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FERC GAS TARIFF

Original Volume No. 1

of

ELBA EXPRESS COMPANY, L.L.C.

Filed With

Federal Energy Regulatory Commission

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PRELIMINARY STATEMENT

Elba Express Company, L.L.C. (hereinafter called "COMPANY") is a natural gas company engaged in the business of operating an interstate pipeline to transport natural gas under contracts with individual customers ("SHIPPER"). COMPANY operates facilities extending from Georgia into South Carolina. COMPANY has not qualified as a public utility in any state through which it operates and has never operated as a common carrier.

It is the policy of COMPANY to provide transportation services under specific contracts entered into with each SHIPPER after consideration of COMPANY'S existing firm commitments, available capacity and other factors deemed pertinent by COMPANY as more particularly set forth in this tariff for each service. These services are subject to the jurisdiction of the Federal Energy Regulatory Commission (hereinafter called "FERC" or "Commission") and are provided on an open-access, nondiscriminatory basis upon the satisfaction of all requirements set forth in the applicable rate schedule, service agreement, and General Terms and Conditions for such service.

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The map shown on this tariff sheet can be viewed and printed by scrolling down under "Informational Postings", "Tariff" to "Map", "System Map".

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RECEIPT POINTS

Map No.	Point Code	Point/Meter Station Name
1	938000	EEC North
5	938410	SNG - Wrens
6	938510	Transco - Zone 4
7	938610	Transco - Zone 5

DELIVERY POINTS

Map No.	Point Code	Point/Meter Station Name
2	938100	SNG - Cypress
3	938200	Plant McIntosh
4	938300	Plant Effingham
5	938400	SNG - Wrens
6	938500	Transco - Zone 4
7	938600	Transco - Zone 5

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RATE SHEET

FIRM TRANSPORTATION SERVICES (FTS)

Reservation Charge (Dth)

Maximum/Maximum Including
Surcharges:

\$8.0776/8.0776

Minimum:

\$0.00

Maximum Daily Volumetric
Capacity Release Rates 1/

\$0.2656/0.0000

Transportation Charge (Dth) 2/

Maximum/Maximum Including
Surcharges:

\$0.0000 / \$0.0000

Fuel Retention:

GRO 0.00%
LAUF 0.20%

EPCA:

\$0.0000

1/ See Section 20 of the General Terms and Conditions for exceptions to these maximum capacity release rates.

2/ Surcharges applicable to service under Rate Schedule FTS.

ACA Surcharge: \$.0000 applicable to each Dth transported.

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RATE SHEET

INTERRUPTIBLE TRANSPORTATION SERVICE (ITS)

Transportation Charge (Dth) 1/

Maximum/Maximum Including
Surcharges:

\$0.2656/0.0000

Minimum:

\$0.00

Fuel Retention:

GRO 0.00%
LAUF 0.20%

EPCA: \$0.0000

1/ Surcharges applicable to service under Rate Schedule ITS.

ACA Surcharge: \$.0000 applicable to each Dth transported.

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RATE SHEET

PARK AND LOAN SERVICE (PAL)

	Maximum Commodity Rate Per Dekatherm, Per Day	Minimum Commodity Rate Per Dekatherm, Per Day
Daily Rate	\$.2656	\$.0000

RATE SCHEDULE FTS

Firm Transportation Service

1. AVAILABILITY

- (a) This Rate Schedule is available to any party ("SHIPPER") that requests transportation of natural gas on a firm basis for a period of consecutive, uninterrupted days, months, or years from Elba Express Company, L.L.C. ("COMPANY") when:
- (i) COMPANY has sufficient capacity and is able to provide such transportation; and
 - (ii) SHIPPER has complied with the requirements of Section 2 of the General Terms and Conditions ("GT&C") applicable hereto; and
 - (iii) SHIPPER and COMPANY have executed a Firm Transportation Service Agreement ("FTS Agreement") for service under this Rate Schedule.

SHIPPER may combine packages of capacity, including capacity acquired under Section 20 of the General Terms and Conditions, under one master FTS Agreement and the Exhibit "B" to said FTS Agreement shall state the term, volume, and Delivery Points associated with each package of capacity; and, if applicable, the months such volumes are available to SHIPPER.

SHIPPER may also designate a party to act as agent for multiple shippers under one master FTS Agreement provided the following conditions have been met:

- A. SHIPPERS demonstrate to COMPANY that they collectively meet the "shipper must have title" requirement set forth in Section 2.1(a)(viii) of the General Terms and Conditions hereunder;
 - B. SHIPPERS provide COMPANY with written notice to COMPANY pursuant to Section 21.2 of the General Terms and Conditions that the agent is authorized to act on their behalf and that each SHIPPER is jointly and severally liable for all of the obligations of SHIPPER under the FTS Agreement; and
 - C. SHIPPERS recognize and agree that they shall be treated collectively as one SHIPPER for nomination, allocation and billing purposes.
- (b) Unless otherwise agreed in writing or set forth in this Tariff, COMPANY shall not be obligated to construct, modify, or acquire facilities to perform transportation services under this Rate Schedule.

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2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to firm transportation service rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule.

Service hereunder shall consist of the receipt, transportation and delivery of gas as set forth below.

- (b) The receipt of gas for transportation services performed under this Rate Schedule, the transportation of the gas received by COMPANY for SHIPPER'S account under this Rate Schedule, and the delivery of such gas shall be on a firm basis; such transportation from the Primary Receipt Points specified on Exhibit A to the Service Agreement and to the Primary Delivery Points specified on Exhibit B to the Service Agreement shall be on a primary firm basis. Firm transportation shall not be subject to limitation or interruption, except as provided in Section 3 ("Quality"), Section 15 ("Billing and Payment"), Section 6.3 ("Addition/Deletion of Receipt Points"), Section 6.4 ("Addition/Deletion of Delivery Points"), Section 8.3 ("Force Majeure") and Section 16 ("Allocation of Capacity") of the General Terms and Conditions.
- (c) Transportation service provided under this Rate Schedule shall be limited to SHIPPER'S Transportation Demand specified in the Service Agreement, subject to the provisions of Section 20 ("Shipper Release of Firm Capacity") of the General Terms and Conditions applicable hereto. However, if gas in excess of the total of all of SHIPPER'S currently effective Transportation Demand is nominated and scheduled for service under this Rate Schedule on any Day pursuant to the allocation procedures set out in Section 13 ("Determination of Receipts and Deliveries") of the General Terms and Conditions, then, unless Section 30.2(c) ("Operational Flow Orders") of the General Terms and Condition applies to the excess, such gas shall be deemed to be Authorized Overrun gas under the Service Agreement and SHIPPER shall pay the maximum rate set forth on the currently effective Rate Sheet for Rate Schedule ITS Service for each Dth of overrun gas.

3. RATES AND CHARGES

- (a) SHIPPER shall pay COMPANY the sum of the following for transportation services rendered for SHIPPER each month under this Rate Schedule:
- (i) Reservation Charge: The applicable rate set forth on the currently effective Rate Sheet for Firm Transportation Service multiplied by the Transportation Demand (expressed in Mcf/d) multiplied by 1.021.
- (ii) Transportation Charge: The applicable rate set forth on the currently effective Rate Sheet for Firm Transportation Service multiplied by the daily quantities of gas delivered for SHIPPER'S account up to SHIPPER'S Transportation Demand in effect each Day. These rates shall be applied to the daily deliveries pursuant to the method set forth in Section 13.7 ("Determination of Receipts and Deliveries") of the General Terms and Conditions.

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- (b) The rates which are stated on the currently effective Rate Sheet for Firm Transportation Service set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule unless COMPANY, in its reasonable judgment, offers to discount its rate to SHIPPER under Section 31 ("Discount Terms") of the General Terms and Conditions or unless the parties have agreed to a Negotiated Rate under Section 27 ("Negotiated Rate Provisions") of the General Terms and Conditions. Any discount or Negotiated Rate agreed to by COMPANY and the effective period of any such rate shall be stated on an executed Exhibit E or Exhibit F to the Service Agreement, respectively, and shall be made on a not unduly discriminatory basis. In the case of a discount, it shall be granted consistent with the applicable provisions of Section 31 of the General Terms and Conditions. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified on the currently effective Rate Sheet for Firm Transportation Service.
- (c) In addition to the charges specified above, SHIPPER shall pay to COMPANY the following charges and such other charges and surcharges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:
- (i) ACA charge: An Annual Charge Adjustment charge as prescribed by Section 24 ("Annual Charge Adjustment Clause") of the General Terms and Conditions, as such charge may be changed from time to time.
 - (ii) Fuel & LAUF charges: A percentage of the quantity of gas received by COMPANY at the Receipt Point(s) as (A) gas required for operations ("GRO"), such as compressor fuel, company-use gas, or (B) lost and unaccounted-for ("LAUF") gas (GRO and LAUF together, may be referred to herein as "Fuel"). The percentage of the quantity of gas retained by COMPANY for GRO and LAUF shall be separately set forth on the currently effective rate sheet for Rate Schedule FTS and established pursuant to Section 25 ("Reimbursement of Fuel Used and Lost and Unaccounted-For Gas") of the General Terms and Conditions.
 - (iii) Electric power charge: An electric power charge adjustment ("EPCA") surcharge for each Dth delivered for SHIPPER's account as set forth on the currently effective rate sheet for Rate Schedule FTS and calculated pursuant to Section 32 ("Electric Power Costs Adjustment Provision") of the General Terms and Conditions.
 - (iv) Authorized Overrun Charge: An amount obtained by multiplying (a) the Quantity of Gas scheduled for delivery, in Dth, in excess of the Shipper's firm Transportation Demand as expressed in Dth using the Btu factor ("Authorized Overrun"), received by COMPANY from SHIPPER for transportation, by (b) the Authorized Overrun Rate per Dth as set forth on the Rate Sheet for Firm Transportation Service, which rate shall equal the maximum recourse transportation charge under Rate Schedule ITS. Authorized overrun quantities have the priority set forth in Section 16.2(d) ("Allocation of Capacity") of the General Terms and Conditions.

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(v) Unauthorized Overrun Gas: All Unauthorized Overrun Gas, as set forth in Section 30.2(c) of the General Terms & Conditions, shall be assessed the penalties set out in Section 30 ("Operational Flow Orders and Penalties") of the General Terms and Conditions.

(d) Adjustment to the Reservation Charge or Negotiated Rate.

(i) MDDQ Shortfall. If, on any Day, COMPANY fails to make available for transportation the quantity up to the TD that SHIPPER has nominated, and such failure is not attributable to failure of the Point Operator to confirm the nomination, the Reservation Charge or Negotiated Rate otherwise payable by the SHIPPER for each such Day shall, unless provided otherwise below, be credited by an amount equal to the product of:

(A) the quantity not made available ("TD Shortfall"), times

(B) SHIPPER's Reservation Charge or Negotiated Rate on a 100 percent load factor basis.

(ii) MDDQ Shortfall due to force majeure. In the event of force majeure, as defined in Section 8.3 of the General Terms and Conditions, causing COMPANY to fail to make available for delivery the quantity up to the TD that SHIPPER has nominated, the Reservation Charge or Negotiated Rate otherwise payable by the SHIPPER for each such Day shall, unless provided otherwise below, be credited by an amount equal to the product of:

(A) the TD Shortfall, times

(B) that portion of the maximum recourse reservation rate attributable to COMPANY's allowed return on common equity and associated income taxes, as determined in the last FERC proceeding establishing such rate.

The result of the calculation in (A) and (B) shall be the "Recourse Floor" rate. If SHIPPER pays a discounted reservation rate or Negotiated Rate for such MDDQ Shortfall that exceeds the Recourse Floor, then SHIPPER shall likewise receive a credit no greater than an amount resulting in SHIPPER's paying the Recourse Floor.

- (iii) No credits to the Reservation Charge for service failure shall be due to the extent the affected TD has been released under Section 20 of the General Terms and Conditions to Receipt Points or Delivery Points other than the affected Primary Receipt Point and Primary Delivery Point;
- (iv) COMPANY shall not be obligated to credit the Reservation Charge or Negotiated Rate to the extent that COMPANY's failure to deliver Gas to SHIPPER results from either or a combination of the following circumstances:
 - (A) the conduct or operations of SHIPPER or the downstream Point Operator of the facilities at a Primary Delivery Point including, but not limited to, damage or malfunction of the downstream Point Operator's facilities or the inability of the downstream Point Operator to receive Gas at the pressure in SHIPPER's Service Agreement or COMPANY's mainline pressure, provided none of the foregoing are caused by acts or omissions of COMPANY; or
 - (B) the conduct or operations of SHIPPER or the upstream Point Operator of the facilities at the Primary Receipt Point including, but not limited to, damage or malfunction of the upstream Point Operator's facilities or the inability of the upstream Point Operator to deliver gas at COMPANY's mainline pressure or minimum pressure provided in SHIPPER's Service Agreement, provided none of the foregoing are caused by acts or omissions of COMPANY; and provided that if COMPANY's facilities also incurred damage and are inoperable, any credit to SHIPPER under this subsection (d) shall apply only until such time when COMPANY's facilities are placed back in service.

4. SIMULTANEOUS RECEIPT AND DELIVERY OF GAS

Services under this Rate Schedule will be provided on the basis that gas will be received and delivered by COMPANY on a simultaneous basis. COMPANY is obligated under this Rate Schedule to deliver gas to a Primary Delivery Point on a primary firm basis to or for the account of SHIPPER the lesser of SHIPPER's MDDQ at such Primary Delivery Point, the amount scheduled for delivery at such Primary Delivery Point, or the thermally equivalent quantity of gas to the gas tendered by SHIPPER at all Receipt Points less applicable LAUF and GRO (or such lesser quantity as remains after making other primary firm deliveries); however, in no event is COMPANY obligated to deliver in the aggregate an amount that exceeds the total thermal equivalent of gas received for the Day less applicable LAUF and GRO (with the exception of situations in which COMPANY has scheduled make up volumes to correct imbalances). COMPANY is also obligated to deliver on a secondary firm basis to any Delivery Point to or for the account of SHIPPER on any Day of transportation the lesser of SHIPPER's TD, the volume of gas scheduled for delivery at such secondary point, or a thermally equivalent quantity of gas to the quantity of gas tendered by or for the account of SHIPPER at all Receipt Points less applicable LAUF and GRO (or such lesser quantity as remains after making other secondary firm deliveries); however, in no event is COMPANY obligated to deliver in the aggregate an amount that exceeds the total thermal equivalent of gas received for the Day less applicable LAUF and GRO (with the exception of situations in which COMPANY has scheduled make up volumes to correct imbalances). SHIPPER'S right under this Rate Schedule to take gas at a

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Because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by COMPANY for transportation under this Rate Schedule and the daily quantities of gas delivered by COMPANY. SHIPPER shall use every reasonable effort to ensure that receipts and deliveries remain in balance on both a daily and monthly basis.

5. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, including from and after their effective date any future modifications, additions, or deletions to the General Terms and Conditions, are applicable to the transportation services rendered under this Rate Schedule and, by this reference, are made a part hereof. If and to the extent the provisions of this Rate Schedule conflict with provisions of the General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

RATE SCHEDULE ITS

Interruptible Transportation Service

1. AVAILABILITY

- (a) This Rate Schedule is available to any party ("SHIPPER") that requests transportation of natural gas on an interruptible basis from Elba Express Company ("COMPANY") when:
 - (i) COMPANY has sufficient capacity and is able to provide the transportation;
 - (ii) SHIPPER has complied with the requirements of Section 2 of the General Terms and Conditions applicable to this Rate Schedule; and
 - (iii) SHIPPER and COMPANY have executed a Service Agreement for service under this Rate Schedule.
- (b) COMPANY shall not be obligated to construct, modify, or acquire facilities to perform transportation services under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to interruptible transportation service rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's ("Commission") Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule.
- (b) The transportation services performed under this Rate Schedule shall be on an interruptible basis and shall be further subject, in COMPANY'S sole judgment, to the availability of excess capacity in COMPANY'S pipeline facilities and to the operating conditions and system requirements of COMPANY. Interruptible transportation services under this Rate Schedule shall have a priority subordinate to COMPANY'S firm transportation services provided pursuant to COMPANY'S Rate Schedules and the General Terms and Conditions applicable thereto contained in COMPANY'S FERC Gas Tariff.
- (c) Transportation service provided under this Rate Schedule shall be limited to SHIPPER'S Maximum Transportation Quantity specified in the Service Agreement.

3. RATES AND CHARGES

- (a) For transportation services rendered for SHIPPER each month under this Rate Schedule, SHIPPER shall pay COMPANY the sum of the following:
 - (i) Transportation Charge: The applicable rates set forth on the currently effective Rate Sheet for Interruptible Transportation service multiplied by the daily quantities of gas delivered for SHIPPER'S account during the month. These rates shall be applied to the daily deliveries pursuant to the method set forth in Section 13.7 of the General Terms and Conditions.

- (b) The rates which are stated on the currently effective rate sheet for Rate Schedule ITS service set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule unless COMPANY, in its reasonable judgment, agrees to discount its rates to SHIPPER under this Rate Schedule, or unless the parties have agreed to a Negotiated Rate under Section 27 of the General Terms and Conditions. Any discount or Negotiated Rate agreed to by COMPANY and the effective period thereof shall be stated on an executed Exhibit E or Exhibit F to the Service Agreement, respectively, and shall be made on a not unduly discriminatory basis. In the case of a discount, it shall be granted consistent with the applicable provisions of Section 31 of the General Terms and Conditions. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified on the currently effective Rate Sheet for Interruptible Transportation Services.

- (c) In addition to the charges specified above, SHIPPER shall pay to COMPANY the following charges and such other charges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:
 - (i) ACA charge: An Annual Charge Adjustment charge as prescribed by Section 24 of the General Terms and Conditions of COMPANY'S FERC Gas Tariff, as such charge may be changed from time to time.
 - (ii) Fuel charge: A percentage of the quantity of gas received by COMPANY at the Receipt Point(s) as gas which shall be deemed GRO and LAUF. The percentage of the quantity of gas retained by COMPANY for GRO and LAUF shall be separately set forth on the currently effective rate sheet for Rate Schedule ITS service.
 - (iii) Electric Power Charge: An electric power surcharge based on the quantity of gas delivered as set forth on the currently effective rate sheet for Rate Schedule ITS.
 - (iv) Unauthorized Overrun Gas: All Unauthorized Overrun Gas, as set forth in Section 30.2(c) of the General Terms & Conditions, shall be assessed the penalties set out in Section 30 ("Operational Flow Orders and Penalties") of the General Terms and Conditions.

4. SIMULTANEOUS RECEIPT AND DELIVERY OF GAS

- (a) Services under this Rate Schedule will be provided on the basis that gas will be received and delivered by COMPANY on a simultaneous basis. COMPANY is obligated under this Rate Schedule to deliver gas to or for the account of SHIPPER on any Day of transportation at a Delivery Point the lesser of the quantity scheduled for delivery at that point or a thermally equivalent quantity of gas to the quantity of gas tendered by or for the account of SHIPPER at all Receipt Points less applicable LAUF and GRO (or such lesser quantity as remains after making other deliveries); however, in no event is COMPANY obligated to deliver in the aggregate an amount that exceeds the total thermal equivalent of gas received for the Day less applicable LAUF and GRO (with the exception of situations in which COMPANY has scheduled make up volumes to correct imbalances). SHIPPER'S right under this Rate Schedule to take gas at a Delivery Point on a Day of transportation is limited to taking the quantity of gas that COMPANY is obligated to deliver.
- (b) Because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by COMPANY for transportation under this Rate Schedule and the daily quantities of gas delivered by COMPANY. SHIPPER shall use every reasonable effort to ensure that receipts and deliveries remain in balance on both a daily and monthly basis.

5. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, including from and after their effective date any future modifications, additions, or deletions to the General Terms and Conditions, are applicable to the transportation services rendered under this Rate Schedule and, by this reference, are made a part hereof. If and to the extent the provisions of this Rate Schedule conflict with provisions of the General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

RATE SCHEDULE PAL

Park and Loan Service

1. AVAILABILITY

This Rate Schedule is available for the parking and loaning of natural gas on an interruptible, non-discriminatory basis by Elba Express Company, L.L.C. ("COMPANY") to any party ("SHIPPER"):

- (a) which has submitted a valid Park and Loan ("PAL") Service Request Form; and
- (b) which has executed a PAL Form of Service Agreement ("PAL Agreement") for service under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all PAL services rendered by COMPANY for SHIPPER. PAL services under this Rate Schedule shall be provided for a minimum of one (1) day and a maximum of thirty-one (31) days, or a term otherwise mutually agreed upon by both COMPANY and SHIPPER. The term and quantity(ies) of each PAL Agreement shall be set forth in the executed PAL Agreement. PAL transactions will occur at a Point of Transaction ("PT"). The PT will not be a physical Receipt or Delivery Point on COMPANY's system, but it will be a paper point. Such PAL transaction shall be nominated from or to a PT to or from a Service Agreement under Rate Schedules FTS or ITS; provided, however, any gas which has been parked must be nominated from the PT where the gas is parked to a Service Agreement with COMPANY.

2.1 Service under this rate schedule will be provided as follows:

- (i) Park Service: Park Service is an interruptible service which provides for:
 - (a) COMPANY's receipt of gas quantities that have been delivered by SHIPPER to a PT on COMPANY's system;
 - (b) COMPANY holding the parked quantities on COMPANY's system; and
 - (c) COMPANY's return of parked quantities of gas to SHIPPER at the PT in the zone where SHIPPER delivered the gas.

COMPANY shall hold the quantity of gas parked under the PAL Agreement for SHIPPER up to the term as specified in the executed PAL Agreement. COMPANY shall then return such parked gas to SHIPPER at the PT where SHIPPER tendered gas to COMPANY, subject to the nomination procedures set forth in Section 4 of this Rate Schedule.
- (ii) Loan Service: Loan Service is an interruptible service which provides for:
 - (a) SHIPPER's receipt of gas quantities from COMPANY at PT on COMPANY's system; and
 - (b) SHIPPER's return of the loaned gas quantities to COMPANY at the PT where SHIPPER received the gas.

COMPANY shall make the quantity of gas loaned under the PAL Agreement available at the PT for a time period up to the maximum term as specified in the executed PAL Agreement. Loaned quantities shall be returned to COMPANY at the PT where SHIPPER received gas, subject to the nomination procedures set forth in Section 4 of this Rate Schedule.

(iii) The combination of (i) and (ii) above may occur under the same PAL Agreement.

- 2.2 The parking and loaning of natural gas under this Rate Schedule shall be on an interruptible basis and shall be scheduled when and to the extent that COMPANY determines, using its reasonable discretion, that capacity is available on its existing facilities and that it has the operational flexibility to provide the service without detriment or disadvantage to COMPANY's firm or interruptible transportation services.
- 2.3 Service under this Rate Schedule will be made available on a first come, first served basis, to any SHIPPER willing and able to pay maximum rates or such other rate mutually agreed upon by COMPANY and SHIPPER, subject to all applicable provisions of the General Terms and Conditions of COMPANY's Tariff. COMPANY shall be under no obligation to provide service under this Rate Schedule at less than the maximum rate.
- 2.4 COMPANY shall not be required to provide service under this Rate Schedule that would require COMPANY to install, operate or maintain any additional facilities.

3. QUALIFICATIONS FOR SERVICE

In addition to the information provided in the PAL Agreement, SHIPPER also shall provide the following information to COMPANY with its initial request for service:

- (i) Certification-Certification from SHIPPER that:
- (a) SHIPPER will warrant for itself, its successors and assigns, that it will at the time of delivery to COMPANY have title to all gas free and clear of all liens, encumbrances, and claims whatsoever. SHIPPER shall indemnify COMPANY and hold 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 or parties to said gas, including claims for royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to COMPANY under this Rate Schedule; and
- (b) It has entered into all necessary arrangements to assure that upstream and downstream transportation, if any, will be in place prior to the commencement of service on COMPANY's system.
- (ii) Credit Information-SHIPPER shall furnish credit information as prescribed in Section 2.1(a) (ix) of the General Terms and Conditions.

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4. NOMINATIONS AND SCHEDULING

- 4.1 SHIPPER shall nominate PAL services under this Rate Schedule in accordance with the nomination deadlines set forth in Section 12.1(c) of the General Terms and Conditions of this tariff. SHIPPER shall nominate the agreed upon park or loan quantities at the PT. Such nominated quantities shall be subject to confirmation by COMPANY. The confirmed quantity shall be deemed the scheduled quantity provided that SHIPPER's corresponding gas supply or transportation service is scheduled.
- 4.2 The park or loan quantity of gas nominated on a daily basis shall equal the agreed upon daily quantity of gas stated in the PAL Agreement unless otherwise mutually agreed upon by both COMPANY and SHIPPER. COMPANY shall not schedule any overrun quantities under the PAL Agreement which encroach upon any services provided to other shippers. COMPANY may terminate the PAL Agreement if shipper nominates quantities other than either the daily or total quantity in the PAL Agreement or the mutually agreed upon quantity. COMPANY may decrease SHIPPER'S nominations to the extent SHIPPER consistently over nominates quantities that COMPANY has scheduled and SHIPPER fails to deliver to COMPANY.
- 4.3 PAL services will be provided on an interruptible basis. Interruption of PAL services may include decreasing, temporarily suspending, or discontinuing the receipt or delivery of gas if COMPANY in its reasonable discretion determines that such decrease, suspension or discontinuance is necessary to maintain system integrity or when a higher priority service so requires.
- 4.4 If, on any day, SHIPPER nominates quantities of gas to be withdrawn from or deposited into its PAL account, but COMPANY is unable to confirm and schedule any of the quantities nominated, COMPANY shall suspend the Park and/or Loan Service rate charges for that quantity not scheduled until COMPANY is able to schedule the quantity nominated. Additionally, COMPANY and SHIPPER may mutually agree to extend the agreed upon term, in the event it is operationally feasible, if SHIPPER's account balance is not zero on the last day of the agreed upon term as set forth in the executed PAL Agreement in order to reach a zero balance.

5. NOTIFICATIONS, ALLOCATIONS AND LIMITATIONS

- 5.1 For purposes of restricting PAL services, COMPANY will give priority to PAL Agreements with the highest average rate on a per unit basis to COMPANY. Such unit rate shall be calculated by taking the total revenue generated during the term of the PAL Agreement and dividing by the total park and loan quantity to arrive at the average rate on a per unit basis. For purposes of calculating the average unit rate, SHIPPERS willing to pay more than the maximum rate listed on the PAL Rate Sheet of this tariff will be considered to be paying the maximum tariff rate. Service will be allocated or limited on a pro rata basis among SHIPPERS with the same average unit rate for PAL services.

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- 5.2 SHIPPER may be required, upon notification from COMPANY, to suspend or reduce deliveries for the agreed upon Park Service, or receipts for the agreed upon Loan Service. Further, SHIPPER may be required, upon notification from COMPANY, to remove quantities of gas previously provided to COMPANY under the Park Service, or return quantities of gas previously loaned to SHIPPER under the Loan Service. Such notification shall be made pursuant to the provisions of Section 18.3 of the General Terms and Conditions to this Tariff.
 - 5.3 Should COMPANY notify SHIPPER to remove or return quantities of gas pursuant to Section 5.2 above, COMPANY's notification shall specify the time frame within which Park Service quantities shall be removed, and/or Loan Service quantities shall be returned. Such notifications shall be consistent with COMPANY's operating conditions, but in no event shall the specified time frame be less than three (3) calendar days from the date of COMPANY's notification unless COMPANY and SHIPPER mutually agree to a different time frame.
 - 5.4 In the event SHIPPER makes a timely nomination in response to a notification by COMPANY pursuant to Section 5.3 above, the obligation of SHIPPER to comply with that notification shall be suspended until such time as COMPANY's operational conditions allow COMPANY to schedule the nomination.
6. RATES AND CHARGES
- 6.1 The daily unit rate for service under this Rate Schedule is shown on the effective PAL Rate Sheet of Volume No. 1 of this Tariff. This rate shall be applied to the daily balance in SHIPPER's PAL account for each separate transaction for each day service is tendered by COMPANY. The monthly charges for PAL services shall be the product of the quantities of gas in SHIPPER's PAL account for each separate transaction and the maximum or mutually agreed upon rate for the applicable day(s) service is provided by COMPANY. Charges shall commence on the first day of the agreed upon transaction and continue until SHIPPER's account balance reaches zero or until the last day of the agreed upon term as set forth in the executed PAL Agreement.
 - 6.2 The rates which are stated on the currently effective PAL Rate Sheet set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule, unless COMPANY, in its reasonable judgment, offers to discount its rates to SHIPPER under this Rate Schedule, or unless the parties have agreed to a Negotiated Rate as provided below. Any discount agreed to by COMPANY and the effective period thereof shall be stated on an executed Exhibit A to the Service Agreement, and shall be made on a not unduly discriminatory basis. Any discount granted hereunder shall only be applicable for the period agreed upon by COMPANY. At the end of such period, the otherwise maximum rates or charges shall govern the service provided to SHIPPER hereunder. Any discount shall be granted consistent with the applicable provisions of Section 31 of the General Terms and Conditions. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified on the currently effective PAL Rate Sheet.

- 6.3 Notwithstanding any provision of COMPANY's effective tariff to the contrary, COMPANY and SHIPPER may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of COMPANY's effective tariff. If COMPANY agrees to such differing rates, rate components, charges, or credits (referred to hereinafter and in this tariff as "Negotiated Rate[s]"), then the Negotiated Rate[s] shall be effective only for the period agreed upon by COMPANY. During such period, the Negotiated Rate(s) shall govern and apply to the SHIPPER's service and the otherwise applicable rate, rate component, charge or credit which the parties have agreed to replace with the Negotiated Rate(s), shall not apply to, or be available to, the SHIPPER. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to SHIPPER. Only those rates, rate components, charges, or credits identified by COMPANY and SHIPPER in writing as being superseded by a Negotiated Rate(s) shall be ineffective during the period that the Negotiated Rate(s) is in effect; all other rates, rate components, charges or credits prescribed, required, established or imposed by this Rate Schedule or COMPANY's tariff shall remain in effect. COMPANY shall make any filings at the FERC necessary to effectuate a Negotiated Rate(s).
- 6.4 Notwithstanding the fact that the charge to be paid by SHIPPER hereunder is a daily charge, COMPANY shall bill Shipper for the charges incurred hereunder on a monthly basis unless COMPANY has agreed to bill SHIPPER according to an alternate payment schedule such as at the end or beginning of the PAL transaction. If applicable, COMPANY may also agree to bill SHIPPER a fixed monthly charge or an agreed upon total charge for the PAL transaction utilizing a variable daily rate provided that such variable daily rate does not exceed COMPANY's applicable maximum rate.

7. PENALTIES

7.1 Park Service:

- (a) In the event any of the following occurs, parked quantities shall become the property of COMPANY at no cost to COMPANY, free and clear of any adverse claims:
- (i) COMPANY's prevailing operations require COMPANY to notify SHIPPER that deliveries of parked quantities must be suspended or be reduced, and SHIPPER fails to comply with such notification; and/or
 - (ii) COMPANY's prevailing operations require COMPANY to notify SHIPPER that all or part of SHIPPER's parked quantities must be removed, and SHIPPER fails to comply within the specified time frame; and/or
 - (iii) the PAL account reflects a positive balance at the termination date of the executed PAL Agreement and COMPANY and SHIPPER have not otherwise agreed to extend the termination date; and/or
 - (iv) SHIPPER does not comply with the terms of the parked transaction.

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- (b) If, pursuant to Section 7.1(a)(i), COMPANY notifies SHIPPER that deliveries of parked quantities must be suspended or be reduced, only those quantities parked in violation of the notification shall become the property of COMPANY at no cost to COMPANY, free and clear of any adverse claims.
- (c) In the event the operational conditions on COMPANY's system permit, COMPANY, at its option, may forego its rights under Section 7.1(a)(iii) above provided that SHIPPER agrees to implement a new PAL transaction at a new rate(s) for a period specified by COMPANY. COMPANY's agreement to enter into a new transaction for a new period as provided above shall not forego COMPANY's rights under this section at the termination date of the new PAL transaction.
- (d) In the event that a PAL account for Park Service reflects a negative balance at the termination date of the executed PAL Agreement, those overdrawn quantities shall be sold to SHIPPER at 150% of the highest weekly index price per Dth, as provided in Section 7.2(a) below, during the term of the transaction.

7.2 Loan Service:

- (a) In the event any of the following occurs, loaned quantities shall be sold to SHIPPER at 150% of the highest weekly index price per dth established under Natural Gas Intelligence's Average Weekly Price Index, Southern Natural - Louisiana, during the term of the agreed upon transaction:
 - (i) COMPANY's prevailing operations require COMPANY to notify SHIPPER that receipt of SHIPPER's loaned quantities must be suspended or be reduced, and SHIPPER continues to nominate loaned quantities; and/or
 - (ii) COMPANY's prevailing operations require COMPANY to notify SHIPPER that all or part of SHIPPER's loaned quantities must be returned to COMPANY, and SHIPPER fails to comply within the specified time frame; and/or
 - (iii) the PAL account reflects a negative balance at the termination date of the executed PAL Agreement and COMPANY and SHIPPER have not otherwise agreed to extend the termination date; and/or
 - (iv) SHIPPER does not comply with the terms of the loaned transaction.

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- (b) If, pursuant to Section 7.2(a) (i), COMPANY notifies SHIPPER that receipt of SHIPPER's loaned quantities must be suspended or be reduced, only those quantities loaned in violation of the notification shall be sold to SHIPPER at 150% of the highest weekly index price as provided above.
- (c) In the event the operational conditions on COMPANY's system permit, COMPANY, at its option, may forego its rights under Section 7.2(a) (iii) above provided that SHIPPER agrees to implement a new PAL transaction at a new negotiated rate(s) for a period specified by COMPANY. COMPANY's agreement to enter into a new transaction for a new period as provided above shall not forego COMPANY's rights under this section at the termination date of the new PAL transaction.
- (d) In the event that a PAL account for Loan service reflects a positive balance at the termination date of the executed PAL Agreement, those overpaid quantities shall become the property of COMPANY at no cost to COMPANY free and clear of any adverse claims.

7.3 If on a consistent basis for a period of one or more days, SHIPPER's deliveries to or receipts from the PT are less than or exceed the scheduled quantities such that SHIPPER is encroaching on other shipper's services, COMPANY may cancel the PAL transaction.

7.4 At any time that operational conditions on the system require SHIPPER to respond to that condition by complying with an operational flow order, COMPANY may issue an operational flow order, as the applicable circumstances may allow pursuant to the relevant provisions of the operational flow orders set forth in Section 30 of the General Terms and Conditions of this Tariff. The terms of the relevant provisions listed in Section 30 of the General Terms and Conditions shall apply to service under this Rate Schedule. COMPANY may not issue an operational flow order until it has complied with the applicable notice provisions set forth in the relevant tariff provisions.

8. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of COMPANY's FERC Gas Tariff, currently effective Volume No. 1, as such may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule PAL and shall apply to services rendered hereunder as stated herein.

