delivered to each Point of  
Delivery shall be as specified on Exhibit(s) A and B attached  
hereto.
- 1.2 EQUIVALENT QUANTITY - shall mean that the quantities of gas  
delivered hereunder at the Point(s) of Delivery shall be the  
thermal equivalent of the quantities of gas received at the  
Point(s) of Receipt for transportation less, the Fuel and  
Losses Quantity associated with this transportation service in  
accordance with Section 8 of Rate Schedule FT-SG.

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 180** First Revised Sheet No. 180 : Effective  
Superseding: ORIGINAL SHEET NO. 180  
FORM OF SERVICE CONTRACT (FT-SG)  
(continued)

ARTICLE II  
TRANSPORTATION SERVICE

Transporter agrees to accept and receive daily on a firm basis in accordance with Rate Schedule FT-SG, at the Point(s) of Receipt from Shipper or for Shipper's account such quantity of gas as Shipper makes available up to the MDQ, excluding fuel and losses, as specified in Section 1.1 and to transport and deliver to or for the account of Shipper to the Point(s) of Delivery an equivalent quantity of gas; provided, that Transporter, at its option, may agree to receive, transport and deliver quantities of gas in excess of the amounts specified in Section 1(a), subject to the limitations and conditions specified in Sections 2 and 7 of Rate Schedule FT-SG.

ARTICLE III  
PRIMARY POINT(S) OF RECEIPT AND DELIVERY

- 3.1 The Primary Point(s) of Receipt and Delivery shall be those points specified on Exhibit(s) A and B attached hereto.
- 3.2 Shipper may supplement Primary Point(s) of Receipt and/or Point(s) of Delivery provided by this Contract by submitting to Transporter a Customer Nomination Form. Such request form, after having been fully processed and accepted by Transporter, shall be deemed to have the full force and effect of a written Contract and shall qualify as a supplementary written consent pursuant to Paragraph 17.3 of this Contract. Priority of transportation service to such additional Points of Receipt and/or Delivery shall be determined pursuant to Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff. Shipper may nominate Secondary Point(s) of Receipt and/or Delivery within Shipper's MDQ by submitting to Transporter a revised Customer Nomination Form.

ARTICLE IV  
FACILITIES

All facilities are in place to render the service provided for in this Contract.



Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 181** First Revised Sheet No. 181 : Effective  
Superseding: ORIGINAL SHEET NO. 181  
FORM OF SERVICE CONTRACT (FT-SG)  
(continued)

[If facilities are to be constructed, a brief description of the facilities will be included, as well as who is to construct, own and/or operate such facilities in accordance with Transporter's Rate Schedule FT-SG].

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ARTICLE V

RECEIPT AND DELIVERY PRESSURES

Shipper shall deliver or cause to be delivered to Transporter the gas to be transported hereunder at pressures sufficient to deliver such gas into Transporter's system at the Point(s) of Receipt. Transporter shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in Transporter's system at the Point(s) of Delivery.

ARTICLE VI

QUALITY SPECIFICATIONS AND STANDARDS FOR MEASUREMENT

For all gas received, transported and delivered hereunder the parties agree to the Quality Specifications and Standards for Measurement as specified in the General Terms and Conditions of Transporter's FERC Gas Tariff. To the extent that no new measurement facilities are installed to provide service hereunder, measurement operations will continue in the manner in which they have previously been handled. In the event that such facilities are not operated by Transporter then responsibility for operations shall be deemed to be Shipper's. Any exceptions to this Article shall be specified on Exhibits(s) \_\_\_\_\_ attached hereto.

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**Second Revised Sheet No. 182** Second Revised Sheet No. 182 : Effective  
Superseding: FIRST REVISED SHEET NO. 182  
FORM OF SERVICE CONTRACT (FT-SG)  
(continued)

ARTICLE VII

RATES AND CHARGES FOR GAS TRANSPORTATION

- 7.1 TRANSPORTATION RATES - Commencing with the date of execution the compensation to be paid by Shipper to Transporter for the transportation service provided herein, including system fuel and losses, shall be in accordance with Transporter's Rate Schedule FT-SG and the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 7.2 NEW FACILITIES CHARGE - \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.
- 7.3 INCIDENTAL CHARGES - Shipper agrees to reimburse Transporter for any filing or similar fees and taxes, which have not been previously paid by Shipper, which Transporter incurs in rendering service hereunder.
- 7.4 OTHER CHARGES - Shipper agrees to pay, if applicable, other charges as listed in Section 5 of Rate Schedule FT-SG.
- 7.5 CHANGES IN RATES AND CHARGES - Transporter shall have the unilateral right to file and make effective changes in the rates and charges stated in this Article, the rates and charges applicable to service pursuant to Transporter's Rate Schedule FT-SG, the Rate Schedule pursuant to which this service is rendered and/or any provisions of the General Terms and Conditions in Transporter's FERC Gas Tariff applicable to this service. Without prejudice to Shipper's right to contest such changes, Shipper agrees to pay the effective rates and charges for service rendered pursuant to this Contract.

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 183** First Revised Sheet No. 183 : Effective  
Superseding: ORIGINAL SHEET NO. 183  
FORM OF SERVICE CONTRACT (FT-SG)  
(continued)

ARTICLE VIII

BILLINGS AND PAYMENT

Transporter shall bill and Shipper shall pay all rates and charges in accordance with Section 5 and 6, respectively, of the General Terms and Conditions of Transporter's FERC Gas Tariff.

ARTICLE IX \*

TAXES

Shipper agrees to pay the amount of any tax and/or any increase of any additional tax (as tax and additional tax is defined in the next sentence hereof) which Transporter shall be required to pay. The term "tax" and "additional tax" shall mean collectively any sales (wholesale or retail), transactions, occupation, privilege license or franchise, service, production, severance, gathering, transmission, export or excise tax, assessment, fee, gross receipts or other exaction, whether of the kind herein enumerated, or otherwise (not including income, excess profits, capital stock, state franchise or general property taxes) hereafter levied, assessed or fixed by the United States or any state or other governmental authority, measured by, in respect of or applicable to the natural gas to be delivered by Transporter to Shipper under this Contract, and which Transporter may be liable for in any month either directly or indirectly through any obligation of Transporter to reimburse others.

\* This provision presently applies to the Alabama Utility Gross Receipts Tax. Taxes collected pursuant to this Article shall not be included in Transporter's FERC cost of service used for the design of jurisdictional rates.

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**First Revised Sheet No. 184** First Revised Sheet No. 184 : Effective  
Superseding: ORIGINAL SHEET NO. 184

FORM OF SERVICE CONTRACT (FT-SG)  
(continued)

X

#### GENERAL TERMS AND CONDITIONS

This Contract shall be subject to the provisions of Transporter's Rate Schedule FT-SG and to the General Terms and Conditions of Transporter's FERC Gas Tariff incorporated therein, as the same may be changed or superseded from time to time in accordance with the rules and regulations of the FERC, which Rate Schedule and General Terms and Conditions are incorporated herein by reference and made a part hereof for all purposes.

#### ARTICLE XI

##### REGULATION

This Contract shall be subject to all applicable and lawful governmental statutes, orders, rules and regulations and is contingent upon the receipt and continuation of all necessary regulatory approvals or authorizations upon terms acceptable to Transporter. This Contract shall be void and of no force and effect if any necessary regulatory approval is not so obtained or continued. All parties hereto shall cooperate to obtain or continue all necessary approvals or authorizations, but no party shall be liable to any other party for failure to obtain or continue such approvals or authorizations.

#### ARTICLE XII

##### RESPONSIBILITY DURING TRANSPORTATION

Except as herein specified, the responsibility for gas during transportation shall be as stated in the General Terms and Conditions of Transporter's FERC Gas Tariff.

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**First Revised Sheet No. 185** First Revised Sheet No. 185 : Effective

Superseding: ORIGINAL SHEET NO. 185

FORM OF SERVICE CONTRACT (FT-SG)

(continued)

ARTICLE XIII

WARRANTIES

In addition to the warranties set forth in Section 9 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Shipper warrants the following:

- 13.1 Shipper warrants that all upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the Receipt and Delivery points under this Contract and any quantity limitations for each point as specified on Exhibits(s) A and B attached hereto. Shipper agrees to indemnify and hold Transporter harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Contract.
- 13.2 If transportation hereunder is pursuant to Subpart B of Part 284 of the FERC's Regulations, Shipper warrants that the service provided hereunder is on behalf of an intrastate pipeline or a local distribution company within the meaning of Section 311(a)(1) of the Natural Gas Policy Act of 1978.
- 13.3 Shipper agrees to indemnify and hold Transporter harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses (including reasonable attorneys fees) arising from or out of breach of any warranty, express or implied, by Shipper herein.
- 13.4 Transporter shall not be obligated to provide or continue service hereunder in the event of any breach of warranty.

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 186** First Revised Sheet No. 186 : Effective  
Superseding: ORIGINAL SHEET NO. 186  
FORM OF SERVICE CONTRACT (FT-SG)  
(Continued)

ARTICLE XIV

TERM

- 14.1 The term of this Contract shall commence \_\_\_\_\_ and shall continue in full force and effect until \_\_\_\_\_ (the "Primary Term"). Providing the Primary Term is one year or more and Shipper is paying Transporter's Maximum FT-SG transportation rate, then Shipper shall have a one-time, unilateral right, exercisable by written notice to Transporter at any time not less than twelve months before the end of the Primary Term, to extend the term of this Contract for a period of not less than one (1) year, nor more than fifteen (15) years which shall begin on the first day immediately following the expiration of the Primary Term and shall end on the date specified by Shipper in such notice ("the Rollover Term"). Providing Shipper is paying Transporter's Maximum FT-SG transportation rate, the term of this Contract shall continue after the Primary Term or the Rollover Term, as the case may be, for successive periods of one (1) year each (the "Renewal Terms"), unless terminated as of the end of any such Primary Term, Rollover Term or Renewal Term by written notice given by either party to the other not less than twelve (12) months prior to the end of any such term; provided; however, that no such notice shall have the effect of terminating this Contract at the end of the Primary Term if Buyer has given notice extending the term of this Contract for a Rollover Term. If the FERC or other governmental body having jurisdiction over the service rendered pursuant to the Contract authorizes abandonment of such service, this Contract shall terminate on the abandonment date permitted by the FERC or such other governmental body.
- 14.2 Any portions of this Contract necessary to correct or cash-out imbalances under this Contract as required by the General Terms and Conditions of Transporter's FERC Gas Tariff shall survive the other parts of this Contract until such time as such balancing has been accomplished.
- 14.3 This Contract will terminate automatically in the event Shipper fails to pay all of the amount of any bill for service rendered by Transporter hereunder in accord with the terms and conditions of Section 6 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**Second Revised Sheet No. 187** Second Revised Sheet No. 187 : Effective  
Superseding: FIRST REVISED SHEET NO. 187  
FORM OF SERVICE CONTRACT (FT-SG)  
(continued)

ARTICLE XV

NOTICE

Except as otherwise provided in the General Terms and Conditions applicable to this Contract, any notice under this Contract shall be in writing and mailed to the post office address of the party intended to receive the same, as follows:

Midcoast Interstate Transmission, Inc.  
P.O. Box 3869  
Muscle Shoals, Alabama 35662  
ATTENTION: Transportation Services  
Facsimile: 205-381-2858

Shipper:

NOTICES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

BILLINGS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

or to such other address as either Party shall designate by formal written notice to the other.

ARTICLE XVI

ASSIGNMENTS

16.1 Either Party may assign or pledge this Contract and all rights and obligations hereunder under the provisions of any mortgagee, deed of trust, indenture, or other instrument which it has executed or may execute hereafter as security for indebtedness. Either Party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to a company with which

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**First Revised Sheet No. 188** First Revised Sheet No. 188 : Effective

Superseding: ORIGINAL SHEET NO. 188

FORM OF SERVICE CONTRACT (FT-SG)

(continued)

it is affiliated, otherwise Shipper shall not assign this Contract or any of its rights hereunder, unless it shall first have obtained the written consent of Transporter.

- 16.2 Any person which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of either party hereto shall be entitled to the right and shall be subject to the obligations of its predecessor in interest under this Contract.

ARTICLE XVII

MISCELLANEOUS

- 17.1 This Contract shall be interpreted under the laws of the State of Alabama.
- 17.2 If any provision of this Contract is declared null and void, or voidable, by a court of competent jurisdiction, then that provision will be considered severable upon consent of Transporter and the Shipper; and if the severability option is exercised, the remaining provisions of the Contract shall remain in full force and effect.
- 17.3 No modification of or supplement to the terms and provisions hereof shall be or become effective, except by the execution of supplementary written consent.
- 17.4 Exhibit(s) A and B attached hereto is/are incorporated herein by reference and made a part hereof for all purposes.



Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97-71-000

**Third Revised Sheet No. 189** Third Revised Sheet No. 189 : Effective  
Superseding: SECOND REVISED SHEET NO. 189  
FORM OF SERVICE CONTRACT (FT-SG)  
(continued)

IN WITNESS WHEREOF, the parties hereto have caused this  
Contract to be duly executed in several counterparts as of the date  
first hereinabove written.

MIDCOAST INTERSTATE TRANSMISSION, INC.

ATTEST: \_\_\_\_\_ By: \_\_\_\_\_  
Agent and Attorney-in-fact  
Accepted and Agreed to this  
\_\_\_ day of \_\_\_\_\_, 199\_\_

SHIPPER

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

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**First Revised Sheet No. 190** First Revised Sheet No. 190 : Effective

Superseding: ORIGINAL SHEET NO. 190

FORM OF RELEASED TRANSPORTATION SERVICE CONTRACT

(Applicable to firm transportation rights  
released pursuant to Section 3 of the  
General Terms and Conditions of this Tariff)

THIS CONTRACT is made and entered into this \_\_\_\_ day of  
\_\_\_\_\_, 199\_\_ by and between Midcoast Interstate  
Transmission, Inc., an Alabama Corporation, hereinafter called  
"Transporter" and \_\_\_\_\_,  
hereinafter variously called "Bidder" or "Replacement Shipper."

WHEREAS, Transporter owns and operates an interstate natural  
gas transmission system and provides transportation service on such  
system;

WHEREAS, Transporter's Tariff on file with the Federal Energy  
Regulatory Commission permits firm transportation shippers under  
Transporter's Rate Schedule FT to release some or all of their  
transportation rights under the terms and conditions prescribed in  
the Tariff;

WHEREAS, Bidder desires to submit bids for transportation  
rights released by one or more firm shippers and Transporter's  
Tariff requires Bidder to enter into this Released Transportation  
Service Contract as a pre-condition to the submission of any such  
Bids; and

WHEREAS, Transporter is willing to enter into this Contract  
with Bidder and provide transportation service to Bidder as a  
Replacement Shipper to the extent it obtains released  
transportation rights;

NOW, THEREFORE, in consideration of the mutual covenants and  
agreements as herein set forth, the parties hereto agree as  
follows:

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 191** First Revised Sheet No. 191 : Effective  
Superseding: ORIGINAL SHEET NO. 191  
FORM OF RELEASED TRANSPORTATION SERVICE CONTRACT  
(continued)

ARTICLE I  
RELEASED TRANSPORTATION RIGHTS

In the event transportation rights are released to Bidder, Transporter shall prepare and submit to Bidder an Exhibit "R-1" setting forth the maximum daily quantity of the released transportation service, applicable Receipt and Delivery Points, the rates to be paid for service using released rights, and any special terms and conditions applicable to such released transportation rights, including conditions of curtailment or recall. If Replacement Shipper subsequently obtains additional released transportation rights pursuant to the terms and conditions of Transporter's Tariff, an additional exhibit (designated sequentially as Exhibit "R-2", Exhibit "R-3", etc.) shall be added to this Contract for each such award of transportation rights. Each such Exhibit shall be added to this Contract and, upon such addition, shall be incorporated in and be considered a part of this Contract.

ARTICLE II  
GOVERNING TERMS AND CONDITIONS

2.1 This Contract shall be subject to, shall be governed by, and shall incorporate the applicable provisions of Transporter's Tariff, including, without limitation, Section 3 of the General Terms and Conditions thereof, the Rate Schedule FT and the special terms and conditions stated in each Exhibit hereto with respect to the released transportation rights described in such Exhibit. Subject to the terms, conditions and limitations of this Contract and Transporter's Tariff, Replacement Shipper shall be deemed a Shipper for purposes of Rate Schedule FT and the applicable provisions of Transporter's Tariff and shall be subject to all obligations thereof.

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 192** First Revised Sheet No. 192 : Effective  
Superseding: ORIGINAL SHEET NO. 192  
FORM OF RELEASED TRANSPORTATION SERVICE CONTRACT  
(continued)

2.2 Transporter expressly reserves all rights granted to it by Rate Schedule FT and the applicable provisions of its Tariff to file at the FERC and place into effect unilaterally such changes as Transporter deems necessary or desirable from time to time in the rates, charges, terms, and conditions applicable to service under the Tariff and Rate Schedule FT.