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GENERAL TERMS & CONDITIONS (GT&C)

1. DEFINITIONS

The following terms shall have the meanings defined below:

- (a) Natural Gas or Gas - Natural gas processed or unprocessed, vaporized liquefied natural gas, or any mixture of these gases which meets the quality specifications set out in Section 3 of these General Terms and Conditions.
- (b) Day or Gas Day - A period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Clock Time and ending at 9:00 a.m. Central Clock Time. The time period of 24 consecutive hours will be adjusted to add an hour or subtract an hour, as appropriate, on days in which there is a time change, so that the Gas Day still ends at 9:00 a.m. Central Clock Time. The date of a Day shall be that of its beginning.
- (c) Month - A period beginning on the first day of the calendar month and ending on the commencement of the first day of the next succeeding calendar month.
- (d) Btu - A British Thermal Unit measured at a pressure of 14.73 psia at 60 degrees Fahrenheit (101.325kPa and 15 degrees Celsius) on a dry basis.
- (e) MMBtu - 1,000,000 Btu's. One MMBtu is equivalent to one Decatherm.
- (f) Cubic Foot - The quantity of gas necessary to fill a cubic foot of space when the gas is at an absolute pressure of 14.73 pounds per square inch and at a temperature of 60 degrees Fahrenheit on a dry basis. (For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees Celsius, and dry.)
- (g) Mcf - 1,000 cubic feet of natural gas.
- (h) Liquids - Those hydrocarbon liquids (commonly called "condensate"), provided, however, that liquids shall not include crude oil.
- (i) Transportation Demand (TD) - The maximum volume of gas that COMPANY shall be obligated to receive and deliver on any Day pursuant to a Service Agreement under the FTS Rate Schedule. The Transportation Demand shall be stated in the Service Agreement in Mcf.
- (j) Point Operator - A party responsible for operating facilities to which COMPANY interconnects.
- (k) Daily Entitlement - The total quantity of gas which SHIPPER is entitled to take from COMPANY on any Day, consisting of the sum of the following quantities:

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- (i) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule FTS;
- (ii) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule ITS;
- (l) Maximum Daily Receipt Quantity (MDRQ) - For each Primary Receipt Point, the maximum quantity of gas which COMPANY is obligated to accept for transportation for SHIPPER'S account on a primary firm basis. The MDRQ shall be specified on Exhibit A, if applicable, to the Service Agreement between COMPANY and SHIPPER.
- (m) Maximum Daily Delivery Quantity (MDDQ) - For each Primary Delivery Point, the maximum quantity of gas which COMPANY is obligated to deliver for SHIPPER'S account on a primary firm basis. The MDDQ shall be specified on Exhibit B to the Service Agreement between COMPANY and SHIPPER.
- (n) SoNet Premier - COMPANY'S electronic computer system as more specifically described in Section 23 hereof. SoNet Premier is also referred to herein, from time to time, as SoNet or Premier.
- (o) Dekatherm (Dth) - The standard quantity for purposes of nominations, confirmation, scheduling, invoicing, balancing and rates in the United States. One Dth is equivalent to one MMBtu.
- (p) Central Clock Time (CCT) - The time in the Central Time Zone, as adjusted for Daylight Savings Time and Standard Time. Unless otherwise specified herein, all times stated in this tariff are Central Clock Time. "Birmingham, Alabama, time" shall mean Central Clock Time.
- (q) Business Day - Monday through Friday, excluding Federal Banking holidays for transactions in the United States.
- (r) Critical notices - Those notices issued by COMPANY which contain information about conditions that affect scheduling of service by COMPANY or adversely affect scheduled gas flow.
- (s) NAESB - North American Energy Standards Board.
- (t) NAESB Standard - The standards issued by NAESB and incorporated by reference into the Federal Energy Regulatory Commission regulations.
- (u) Operational Flow Orders (OFO) - An order issued to alleviate conditions that, among other things, threaten the safe operations or system integrity of COMPANY'S system or is needed to maintain operations required to provide efficient and reliable firm service. Whenever COMPANY experiences these conditions, any pertinent order shall be referred to as an OFO. A list of COMPANY'S current types of OFOs is set forth in Section 30 of these General Terms and Conditions.
- (v) Ranked PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the line item nomination with the lowest rank value is allocated before the next sequentially higher-ranked line item nomination.

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- (w) Pro Rata PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the total quantity to be allocated is multiplied by the ratio established by taking each scheduled line item and dividing it by the total line items applicable to the quantity to be allocated.
- (x) Percentage PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the allocation is derived by taking the total quantity to be allocated at a location and multiplying it by the percentage provided for each line item.
- (y) Swing PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where one of the scheduled line items, or alternatively a separate contract, is designated as the "swing." All other scheduled line items are allocated the scheduled quantity. The line item(s) identified as "swing" are allocated the remaining difference between the total quantity to be allocated and quantities allocated to non-swing line items, in accordance with the instructions provided with the PDA. The swing line item(s)/contract is not permitted to be allocated a quantity which would result in a negative number, therefore any negative quantity is allocated to the remaining scheduled line items on a pro rata basis.
- (z) Delivery Point(s) - Points on COMPANY's system at which COMPANY is able to deliver natural gas to or for SHIPPER'S account. A Delivery Point may also be a Receipt Point.
- (aa) Receipt Point(s) - Points on COMPANY's system at which COMPANY is able to receive into its own facilities natural gas for SHIPPER'S account. A Receipt Point may also be a Delivery Point.
- (bb) Primary Delivery Point(s) - The point(s) where COMPANY has agreed in Exhibit B of SHIPPER'S Rate Schedule FTS Service Agreement to deliver natural gas to or for SHIPPER'S account.
- (cc) Primary Receipt Point(s) - The point(s) where COMPANY has agreed in Exhibit A of SHIPPER'S Rate Schedule FTS Service Agreement to receive into its own facilities natural gas for SHIPPER'S account.
- (dd) OBA Point Operator - A Point Operator with whom COMPANY has an effective Operational Balancing Agreement ("OBA") for the applicable Receipt Point(s) or Delivery Point(s) and that resolves the imbalance(s) in question.

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- (ee) Authorized Overrun Gas - Overrun gas taken by an FTS Shipper pursuant to Section 3(c)(iv) of Rate Schedule FTS, provided such gas does not constitute Unauthorized Overrun Gas under Section 30.2(c) of these General Terms and Conditions.
- (ff) Unauthorized Overrun Gas. - Overrun gas taken during conditions described in Section 30.2(c) of these General Terms and Conditions.
- (gg) GRO means gas required for operations as specified in Section 25 of the GT&C.
- (hh) LAUF means gas lost and unaccounted for as specified in Section 25 of the GT&C exclusive of losses attributable to identifiable incidents of force majeure or COMPANY'S negligence, gross negligence or willful misconduct.
- (ii) SHIPPER means a legal entity with whom COMPANY has an effective Service Agreement, including as applicable, in the case a release of capacity, the ACQUIRING SHIPPER as defined in Section 20 of the GT&C.
- (jj) COMPANY means Elba Express Company, L.L.C.

2. INQUIRIES AND CONDITIONS FOR SERVICE

2.1 Any inquiries regarding the availability of transportation service and the rates charged for such service after service commences on COMPANY'S pipeline should be directed to COMPANY'S Customer Services Department. Through SoNet Premier, COMPANY shall inform each potential shipper inquiring about service as to the availability of and rates applicable to a particular service and COMPANY'S transportation Rate Schedules, as appropriate, the General Terms and Conditions, and the transportation rates applicable thereto as contained in COMPANY'S FERC Gas Tariff. The procedures for submitting valid requests for transportation service are as follows.

(a) Requests for transportation under Rate Schedules FTS or ITS shall be provided in writing to COMPANY in the format set out in Appendix A to the General Terms and Conditions to the attention of the COMPANY'S Customer Services Department. To be considered a valid request for service, service must be requested to begin within ninety (90) days under Rate Schedule ITS or within sixty (60) days under Rate Schedule FTS except if the request involves the completion of construction by COMPANY of any necessary facilities or the issuance of any necessary certificate authorization to COMPANY or if the request is a bid submitted as part of an open season initiated by COMPANY as provided below in Section 2.1(b)(iii). The request shall contain all of the following information to be deemed a valid request.

(i) Full legal name of SHIPPER, identity of the SHIPPER, DUN & BRADSTREET (DUNS) number (if applicable), address, contact person, 24-hour telephone number or beeper number, 24-hour facsimile machine number (if available) and electronic mail ("email"), three (3) contact persons for emergencies, type of legal entity, and if a corporation, state of incorporation;

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- (ii) For service under Rate Schedule FTS, the Transportation Demand requested.
 - (iii) Requested term of service, including proposed commencement and termination dates;
 - (iv) For service under Rate Schedule FTS, the name and Receipt Point Code Number (if known) or detailed description of each Primary Receipt Point and Maximum Daily Receipt Quantity at each Primary Receipt Point requested;
 - (v) For each Primary Receipt Point, if requested by COMPANY the name of the entity delivering the gas into COMPANY'S system (which information is not required until the Services Agreement is executed), the name of the Receipt Point Operator, and a contact person and 24-hour telephone and facsimile machine number(s) and email for that entity;
 - (vi) For service under Rate Schedule FTS, the name and Delivery Point Code Number(if known) or detailed description of each Primary Delivery Point requested, the Maximum Daily Delivery Quantity at each Primary Delivery Point, and for each Primary Delivery Point, if requested by COMPANY, the name of the Delivery Point Operator, and the name of a contact person and 24-hour telephone and facsimile machine number(s) and email for that entity;
 - (vii) A certification by SHIPPER that SHIPPER has entered into or will enter into those arrangements necessary to assure all upstream and downstream transportation will be in place prior to the commencement of service under a transportation Service Agreement with COMPANY;
 - (viii) A certification by SHIPPER that upon the commencement of service, SHIPPER will have title or a contractual right to acquire title to the gas to be delivered to COMPANY;
 - (ix) Most recent audited financial statements, annual report, Form 10-K (if applicable), a list of affiliates and three (3) credit references in order to enable COMPANY to evaluate SHIPPER'S creditworthiness; and
 - (x) The affiliation, if any, of SHIPPER with COMPANY.
- (b) Allocation of Capacity: Following the initial in-service date of all phases of COMPANY'S facilities in FERC Docket CP06-471, firm capacity on COMPANY'S system that is available or turned back to COMPANY from time to time shall be allocated pursuant to the following procedures:

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- (i) Subject to all requirements for submitting a valid request for firm service herein and subject to the requirements of Section 19 of the General Terms and Conditions hereto, firm capacity will be allocated to the valid request(s) that generate the highest net present value ("NPV") to COMPANY. When two or more requests for service are being evaluated under this section, requests evaluated at the same time shall be considered together under the same criteria. Net present value will be determined based on the discounted cash flow of revenues to COMPANY produced, lost, or affected by the request(s) for service. In determining the highest net present value, COMPANY will consider objective criteria only. Such criteria may include, without limitation, the Transportation Demand requested, the duration of the service requested, the date on which the requested service would commence, the applicable Reservation Charge, and such other factors available based on the requests for service received by COMPANY, including the cost(s) or cost of service attributable to any facilities required by COMPANY to provide service. COMPANY may calculate the NPV on a per unit basis by dekatherm or on a total revenue basis. The NPV shall include only revenues generated by the reservation rate component or other form of revenue guarantee, as proposed by the bidder(s). With respect to evaluating bids at less than the maximum rate, COMPANY reserves the right to evaluate bids based on the percent of the maximum rate bid. For Negotiated Rate bids proposing a reservation rate or other form of revenue guarantee, which exceeds the maximum applicable reservation rate, the net present value calculated for the bid may not exceed a net present value that is calculated assuming that the maximum applicable reservation rate shall be in effect during the full term proposed in the bid, in place of the reservation rate(s) or other revenue guarantee(s) proposed in the bid. As used in this section, "revenue guarantee" shall mean a volumetric or usage rate bid along with a minimum throughput commitment. In performing a net present value evaluation of a Negotiated Rate bid proposing a volumetric or usage rate along with a minimum throughput commitment, COMPANY shall consider only the fixed costs proposed to be recovered through the volumetric or usage rate bid in addition to any reservation rate included in the bid. The net present value discount factor used by COMPANY will be applied consistently to all requests for capacity being evaluated at the same time. COMPANY may specify a maximum term to be bid. For purposes of its NPV evaluation, COMPANY may consider the aggregate NPVs of two or more bids.

- (ii) If COMPANY receives two (2) or more requests for service that produce equivalent net present values, then, unless otherwise agreed by COMPANY, available capacity will be allocated to the equivalent requests on a pro rata basis. A party must specify in its request whether it is willing to accept capacity on a pro rata basis pursuant to this section. If any party declines to accept prorated capacity, such party's request shall be null and void and COMPANY shall be entitled to reallocate the available capacity among the other equivalent requests.

- (iii) Capacity on COMPANY'S system will be posted on SoNet Premier pursuant to Section 284.13(d)(1) of the Commission's Regulations as it becomes available. COMPANY may, but is not obligated herein to, hold an open season at any time that a shipper makes a written request for available capacity, except COMPANY shall not hold an open season when a SHIPPER requests a change in a Primary Receipt Point or Primary Delivery Point for existing capacity available at the time of the request; nor are discounts at other points presumptively applicable to the requested points unless otherwise provided herein or by Commission regulations. If COMPANY holds an open season, it shall post the terms of any open season and the available capacity under the open season. During any such open season, COMPANY will allocate the capacity subject to the open season as provided in Section 2.1(b)(i) above. At the time of posting, COMPANY will identify the criteria to be used in calculating the Net Present Value, including, but not limited to, the weighing of each criteria, the method of calculating Net Present Value, and the discount factor to be used. COMPANY may elect to set a reserve price(s) for bids.

In evaluating bids associated with an open season for new pipeline capacity, any request for a change in Primary Delivery Points under Section 6.4 of these General Terms and Conditions will be considered to have a net present value of zero (0) when comparing requests for service, awarding capacity, and meeting the reserve price unless the SHIPPER has agreed in conjunction with its request to increase its TD or extend the term of its firm contract in which case COMPANY may consider the terms of such TD increase or contract extension when evaluating the net present value.

In evaluating bids associated with an open season for new pipeline capacity, Company will consider any requests by a SHIPPER to change Primary Receipt Point(s) as part of a bid in an open season for the available capacity offered in the open season. In evaluating bids associated with the open season, any request for a change in the Primary Receipt Point(s) will be considered to have a net present value of zero (0) when comparing requests for service, awarding capacity, and meeting the reserve price, unless the SHIPPER has agreed in conjunction with its request to increase its TD or extend the term of its firm contract in which case COMPANY may consider the terms of such TD increase or contract extension when evaluating the net present value.

- (iv) COMPANY may enter into a pre-arranged agreement with any shipper for capacity that is available prior to holding an open season for that capacity, provided that COMPANY will indicate in the posting announcing the open season that the open season is subject to a pre-arranged transaction. Any shipper will have the right to submit a bid for the capacity in the open season; provided, however, that the prearranged shipper may not submit a bid of lesser value to COMPANY than the pre-arranged agreement. If a shipper submits a bid with a higher NPV to COMPANY than the pre-arranged transaction, the shipper with the pre-arranged transaction will have a one-time right, within two Business Days of notification by COMPANY, to match the NPV of the higher bid in order to obtain award of the capacity. If the shipper with the pre-arranged transaction elects not to match a higher competing bid, the capacity will be awarded to the qualifying bidder(s) with the highest NPV to COMPANY. Such NPV shall be determined pursuant to the procedures set forth in Section 2(b)(i) above and the criteria set forth in the open season. If the capacity is awarded to a shipper under the terms of a pre-arranged transaction, COMPANY shall post the following information: (i) the rate agreed upon in the pre-arranged transaction; and (ii) the rate at which the capacity is awarded.
- (v) All requests received during an open season remain binding on the requesting SHIPPER through the end of the open season unless withdrawn by the requesting SHIPPER; provided, however, a requesting SHIPPER may withdraw its previous request and submit a request with a higher net present value during the open season, but neither the requesting SHIPPER nor an affiliate, supplier, or purchaser thereof may submit a request with a lower net present value during the open season. At the end of the open season, all requests either withdrawn or not accepted shall be deemed null and void. COMPANY will evaluate the bids and notify the winning bidder within ten (10) Business Days of the close of the open season. If the SHIPPER awarded the capacity does not execute a Service Agreement within the time set forth below in Section 2.1(c), then COMPANY may elect to offer the capacity to other SHIPPERS as provided above. If there is no other acceptable bid, the SHIPPER awarded the capacity shall be obligated to pay COMPANY the applicable Reservation Charge for the capacity requested in the bid based on the terms of the bid through the end of the term specified in the bid or until such time that COMPANY can successfully award the capacity to an acceptable replacement bidder. COMPANY shall post the winning bid and the method of evaluating the winning bid on SoNet Premier within twenty-four (24) hours after the award has been made.

- (vi) To the extent COMPANY has available unsubscribed capacity, COMPANY shall have the right, but not the obligation, to reserve that capacity for any expansion projects when it becomes available, provided that the open season for the expansion is announced by the later of one (1) year from the date COMPANY posts such capacity as being reserved or one (1) year from the date such reserved capacity actually becomes available for use. COMPANY will post on SoNet Premier its intention to reserve any capacity for an expansion; and once it posts its intention to reserve such capacity COMPANY shall not award such capacity independent from such expansion unless it posts a notice on SoNet Premier rescinding its decision to reserve the capacity. COMPANY may, however, market any capacity reserved under this subsection or capacity awarded under Section 2.1(b)(v) on an interim basis for the period prior to the in-service date of the expansion or the start date of the service agreement awarded under Section 2.1(b)(v). For such interim-term agreements, COMPANY reserves the right to limit Shipper's extension rights under its service agreement with COMPANY or ROFR rights under Article 20 to these General Terms and Conditions up to the proposed in-service date of the expansion project or start date of the service agreement. COMPANY will indicate in any open season posting for the interim capacity any limitations on ROFR or extension rights that will apply to such interim service agreement(s).
- (vii) Notwithstanding the net present value determination, COMPANY reserves the right to decline requests for service (i) that offer less than the maximum rate; (ii) that may detrimentally impact the operational integrity of COMPANY's system; (iii) that do not satisfy all the terms of a specific open season; (iv) for which the requestor does not demonstrate creditworthiness; (v) that contain terms and conditions other than those set forth in the Tariff; or (vi) that contain contingencies that cannot or are unlikely to be, in COMPANY's estimation, removed within a time frame acceptable to COMPANY.
- (c) Within five (5) Business Days, or a mutually agreed-upon time, after accepting the request as provided above subject to the provisions of Sections 2.1(a), 2.1(b), and 2.1(d) of this section, COMPANY shall prepare and tender to SHIPPER for execution a Service Agreement under the applicable transportation Rate Schedule. If SHIPPER fails to execute and return to COMPANY the Service Agreement within ten (10) Business Days of the date received by SHIPPER, then COMPANY may deem the request for service null and void, and the available capacity may then be reallocated according to Section 2.1(b)(iv) above.

- (d) COMPANY shall not be required to perform or continue to perform services under a transportation Service Agreement for any SHIPPER who is or has become insolvent, or who fails to demonstrate or maintain creditworthiness, or who fails to make payments pursuant to Section 15 hereof (except if SHIPPER has disputed a bill and made provision for such payment in accordance with Section 15.3 hereof); provided, however, such SHIPPER may receive or continue to receive service if SHIPPER provides (i) where the service is associated with a permanent release of capacity associated with the original construction of COMPANY's facilities or an expansion of COMPANY's facilities, either (x) the proposed Acquiring Shipper, at the time of such permanent release has a credit rating of not less than Investment Grade (taking into account for this purpose the lowest published rating of S&P and Moody's if both such rating agencies have published ratings in respect of such proposed replacement shipper or assignee), or (y) the proposed Acquiring Shipper provides a guarantee from a credit provider that, at the time of such permanent release or assignment, has a credit rating of not less than Investment Grade (taking into account for this purpose the lowest published rating of S&P and Moody's if both such rating agencies have published ratings in respect of such proposed replacement credit support provider), and in all cases (z) the credit support is equivalent in amount for the portion of capacity being permanently released, the duration, and the other material applicable terms contained in the Form of Guarantee, Appendix E, of these General Terms and Conditions, as the credit support previously agreed to in the RELEASING SHIPPER's precedent agreement related to such capacity being released or (ii) for service not associated with a permanent release, the greater of the credit support agreed to for its Service Agreement or the following:
- (i) makes a security deposit in an amount equal to the cost of performing the maximum transportation service for SHIPPER for the lesser of the remaining primary term, or of any extension, of the Service Agreement, and a three (3) month period;
 - (ii) furnishes good and sufficient surety, as determined by COMPANY in its reasonable discretion, in an amount equal to the cost of performing the maximum transportation service for SHIPPER for the lesser of the remaining primary term, as may be extended, of the Service Agreement and a three (3) month period; or

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- (iii) furnishes a guaranty either in the form provided in Appendix E, as may be amended, or in another form agreed to between COMPANY and SHIPPER from a creditworthy party that such creditworthy party will be responsible for payment of all charges and penalties assessed by COMPANY but not paid by SHIPPER.

COMPANY shall not be required to perform services under a PAL Service Agreement for any SHIPPER who is or has become insolvent, or who fails to demonstrate creditworthiness, or who fails to make payments pursuant to Section 15 hereof (except if SHIPPER has disputed a bill and made provision for such payment in accordance with Section 15.3 hereof); provided, however, such SHIPPER may receive PAL service if SHIPPER makes a security deposit or furnishes good and sufficient surety in an amount equal to the quantity of the gas to be parked or loaned at the value of the gas per Dth, for a period of three months, or provides COMPANY with a guaranty from a creditworthy party that said creditworthy party will be responsible for the value of the gas including payment of all charges and penalties assessed by COMPANY but not paid by SHIPPER.

- (e) Subject to other provisions of COMPANY'S firm transportation Rate Schedules and these General Terms and Conditions, Primary Receipt Point(s) may be added to or deleted from Exhibit A to a Service Agreement, Primary Delivery Point(s) may be added to or deleted from Exhibit B to a Service Agreement, the Maximum Daily Receipt Quantities or Maximum Daily Delivery Quantities may be increased or decreased, or the term of any Service Agreement may be extended beyond its primary term wherein the parties have agreed in writing; provided that the Transportation Demand specified in or underlying the Service Agreement is not increased. Such changes shall not affect SHIPPER'S priority of service under a firm transportation Rate Schedule.

To request any of the changes to a Service Agreement specified above, SHIPPER shall submit a request in writing on the form set forth in Section 2.1(a) above.

- (f) COMPANY shall not be obligated to accept any request for firm transportation service unless adequate firm capacity is available without the construction or acquisition of additional facilities, including the addition of or modification to flow measurement and flow control equipment, by COMPANY on every portion of COMPANY'S system (including Receipt and Delivery Point(s)) which would be utilized in such transportation and throughout the year.

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3. QUALITY

- 3.1 The gas to be received by COMPANY for SHIPPER'S account must upon delivery by SHIPPER to COMPANY:
- (a) be free of objectionable liquids and solids and be commercially free from dust, gums, gum-forming constituents, or other liquid or solid matter which might become separated from the gas in the course of transportation through the pipeline or which could cause inaccurate measurement;
 - (b) not contain more than 200 grains of total sulphur or 3 grains of hydrogen sulphide per Mcf;
 - (c) not contain more than 2% by volume of carbon dioxide, 3% of nitrogen, and 0.25% of oxygen nor more than a combined total of inert gases of 4% by volume;
 - (d) not contain more than 1.5% by volume of butane and higher (C4+) hydrocarbons;
 - (e) not contain more than 7 pounds of water per 1,000 Mcf;
 - (f) have a temperature of not more than 120 degrees Fahrenheit, nor less than the greater of 35 degrees Fahrenheit or 5 degrees Fahrenheit above the hydrocarbon dew point ("HDP") temperature of the gas; and
 - (g) have a Wobbe number of at least 1,300 and no more than 1,400 Btu per cubic foot of dry gas. The Wobbe number of the gas shall be determined by dividing the gross heating value of the gas by the square root of the specific gravity of the gas. The gross heating value of the gas shall be determined by a mutually acceptable test of one cubic foot of gas at a temperature of sixty degrees Fahrenheit and at a pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute. Tests and calculations for such determination of composition, heating value, specific gravity, and Wobbe number shall be conducted for each Receipt Point as frequently as possible using the equipment installed at each Receipt Point.
- 3.2 The gas redelivered hereunder will meet the specifications set forth in Section 3.1 above, except with respect to (a) odorant, which shall be governed by Section 8.4 herein, and (b) the minimum temperature set forth in Section 3.1(f) above for any measurement stations at which COMPANY does not maintain heaters.
- 3.3 Unless otherwise specified herein, SHIPPER'S compliance with the standards in this Section 3 shall be determined by the most appropriate among approved standard methods generally in use in the natural gas industry, as selected by COMPANY in its reasonable judgment.

3.4

- (a) Should any gas received for SHIPPER'S account by COMPANY fail to conform to any of the specifications provided for in this Section 3 when tendered for receipt into COMPANY'S system, COMPANY shall notify SHIPPER of any such failure and may at its option suspend all or a portion of the receipt of any such gas, and COMPANY shall be relieved of any of its applicable obligations for the duration of such time as the gas does not meet such specifications. At SHIPPER's request in writing following such notice, COMPANY shall take measures reasonably available to it to mitigate the non-conformance, and SHIPPER shall indemnify COMPANY for reasonable and verifiable costs and liabilities of nonconformance and mitigation. If COMPANY proceeds, without SHIPPER'S written request, to continue to accept non-conforming gas, SHIPPER shall not be responsible for any damages.
- (b) Should any gas delivered by COMPANY to SHIPPER fail at any time to conform to the requirements of this Section 3, SHIPPER shall notify COMPANY of any such failure, and SHIPPER, unless gas received for its account is non-conforming or contributing to non-conformance, shall be relieved of any of its applicable obligations for the duration of such time as the gas does not meet such specifications. COMPANY shall indemnify SHIPPER for reasonable and verifiable costs SHIPPER incurs due to the nonconformance.

4. MEASUREMENT

4.1 Unit of Volume:

The unit of volume shall be a cubic foot.

4.2 Measurement of Volume:

- (a) When gas is delivered at a pressure different from 14.73 pounds per square inch absolute, then for the purpose of measurement hereunder, such volumes of gas shall be corrected to a pressure of 14.73 pounds per square inch absolute. It is assumed that the atmospheric pressure is 14.4 pounds per square inch or such other pressure as agreed upon by COMPANY and SHIPPER. The measurement of gas volumes shall be adjusted for deviation from Boyle's Law in accordance with generally accepted engineering practice; provided, however, that where gas is delivered through positive displacement meters at a pressure not in excess of 20 pounds per square inch gauge, the gas may be assumed to obey Boyle's law.
- (b) Where orifice meters are used, volumes delivered shall be computed in accordance with formulae, tables and methods prescribed in Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids, AGA Report No. 3 -- ANSI/API 2530, as revised September 1985, and as such report may hereafter be further revised. Exact measurements of inside diameters of meter tubes shall be obtained by means of a micrometer to the nearest one-thousandth inch. The volumes shall be corrected for flowing temperature and specific gravity in accordance with the provisions of paragraphs (c) and (d) below.

- (c) The flowing temperature of the gas shall be determined for the purpose of measured volume correction. Volume shall be corrected for each degree of variation in the flowing temperature from 60 degrees Fahrenheit. The flowing temperature will be measured by RTD's, thermocouples, thermometers, etc. and shall be either (1) recorded using digital recorders or (2) used for on-site flow computations in electronic flow computers in which case the instantaneous measurement of temperature will be used in such computations.
- (d) A specific gravity correction shall be applied to measured volumes. The specific gravity to be used for such correction shall be determined at an appropriate location by a gravitometer, chromatograph or other device of standard manufacture and shall be either (1) recorded using digital recorders or (2) used for on-site flow computations in electronic flow computers in which case the value of the specific gravity being measured will be used as appropriate in such computations.
- (e) The gross heating value shall be determined at an appropriate location, by a calorimeter, chromatograph or other device of standard manufacture and shall be either (1) recorded using digital recorders or (2) entered as an input to electronic flow computers in which case the gross heating value being measured will be used in the computation of the Btu content of the gas.

5. MEASURING EQUIPMENT

5.1 COMPANY'S Measuring Equipment:

Gas delivered to COMPANY and by COMPANY to or for the account of SHIPPER shall be measured by meters installed, operated, and maintained by COMPANY, or such meters as COMPANY causes to be installed, operated, and maintained, equipped to record daily and hourly deliveries. Measurement data may be recorded using electronic recorders or instantaneous flow computations in electronic flow computers. Orifice meter installations shall conform to the recommendations for design and installation contained in AGA Report No. 3, as revised September 1985, and as such report may hereafter be further revised. Turbine meter installations shall conform to the recommendations for design and installation contained in Gas Measurement Committee Report No. 7 of the AGA, as published in 1981 and as such report may be further revised.

5.2 Testing Measuring Equipment:

COMPANY shall test its meters, installed as provided in Section 5.1 above, at reasonable intervals. COMPANY shall test thermometers, gravimeters, calorimeters, chromatographs and other equipment installed as provided in Sections 3.1(f), 4.2(c), and 4.2(d) above, at reasonable intervals. COMPANY will notify SHIPPER in time to permit SHIPPER to witness at its expense such test if SHIPPER so elects. Measuring equipment shall be subject to check tests and inspection by SHIPPER at its expense, on notice, at all reasonable times.

In the event SHIPPER's or Receipt Point Operator's or Downstream Operator's pipeline or production facilities go offline for more than twenty-four (24) hours due to destruction or damage or the potential for destruction or damage of such upstream or downstream facilities, COMPANY shall have the right to test or inspect its equipment for damage within a reasonable period of time prior to allowing the point operator to resume service.

5.3 Correction of Metering Errors:

If COMPANY'S measurement equipment installed under Section 5.1 above or any other equipment installed under Sections 3.1(f), 4.2(c), and 4.2(d) above is found to be inoperative or inaccurate, such equipment shall be adjusted to register correctly, and the amount of error shall be determined by the most accurate method feasible. If the inaccuracy shall have resulted in an error of more than one percent (1%) in the measurement of gas and the resulting adjustment is greater than 10 Dth, then the calculated deliveries of gas shall be adjusted to compensate for such error. Such adjustment shall be made for such period of inaccuracy as may be definitely known. If the period of inaccuracy shall not be definitely known, then such adjustment shall be made for the last half of the period (but not exceeding 15 days) between the time the metering equipment was adjusted to register correctly and the date of the last previous meter test. If for any reason the measuring equipment is out of service or out of repair so that the amount of gas delivered cannot be ascertained or computed from the readings thereof, the amount of gas delivered during such period shall be estimated and agreed upon by the use of the first of the following methods which is feasible:

- (a) By using the registration of any check measuring equipment if installed and accurately registering;
- (b) by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation; or
- (c) by estimating the quantity of gas delivered by reference to actual deliveries during preceding periods under similar conditions when the equipment in question was registering accurately.

5.4 Check Measuring Equipment:

SHIPPER may install, maintain and operate, at its own expense, such check measuring equipment as it may desire, provided that such equipment shall be so installed as not to interfere with the operation of COMPANY'S measuring equipment. COMPANY shall have access to such measuring equipment and data at all reasonable hours, but the reading, calibrating and adjusting thereof and the changing of charts shall be done only by SHIPPER.

5.5 Prior Period Adjustments:

The deadline for closing measurement data shall be no later than 5 Business Days after the month of flow. Any measurement data or corrections received by COMPANY (including corrections to allocations) after it has closed the previous month of flow shall be handled as a prior period adjustment. COMPANY shall process late measurement data or corrections of measurement errors under Section 5.3 as soon as practicable but no later than 6 months after the applicable month of flow in question. The correction shall be made to the month of flow for allocation and billing purposes. If SHIPPER disputes the measurement adjustment, it will have 3 months after the prior period adjustment is made to rebut the adjustment. Excluding government required rate changes and as otherwise provided herein, no prior period adjustments of any kind shall be made by COMPANY after 6 months following the invoiced month for transportation. These deadlines do not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. The parties' statutory or other contractual rights shall not be diminished by this provision.

6. RECEIPT AND DELIVERY POINTS

6.1 Receipt Point:

Each Receipt Point available for transportation service under this Tariff, shall be at the inlet side of COMPANY'S measurement facilities, or such other point as may be mutually agreed upon between COMPANY and SHIPPER. On Exhibit A to the Service Agreement under Rate Schedule FTS, COMPANY and SHIPPER shall specify the Maximum Daily Receipt Quantity of gas to be received for transportation at the Primary Receipt Point(s). For service performed under the FTS Rate Schedule, the sum of the Maximum Daily Receipt Quantities specified on the Exhibit A to the Service Agreement shall not exceed the Transportation Demand specified in the Service Agreement. For service performed under the ITS Rate Schedule, all Receipt Points on COMPANY'S system are available for SHIPPER'S interruptible transportation service.

6.2 Delivery Point:

The location of the Primary Delivery Point(s) shall be specified on Exhibit B to the Rate Schedule FTS Service Agreement between COMPANY and SHIPPER. At each measurement station the transfer of the possession and custody of the gas shall occur at the outlet side of COMPANY'S measurement facilities, or such other point as may be mutually agreed upon between COMPANY and SHIPPER. For each Primary Delivery Point, COMPANY and SHIPPER shall specify on Exhibit B the Maximum Daily Delivery Quantity at the Point. For service performed under Rate Schedule FTS, the sum of the Maximum Daily Delivery Quantities specified on Exhibit B to the Service Agreement shall equal the Transportation Demand specified in the Service Agreement. For service performed under the ITS Rate Schedule, all Delivery Points on COMPANY'S system are available for SHIPPER'S interruptible transportation service.

6.3 Addition/Deletion of Receipt Points:

- (a) For service performed under Rate Schedule FTS, COMPANY AND SHIPPER may by mutual agreement add or delete Primary Receipt Points to Exhibit A to the Service Agreement or change the Maximum Daily Receipt Quantity for any Primary Receipt Point on Exhibit A by executing a revised Exhibit A to the Service Agreement; provided however, that any such change to an Exhibit A to a Service Agreement for transportation service under Rate Schedule FTS must include corresponding changes to the existing Maximum Daily Receipt Quantities such that the sum of the changed Maximum Daily Receipt Quantities does not exceed the Transportation Demand.
- (b) Each SHIPPER under Rate Schedule FTS shall have the right to utilize as alternate Receipt Points on a secondary basis all active Receipt Points on COMPANY'S contiguous pipeline system as posted by COMPANY on SoNet Premier's bulletin board. These alternate Receipt Points ("Secondary Receipt Points") shall have a priority subordinate to all firm services utilizing the points as Primary Receipt Points and a priority superior to all services utilizing the points on an interruptible basis.
- (c) Each firm SHIPPER has a capacity path from the SHIPPER'S Primary Receipt Point to its Primary Delivery Point, and up to the transportation quantity associated with Primary Receipt Point and Primary Delivery Point. A SHIPPER utilizing a Secondary Receipt Point within the capacity path of the Primary Receipt Point in its Service Agreement shall have a priority superior to a SHIPPER utilizing a Secondary Receipt Point that is outside the capacity path of a Primary Receipt Point contained in its Service Agreement. COMPANY shall maintain on SoNet Premier an updated list of all Receipt Points eligible for SHIPPER'S firm transportation Service Agreement.
- (d) For service performed under Rate Schedule ITS, COMPANY shall maintain on SoNet Premier an updated list of all Receipt Points available for SHIPPER'S interruptible transportation service.

6.4 Addition/Deletion of Delivery Points:

- (a) Subject to the provisions of the transportation Rate Schedule applicable to SHIPPER'S service and these General Terms and Conditions, COMPANY and SHIPPER may by mutual agreement add or delete Primary Delivery Points or change the Maximum Daily Delivery Quantity for any Primary Delivery Point by executing a revised Exhibit B to SHIPPER'S Service Agreement under Rate Schedule FTS; provided, however, that any change to an Exhibit B to a Service Agreement for transportation service under Rate Schedule FTS must include corresponding changes to the existing Maximum Daily Delivery Quantities such that the sum of the changed Maximum Daily Delivery Quantities equals the Transportation Demand. Primary Delivery Point changes will be subject to available capacity and administered according to the terms of Section 2.1(b) above.
- (b) Each SHIPPER under Rate Schedule FTS shall have the right to utilize as alternate Delivery Points on a secondary basis all active Delivery Points on COMPANY'S contiguous main pipeline system as posted by COMPANY on SoNet Premier's bulletin board. The alternate Delivery Points ("Secondary Delivery Points") shall have a priority subordinate to all firm services utilizing the points as Primary Delivery Points and a priority superior to all services utilizing such points on an interruptible basis.
- (c) A SHIPPER utilizing a Secondary Delivery Point within the capacity path of the Primary Delivery Points shown on the Exhibit B to its Service Agreement shall have a priority superior to a SHIPPER utilizing a Secondary Delivery Point that is outside the capacity path of its Primary Delivery Points contained in its Service Agreement. COMPANY shall maintain on SoNet Premier an updated list of all Secondary Delivery Points.

7. PRESSURE

7.1 Receipt Points:

All gas to be transported for SHIPPER shall be delivered to COMPANY at pressures sufficient to enter COMPANY'S facilities at such working pressures maintained by COMPANY at each Receipt Point; provided, however, that such pressures shall not exceed COMPANY'S maximum allowable operating pressures at each such point. Exhibit A to the Service Agreement shall state the minimum pressure at which Gas will be delivered on SHIPPER'S behalf to COMPANY for SHIPPER'S account at the Primary Receipt Point. COMPANY and SHIPPER may on a case-by-case basis agree that scheduled receipts may, subject to applicable regulatory requirements, be made at a lower pressure.