ARTICLE III  
TERM

This Contract shall become effective on the date first written above and shall remain in force and effect until terminated by either party upon thirty (30) days prior written notice to the other party; provided however, no such termination may take effect during the term of any release of transportation rights to Replacement Shipper hereunder.

ARTICLE IV  
NOTICES

Notices given under this Contract shall be given in accordance with Section 12 of the General Terms and Conditions of Transporter's Tariff. If notice is given in writing it should be mailed or, if sent by facsimile, as follows:

If to Transporter:

Alabama-Tennessee Natural Gas Company  
Midcoast Interstate Transmission, Inc.  
Post Office Box 9183869  
FlorenceMuscle Shoals, Alabama 3563162  
Attention: Transportation Services  
Facsimile: (205) 381-2858

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 193** First Revised Sheet No. 193 : Effective  
Superseding: ORIGINAL SHEET NO. 193  
FORM OF RELEASED TRANSPORTATION SERVICE CONTRACT  
(continued)

If to Replacement Shipper:

ARTICLE V  
SUCCESSORS AND ASSIGNS

This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No assignment or transfer by either party of any of its rights hereunder, except for transfers pursuant to the release program set forth in Transporter's Tariff, shall be made without the prior written consent of the other party. Such consent shall not be unreasonably withheld. No such consent of Transporter or Replacement Shipper shall be required when an assignment by Replacement Shipper or Transporter is the result of, and part of, a corporate acquisition, merger or reorganization. Nothing contained herein shall prevent either party from pledging, mortgaging or assigning its rights hereunder as security for its indebtedness and either party may assign to the pledgee or mortgagee (or to a trustee for the holder of such indebtedness) any money due or to become due under this Contract. As between the parties hereto, such assignment shall become effective on the first day of the month following written notice that such assignment has been effectuated. Upon request of either party, the other party shall acknowledge in writing any permitted assignment described herein and the right of any permitted assignee (and any assignee upon enforcement of any assignment made as security for indebtedness) to enforce this Contract against such other party, and shall also deliver such certificates, copies of corporate documents and opinions of counsel as may be reasonably requested by such permitted assignee relating to such party, this Contract and any other matters relevant thereto. No permitted assignment shall relieve the assigning party from any of its obligations under this

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**First Revised Sheet No. 194** First Revised Sheet No. 194 : Effective  
Superseding: ORIGINAL SHEET NO. 194

FORM OF RELEASED TRANSPORTATION SERVICE CONTRACT  
(continued)

Contract. Replacement Shipper hereby confirms that the rights of Transporter under this Contract that may be assigned include any right given or reserved to Transporter in the Contract to consent to any assignment or transfer by Replacement Shipper of its rights and obligations thereunder.

ARTICLE VI  
GOVERNMENTAL BODIES

Notwithstanding any other provision hereof, this Contract shall be subject to all laws, statutes, ordinances, regulations, rules and court decisions of governmental entities now or hereafter having jurisdiction.

ARTICLE VII  
REPLACEMENT SHIPPER'S INDEMNIFICATION

Replacement Shipper recognizes that its rights to transportation service hereunder are solely those rights released by Releasing Shippers. The Replacement Shipper agrees that it will indemnify Transporter against any claim or suit of any kind by any Releasing Shipper, its successor or assigns arising from any action taken by Transporter in reliance upon the scheduling instructions, communications or nominations ("Communications"), from Replacement Shipper or its agents. Replacement Shipper further agrees that it will hold Transporter harmless for any action taken by Transporter in reliance upon the Communications of the Releasing Shipper or its agents. Replacement Shipper further recognizes and agrees that Transporter shall have no obligation to honor any Communications from Replacement Shipper or its agents that in Transporter's sole opinion conflicts with Communications received by Transporter from the Releasing Shipper or its agents or with the terms of Transporter's Tariff.

ARTICLE VIII  
MISCELLANEOUS PROVISIONS

8.1 No waiver by any party of any one or more defaults by the other in the performance of any provisions of this

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**First Revised Sheet No. 195** First Revised Sheet No. 195 : Effective  
Superseding: ORIGINAL SHEET NO. 195

FORM OF RELEASED TRANSPORTATION SERVICE CONTRACT  
(continued)

Contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

- 8.2 No liability for any act or omission of Transporter shall be incurred by, or asserted against, any owners, subsidiaries or affiliates thereof. Any recourse for any liability of Transporter shall be against Transporter only.
- 8.3 The headings of the Articles of this Contract are inserted for convenience of reference only and shall not affect the meaning or construction thereof.
- 8.4 As to all matters of construction and interpretation, this Contract shall be interpreted by the laws of the State of Alabama, without regard to its conflict of laws or provisions.
- 8.5 This Contract, including all provisions expressly incorporated by reference, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, representations and understandings, written or oral, pertaining thereto. Except as otherwise provided herein, any modifications, amendments or changes to this Contract shall be binding upon the parties only if agreed upon by both parties hereto in a written instrument or by an electronic form which expressly refers to this Contract.

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97-71-000

**First Revised Sheet No. 196** First Revised Sheet No. 196 : Effective  
Superseding: ORIGINAL SHEET NO. 196

FORM OF RELEASED TRANSPORTATION SERVICE CONTRACT  
(continued)

IN WITNESS WHEREOF, the parties have executed this Contract as  
of the day and year first set forth above.

(Replacement Shipper)

MIDCOAST INTERSTATE TRANSMISSION, INC.  
(Transporter)

By:

By:

Title:

Title:

Attest:

Attest:



Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**Second Revised Sheet No. 197** Second Revised Sheet No. 197 : Effective  
Superseding: FIRST REVISED SHEET NO. 197  
FORM OF SERVICE CONTRACT  
GAS TRANSPORTATION CONTRACT  
(For Use Under IT Rate Schedule)

THIS CONTRACT is made and entered into as of the \_\_\_\_ day  
of \_\_\_\_\_, 19\_\_\_\_, by and between MIDCOAST INTERSTATE  
TRANSMISSION, INC., an Alabama Corporation, hereinafter referred  
to as "Transporter" and \_\_\_\_\_, a  
\_\_\_\_\_ corporation, hereinafter referred to as  
"Shipper." Transporter and Shipper shall collectively be referred  
to herein as the "Parties."

W I T N E S S E T H:

That in consideration of the premises and of the mutual  
covenants and agreements herein contained, Transporter and Shipper  
agree as follows:

ARTICLE I

DEFINITIONS

- 1.1 TRANSPORTATION QUANTITY - shall mean the Maximum Daily  
Quantity ("MDQ") of gas which Transporter agrees to receive  
and transport, subject to Article II herein, for the account of  
Shipper hereunder which on each day shall be \_\_\_\_\_ dekatherms.  
Any limitations of the quantities to be received from each  
Point of Receipt and/or delivered to each Point of Delivery  
shall be as specified on Exhibit(s) A and B attached hereto.
- 1.2 EQUIVALENT QUANTITY - shall mean that the quantities of gas  
delivered hereunder at the Point(s) of Delivery shall be the  
thermal equivalent of the quantities of gas received at the  
Point(s) of Receipt for transportation less, Fuel and Losses  
Quantity associated with this transportation service in  
accordance with Section 6 of Rate Schedule IT.

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97-71-000

**Second Revised Sheet No. 198** Second Revised Sheet No. 198 : Effective  
Superseding: FIRST REVISED SHEET NO. 198

FORM OF SERVICE CONTRACT (IT)  
(continued)

ARTICLE II  
TRANSPORTATION

Transporter agrees to accept and receive daily on an interruptible basis, as determined in Transporter's sole opinion, at the Point(s) of Receipt, from Shipper or for Shipper's account such quantity of gas as Shipper nominated and makes available up to the MDQ of gas, excluding fuel and losses, as specified in Section 1.1 and to transport and deliver to or for the account of Shipper to the Point(s) of Delivery an equivalent quantity of gas; provided, that Transporter, at its option, may agree to receive, transport and deliver quantities of gas in excess of the amounts specified in Section 1.1, subject to the conditions specified in Section 2.3 of Rate Schedule IT.