7.2 Delivery Points:

All gas will be delivered by COMPANY at each Primary Delivery Point listed on Exhibit B to the firm transportation Service Agreement at such pressure as may be mutually agreed upon by COMPANY and the firm SHIPPER and specified in the firm Service Agreement, provided, however, that such pressures shall not exceed COMPANY'S maximum allowable operating pressures at each such point. Exhibit B to the Service Agreement shall state the minimum pressure at which COMPANY will deliver Gas on SHIPPER'S

behalf at the Primary Delivery Point. COMPANY may, in its reasonable judgment, determine that deliveries may be made at a lower pressure while meeting the firm service for SHIPPER so long as the downstream facilities remain able, with such lower pressure, to receive and transport the gas that COMPANY delivers on SHIPPER'S behalf into the interconnection between COMPANY and such downstream facilities. COMPANY and SHIPPER may on a case-by-case basis agree that scheduled deliveries may be made at a lower pressure. Each delivery pressure to be so specified shall be such pressure SHIPPER may request up to the pressure which, in the reasonable judgment of COMPANY, can be continuously maintained without reducing the existing deliverability, or impairing the efficient operation, of its system or any part thereof, after giving effect to the reduction of pressure incident to measurement and delivery of gas, it being recognized that delivery pressure may vary within the control limitations of equipment used for reducing pressure in accordance with generally accepted practice. Deliveries at Delivery Points where COMPANY has no firm delivery obligation shall be delivered to or for the account of SHIPPER at the working pressures maintained, from time to time, at such points.

8. LIABILITY OF SHIPPER AND COMPANY

8.1 Control of Gas:

For the purpose of determining the liability of COMPANY and SHIPPER, respectively, SHIPPER shall be deemed to be in exclusive control and possession of the gas to be transported until such gas has been actually received by COMPANY at the Receipt Point, and after the gas has been delivered to the account of SHIPPER hereunder by COMPANY at the Delivery Point. COMPANY shall be deemed to be in exclusive control and possession of the gas transported hereunder only while it is in COMPANY'S facilities. Title to that share of gas deemed to be used as compressor fuel, company-use, vented, lost or unaccounted-for gas hereunder shall pass to COMPANY at the Receipt Point.

8.2 Responsibility and Liability:

The party deemed to be in control and possession of the gas to be transported shall be responsible for and shall indemnify the other party with respect to any losses of gas (including gas lost as a result of force majeure but not including LAUF gas), claims, liabilities or damages (except consequential damages in the case of mere negligence) arising therefrom.

8.3 Force Majeure Declared by COMPANY or SHIPPER:

- (a) Obligations: In the event of either COMPANY or SHIPPER being rendered unable, wholly or in part, by Force Majeure to carry out its obligations under the Service Agreement, other than to make payments due thereunder, then on such party giving notice and full particulars of such Force Majeure in writing, on SoNet Premier, by telephone (followed by written confirmation to the addresses and Authorized Personnel referenced in Section 18.2 and by e-mail to the other party as soon as possible after the occurrence of the cause relied on, the obligations of the party giving such notice, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period; and the party shall remedy such cause as far as possible with all reasonable dispatch. Upon such notification, penalties under Section 30 of the General Terms and Conditions will not be assessed for the duration of the event of Force Majeure. Notice of an event of Force Majeure does not, in the absence of other notice implementing an operational flow order, require Shipper to take any specific actions other than that necessary for SHIPPER to manage its own business in light of the event of Force Majeure.

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- (b) Definition: Force Majeure means acts of God, strikes, lockouts or other industrial disturbances, sabotage, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells, or lines of pipe, the necessity for maintenance of or repairs or alterations to machinery, equipment, or facilities in order to remedy such causes as far as possible with all reasonable dispatch, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include the inability of either party to acquire, or delays on the part of such party in acquiring at reasonable cost and by the exercise of reasonable diligence, servitudes, rights-of-way grants, permits, permissions, licenses, materials or supplies which are required to enable such party to fulfill its obligations hereunder. The settlement of strikes or lockouts shall be entirely within the discretion of the person affected, and the above requirements that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the person affected thereby.

8.4 Odorization:

Except where otherwise required by law, gas delivered by COMPANY will be delivered in its natural state without the addition of any odorizing agent; however, COMPANY 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.

8.5 Buy Down/Buy Out of Transportation Demand:

In the event a firm SHIPPER is subject to an event of force majeure on adjacent facilities immediately upstream of a firm Receipt Point listed on Exhibit A to its Service Agreement(s) with COMPANY, and said event of force majeure remains in continuous effect for a period of two (2) years, then any firm SHIPPER with a Service Agreement that has an initial primary term of five (5) years or more shall have the right to buy down its Transportation Demand in accordance with the following terms and conditions:

- (a) SHIPPER provides COMPANY with a written notice, verified and sworn to by a senior officer so authorized by SHIPPER, that SHIPPER has been subject to an event of force majeure on facilities upstream of a firm Receipt Point listed on Exhibit A to its Service Agreement(s) with COMPANY and that said event of force majeure has been in continuous effect for a period of two (2) years.
- (b) The notice required by Section 8.5(a) shall specify the portion of SHIPPER's Transportation Demand under its firm Service Agreement(s) with COMPANY that it wishes to buy down. SHIPPER shall have the right to buy down up to that portion of its Transportation Demand equal to the portion of its Maximum Daily Receipt Quantity at the affected Receipt Point that it is not able to utilize as a result of the force majeure on the upstream facilities; provided however that, if said portion of its Maximum Daily Receipt Quantity of at least seventy-five per cent of SHIPPER's Transportation Demand, the SHIPPER may buy down up to one-hundred per cent of its Transportation Demand.
- (c) For the portion of its Transportation Demand that SHIPPER elects to buy down, SHIPPER shall pay an amount equal to said quantity multiplied by the higher of SHIPPER's negotiated rate or COMPANY's then effective maximum recourse rate multiplied by the number of months remaining on the primary term of SHIPPER's firm Service Agreement, with said product being discounted to a present value using the Commission's then effective refund rate.
- (d) SHIPPER's election to buy down a portion of its Transportation Demand shall constitute its consent to the termination of that portion of its Service Agreement(s) with COMPANY, and SHIPPER shall not challenge, either directly or indirectly, COMPANY's application to abandon that portion of SHIPPER's transportation service or to abandon any of COMPANY's facilities used to provide said service.

8.6 Dispute Resolution; Limitation of Liability

(a) GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL.

THE PARTIES EXPRESSLY AGREE THAT THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD FOR ANY RULES FOR CONFLICTS OF LAW, SHALL GOVERN THE VALIDITY, EFFECT, CONSTRUCTION, AND INTERPRETATION OF THIS TARIFF EXCEPT WHERE PREEMPTED BY THE NATURAL GAS ACT IN IMPLEMENTING FERC REGULATIONS AND POLICIES. IN THE EVENT OF ANY DISPUTE RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, SUCH DISPUTE SHALL, PRIOR TO INITIATING ANY FORMAL LEGAL PROCEEDING, BE REFERRED FOR NO LESS THAN THIRTY (30) DAYS TO A SENIOR MANAGEMENT REPRESENTATIVE OF EACH OF THE PARTIES FOR RESOLUTION. EACH PARTY AGREES THAT NEW YORK, NEW YORK, SHALL BE THE EXCLUSIVE VENUE FOR LITIGATION OF ANY DISPUTE OR CLAIM ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (EXCEPT FOR DISPUTES OR CLAIMS BROUGHT BEFORE FERC WHERE PREEMPTED BY THE NATURAL GAS ACT IN IMPLEMENTING FERC REGULATIONS AND POLICIES), AND THAT SUCH CITY IS A CONVENIENT FORUM IN WHICH TO DECIDE ANY SUCH DISPUTE OR CLAIM. EACH PARTY CONSENTS TO THE PERSONAL JURISDICTION OF THE FEDERAL AND STATE COURTS LOCATED IN NEW YORK, NEW YORK, FOR THE LITIGATION OF ANY SUCH DISPUTE OR CLAIM EXCEPT WHERE PREEMPTED BY THE NATURAL GAS ACT IN IMPLEMENTING FERC REGULATIONS AND POLICIES. AND HEREBY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

(b) LIMITATION OF LIABILITY; EQUITABLE REMEDIES

EXCEPT AS PART OF ANY EXPRESS REMEDY PROVIDED FOR SPECIFICALLY IN THIS TARIFF OR ANY RELATED AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO ANY OTHER PARTY (INCLUDING A THIRD-PARTY BENEFICIARY, IF ANY) FOR ANY SPECIAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL (INCLUDING ANY LOST PROFIT, REVENUE OR OPPORTUNITY) OR INCIDENTAL DAMAGES OR ANY EQUITABLE REMEDIES ARISING OUT OF OR RELATED TO A BREACH OF THIS TARIFF, EXCEPT TO THE EXTENT ARISING FROM SUCH PARTY'S GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT.

(c) ATTORNEYS FEES; LITIGATION EXPENSES

EXCEPT AS PART OF ANY EXPRESS REMEDY PROVIDED FOR SPECIFICALLY HEREIN OR IN ANY RELATED AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO OR SHALL CLAIM FROM ANY OTHER PARTY ANY COURT COSTS, LITIGATION EXPENSES OR ANY FEES OR EXPENSES PAID OR OWING TO ATTORNEYS, EXPERTS, CONSULTANTS, OR WITNESSES RETAINED FOR ANY DISPUTE OR CLAIM HEREUNDER OR IN ANY WAY RELATED HERETO.

9. WARRANTY OF TITLE AND INDEMNIFICATION

- 9.1 SHIPPER warrants the title to all gas delivered by it or for its account to COMPANY. Title to gas retained as GRO and LAUF shall pass from SHIPPER to COMPANY at the Receipt Point. SHIPPER represents and warrants that it will pay and satisfy, or make provision for the payment and satisfaction of, any and all claims of every nature whatsoever in, to, or in respect of the title to all gas delivered by it to COMPANY; and SHIPPER hereby agrees to defend at its cost, and when notified by COMPANY to indemnify COMPANY against, all suits, judgments, claims, demands, causes of action, costs, losses, and expenses arising out of or in any way connected with any claims to the title to all gas delivered by it or for its account to COMPANY, except to the extent any of the foregoing arises from COMPANY's negligence, gross negligence, or intentional misconduct.
- 9.2 After SHIPPER delivers gas or causes gas to be delivered to COMPANY at the Receipt Point(s), COMPANY shall be deemed to be in control and possession of and have responsibility for the gas until it delivers gas to SHIPPER or for the account of Shipper at the Delivery Point(s). SHIPPER shall have no responsibility with respect to any gas on account of anything which may be done, happen, or arise with respect to such gas solely because of COMPANY's control and possession until COMPANY has delivered such gas to SHIPPER or for the account of SHIPPER.
- 9.3 COMPANY assumes no obligation whatever to the owner of any other interest of any kind in any gas delivered to COMPANY by or for the account of SHIPPER.

10. HOURLY RATES OF FLOW

- 10.1 If requested by SHIPPER pursuant to Section 10.2 below, COMPANY shall use reasonable efforts to deliver in excess of uniform hourly rates, consistent with current operating conditions and COMPANY's ability to provide firm service. Otherwise, COMPANY shall make deliveries at uniform hourly rates, or as near uniform as operationally feasible. To the extent that there is not enough capacity to accommodate all requests for delivery rates in excess of uniform hourly rates, such capacity for such delivery rates will be apportioned according to the allocation methodology in Section 16.2 of these General Terms and Conditions.
- 10.2 Notice to Observe Maximum Authorized Fluctuations in Flow Rates:
- If COMPANY determines in its reasonable judgment that SHIPPER'S takes of gas in excess of an hourly rate of 1/24 of scheduled quantities threaten the integrity of its pipeline system, including the ability to deliver to any other SHIPPER its Daily Entitlement, COMPANY shall, if reasonably practicable, give SHIPPER notice prior to the beginning of the next nomination cycle to reduce its takes of gas at such Delivery Point to an hourly rate not greater than 1/24 of scheduled quantities.

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11. INSTALLATION OF FLOW CONTROL EQUIPMENT

COMPANY shall construct, install, and operate electronic flow measurement and flow control equipment at each Receipt Point and Delivery Point, unless COMPANY determines in its reasonable judgment, for points with meter station capacity of 5,000 Dth/d or less, that the absence of such equipment is consistent with general industry practice and will have no material effect on the safe, reliable, efficient, and orderly operation of COMPANY'S pipeline system or COMPANY's ability to provide service. The cost of such equipment shall be recovered by COMPANY from Point Operators or SHIPPER according to Section 28 of these General Terms and Conditions.

12. NOMINATIONS

12.1 Nomination Procedures:

- (a) General: SHIPPER, or its agent designated in an executed Agency Agreement, shall nominate gas for transportation under its service agreements by notifying COMPANY, pursuant to the provisions of this Section 12, of the daily quantity of gas expressed in Dth it has available for transportation at each Receipt Point and of the quantity of gas it desires to have delivered at each Delivery Point.

SHIPPER shall also specify the first date that the nomination is to be effective ("begin date") and the last date that the nomination is to be effective ("end date"). Shippers may nominate for several days, months or years provided the beginning and end dates are within the term of SHIPPER'S Service Agreement with COMPANY. All nominations, excluding intraday nominations, shall have roll-over options. Unless SHIPPER wishes to change its nomination, SHIPPER shall not be required to resubmit its nomination during the begin and end dates; provided, that adjustments in the Btu Factor pursuant to Section 12.1(f) below may require that SHIPPER revise a standing nomination, and if SHIPPER fails to revise its nomination prior to the applicable deadline, COMPANY shall not be obligated to schedule more than the lesser of (i) the last nomination prior to the change in Btu Factor and (ii) SHIPPER'S TD multiplied by the Btu Factor.

Subject to the obligation to provide Authorized Overrun if available, COMPANY shall not be obligated to accept quantities in excess of the MDRQ at each Primary Receipt Point on a primary firm basis or to deliver quantities in excess of the MDDQ at each Primary Delivery Point on a primary firm basis; provided, however, SHIPPER shall be entitled to nominate at each Primary Receipt Point a quantity sufficient to cover the fuel charge associated with the applicable transportation service, on a primary firm basis. When processing nominations, COMPANY shall apply a standard fuel calculation of $(1 - \text{fuel}\%/100)$ multiplied by receipt quantity = delivery quantity. This calculation shall be rounded to the nearest Dth.

COMPANY shall not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth.

With respect to the various deadlines set forth in this Section 12, the party receiving the information has the right to waive the deadline at its option, COMPANY shall waive any such deadlines in a nondiscriminatory manner for similarly situated SHIPPERS.

- (b) Method of Submitting Nominations: SHIPPER must submit its nomination through SoNet Premier or via Electronic Data Interchange (EDI) methods pursuant to NAESB Standards, provided that SHIPPER has entered into a NAESB Model Trading Partner Agreement with COMPANY for such EDI transaction.
- (c) Except as set forth in Section 12.2 below, the following nomination deadlines shall apply to nominations, confirmations and scheduling under this Section 12 per NAESB Standard No. 1.3.2. There will be two nomination cycles, an 11:30 a.m. nomination cycle and a 6:00 p.m. nomination cycle. For the 11:30 a.m. nomination cycle, scheduled quantities shall be effective at 9:00 a.m. the next Gas Day. For the 6:00 p.m. nomination cycle, scheduled quantities shall be effective at 9:00 a.m. the next Gas Day.

Daily	Evening	
11:30 a.m.	6:00 p.m.	Nominations must leave SHIPPERS' control
11:45 a.m.	6:15 p.m.	Nominations must be received by COMPANY
12:00 p.m.	6:30 p.m.	COMPANY must issue quick response
3:30 p.m.	9:00 p.m.	Receipt of all completed confirmations by transporters
4:30 p.m.	10:00 p.m.	Receipt of scheduled quantities by SHIPPERS and Point Operators

With the exception of the above referenced nomination deadlines, for any nomination document received from a party requesting service by the conclusion of a given quarter hour period, defined to begin on the hour and at 15, 30 and 45 minutes past the hour, COMPANY will send a quick response to the Service Requester's designated site by the conclusion of the subsequent quarter hour period. A given quarter hour will contain all transactions which receipt time is less than the beginning of the subsequent quarter hour.

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- (d) Out of Cycle Nominations: COMPANY will use all reasonable efforts to accommodate requests for changes to nominations received after any nomination cycle deadline as identified in Section 12.1(c) or 12.2(b) above provided that (i) requests are received prior to the end of the applicable gas day; (ii) confirmation of the receipt and delivery quantities is obtained from the affected point operators; (iii) it is operationally feasible to accommodate the requested change; and (iv) other SHIPPERS' entitlements are not impacted. SHIPPER will be required to submit a nomination that reflects the approved change(s) on the next available scheduling cycle. If the request is made for the last gas day of the month, COMPANY will adjust the SHIPPER's scheduled quantity to reflect the approved change(s). This service is to be provided on a non-discriminatory basis.
- (e) Late Nominations: On any Day that COMPANY determines that it can extend the nomination deadline pursuant to the waiver provisions of Section 12.1(a) above without adversely affecting the processing of timely nominations, all nominations received prior to the extended deadline shall be processed at the same time. For any late nominations not accepted by COMPANY, COMPANY shall determine the applicable nomination processing cycle based upon the receipt time and beginning effective date of the nomination.
- (f) Adjustment for Btu factor: Solely for purposes of establishing the maximum quantities of gas SHIPPER may nominate for transportation under a firm transportation Service Agreement, SHIPPER'S Transportation Demand and corresponding MDRQ at each firm Primary Receipt Point and MDDQ at each firm Primary Delivery Point shall be adjusted for changes in the thermal content ("Btu Factor"). COMPANY shall adjust and post the Btu Factor by Receipt Point at least 4.5 hours before the deadline for the first timely nomination cycle for each Day based on the average of the Btu Factor received at that Receipt Point the previous Day.
- (g) Make-up Nominations: When making its nomination, Shipper shall specify by Service Agreement which portion of the quantities to be transported by COMPANY is attributable to current transportation and which portion of the quantities is attributable to make-up within the month of an estimated imbalance (either positive or negative). As between quantities of gas received or delivered by COMPANY for current transportation and gas received or delivered by COMPANY as make-up of estimated imbalances, the gas received or delivered as current transportation gas shall be deemed to be received or delivered prior to any make-up gas, and the gas received or delivered by COMPANY for current transportation shall be scheduled prior to any make-up gas nominated by SHIPPER.

- (h) Predetermined Priorities: On the nomination form, the service requester shall provide a predetermined balancing priority for all of the Delivery Points and associated volumes nominated under the transportation Service Agreement to be used by COMPANY to limit the deliveries under the Service Agreement in the event of an interruption or reduction in SHIPPER'S receipts of gas under the agreement. On the nomination form, the service requester shall also provide a predetermined priority for all of the Receipt Points serving SHIPPER'S transportation Service Agreement to be used by COMPANY to limit the receipts of gas under the Service Agreement in the event of an interruption or reduction in the deliveries under the agreement.
- (i) Volumetric Capacity Release Nominations or recalls on an intraday cycle:

On its nomination form for a Firm Transportation Service Agreement, SHIPPER must indicate the offer number for each nomination of volumetric capacity release or a release that is recallable on an intraday nomination cycle so that COMPANY can track and calculate the appropriate credit to the Releasing Shipper.
- (j) Package ID: A Package ID is a way to differentiate between discrete business transactions. Use of the Package ID is at the discretion of the service requester, and if sent, will be accepted and processed by COMPANY. When used, Package IDs shall be supported for nominating, scheduling, and allocating, but not for transportation invoicing, unless mutually agreeable.
- (k) Posting of Capacity Constraints Affecting Nominations: On a Day when COMPANY anticipates that requests for capacity for the following Day of service will exceed the capacity of its facilities, COMPANY shall post on SoNet Premier's Bulletin Board by 7:00 a.m. two Days preceding the Day on which service will commence the available capacity on the segments of its pipeline system which COMPANY anticipates will be affected.
- (l) Segmenting of Capacity: SHIPPER may segment its own firm transportation capacity through the nomination process or as part of a capacity release under Section 20 below to the extent operationally feasible.
- (m) Segmentable Capacity: The maximum quantity of gas that may be nominated on each segmented portion, or overlapping segmented portions, of COMPANY'S pipeline system by the original shipper or a combination of the Releasing and Acquiring Shipper(s) shall not exceed the Transportation Demand of the Service Agreement, including any Capacity Release Transaction, under which the nominated service is provided. For purposes of determining whether a segment has been overlapped, nominations to the same Receipt or Delivery Point, which do not overlap on the pipeline segment, shall not be considered to overlap at the Receipt or Delivery Point. The volumetric rates, fuel retention percentages and charges, including any overrun charges if contract quantity rights are exceeded because of an overlap or other allocation of volumes in excess of contract quantity, shall apply to the total quantity of gas transported on each segment of the capacity. Once SHIPPER has segmented its capacity, either for its own use or under a capacity release, each segment shall be entitled to all secondary points within that segment, subject to the availability of capacity.

If nominations to a specific Receipt or Delivery Point exceed the capacity for that point or the line serving that point, the nominations will be scheduled according to the priorities of service set forth in Section 12.3 below, subject to the terms of Section 12.2(d) below, and nothing contained herein shall prevent COMPANY from applying its generally applicable scheduling procedures, as provided in this Section 12 below, to segmented transactions.

12.2 Changes in Nominations:

(a) Changes in Nominations Following Penalty Notices:

If COMPANY issues a notice pursuant to Section 30.3 or Section 30.2 of these General Terms and Conditions, SHIPPER may submit or change its current nomination under its Service Agreement on the Day prior to the Day on which the penalty notice goes into effect pursuant to the deadlines and the procedures set forth in Section 12.1 above. Whenever COMPANY notifies SHIPPER of an increase in the level of capacity to be made available while a notice under Section 30.2 is still in effect, including the cancellation of such notice, SHIPPER will have four (4) hours from the time such notice is given in which it may choose to renominate for the following Day of service pursuant to Section 12.1 above.

- (b) Intraday Nominations: Any SHIPPER may revise its nomination in effect by submitting a revised daily nomination to COMPANY on the Day the change is requested to be effective. COMPANY will support two intraday nomination cycles. In the first cycle, the intraday nomination shall leave the control of the nominating party by 10:00 a.m. and COMPANY must receive such nomination no later than 10:15 a.m. Central Clock Time. COMPANY will have until 10:30 a.m. to send a quick response, until 1:00 p.m. to complete confirmation and until 2:00 p.m. to provide scheduled quantities to affected shippers, Point Operators and bumped parties. Subject to further provisions of this Section 12 regarding scheduling and confirmation, SHIPPER'S intraday nomination will be effective as of 5:00 p.m. Central Clock Time on the same Gas Day. In the second intraday nomination cycle, the intraday nomination shall leave the control of the nominating party by 5:00 p.m. and must be received by COMPANY by 5:15 p.m. COMPANY will have until 5:30 p.m. to send a quick response, until 8:00 p.m. to complete confirmations and until 9:00 p.m. to provide scheduled quantities to affected SHIPPERS and Point Operators. Scheduled Quantities resulting from the second intraday nomination cycle shall become effective at 9:00 p.m. on the same Gas Day. SHIPPER may request increases or decreases in total flow, or changes to Receipt Points or Delivery Points of scheduled gas. For intraday nominations under this Section, there is no limitation as to the number of intraday nominations which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. Bumping of scheduled volumes is not allowed in the second intraday nomination cycle.

- (c) All provisions of this Section 12 shall apply to intraday nominations; provided that Intraday nominations and Evening Cycle nominations shall span one Day only and will not rollover or replace the remainder of a standing nomination.
- (d) SHIPPER may not nominate to increase its existing flowing quantities at any Secondary Receipt Point or Secondary Delivery Point to a Service Agreement under Rate Schedule FTS if such increase would cause the reduction of existing quantities at the points for other firm shippers; provided, however, that a scheduled temporary reduction in the quantities being transported on behalf of SHIPPER, when requested by SHIPPER and approved by COMPANY or when requested by COMPANY for maintenance or construction, shall not serve to establish a reduced level of existing flowing quantities for the purposes of this provision.

SHIPPER also may not nominate to increase its existing flowing quantities at any Exhibit A-1 Receipt Point or Exhibit B-1 Delivery Point to a Service Agreement under Rate Schedule FTS if such increase would cause the reduction of existing quantities at said points for other firm shippers; provided, however, that a scheduled temporary reduction in quantities being transported on behalf of SHIPPER, when requested by SHIPPER and approved by COMPANY, shall not serve to establish a reduced level of existing flowing quantities for the purposes of this provision.

12.3 Scheduling of Nominations:

- (a) **Notice of Scheduled Quantities:** After receiving notice of the next-day nominations requested by SHIPPER under its Service Agreement, COMPANY shall advise SHIPPER of the quantities of gas for current transportation and the quantities of gas for make-up of an estimated imbalance it will schedule at the Receipt Point(s) and deliver at the Delivery Point(s) under SHIPPER'S Service Agreement by 4:30 p.m. Central Clock Time for the 11:30 a.m. nomination cycle and by 10:00 p.m. Central Clock Time for the evening nomination cycle on the Day prior to the Gas Day for which SHIPPER has made its nominations. In addition to making scheduled quantities information available by the times set forth above, COMPANY shall also make available to SHIPPER information containing scheduled quantities, including scheduled intraday nominations and any other scheduling changes. At the end of each Gas Day, COMPANY shall provide to SHIPPERS the final scheduled quantities for the just completed Gas Day. With respect to SHIPPERS using EDI, COMPANY shall send by EDI an end of the Day Scheduled Quantity document. Any SHIPPER may waive the delivery of such end of the Day Scheduled Quantity document.

After receiving notice of the intraday nomination changes requested by SHIPPER under its Service Agreement, COMPANY shall advise SHIPPER of the quantity of gas for current transportation and the quantities of gas for make-up of an estimated imbalance that it is able to schedule on an intraday basis prior to the effective time for such change. COMPANY shall also notify other interruptible SHIPPERS of any interruption in service caused by an intraday nomination prior to such interruption being effective.

- (b) **Confirmations:** The scheduling of a nomination is subject to confirmation by the upstream and downstream interconnecting parties. The nomination at a point will be scheduled at the lower of the volume able to be confirmed by the interconnecting party and COMPANY.

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13. DETERMINATION OF RECEIPTS AND DELIVERIES

13.1 Receipt Point Allocation:

- (a) PDA Requirement: If gas other than the gas transported for SHIPPER is measured by COMPANY'S meter at a Receipt Point, SHIPPER agrees to provide, or cause to be provided, to COMPANY as set forth herein a predetermined allocation ("PDA") statement from its Point Operator(s) setting forth the information described herein for the purpose of determining the quantity of gas to be received by COMPANY for the account of SHIPPER at the Receipt Point for the Day(s) of transportation for which SHIPPER has made its nomination(s). However, anything else in this Section 13 to the contrary notwithstanding, if the Receipt Point is covered by an Operational Balancing Agreement as described in Section 13.3 of these GT&C, allocation of the receipt of gas shall be governed by the Operational Balancing Agreement before any allocation is made under the PDA.
- (b) PDA Methods: The predetermined allocation statements provided for each Receipt Point on COMPANY'S system to be covered by a PDA shall include:
 - 1.1 Percentage PDA;
 - 1.2 Pro rata PDA;
 - 1.3 Ranked PDA;
 - 1.4 Swing PDA; or
 - 1.5 Any other mutually agreeable allocation methodology.

- (c) Pipeline Interconnects: A PDA statement applicable to Receipt Points interconnecting with third-party pipelines shall be provided by the Point Operator for such third-party pipeline and shall rank the various Service Agreements to be supplied at the Receipt Point in accordance with one of the methodologies enumerated in Section 13.1(b) above or in Section 13.3 below. If there is a conflict between the foregoing methodologies and the third-party pipeline's provision in its FERC Gas Tariff governing the allocations of deliveries, the Point Operator for that pipeline company and COMPANY shall mutually agree on the predetermined allocation methodology to be used. The ranking shall include the contract number assigned by COMPANY to each Service Agreement and the name of the SHIPPER thereunder.
- (d) PDA Deadlines and Default PDA: Each PDA statement that is to apply to a Receipt Point must be submitted to COMPANY, through SoNet Premier, during the confirmation of that Day's nominations or after confirmation but prior to 5:00 p.m. CCT two (2) business days following the Gas Day. COMPANY shall extend the PDA deadline to no later than four (4) Business Days following the end of the month in which the gas was transported in the event all of the affected parties, including the Point Operator and all SHIPPERS, send notice to COMPANY in writing that they are in agreement on the PDA to be used and have no objection to a change in the PDA. If there are no additions in nominations by a SHIPPER at a Receipt Point or other changes, the current PDA statement will stay in effect as submitted until it is changed pursuant to the foregoing procedures. A new allocation detail may be needed when a nomination changes. If SHIPPER tenders a nomination at a Receipt Point (or from a seller) currently not providing supplies to SHIPPER, then SHIPPER must provide, or cause to be provided, as set forth above a revised PDA statement at the Receipt Point which recognizes SHIPPER'S nomination. If COMPANY does not receive a PDA statement, or revised PDA statement, for a Receipt Point in a timely manner, COMPANY shall be authorized to allocate gas supplies at that Receipt Point based on a Pro Rata PDA until COMPANY receives a PDA statement pursuant to the above procedures which revises the Pro Rata PDA allocation on a prospective basis.
- (e) Subject to Section 13.1 of these GT&C, COMPANY shall have the right to rely conclusively on the foregoing predetermined allocations for the purposes of determining the daily quantities of gas received by COMPANY for the account of SHIPPER at each Receipt Point.

13.2 Delivery Point Allocation:

- (a) Use of PDAs: On a daily basis at each Delivery Point where a PDA applies, COMPANY shall allocate the quantities of gas metered at the point among the quantities of gas scheduled at the point for the account of its SHIPPERS based on the Pro Rata PDA method unless another PDA method is provided by the Point Operator for the party that owns or operates the downstream facilities interconnecting with COMPANY'S facilities at each Delivery Point (the "Delivery Point Operator"). The alternative PDA methodologies from which the downstream Point Operator may choose include the Swing PDA, a Ranked PDA, a Percentage PDA, or any other mutually agreeable allocation methodology. A new allocation detail may be needed when a nomination changes. The PDA shall be provided by the Delivery Point Operator on a line item basis at the level of nomination detail provided by COMPANY for confirmation. COMPANY shall then use the predetermined priority provided by SHIPPER in its nomination for applying the PDA to the Package ID level within the line item nomination level. SHIPPER agrees that COMPANY shall have the right to rely conclusively on the PDA provided pursuant to this Section 13.2 for the purposes of determining the daily quantities of gas delivered by COMPANY for the account of SHIPPER at each Delivery Point. However, anything else in this Section 13 to the contrary notwithstanding, if the Delivery Point is covered by an Operational Balancing Agreement as described in Section 13.3 of these GT&C, allocation of the delivery of gas shall be governed by the Operational Balancing Agreement before any allocation is made under the PDA.
- (b) PDA Deadlines: Each PDA that is to apply to a Delivery Point must be submitted to COMPANY, through SoNet Premier, during the confirmation of that Day's nominations or prior to 5:00 p.m. CCT on the Day following the Gas Day. COMPANY shall extend the PDA deadline to no later than four (4) Business Days following the end of the month in which the gas was transported in the event all of the affected parties, including the Point Operator and all shippers, send notice to COMPANY in writing that they are in agreement on the PDA to be used and have no objection to a change in the PDA. If there are no additions in nominations by a SHIPPER at a Delivery Point or other changes, the current PDA will stay in effect as submitted until it is changed pursuant to the foregoing procedures. If SHIPPER adds a nomination at a Delivery Point, then SHIPPER must provide, or cause to be provided, as set forth above a PDA at the Delivery Point which recognizes SHIPPER'S nomination.
- (c) Pipeline Interconnects: As provided by Section 13.3 of these General Terms and Conditions, all pipeline interconnections should be covered by an Operational Balancing Agreement. If for any reason, no Operational Balancing Agreement is in effect for a given pipeline interconnection, a PDA statement for Delivery Points interconnecting with third-party pipelines shall be provided by the Point Operator for the third-party pipeline and shall be one of the PDA methods enumerated in Section 13.2(a) above or Section 13.3 below. If there is a conflict between the foregoing methodologies and the third-party pipeline's provisions in its FERC Gas Tariff governing the allocations of gas, the pipeline company and COMPANY shall mutually agree on the PDA methodology to be used.

- (d) Maximization: To better maximize the use of SHIPPER'S firm transportation services for which it is paying a Reservation Charge (either maximum recourse, discounted, or negotiated), COMPANY shall maximize SHIPPER'S services as follows for purposes of billing SHIPPER under its Service Agreements with COMPANY. If a Firm Transportation Service Agreement contains a Negotiated Rate transaction, the maximization will also apply to such Service Agreement.

- (i) Delivery Point Level: The total quantity allocated to SHIPPER at each Delivery Point pursuant to the PDA in effect for the Day shall be deemed to be allocated among SHIPPER'S various services in effect at each point on that Day in the following order, as applicable:
 - (1) Reservation FTS and acquired FTS capacity released on a reservation basis, either recourse, discounted, or negotiated;
 - (2) Other Rate Schedule FTS capacity, including Authorized Overrun;
 - (3) Rate Schedule ITS, and then
 - (4) Unauthorized Overrun Gas.

However, the allocation of any deliveries at a Delivery Point for a segmented transaction will be capped at the lesser of the applicable allocated deliveries or receipts.

13.3 Allocation under Operational Balancing Agreements:

- (a) An Operational Balancing Agreement ("OBA") is a contract between two parties which specifies the procedures to manage operating variances at an interconnection between pipelines. At every point on COMPANY'S system, COMPANY shall enter into an OBA, or use reasonable efforts to enter into an OBA in the case of interconnecting parties who are not required to enter into OBAs, with the Point Operator in lieu of the allocation provisions of Section 13.1 and/or Section 13.2 above, as applicable, if the following conditions are met:
 - (i) the Point Operator is creditworthy or provides one of the alternate forms of credit support set forth in Section 2.1(d) herein;
 - (ii) the Point Operator maintains dispatching personnel on a 24-hour basis, seven days a week;

- (iii) the point of interconnection is equipped with electronic measurement equipment and remote flow control under control of COMPANY; and
 - (iv) COMPANY and Point Operator enter into an OBA in the form set forth in this tariff, or such other form as the parties mutually agree to in a nondiscriminatory manner, which shall provide, among other things, for the allocation of scheduled nominations at the point of interconnect with any daily variance between scheduled nominations and metered flow at such point to be resolved by COMPANY and the Point Operator under the terms of the OBA.
- (b) COMPANY shall maintain on SoNet Premier a list of all points of interconnection at which an OBA is in effect.

13.4 Application of NAESB Standards' Timelines

The NAESB timelines applicable to standard NAESB predetermined allocation (PDA) methods shall also apply to any additional PDA methods offered by COMPANY pursuant to the provisions of this Section 13.

13.5 Time Limit on Disputes of Allocations:

If SHIPPER disputes any of the allocations of gas made to its agreements with COMPANY under this Section 13, SHIPPER must notify COMPANY of such dispute, with supporting documentation, no later than 6 months following the month of service being disputed. COMPANY shall have 3 months within which to resolve or rebut the dispute. These time limits do not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. The parties' other statutory or contractual rights shall not be diminished by this provision.

13.6 Any quantities received into COMPANY'S system at a Receipt Point or delivered from COMPANY'S system at a Delivery Point on a Day when there is no scheduled nomination in effect at the point ("Unscheduled Quantities") shall be allocated to the Point Operator, whether an OBA Point Operator or otherwise, of the facilities at the applicable point. Any Unscheduled Quantities allocated pursuant to this provision shall be treated in the same manner and have all corresponding obligations as scheduled gas for all purposes under this Tariff, including, but not limited to, assessing transportation charges, surcharges, and penalties.

13.7 For purposes of determining the Transportation Charge applicable to each Dth of gas delivered for SHIPPER'S account under its Service Agreements as determined in Section 13.2(d) (i) above, COMPANY shall match SHIPPER'S receipts to SHIPPER'S deliveries in the following manner by category. Receipts shall first be matched to deliveries allocated to SHIPPER'S FTS Service Agreement. Receipts shall then be matched to ITS services.

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14. RESOLUTION OF IMBALANCES AND ADJUSTMENT

- (a) COMPANY shall endeavor to minimize imbalances (described below) and to resolve imbalances in-kind by entering into OBAs with Point Operators at all pipeline interconnections, using flow control equipment installed pursuant to Section 11 of these General Terms and Conditions, imposing operational flow orders pursuant to Section 30 of these General Terms and Conditions, offering imbalance management tools, such as make-up nominations in Section 12.1(g) of these General Terms and Conditions and trading pursuant to Section 14(e) of these General Terms and Conditions, and by creating disincentives to imbalances, such as the provisions of this Section.

To the extent COMPANY does not eliminate all imbalances nonetheless accrued by the party responsible for the imbalance (whether a SHIPPER under its transportation agreements or the Point Operator that is party to the OBA), such imbalances shall be resolved on a monthly basis pursuant to the provisions herein.

After each month of transportation on COMPANY'S system, COMPANY will calculate the imbalance which exists between the quantities of gas allocated each Day to SHIPPER for its account at the Receipt Points during that month and the quantities of gas allocated each Day to SHIPPER for its account at the Delivery Points during that month. All such imbalances (overdeliveries and underdeliveries to COMPANY) accrued by SHIPPER under each of its transportation (or any such agreements under which SHIPPER has been appointed imbalance aggregation agent with authority to make and receive payments under this section) will be combined to derive a "Net Monthly Imbalance" (in Dth) for purposes of the following calculations. SHIPPER'S Net Monthly Imbalance then will be divided by the lesser of (i) the actual Dth's of gas received or (ii) the actual Dth's of gas delivered under all such agreements during the month to produce SHIPPER'S Net Imbalance Percentage for the month. If SHIPPER has elected to be allocated the variances in deliveries at specified Delivery Points under a Swing PDA, then such SHIPPER'S Net Imbalance Percentage shall be determined by dividing its Net Monthly Imbalance by the sum of (i) the lesser of the actual Dth's received or delivered under all of the SHIPPER'S agreements during the month, and (ii) the actual Dth's allocated to third-party SHIPPERS' transportation agreements at the Delivery Points where SHIPPER has elected to be allocated the variance in deliveries during the month. If the Net Monthly Imbalance calculated above under SHIPPER'S Service Agreement(s) varies from the estimated imbalance(s) posted by COMPANY for such agreement(s) during the month, then COMPANY shall also calculate an "Estimated Imbalance Percentage" for that month as follows for purposes of determining the maximum percentage at which SHIPPER'S Net Monthly Imbalance shall be resolved below. The Estimated Imbalance Percentage shall be equal to the sum of the estimated imbalances (over-deliveries and under-deliveries) in effect for each of SHIPPER'S above-referenced Service Agreements at the end of the month, as posted on SoNet Premier, ("Estimated Monthly Imbalance") divided by the lesser of (i) the quantity of gas deemed to be received or (ii) the quantity of gas deemed to be delivered under all such agreements during the month.

If SHIPPER has elected to be allocated the variances in deliveries at specified Delivery Points under the Swing PDA, then such SHIPPER'S Estimated Monthly Imbalance Percentage shall be determined by dividing its Estimated Monthly Imbalance by the sum of (i) the lesser of the quantity of gas deemed to be received or delivered under all of the SHIPPER'S agreements during the month, and (ii) the quantity of gas deemed to be delivered under third-party SHIPPERS' transportation agreements at the Delivery Points where SHIPPER has elected to be allocated the variances in deliveries during the month.

- (b) (i) Subject to the provisions of subsection (e) below, if SHIPPER has accrued a Net Monthly Imbalance such that the total quantities of gas received by COMPANY for SHIPPER'S account during the month are less than the total quantities of gas delivered by COMPANY for SHIPPER'S account during the month ("Negative Imbalance") and such Net Monthly Imbalance is greater than 5,000 Dth, SHIPPER shall pay COMPANY for SHIPPER'S Net Monthly Imbalance at the following prices specified for each stated percentage that SHIPPER'S deliveries exceed its receipts; provided, however, that the cashout price applicable to SHIPPER'S Net Monthly Imbalance shall be the price resulting from the lower of (i) SHIPPER'S Estimated Imbalance Percentage for the month or (ii) SHIPPER'S actual imbalance percentage for the month as defined in Section 14(a).

Percentage of Excess Deliveries	Price
0 to 5%	100% of High Price
>5 to 10%	115% of High Price
>10 to 15%	125% of High Price
>15 to 20%	140% of High Price
>20%	150% of High Price

If the System Negative Imbalance (N) exceeds the System Positive Imbalance (P) ("Majority Imbalance"), then the cashout price shall be the High Price or a percentage of the High Price as set forth above. If $P > N$ ("Minority Imbalance") then the cashout price shall be the Index Price.

For purposes of determining the tier at which a Majority Imbalance will be cashed out, the price will apply only to quantities within a tier. For example, if there is a 6% imbalance, quantities that comprise the first 5% of the imbalance are priced at 100% of the High Price and quantities comprising the remaining 1% of the imbalance are priced at 115% of the High Price.

- (ii) Subject to the provisions of subsection (e) below, if SHIPPER'S Net Monthly Imbalance is a Negative Imbalance and less than or equal to 5,000 Dth, SHIPPER shall pay COMPANY for SHIPPER'S Net Monthly Imbalance at the Index Price.

- (c) (i) Subject to the provisions of subsection (e) below, if SHIPPER has accrued a Net Monthly Imbalance such that the total quantities of gas received by COMPANY for SHIPPER'S account during the month are greater than the total quantities of gas delivered by COMPANY for SHIPPER'S account during the month ("Positive Imbalance") and such Net Monthly Imbalance is greater than 5,000 Dth, COMPANY shall pay SHIPPER for its Net Monthly Imbalance at the following prices specified for each stated percentage that SHIPPER'S receipts exceed its deliveries; provided, however, that the cashout price applicable to SHIPPER'S Net Monthly Imbalance shall be the price resulting from the lower of (i) SHIPPER'S Estimated Imbalance Percentage for the month or (ii) SHIPPER'S actual imbalance percentage for the month as defined in Section 14(a).

Percentage of Excess Receipts	Price
0 to 5%	100% of Low Price
>5 to 10%	85% of Low Price
>10 to 15%	75% of Low Price
>15 to 20%	60% of Low Price
>20%	50% of Low Price

If the System Negative Imbalance (N) exceeds the System Positive Imbalance (P) ("Minority Imbalance"), then the cashout price shall be the Index Price. If $P > N$ ("Majority Imbalance"), then the cashout price shall be the Low Price or a percentage of the Low Price as set forth above.

For purposes of determining the tier at which a Majority Imbalance will be cashed out, the price will apply only to quantities within a tier. For example, if there is a 6% imbalance, quantities that comprise the first 5% of the imbalance are priced at 100% of the Low Price and quantities comprising the remaining 1% of the imbalance are priced at 85% of the Low Price.

- (ii) Subject to the provisions of subsection (e) below, if SHIPPER'S Net Monthly Imbalance is a Positive Imbalance and less than or equal to 5,000 Dth, COMPANY shall pay SHIPPER for SHIPPER'S Net Monthly Imbalance at the Index Price.
- (iii) However, if SHIPPER owes COMPANY any payments under subsection (b) above from a previous month which are past due, COMPANY shall have the right hereunder to offset payments it owes to SHIPPER under this subsection (c) by such past due amounts (inclusive of interest).
- (d) System Positive Imbalance ("P") is equal to the absolute value ("abv") of the sum of all SHIPPERS' Positive Imbalances accrued during the month. System Negative Imbalance ("N") is equal to the absolute value ("abv") of the sum of all SHIPPERS' Negative Imbalances accrued during the month.

The Low Price is equal to the lowest of the prices used by COMPANY, as set forth below, for calculating the Index Price for the month in which SHIPPER'S Net Monthly Imbalance was incurred. The High Price is equal to the highest of the prices used by COMPANY, as set forth below, for calculating the Index Price for the month in which SHIPPER'S Net Monthly Imbalance was incurred.

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The Index Price is equal to the sum of the prices published by the following publication for delivery to Transcontinental Gas Pipe Line Corporation's ("Transco") system 1) during the month in which SHIPPER's Net Monthly Imbalance was incurred and 2) the first weekly price published during the month following the month in which the imbalance was incurred divided by the number of such prices utilized by COMPANY as determined below:

Reference Spot Price Zone 4, 4A and 4B - Natural Gas Week Holmesville, Miss. Price from Spot Prices on Interstate Pipeline Systems - Part 2

If publication or the specific postings contained therein that are listed above are discontinued, COMPANY will revise this Section 14(d) to substitute another price index generally accepted in the natural gas industry. Until COMPANY receives approval from the Commission to use such substitute index, COMPANY will calculate the Index Price each month based on an industry-wide weekly index for Transco Zone 4.

- (e) After each month, COMPANY will net all of the actual imbalances accrued during the month under each agreement subject to netting under Section 14(a) above to determine a net system imbalance for the month. Subject to other remedies available to COMPANY under operational flow orders issued pursuant to Section 30 of the General Terms and Conditions, if the net system imbalance does not exceed either 100,000 Dth of gas owed to COMPANY or 50,000 Dth of gas owed to SHIPPERS, the price to be paid by COMPANY or SHIPPER hereunder for each SHIPPER'S respective Net Monthly Imbalance shall be 100% of the Index Price in effect for that month regardless of each SHIPPER'S Net Imbalance Percentage or whether SHIPPER has incurred a Minority Imbalance or a Majority Imbalance.
 - (i) On or before the ninth Business Day following the end of a month, COMPANY shall post on SoNet Premier the Net Monthly Imbalance accrued by a SHIPPER hereunder during the previous month provided that the SHIPPER notifies COMPANY'S Customer Services Department via SoNet Premier no later than the last day of the Trading Period set forth below that SHIPPER wants to have its Net Monthly Imbalance posted. SHIPPER may also request within the same time period as provided above, COMPANY to post only its imbalance position; i.e., that SHIPPER is short or long during the month, to facilitate trading. Notices to post imbalances received by COMPANY on or before 11:45 a.m. shall be effective no later than 8:00 a.m. CCT the next Business Day. COMPANY shall not be required to post zero imbalances. SHIPPER may grant to COMPANY in writing the right to post its Net Monthly Imbalance or imbalance position on a standing basis; provided however, that if SHIPPER decides it does not wish COMPANY to post its imbalance or position for any month after it has issued a standing order to COMPANY, then SHIPPER must advise COMPANY at least three (3) days after the end of the month not to make the posting and SHIPPER must reinstitute the standing order in writing once it has revoked the standing order as provided above. SHIPPERS shall have seventeen (17) Business Days after the end of the month (Trading Period) within which to trade Net Monthly Imbalances. Imbalance trades can only be withdrawn by the SHIPPER initiating the trade prior to confirmation of the trade by the confirming SHIPPER.

Both SHIPPERS that agree to trade all or part of their Net Monthly Imbalances must notify COMPANY'S Customer Services Department in writing, by e-mail or electronically via SoNet Premier on the form provided by COMPANY by 5:00 p.m. Central Time on the last day of the Trading Period ("Imbalance Trade Confirmation"). Each Imbalance Trade Confirmation shall include the name of the SHIPPER sending the notice, the name of the other SHIPPER agreeing to the trade, the volume (in Dth's) of the SHIPPER'S Net Monthly Imbalance that is to be traded, certification that SHIPPER has taken all steps necessary to effect the trade with the other party, and, if applicable, confirmation of creditworthiness. Each SHIPPER to the trade agrees to indemnify and hold COMPANY harmless from and against any claims that either SHIPPER may have against the other arising out of or as a result of the trade, unless the claims arise out of COMPANY'S own negligence, gross negligence, or intentional misconduct. Upon receipt of the Imbalance Trade Confirmation, COMPANY shall send to each Shipper a notice of receipt ("Imbalance Trade Notification") no later than 12:00 noon CCT of the next Business Day.

Imbalance trades are considered final when confirmed by the confirming SHIPPER and effectuated by COMPANY.

- (ii) COMPANY shall not calculate SHIPPER'S Net Imbalance Percentage under Section 14(a) above for a month until all trades for such month are completed pursuant to this Section 14(e).

If there is a prior period adjustment to the quantities of gas booked under SHIPPER'S Service Agreements due to metering errors or other errors attributable to COMPANY'S responsibilities under its Tariff, the quantity of such adjustment shall be cashed out at 100% of the Index Price for the month in which the error occurred or the month in which the error was discovered, whichever is to SHIPPER'S benefit.

- (f) Disposition of Net Cashout Balance: On an annual basis for the period commencing on the in-service date and ending twelve months thereafter ("Annual Cashout Period"), COMPANY shall determine its Net Cashout Balance. The "Net Cashout Balance" shall be the sum of the dollar amounts associated with all the Net Monthly Imbalances cashed out during the Annual Cashout Period as well as the dollar amounts from COMPANY'S purchases and sales of gas during the Annual Cashout Period as may be necessary to maintain an appropriate level of gas line-pack for system management purposes. In determining the Net Cashout Balance, dollars received by COMPANY will be positive amounts in the calculation and dollars paid by COMPANY will be negative amounts.

- (g) Surcharge; Negative Surcharge.

Every June 1, COMPANY shall file at FERC its Cashout True-up, to be effective on SHIPPER's July invoice. To the extent the Net Cashout Balance is a negative dollar amount on the system for the year, each SHIPPER who had a Net Monthly Imbalance for any month during the preceding year will have a charge added to its July invoice equal to its pro rata portion of such negative Net Cashout Balance, which will be calculated by dividing the sum of the absolute value in Dth of each of that SHIPPER's Net Monthly Imbalances cashed out in each month for the preceding year by the sum of the absolute value in Dth of each of the Net Monthly Imbalances for all shippers' Net Monthly Imbalances that are cashed out for the preceding year and multiplying the resulting fraction by COMPANY's Net Cashout Balance for the preceding year. To the extent the Net Cashout Balance is a positive dollar amount for the year, each SHIPPER who had a Net Monthly Imbalance for any month during the preceding year will have credited to their July invoice an amount equal to its pro rata portion of such positive Net Cashout Balance, which will be calculated by dividing the sum of the absolute value in Dth of each of that SHIPPER's Net Monthly Imbalances cashed out in each month of the preceding year by the sum of the absolute value in Dth of each of the Net Monthly Imbalances for all shippers' Net Monthly Imbalances that are cashed out for the preceding year and multiplying the resulting fraction by COMPANY's Net Cashout Balance for the preceding year.

15. BILLING AND PAYMENT

15.1 Billing:

On or before the 9th Business Day of each calendar month, COMPANY shall render to SHIPPER an imbalance statement of the daily volumes and the Btu content of the gas received for the account of SHIPPER for transportation, the daily volumes and the Btu content of the gas delivered to or for the account of SHIPPER, and an invoice for transportation services provided in the preceding month. Rendered is defined as, time-stamped, and delivered to the site designated by COMPANY on SoNet Premier or delivered to SHIPPER by the U.S. Postal Service, a nationally reputable courier service, or electronically through email. COMPANY shall provide to SHIPPER notice electronically when SHIPPER's invoice is available on SoNet Premier. The invoice will be deemed rendered once the COMPANY sends such notice of invoice availability. For those SHIPPERS who elect to trade imbalances, COMPANY may furnish separate imbalance invoices after the trading period. COMPANY may also furnish separate invoices for penalty charges accrued by SHIPPER pursuant to the terms of COMPANY'S FERC Gas Tariff. Prior to rendering an invoice to SHIPPER, COMPANY shall offset the bill by all amounts owed by COMPANY to the SHIPPER for that month; provided, however, that this offset shall not affect disputed amounts.

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15.2 Payment:

Billing statements shall be deemed to be received by each SHIPPER on the date of the postmark, timestamp or electronic delivery of the notice rendered by COMPANY. SHIPPER shall make payment to COMPANY for the services performed or charges levied hereunder, including for reservation charges and surcharges thereon during any period in which service has been suspended, subject to applicable credits to firm SHIPPER under Section 3(d) of Rate Schedule FTS, during the preceding calendar month by first class U.S. Mail, at the address set forth for COMPANY as indicated on COMPANY'S statement, no later than ten (10) days after the SHIPPER'S receipt thereof or, at COMPANY'S election, by electronic bank transfer (i.e. wire transfer, ACH transfer or other mutually acceptable transfer method), at such address as COMPANY may hereafter designate, no later than eleven (11) days after SHIPPER'S receipt thereof. All payments made by SHIPPER shall include COMPANY'S invoice number (s) for purposes of matching the payment to the invoice.

15.3 Invoice Disputes and Interest on Unpaid Amounts:

If SHIPPER disputes, in good faith, the amount of any invoice from COMPANY, it shall provide a description and supporting documentation of its position and timely submit payment of the amount it states is due to COMPANY along with remittance detail. If SHIPPER pays such invoice through a wire transfer of funds, then SHIPPER shall provide COMPANY with the remittance detail in writing within two days of payment. COMPANY shall apply such payment in accordance with SHIPPER'S documentation. COMPANY'S acceptance of a partial payment does not waive COMPANY'S right to full payment after resolution of the disputed invoice in the future. Should SHIPPER fail to pay any amount when due and COMPANY and SHIPPER cannot resolve payment of amounts invoiced, such that COMPANY is forced to take collection measures, interest on the unpaid amount shall accrue at the rate equal to the rate then set forth in Section 154.501 of the Commission's Regulations, or successor provision for interest rate, from the date payment was due until payment is made. COMPANY agrees to waive interest charges on a late payment if such charge is not in excess of \$100.00 or if SHIPPER, through no fault of its own, fails to receive its notice of invoice availability by the payment due date and notifies COMPANY of such failure. If any such failure to make payment continues for twenty (20) days or more, COMPANY may suspend the further transportation of gas upon ten (10) days' prior written notice to SHIPPER and the Commission, but the exercise of such right shall be in addition to any other remedy available to COMPANY; provided, however, that if SHIPPER, in good faith, has disputed the amount of any such bills or parts thereof and paid COMPANY in a timely manner such amounts as it concedes to be correct and, at any time thereafter within thirty (30) days of a demand made by COMPANY, shall furnish a good and sufficient surety bond in an amount and with sureties satisfactory to COMPANY conditioned upon the payment of any amounts ultimately found due upon such bills after a final determination, which may be reached either by agreement or judgment of the courts, as the case may be, then COMPANY shall not be entitled to suspend further delivery of gas unless and until default be made in the conditions on such bond. In the event it is finally determined or agreed that no payments were due from SHIPPER on such disputed bills, then COMPANY will reimburse SHIPPER for the reasonable cost of procuring the surety bond within ten (10) days after receipt of a detailed invoice therefor from SHIPPER.

15.4 Prepayment in the Event of Default:

Upon default in payment for a period in excess of twenty (20) days, COMPANY may require as a condition to the continuation or recommencement of transportation services a deposit or other acceptable credit arrangement in an amount equal to not more than that required by Section 2.1(d) above.

16. ALLOCATION OF CAPACITY

16.1 Applicability of this Section 16:

The allocation of capacity among all transportation services in times of transmission capacity constraints shall be governed by the provisions of this Section 16.

16.2 Allocation of Transmission Capacity to Firm and Interruptible Transportation Services:

- (a) If, on any Day, the COMPANY determines it has insufficient transmission capacity to serve all SHIPPERS' firm and interruptible transportation services for that Day, the COMPANY shall first allocate all of its available transmission capacity to firm transportation services up to SHIPPERS's TD.
- (b) If the COMPANY further determines that it has insufficient transmission capacity to serve all of its firm transportation services on that Day, then the COMPANY shall allocate all of its reduced transmission capacity among nominations for primary firm transportation service pro rata based on the ratio of each nominating SHIPPER's MDDQ to the MDDQ of all SHIPPERS' nominating for primary firm transportation services. If there is any surplus capacity after such allocation, COMPANY shall allocate it among nominations for secondary firm transportation services pro rata based on the ratio of each nominating SHIPPER'S total Transportation Demand to the total Transportation Demand of all SHIPPERS nominating secondary firm transportation.
- (c) If a transmission capacity reduction is limited to only a part or parts of the COMPANY'S transmission system, the COMPANY shall first allocate its available transmission capacity to all firm transportation services up to the extent of its transmission capacity in such portion or portions of its system.

If the COMPANY further determines that it has insufficient transmission capacity on the constrained part or parts of its transmission system to serve all of the firm transportation services on that portion or portions on any Day, the COMPANY shall allocate all of its reduced transmission capacity pro rata based on MDDQ on that portion or portions of its system among primary firm nominations on that portion or portions. If there is any surplus capacity after such allocation, COMPANY shall allocate it among nominations for secondary firm transportation services pro rata based on the ratio of each nominating SHIPPER'S total Transportation Demand to the total Transportation Demand of all SHIPPERS nominating secondary firm transportation on the constrained portion or portions of the transmission system.

- (d) If the COMPANY does not have to limit its firm transportation services on a Day, the COMPANY shall allocate the remaining transmission capacity on its system to interruptible services, including Authorized Overrun Gas nominated by SHIPPERS and ITS service. If the remaining transmission capacity is insufficient to satisfy all of the nominations for interruptible services, the interruptible SHIPPERS shall be served within the remaining capacity of the COMPANY'S transmission system with capacity allocations made in the following order of priority with limitations within each priority implemented on a pro-rata basis on the basis of the nominations confirmed for each service; provided, however, COMPANY shall not be required to limit or allocate any interruptible service under any interruptible rate schedule if COMPANY determines that such service does not affect or otherwise cause the limitation of other interruptible services:
- (i) Interruptible service paying the maximum rate, including surcharges, applicable to the service at the point or group of points being allocated. For Negotiated Rate transactions in which SHIPPER is paying a rate exceeding the maximum rate, SHIPPER shall be deemed to be paying the maximum rate for purposes of this Section.
- (ii) Interruptible service paying less than the maximum rate, including surcharges, for service at the point or group of points being allocated in the order of the highest total rate paid to the lowest total rate paid. All interruptible services for which a customer is paying less than the maximum rate at the time capacity allocation is performed pursuant to this Section 16.2(d) shall be limited prior to any interruptible service that is not being so discounted. Services paying a lower rate will be limited prior to services paying a higher rate. Discounted services paying an equal rate will be limited on a pro rata basis based on confirmed nominations. If a SHIPPER paying a rate, which is less than the maximum rate under its interruptible Service Agreement, elects to pay the maximum rate applicable to its interruptible service on any Day when interruptible transportation capacity is being allocated less than the interruptible demand, SHIPPER'S interruptible service will be queued up with other maximum rate interruptible services. SHIPPER must make such election by the nomination deadline for the Day interruptible capacity is being limited or allocated.
- (iii) Park and Loan Service as further set forth in Section 5.1 of Rate Schedule PAL.

17. PENALTY LIMITATIONS, WAIVERS AND CREDITING

17.1 Limitation on Collection of Multiple Penalties:

Other provisions of COMPANY'S FERC Gas Tariff to the contrary notwithstanding, and subject to the provisions of Section 17.2 below, if in any month SHIPPER incurs penalty charges under its Service Agreement(s) pursuant to more than one of the following provisions: Sections 30.2 and 30.3 of the General Terms and Conditions, COMPANY will bill, and SHIPPER shall be obligated to pay, only the total penalty charges accruing under the one provision from the foregoing list which yields the largest dollar amount for the total penalty charges incurred under that provision by SHIPPER during the entire month.

17.2 Waiver:

In recognition of the fact that each penalty provision in this FERC Gas Tariff is intended to promote conscientious operations by the SHIPPER such that service to other SHIPPERS is not impaired in any way, COMPANY shall waive any penalty charges incurred by SHIPPER if COMPANY determines, in its reasonable judgment, that SHIPPER was conducting its operations in a responsible manner at the time the penalty charges were incurred and that SHIPPER'S conduct did not impair service to another SHIPPER. COMPANY shall only levy penalties to the extent necessary to prevent the impairment of reliable service.

The waiver of any penalty charges shall not constitute an automatic waiver of any future penalty charges. COMPANY must grant waivers on a not unduly discriminatory basis. COMPANY shall maintain a record of all waivers granted under this Section 17.2 and shall post on SoNet Premier information concerning such waivers, including the penalty date, penalty volume waived, the basis for each waiver, and an indication of whether the waivers was granted to a COMPANY affiliate. The record of all waivers granted under this Section 17.2 shall be reviewed after this FERC Gas Tariff has been in effect for one year to determine whether this provision has operated as intended. After this review has been completed, any party may file with the Commission a proposal to change this Section 17.2 in such manner as appropriate to ensure that this Section promotes prudent and safe operations by these SHIPPERS using COMPANY'S pipeline system while also following the Commission'S requirement to levy penalties only to the extent necessary to prevent the impairment of reliable service.

17.3 Penalty Revenue Crediting

If COMPANY assesses and collects any penalty revenues as allowed by this tariff, COMPANY shall credit all of the net revenues from such penalties, including interest calculated pursuant to 18 C.F.R. § 154.501(d), to the bills of all SHIPPERS pro rata based on the annual revenues received by COMPANY during the preceding twelve (12) month period.

18. NOTICES

18.1 General Notices:

Except for notices concerning nominations, confirmations, limitations, interruptions, and other similar matters concerning the dispatching of gas, any notice, request, or demand concerning service under any Service Agreement may be given in writing and sent by first-class U.S. mail, postage prepaid, to the address specified in the Service Agreement, but shall be deemed duly given if in writing and either verified by email response confirmation or sent by postpaid registered or certified mail to the address specified in the Service Agreement.

18.2 Addresses and Authorized Personnel:

COMPANY and SHIPPER shall specify in the Service Agreement the name and address of the person authorized to receive notices, requests, and demands on its behalf. COMPANY and SHIPPER may specify separate recipients for different purposes and may change an authorized recipient at any time by giving the other party prior written notice of such change.

18.3 Dispatching Notices:

- (a) All notices concerning the daily nomination and confirmation of gas supplies for transportation shall be given electronically by e-mail to the text pager number or address specified on the form in Appendix C to the GT&C.
- (b) All notices concerning the limitation or interruption of the transportation of gas supplies or other similar matters, including recalls of capacity under Section 20.3(b)(iii) below, concerning the dispatching of gas shall be given electronically by e-mail to the address or text pager number specified on the form in Appendix C to the GT&C, and other e-mail addresses provided for this purpose by SHIPPER.

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- (c) All notices concerning the availability of SHIPPER's invoice on SoNet Premier shall be rendered electronically by e-mail to the address specified on the form in Appendix C to the GT&C.
- (d) COMPANY and SHIPPER may agree in writing to an alternative method of giving notice to those specified in Sections 18.3(a)-(c). Any such agreed upon alternative method of giving notice shall remain effective until rescinded by either party giving prior written notice to the other party. COMPANY and SHIPPER may change any and provide additional e-mail or text pager addresses, telephone numbers or facsimile machine numbers to which dispatching notices are to be given at any time by giving prior written notice to the other party.
- (e) On a daily basis, COMPANY shall make available to all affected SHIPPERS at each SHIPPER'S e-mail address(es) specified by SHIPPER a list of any of its scheduled quantities that are being bumped due to capacity allocations under Section 16.2 of the Tariff.

18.4 Emergency Contact and Constructive Notice:

COMPANY and SHIPPER shall specify the contact information contained on the form set forth in Appendix C to the GT&C the name, e-mail address, telephone number, and, if available, facsimile machine number and text pager number, of up to three persons authorized to receive dispatching and emergency notices on a twenty-four-hours-a-day basis. With respect to notification of recalls of capacity release transactions, ACQUIRING SHIPPERS should provide COMPANY with no more than two e-mail addresses to be used for recall notification. Notices outside of normal business hours shall be given to this authorized representative. With respect to notification concerning the availability of invoices on SoNet Premier, SHIPPER should provide two email addresses on the form set forth in Appendix C to the GT&C. If either party is unsuccessful in contacting one of the other party's authorized representatives at the e-mail address provided, that party may establish constructive notice to the other party and that notice will be deemed duly given when either:

- (a) notice is sent to two of the mandatory e-mail addresses provided to COMPANY by SHIPPER and at least one of those e-mail addresses does not return an undeliverable error message; or
- (b) notice is sent by facsimile machine, in which case the notice shall be deemed given at the time the sending facsimile machine confirms that the message was sent, or
- (c) notice is attempted to be sent by facsimile machine, but the sending facsimile machine does not confirm that the message was sent, in which case COMPANY shall make at least two additional attempts to send the message and the notice shall be deemed given at the time the third attempt is made or at the time the sending facsimile machine confirms that the transmission could not be sent, or
- (d) notice is attempted by making at least three telephone calls not less often than fifteen minutes apart, in which case the notice shall be deemed given at the time the third call is made.

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19. PREGRANTED ABANDONMENT OF LONG-TERM, FIRM SERVICE AGREEMENTS

- (a) The following provisions shall apply to all firm transportation Service Agreements or packages of capacity which have a primary term of twelve (12) consecutive months or more ("long-term" agreements) and a rate of the maximum rate eligible for the applicable service, including firm transportation Service Agreements or packages of capacity that have a Negotiated Rate as described in Section 27 of these General Terms and Conditions. Unless otherwise agreed in Article 4 of the Service Agreement for such capacity, these provisions shall not apply to any portion of a SHIPPER'S Transportation Demand for which the SHIPPER pays a discounted rate pursuant to Section 31 of these General Terms and Conditions.
- (b) At a time of COMPANY'S choosing following notice by SHIPPER but no later than one (1) year prior to the effective termination date of the initial primary term of SHIPPER'S firm Service Agreement or any applicable package thereunder, whether such date is specified in the Service Agreement or in COMPANY'S or SHIPPER'S notice of termination as allowed by such Service Agreement, COMPANY shall post on SoNet Premier for bidding the capacity which will be available upon the termination of SHIPPER'S firm Service Agreement or any applicable package thereunder. Prior to expiration of the term of a Service Agreement(s), or package thereto, COMPANY and SHIPPER may mutually agree to renegotiate the terms of such Service Agreement(s) to extend the use of at least a portion of the TD under its existing Service Agreement, or package thereto. Such extension of the Service Agreement, or package thereto, shall be negotiated on a case-by-case basis in a not unduly discriminatory manner. If a Service Agreement has pregranted abandonment rights, the agreement to extend must be reached prior to COMPANY posting the capacity for bidding pursuant to Section 19 of these General Terms and Conditions. To the extent that COMPANY and SHIPPER have mutually agreed to such an extension, the requirements of Section 19 of these General Terms and Conditions shall not apply. Alternatively, if the SHIPPER provides to COMPANY notice of termination on or prior to the required notice date as defined in Exhibit B to the Service Agreement, any right of first refusal hereunder will be deemed by COMPANY as waived unless SHIPPER specifically requests to retain its rights under this section in its notice of termination.
- (c) Each bidder for SHIPPER'S firm capacity, or any portion of TD or MDO being offered under this section, must submit its bid to COMPANY through SoNet Premier (with the appropriate service request form and any required prepayment under COMPANY'S FERC Gas Tariff applicable to the service, unless already on file with COMPANY) within the time specified by COMPANY on SoNet Premier.

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Each bid shall contain the term for which the capacity is sought and the percentage of the maximum rate in effect during the term which the bidder is willing to pay for the capacity or (if applicable) the Negotiated Rate the bidder is willing to pay for the capacity. If COMPANY receives more than one bid for SHIPPER'S capacity, and it does not reject all bids as provided below, it will choose the bid, or combination of bids, which maximizes revenue to COMPANY ("best bid"); provided, however that COMPANY reserves the right to reject any bid which is for less than 100% of the maximum rate applicable to SHIPPER'S firm service.

- (d) COMPANY will notify SHIPPER of the best bid received in an arm's length transaction that COMPANY is willing to accept, and SHIPPER shall have a specified time, but no less than fifteen (15) days, within which it must match the rate or price percentage and contract term offered in the best bid in order to retain its firm capacity, unless otherwise agreed; provided, however, if the bidder bids a Negotiated Rate for capacity SHIPPER holds at the maximum recourse rate at more than the effective maximum rate, SHIPPER shall only be required to match the bid at the maximum rate applicable to the service in order to retain its capacity. If the firm capacity held by SHIPPER was subject to a Negotiated Rate and the bidder submits a Negotiated Rate bid for the capacity, SHIPPER will retain the capacity by submitting a binding offer to pay the greater of (i) the highest Negotiated Rate offer submitted by the bidder, or (ii) a Recourse Rate or discounted Recourse Rate per Dth that is equivalent to the Negotiated Rate that SHIPPER had been paying for the capacity it wishes to retain.

SHIPPER has the right to bid a volumetric portion of its capacity, but does not have the right to divide its capacity in seasonal portions. If SHIPPER fails to match the best bid within the time allowed by COMPANY, SHIPPER'S existing firm Service Agreement will be subject to pregranted abandonment upon the effective termination date of SHIPPER'S Service Agreement and COMPANY will enter into a new firm Service Agreement of even date with the party or parties offering the best bid.

Notwithstanding the above, unless COMPANY and Shipper expressly agree otherwise in Shipper's Service Agreement, or package thereto, any Shipper that has entered into an interim-term firm service agreement or package for capacity pursuant to Section 2.1(b)(vi) of these General Terms and Conditions shall not have the right to extend the term of such interim-term capacity under the provisions of this Article 19 beyond the in-service date of the applicable expansion project or start date of the service agreement.

- (e) If COMPANY does not receive any bids for SHIPPER'S capacity or any bids which are acceptable to COMPANY, SHIPPER shall have fifteen (15) days, or such other period as COMPANY and SHIPPER agree on, to notify COMPANY that SHIPPER wishes to retain its rights to its firm capacity at the maximum rate applicable thereto, or any new discount or Negotiated Rate agreed to by COMPANY, for an additional term as requested by SHIPPER.

If SHIPPER matches the best bid at less than the maximum rate or COMPANY agrees to allow SHIPPER to retain its firm capacity at a discounted or Negotiated Rate for an additional term as provided above, then, unless otherwise agreed in the Service Agreement, the new or amended Service Agreement shall no longer be subject to the terms of this Section 19 upon termination of the agreement. If SHIPPER refuses to renew its firm Service Agreement at the maximum rate, absent an agreement by COMPANY to discount or negotiate a rate, the Service Agreement shall be subject to pregranted abandonment on the effective date of termination.

- (f) If SHIPPER gives notice to terminate its firm Service Agreement pursuant to the provisions contained therein and does not give COMPANY notice that it wants to exercise its rights hereunder, the agreement shall be subject to pregranted abandonment on the effective date of SHIPPER'S termination notice.

20. SHIPPER RELEASE OF FIRM CAPACITY

20.1 General:

This Section 20 sets forth the sole means by which a firm SHIPPER ("RELEASING SHIPPER") may, pursuant to Section 284.8 of the Commission's regulations, release its firm capacity rights under a Service Agreement with the COMPANY to a third party ("ACQUIRING SHIPPER").

20.2 Capacity Eligible For Release:

A SHIPPER with a Service Agreement with the COMPANY under the FTS Rate Schedule may release firm capacity pursuant to this Section 20.

20.3 Types of Releases:

- (a) Permanent Release: A RELEASING SHIPPER may release all or part of its firm capacity under a Service Agreement with the COMPANY for the entire remaining term of the Service Agreement or for a fixed period each year (i.e. month or season) for the entire remaining term of the Service Agreement ("Permanent Release") pursuant to the provisions of this Section 20. A Permanent Release is an assignment of capacity and any associated rights of the RELEASING SHIPPER under Section 19 hereof for avoiding pregranted abandonment. Therefore, prior to offering to acquire the capacity, the ACQUIRING SHIPPER must meet the COMPANY'S requirements related to creditworthiness set forth in Section 2.1(d) of the General Terms and Conditions. It will be necessary for COMPANY to consent to the permanent release of the capacity, unless otherwise previously agreed under a precedent agreement for the construction of COMPANY'S facilities for an assignment to an Affiliate or Joint Venture Partner, or unless the credit support provided by the RELEASING SHIPPER remains in place to support the ACQUIRING SHIPPER'S capacity, such consent not to be unreasonably withheld.

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In any event, COMPANY shall allow a permanent release if the ACQUIRING SHIPPER meets the credit requirements in Section 2.1(d) and all other applicable requirements of the General Terms and Conditions. Upon the permanent release, RELEASING SHIPPER's credit support shall be proportionately decreased in relation to the capacity transferred to ACQUIRING SHIPPER and the credit requirements associated with any such permanent release shall not result in an increase in value of the credit requirements associated with all such capacity. The ACQUIRING SHIPPER shall be required to execute a separate firm Service Agreement with the COMPANY for the released capacity (i) at the discounted, negotiated, or maximum rate applicable to the RELEASING SHIPPER's Service Agreement (and Exhibits thereto) and (ii) for the primary term remaining under the RELEASING SHIPPER'S Service Agreement with the COMPANY, unless the COMPANY agrees otherwise in a not unduly discriminatory manner. Furthermore, the ACQUIRING SHIPPER must contract for the Receipt and Delivery Points specifically set forth in a RELEASING SHIPPER'S Offer of firm capacity under Section 20.6(c) below or alternate Receipt or Delivery Points that are within the capacity path of the RELEASING SHIPPER'S Receipt or Delivery Points, subject to the availability of capacity at such points. For purposes of this Section 20, the capacity path of a Delivery Point is that portion of COMPANY'S pipeline system from which an ACQUIRING SHIPPER may select upstream Delivery Points for use on a firm basis hereunder, subject to the availability of excess meter station capacity at each such point.