ARTICLE III  
POINT(S) OF RECEIPT AND DELIVERY

- 3.1 The Point(s) of Receipt and Delivery shall be those points specified on Exhibits A and B attached hereto.
- 3.2 Shipper may supplement Point(s) of Receipt and/or Point(s) of Delivery provided by this Contract by submitting to Transporter a revised Transportation Service Request Form. Such request form, after having been fully processed and accepted by Transporter, shall be deemed to have the full force and effect of a written contract and shall qualify as a supplementary written consent pursuant to Paragraph 17.3 of this Contract. Priority of transportation service to such additional Points of Receipt and/or Delivery shall be determined pursuant to Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

ARTICLE IV  
FACILITIES

All facilities are in place to render the service provided for in this Contract.

or

[If facilities are to be constructed, a brief description of the facilities will be included, as well as who is to construct, own and/or operate

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**Second Revised Sheet No. 199** Second Revised Sheet No. 199 : Effective  
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FORM OF SERVICE CONTRACT (IT)  
(continued)

such facilities in accordance with Transporter's Rate Schedule  
IT].

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ARTICLE V

RECEIPT AND DELIVERY PRESSURES

Shipper shall deliver or cause to be delivered to Transporter the gas to be transported hereunder at pressures sufficient to deliver such gas into Transporter's system at the Point(s) of Receipt. Transporter shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in Transporter's system at the Point(s) of Delivery.

ARTICLE VI

QUALITY SPECIFICATIONS AND STANDARDS

For all gas received, transported and delivered hereunder the parties agree to the Quality Specifications and Standards for Measurement as specified in the General Terms and Conditions of Transporter's FERC Gas Tariff, Second Revised Volume No. 1. To the extent that no new measurement facilities are installed to provide service hereunder, measurement operations will continue in the manner in which they have previously been handled. In the event that such facilities are not operated by Transporter then responsibility for operations shall be deemed to be Shipper's. Any exceptions to this Article shall be specified on Exhibit(s) \_\_\_\_\_ attached hereto.

ARTICLE VII

RATES AND CHARGES FOR GAS TRANSPORTATION

7.1 TRANSPORTATION RATES - Commencing with the date of initial receipt of gas by Transporter from Shipper, the compensation to be paid by Shipper to Transporter for the transportation

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**Second Revised Sheet No. 200** Second Revised Sheet No. 200 : Effective  
Superseding: FIRST REVISED SHEET NO. 200

FORM OF SERVICE CONTRACT (IT)  
(continued)

service provided herein, including system fuel and losses, shall be in accordance with Transporter's Rate Schedule IT.

- 7.2 INCIDENTAL CHARGES - Shipper agrees to reimburse Transporter for any filing or similar fees and taxes, which have not been previously paid by Shipper, which Transporter incurs in rendering service hereunder.
- 7.3 OTHER CHARGES - Shipper agrees to pay, if applicable, other charges as listed in Section 5 of Rate Schedule IT.
- 7.4 CHANGES IN RATES AND CHARGES - Transporter shall have the unilateral right to file and make effective changes in the rates and charges stated in this Article, the rates and charges applicable to service pursuant to Transporter's Rate Schedule IT, the rate schedule pursuant to which this service is rendered and/or any provisions of the General Terms and Conditions in Transporter's FERC Gas Tariff applicable to this service. Without prejudice to Shipper's right to contest such changes, Shipper agrees to pay the effective rates and charges for service rendered pursuant to this Contract.

ARTICLE VIII

BILLINGS AND PAYMENT

Transporter shall bill and Shipper shall pay all rates and charges in accordance with Section 5 and 6, respectively, of the General Terms and Conditions of Transporter's FERC Gas Tariff.

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FERC Docket: GT97- 71-000

**First Revised Sheet No. 201** First Revised Sheet No. 201 : Effective  
Superseding: ORIGINAL SHEET NO. 201  
FORM OF SERVICE CONTRACT (IT)  
(continued)

ARTICLE IX \*  
TAXES

Shipper agrees to pay the amount of any tax and/or any increase of any additional tax (as tax and additional tax is defined in the next sentence hereof) which Transporter shall be required to pay. The term "tax" and "additional tax" shall mean collectively any sales (wholesale or retail), transactions, occupation, privilege, license or franchise, service, production, severance, gathering, transmission, export or excise tax, assessment, fee, gross receipts or other exaction, whether of the kind herein enumerated, or otherwise (not including income, excess profits, capital stock, state franchise or general property taxes) hereafter levied, assessed or fixed by the United States or any state or other governmental authority, measured by, in respect of or applicable to the natural gas to be delivered by Transporter to Shipper under this Contract, and which Transporter may be liable for in any month either directly or indirectly through any obligation of Transporter to reimburse others.

ARTICLE X  
GENERAL TERMS AND CONDITIONS

This Contract shall be subject to the effective provisions of Transporter's Rate Schedule IT and to the General Terms and Conditions incorporated therein, as the same may be changed or superseded from time to time in accordance with the rules and regulations of the FERC, which Rate Schedule and General Terms and Conditions are incorporated herein by reference and made a part hereof for all purposes.

ARTICLE XI  
REGULATION

This Contract shall be subject to all applicable and lawful governmental statutes, orders, rules and regulations and is contingent upon the receipt and continuation of all necessary regulatory approvals or authorizations upon terms acceptable to Transporter. This Contract shall be void and of no force and effect if any necessary regulatory approval is not so obtained or continued. All parties hereto shall cooperate to obtain or continue all necessary approvals or authorizations, but no party shall be

\* This provision presently applies to the Alabama Utility Gross Receipts Tax.

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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 202** Second Revised Sheet No. 202 : Effective  
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FORM OF SERVICE CONTRACT (IT)  
(continued)

liable to any other party for failure to obtain or continue such approvals or authorizations.

ARTICLE XII

RESPONSIBILITY DURING TRANSPORTATION

Except as herein specified the responsibility for gas during transportation shall be as stated in the General Terms and Conditions of Transporter's FERC Gas Tariff, Second Revised Volume No. 1.

ARTICLE XIII

WARRANTIES

In addition to the warranties set forth in Section 9 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Shipper warrants the following:

- 13.1 Shipper warrants that all upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the Receipt and Delivery Point(s) under this Contract and any quantity limitations for each point as specified on Exhibits A and B attached hereto. Shipper agrees to indemnify and hold Transporter harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Contract.
- 13.2 If transportation hereunder is pursuant to Subpart B of Part 284 of the FERC's Regulations, Shipper warrants that the service provided hereunder is on behalf of an intrastate pipeline or a local distribution company within the meaning of Section 311(a)(1) of the Natural Gas Policy Act of 1978.
- 13.3 Shipper agrees to indemnify and hold Transporter harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses (including reasonable attorneys fees) arising from or out of breach of any warranty, express or implied, by Shipper herein.

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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 203** Second Revised Sheet No. 203 : Effective  
Superseding: FIRST REVISED SHEET NO. 203  
FORM OF SERVICE CONTRACT IT  
(continued)

13.4 Transporter shall not be obligated to provide or continue service hereunder in the event of any breach of warranty.

ARTICLE XIV  
TERM

14.1 This Contract shall become effective on the date of execution and shall remain in full force and effect for a primary term of \_\_\_\_\_ from the date of initial deliveries of gas hereunder and, unless otherwise agreed upon, from such period to such period thereafter; provided, however, that if this Contract remains in full force and effect after expiration of the primary term, either Party may terminate this Contract after such time upon at least thirty (30) days prior written notice to the other Party.

14.2 Any portions of this Contract necessary to correct or cash-out imbalances under this Contract as required by the General Terms and Conditions of Transporter's FERC Gas Tariff shall survive the other parts of this Contract until such time as such balancing has been accomplished.

14.3 This Contract will terminate automatically in the event Shipper fails to pay all of the amount of any bill for service rendered by Transporter hereunder in accord with the terms and conditions of Section 6 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

ARTICLE XV  
NOTICE

Except as otherwise provided in the General Terms and Conditions applicable to this Contract, any notice under this Contract shall be in writing and mailed to the post office address of the party intended to receive the same, as follows:

Midcoast Interstate Transmission, Inc.  
P. O. Box 3869  
Muscle Shoals, Alabama 35662  
ATTENTION: Transportation Services  
Facsimile: 205-381-2858

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 204** First Revised Sheet No. 204 : Effective  
Superseding: ORIGINAL SHEET NO. 204  
FORM OF SERVICE CONTRACT IT  
(continued)

SHIPPER:

NOTICES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

BILLING: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

or to such other address as either Party shall designate by formal written notice to the other.

ARTICLE XVI

ASSIGNMENTS

- 16.1 Either party may assign or pledge this Contract and all rights and obligations hereunder the provisions of any mortgage, deed of trust, indenture, or other instrument which it has executed or may execute hereafter as security for indebtedness. Either party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to a company with which it is affiliated, otherwise Shipper shall not assign this Contract or any of its rights hereunder, unless it shall first have obtained the written consent of Transporter.
- 16.2 Any person which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of either party hereto shall be entitled to the right and shall be subject to the obligations of its predecessor in interest under this Contract.