The ACQUIRING SHIPPER then has the right to release its capacity on a permanent or temporary basis under the terms and conditions of this Section 20. Upon the successful completion of a Permanent Release, the RELEASING SHIPPER shall be responsible only for those obligations under its Service Agreement incurred with respect to the released capacity prior to the effective date of the Permanent Release hereunder, as well as charges it continues to incur for firm capacity not released on a permanent basis.

- (b) Temporary Release: A RELEASING SHIPPER may release all or part of its firm capacity under a Service Agreement with the COMPANY on a temporary basis, i.e. for a term less than the remaining term ("Temporary Release"), pursuant to one of the following methods and the further provisions of this Section.
 - (i) Firm Temporary Release: A RELEASING SHIPPER may temporarily release capacity on a firm basis for a specified term without a right of recall, except as provided in Section 20.5 below. The minimum term for any Firm Temporary Release shall be one contract day. All Firm Temporary Releases exceeding one contract day must be offered for a consecutive number of days, but such release can commence on any day during the month.

Regardless of whether a release is recallable, the ACQUIRING SHIPPER may not change any of the Receipt or Delivery Points without the consent of the RELEASING SHIPPER as designated in the offer of firm capacity under Section 20.6(c) below.

- (ii) Temporary Release Subject to Recall: Subject to the provisions of Section 20.3(b)(iii) herein, a RELEASING SHIPPER may temporarily release firm capacity subject to a right of recall by the RELEASING SHIPPER upon the occurrence of the condition precedent specified in the RELEASING SHIPPER'S Offer under Section 20.6(c) below. The minimum term for any Temporary Release Subject to Recall shall be one contract day. Any Temporary Release Subject to Recall offered for more than one contract day must be offered for a consecutive number of days, but such release can commence on any day during the month.
- (iii) Recall Rights: A RELEASING SHIPPER has the right to define the condition(s) precedent which will result in a recall of the released firm capacity or that it will recall its capacity for any reason, upon notice to COMPANY.

A RELEASING SHIPPER exercising its right to recall its firm capacity may recall its capacity by the following method. COMPANY shall provide the RELEASING SHIPPER with the ability to recall, i.e. reactivate, its released capacity through SoNet Premier. A RELEASING SHIPPER may, to the extent permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) at the Daily Nomination cycle, the Evening Nomination cycle, and at the Intraday-1 and Intraday-2 Nomination cycles by providing notice to COMPANY by the following times for each cycle: 8 a.m. CCT for the Daily Nomination cycle on the Day that Daily Nominations are due as set forth above in Section 12.1(c); 3:00 p.m. CCT as an early evening notification for the Evening Nomination cycle on the Day that Evening Nominations are due; 5:00 p.m. CCT for the Evening Nomination cycle on the Day that Evening Nominations are due; 7 a.m. CCT for the Intraday-1 Nomination cycle on the Day that the Intraday-1 Nominations are due, and 2:30 p.m. for the Intraday-2 nomination cycle on the Day that the Intraday-2 Nominations are due. Notification to ACQUIRING SHIPPERS will be provided by COMPANY pursuant to Section 18.3(b) above within one hour of receipt of any recall notifications received between 7:00 a.m. and 5:00 p.m. For all recall notifications received between 5:00 p.m. and 7:00 a.m., notifications to ACQUIRING SHIPPERS will be provided by COMPANY no later than 8:00 a.m. If the scheduled quantities from the prior scheduling cycle are not available by the next cycle's recall deadline, the recall notification times shall be extended for a proportionate period of time. The obligation of COMPANY to provide an ACQUIRING SHIPPER notification of a recall is waived until at least one functional e-mail address has been provided to COMPANY by ACQUIRING SHIPPER as set forth above in Section 18.4.

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The RELEASING SHIPPER should provide in its notification to COMPANY the quantity in terms of adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity (EPC). The EPC shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative hourly use of the capacity. In the event of an intra-day capacity recall, COMPANY should determine the allocation capacity between the RELEASING SHIPPER and the ACQUIRING SHIPPER(s) based upon the EPC. COMPANY is not obligated to deliver in excess of the total daily Transportation Demand of the release. The amount of capacity allocated to the ACQUIRING SHIPPER(s) should equal the original released capacity less the recalled capacity that is adjusted based upon the EPC.

The COMPANY has the right to rely on a RELEASING SHIPPER'S notice and a RELEASING SHIPPER shall defend and indemnify the COMPANY against any claims, losses, liabilities or expenses resulting from claims by the ACQUIRING SHIPPER that it was not notified or that firm capacity was not recalled in accordance with the recall rights specified by the RELEASING SHIPPER in its Offer.

If time remains in the term for which the firm capacity was temporarily released, the capacity shall revert back to the last ACQUIRING SHIPPER upon notice given by the RELEASING SHIPPER in the same manner and time as set forth above for exercising a recall of FTS capacity prior to the contract day on which the capacity is to again be released. If following the recall, no time remains in the term for which the capacity was temporarily released, the capacity rights shall remain with the RELEASING SHIPPER for either its continued utilization or for release again pursuant to this Section 20. When capacity is recalled, it may not be reup for the same Gas Day. The deadline for notifying Company of a reup is 8:00 a.m. on the Day that nominations are due for the Daily Nomination Cycle set forth above in Section 12.1(c).

(iv) Secondary Release of Firm Capacity:

An ACQUIRING SHIPPER who has acquired firm capacity hereunder on a temporary basis may subsequently release the capacity it has acquired, as set forth on the Addenda to its Capacity Release Service Agreement(s), in accordance with the terms of this Section 20 ("Secondary Release"), thereby becoming a RELEASING SHIPPER; provided that the Offer does not restrict such Secondary Releases. A Secondary Release of capacity cannot operate to release greater capacity rights than the capacity acquired by the RELEASING SHIPPER. Furthermore, to the extent that a RELEASING SHIPPER acquired firm capacity subject to a right of recall, the capacity then released by the RELEASING SHIPPER, and any subsequent Secondary Release of the capacity thereafter, shall also be subject to the right of recall.

(c) Prearranged Release of Firm Capacity:

A RELEASING SHIPPER who wishes to release its firm capacity to a prearranged bidder on a temporary basis may do so without posting an offer for its firm capacity, unless it elects to post its offer for competitive bidding, if the proposed capacity release is:

- (i) for a term of thirty-one (31) days or less;
- (ii) for a term of more than one (1) year for which SHIPPER has obtained a Prearranged SHIPPER and the Prearranged SHIPPER is paying the maximum rate and all other terms and conditions of the release are met;
- (iii) to an asset manager as defined in Section 284.8(h)(3) of the Commission's regulations; or
- (iv) to a marketer participating in a state-regulated retail access program as defined in Section 284(h)(4) of the Commission's regulations.

If such prearranged bid qualifies under (i)-(iv) above, the release shall not be subject to the competitive bidding requirements of Section 20.6 below, but shall be subject to all other provisions of this Section 20.

Unless capacity is released pursuant to either an asset management arrangement or state-regulated retail access program, a firm shipper may not roll over, extend, or in any way continue the release to the same replacement shipper using the 31 days or less bidding exemption until 28 days after the first release period has ended. The 28-day hiatus does not apply to any re-release to the same replacement shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth herein.

The minimum term for a release of capacity for a period of thirty-one (31) days or less shall be one (1) contract day and the term must be for a consecutive number of days.

The timetables set forth in Appendix D hereto shall not apply to the non-posted releases set forth above, except for those releases of 31 days or less which the RELEASING SHIPPER elects to post for competitive bidding. Under any type of non-posted release, the RELEASING SHIPPER AND ACQUIRING SHIPPER shall notify COMPANY electronically on SoNet Premier of the terms of the release at least 1 hour prior to the applicable nomination deadline in which the release will go into effect so that the ACQUIRING SHIPPER may have the ability to nominate on the next available nomination cycle. In the event the ACQUIRING SHIPPER'S first nomination opportunity on the release is on an intraday cycle, the maximum quantity of gas ACQUIRING SHIPPER may nominate shall be prorated based on the number of hours remaining in the Day at the effective time of the nomination cycle. However, the offer and bid for a prearranged release of capacity on a permanent basis shall be entered into SoNet Premier by 5:00 p.m. two (2) Business Days prior to the nomination deadline for the effective date of the release. The ACQUIRING SHIPPER must also be prequalified pursuant to the requirements of Section 20.6(e) below. COMPANY shall post on SoNet Premier the terms of a prearranged release entered into under this Section 20.3(c) as soon as possible, but no later than forty-eight (48) hours after the effective date of such released transaction.

- (d) For purposes of bidding and awarding, any maximum and/or minimum rates specified by the RELEASING SHIPPER shall include the tariff reservation rate and all demand charges, specified as a total number or as stated separately. For temporary releases that become effective on or after July 30, 2008, the maximum and/or minimum rates specified by the RELEASING SHIPPER may exceed the maximum tariff rate for the applicable service if the term of the proposed release is one (1) year or less. For purposes of applying any rate cap applicable to temporary capacity releases with terms of more than one year, the maximum rate shall be the maximum rate set forth in the applicable Rate Schedule.

20.4 RELEASING SHIPPER'S and ACQUIRING SHIPPER'S Obligations:

- (a) ACQUIRING SHIPPER: To bid on capacity offered under one of the types of Temporary Releases set forth in Section 20.3(b) or (c) above, the bidder must be pre-approved for credit and have an executed Firm Transportation Service Agreement (sometimes referred to herein as "Service Agreement"), as more particularly set forth in Section 20.6(e) below. To bid on capacity for a Permanent Release under Section 20.3(a) above, the bidder must be pre-approved for credit and have submitted an executed Transportation Request Form, as more particularly set forth in Section 20.6(e) below. Any bid submitted and not withdrawn by the end of the bid period will legally bind the bidder to the terms of the bid if COMPANY chooses such bid as the "best bid" under Section 20.6(h) below. Once a bid on an Offer for a Permanent Release of capacity under Section 22.3(a) is accepted, the ACQUIRING SHIPPER shall execute an amendment to its Service Agreement with the COMPANY to utilize the capacity under the terms set forth in the accepted bid and the terms and conditions of the COMPANY'S FERC Gas Tariff applicable to the capacity released.

Before an ACQUIRING SHIPPER may execute an amended Service Agreement with COMPANY to utilize released firm capacity, the ACQUIRING SHIPPER must satisfy all of the COMPANY'S requirements relating to the Rate Schedule under which the capacity has been released. Once a bid on an Offer for a Temporary Release of capacity under Section 20.3(b) or (c) is determined to be the best bid, COMPANY will post on SoNet Premier and email information to the ACQUIRING SHIPPER reflecting the terms of the bid ("Capacity Release Transaction"), and the ACQUIRING SHIPPER agrees that the terms of the Capacity Release Transaction shall be binding and no further execution thereof shall be required. After the issuance of the Capacity Release Transaction by COMPANY, the ACQUIRING SHIPPER shall become an existing SHIPPER with separate firm contract quantities like any other SHIPPER and is subject to the applicable provisions of COMPANY'S billing and payment and operational provisions. Once the ACQUIRING SHIPPER electronically executes its amended Service Agreement resulting from a Permanent Release, the ACQUIRING SHIPPER becomes an existing SHIPPER with separate firm contract quantities like any other SHIPPER and is subject to the applicable provisions of COMPANY'S FERC Gas Tariff, including but not limited to COMPANY'S billing and payment and operational provisions.

- (b) RELEASING SHIPPER: The RELEASING SHIPPER shall remain fully liable on its existing Service Agreement with the COMPANY for the payment of all reservation charges for the contract quantity which has not been released permanently, associated surcharges, fixed charges, and direct bills owing to the COMPANY each month under the existing Service Agreement, as well as for services performed for or penalties incurred by the RELEASING SHIPPER under its firm Service Agreement with respect to any remaining capacity thereunder.

20.5 Billing and Payment:

An ACQUIRING SHIPPER shall be billed by the COMPANY and shall make payments to the COMPANY in accordance with the terms of its executed Service Agreement. On the RELEASING SHIPPER'S bill for a month in which it released capacity hereunder on a temporary basis, COMPANY shall credit all charges billed by COMPANY to the ACQUIRING SHIPPER for the released capacity; provided, however, that if the ACQUIRING SHIPPER fails to pay COMPANY for any part of the amount credited to the RELEASING SHIPPER'S bill, COMPANY reserves the right, after it exhausts any credit it has on file for the ACQUIRING SHIPPER, to reverse the credit on the RELEASING SHIPPER'S bill in a later month up to the unpaid amount plus interest thereon.

COMPANY shall provide RELEASING SHIPPER with e-mail notification within a reasonable time if COMPANY sends any of the following formal notices to ACQUIRING SHIPPER:

- (1) Notice regarding the ACQUIRING SHIPPER's past due, deficiency, or default notice status pursuant to Section 15 hereof;
- (2) Notice regarding ACQUIRING SHIPPER's suspension of service notice;
- (3) Notice regarding ACQUIRING SHIPPER's contract termination notice due to default or credit related issues; and
- (4) Notice that the ACQUIRING SHIPPER is no longer creditworthy and has not provided credit alternative(s) pursuant to Section 2.1(d) hereof.

If the ACQUIRING SHIPPER fails to pay its reservation charges pursuant to the provisions of Section 15 of these General Terms and Conditions, the RELEASING SHIPPER shall have the right to recall its capacity by notifying the ACQUIRING SHIPPER and COMPANY of such recall pursuant to the provisions of Section 20.3(b)(iii) above. All credits to the RELEASING SHIPPER'S bill shall be final and nonreversible upon COMPANY'S receipt of payment from the ACQUIRING SHIPPER.

The ACQUIRING SHIPPER shall be obligated to pay COMPANY the Reservation Charge specified in the award, including all associated volumetric surcharges and fuel, applicable to the volumes the COMPANY transports under the ACQUIRING SHIPPER'S firm Service Agreement. COMPANY will retain the payments, including associated volumetric surcharges and fuel it receives from ACQUIRING SHIPPER. If any of the maximum recourse rates billed to and paid by the ACQUIRING SHIPPER under its Service Agreement exceed the maximum recourse rate which the Commission determines to be just and reasonable and COMPANY is ordered to make refunds, the ACQUIRING SHIPPER shall, unless its Service Agreement provides for discounted or Negotiated Rates, be eligible to receive refunds to the extent of any payments it made in excess of the rates the Commission subsequently determined to be just and reasonable. For releases that become effective on or after July 30, 2008, the rate paid by the ACQUIRING SHIPPER in any capacity release transaction with a term or one (1) year or less which is not subject to the maximum rate cap will be deemed to be a final rate and is not subject to refund.

20.6 Offer and Bid Procedures:

- (a) Offer/Bid Schedule: As per NAESB Standard 5.3.2, the minimum days and times by which both offers and bids for releases of capacity must be electronically transmitted to the COMPANY in accordance with the procedures set forth in Section 20.6(c) and Section 20.6(f) below, as well as other minimum deadlines required by COMPANY for successful completion of the bid/offer cycle, are set forth in Appendix D to these General Terms and Conditions.

The timetables in Appendix D set forth the deadlines for standard offers to release capacity, i.e. those which contain no special terms and conditions. Offers which contain special terms and conditions, including, but not limited to contingencies or best bid criteria and tie breakers other than those set forth in Sections 20.6(h) and (i) hereof, are deemed to be non-standard offers and shall require additional evaluation time.

It shall be the responsibility of the RELEASING SHIPPER to post its Offer in sufficient time to allow the release to occur on the date offered given the schedule to be applied and any extensions of that schedule allowed by the RELEASING SHIPPER in its Offer. The RELEASING SHIPPER may post its Offer earlier than the Day set forth in the applicable timetable in Appendix D hereto, thereby extending the bid period for such Offer. If it posts its Offer early, the RELEASING SHIPPER may alter the bid deadline and the deadline for removing contingencies by changing them to an earlier date so long as the interval between each deadline is no shorter than the intervals set forth in the applicable timetable in Appendix D hereto.

If the RELEASING SHIPPER allows contingent bids to be submitted, each bidder submitting a valid, contingent bid must notify COMPANY by the deadline set forth in the applicable Appendix D timetable, unless the RELEASING SHIPPER specified another deadline pursuant to the foregoing procedures, that the contingency has been removed and that the bid is to remain eligible for processing. However, the bidder does not have to notify COMPANY of the removal of the type of contingency set forth in Section 20.6(f)(xi) since such contingency will be resolved during COMPANY'S determination of the best bids.

- (b) Offer of Firm Capacity: Pursuant to the applicable schedule established in Section 20.6(a) above, a SHIPPER desiring to release firm capacity shall post on SoNet Premier, on the standard form provided by COMPANY on SoNet Premier, an offer of firm capacity (herein called "Offer"), except as provided otherwise in Section 20.3(c) above. The COMPANY shall date and time stamp all offers as they are received and shall post such Offer if it is complete unless the RELEASING SHIPPER specifies a delayed time and date for its Offer to be posted. In such event, COMPANY shall post the Offer at the time specified by the RELEASING SHIPPER, provided that such time does not conflict with the deadlines set forth in Appendix D hereto. The RELEASING SHIPPER agrees that its posted Offer specifically is subject to the following conditions:
 - (i) If two or more RELEASING SHIPPERS wish to combine Offers of capacity into one Offer, the capacity must be released for the same term, and each RELEASING SHIPPER must appoint in writing or through SoNet Premier to COMPANY, prior to the posting of such an Offer, the same agent for purposes of submitting a joint Offer.

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- (ii) Once a RELEASING SHIPPER'S Offer is posted, it may be withdrawn by the RELEASING SHIPPER at any time during the bid period where unanticipated circumstances justify and no minimum bid has been made.
 - (iii) For releases that become effective on or after July 30, 2008, the release of firm capacity must commence within one (1) year of the date upon which COMPANY is notified if the reservation charge requirement is in excess of the maximum tariff rate and the term of the proposed release is for one (1) year or less.
- (c) RELEASING SHIPPER'S Offer: A RELEASING SHIPPER'S Offer shall include, at minimum, the following standard information:
- (i) the name of the RELEASING SHIPPER;
 - (ii) the Rate Schedule(s) under which the capacity being offered for release is held;
 - (iii) the contract number(s) of the RELEASING SHIPPER'S Service Agreement(s);
 - (iv) whether the release is permanent or temporary;
 - (v) if a temporary release,
 - a. whether the release is firm or subject to a right of recall;
 - b. if subject to recall, the identifiable condition(s) precedent upon which the recall right will be asserted;
 - c. if subject to recall, whether the reservation charge paid by the ACQUIRING SHIPPER is to be pro rated for any days on which the capacity is actually recalled;
 - d. if subject to recall, whether the release is recallable on a daily, early evening, evening, intraday-1 or intraday-2 recall notification period;
 - e. if subject to recall, whether the recall notification must be provided on a Business Day; and
 - f. whether a Secondary Release may be made by the ACQUIRING SHIPPER.

- (vi) the amount(s) of capacity to be released and whether bids for less than the full volume offered are acceptable and, if so, whether the RELEASING SHIPPER wants the full capacity awarded to multiple qualifying bidders in the order of best bid;
- (vii) the proposed effective date of the release, term of the release and whether bids for less than the full term offered are acceptable;
- (viii) if capacity is to be released under Rate Schedule FTS,
 - a. the Delivery Points at which the capacity is to be released and relevant Delivery Point Codes;
 - b. if the release is a Temporary Release and the RELEASING SHIPPER indicates that it wishes to restrict bids on specified Delivery Point capacity to an upstream or downstream segment so that the RELEASING SHIPPER may retain the remaining capacity segment for its use, then RELEASING SHIPPER must identify the segments which are being offered ("Bid Zone"); provided that the volume of the capacity released cannot exceed the Releasing Shipper's original Transportation Demand;
 - c. any Receipt Points at which capacity is offered and relevant Receipt Point Codes;
 - d. if the release is not subject to recall, whether the ACQUIRING SHIPPER is restricted from changing the primary Receipt Points and Delivery Points on the capacity being released to points outside the capacity path.
- (ix) whether the offer is subject to a Prearranged Bid and, if so, the name of and DUNS number, if applicable, for the Prearranged Bidder;
- (x) any minimum reservation charge (inclusive of reservation surcharges) or percentage thereof at which the bids must begin, or whether the bids on the reservation charge (inclusive of reservation surcharges) should be submitted on a volumetric rate basis; or, for releases that become effective on or after July 30, 2008, any minimum reservation charge requirement (inclusive of reservation surcharges) and, if applicable, any maximum reservation charge requirement (inclusive of reservation surcharges) which is in excess of the maximum tariff rate for the applicable service when the term of the proposed release is one (1) year or less and when the release date is to take effect on or before one (1) year from the date on which COMPANY is notified of such release;

- (xi) if bids on a volumetric rate basis are acceptable, whether the volume bid is a minimum daily throughput commitment for billing purposes, i.e. the ACQUIRING SHIPPER'S monthly bill and the RELEASING SHIPPER'S monthly credit will be no less than the volume bid multiplied by the volumetric rate bid multiplied by the number of days in the month that the release was in effect;
- (xii) whether contingent bids may be submitted and the deadline for removing any such contingencies;
- (xiii) pursuant to the provisions of Section 20.6(a) hereof, any extensions in the deadlines established in Section 20.6(a);
- (xiv) the economic criteria to be utilized by COMPANY in determining the "best bid" (the criteria to be objectively stated, applicable to all bidders and nondiscriminatory);
- (xv) a nondiscriminatory tie breaker to be utilized in determining the "best bid" if two or more bids generate equal revenues.
- (xvi) whether or not the RELEASING SHIPPER will repute the capacity to the Acquiring Shipper at the end of its recall of the capacity;
- (xvii) whether the capacity to be released will be available at the start of the Gas Day or on an intraday basis once the release has been awarded pursuant to the deadlines established in Appendix D, attached hereto;
- (xviii) whether the release is segmentable;
- (xix) for a permanent release, whether the RELEASING SHIPPER is willing to pay the potential ACQUIRING SHIPPER consideration for the release and if so, the form of acceptable consideration and any limits on the amount of acceptable consideration. Payment and collection of such consideration shall be handled directly between the RELEASING SHIPPER and ACQUIRING SHIPPER, and both parties agree that COMPANY is not responsible for collecting or paying such additional consideration;
- (xx) whether the proposed release is to an asset manager as part of an asset management arrangement as defined in Section 284.8(h) (3) of the Commission's regulations, and the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect under the asset management arrangement; and

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- (xxi) whether the proposed release is to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations.

The following information shall be supplied by COMPANY with each Offer: (i) the reservation charge (and reservation surcharges) applicable to the capacity being released, (ii) the reservation charge (including reservation surcharges) converted to a 100% load-factor volumetric rate if the Offer requires bids on a volumetric rate basis, (iii) the date and time the Offer was posted on SoNet Premier, and (iv) the date and time the bid period ends.

- (d) Prearranged Bidders: A RELEASING SHIPPER must identify in its Offer any "Prearranged Bid" to be made on the firm capacity offered for release. However, the "Prearranged Bidder" must also meet all of the requirements established for bidders pursuant to Section 20.6(e)-(g) below. A Prearranged Bidder must also submit its bid in accordance with Section 20.6(f) below. For bids on Offers in which the Prearranged Bidder tenders a bid for the offered capacity at the maximum reservation charge applicable to the RELEASING SHIPPER'S service or at a higher reservation charge applicable to releases that become effective on or after July 30, 2008, when the term proposed is for one (1) year or less and the release takes effect on or before one (1) year from the date on which the COMPANY was notified of such release, for the full volume, capacity and term offered by the RELEASING SHIPPER, and the Prearranged Bidder satisfies all of the requirements of Section 20.6(e)-(g) below, the Prearranged Bid will be deemed the "best bid".

The COMPANY shall thereafter post on SoNet Premier, as set forth in Section 20.3(c) above, the identity of the Prearranged Bidder, and the terms upon which the capacity was released. In all other situations, but except in those situations where Releasing Shipper is not required to post the Offer as set forth above in Section 20.3(c), the Prearranged Bid shall constitute the minimum bid price for all other bidders, and shall be posted on the RELEASING SHIPPER'S Offer as such. If the COMPANY does not receive any better bid by the date on which all bids are due, the Prearranged Bid shall be deemed the best bid. If the COMPANY does receive a better bid by the date on which all bids are due, the Prearranged Bidder shall have the right to match the terms of the better bid by the deadline established in Section 20.6(a) above. If the Prearranged Bidder matches the better bid, the Prearranged Bidder shall be deemed to have made the best bid.

(e) Prequalified Bidder Requirements:

- (i) All parties desiring to bid on firm capacity offered by a RELEASING SHIPPER must be prequalified by COMPANY as creditworthy in order to be eligible to submit a bid on an Offer of released capacity. Unless the COMPANY agrees it has already determined the bidder to be creditworthy or to have suitable credit on file with COMPANY, the potential bidder must submit to COMPANY the information set forth in Section 2.1(a)(ix) hereof to enable COMPANY to determine the party's creditworthiness. A bidder's creditworthiness shall be assessed on the same basis as a SHIPPER'S creditworthiness under the terms of the Tariff applicable to the capacity being offered. If the potential bidder fails to demonstrate creditworthiness, the bidder may still be prequalified if it provides credit support as specified in Section 2.1(d) hereof.

If a party does not qualify as a prequalified bidder pursuant to this Section 20.6(e), the party cannot bid on a RELEASING SHIPPER'S Offer.

- (ii) Prior to submitting a bid on a Temporary or Permanent Release of capacity offered by a RELEASING SHIPPER, the bidder must request and execute a Firm Transportation Service Agreement in the form set forth in this Tariff. A potential bidder shall request a Service Agreement by submitting to COMPANY on SoNet Premier a valid Request Form, in the format set forth in Appendix A, as applicable, to these General Terms and Conditions. The parties shall execute the Service Agreement electronically through SoNet Premier, followed by written execution as soon as possible thereafter. The terms of each winning bid shall be posted on SoNet Premier and emailed to the ACQUIRING SHIPPER if the release is temporary or as an amendment to the Service Agreement if the release is permanent.

- (f) Bidding Procedures: All bids on a RELEASING SHIPPER'S Offer, except as provided in Section 20.3(c) above, shall be transmitted electronically to the COMPANY on SoNet Premier in the standard form provided on SoNet Premier. The COMPANY shall date and time stamp all bids as they are received. The COMPANY shall post for viewing by other parties during the bid period all bids received on a RELEASING SHIPPER'S Offer, except for the names of the bidders. A separate bid shall be submitted for each separate RELEASING SHIPPER'S Offer on which a bidder wishes to bid. The price bid on any Offer of capacity must be submitted on a reservation charge (or, when applicable, Negotiated Rate) basis unless the Offer states that bids on a volumetric rate basis are acceptable.

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Subject to the RELEASING SHIPPER restricting the Bid Zone for a particular Delivery Point, all bids on Temporary Releases of capacity must be for the specified Delivery (and Receipt) Points offered.

The Delivery Points and Receipt Points, if applicable, awarded to the ACQUIRING SHIPPER under this Section 20 shall constitute the only Primary Receipt Points and Primary Delivery Points to which the ACQUIRING SHIPPER is entitled under the Service Agreement entered into with COMPANY pursuant to these provisions. The ACQUIRING SHIPPER'S Service Agreement shall be eligible for secondary firm service at other Receipt Points and Delivery Points. The bid shall include, at minimum, the following information included in the standard bid form on the COMPANY'S electronic bulletin board:

- (i) the bidder's name;
- (ii) the bidder's DUNS number, if applicable;
- (iii) the Offer number and contract number(s) of the RELEASING SHIPPER'S Service Agreement(s) on which the bid is being made;
- (iv) the Reservation Charge bid for the released capacity or the Reservation Charge bid at a volumetric rate per Dth based on the requirements of the Offer or, as applicable, the Negotiated Rate, and if the RELEASING SHIPPER has offered to pay the ACQUIRING SHIPPER consideration for the permanent release, the amount of the consideration;
- (v) whether the bidder is a Prearranged Bidder;
- (vi) the term for which the bid is being made if the Offer allows bids on less than the term offered;
- (vii) if the Offer allows bids on less than the full capacity offered, the transportation capacity requested at each Delivery Point requested by the bidder;
- (viii) for unrestricted bids if the bidder wishes to request firm Receipt or Delivery Points other than those offered; or for bids in which the Offer requires bids on Delivery Points in an upstream Bid Zone or the Offer is subject to recall, the Receipt or Delivery Points requested (and relevant Point Codes) within the segment or capacity path, respectively, of the Receipt or Delivery Points offered;
- (ix) the bidder's Service Agreement number;
- (x) if contingent bids are allowed by the Offer, the description of the contingency;

- (xi) the information required by Section 250.16 of the Commission's Regulations to the extent necessary to allow COMPANY to comply with its reporting/posting requirements under Section 250.16 to include the following:
 - (1) the specific affiliation of the bidder/ACQUIRING SHIPPER with COMPANY. A bidder may withdraw its bid on an Offer at any time prior to the end of the bid period, but any subsequent bids submitted by the bidder on that Offer during the bid period must be equal to or higher than the bidder's previous bid(s).

- (g) The COMPANY'S Initial Review: Upon receipt of all bids, the COMPANY shall engage in an initial review to determine whether a bid will be deemed eligible for consideration as the best bid. Any bid deemed ineligible pursuant to this Section 20.6(g) shall be eliminated from consideration. A bid shall be deemed ineligible if:
 - (i) the bid (or bidder) does not comply with all of the terms and conditions and deadlines of this Section 20; or
 - (ii) the bid submitted exceeds the bidder's pre-approved credit term or limits; or
 - (iii) the bid is for capacity at Delivery and Receipt Points other than those points specified in the Offer where the Offer has restricted bidder's rights to change Delivery or Receipt Points; or for capacity at Receipt or Delivery Points not within the capacity path of the Delivery Points offered by the RELEASING SHIPPER when the release is subject to recall; or for capacity outside of the Bid Zone being released; or
 - (iv) the bid does not meet the minimum terms of the RELEASING SHIPPER'S Offer; or
 - (v) the bidder has not removed the contingency by the deadline set forth in the Offer.

- (h) The Best Bid Determination: All bids deemed to be eligible following the COMPANY'S initial review pursuant to Section 20.6(g) above shall be reviewed in determining the best bid. The best bid shall be determined by COMPANY pursuant to the objective criteria for determining the best bid set forth in the RELEASING SHIPPER'S Offer. If the Offer does not specify best-bid criteria, the eligible bids will be evaluated by COMPANY by multiplying the price bid times the volume bid. In addition, if the RELEASING SHIPPER'S offer for a permanent release allows consideration to be paid to the ACQUIRING SHIPPER, then any such consideration included in the ACQUIRING SHIPPER'S bid shall be subtracted from its bid solely for purposes of calculating the best bid.

Bids for a term of more than one (1) month that vary in price or term shall be discounted to present value based on currently effective Commission interest rates or such other published, objective financial measure as posted by COMPANY in advance of the offer/bid cycle. This formula will generate a revenue number for comparison of the bids and the bid producing the most revenue shall be determined to be the best bid. For releases that become effective on or after July 30, 2008, potential ACQUIRING or Prearranged SHIPPERS may submit bids in excess of the maximum tariff rate for the applicable service agreement if the term of the proposed releases is one (1) year or less and such release is to take effect on or before one (1) year from the date on which COMPANY is notified of such release. Such rate will be utilized in the determination of the best bid.

The best bid as determined herein or pursuant to the objective criteria posted by the RELEASING SHIPPER shall be subject to the rights of a Prearranged Bidder to match the bid in accordance with Section 20.6(d) above. If two or more bids are equivalent, they will be subject to the outcome of the tie breaker stipulated in the RELEASING SHIPPER'S Offer as explained in Section 20.6(i) below. In its Offer the RELEASING SHIPPER may specify any best bid criteria and tie breaker that complies with Sections 20.6(c)(xiv) and(xv) herein. However, if the RELEASING SHIPPER chooses the COMPANY'S best bid criteria set forth above or one of the following pre-programmed criteria and one of the tie breakers listed in Section 20.6(i), the Offer will be eligible for the accelerated schedules set forth in the timetables in Appendix D to these General Terms and Conditions:

- (i) Highest rate;
- (ii) Price times volume (regardless of term);
- (iii) Price times volume times term (net revenue); or
- (iv) Present value

If the best bid does not utilize all of the capacity being offered for release and the RELEASING SHIPPER provided in its Offer that it would accept multiple qualifying bids, then COMPANY will award the capacity in the order of best bids until it has awarded all of the offered capacity possible.

- (i) Tie Breaker: If there is a tie for the best bid, and there is no Prearranged Bidder who has agreed to match the best bid, the winning bid shall be determined by applying the tie breaker stipulated in the RELEASING SHIPPER'S Offer. The RELEASING SHIPPER may specify one of the following tie breakers or a different tie breaker so long as it is objective, nondiscriminatory and can be applied by COMPANY.

If the RELEASING SHIPPER fails to specify a tiebreaker, COMPANY shall apply the following tie breakers in the order shown, if necessary:

- a. the bid generating the greatest present value of revenues over the shortest term;
 - b. the bid submitted first in time as established by the COMPANY'S electronic date and time stamp.
- (j) Determination of Unsubscribed Firm Capacity: If COMPANY finds, after the determination of the best bid for each Offer posted to be effective on the same release date, that there are more best bids for firm capacity at a Delivery Point than the available unsubscribed firm capacity at the point, the capacity shall be awarded by the COMPANY based on the order in which the Offers were posted. If there is insufficient unsubscribed firm capacity to award a winning bidder its requested Delivery Point(s), it shall be awarded the firm Delivery Point(s) set forth in the Offer as its Primary Delivery Point(s) unless the Primary Delivery Point(s) are in a restricted upstream Bid Zone as set forth in the Offer. In that event, the winning bidder will be awarded a Primary Delivery Point in the segmented portion of capacity to be released. Each ACQUIRING SHIPPER and RELEASING SHIPPER may utilize all Delivery Points on COMPANY'S pipeline system, in accordance with Section 6.2 above. COMPANY shall provide on SoNet Premier for use during the bid process a list of all Delivery Points within the segmented portion of capacity being offered for release and the best available information regarding their associated unsubscribed firm capacities.
- (k) Notification: Upon completion of the best bid determination, the party submitting the best bid, i.e. the ACQUIRING SHIPPER, shall be notified by the COMPANY through SoNet Premier. The COMPANY shall further notify all bidders through SoNet Premier that a best bid has been accepted. If the capacity was released on a permanent basis, an amended firm Service Agreement(s) between the COMPANY and the ACQUIRING SHIPPER, incorporating the terms of the accepted bid, shall be tendered and executed electronically on SoNet Premier by the applicable execution deadline set forth in Section 20.6(a) above.
- If the capacity was released on a temporary basis, COMPANY shall e-mail information on the Capacity Release Transaction to the ACQUIRING SHIPPER. COMPANY shall post on SoNet Premier the details of the winning bid and the ACQUIRING SHIPPER'S name as soon as possible after the released capacity is awarded. Such notice shall stay on SoNet Premier for at least thirty (30) days.
- (l) If the ACQUIRING SHIPPER acquires firm transportation capacity to a Delivery Point pursuant to an offer that restricted the Bid Zone, the RELEASING SHIPPER of such

capacity may continue to nominate gas for transportation within its remaining capacity segment. In that event, to the extent a Primary Receipt Point is included as part of the Offer, the ACQUIRING SHIPPER will be awarded a Primary Receipt Point in the segmented portion of capacity to be released, but will be not be awarded any Primary Receipt Points that are in the segmented portion of capacity retained by the RELEASING SHIPPER. Each ACQUIRING SHIPPER and RELEASING SHIPPER may utilize all Receipt Points on COMPANY'S pipeline system on a secondary basis in accordance with Section 6.1 above within their respective portions of the segmented capacity. COMPANY shall provide on SoNet Premier for use during the bid process a list of all Receipt Points within the segment being offered for release and the best available information regarding their associated unsubscribed firm capacities.

- (m) If no bids are submitted by the date upon which all bids are due, the RELEASING SHIPPER'S Offer shall be removed from SoNet Premier. Furthermore, all RELEASING SHIPPERS and ACQUIRING SHIPPERS must comply with the deadlines set forth in Section 20.6(a) above in order to avoid cancellation of their offers or bids by COMPANY.