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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 205** Second Revised Sheet No. 205 : Effective  
Superseding: FIRST REVISED SHEET NO. 205  
FORM OF SERVICE (IT)  
(continued)

ARTICLE XVII

MISCELLANEOUS

- 17.1 This Contract shall be interpreted under the laws of the State of Alabama.
- 17.2 If any provision of this Contract is declared null and void, or voidable, by a court of competent jurisdiction, then that provision will be considered severable upon consent of Transporter and the Shipper; and if the severability option is exercised, the remaining provisions of the Contract shall remain in full force and effect.
- 17.3 No modification of or supplement to the terms and provisions hereof shall be or become effective, except by the execution of supplementary written consent.
- 17.4 Exhibits A and B attached hereto is/are incorporated herein by reference and made a part hereof for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts as of the date first hereinabove written.

MIDCOAST INTERSTATE TRANSMISSION,  
INC.

ATTEST: \_\_\_\_\_ By: \_\_\_\_\_  
Agent and Attorney-in-fact

Accepted and Agreed to this  
\_\_ day of \_\_\_\_\_, 19\_\_

SHIPPER

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

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 206** First Revised Sheet No. 206 : Effective  
Superseding: ORIGINAL SHEET NO. 206  
TRANSPORTATION SERVICE REQUEST FORM

Midcoast Interstate Transmission, Inc.  
P.O. Box 3869  
Muscle Shoals, Alabama 35662

Attention: Gas Transportation Service

Re:                   New Service                   Interruptible Service  
                          or   or  
                          Modification                   Firm Service  
of Existing Service

(Description of existing service to be modified:

Gentlemen:

(Shipper) hereby requests transportation service from Midcoast Interstate Transmission, Inc. (Midcoast) and concurrently provides the following information in connection with this request:

1. Complete legal name of Shipper:
  
2. Type of legal entity and state of incorporation:
  
3. Type of Company:
  - Local Distribution Company
  - Intrastate Pipeline
  - Interstate Pipeline
  - Producer
  - End-User
  - Marketer
  - Broker
  - Other (fill in)

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97-71-000

**First Revised Sheet No. 207** First Revised Sheet No. 207 : Effective

Superseding: ORIGINAL SHEET NO. 207

TRANSPORTATION SERVICE REQUEST FORM - (continued)

4. Name of Shipper's contact, address and telephone number through which correspondence for the following should be directed:

Contact for Requests:

Contact for Notices:

Contact for Invoices:

5. Shipper is seeking transportation by Midcoast pursuant to:

- A. Subpart B of the Commission's Regulations, on behalf of a local distribution company.

Name of Company/Companies

- B. Subpart B of the Commission's Regulations, on behalf of an intrastate pipeline.

Name of Company/Companies

- C. Subpart G of the Commission's Regulations, on behalf of an interstate pipeline.

Name of Company/Companies

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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 208** Second Revised Sheet No. 208 : Effective

Superseding: FIRST REVISED SHEET NO. 208

TRANSPORTATION SERVICE REQUEST FORM - (continued)

- D. Subpart G of the Commission's Regulations, on behalf of Shipper(s) other than interstate pipeline.

Name of Company/Companies

- E. Other. Specify what Commission authorization is being requested.

Name of Company/Companies

(Midcoast reserves the right to require proof that Shipper's request meets the requirements of the applicable Commission Regulations.)

6. If Shipper is not a local distribution company and is requesting service be performed by Midcoast for Shipper acting as agent for another entity, please specify the full legal name of such entity.

- \*7. The intended use of the gas is:

system supply  
end use by industry or commerce  
other (fill in)

and, if the Shipper is not a local distribution company and the gas is for other than system supply, please provide the full legal name of the ultimate recipient, and the location (i.e., state) of the ultimate delivery point of the gas to be transported (i.e., if ultimate recipient is an end user, location(s) of plant(s) where gas is to be consumed):

8. Date service is proposed to commence:

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**Second Revised Sheet No. 209** Second Revised Sheet No. 209 : Effective

Superseding: FIRST REVISED SHEET NO. 209

TRANSPORTATION SERVICE REQUEST FORM - continued

9. Term of service:

years  
months

10. If additional or new facilities are required to receive or deliver gas for the transportation service requested herein, please provide description of facilities required, location and requested in-service date.

11. The maximum daily quantity to be transported is MMBtu's and Mcf and the maximum monthly quantity to be transported is dekatherms and Mcf. The estimated total quantity of gas to be transported during the requested term of service is dekatherms and Mcf.

12. Name and description of Receipt Point(s) into Midcoast's system and the maximum monthly quantities expressed in dekatherms and Mcf of gas to be delivered by Shipper for each point:

(if request is for firm transportation service, the sum of the maximum quantities above must equal the maximum transportation quantity in #11 above.)

13. Name and description of Delivery Point(s) where Midcoast will redeliver the gas and the maximum daily and monthly quantities expressed in dekatherms and Mcf of gas to be redelivered by Midcoast for each point:

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**Second Revised Sheet No. 210** Second Revised Sheet No. 210 : Effective

Superseding: FIRST REVISED SHEET NO. 210

TRANSPORTATION SERVICE REQUEST FORM - continued

14. The names of those entities delivering gas into Midcoast's system and the names of those entities taking gas off Midcoast's system:

A-T Receipt Point	Name/Delivering Entity
-------------------	------------------------

A-T Delivery Point	Name/Taking Entity
--------------------	--------------------

- \*15. If shipper is not a local distribution company and is selling gas, provide the name of purchaser(s) of the gas, contract quantity, and the effective and termination date(s) of executed Agreement(s) between Shipper and purchaser(s):

16. Credit Evaluation - Please provide:

- (i) a copy of Buyer's most recent financial statement(s) for the period's subsequent to (ii) below;
- (ii) a copy of Buyer's most recent twelve month financial statement or Annual Report and, if applicable, 10-K form;
- (iii) a list of Buyer's affiliates, including parent and subsidiaries, if applicable.

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**First Revised Sheet No. 211** First Revised Sheet No. 211 : Effective  
Superseding: ORIGINAL SHEET NO. 211

TRANSPORTATION SERVICE REQUEST FORM - continued

In the event Buyer cannot provide the information in Section (i) and/or (ii) above, Buyer shall, if applicable, provide that information for its parent company. Seller shall not be required to perform or to continue service under this Rate Schedule on behalf of any Buyer who is or has become insolvent or who, at Seller's request, fails within a reasonable period to demonstrate credit worthiness, provided, however, such Buyer may receive firm service under this Rate Schedule if Buyer prepays for such service or furnishes good and sufficient security, as determined by Seller in its reasonable discretion, in an amount equal to the cost of performing the service requested by Buyer for a three month period. Seller shall seek appropriate authorization from the Federal Energy Regulatory Commission prior to termination of service for any Buyer that fails to demonstrate credit worthiness or has become insolvent. For purposes herein, the insolvency of a Buyer shall be evidenced by the filing by Buyer or any parent entity thereof (hereinafter collectively referred to as "the Buyer") of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Buyer bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Buyer 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 Buyer 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.

17. Is Shipper affiliated with Midcoast? Yes \_\_\_\_\_ No  
\_\_\_\_\_

Is your supplier affiliated with Midcoast? Yes \_\_\_\_\_ No  
\_\_\_\_\_

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**Second Revised Sheet No. 212** Second Revised Sheet No. 212 : Effective

Superseding: FIRST REVISED SHEET NO. 212

TRANSPORTATION SERVICE REQUEST FORM - continued

For marketing affiliates of Midcoast, does the cost of gas exceed the sales price, less associated costs including transportation, i.e., is the gas being sold at a loss?

If so, by how much?

If applicable, Shipper agrees by its signature to provide this information within twenty-five (25) days after the month in which the transportation service occurred.

Shipper, by its signature, certifies to Midcoast (1) that the information above is correct and accurate and that all necessary transportation arrangements with the upstream and downstream Transporters have been or will be secured prior to the commencement of the requested transportation service and (2) that Shipper will have title, or the right to acquire title, to the gas that is to be delivered to Midcoast.

Very truly yours,

By

\* This information is not required at the time of the request but is required at the time Shipper executes the Gas Transportation Contract.