20.7 Offers to Purchase Firm Capacity:

COMPANY agrees to post on SoNet Premier at a party's request offers to purchase firm capacity on a permanent or temporary basis pursuant to the provisions of Section 23 of these General Terms and Conditions. Each offer will remain on SoNet Premier for five (5) Business Days before it is removed, unless the requesting party notifies COMPANY prior to the expiration of any five-day period that it wishes to extend the posting for an additional five (5) Business Days.

21. AGENCY SERVICE

21.1 In connection with a service rendered by COMPANY pursuant to any Rate Schedule in its FERC Gas Tariff, COMPANY may agree to act as agent for its SHIPPER to arrange for any service (under any such Rate Schedule or otherwise) and to perform any acts (including but not limited to the receipt and payment of invoices, the giving of notices, the designation of Delivery and Receipt Points, the scheduling of volumes for transportation and the receipt of proceeds from, or the payment of amounts due for, the monthly resolution of transportation imbalances under Section 14 hereof) in connection with any service so arranged.

21.2 In connection with a service rendered by COMPANY pursuant to any Rate Schedule in its FERC Gas Tariff, a third party may agree to act as agent for a SHIPPER to arrange for any service (under any such Rate Schedule or otherwise) and to perform any acts (including but not limited to the receipt and payment of invoices, the giving of notices, the designation of Delivery and Receipt Points, the scheduling of volumes for transportation and the receipt of proceeds from, or the payment of amounts due for, the

monthly resolution of transportation imbalances under Section 14 hereof) in connection with any service so arranged. In this event, SHIPPER shall provide COMPANY with a written Request that COMPANY accept the third party as agent for SHIPPER. The Request shall state specifically the scope and term of the agency, shall state that the COMPANY is authorized to accept the actions of the agent within the scope of its authority to the same extent as it would accept the actions of SHIPPER, shall provide that SHIPPER shall indemnify COMPANY and hold it harmless for any loss or damage occasioned by the agent's actions or COMPANY'S reliance thereon, unless the circumstances arise from COMPANY'S negligence, gross negligence, or intentional misconduct, and shall be accompanied by an affidavit verifying the information contained in the Request. If the Request conforms with the provisions of this Section 21.2, then COMPANY shall notify SHIPPER in writing of its acceptance of the Request.

22. AFFILIATES

Information regarding any facilities that COMPANY'S transmission function employees share with any marketing function employees of its affiliate(s) is available on COMPANY'S Internet Web Site at www.elpaso.com under Informational Postings.

23. ELECTRONIC BULLETIN BOARD

COMPANY shall maintain an interactive bulletin board via the public internet ("SoNet Premier") for the purpose of providing its SHIPPERS and third parties equal and timely access to COMPANY'S Transportation Log, Standards of Conduct, including applicable postings, Index of Customers, information relevant to the availability of capacity on COMPANY'S system, whether the capacity is available from COMPANY or a RELEASING SHIPPER under the provisions of Section 20 hereof, and reports on COMPANY'S firm and interruptible services pursuant to Section 284.13 of the Commission's Regulations. COMPANY shall also provide each SHIPPER access through SoNet Premier to information related to activity under its agreements with COMPANY, such as nominations and estimated imbalances. In addition, COMPANY will provide through SoNet Premier a daily report showing pipeline capacity, daily metered flow as available, and daily scheduled quantities aggregated by Receipt Point groups within capacity constrained areas. Furthermore, COMPANY shall administer each SHIPPER'S release of firm capacity, as more particularly described in Section 20 hereof, exclusively through SoNet Premier and shall provide to SHIPPER other interactive capabilities such as the ability to request service, amendments, discounts or Negotiated Rates, submit nominations, confirmations, and PDAs, view agent appointments under SHIPPER'S service agreement(s), and execute service agreements and amendments thereto. COMPANY, through SoNet Premier, shall make available to SHIPPERS sufficient details to support the quantities allocated to that party under the PDA method at each point.

Unless specifically provided otherwise in this FERC Gas Tariff, the generic provisions of this Tariff requiring that notices, requests, and other communications be in writing may be satisfied by SHIPPER through

submission of such communications over SoNet Premier. All forms set forth or referenced in the Tariff will also be maintained on SoNet Premier for SHIPPER'S use. Service-agreement specific notices requiring communications to be in writing remain unchanged unless agreed to otherwise by the parties. Submission of information, communications, and execution of documents through SoNet Premier shall be legally binding on SHIPPER. COMPANY will also require written execution of firm Service Agreements by SHIPPER for its records. The bulletin board feature of SoNet Premier will display current information first, have online help, a menu of available information for ease of reference, and search functions. Any party with access to SoNet Premier will be able to download information provided on SoNet Premier's bulletin board. COMPANY shall maintain and retain daily back-up records of the information displayed on SoNet Premier's bulletin board for a period of three (3) years for purposes of restoring such information to on-line availability if there is a computer malfunction or loss. Completed transactions and posted information will remain on SoNet Premier for at least thirty (30) days and then will be archived. With respect to the reports posted pursuant to Section 284.13 of the Commission's Regulations, such information will remain on SoNet Premier for at least ninety (90) days and then will be archived. Archived information will be available from COMPANY upon fifteen (15) day's prior written notice.

To receive access to SoNet Premier, a party must execute and comply with the terms of the SoNet Premier Access Agreement which may be requested from COMPANY'S Customer Services Department, P.O. Box 2563, Birmingham, AL 35202-2563. SHIPPER or third parties accessing SoNet Premier shall be responsible for providing all computer equipment necessary to access the internet and communicate with SoNet Premier. COMPANY shall endeavor to provide notices by email to such SHIPPERS of and at the same time as postings on SoNet Premier.

24. ANNUAL CHARGE ADJUSTMENT CLAUSE

24.1 Purpose:

In order to recover the annual charges assessed by the Commission under Section 382.202 of the Commission's Regulations pursuant to the provisions of the Commission's Order No. 472, this Section 24 of the General Terms and Conditions is established to be applicable to all COMPANY'S transportation Rate Schedules contained in Volume No. 1 of COMPANY'S FERC Gas Tariff. Because COMPANY is electing to recover the annual charges assessed by the Commission through the operation of this Annual Charge Adjustment Clause, COMPANY does not intend to recover any annual charges recorded in Account No. 928 in any Natural Gas Act Section 4 rate case.

24.2 Basis for the Annual Charge Adjustment Charge:

The Rate Schedules specified in Section 24.1 hereof shall include an Annual Charge Adjustment unit charge (ACA unit charge) applicable to each Dth of gas transported thereunder in the amount specified on the applicable tariff sheet. The ACA unit charge shall be added to the volumetric rate of any Rate Schedule with a reservation charge.

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24.3 Filing Procedure:

Changes to the ACA unit charge must be filed annually in a Section 4 rate filing to reflect the annual charge unit rate authorized by the Commission each fiscal year.

25. REIMBURSEMENT OF FUEL USED AND LOST AND UNACCOUNTED-FOR GAS

25.1 NAESB Fuel Reimbursement Standards. The following NAESB Standards (Version 1.8) will apply and are stated verbatim rather than incorporated by reference in Section 29 of the General Terms and Conditions.

NAESB 1.3.15: "When the fuel reimbursement method is fuel in-kind, the results of the fuel reimbursement calculations for the nomination process should be rounded to the nearest dekatherm or Gigajoule (Canada)."

NAESB 1.3.16: "Where fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, should be $(1 - \text{fuel}\% / 100)$ multiplied by receipt quantity = delivery quantity."

NAESB 1.3.28: "For current in-kind fuel reimbursement procedures, fuel rates should be made effective only at the beginning of the month."

NAESB 1.3.29: "For in-kind fuel reimbursement methods, Service Providers should not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth."

NAESB 1.3.30: "For in-kind fuel reimbursement methods, Service Providers should provide, if applicable, a fuel matrix for receipt and Delivery Point combinations. The Service Requesters should not be responsible for calculating and totaling fuel based on each zone or facility traversed."

NAESB 1.3.31: "The transportation priority for fuel should be the same as the level of service as the transaction to which it applies."

25.2 COMPANY shall have the right to retain, for transportation under any Rate Schedule, a percentage retention of both (i) gas required for operations, company use gas, and fuel used ("GRO") and for (ii) lost and unaccounted-for gas ("LAUF") (GRO and LAUF percentages referred collectively as "Fuel"). The Fuel retention shall be uniform for service under each of COMPANY'S rate schedules. COMPANY will make a filing no later than sixty (60) days following each year starting on the initial in-service date of the EEC Pipeline. COMPANY shall make such filing pursuant to Section 4 of the Natural Gas Act to adjust the Fuel retention and to true-up the Fuel Deferred Account pursuant to Section 25.4. COMPANY shall post on SoNet Premier the factors used to derive

the Fuel retention, no less than seven calendar days before the beginning of the month. The Fuel retention will be determined at COMPANY's discretion but no less frequently than annually as follows:

- (a) The historical GRO and LAUF will be adjusted for known operational changes to determine projected system-wide GRO and LAUF. The sum of the projected GRO and LAUF will be divided by total receipt quantities the preceding year.
- (b) The effective GRO and LAUF accepted by the Commission shall be stated on the Rate Sheets.

25.3 Fuel Deferred Account: COMPANY shall determine the monthly difference between (i) total volumes actually received multiplied by the GRO and LAUF percentages and (ii) the actual GRO and LAUF for the month (thus not taking into account actual recovery of quantities for GRO and LAUF for this calculation, and COMPANY shall be at risk for the under-recovery of such quantities due to any negotiated rates with GRO and LAUF percentages that are lower than those stated in the tariff). The under- or over-realization of in-kind compensation gas, based on this calculation, shall be recorded as a debit or a credit, as the case may be, each month in the Fuel Deferred Account. A monetary value shall be assigned to the volume debited or credited utilizing the Index Price. The Fuel Deferred Account will accumulate in twelve month periods between the required annual changes to the GRO and LAUF percentages. The Fuel Deferred Account shall be credited each month (if the balance is positive) or debited each month (if the balance is negative) with the applicable interest due using the FERC interest rate in Section 154.501(d) of the Commission's regulations.

25.4 Fuel Deferred Account True-up: With each annual filing required by this Section 25, COMPANY shall calculate surcharges or refunds designed to adjust the Fuel Deferred Account balance to zero. Each SHIPPER's surcharge or refund will be its pro rata share of the balance based on total volumes for the year that the COMPANY received on SHIPPER's behalf. SHIPPER's net debit or credit shall be due and payable sixty Days after the Commission's acceptance of the annual filing.

26. APPLICATION OF DISCOUNTED RATES

26.1 Discounts of Reservation Charges and Surcharges

If COMPANY discounts the total rate applicable on a reservation basis under a SHIPPER'S FTS Service Agreement, it will discount the components of such total rate in the following order:

- (1) any surcharge(s) applicable to the Demand Charge;
- (2) Reservation Charge

26.2 Discounts of Volumetric Charges or Surcharges

In the event COMPANY discounts the total rate applicable on a volumetric basis under SHIPPER'S FTS or ITS Service Agreement, it will discount the components of such total rate in the following order:

- (1) Transportation Charge;
- (2) EPCA Surcharge;
- (3) ACA Surcharge.

27. NEGOTIATED RATE PROVISIONS

27.1

- (a) Anything to the contrary in COMPANY'S FERC Gas Tariff notwithstanding, COMPANY and SHIPPER may negotiate a rate, rate methodology, or rate formula for transportation service under any rate schedule (in each case, "Negotiated Rate"). The Negotiated Rate shall be set forth on Exhibit F to the applicable Service Agreement executed by COMPANY and SHIPPER. At the commencement of transportation service pursuant to any Negotiated Rate or prior to such commencement, COMPANY shall file with the Commission either the contract or a tariff sheet setting forth the name of SHIPPER, the negotiated rate, the type of service, the receipt and delivery points applicable to the service, the volume of gas to be transported, and all other relevant terms and conditions. Where the price term of the negotiated rate agreement is a formula, COMPANY will fully set forth the formula in the tariff sheet. If COMPANY elects to file a tariff sheet in lieu of the negotiated rate agreement itself, COMPANY must certify that the affected agreement does not materially deviate from the form of service agreement set forth in this tariff. The maximum rate set forth in COMPANY'S rate schedules applicable to the service to which the Negotiated Rate applies (Recourse Rate) shall be available to any SHIPPER that does not have a Negotiated Rate agreement with COMPANY.
- (b) A Negotiated Rate may be greater than or less than the maximum charges stated in COMPANY'S rate schedule for that service. For purposes of allocation of capacity pursuant to Section 16 of the General Terms and Conditions, SHIPPERS paying a Negotiated Rate are deemed to have paid the maximum Recourse Rate. A SHIPPER paying a Negotiated Rate that desires to exercise its right of first refusal to continue service beyond the expiration date of its firm service agreement pursuant to Section 19 of the General Terms and Conditions, can retain its service as specified in Section 19.

- 27.2 Anything to the contrary in COMPANY's FERC Gas Tariff notwithstanding, COMPANY and SHIPPER may mutually agree in writing to a Negotiated Rate, including rates, rate components, charges, surcharges, reimbursement amounts (including for electric power and fuel), or credits for services that differ from those rates, rate components, charges and surcharges (including for electric power and fuel), or credits that are otherwise prescribed, required, established or imposed by any applicable provision of COMPANY's effective FERC Gas Tariff.

Exhibit F to the pro forma service agreement of COMPANY's Tariff contains a pro forma negotiated rate agreement with provisions, whether individually or in any combination, to which COMPANY and a SHIPPER may mutually agree and conform to the authorization in this Section 27 ("Pro Forma Negotiated Rate Agreement"). The Pro Forma Negotiated Rate Agreement does not, however, obligate COMPANY or any SHIPPER to agree to such provisions contained therein. COMPANY will agree to these or other negotiated rate provisions without undue discrimination among similarly situated SHIPPERS.

If COMPANY agrees, then such differing rates, rate components, charges, surcharges, reimbursement amounts (including for electric power and fuel), or credits, shall be effective starting on the date set out in the applicable Exhibit and extend only for the period agreed upon by COMPANY. During such period, the Negotiated Rate shall govern and apply to the SHIPPER'S service and the otherwise applicable rate, rate component, charges, surcharges, reimbursement amounts (including for electric power and fuel), or credit, which the parties have agreed to replace with the Negotiated Rate, shall not apply to, or be available to, the SHIPPER. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to SHIPPER unless otherwise agreed in a discounted or negotiated rate exhibit to the Service Agreement. Only those rates, rate components, charges, reimbursement amounts (including for electric power and fuel), or credits agreed to by COMPANY and SHIPPER in writing as being superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated Rate is effective; all other rates, rate components, charges, or credits prescribed, required, established or imposed by COMPANY's Tariff shall remain in effect. COMPANY shall make, and SHIPPER shall cooperate with and support, any filing at the FERC necessary to effectuate a Negotiated Rate.

- 27.3 Rate Treatment:

COMPANY may, to the extent permitted by law, seek in future general rate proceedings, discount-type adjustments in the design of its rates related to Negotiated Rate agreements. In addition, COMPANY shall not be precluded from seeking discount recognition in future general rate proceedings for Negotiated Rate transactions to the extent the total rate to be charged under the Negotiated Rate Agreement cannot or will not during the test period of such proceeding exceed the applicable maximum rate on a 100% load-factor basis. For purposes of determining whether the rates charged under any Negotiated Rate agreement constitute a discounted rate, the actual revenue generated from the transaction under all of the rate components in total will be compared to the revenue generated as though COMPANY had charged the maximum recourse rate under the applicable rate schedule at the actual load factor at which the service under the Negotiated Rate transaction was utilized.

28. FACILITIES

28.1 The following provision shall apply to requests for installation of new facilities unless otherwise provided in the Tariff.

28.2 In order for COMPANY to receive, measure, transport, and/or deliver the gas to be transported under this Rate Schedule, it may become necessary for COMPANY to install facilities or to modify existing facilities at or near a Receipt Point or Delivery Point ("Interconnection Facilities"). Should SHIPPER or Point Operator request the installation or modification of said facilities and agree to reimburse COMPANY for the entire cost to COMPANY thereof, COMPANY shall agree to construct and install, or cause to be constructed and installed, or will modify, or cause to be modified, Interconnection Facilities; provided that, (i) the proposed Interconnection Facilities do not adversely affect COMPANY's operations; (ii) the proposed Interconnection Facilities and the associated transportation service to or from the interconnection do not diminish service to any of COMPANY's shippers; (iii) the proposed Interconnection Facilities do not cause COMPANY to violate or be in violation of any applicable environmental or safety laws, permits or regulations; (iv) the proposed Interconnection Facilities do not conflict with or cause COMPANY to be in violation of its rights-of-way agreements or any other contractual obligation, and/or (v) the Point Operator requesting the Interconnection Facilities agrees to receive and deliver natural gas that conforms with Section 3.1 above through the interconnect. In the event SHIPPER does not agree to pay the costs of installing or modifying the Interconnection Facilities, COMPANY will construct or modify such facilities on a nondiscriminatory basis for similarly situated SHIPPERS if the construction or modification of such Interconnection Facilities is economically feasible and the conditions listed above in (i) - (iv) are met. Construction or modification is economically feasible if the proposed transportation service to be provided through the Interconnection Facilities produces a net revenue gain. The net revenue gain requirement will be met if (a) the total revenues generated over the term of SHIPPER's Service Agreement for the service provided through the new facilities exceed the cost of service of said facilities for the greater of (i) ten years or (ii) the term of SHIPPER's Service Agreement for the service provided through the new facilities and the SHIPPER extends the terms of its existing Service Agreement(s) with COMPANY for a period commensurate with that of its new Service Agreement; provided however, that (1) SHIPPER does not have to extend the remaining term of an existing Service Agreement if said term already exceeds the term of its new Service Agreement, and (2) if the net revenue gain requirement is met over a period less than the term of the new Service Agreement, SHIPPER need extend the term of its existing Service Agreement(s) only for a term commensurate with that shorter period; or (b) COMPANY determines that the construction of the facilities will avoid a significant reduction in revenue when comparing the cost of the construction to the projected amount of revenue which would be lost as a result of a SHIPPER's exercising a right to reduce its firm transportation quantity or as a result of a SHIPPER's failing to extend or renew its existing Service Agreement(s).

As used in this provision, the term "cost of service," includes, but is not limited to: (1) a return on all costs associated with the construction of the facilities, including overhead and taxes; (2) incremental operating and maintenance expenses; (3) depreciation and amortization of expenses; and (4) incremental tax expenses. It is understood and agreed that, if COMPANY pays for the cost of constructing the Interconnection Facilities, title to and ownership of said facilities shall remain in COMPANY, and COMPANY shall operate such facilities as part of its pipeline system. Where COMPANY competes for transportation of gas under this Rate Schedule, conditions may be such that it is more favorable for SHIPPER to construct, own and operate certain facilities at or near a Receipt Point or Delivery Point. In such case, COMPANY may make a contribution in aid of construction ("CIAC") for such facilities. A CIAC made pursuant to this provision shall not exceed an amount that would constitute an economically feasible investment for facilities constructed, owned, and operated by COMPANY. COMPANY shall make CIACs pursuant to this provision on a nondiscriminatory basis for similarly situated SHIPPERS.

28.3 If COMPANY pays for the cost of constructing the Interconnection Facilities, title to and ownership of said facilities shall remain in COMPANY, and COMPANY shall operate such facilities as part of its pipeline system.

28.4 Where in COMPANY's opinion conditions may be such that it is more favorable for SHIPPER or Point Operator to construct, own and operate certain facilities at or near a Receipt Point or Delivery Point, COMPANY may make a contribution in aid of construction ("CIAC") for such facilities. A CIAC made pursuant to this Section 28 shall not exceed an amount that would provide a net revenue gain if the facilities were constructed, owned, and operated by COMPANY.

29. NAESB STANDARDS

COMPANY hereby incorporates into this tariff by reference, rather than verbatim, the following NAESB business standards and recommendations which have been adopted by the Commission in its regulations at 18 C.F.R. Section 284.12(a). Notwithstanding this Section 29, COMPANY shall adhere to the NAESB WGQ Standards as modified by Order No. 717 and Order No. 587-T.

NAESB Standards - Version 1.8:

0.2.1, 0.2.2, 0.2.3, 0.3.1, 0.3.2, 0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10, 0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15, 0.4.1

1.1.17, 1.1.18, 1.1.20, 1.1.21, 1.1.22, 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19, 1.3.1, 1.3.3, 1.3.4, 1.3.5, 1.3.6, 1.3.7, 1.3.8, 1.3.9, 1.3.11, 1.3.13, 1.3.14, 1.3.17, 1.3.18, 1.3.19, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 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, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

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2.3.31, 2.3.32, 2.3.33, 2.3.34, 2.3.35, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45,
2.3.46, 2.3.47, 2.3.48, 2.3.49, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56,
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4.3.49, 4.3.50, 4.3.51, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.56, 4.3.57, 4.3.58, 4.3.59,
4.3.60, 4.3.61, 4.3.62, 4.3.65, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.73, 4.3.74,
4.3.75, 4.3.76, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86,
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5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.43, 5.3.46,
5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.60, 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, 5.4.17,
5.4.18, 5.4.19, 5.4.20, 5.4.21, 5.4.22, 5.4.23

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11,
10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21,
10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31,
10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38, 10.3.1, 10.3.3, 10.3.4,
10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.13, 10.3.14,
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10.3.25

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COMPANY agrees to use, and incorporates herein by reference, NAESB's Model Trading Partner Agreement for transacting business with parties who choose to use the electronic delivery mechanism standards set forth in Section 4 of the NAESB Standards.

COMPANY agrees to accept and provide standardized data elements for EDI pursuant to Version 1.8 of the NAESB Standards which are incorporated herein by reference. A copy of COMPANY'S Implementation Guide for EDI transactions is available upon request.

COMPANY agrees to use, and incorporates herein by reference, NAESB's Funds Transfer Agent Agreement pursuant to Version 1.8 to be used to supplement COMPANY's General Terms and Conditions in order to appoint an agent for all transactions wherein there is a need for instantaneous transfer of title of gas from a seller to buyer to buyer's repurchaser.

COMPANY agrees to use, and incorporates herein by reference, NAESB's Base Contract for Sale and Purchase of Natural Gas as well as the Model Credit Support Addendum to the Base Contract pursuant to Version 1.8 in order to facilitate purchase and sale transactions of gas on a firm or interruptible basis.

30. OPERATIONAL FLOW ORDERS AND PENALTIES

30.1 Implementation of Operational Flow Orders:

In keeping with the intent expressed in Section 14 herein to minimize imbalances, in Section 13.3 to use Operational Balancing Agreements to help manage imbalances, and in Section 11 to maintain operational control of Receipt and Delivery Points to the maximum extent practicable, COMPANY shall attempt to minimize the use of Operational Flow Orders ("OFOs"), the declaration of critical periods, and the direction of an OFO to the specific Party(s) creating the operating condition and to the specific location of the system where the operating condition exists, and COMPANY shall only take such measures to prevent the interruption of firm service or to protect the physical or operational integrity of the system. Whenever COMPANY notifies affected parties that an OFO or critical period exists on its pipeline system under one of the provisions referenced below, such notice shall describe the condition and the specific responses required from the affected parties. COMPANY will release an OFO as soon as system conditions make such release feasible and COMPANY will not wait until the start of a Gas Day if release of the OFO is possible on an intraday basis. Each potential OFO condition set forth below contains the amount of notice COMPANY is required to give prior to implementing the OFO, if applicable, and Section 18 of these General Terms and Conditions states the notification method applicable. COMPANY will not assess any penalties under the provisions set forth below on an intraday basis, even if the applicable notice becomes effective during the Gas Day.

periods on The following provisions in COMPANY'S FERC Gas Tariff constitute OFOs or critical
 periods on COMPANY'S system:

Notice Number	Short Description	Does a Penalty Apply?	Tariff Cite
2	Hourly Market Demand Exceeds Capacity	No	Sec. 10.2 - GT&C
3	Daily Market Demand Exceeds Capacity	Yes	Sec. 30.2 - GT&C
6	Daily Shipper Imbalances Threaten System Integrity	Yes	Sec. 30.3 - GT&C

30.2 Daily Market Demand Exceeds Capacity:

must be
 set
 excess
 the
 Point at
 subject to
 time of
 permitted
 notices
 COMPANY
 changes the
 Level 2
 and OBA
 to
 Operators
 practicable, but
 specify

(a) Whenever COMPANY determines in its reasonable judgment that system operations maintained within SHIPPERS' Daily Entitlements, consistent with the criteria forth in Section 30.2(b) below, COMPANY shall notify SHIPPER that gas taken in excess of either (i) its Daily Entitlement for all of its Delivery Points, or (ii) quantity of gas allocated for delivery to SHIPPER at a specific Delivery Point which it is a SHIPPER or a nomination agent or a Point Operator will be subject to this Section 30.2. All SHIPPERS and OBA Point Operators shall comply at any time with a notice to limit the taking of gas to the maximum quantity of gas to be taken pursuant to the several provisions of this Section 30.2. The conditions under this section shall be designated as being under one of three operating conditions: Level 1, Level 2 or Level 3 as further described below. When COMPANY implements an operational flow order under this section or when COMPANY changes the level of the operating condition from Level 1 to Normal, Level 1 to Level 2, Level 2 to Level 1 or Level 2 to Normal, COMPANY shall provide notice to its SHIPPERS and OBA Point Operators by e-mail pursuant to Section 18 of these General Terms and Conditions and by posting such changes on its SoNet Premier website. Notices of change to or from a Level 3 OFO shall be delivered to SHIPPERS and OBA Point Operators either by telephone or by email. Notices shall be given as soon as practicable, but no shorter than the notice periods set forth below. The notice will clearly specify the Delivery Point affected by the OFO.

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An OFO will go into effect when a notice is given as follows: (i) For Level 1 OFO notices: at least 24 hours prior to the beginning of the Gas Day in which the notice goes into effect; (ii) For Level 2 OFO notices: at least 4 hours prior to the beginning of the gas Day in which the notice goes into effect; (iii) for Level 3 OFO notices: at least 4 hours prior to the effective time of the OFO notice if a Level 1 or Level 2 OFO is already in effect as provided above. If a Level 1 or Level 2 OFO is not already in effect, then COMPANY must give SHIPPERS at least 20 hours notice prior to the effective time of the notice to implement a Level 3 OFO. Such notice shall specify the beginning time of the operational flow order and such operational flow order shall remain in effect until cancelled by COMPANY. In the notice COMPANY shall specify the reason for the operational order and the expected conditions that would cause release of the order.

- (b) To determine an event which may give rise to an OFO under this section, COMPANY shall evaluate the current status of the system, including, but not limited to, the line inventory, line pressures, equipment availability and outages, the current imbalance status of the system, the month to date imbalance status of the system, and the direction of change for any of these criteria. COMPANY shall then evaluate the forecasted demand and available capacity on the system based on these factors and the weather forecast for areas across the system and any other factors which could influence the level of usage or flow on the system, such as potential loss of supply or market. Based on an evaluation of current and forecasted system conditions, COMPANY shall post by 1:00 p.m. (CCT) each Gas Day the operating condition for the current Gas Day and the projected operating conditions, the likelihood of implementing an OFO under this section, and, if a likelihood exists, the criteria that will be monitored for the succeeding four Gas Days. Such operating conditions will be posted as Normal, Level 1, Level 2, or Level 3. Normal Mode shall be implemented when system conditions do not warrant a correction in flow, and when no known threat to system conditions exists. A Level 1 OFO shall be implemented when system conditions warrant a correction in flow because a threat to system conditions exists such that daily entitlements may be impaired. A Level 2 OFO shall be implemented when system conditions warrant a prompt correction in flow because an imminent threat to system conditions exists such that daily entitlements may be impaired. A Level 3 OFO shall be implemented when system conditions warrant an immediate correction to flow because an event has occurred or is occurring that jeopardizes system conditions such that daily entitlements may be impaired. Under a Level 3 OFO, an event that jeopardizes system conditions shall be considered to be either (i) any mechanical or pipeline failure on the System upstream of a Delivery Point; or (ii) when a Level 2 OFO has been in a place and System conditions continue to deteriorate.

- that
- (c) All gas taken by a SHIPPER after receipt of a Level 1 OFO notice, to the extent the volume of gas exceeds by both:
- (i) 190 dth/day and
- (ii) 105 percent of either:
- (A) its Daily Entitlement, as established either by an allocation order or orders given by the COMPANY pursuant to Section 16.2 above and/or through COMPANY'S confirmation of SHIPPER'S nominations in accordance with the provisions of Section 12 of these General Terms and Conditions, or
- (B) the quantity of gas allocated for delivery to SHIPPER at a specific Delivery Point pursuant to such procedures, shall be deemed to be "Unauthorized Overrun Gas", and COMPANY shall bill and SHIPPER shall pay for such Unauthorized Overrun Gas, in addition to the applicable transportation charge, a penalty of \$10.00 per Dth payable by SHIPPER pursuant to Section 15 upon invoice from COMPANY.
- that
- (d) All gas taken by a SHIPPER after receipt of a Level 2 OFO notice, to the extent the quantity of gas exceeds by both 75 dth/day and 102 percent either:
- (i) its Daily Entitlement, as established either by an allocation order or orders given by the COMPANY pursuant to Section 16.2 above and/or through COMPANY'S confirmation of SHIPPER'S nominations in accordance with the provisions of Section 12 of these General Terms and Conditions, or
- (ii) the quantity of gas allocated for delivery to SHIPPER at a specific Delivery Point pursuant to such procedures, shall be deemed to be Unauthorized Overrun Gas, and COMPANY shall bill and SHIPPER shall pay for such Unauthorized Overrun Gas, in addition to the applicable transportation charge, a penalty of \$15.00 per Dth.
- that
- (e) All gas taken by a SHIPPER after receipt of a Level 3 OFO notice, to the extent the quantity of gas exceeds by both 75 dth/day and 100 percent of either:
- (i) its Daily Entitlement, as established either by an allocation order or orders given by the COMPANY pursuant to Section 16.2 above and/or through COMPANY'S confirmation of SHIPPER'S nominations in accordance with the provisions of Section 12 of these General Terms and Conditions, or
- (ii) the quantity of gas allocated for delivery to SHIPPER at a specific Delivery Point pursuant to such procedures,

SHIPPER

shall be deemed to be Unauthorized Overrun Gas, and COMPANY shall bill and shall pay for such Unauthorized Overrun Gas, in addition to the applicable transportation charge, a penalty of \$15.00 per dth for any day in which the operational flow order is in effect.

- (f) COMPANY may apply the penalty to any SHIPPER or OBA Point Operator that takes gas in excess of the tolerance set forth in Section 30.2(c) above if such unauthorized takes prevent or limit another SHIPPER from receiving its scheduled deliveries at any Delivery Point on COMPANY's system.

30.3 Daily SHIPPER Imbalances Threaten System Integrity

- (a) If COMPANY determines in its reasonable judgment that any imbalance between the gas received by COMPANY for SHIPPER'S account and delivered by COMPANY for SHIPPER'S account, or any imbalance at a given Receipt Point or Delivery Point, threatens the physical or operational integrity of its pipeline system, which includes the ability to deliver to any other SHIPPER its Daily Entitlement, or to make deliveries at a given Delivery Point, COMPANY shall have the right to interrupt or limit at any time, and from time to time, the quantities of gas it will receive for transportation or deliver, whether for a SHIPPER'S account or at a given Receipt Point or Delivery Point, to the extent COMPANY in its reasonable judgment deems necessary in order to maintain the physical or operational integrity of its pipeline system and the quality of service provided to other, firm shippers.

Any notice to interrupt or limit the quantity of gas to be received or delivered by COMPANY shall be given four (4) hours in advance, or such shorter period of time as is required to prevent physical damage to or to maintain the operational integrity of COMPANY'S pipeline system and the quality of service provided to other, firm shippers, and shall be limited to an amount COMPANY reasonably estimates does not exceed the amount of the imbalance threatening the operational integrity of COMPANY'S pipeline system. Further, to the maximum extent practicable, COMPANY shall limit the scope and duration of any action or order to interrupt or limit the receipt and/or delivery of gas so that service to SHIPPER or service at a given Receipt Point or Delivery Point is maintained at the highest level consistent with maintaining the physical or operational integrity of COMPANY'S pipeline system and the quality of service provided to other, firm shippers.

If a SHIPPER or OBA Point Operator, as applicable, accrues an imbalance in violation of the limitation notice given by COMPANY, SHIPPER or OBA Point Operator shall pay the following applicable penalty charges. Penalties on SHIPPER'S or OBA Point Operator's imbalance shall be based on the following percentages of SHIPPER'S allocated deliveries. SHIPPER'S imbalance is the difference between SHIPPER'S allocated receipts and SHIPPER'S allocated deliveries. An OBA Point Operator's imbalance is the difference between scheduled daily nominations at the Interconnection Point and actual daily receipts or deliveries at the Interconnection Point.

Imbalance (Percentage of Allocated Deliveries)	Penalty (Per Dth)
-----	-----
0 - 2% or < 200 Dth	No Penalty
>2 - 5%	\$1.00
>5 - 8%	\$5.00
> 8%	\$15.00

Notwithstanding the above, in the event that the COMPANY has in effect such limitation notice and the actual overall system imbalance is opposite to the direction of the said notice, SHIPPER shall not be penalized.

- (b) Insofar as practicable, when COMPANY detects the development of a system imbalance that threatens the physical or operational integrity of its pipeline system as described in Section 30.3(a) above, COMPANY shall endeavor to identify those SHIPPERS or OBA Point Operators making a significant contribution to the imbalance and to contact such or OBA Point Operators in an effort to reduce the system imbalance and avoid the necessity of imposing penalties as set forth in Section 30.3(a) above. However, such prior notification may not be possible under all circumstances, e.g., when COMPANY must act quickly in order to protect the integrity of its system.
- (c) Based on an evaluation of current and forecasted system conditions, COMPANY shall post by 2:00 p.m. (CCT) each Friday, or, if Thursday or Friday is a recognized COMPANY holiday, then on the day before, the probability of implementing an OFO under this Section 30.3 for the succeeding Saturday, Sunday, and Monday and the Thursday and/or Friday during a recognized COMPANY holiday. If system conditions change, COMPANY shall update such posting periodically throughout the weekend.

31. DISCOUNT TERMS

31.1 If COMPANY agrees to discount its rate to SHIPPER below COMPANY's maximum rate under COMPANY's Rate Schedules FTS, ITS or PAL, the following discount terms may be reflected on Exhibit E to the Service Agreement and will apply without the discount constituting a material deviation from COMPANY's pro forma Service Agreement; provided, however, any such discount shall not be granted in an unduly discriminatory manner and shall not be less than COMPANY's minimum rate. Such discounted rate may:

- (i) apply only to specified quantities under SHIPPER'S Service Agreement(s);

to
are

(i.e., that
actually
periods

construction
rate
overall
minimum
on
that (a)
the rate
is
formula

(ii) apply only if specified quantities are achieved (with maximum rates applicable to volumes above specified quantities or to all quantities if specified quantities never achieved);

(iii) apply only in a specified relationship to quantities actually transported the rates shall be adjusted in a specified relationship to the quantities transported);

(iv) apply only during specified periods of the year or over specifically-defined of time;

(v) apply only to specified Receipt or Delivery Points, markets, or other defined geographical areas;

(vi) apply to quantities conditioned upon implementation and completion of a project or acquisition of facilities; and/or

(vii) provide for an agreed upon overall rate, with a provision for adjusting the components of discounted agreements, if needed to preserve the agreed upon effective rate, so long as all rate components remain within the applicable and maximum rates specified in the tariff. Such discounted rate may be based published index price point differentials or arrived at by formula provided the same rate design underlying the pipeline's tariff rates is utilized, (b) component (i.e., reservation charge, usage charge, or both) that is discounted identified, and (c) to the extent the reservation charge is discounted, any used will produce a reservation rate per unit of contract demand.

31.2 Nothing contained herein shall entitle a SHIPPER to capacity or a discount at points or segments other than those for which the original discount has been explicitly granted. If a SHIPPER does not retain its discount or the discount at the alternate Receipt Point or Delivery Point is higher than SHIPPER'S discount, the Reservation Charge billed to SHIPPER under SHIPPER'S Service Agreement shall be prorated based on the total actual volumes allocated to the alternate Receipt or Delivery Point.

31.3 A SHIPPER may request to extend its discount for service at other points by submitting a request to COMPANY'S Customer Services Department in writing on the form provide by less than two (2) hours prior to the nomination deadline in which it plans to nominate the alternate point(s). COMPANY shall respond to all valid requests received between 7:00 a.m. and 4:00 p.m. CCT on COMPANY'S Business Day and inform SHIPPER within two (2) hours of receipt of the request whether the discount may be retained; provided, however, that COMPANY shall have until 8:30 a.m. CCT on the subsequent Business Day to respond to any such requests received by it after 4:00 p.m. and prior to 7:00 a.m. CCT on Business Days or received at any time on non-Business Days.

32. ELECTRIC POWER COSTS ADJUSTMENT ('EPCA') PROVISION

32.1 General: This section sets forth the procedures pursuant to which COMPANY will collect from SHIPPERS amounts paid by COMPANY for the electric power costs used by COMPANY'S electric powered compressor stations, if and when COMPANY uses electric powered compressor stations.

32.2 Conditions:

(a) The transmission electric power cost rates set forth in COMPANY'S FERC Gas Tariff may be increased to reflect a net positive change in Transmission Electric power rates and/or usage and shall be decreased to reflect a net negative change in transmission electric power rates and/or usage.

(b) COMPANY shall make an annual filing pursuant to Section 4 of the NGA with the FERC to reflect net changes in the Transmission Electric Power rates. COMPANY shall endeavor to make such filings contemporaneously with annual filings for fuel retention under Section 25 of the GT&C.

32.3 Definitions:

(a) Electric Power Annual Period - The annual period beginning on the initial in-service date of the EEC Pipeline and each annual period thereafter.

(b) Actual Electric Power Costs - The cost incurred by COMPANY for electric power used at COMPANY'S electric powered compressor station(s). The recorded Actual Electric Power Costs shall include all charges from a past Electric Power Annual Period attributable to any period encompassed by the effectiveness of this section including all refunds, surcharges, billing adjustments and interest, positive or negative.

(c) Estimated Electric Power Costs - The projected Actual Electric Power Costs for a future Electric Power Annual Period.

(d) Estimated Electric Power Use - The projected annual use (including imputed use for appropriate interruptible transportation services) attributable to services to which COMPANY allocates or assigns electric power costs.

(e) Estimated Contract Deliveries - The projected volumes through all electrically-powered compressor stations for the future Electric Power Annual Period.

(f) Deferral Period - The period of 12 months (except for the initial deferral period which shall be the number of months required for Company to make such filing contemporaneously with the annual filing for fuel retention under Section 25 of these General Terms and Conditions) ending three months prior to the effective date of a change in rates filed pursuant to this Section 32.

32.4 Determination of the Current Electric Power Costs:

COMPANY shall determine the Current Electric Power Rates for each Electric Power Annual Period by the following procedures:

- (a) The Estimated Electric power Costs shall be summed with the balance accumulated at the end of the Deferral Period in the Transmission Electric Power Deferred account as determined in accordance with Section 32.5 below.
- (b) The amounts determined in Section 32.4(a) above will be divided by the Estimated Contract Deliveries.

32.5 Transmission Electric Power Deferred Account:

COMPANY shall maintain the account for each Deferral Period in accordance with the following procedures:

- (a) COMPANY shall determine each month the Actual Electric Power costs.
- (b) COMPANY shall determine each month the actual recovery of Electric Power revenues under the Current Electric Power Rate(s). COMPANY shall impute actual recovery of Electric Power revenues at the Current Electric Power Rate(s) for all volumes transported under a negotiated rate that includes a negotiated Electric Power Rate, and COMPANY shall be at risk for the recovery of this imputed revenue.
- (c) Each month, COMPANY shall determine the difference, positive or negative between the amount computed in Section 32.5(a) and Section 32.5(b) above and record such difference in a sub-account acceptable to FERC under the Uniform system of Accounts which COMPANY shall designate as an Electric Power Deferred Account. Interest expense not otherwise collected from SHIPPER shall be computed on the balance in COMPANY's Transmission Electric Power Deferred Account, positive or negative, based on the method prescribed in Section 154.501 (d) (1) of the FERC's Regulations.

33. INTERRUPTIBLE REVENUE CREDITING MECHANISM

33.1 Applicability:

This section governs crediting of interruptible transportation or other interruptible services revenue, including ITS Service on a backhaul basis, Authorized Overrun, and short-term firm transportation revenues (each, "Credited Service") to all FTS Service Agreements so long as no costs of service are allocated to the applicable Credited Service; provided, that COMPANY agrees not to propose and to oppose any such allocation.

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- 33.2 Revenues to be Credited: Revenues to which the credit under this Section 33 apply ("Eligible Revenues") shall be the revenues received by COMPANY under Rate Schedule ITS, PAL, and any other interruptible rate schedules that may be implemented under this Tariff, short-term FTS revenues, and Authorized Overrun Revenues.
- 33.3 Percentage of Eligible Revenues: COMPANY shall credit 100% of all Eligible Revenues net of costs incurred by COMPANY.
- 33.4 Apportionment of Eligible Revenues: COMPANY shall apportion Eligible Revenues among all SHIPPERS receiving FTS service by applying the following ratio for each SHIPPER: (a) the SHIPPER's total Reservation Charge under Rate Schedule FTS collected by COMPANY during the 12-month period ending each year on the anniversary of the in-service date, (b) divided by the aggregate of all SHIPPERS' Reservation Charges under Rate Schedule FTS collected by COMPANY, except no SHIPPER may receive a credit under this Section 33 in excess of its actual payments to COMPANY for that 12-month period.
- 33.5 Annual Report and Disbursement of Eligible Revenues: On or before the last day of the first full month following the first anniversary of the in-service date and each year thereafter, COMPANY shall file a report with the Commission on its calculation of Eligible Revenues to be credited to SHIPPERS. COMPANY shall disburse the Eligible Revenues to SHIPPERS no later than 30 days after the Commission approves or accepts the report.

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GENERAL TERMS AND CONDITIONS
APPENDIX A
TRANSPORTATION REQUEST FORM

Elba Express Company
Post Office Box 2563
Birmingham, Alabama 35202

Attention: Customer Services Department

Gentlemen:

The Shipper listed below hereby requests transportation services from Elba Express Company (EEC) and is providing EEC the following information in connection with this request:

1. Shipper's full legal name: _____
Dun and Bradstreet number: _____

2. Type of service requested is:
_____ new service
_____ new service obtained through permanent capacity release
_____ new contract to bid on temporary capacity release of firm transportation
_____ modification to existing service under Contract No. _____

and:
_____ firm transportation (FTS) (Code 1)
_____ interruptible transportation (ITS) (Code 2)

3. Date service is requested to commence: _____

Date service is requested to terminate (for FTS Service): _____

To be a considered a valid request, ITS service must be requested to begin within 90 days of the date of the request and firm transportation service must be requested to begin within 60 days of the date of the request, except if the request involves the construction of facilities or the issuance of any necessary certificate authorization to EEC, or is part of an open season under Section 2.1(b)(iii) of these General Terms and Conditions.

4. Transportation Demand requested: _____ MCF per day for FTS service

5. On the Attachment A hereto, for FTS service, provide the following information related to each Primary Receipt Point into EEC's system from which firm transportation service is requested. (Interruptible service shall include all available Receipt Points on EEC's system as supplied by EEC on SoNet Premier):

-PI Grid Data Reference Number (DRN) for the Primary Receipt Point, if known, or EEC's Receipt Point Code (if DRN is not known)
-Name of Primary Receipt Point

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- Full description of Primary Receipt Point (only if Receipt Point Code is not known)
- Maximum Daily Receipt Quantity for each Primary Receipt Point.

(If request is for firm transportation service, the sum of the Maximum Daily Receipt Quantities cannot exceed the Transportation Demand requested in 4 above.)

6. On Attachment B hereto, provide the following information related to each Primary Delivery Point out of EEC's system for which FTS service is requested. (ITS service agreements shall include all available Delivery Points on EEC's system, as supplied by EEC on SoNet Premier).

- PI Grid Data Reference Number (DRN) for the Primary Delivery Point (if known) or EEC's Delivery Point Code (if DRN is not known)
- Name of Primary Delivery Point
- Full description of Primary Delivery Point (only if Delivery Point Code is not known)
- Maximum Daily Delivery Quantity for each Primary Delivery Point.

(If request is for firm transportation service, the sum of Maximum Daily Delivery Quantities must equal the Transportation Demand requested in 4 above.)

7. Submit Shipper's most recent audited financial statements, annual report, Form 10-K, three credit references, and a list of affiliates, in order to enable EEC to evaluate Shipper's creditworthiness.

8. Complete and submit EEC and Customer Contact Information specified on Appendix C to these General Terms and Conditions or review and correct the existing contact information maintained by EEC for your company to ensure accuracy.

Shipper understands that before this request is logged in by EEC, EEC must receive this request form, complete and unrevised as to format. Shipper hereby agrees to pay EEC's currently effective transportation rate applicable to this service or such other discounted or Negotiated Rate agreed upon by EEC and Shipper. Shipper, by its signature, represents to EEC that the information above is correct and accurate.

Shipper, by its signature below, certifies (i) that it has entered into or will enter into those arrangements necessary to assure all upstream and downstream transportation will be in place prior to the commencement of service under the service agreement requested herein; (ii) that upon the commencement of transportation hereunder, but not as a condition precedent thereto, Shipper will provide the names of all upstream and downstream transporters involved in the transportation of gas hereunder as part of its nomination information; and (iii) that Shipper has title or a current contractual right to acquire title to the gas to be delivered to EEC.

Very truly yours,

By _____
 Its _____
 Date _____

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ATTACHMENT A

TRANSPORTATION REQUEST FORM

PRIMARY RECEIPT POINT INFORMATION

FOR FIRM TRANSPORTATION

Shipper: _____

Point	Point	Point	Maximum Daily
Code	Name	Description	Receipt Quantity
-----	-----	-----	-----

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ATTACHMENT B

TRANSPORTATION REQUEST FORM

PRIMARY DELIVERY POINT INFORMATION

FOR FIRM TRANSPORTATION

Shipper: _____

Point	Point	Point	Maximum Daily
Code	Name	Description	Delivery Quantity
-----	-----	-----	-----

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ELBA EXPRESS COMPANY
 TRANSPORTATION NOMINATION

Service Requestor Name: _____
 Service Requestor Contract No.: _____
 Begin Date (MMDDYYYY): _____ Begin Time: 9:00 a.m. CCT _____
 9:00 a.m. (Evening) CCT _____
 5:00 p.m. CCT _____
 9:00 p.m. CCT _____

End Date (MMDDYYYY): _____ End Time: 9:00 a.m. CCT
 DAILY QUANTITIES TO BE RECEIVED FOR CUSTOMER'S ACCOUNT

 Receipt Point

Loc	Loc	UP	UP	UP							
Location	Prop 1/	Name	UP ID 2/	Name	Contract 3/	Quantity	Rank	Rank 4/	Package ID		
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

Total Received by EEC _____
 Less fuel (_____) _____
 Net to be delivered by EEC to Customer _____

1. EEC's six (6) digit proprietary Receipt Point Code.
2. If Receipt Point is a pipeline interconnect, the upstream shipper name, and the DUNS # are required.
3. If Receipt Point is a pipeline interconnect, the upstream contract number is required.
4. N/A

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ELBA EXPRESS COMPANY
TRANSPORTATION NOMINATION

Service Requestor Name: _____
 Service Requestor Contract No.: _____
 Begin Date (MMDDYYYY): _____ Begin Time: 9:00 a.m. CCT _____
 9:00 a.m. (Evening) CCT _____
 5:00 p.m. CCT _____
 9:00 p.m. CCT _____
 End Date (MMDDYYYY): _____ End Time: 9:00 a.m. CCT _____

DAILY QUANTITIES TO BE DELIVERED BY EEC FOR CUSTOMER'S ACCOUNT

Primary Delivery Point

Location	Loc Prop 1/	Loc Name	DN ID 2/	DN Name	DN Contract 3/	Quantity	Rank	TT 4/	Package ID	Deal Type/ (Offer No.)
5/										

Total Delivered by EEC _____

1. EEC's six (6) digit proprietary Delivery Point Code.
2. Only applicable to deliveries to pipeline interconnects. This should be the DUNS # of the downstream shipper.
3. Only applicable to deliveries to pipeline interconnects. This should be the downstream contract number.
4. Used to nominate the following transaction types CR-VOL, or CR that is recallable on an intraday basis.
5. Associated offer number of release is required for CR-VOL and intraday recallable CR.

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ELBA EXPRESS COMPANY
 TRANSPORTATION NOMINATION

Service Requestor Name: _____
 Service Requestor Contract No.: _____
 Begin Date (MMDDYYYY): _____ Begin Time: 9:00 a.m. CCT
 _____ 9:00 a.m. (Evening) CCT
 _____ 5:00 p.m. CCT
 _____ 9:00 p.m. CCT
 End Date (MMDDYYYY): _____ End Time: 9:00 a.m. CCT

PATHED NOMINATION
 DAILY QUANTITIES TO BE RECEIVED AND DELIVERED FOR

CUSTOMER'S ACCOUNT

Loc Prop	Loc	UP	UP	DN	DN	DN	Quantity
Fuel UP	Rec	Del	Del Deal	UP	UP	DN	
Location	Name	UP ID 2/	Name	K 3/	ID 7/	Name	K 8/
Rate Rank	TT 9/	Pkg ID	Pkg ID				
Rec/Del	Rec/Del		(Offer No.) 10/				
(Cap) 4/	Del 6/						
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

- EEC's six (6) digit proprietary Receipt Point Code.
- If Receipt Point is a pipeline interconnect, the upstream shipper name, and the DUNS # are required.
- If Receipt Point is a pipeline interconnect, the upstream contract number is required.
- N/A
- EEC's six (6) digit proprietary Delivery Point Code.
- Only applicable to deliveries to pipeline interconnects. This should be the DUNS # of the downstream shipper.
- Only applicable to deliveries to pipeline interconnects. This should be the downstream contract number.
- Used to nominate the following transaction types CR-VOL, or CR that is recallable on an intraday basis.
- Associated offer number of release is required for CR-VOL and intraday recallable CR.

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Reserved For Future Use.

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APPENDIX C
EEC AND CUSTOMER CONTACT INFORMATION
COMPLETE ALL THE REQUESTED INFORMATION.
NOTE: CUSTOMER IS RESPONSIBLE FOR UPDATING
CONTACT INFORMATION

Customer's Legal Name: _____

Trade Name: _____

Duns Number: _____

Federal Tax ID: _____

Tel. Number: _____

Fax Number: _____

E-mail: _____

24-Hour Emergency Telephone or Cell No.: _____

Type of Legal Entity: _____

(If Corporation, State of Incorporation): _____

Shipper is: _____ a local distribution company (LDC) (Code 1)
_____ an interstate pipeline (Code 2)
_____ an intrastate pipeline (Code 3)
_____ an end-user (Code 4)
_____ a producer (Code 5)
_____ a marketer/broker (Code 6)
_____ pipeline sales operating unit (Code 7)
_____ other (fill in) (Code 8)

Is Customer affiliated with EEC? Yes _____ No _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Bills to be sent to the attention of: _____

(If the Billing Contact above is a person, please fill out this person's contact info. on
Page 2, checking the Billing Contact Type)

Billing Address (if different from above mailing address):

(To be used if e-billing is unavailable)

P.O. Box: _____

City: _____ State: _____ Zip: _____

Name of Contract Administrator (if applicable): _____

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(Please fill out this person's contact info. on Page 2, checking Contract Admin. Contact Type)

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APPENDIX C
EEC AND CUSTOMER CONTACT INFORMATION

Complete all the requested information and fax it to [205-326-2038].
Please note that:

- 1) EEC requires 3 names to be provided as OFO contacts for your Company. Please provide an e-mail address for each such contact since notices are sent through e-mail;
- 2) Per FERC Order No. 587-S, EEC is required to obtain from its shippers the names and addresses of up to two representatives who are authorized to receive notice regarding issues; and
- 3) EEC requires 2 names to be provided as billing contacts to receive notice of invoices as set forth in Section 15.2. Please provide an e-mail address for each contact since notices are sent through e-mail.

PLEASE NOTE: CUSTOMER IS RESPONSIBLE FOR UPDATING CONTACT INFORMATION.
Customer's Legal Name: _____

Customer's Contact Information:

Last Name: _____ First Name: _____ MI: _____
Title: _____
Business Phone: _____ Business Fax: _____
Cell Phone: _____ Pager: _____
EMAIL ADDRESS: _____
Postal Address (if different from Page 1): _____
City: _____ State: _____ Zip: _____

Contact Type: OFO _____ Gen. Correspondence _____ Tariff Filing _____
Billing _____ Contract Admin (if applicable) _____

Customer's Contact Information:

Last Name: _____ First Name: _____ MI: _____
Title: _____
Business Phone: _____ Business Fax: _____
Cell Phone: _____ Pager: _____
EMAIL ADDRESS: _____
Postal Address (if different from Page 1): _____
City: _____ State: _____ Zip: _____

Contact Type: OFO _____ Gen. Correspondence _____ Tariff Filing _____
Billing _____ Contract Admin (if applicable) _____

Customer's Contact Information:

Last Name: _____ First Name: _____ MI: _____
Title: _____
Business Phone: _____ Business Fax: _____

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Cell Phone: _____ Pager: _____
EMAIL ADDRESS: _____
Postal Address (if different from Page 1): _____
City: _____ State: _____ Zip: _____

Contact Type: OFO _____ Gen. Correspondence _____ Tariff Filing _____
Billing _____ Contract Admin (if applicable) _____

Please use additional copies of this page, if necessary.

NOTE: A SoNet Premier Login ID is required for Customer Contacts to perform the following functions electronically through Premier: Billing, Nominations, Confirmations and PDAs, Capacity Release, Imbalance Elections and Trading, Execute Contracts or Amendments, and Request New Service or Amendments. Each Customer Contact must submit a SoNet Access Request Form (Exhibit A to SoNet Premier Form of Agreement).

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GENERAL TERMS AND CONDITIONS

APPENDIX D
CAPACITY RELEASE TIMETABLE I

The following deadline applies to all standard offers to release firm capacity under the provisions of Section 20 of these General Terms and Conditions which are with a Prearranged Bidder and not subject to bid by other parties as defined in Section 20.3(c) of these General Terms and Conditions. The Prearranged Bidder must take all actions required by Section 20 within the following time periods to avoid disqualification.

On the Day Nominations Are
Due for the Day of Release

Event

One hour prior to
Nomination deadline*

Offer submitted electronically by
Releasing Shipper
Bid submitted electronically by
Prearranged Bidder; Nomination
possible beginning at the next available nomination
cycle for the effective date of the Capacity Release
Transaction.

At nomination deadline*

Details of the Capacity Release
Transaction are available on SoNet Premier.

*EDI users will have an additional fifteen (15) minutes with which to comply with these timelines.

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 APPENDIX D

CAPACITY RELEASE TIMETABLE 2

Except as set forth in Timetable 1, the following deadline applies to all standard offers to release firm capacity under the provisions of Section 20 of these General Terms and Conditions for a term of ONE YEAR OR LESS ("short-term releases"). All parties who wish to submit such offers or who wish to bid on such posted offers (including a Prearranged Bidder) must take all actions required by Section 20 within the following time periods to avoid disqualification.

FOR STANDARD OFFERS: Business Day Prior to Daily or Intraday-1 Nomination Deadline or Same Business Day for Evening or Intraday-2 Nomination Deadline	FOR NONSTANDARD OFFERS: Business Day Prior to Daily Nomination Deadline for Day of Release	Event
<hr/> (12:00 p.m.) (11:45 a.m. via EDI)	<hr/> 2 (12:00 p.m.) 2 (11:45 a.m. via EDI)	<hr/> Offer posted by Releasing Shipper
(1:00 p.m.) (1:15 p.m. via EDI) (Provided bid is time- stamped by 1:00 p.m.)	2 (1:00 p.m.) 2 (1:15 p.m. via EDI) (Provided bid is time- stamped by 1:00 p.m.)	Open season for bids ends Evaluation period begins during which contingencies are eliminated, best bid is determined, ties are broken and capacity is evaluated
2:00 p.m.	1 2:00 p.m.	Evaluation period ends Prearranged Bidder notified on SoNet Premier if best bid is higher Winner is notified if there is no Prearranged Bidder
(2:30 p.m.) (2:45 p.m. via EDI) (Provided bid is time- stamped by 2:30 p.m.)	1 (2:30 p.m.) 1 (2:45 p.m. via EDI) (Provided bid is time- stamped by 2:30 p.m.)	Prearranged Bidder chooses to match or not
3:00 p.m.	1 3:00 p.m.	Winner is notified if Prearranged Bidder does not match; General notice to all bidders posted on SoNet Premier; Details of the Capacity Release Transaction are available on SoNet Premier; Nomination possible at the next available nomination cycle for the effective date of the Capacity Release Transaction.

GENERAL TERMS AND CONDITIONS
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 APPENDIX D

CAPACITY RELEASE TIMETABLE 3

Except as set forth in Timetable 1, the following deadline applies to all standard offers to release firm capacity under the provisions of Section 20 of these General Terms and Conditions for a term of MORE THAN ONE

YEAR ("long-term releases"). All parties who wish to submit such offers or who wish to bid on such posted offers (including a Prearranged Bidder) must take all actions required by Section 20 within the following time periods to avoid disqualification.

FOR STANDARD OFFERS: Business Day Prior to Daily Nomination Deadline for the Day of Release	FOR NONSTANDARD OFFERS Business Day Prior to Daily Nomination Deadline for the Day of Release	Event
4 (12:00 p.m.)	5 (12:00 p.m.)	Offer posted by Releasing Shipper
4 (11:45 a.m. via EDI)	5 (11:45 a.m. via EDI)	
1 (1:00 p.m.)	2 (1:00 p.m.)	Open season for bids ends Evaluation period begins during which contingencies are eliminated, best bid is determined, ties are broken and capacity is evaluated
1 (1:15 p.m. via EDI)	2 (1:15 p.m. via EDI)	
(Provided bid is time- stamped by 1:00 p.m.)	(Provided bid is time- stamped by 1:00 p.m.)	
1 2:00 p.m.	1 2:00 p.m.	Evaluation period ends Prearranged Bidder notified on SoNet Premier if best bid is higher Winner is notified if there is no Prearranged Bidder
1 (2:30 p.m.)	1 (2:30 p.m.)	Prearranged Bidder chooses to match or not
(2:45 p.m. via EDI)	(2:45 p.m. via EDI)	
(Provided bid is time- stamped by 2:30 p.m.)	(Provided bid is time- stamped by 2:30 p.m.)	
1 (3:00 p.m.)	1 (3:00 p.m.)	Winner is notified if Prearranged Bidder does not match; General notice to all bidders posted on SoNet Premier; Details of the Capacity Release Transaction are available on SoNet Premier; Nomination Possible beginning at the next Available nomination cycle for the effective date of the Capacity Release Transaction.

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GENERAL TERMS AND CONDITIONS
APPENDIX E
FORM OF GUARANTEE
(EEC Service Agreement)

This GUARANTY (this "Guaranty") dated as of _____, __, is made and entered into by _____ ("Guarantor"), in favor of Elba Express Company, L.L.C. a Delaware limited liability company ("Counterparty").

1. GUARANTY. Guarantor hereby irrevocably and unconditionally guarantees the timely performance by _____ ("Subsidiary") of all its obligations ("Obligations") to Counterparty pursuant to the EEC Service Agreement dated as of _____, 20____ (as amended, the "Agreement"). A copy of the Agreement is attached hereto as Exhibit A. To the extent that Subsidiary shall fail to perform or pay any Obligation, Guarantor shall, within ten (10) days after receipt of notice from Counterparty of such failure, promptly pay, or cause Subsidiary to pay, to Counterparty the amount due. This Guaranty shall constitute a guarantee of payment and not of collection. This Guaranty shall be subject to the following:

(a) Guarantor's liability hereunder shall be and is specifically limited to monetary payments expressly required to be made under the Agreement (even if such payments are deemed to be damages);

(b) The aggregate amount covered by this Guaranty shall not exceed the Guaranty Limit ("Guaranty Limit"), which Guaranty Limit shall be _____.

2. TERM. This Guaranty shall remain in full force and effect until the earlier of the expiration or termination of the Agreement, or _____[date] (the "Guaranty Termination Date"). No termination shall affect, release or discharge any obligations already incurred by Guarantor under this Guaranty at the time of the notice of the termination. Upon the occurrence of the Guaranty Termination Date, Counterparty shall promptly execute and deliver to Guarantor a release in substantially the form attached hereto as Exhibit B.

3. WAIVERS. Guarantor hereby waives (i) except as to applicable statutes of limitation, lack of diligence in the exercise of or failure to exercise any rights hereunder, (ii) any right to require that any action or proceeding be brought against Subsidiary or any other person or to require that Counterparty seek enforcement of any performance against Subsidiary or any other person prior to any action against Guarantor under the terms hereof, or (iii) any requirement that Counterparty file any claim relating to the Obligations owing to it in the event that Subsidiary becomes subject to a bankruptcy, reorganization, or similar proceeding and any failure by Counterparty to so file.

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4. NATURE OF GUARANTY. This Guaranty shall remain in full force and effect without regard to and shall not be impaired by: (i) any change in ownership of Subsidiary; (ii) any merger or consolidation of Subsidiary or Guarantor or any sale or transfer of all or substantially all of the assets of Subsidiary or Guarantor; (iii) any bankruptcy, insolvency, reorganization, arrangement, readjustment, liquidation of or similar occurrence with respect to Subsidiary or any rejection or disallowance of any of the Obligations in connection with the commencement by or against Subsidiary of any case or proceeding relating to bankruptcy, insolvency, reorganization, winding up, liquidation, dissolution, or composition on adjustment of debt; or (iv) any modification, supplement or amendment to the Obligations or any waiver of any right with respect thereto.

5. REPRESENTATIONS. Guarantor is a duly organized _____, validly existing and in good standing under the laws of the State of [_____]. The execution, delivery and performance of this Guaranty have been duly authorized by all necessary limited partnership action on the part of Guarantor. This Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms (except that enforcement may be limited by bankruptcy, insolvency, reorganization, or similar laws affecting the enforcement of creditors' rights generally and general principles of equity, whether considered in a proceeding in equity or at law).

6. NOTICE. Any payment demand, notice, request, instruction, correspondence or other document to be given hereunder (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by facsimile, to Guarantor at its address set forth below or to Counterparty at the most recently available address of Counterparty in the books and records of Guarantor. Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by facsimile shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. Any party may change any address to which Notice is to be given to such party by giving Notice thereof as provided above.

7. MISCELLANEOUS.

a. Capitalized terms used but not defined herein shall have the meaning set forth in the Agreement. This Guaranty embodies the entire agreement of the Parties, and supersedes all prior agreements and understandings of the Parties, with respect to the subject matter hereof. Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Subsidiary or any other affiliate of Guarantor is or may be entitled in connection with the Obligations or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Subsidiary.

b. GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL.
THE PARTIES EXPRESSLY AGREE THAT THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD FOR ANY RULES FOR CONFLICTS OF LAW, SHALL GOVERN THE VALIDITY, EFFECT, CONSTRUCTION, AND INTERPRETATION OF THIS AGREEMENT. IN THE EVENT OF ANY DISPUTE RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR ANY OF THE TRANSACTIONS

LEGAL
NEW
OR
HEREBY
DISPUTE OR
COURTS
WAIVES ANY
PROCEEDING
EXTENT
PROCEEDING
AGREEMENT
ANY

CONTEMPLATED HEREBY OR THEREBY, SUCH DISPUTE SHALL, PRIOR TO INITIATING ANY FORMAL PROCEEDING, BE REFERRED FOR NO LESS THAN THIRTY (30) DAYS TO A SENIOR MANAGEMENT REPRESENTATIVE OF EACH OF THE PARTIES FOR RESOLUTION. EACH PARTY AGREES THAT NEW YORK, YORK, SHALL BE THE EXCLUSIVE VENUE FOR LITIGATION OF ANY DISPUTE OR CLAIM ARISING UNDER RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR THE TRANSACTIONS CONTEMPLATED OR THEREBY, AND THAT SUCH CITY IS A CONVENIENT FORUM IN WHICH TO DECIDE ANY SUCH CLAIM. EACH PARTY CONSENTS TO THE PERSONAL JURISDICTION OF THE FEDERAL AND STATE LOCATED IN NEW YORK, NEW YORK, FOR THE LITIGATION OF ANY SUCH DISPUTE OR CLAIM AND OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH BROUGHT IN SUCH A COURT. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY RELATED OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR OTHER THEORY).

c. LIMITATION OF LIABILITY; EQUITABLE REMEDIES

THIRD-PARTY
LOST
OUT

EXCEPT AS PART OF ANY EXPRESS REMEDY PROVIDED FOR SPECIFICALLY IN THIS AGREEMENT OR ANY RELATED AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO ANY OTHER PARTY (INCLUDING A BENEFICIARY, IF ANY) FOR ANY SPECIAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL (INCLUDING ANY PROFIT, REVENUE OR OPPORTUNITY) OR INCIDENTAL DAMAGES OR ANY EQUITABLE REMEDIES ARISING OF OR RELATED TO A BREACH OF THIS AGREEMENT.

d. ATTORNEYS FEES; LITIGATION EXPENSES

COURT
EXPERTS,
RELATED

EXCEPT AS PART OF ANY EXPRESS REMEDY PROVIDED FOR SPECIFICALLY HEREIN OR IN ANY RELATED AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO OR SHALL CLAIM FROM ANY OTHER PARTY ANY COSTS, LITIGATION EXPENSES, OR ANY FEES OR EXPENSES PAID OR OWING TO ATTORNEYS, CONSULTANTS, OR WITNESSES RETAINED FOR ANY DISPUTE OR CLAIM HEREUNDER OR IN ANY WAY HERETO.

Upon termination of this Guaranty, Counterparty shall execute a release of the Guarantor from its obligations hereunder substantially in the form and substance of Exhibit B hereto.

By: _____
Name: _____
Title: _____

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

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Exhibit A
to the Guaranty

[copy of agreement]

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

Original Sheet No. 128 Original Sheet No. 128

Exhibit B

Guaranty

to the

Form of Release

[Date]

[Address]

Dear Sir/Madam:

Re: Termination of Guaranty

Elba Express Company, L.L.C. (the "Company"), hereby releases [_____] from any and all obligations as Guarantor arising under the Guaranty dated as of _____, 20____, provided by Guarantor on behalf of [_____] , for the benefit of the Company.

[Counterparty]

By:

Name:

Title: _____

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

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APPENDIX F

SERVICE REQUEST FORM
(PARK AND LOAN)

Elba Express Company, L.L.C.
P.O. Box 2563
Birmingham, Alabama 35202-2563

Attention: Customer Services Department

Re: _____ New PAL Service

or

_____ Modification or Extension of Existing PAL Service

Description of existing service to be modified:

Gentlemen:

The Shipper listed below hereby requests Park and/or Loan service(s) from Elba Express Company, L.L.C. (EEC) and is providing EEC the following information in connection with this request:

1. Shipper's full legal name: _____
Dun and Bradstreet number: _____

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2. If Shipper is requesting service be performed by EEC for Shipper acting as agent for another entity, please specify the full legal name of such entity.

3. Date service is proposed to commence:

4. Credit Evaluation-Unless previously provided to EEC in the prior three months, a Shipper seeking service from EEC under Rate Schedule PAL must provide:

- (a) a copy of Shipper's most recent audited financial statement certified by the Chief Financial Officer or Chief Accounting Officer of the Shipper (which certificate shall state that such financial statements fairly present the financial condition and results of operation of the Shipper for the period indicated therein) prepared in accordance with generally accepted accounting principles or, for non-U.S.-based Shippers, prepared in accordance with equivalent standards;
- (b) a copy of Shipper's most recent twelve months audited financial statements or Annual Report and, if applicable, Form 10-K; and
- (c) a list of Shipper's affiliates, including parent and subsidiaries, if applicable.

5. Is any party associated with this request affiliated with EEC?
 Yes No

The affiliate party or parties (if any) is:

Shipper _____
Seller _____
Buyer _____
Agent _____
End User _____
Other _____

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6. Complete and submit EEC and Customer Contact Information specified in Appendix C to these
General Terms and Conditions or review and correct the existing contact information maintained by EEC
for your company to ensure accuracy.

Shipper understands that this request form, complete and unrevised as to format, must be received by EEC before the PAL request will be accepted and processed.

Shipper, by its signature, certifies to EEC (1) that the information above is correct and accurate and (2) that all necessary pooling and transportation arrangements with the upstream and downstream parties have been or will be secured prior to the commencement of the requested park and loan service and (3) that Shipper will have title, or the right to acquire title, to the gas that is to be delivered to EEC and (4) that Shipper will advise EEC of any changes in the information provided in item 5, five business days prior to the end of any month for the preceding month's business in which a change occurred.

Very truly yours,

By _____

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GENERAL TERMS AND CONDITIONS
Service Agreement No. _____
Authorization: _____
PRO FORMA

FORM OF FIRM TRANSPORTATION SERVICE AGREEMENT
UNDER RATE SCHEDULE FTS

THIS AGREEMENT, made and entered into as of this ____ day of _____, _____, by and between
Elba

Express Company, L.L.C., a Delaware corporation, hereinafter referred to as:
a. as "Shipper," collectively referred to as "Parties" and separately as each "Party"; or,
if

the criteria below are met,
b. as "Agent" for _____, a _____ corporation, ("Principals"),
hereinafter
individually and collectively as "Shipper"; provided that (i) Principals demonstrate to
Company and agree that they collectively meet the "shipper must have title" requirement
in
Section 2.1(a)(viii) of the General Terms and Conditions of Company's Tariff ("General
Terms
and Conditions"); (ii) each of the Principals provides written evidence to Company that
Agent
is authorized to act on their behalf and that each of the Principals is jointly and
severally
liable for all of the obligations of Shipper under this Agreement; and (iii) the
Principals
recognize and agree that they shall be treated collectively as one Shipper for
nomination,
billing and allocation purposes.

WITNESSETH

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of
1978
(NGPA); and

WHEREAS, Shipper has requested firm transportation pursuant to Rate Schedule FTS of various supplies of
gas
for redelivery for Shipper's account and has submitted to Company a request for such transportation
service in
compliance with Section 2 of the General Terms and Conditions of Company's FERC Gas Tariff ("GT&C")
applicable
to such Rate Schedules; and/or

WHEREAS, Shipper may acquire, from time to time, released firm transportation capacity under Section 20
of the
GT&C; and

[If applicable] WHEREAS, Shipper currently receives transportation service pursuant to Rate Schedule FTS
under
Company's Service Agreement No(s). _____ dated _____ ("Original
Agreement(s)")
and Company desires to combine Shipper's Original Agreements into one Master Service Agreement with no
change
in the terms of service; and/or

WHEREAS, Company has agreed to provide Shipper with transportation service of such gas supplies or
through
such acquired capacity release in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the Parties hereto agree as follows:

Article 1

TRANSPORTATION QUANTITY

1.1 Subject to the terms and provisions of this Agreement, Rate Schedule FTS, and the GT&C, Shipper agrees to deliver or cause to be delivered to COMPANY at the Primary Receipt Point(s) described in Exhibit A to this Agreement, and Company agrees to accept at such point(s) for transportation under this Agreement on a primary firm basis, an aggregate quantity of natural gas per day up to the total Transportation Demand set forth on Exhibit B hereto as well as all applicable LAUF and GRO retainage.

Company's obligation to accept gas on a primary firm basis at any Primary Receipt Point is limited to the Primary Receipt Points set out on Exhibit A and to the Maximum Daily Receipt Quantity (MDRQ) stated for each such Primary Receipt Point. The sum of the MDRQ's for the Primary Receipt Points on Exhibit A shall not exceed the Transportation Demand.

1.2 Subject to the terms and provisions of this Agreement, Rate Schedule FTS and the GT&C, Company shall deliver a thermally equivalent quantity of gas, less the applicable fuel charge as set forth in the applicable FTS Rate Sheet, to Shipper at the Primary Delivery Point(s) described in Exhibit B hereto. Company's obligation to redeliver gas at any Primary Delivery Point on a primary firm basis is limited to the Primary Delivery Points specified on Exhibit B and to the Maximum Daily Delivery Quantity (MDDQ) stated for each such Primary Delivery Point. The sum of the MDDQ's for the Primary Delivery Points on Exhibit B shall equal the Transportation Demand.

1.3 If Shipper is the successful bidder on released firm transportation capacity under Section 20 of the GT&C, Company will promptly email to Shipper the terms of the Capacity Release Transaction. Upon the issuance of the email, subject to the terms, conditions and limitations hereof and of Company's Rate Schedule FTS, Company agrees to provide the released firm transportation service to Shipper under Rate Schedule FTS, the GT&C, and this Agreement.