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*FERC Docket: GT97- 71-000*

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RESERVED

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**Third Revised Sheet No. 215** Third Revised Sheet No. 215 : Effective  
Superseding: SECOND REVISED SHEET NO. 215

RESERVED

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**Second Revised Sheet No. 216** Second Revised Sheet No. 216 : Effective  
Superseding: FIRST REVISED SHEET NO. 216

RESERVED

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**First Revised Sheet No. 216A** First Revised Sheet No. 216A : Effective  
Superseding: ORIGINAL SHEET NO. 216A

RESERVED

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**Third Revised Sheet No. 217** Third Revised Sheet No. 217 : Effective  
Superseding: SECOND REVISED SHEET NO. 217

RESERVED

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*FERC Docket: GT97- 71-000*

**First Revised Sheet No. 217A** First Revised Sheet No. 217A : Effective

Superseding: ORIGINAL SHEET NO. 217A

FORM OF RELEASE REQUEST (continued)

12. Other conditions of the release:

Releasing Shipper understands that Transporter reserves the right to invalidate any Release Request subsequent to its posting on Transporter's EBB to the extent it is incomplete or fails to conform in any manner to the requirements of Transporter's tariff.

Releasing Shipper, by the signature of its authorized representative, represents and certifies to Transporter that (1) the individual signing below is authorized to sign this Release Request for Releasing Shipper; (2) the information above is true,

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**Third Revised Sheet No. 218** Third Revised Sheet No. 218 : Effective  
Superseding: SECOND REVISED SHEET NO. 218

FORM OF RELEASE REQUEST (continued)

complete and correct; (3) Releasing Shipper agrees irrevocably that after the close of the applicable Bidding Period, it will release the transportation rights described herein on the terms and conditions set forth herein if this Release Request is accepted by a Bidder which has agreed irrevocably to accept the transportation rights described herein on the terms and conditions set forth herein; and (4) if this Release Request includes a Prearranged Replacement Shipper, the Prearranged Replacement Shipper has agreed irrevocably to accept the transportation rights described herein on the terms and conditions set forth herein.

Submitted this \_\_\_\_ day of \_\_\_\_\_, 199\_\_.

\_\_\_\_\_  
(Shipper)

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

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



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*FERC Docket: GT97-71-000*

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**Third Revised Sheet No. 220** Third Revised Sheet No. 220 : Effective  
Superseding: SECOND REVISED SHEET NO. 220

RESERVED

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Superseding: ORIGINAL SHEET NO. 220A

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**Second Revised Sheet No. 221** Second Revised Sheet No. 221 : Effective  
Superseding: FIRST REVISED SHEET NO. 221  
FORM OF THREE-PARTY CONTRACT RELATING TO  
RELEASED TRANSPORTATION SERVICE

- Short-term Release Option
  - Maximum Rate  
Prearranged Bidder
  - Successful Bidder - Competitive Bidding
- (Check Applicable Choice)

THIS CONTRACT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 199\_ by and among Midcoast Interstate Transmission, Inc., an Alabama Corporation, hereinafter called "Transporter", - \_\_\_\_\_ hereinafter called "Releasing Shipper", and \_\_\_\_\_, hereinafter variously called "Bidder" or "Replacement Shipper." Transporter, Releasing Shipper and Replacement Shipper shall hereinafter collectively be referred to as the "Parties."

WHEREAS, Transporter owns and operates an interstate natural gas transmission system and provides transportation service on such system; and

WHEREAS, Transporter's Tariff on file with the Federal Energy Regulatory Commission permits firm transportation shippers under Transporter's Rate Schedule FT to release some or all of their transportation rights under the terms and conditions prescribed in said Tariff; and

WHEREAS, Releasing Shipper is obtaining firm transportation service from Transporter pursuant to a (Released) Transportation Service Contract No. \_\_\_\_; and

WHEREAS, Replacement Shipper has been awarded certain capacity rights related to the Releasing Shipper's (Released) Transportation Service Contract No. \_\_\_\_ under the Released Transportation Service Contract No. \_\_ by and between Transporter and Replacement Shipper dated \_\_\_\_; and

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 222** First Revised Sheet No. 222 : Effective  
Superseding: ORIGINAL SHEET NO. 222  
FORM OF THREE-PARTY CONTRACT RELATING TO  
RELEASED TRANSPORTATION SERVICE (continued)

WHEREAS, prior to the commencement of service under said Contract the Parties are required to enter into a three-party contract, incorporating the information shown on the Release Request which underlies the Released Transportation Service Contract No. \_\_;

NOW, THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the Parties hereto agree as follows:

ARTICLE I  
INCORPORATION BY REFERENCE

All the terms and conditions of the Release Request which underlies the Released Transportation Service Contract No. \_\_\_\_ are incorporated herein by reference and are hereby made a part hereof.

ARTICLE II  
INDEMNIFICATION AND LIABILITY

- 2.1 The Parties agree that Replacement Shipper shall indemnify and hold Releasing Shipper harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses (including reasonable attorney's fees) arising from or out of Replacement Shipper's failure to perform any and all obligations, express or implied, it has to Transporter under the terms and conditions of the Released Transportation Service Contract No. \_\_\_\_ and the applicable provisions of Transporter's Tariff.
- 2.2 Notwithstanding anything herein to the contrary, Transporter's rights under the Released Transportation Contract No. \_\_ and the applicable provisions of Transporter's Tariff shall not be diminished.

[The following is applicable to a Three-party Contract required pursuant to the Short-term Release Option]

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**Second Revised Sheet No. 223** Second Revised Sheet No. 223 : Effective  
Superseding: FIRST REVISED SHEET NO. 223

FORM OF THREE-PARTY CONTRACT RELATING TO  
RELEASED TRANSPORTATION SERVICE (continued)

- 2.3 In the event Replacement Shipper fails to meet Transporter's creditworthiness standards as set forth in Rate Schedule FT, Releasing Shipper agrees to remain directly liable for all rates, charges and surcharges associated with the released capacity.

ARTICLE III  
TERM

This Contract shall become effective on the date first written above and shall remain in force and effect until the later of (1) termination by each of the Parties upon thirty (30) days prior written notice to the other Parties hereto, and (2) all amounts due Transporter arising under the Released Transportation Service Contract No. \_\_\_ have been paid to Transporter.

ARTICLE IV  
NOTICES

Notices given under this Contract shall be given in accordance with Section 12 of the General Terms and Conditions of Transporter's Tariff. If notice is given in writing it should be mailed, or if sent by facsimile, as follows:

If to Transporter:

Midcoast Interstate Transmission, Inc.  
P.O. Box 3869  
Muscle Shoals, Alabama 35662  
Attention: Transportation Services  
Facsimile: 205-381-2858

If to Replacement Shipper:

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**Second Revised Sheet No. 224** Second Revised Sheet No. 224 : Effective  
Superseding: FIRST REVISED SHEET NO. 224  
FORM OF THREE-PARTY CONTRACT RELATING TO  
RELEASED TRANSPORTATION SERVICE (continued)

If to Releasing Shipper:

ARTICLE V  
GOVERNMENTAL BODIES

Notwithstanding any other provision hereof, this Contract shall be subject to all laws, statues, ordinances, regulations, rules and court decisions of governmental entities now or hereafter having jurisdiction.

ARTICLE VI  
MISCELLANEOUS PROVISIONS

- 8.1 No waiver by any of the Parties of any one or more defaults by any of the other Parties in the performance of any provisions of this Contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.
- 8.2 No liability for any act or omission of Transporter shall be incurred by, or asserted against, any owners, subsidiaries or affiliates thereof. Any recourse for any liability of Transporter shall be against Transporter only.
- 8.3 The headings of the Articles of this Contract are inserted for convenience of reference only and shall not affect the meaning or construction thereof.

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**First Revised Sheet No. 225** First Revised Sheet No. 225 : Effective  
Superseding: ORIGINAL SHEET NO. 225

FORM OF THREE-PARTY CONTRACT RELATING TO  
RELEASED TRANSPORTATION SERVICE (continued)

- 8.4 As to all matters of construction and interpretation, this Contract shall be interpreted by the laws of the State of Alabama, without regard to its conflict of laws or provisions.
- 8.5 This Contract, including all provisions expressly incorporated by reference, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, representations and understandings, written or oral, pertaining thereto. Except as otherwise provided herein, any modifications, amendments or changes to this Contract shall be binding upon the Parties only if agreed upon by all the Parties hereto in a written instrument or by an electronic form which expressly refers to this Contract.

IN WITNESS WHEREOF, the Parties have executed this Contract effective as of the day and year first set forth above.

(Replacement Shipper) MIDCOAST INTERSTATE TRANSMISSION, INC.  
(Transporter)

By: By:  
Title: Title:  
Attest: Attest:

(Releasing Shipper)

By:  
Title:  
Attest:



Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**Second Revised Sheet No. 226** Second Revised Sheet No. 226 : Effective  
Superseding: FIRST REVISED SHEET NO. 226  
OPERATIONAL BALANCING AGREEMENT  
(For Use at Points of Delivery)

This Agreement is effective \_\_\_\_\_, \_\_\_\_\_ by and  
between Midcoast Interstate Transmission, Inc. (Transporter), and  
\_\_\_\_\_ (OBA Party).

W I T N E S S E T H:

WHEREAS, Transporter transports and/or sells natural gas at  
the Delivery Point(s) specified in Exhibit "A" attached hereto  
("Delivery Point(s)") and OBA Party receives such gas at those  
points from Transporter;

WHEREAS, the gas actually delivered at the Delivery Point(s)  
is at times different than the quantities nominated to be  
transported and delivered by Transporter at those points;

WHEREAS, Transporter and OBA Party desire to aggregate all  
confirmed nominations and actual deliveries at all of the Delivery  
Point(s) specified herein for the purpose of allocating any  
difference between such confirmed nominations and actual deliveries  
at the Delivery Point(s) (Operational Imbalance) to this Agreement;

WHEREAS, Transporter and OBA Party desire to correct the  
Operational Imbalances in subsequent periods in cash, unless the  
parties mutually agree otherwise; and

WHEREAS, Transporter and OBA Party desire to implement  
operating rules designed to encourage conduct that maintains  
Transporter's system balance in a manner that facilitates the  
movement of gas for transportation purposes;

WHEREAS, OBA Party has elected a daily delivery quantity of  
\_\_\_\_\_ Dth in accord with Section 1.2 of Rate Schedule LMS;

NOW, THEREFORE, for good and valuable consideration, the  
receipt of which is hereby acknowledged, Transporter and OBA Party  
covenant and agree as follows:

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**First Revised Sheet No. 227** First Revised Sheet No. 227 : Effective  
Superseding: ORIGINAL SHEET NO. 227

OPERATIONAL BALANCING AGREEMENT (continued)  
(For Use at Points of Delivery)

ARTICLE I  
NOMINATIONS AND CONFIRMATIONS

- 1.1 Confirmation of Nominations - Prior to the beginning of the month in which service is to commence, Transporter and the OBA Party shall confirm the quantities nominated to be transported by Transporter at the Delivery Point(s) commencing on the first day of the month following the confirmation. Any modification to such confirmed quantities shall be confirmed by Transporter and the OBA Party prior to the commencement of the revised service. The OBA Party shall notify Transporter of any errors in the confirmed nominations within two business days of receipt of such information from Transporter. If the OBA Party fails to respond to Transporter's request to confirm the quantities to be transported and/or purchased at any Delivery Point(s) in accordance with the above, then this Agreement shall terminate upon written notice from Transporter at the end of that calendar month.
- 1.2 Allocations Based on Confirmed Nominations - The Parties intend that the quantity actually delivered at the Delivery Point(s) will be equal to the confirmed nominations. The OBA Party shall use all reasonable efforts to ensure that the quantities actually delivered at the Delivery Point(s) are equal to the confirmed nominations. Unless prohibited by applicable law or regulation, all transportation services by Transporter shall be allocated each day based upon the confirmed nominations set forth in Section 1.1 above, or by such other methods as may be mutually agreed to by both Parties.
- 1.3 Allocation of Variances - The difference on any day between the confirmed nominations set forth in Section 1.1 above and the actual quantity delivered at the Delivery Point(s) shall be the Daily Operational Imbalance and such imbalance shall be allocated to this Agreement. The difference between the sum of all confirmed nominations set forth in Section 1.1 above during a calendar month and the total quantity delivered at the Delivery Point(s) during the calendar month shall be the Monthly Operational Imbalance. Any Operational Imbalances will be corrected in accordance with Article II.

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**First Revised Sheet No. 228** First Revised Sheet No. 228 : Effective  
Superseding: ORIGINAL SHEET NO. 228

OPERATIONAL BALANCING AGREEMENT (continued)  
(For Use at Points of Delivery)

- 1.4 Limitation on Takes - Upon Notice by Transporter, the OBA Party shall not be entitled to take deliveries in excess of the greater of (a) confirmed nominations, or (b) the aggregate of the maximum daily quantities set forth in the firm transportation contract(s) for all parties delivering gas at the Delivery Point(s). If, despite this notice by Transporter, the OBA Party takes deliveries in excess of that amount, then the excess quantities will not be allocated to this Agreement as an Operational Imbalance but shall be treated as deliveries under Operator's firm transportation rate schedule, subject to any unauthorized over-run penalties set forth therein.
- 1.5 Reports on Actual Deliveries - In the event that Transporter does not have the ability to monitor actual deliveries at any Delivery Point(s) on a daily basis, the OBA Party shall provide to Transporter the best available information compiled on a daily basis on the actual deliveries at such Delivery Point(s) within two business days after the date of delivery. Nothing in this section will require an OBA Party to install metering devices where none currently exist.

ARTICLE II  
CORRECTION OF OPERATIONAL IMBALANCES

- 2.1 Corrections in Flow Rates During A Day - The OBA Party will be able to request adjustments to actual deliveries at its Delivery Points at any time during the day in accordance with the scheduling provisions in Section 3 of Transporter's FERC Gas Tariff. Transporter will use reasonable efforts to deliver those changed quantities when the operating conditions of Transporter's system permits, taking into consideration, among other things, the nominations made by other customers on Transporter's system.
- 2.2 Corrections During the Month - Estimated metered quantities, or actual metered quantities where available, may be used by

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97- 71-000

**First Revised Sheet No. 229** First Revised Sheet No. 229 : Effective  
Superseding: ORIGINAL SHEET NO. 229

OPERATIONAL BALANCING AGREEMENT (continued)  
(For Use at Points of Delivery)

Transporter for purposes of adjustments under this Section on a daily basis during the month to determine the estimated Operational Imbalance at all of the Delivery Point(s). Transporter shall make the estimated Daily and Monthly Operational Imbalance at each Delivery Point available to the OBA Party no later than the second business day after each day. Adjustments in nominations and actual deliveries will be made by the OBA Party during the month so as to adequately control imbalance levels. If the OBA Party fails to take such corrective actions, Transporter in its sole discretion may, upon 48 hours' notice, adjust the nominations and actual deliveries during the remainder of the calendar month to adequately control imbalance levels. Any such adjustments shall be incorporated in the daily nominations confirmed between Transporter and the OBA Party.

- 2.3 Corrections In Subsequent Periods - As soon as practicable following the close of each month, Transporter will send the OBA Party a statement setting forth the Operational Imbalance existing at the end of the prior month. Any Monthly Operational Imbalance shall be corrected in cash in accordance with Section 3.7(d) of the General Terms and Conditions specified in Transporter's FERC Gas Tariff, unless the parties mutually agree otherwise.
- 2.4 Measurement of Operational Imbalance - Any gas received or delivered pursuant to this Agreement to correct any Operational Imbalance shall be adjusted for variation in Btu content. Measurement of gas for all purposes shall be in accordance with Transporter's FERC Gas Tariff.
- 2.5 Operational Integrity - Nothing in this Article II shall limit Transporter's right to take action as may be required to adjust deliveries of gas in order to alleviate conditions which threaten the operational integrity of its system.

Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**First Revised Sheet No. 230** First Revised Sheet No. 230 : Effective  
Superseding: ORIGINAL SHEET NO. 230  
OPERATIONAL BALANCING AGREEMENT (continued)  
(For Use at Points of Delivery)

ARTICLE III  
TERM

- 3.1 Duration of Agreement - Subject to the other termination rights provided herein, this Agreement shall be in full force and effect from the date hereof for a primary term of one (1) year and shall continue thereafter on a month-to-month basis unless canceled by either Party upon thirty days' prior written notice with the termination to be effective at the end of a calendar month. Notwithstanding the above, if any material problems arise as a result of the provision of this Agreement, then the Parties will enter into good faith negotiations to amend this Agreement to resolve such problems. If the Parties are unable to resolve such problems as a result of such negotiations, then either Party may terminate this Agreement upon forty-eight (48) hours' prior written notice, with the termination to be effective at the end of a calendar month.
- 3.2 Continuing Obligations - Following the termination of this Agreement, any remaining Operational Imbalance shall be corrected in cash in accordance with Transporter's FERC Gas Tariff, unless the parties mutually agree otherwise.