Article 2

CONDITIONS OF SERVICE

2.1 The transportation service hereunder is provided on a firm basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule FTS, and the GT&C, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and the terms of the applicable Rate Schedule, the terms of the Rate Schedule shall govern as to the point of conflict. Any limitation of transportation service hereunder

shall be in accordance with the priorities set out in Rate Schedule FTS, and the GT&C.

2.2 This Agreement shall be subject to all provisions of the GT&C as such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Federal Energy Regulatory Commission ("Commission") of such provisions of the GT&C or other matters relating to Rate Schedule FTS.

2.3 Company shall have the right to suspend service under this Agreement in accordance with Section 15.3 of the GT&C.

2.4 This Agreement is subject to the provisions of Subpart G of Part 284 of the Commission's Regulations under the NGPA and the Natural Gas Act. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other Party except to complete the transportation of gas underway on the day of termination, to comply with the provisions of Section 14 of the GT&C with respect to any imbalances accrued prior to termination of this Agreement, to render reports, and to make payment for all obligations accruing prior to the date of termination.

Article 3

NOTICES

3.1 Except as provided in Section 7.6 herein, notices hereunder shall be given pursuant to the provisions of Section 18 of the GT&C to the respective Party at the applicable address, telephone number, facsimile machine number or e-mail addresses provided by the Parties on Appendix C to the GT&C or such other addresses, telephone numbers, facsimile machine numbers or e-mail addresses as the Parties shall respectively hereafter designate in writing from time to time.

Article 4

TERM

4.1 Subject to the provisions hereof, this Agreement shall become effective as of _____ and shall be in full force and effect for the primary term(s) set forth on Exhibit B hereto, if applicable, and shall continue and remain in force and effect for successive evergreen terms specified on Exhibit B hereto unless canceled by either Party giving the required amount of written notice specified on Exhibit B to the other Party prior to the end of the primary term(s) or any extension thereof. The primary term of the Agreement may be calculated from the date service commences hereunder rather than the effective date as provided above, if construction of facilities is necessary.

4.2 If SHIPPER has not contracted for firm Transportation Demand under this Agreement directly with COMPANY, as set forth on Exhibit B hereto, then the term of this Agreement shall be effective as of the date first hereinabove written and shall remain in full force and effect for a primary term through the end of the month, and month to month thereafter unless canceled by either Party giving at least five (5) days written notice to the other Party prior to the end of the primary term or any extension thereof, provided however, that this agreement may be terminated by COMPANY if no nominations are requested during a period of 12 consecutive months. However, this Agreement shall not terminate prior to the expiration of the effective date of any Capacity Release Transaction.

Article 5

CONDITIONS PRECEDENT

5.1 Company has no obligation to commence service hereunder unless and until (1) all facilities, of whatever nature, as are required to permit the receipt, measurement, transportation, and delivery of natural gas hereunder have been authorized, installed, and are in operating condition, and the requirements of Section 28 of the GT&C have been satisfied, (2) Company, in its reasonable discretion, has determined that such service would constitute transportation of natural gas authorized under all applicable regulatory authorizations and the Commission's Regulations, and (3) COMPANY has received from SHIPPER or on SHIPPER'S behalf a guarantee in the form provided in Appendix E in an amount equal to ___ months of maximum lawful Reservation Charges or, if COMPANY and SHIPPER have executed an Exhibit F hereto, of the Negotiated Rates applicable to the Transportation Demand.

Article 6

REMUNERATION

6.1 Shipper shall pay Company monthly for the transportation services rendered hereunder the charges specified in Rate Schedule FTS and under each effective Capacity Release Transaction, as applicable, including any penalty and other authorized charges assessed under the FTS Rate Schedule and the GT&C. For service requested from Company under Rate Schedule FTS, Company shall notify Shipper as soon as practicable of the date services will commence hereunder, and if the date is not the first day of the month, the Reservation Charge for the first month of service hereunder shall be adjusted to reflect only the actual number of days during the month that transportation service is available. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule FTS. The Parties may agree to a Negotiated Rate for such services in accordance with the provisions of Rate Schedule FTS. The discounted or Negotiated Rates shall be set forth on Exhibit E or Exhibit F, respectively, hereto and they shall take precedence over the charges set forth in Rate Schedules FTS during the period in which they are in effect.

6.2 The rates, terms, conditions, and charges provided for under Rate Schedule FTS shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company in its sole discretion or applicable to the services performed hereunder; provided, however, proposed changes to the GT&C are subject to the provisions in Section 33 of the GT&C.

6.3 Unless agreed otherwise in SHIPPER's discounted or negotiated rate exhibit or provided otherwise for discounted and negotiated rate agreements in the GT&C, nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Article 6.2, including the right to contest the transportation rates or charges for the services provided under this Agreement, from time to time, in any subsequent rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such transportation rates or charges, the Rate Schedules, or the GT&C.

Article 7

MISCELLANEOUS

7.1 This Agreement constitutes the entire Agreement between the Parties and no waiver by Company or Shipper of any default of either Party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.

7.2 Dispute Resolution

(a) GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL.
REGARD THE PARTIES EXPRESSLY AGREE THAT THE LAWS OF THE STATE OF NEW YORK, WITHOUT
CONSTRUCTION, FOR ANY RULES FOR CONFLICTS OF LAW, SHALL GOVERN THE VALIDITY, EFFECT,
ACT IN AND INTERPRETATION OF THIS AGREEMENT EXCEPT WHERE PREEMPTED BY THE NATURAL GAS
RELATING TO IMPLEMENTING FERC REGULATIONS AND POLICIES. IN THE EVENT OF ANY DISPUTE
MANAGEMENT THIS AGREEMENT OR ANY RELATED AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED
NEW HEREBY OR THEREBY, SUCH DISPUTE SHALL, PRIOR TO INITIATING ANY FORMAL LEGAL
CLAIM PROCEEDING, BE REFERRED FOR NO LESS THAN THIRTY (30) DAYS TO A SENIOR
BROUGHT REPRESENTATIVE OF EACH OF THE PARTIES FOR RESOLUTION. EACH PARTY AGREES THAT
YORK, NEW YORK, SHALL BE THE EXCLUSIVE VENUE FOR LITIGATION OF ANY DISPUTE OR
ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR THE
TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (EXCEPT FOR DISPUTES OR CLAIMS
BEFORE THE FERC WHERE PREEMPTED BY THE NATURAL GAS ACT IN IMPLEMENTING FERC
REGULATIONS AND POLICIES), AND THAT SUCH CITY IS A CONVENIENT FORUM IN WHICH TO
DECIDE ANY SUCH DISPUTE OR CLAIM. EACH PARTY CONSENTS TO THE PERSONAL

THE JURISDICTION OF THE FEDERAL AND STATE COURTS LOCATED IN NEW YORK, NEW YORK, FOR
GAS ACT LITIGATION OF ANY SUCH DISPUTE OR CLAIM EXCEPT WHERE PREEMPTED BY THE NATURAL
MAY IN IMPLEMENTING FERC REGULATIONS AND POLICIES AND WAIVES ANY OBJECTION WHICH IT
SUCH A NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH PROCEEDING BROUGHT IN
PERMITTED COURT. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT
PROCEEDING BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL
RELATED DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY
PARTY'S AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON
CONTRACT, TORT OR ANY OTHER THEORY), EXCEPT TO THE EXTENT ARISING FROM SUCH
GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT.

(b) LIMITATION OF LIABILITY; EQUITABLE REMEDIES
EXCEPT AS PART OF ANY EXPRESS REMEDY PROVIDED FOR SPECIFICALLY IN THIS
AGREEMENT OR ANY RELATED AGREEMENT, AND EXCEPT WHERE COMPANY'S OR SHIPPER'S ACTIONS
CONSTITUTE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR BAD FAITH, NEITHER PARTY SHALL BE
LIABLE TO ANY OTHER PARTY (INCLUDING A THIRD-PARTY BENEFICIARY, IF ANY) FOR ANY SPECIAL,
EXEMPLARY, PUNITIVE, CONSEQUENTIAL (INCLUDING ANY LOST PROFIT, REVENUE OR
OPPORTUNITY) OR INCIDENTAL DAMAGES OR ANY EQUITABLE REMEDIES ARISING OUT OF OR
RELATED TO A BREACH OF THIS AGREEMENT OR ANY OTHER CLAIM (WHETHER IN TORT OR
OTHERWISE) ARISING THEREFROM.

7.3 No modification of or supplement to the terms and provisions hereof shall be or become
effective except by execution of a supplementary written agreement between the Parties except
that (i) a Capacity Release Transaction may be issued, and (ii) in accordance with the provisions of Rate
the Schedule FTS, and the GT&C, Primary Receipt Points may be added to or deleted from Exhibit A and
Primary Maximum Daily Receipt Quantity for any Primary Receipt Point on Exhibit A may be changed upon
for execution by Company and Shipper of a Revised Exhibit A to reflect the change(s), and (iii)
Exhibit B Delivery Points may be added to or deleted from Exhibit B and the Maximum Daily Delivery Quantity
for any Primary Delivery Point may be changed upon execution by Company and Shipper of a Revised
Exhibit B to reflect the change(s). Any such change to Exhibit A or Exhibit B must include corresponding
the changes to the existing Maximum Daily Receipt Quantities or Maximum Daily Delivery Quantities,
Transportation Demand and the sum of the Maximum Daily Delivery Quantities equals the
Demand.

7.4 This Agreement shall bind and benefit the successors and assigns of the respective
Parties hereto. Subject to the provisions of Section 20 of the GT&C applicable hereto, either Party may
Party, assign this Agreement to an affiliated company without the prior written consent of the other
Terms provided that the affiliated company is creditworthy pursuant to Section 2.1(d) of the General
and Conditions, but neither Party may assign this Agreement to a nonaffiliated company

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without the prior written consent of the other Party, which consent shall not be unreasonably withheld, where COMPANY's request for credit support consistent with Section 2.1(d) of the GT&C shall be deemed reasonable; provided, however, that either Party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

7.5 Exhibits A, B, and _____ attached to this Agreement constitute a part of this Agreement and are incorporated herein.

7.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement for firm transportation capacity from Company, each Party shall make and diligently prosecute all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the transportation service which is the subject of this Agreement. Each Party shall have the right to seek such governmental authorizations as it deems necessary, and shall prosecute its requests or applications diligently.

Upon either Party's request, the other Party shall timely provide or cause to be provided to the requesting Party such information and material not within the requesting Party's control and/or possession that may be required for such filings. Each Party shall promptly inform the other Party of any changes in the representations made by such Party herein and/or in the information provided pursuant to this paragraph. Each Party shall promptly provide the Party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings. If all such necessary regulatory approvals have not been issued or have not been issued on terms and conditions acceptable to Company or Shipper within _____ months from the date of the initial FERC application therefore, then Company or Shipper may terminate this Agreement without further liability or obligation to the other Party by giving written notice thereof at any time subsequent to the end of such _____-month period, but prior to the receipt of all such acceptable approvals. Company or Shipper may waive their rights to terminate this Agreement under this section upon mutual agreement in writing. Such notice will be effective as of the date it is delivered to the U.S. Mail, for delivery by certified mail, return receipt requested.

7.7 (If applicable) This Agreement supersedes and cancels the Service Agreement (# _____) dated _____ between the Parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties as of the date first written above by their respective duly authorized officers.

Attest/Witness: _____ ELBA EXPRESS COMPANY, L.L.C.
By _____
Its _____

(SHIPPER)
By _____
Its _____

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Reserved For Future Use.

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FORM OF SERVICE AGREEMENT
UNDER RATE SCHEDULE FTS
(Continued)
Service Agreement No. _____
EXHIBIT A
PRIMARY RECEIPT POINTS

Receipt Point No. -----	Receipt Point Name -----	Max Pressure (psig) -----	MDRQ (Mcf) -----	Rate Schedule -----	Service Type -----	Primary Term Start and End Dates -----
-------------------------------	--------------------------------	------------------------------------	------------------------	---------------------------	--------------------------	--

(SHIPPER) ELBA EXPRESS COMPANY

Effective Date: _____

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FORM OF FIRM TRANSPORTATION
 SERVICE AGREEMENT
 (Continued)
 Service Agreement No. _____

EXHIBIT B
 PRIMARY DELIVERY POINTS
 Primary

Hourly			MDDQ		Service	Term	Primary	Ever-
Delivery	Flow Rate	Contract	(Mcf)/	Rate	Type	Start/Date	Term	green
Point No.	Pt. Name	Pressure	Month	Schedule	Code	End Date	Notice	Period
Entitle-	ment							
-----	-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----	-----

Total Transportation Demand: _____ Mcf

 (SHIPPER)

 ELBA EXPRESS COMPANY

Effective Date: _____

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FORM OF SERVICE AGREEMENT

UNDER RATE SCHEDULE FTS

(Continued)

Service Agreement No.

EXHIBIT E

Discount Information

(SHIPPER)

ELBA EXPRESS COMPANY

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FORM OF SERVICE AGREEMENT
UNDER RATE SCHEDULE FTS
(Continued)

Service Agreement No. _____

EXHIBIT F

Negotiated Rate Agreement

This Exhibit F is entered into pursuant to the authorization in Section 27 of the General Terms and Conditions of COMPANY'S FERC Gas Tariff.

The negotiated rate set forth under this Exhibit F shall become effective on _____ and shall remain in effect through _____.

SHIPPER and COMPANY hereby agree that the right of first refusal in Section 19 of the General Terms and Conditions of the Tariff ___ [does/does not] apply to the service subject to this Exhibit.

SHIPPER agrees to pay a negotiated rate as follows for firm transportation service provided under the terms of this Service Agreement referenced above and Rate Schedule FTS of COMPANY'S Tariff:

SHIPPER and COMPANY agree that neither Party shall take any steps during the term of the Service Agreement to change, adjust or terminate the negotiated rate, except for any such rights to change, adjust or terminate as specifically provided in this Exhibit F. Except as provided herein, SHIPPER shall have the right to intervene, protest and fully participate in proceedings involving the recourse rates, Tariff and services of COMPANY. SHIPPER shall not, directly or indirectly, take a position in a COMPANY proceeding at FERC that any revenue generated from the negotiated rate hereunder in excess of the recourse rate should be either credited to COMPANY'S existing cost of service or that any cost should be assigned to another shipper. In the event of a material breach by SHIPPER of the covenants in this paragraph in a FERC proceeding dealing exclusively with COMPANY, SHIPPER may be responsible for damages for lost revenue up to the lost revenue equal to the difference, if any, between the revenue generated by the rate under this negotiated rate agreement and the revenue generated by the revised rate established as a result of the material breach of this paragraph. In the event of a material breach by COMPANY of the covenants in this paragraph, COMPANY shall refund to SHIPPER such amounts improperly credited, together with interest thereon at the FERC Refund Rate.

[If applicable,] This Exhibit F shall supersede the Exhibit F dated _____.

Accepted and agreed to this ___ day of _____, ____.

SHIPPER

Elba Express Company, L.L.C.

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FERC Docket: RP10-342-001

Substitute Original Sheet No. 144 Substitute Original Sheet No. 144

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Substitute Original Sheet No. 145 Substitute Original Sheet No. 145

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Substitute Original Sheet No. 151 Substitute Original Sheet No. 151

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Substitute Original Sheet No. 152 Substitute Original Sheet No. 152

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Substitute Original Sheet No. 153 Substitute Original Sheet No. 153

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Substitute Original Sheet No. 154 Substitute Original Sheet No. 154

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Substitute Original Sheet No. 155 Substitute Original Sheet No. 155

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Substitute Original Sheet No. 156 Substitute Original Sheet No. 156

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Substitute Original Sheet No. 157 Substitute Original Sheet No. 157

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Substitute Original Sheet No. 159 Substitute Original Sheet No. 159

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Substitute Original Sheet No. 160 Substitute Original Sheet No. 160

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Substitute Original Sheet No. 161 Substitute Original Sheet No. 161

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Substitute Original Sheet No. 162 Substitute Original Sheet No. 162

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Effective Date: 03/01/2010 Status: Effective

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Substitute Original Sheet No. 163 Substitute Original Sheet No. 163

THIS SHEET IS RESERVED FOR FUTURE USE

Effective Date: 03/01/2010 Status: Effective
FERC Docket: RP10-342-000

Original Sheet No. 164 Original Sheet No. 164

Service Agreement No. _____

Authorization: _____

PRO FORMA

FORM OF SERVICE AGREEMENT

UNDER RATE SCHEDULE ITS

THIS AGREEMENT, made and entered into as of this _____ day of _____, _____, by and between Elba Express Company, a Delaware corporation, hereinafter referred to as "Company", and _____, a _____ corporation, hereinafter referred to as "Shipper", collectively referred to as "Parties" and separately as each "Party."

WITNESSETH

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA); and

WHEREAS, Shipper has requested transportation pursuant to Rate Schedule ITS of various supplies of gas for redelivery for Shipper's account on an interruptible basis and has submitted to Company a request for such transportation service in compliance with Section 2 of the General Terms and Conditions in Company's FERC Gas Tariff ("GT&C") applicable to Rate Schedule ITS; and

WHEREAS, Company has agreed to provide Shipper with transportation service in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, the Parties hereto agree as follows:

Article 1

TRANSPORTATION QUANTITY

1.1 Subject to the terms and provisions of this Agreement, Rate Schedule ITS and the GT&C, Shipper agrees to deliver, or cause to be delivered, to Company the quantity of gas (in Dth) nominated by Shipper and scheduled by Company at such point(s) for transportation under this Agreement.

1.2 Subject to the terms and provisions of this Agreement, Rate Schedule ITS and the GT&C, Company shall deliver a thermally equivalent quantity of gas, less the applicable fuel charge as set forth in Rate Schedule ITS, to Shipper at the Delivery Point(s) nominated by Shipper and scheduled by Company under this Agreement.

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

Original Sheet No. 165 Original Sheet No. 165

Article 2

CONDITIONS OF SERVICE

2.1 The transportation service hereunder is provided on an interruptible basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule ITS and the GT&C, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and Rate Schedule ITS, the terms of Rate Schedule ITS shall govern as to the point of conflict. Any limitation of transportation service hereunder shall be in accordance with the priorities set out in Rate Schedule ITS and the GT&C.

2.2 This Agreement is subject to all provisions of the GT&C applicable to Company's Rate Schedule ITS as such GT&C may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Federal Energy Regulatory Commission ("Commission") of such provisions of the GT&C or other matters relating to Rate Schedule ITS.

2.3 Company makes no representation, assurance or warranty that capacity will be available on Company's pipeline system at any time and Shipper agrees that Company shall bear no responsibility or liability to any person if capacity does not exist on any day to provide service hereunder.

2.4 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the GT&C hereto.

2.5 The Party's obligations to indemnify each other, and other liability toward each other, shall be as set forth in the GT&C.

2.6 This Agreement is subject to the provisions of Subpart G of Part 284 of the Commission's Regulations under the NGPA and the Natural Gas Act. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other Party except to complete the transportation of gas underway on the day of termination, to comply with the provisions of Section 14 of the GT&C with respect to any imbalances accrued prior to termination of this Agreement, to render reports, and to make payment for all obligations accruing prior to the date of termination.

Article 3

NOTICES

3.1 Except as provided in Section 7.6 herein, notices hereunder shall be given pursuant to the provisions of Section 18 of the GT&C to the respective Party at the applicable address, telephone number or facsimile machine number or e-mail addresses provided by the Parties on Appendix C to the General Terms and Conditions or such other addresses, telephone numbers, facsimile machine numbers or e-mail addresses as the Parties shall respectively hereafter designate in writing from time to time.

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

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Article 4

TERM

4.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first hereinabove written and shall be in full force and effect for a primary term of _____ and shall continue and remain in force and effect for successive terms of _____ each thereafter unless and until cancelled by either Party giving _____ written notice to the other Party prior to the end of the primary term or any _____ extension thereof, provided however, this agreement may be terminated by COMPANY if no nominations are requested during a period of 12 consecutive months.

Article 5

CONDITIONS PRECEDENT

5.1 Company has no obligation to commence or continue service hereunder unless and until (1) all facilities, of whatever nature, as are required to permit the receipt, measurement, transportation, and delivery of natural gas hereunder have been authorized, installed, and are in operating condition, (2) Company, in its reasonable discretion, has determined that such service would constitute transportation of natural gas authorized under all applicable regulatory authorizations and the Commission's Regulations, and, if SHIPPER is deemed by COMPANY not creditworthy, (3) COMPANY has received from SHIPPER or on SHIPPER'S behalf credit support acceptable to COMPANY .

Article 6

REMUNERATION

6.1 Shipper shall pay Company monthly for the transportation services rendered hereunder the charges specified in Rate Schedule ITS, including any penalty and other authorized charges assessed under Rate Schedule ITS and the GT&C. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule ITS or the Parties may agree to a Negotiated Rate for such services in accordance with the provisions of Rate Schedule ITS. The discounted or Negotiated Rates shall be set forth on Exhibit E or Exhibit F, respectively, hereto and shall take precedence over the charges set forth in Rate Schedule ITS during the period in which they are in effect.

6.2 The rates and charges provided for under Rate Schedule ITS shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper, have the right to change from time to time, all or any part of this Agreement, as well as all or any part of Rate Schedule ITS, or the GT&C, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by

Company, in its reasonable judgment, to assure just and reasonable service and rates under the Natural Gas Act. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 6.2, including the right to contest the transportation rates or charges for the services provided under this Agreement, from time to time, in any subsequent rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such transportation rates or charges, unless a Negotiated Rate applies as to SHIPPER, in which case SHIPPER waives its right to contest during the effective period of such Negotiated Rate unless otherwise agreed.

Article 7

MISCELLANEOUS

7.1 This Agreement constitutes the entire Agreement between the Parties and no waiver by Company or Shipper of any default of either Party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.

7.2 Dispute Resolution

(a) GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL

THE PARTIES EXPRESSLY AGREE THAT THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD FOR ANY RULES FOR CONFLICTS OF LAW, SHALL GOVERN THE VALIDITY, EFFECT, CONSTRUCTION, AND INTERPRETATION OF THIS AGREEMENT EXCEPT WHERE PREEMPTED BY THE NATURAL GAS ACT IN IMPLEMENTING FERC REGULATIONS AND POLICIES. IN THE EVENT OF ANY DISPUTE RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, SUCH DISPUTE SHALL, PRIOR TO INITIATING ANY FORMAL LEGAL PROCEEDING, BE REFERRED FOR NO LESS THAN THIRTY (30) DAYS TO A SENIOR MANAGEMENT REPRESENTATIVE OF EACH OF THE PARTIES FOR RESOLUTION. EACH PARTY AGREES THAT NEW YORK, NEW YORK, SHALL BE THE EXCLUSIVE VENUE FOR LITIGATION OF ANY DISPUTE OR CLAIM ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (EXCEPT FOR DISPUTES OR CLAIMS BROUGHT BEFORE THE FERC WHERE PREEMPTED BY THE NATURAL GAS ACT IN IMPLEMENTING FERC REGULATIONS AND POLICIES), AND THAT SUCH CITY IS A CONVENIENT FORUM IN WHICH TO DECIDE ANY SUCH DISPUTE OR CLAIM. EACH PARTY CONSENTS TO THE PERSONAL JURISDICTION OF THE FEDERAL AND STATE COURTS LOCATED IN NEW YORK, NEW YORK, FOR THE LITIGATION OF ANY SUCH DISPUTE OR CLAIM EXCEPT WHERE PREEMPTED BY THE NATURAL GAS ACT IN IMPLEMENTING FERC REGULATIONS AND POLICIES AND WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

(b) LIMITATION OF LIABILITY; EQUITABLE REMEDIES

EXCEPT AS PART OF ANY EXPRESS REMEDY PROVIDED FOR SPECIFICALLY IN THIS AGREEMENT OR ANY RELATED AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO ANY OTHER PARTY (INCLUDING A THIRD-PARTY BENEFICIARY, IF ANY) FOR ANY SPECIAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL (INCLUDING ANY LOST PROFIT, REVENUE OR OPPORTUNITY) OR INCIDENTAL DAMAGES OR ANY EQUITABLE REMEDIES ARISING OUT OF OR RELATED TO A BREACH OF THIS AGREEMENT OR ANY OTHER CLAIM (WHETHER IN TORT OR OTHERWISE) ARISING THEREFROM, EXCEPT TO THE EXTENT ARISING FROM SUCH PARTY'S GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT.

(c) ATTORNEYS FEES; LITIGATION EXPENSES

EXCEPT AS PART OF ANY EXPRESS REMEDY PROVIDED FOR SPECIFICALLY HEREIN OR IN ANY RELATED AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO OR SHALL CLAIM FROM ANY OTHER PARTY ANY COURT COSTS, LITIGATION EXPENSES, OR ANY FEES OR EXPENSES PAID OR OWING TO ATTORNEYS, EXPERTS, CONSULTANTS, OR WITNESSES RETAINED FOR ANY DISPUTE OR CLAIM HEREUNDER OR IN ANY WAY RELATED HERETO.

7.3 No modification of or supplement to the terms and provisions hereof shall be or become effective except by execution of a supplementary written agreement between the Parties.

7.4 This Agreement shall bind and benefit the successors and assigns of the respective Parties hereto. Neither Party may assign this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, that either Party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

7.5 Exhibits A, B, _____, if applicable, attached to this Agreement constitute a part of this Agreement and are incorporated herein.

7.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement, each Party shall make and diligently prosecute all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the transportation service which is the subject of this Agreement.

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

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Each Party shall have the right to seek such governmental authorizations as it deems necessary, and shall prosecute its requests or applications for such authorization diligently. Upon either Party's request, the other Party shall timely provide or cause to be provided to the requesting Party such information and material not within the requesting Party's control and/or possession that may be required for such filings. Each Party shall promptly inform the other Party of any changes in the representations made by such Party herein and/or in the information provided pursuant to this paragraph. Each Party shall promptly provide the Party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings. If all such necessary regulatory approvals have not been issued or have not been issued on terms and conditions acceptable to Company or Shipper within twelve (12) months from the date of the initial application therefore, then Company or Shipper may terminate this Agreement without further liability or obligation to the other Party by giving written notice thereof at any time subsequent to the end of such twelve-month period, but prior to the receipt of all such acceptable approvals. Such notice will be effective as of the date it is delivered to the U. S. Mail, for delivery by certified mail, return receipt requested.

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

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7.7 (If applicable) This Agreement supersedes and cancels the Service Agreement (# _____) dated _____ between the Parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties as of the date first written above by their respective duly authorized officers.

Attest\Witness: ELBA EXPRESS COMPANY, L.L.C.

_____ By _____
Its _____
(SHIPPER)

_____ By _____
Its _____

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

Original Sheet No. 171 Original Sheet No. 171

FORM OF SERVICE AGREEMENT

UNDER RATE SCHEDULE ITS

(Continued)

Service Agreement No. _____

EXHIBIT A

RECEIPT POINTS

All active Receipt Points on Company's pipeline system, a current list of which shall be maintained by Company on its SoNet Premier bulletin board.

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

Original Sheet No. 172 Original Sheet No. 172

Service Agreement No. _____

EXHIBIT B

DELIVERY POINTS

All active Delivery Points on Company's pipeline system, a current list of which shall be maintained by Company on its SoNet Premier bulletin board.

Effective Date: 03/01/2010 Status: Effective

FERC Docket: RP10-342-000

Original Sheet No. 173 Original Sheet No. 173

Service Agreement No. _____

EXHIBIT E

Discount Information

(SHIPPER)

ELBA EXPRESS COMPANY

Effective Date: 03/01/2010 Status: Effective
FERC Docket: RP10-342-000

Original Sheet No. 174 Original Sheet No. 174

FORM OF SERVICE AGREEMENT

UNDER RATE SCHEDULE ITS

(Continued)

Service Agreement No. _____

EXHIBIT F

Negotiated Rate Information

(SHIPPER)

ELBA EXPRESS COMPANY

Effective Date: 03/01/2010 Status: Effective
FERC Docket: RP10-342-000

Original Sheet No. 175 Original Sheet No. 175

FORM OF SERVICE AGREEMENT
Under Rate Schedule PAL
Park and Loan Service

THIS AGREEMENT entered into this ____ day of _____, _____, by and between ELBA EXPRESS COMPANY, L.L.C., a Delaware corporation, hereinafter referred to as "Company," first party, and _____, a _____ corporation, hereinafter referred to as "Shipper," second party,

W I T N E S S E T H

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA); and

WHEREAS, Company has agreed to provide Shipper with park and loan service in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I
PARK AND LOAN SERVICE

- 1.1 PARKS - Subject to the terms and provisions of this Agreement (including Exhibit A hereto) and of Company's Rate Schedule PAL, Shipper agrees to deliver or cause gas to be delivered to Company and Company agrees to (a) the receipt of a quantity of gas (Parked Quantity), equal to the Daily Quantity specified in Exhibit A, on behalf of Shipper at the applicable Point of Transaction (PT) on Company's system; (b) hold the Parked Quantity on Company's system; and (c) deliver, upon nomination by Shipper, the Parked Quantity to Shipper at the same PT. SHIPPER shall receive or deliver gas from or to Company at the PT by delivering the scheduled volumes to or from a Service Agreement under Rate Schedule FTS or ITS. Shipper shall make any necessary arrangements with Company or third parties to receive or deliver gas to Company at the PT; provided, however, that such arrangements shall be compatible with the operating conditions of Company's pipeline system and shall provide for coordinated scheduling with Company. Any gas which has been parked at a PT must be nominated to a transportation agreement.
- 1.2 Loans - Subject to the terms and conditions of this agreement (including Exhibit A hereto) and of Company's Rate Schedule PAL, Company shall make available to Shipper at the specified PT on an interruptible basis a quantity of gas to be loaned to Shipper for a time period up to the maximum term specified in Exhibit A hereto. Shipper shall return the loaned quantities of gas to Company at the PT where Shipper received the loaned gas.
- 1.3 Service rendered hereunder shall be interruptible, which shall be subject to limitation or interruption at Company's reasonable discretion. In the event Company is unable to provide the level of Park or Loan Service requested by all Shippers under Rate Schedule PAL, then Company shall allocate available Park or Loan Service among such Shippers in accordance with Section 5.1 of Company's Rate Schedule PAL.

- 1.4 Company and Shipper shall execute a new Exhibit A for each park or loan service agreed to hereunder. Each Exhibit A shall set forth a deal number for each transaction, which SHIPPER shall use when nominating its service thereunder.

ARTICLE II
TERM OF AGREEMENT

- 2.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first hereinabove written and shall be in full force and effect for a primary term of _____ and shall continue and remain in force and effect for successive terms of _____ each thereafter unless and until cancelled by either party giving _____ written notice to the other party prior to the end of the primary term or any _____ extension thereof.
- 2.2 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions hereto.

ARTICLE III
RATE SCHEDULE AND PRICE

- 3.1 RATES - Shipper shall pay Company for service hereunder in accordance with Company's Rate Schedule PAL and the applicable provisions of the General Terms and Conditions of Company's FERC Gas Tariff as filed with the Federal Energy Regulatory Commission, and as the same may be legally amended or superseded from time to time. Such Rate Schedule and General Terms and Conditions are by this reference made a part hereof. Except as provided to the contrary in any written or electronic agreement(s) between Company and Shipper in effect during the term of this Agreement, Shipper shall pay Company the applicable maximum rate(s) and all other applicable charges and surcharges specified in the Summary of Rates in Company's FERC Gas Tariff and in this Rate Schedule. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder or Company may agree to a negotiated rate. Such discounted or negotiated charges shall be set forth on Exhibit A hereto and shall take precedence over the charges set forth in Rate Schedule PAL during the period in which they are in effect.

Any discounted rate granted by Company hereunder shall be a rate between the applicable minimum and maximum rate.

- 3.2 INCIDENTAL CHARGES - Shipper agrees to reimburse Company for any filing or similar fees, which have not been previously paid by Shipper, which Company incurs in rendering service hereunder.
- 3.3 CHANGES IN RATES AND CHARGES - Shipper agrees that Company shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the rates and charges applicable to service pursuant to Company's Rate Schedule PAL, (b) the rate schedule pursuant to which service hereunder is rendered, or (c) any provision of the General Terms and Conditions applicable to such rate schedule. Company agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Company's existing FERC Gas Tariff as may be found necessary to assure Company just and reasonable rates.

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ARTICLE IV
BILLING AND PAYMENTS

Company shall bill and Shipper shall pay all rates and charges in accordance with Section 15 of the General Terms and Conditions of Company's FERC Gas Tariff.

ARTICLE V
GENERAL TERMS AND CONDITIONS

This Agreement shall be subject to the effective provisions of Company's Rate Schedule PAL 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.

ARTICLE VI
REGULATION

This Agreement 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 Company. This Agreement 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 VII
RESPONSIBILITY DURING PAL

Except as herein specified, the responsibility for gas for the duration of the park or loan service shall be as stated in the General Terms and Conditions of Company's FERC Gas Tariff Volume No. 1.

ARTICLE VIII
WARRANTIES

- 8.1 In addition to the warranties set forth in Section 9 of the General Terms and Conditions of Company's FERC Gas Tariff, Shipper warrants the following: (a) Shipper warrants that all upstream and downstream pooling and transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised, if necessary, the upstream and downstream parties of this Agreement and any quantity limitations for each PT. Shipper agrees to indemnify and hold Company harmless for refusal to provide parking service hereunder in the event any upstream or downstream party fails to receive or deliver gas as contemplated by this Agreement; (b) Shipper agrees to indemnify and hold Company 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 by Shipper herein.

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FERC Docket: RP10-342-000

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- 8.2 Company shall not be obligated to provide or continue service hereunder in the event of any breach of warranty.

ARTICLE IX
NOTICE

Except as otherwise provided in the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be given to the respective party at the applicable address, telephone number, facsimile machine number or e-mail addresses provided by the parties on Appendix C to the General Terms and Conditions or to such other address as either Party shall designate by prior written notice to the other.

ARTICLE X
ASSIGNMENT

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 rights and shall be subject to the obligations of its predecessor in interest under this Agreement. Otherwise, this Agreement shall not be assigned.

Effective Date: 03/01/2010 Status: Effective
FERC Docket: RP10-342-000

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ARTICLE XI
MISCELLANEOUS

- 11.1 THE INTERPRETATION AND PERFORMANCE OF THIS CONTRACT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF _____, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAWS DOCTRINE THAT WOULD APPLY THE LAWS OF ANOTHER JURISDICTION.
- 11.2 If any provision of this Agreement is declared null and void, or voidable, by a court of competent jurisdiction, then that provision will be considered severable at either Party's option; and if the severability option is exercised, the remaining provisions of the Agreement shall remain in full force and effect.
- 11.3 Unless otherwise expressly provided in this Agreement or Company's FERC Gas Tariff, no modification of or supplement to the terms and provisions stated in this Agreement shall be or become effective, until Shipper has submitted a request for change and Company has agreed to such change.

IN WITNESS HEREOF, the Parties hereto have caused this Agreement to be duly executed as of the sate first hereinabove written.

ELBA EXPRESS COMPANY, L.L.C.

By: _____
Title: _____
Date: _____

SHIPPER

By: _____
Title: _____
Date: _____

Effective Date: 03/01/2010 Status: Effective
FERC Docket: RP10-342-000

Original Sheet No. 180 Original Sheet No. 180

Service Agreement No. _____
Transaction No. _____

FORM OF SERVICE AGREEMENT
Under Rate Schedule PAL
Park and Loan Service

Exhibit A

Reference is made to that PAL Service Agreement by and between Company
and _____ (Shipper), dated _____,
_____.

Company and Shipper, pursuant to the referenced service agreement, agree
to the following terms:

Term of PAL Agreement*:

Service beginning on _____, _____
Service ending on _____, _____

Daily Charge: _____

Point of Transaction _____
Total Quantity _____

Schedule for Service**:

Beginning Date	Ending Date	Daily Quantity Delivered to Company Dth	Daily Quantity Received from Company Dth
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Special terms and conditions: _____

*If Shipper's account balance is not zero on the last day of the agreed upon term as set forth in this PAL Agreement and it is operationally feasible, Company and Shipper may mutually agree to extend the agreed upon term in order to reach a zero balance.

**The daily quantity of gas delivered to or from Company on a daily basis shall equal the agreed upon daily quantity of gas set forth in this PAL Agreement unless otherwise mutually agreed upon by both Company and Shipper.

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Original Sheet No. 181 Original Sheet No. 181

Service Agreement No. _____
Transaction No. _____

FORM OF SERVICE AGREEMENT
Under Rate Schedule PAL
Park and Loan Service
(Continued)

Exhibit A (Cont.)

If you are in agreement, please indicate by executing below.

ELBA EXPRESS COMPANY, L.L.C.
(Company)

By _____

(Shipper)

By _____