ARTICLE IV  
MISCELLANEOUS

- 4.1 Warranties - The OBA Party warrants: (i) that as to any gas which it delivers or causes to be delivered to Transporter hereunder to correct an Operational Imbalance that it will have good title to such gas, free and clear of all liens, encumbrances and claims whatsoever; (ii) that it will at the time of delivery have the right to deliver or cause to be delivered such gas; (iii) that it has the right to allocate all deliveries from the Delivery Points in accordance with this Agreement; and (iv) that it will indemnify and save Transporter harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of

Effective Date: 10/01/1997 Status: Effective

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**First Revised Sheet No. 231** First Revised Sheet No. 231 : Effective  
Superseding: ORIGINAL SHEET NO. 231

OPERATIONAL BALANCING AGREEMENT (continued)  
(For Use at Points of Delivery)

adverse claims of any or all persons to said gas or to royalties, overriding royalties, taxes, or other charges thereon or with regard to the allocation of gas hereunder. The OBA Party represents and warrants to Transporter that all requisite authorizations, if any, have been obtained as to any gas which the OBA Party delivers or causes to be delivered hereunder.

- 4.2 Governing Bodies - This Agreement shall be subject to all applicable laws, Federal or State, and to all applicable rules and regulations of any duly authorized Federal, State or other government agency having jurisdiction.
- 4.3 Waivers - No waiver by either party of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of different character.
- 4.4 Billings and Payments - Transporter shall bill and the OBA Party shall pay for the correction of Operational Imbalances in cash in accordance with Article 5 of the General Terms and Conditions specified in Transporter's FERC Gas Tariff.
- 4.5 Incorporation of Tariff - Unless otherwise stated herein, The General Terms and Conditions specified in Transporter's FERC Gas Tariff are incorporated as part of this Agreement.
- 4.6 Notices - Except as otherwise provided in the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be in writing and sent by facsimile or mailed to the post office address of the party intended to receive the same, as follows:

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FERC Docket: GT97- 71-000

**Second Revised Sheet No. 232** Second Revised Sheet No. 232 : Effective  
Superseding: FIRST REVISED SHEET NO. 232  
OPERATIONAL BALANCING AGREEMENT (continued)  
(For Use at Points of Delivery)

MIDCOAST:

Notices: Midcoast Interstate Transmission, Inc.  
Post Office Box 3869  
Muscle Shoals, Alabama 35662  
Attention: Transportation Services  
Facsimile: 205-381-2858

Billings: Midcoast Interstate Transmission, Inc.  
Post Office Box 3869  
Muscle Shoals, Alabama 35662  
Attention: Gas Accounting

OBA PARTY:

NOTICES:

BILLINGS:

- 4.7 Conflicts - If there is any conflict or discrepancy between this Agreement and any other Contract/Agreement between Transporter and the OBA Party with regard to allocations of deliveries at Delivery Points, the terms of this Agreement shall govern and control.
- 4.8 Modifications - No modifications of or supplement to the terms and provisions hereof shall be or become effective, except by the execution of supplementary written consent.

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97-71-000

**Third Revised Sheet No. 233** Third Revised Sheet No. 233 : Effective

Superseding: SECOND REVISED SHEET NO. 233

OPERATIONAL BALANCING AGREEMENT (continued)

(For Use at Points of Delivery)

The Parties' signatures below will evidence their agreement to this Operational Balancing Agreement.

MIDCOAST INTERSTATE TRANSMISSION, INC.

By: \_\_\_\_\_  
Agent and Attorney-in-fact

OBA PARTY

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



Effective Date: 10/01/1997 Status: Effective  
FERC Docket: GT97- 71-000

**Second Revised Sheet No. 234** Second Revised Sheet No. 234 : Effective  
Superseding: FIRST REVISED SHEET NO. 234

MIDCOAST INTERSTATE TRANSMISSION, INC.

DELEGATION AUTHORIZATION CONTRACT

Pursuant to Section 32 of Midcoast Interstate Transmission, Inc.'s FERC Gas Tariff, the undersigned Shipper is requesting delegation of the following contract for the following term to the following Shipper Representative. The purpose of this delegation is to transfer to Shipper Representative the responsibility to submit and receive notices, make nominations, receive and pay invoices and perform other administrative duties as required. Shipper recognizes and agrees to accept the terms for this delegation as described in the above referenced Section 32.

Shipper:	Shipper Representative:
Contract No.	Contact for Invoices:
MDQ (MMBtu)	
Term of Delegation:	Attn:
From , 19	Contact for Notices:
To , 19	

Attn:

Shipper recognizes that each contract can only be delegated to a single Shipper Representative and cannot be delegated in part. This form must be received by Midcoast Interstate Transmission, Inc. no later than three (3) business days prior to the effective date of this delegation. Minimum term for this delegation is one calendar month.

The undersigned states that he/she is either an officer of the company or has the ability to commit the company to this contract.

Shipper:	Shipper Representative:
BY:	By:
Its:	Its:
Date:	Date:

Effective Date: 10/01/1997 Status: Effective

FERC Docket: GT97-71-000

**First Revised Sheet No. 235** First Revised Sheet No. 235 : Effective

Superseding: ORIGINAL SHEET NO. 235

INDEX TO PURCHASERS

Name of Purchaser	Rate Schedule	Date of Contract	Contract Effective Date	Dth Maximum Contract Quantity	Contract Expiration Date
City of Athens, Alabama	I	09/01/87	09/01/87	1,026	11/01/2000
	G	10/30/92	11/01/92	3,086	11/01/2000 1/
The Water Works and Gas Board of the Town of Cherokee, Alabama	SG	09/01/87	09/01/87	359	11/01/2000
City of Decatur, Alabama	I	05/23/79	05/23/79	7,900	05/23/80 1/
	G	10/21/92	11/01/92	9,273	11/01/93 1/
City of Florence, Alabama	I	12/09/80	12/01/80	1,749	12/01/81 1/
	G	10/27/92	11/01/92	9,349	05/01/2001 1/
Hardin County Gas Company	I	03/01/85	03/01/85	462	11/01/88 1/
	G	07/05/85	07/05/85	551	11/01/2000
City of Hartselle, Alabama	I	11/01/86	11/01/86	513	11/01/88 1/
	SG	09/01/87	09/01/87	2,563	11/01/2000
City of Huntsville, Alabama	I	01/09/86	12/01/85	5,130	03/01/86 1/
	G	10/28/92	11/01/92	28,970	11/01/93 1/
Town of Iuka, Mississippi	SG	09/01/87	09/01/87	1,847	11/01/2000
Lawrence-Colbert Counties Gas District	SG	07/08/85	07/08/85	1,538	11/01/2000
North Mississippi Natural Gas Corporation	I	11/01/81	11/01/81	1,026	11/01/82 1/
	SG	07/05/85	07/05/85	951	11/01/2000
Town of Moulton, Alabama	SG	04/19/82	11/26/82	1,272	11/01/85 1/

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**First Revised Sheet No. 236** First Revised Sheet No. 236 : Effective  
 Superseding: ORIGINAL SHEET NO. 236

INDEX TO PURCHASERS (continued)

Name of Purchaser	Rate Schedule	Date of Contract	Contract Effective Date	Contract Maximum Quantity	Dth	Contract Expiration Date
North Alabama Gas District	I	03/08/57	12/30/57	1,231		04/01/60 1/
	G	07/30/92	07/01/92	7,288		11/01/2000 1/
The Gas Board of the City of Russellville, Alabama	I	10/07/80	10/07/80	1,026		10/07/81 1/
	G	10/27/92	11/01/92	2,840		11/01/2000 1/
Town of Selmer, Tennessee	I	01/06/88	01/06/88	513		11/01/2000
	SG	09/01/87	09/01/87	2,563		11/01/2000
City of Sheffield, Alabama	G	10/23/92	11/01/92	4,581		11/01/93 1/
Town of Tishomingo, Mississippi	I	12/28/84	12/01/84	154		11/01/88 1/
	SG	09/01/87	09/01/87	744		11/01/2000
The Water Works and Gas Board of the City of Tuscumbia, Alabama	G	10/23/92	11/01/92	2,231		11/01/93 1/

1/ Effective until terminated on 12 months' prior written notice.

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**Second Revised Sheet No. 238** Second Revised Sheet No. 238 : Effective  
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RESERVED

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**Second Revised Sheet No. 239** Second Revised Sheet No. 239 : Effective  
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RESERVED

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**Second Revised Sheet No. 241** Second Revised Sheet No. 241 : Effective  
Superseding: FIRST REVISED SHEET NO. 241

RESERVED



