

GENERAL TERMS AND CONDITIONS

GENERAL TERMS AND CONDITIONS

7.1. DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Tariff and in any Transportation Agreement or Rate Schedule incorporating this Tariff, shall be construed to have the following meanings:

- 7.1.1. "Authorized Overrun" is a nomination accepted by Transporter that exceeds Shipper's Maximum Daily Quantity.
- 7.1.2. "Authorized Overrun Service" (or "AOS") means service provided by Transporter for Shipper's Authorized Overrun quantities. Authorized Overrun Service is subject to available capacity, and subject to an Authorized Overrun Charge shown on the Statement of Rates and Charges.
- 7.1.3. "Available Capacity" is the capacity in Transporter's system that is not subscribed or scheduled for service under the terms of Transporter's Rate Schedules.
- 7.1.4. "Btu" shall mean one (1) British Thermal Unit. The reporting basis for Btu shall be 14.73 dry psia and 60 degrees F.
- 7.1.5. "Business Day" is Monday through Friday, excluding Federal Banking Holidays.
- 7.1.6. "Central Clock Time" (or "CCT") means Central Time, adjusted for Daylight Savings Time.
- 7.1.7. "Columbia" means Columbia Gas Transmission LLC.
- 7.1.8. "Commission" means the Federal Energy Regulatory Commission or any successors thereto.
- 7.1.9. "Commodity Charge" means the commodity rate component of the rate applicable to service under Rate Schedules FT and IT, as specified in Transporter's Tariff and the FT Agreement or IT Agreement between Shipper and Transporter.
- 7.1.10. "Day" means a twenty-four (24) hour period of time from 9:00 a.m. to 9:00 a.m. Central Clock Time.
- 7.1.11. "Delivery Point" means the point(s) where Transporter delivers Gas to Shipper, or for Shipper's account. The Delivery Point(s) shall be specified in Shipper's FT Agreement or IT Agreement.
- 7.1.12. "Discounted Rate" means a rate or rate formula for service under any Rate Schedule contained in this Tariff established pursuant to Section 7.16 of the GT&C.
- 7.1.13. "FT Agreement" means an agreement pursuant to Rate Schedule FT.
- 7.1.14. "Force Majeure" has the meaning specified in Section 7.27 of the GT&C.

- 7.1.15. "Fuel and Gas Loss" means Gas consumed in pipeline operations, including fuel, operational use, and losses.
- 7.1.16. "Gas" means methane and such other hydrocarbon constituents, or a mixture of two or more of them which, in any case, meets the quality specifications of the Tariff.
- 7.1.17. "GT&C" means the General Terms and Conditions of this FERC Gas Tariff.
- 7.1.20. "Gross Calorific Heating Value" means the quantity of heat expressed in Btus produced by the complete combustion at constant pressure of one anhydrous (dry) cubic foot of Gas with air at a temperature of sixty degrees (60°) Fahrenheit and at a pressure of 14.73 psia, when the products of the combustion are cooled to the initial temperature of the Gas and air and the water formed by combustion is condensed to the liquid state.
- 7.1.21. "Imbalance" has the meaning specified in Section 7.13 of the GT&C.
- 7.1.22. "Initial Facilities" means the facilities authorized to be constructed and operated in the first certificate of public convenience and necessity issued by the Commission.
- 7.1.23. "IT Agreement" means an agreement pursuant to Rate Schedule IT.
- 7.1.24. "Intra-day Nomination" is a nomination submitted after the nomination deadline whose effective time is as stated in Section 7.8 of the GT&C.
- 7.1.25. "MDQ" means the Maximum Daily Quantity.
- 7.1.26. "MMBtu", "Dekatherm" or "Dth", means one million (1,000,000) British Thermal Units ("Btu") and shall be the standard unit for purposes of nominations, scheduling, invoicing, and balancing. Allocated quantities and imbalances shall be expressed in the same units as nominated quantities.
- 7.1.27. "Month" means the period from 9:00 a.m. Central Clock Time on the first day of the calendar month and ending at 9:00 a.m. Central Clock Time on the first day of the next succeeding calendar month.
- 7.1.28. "NAESB" means the North American Energy Standards Board.
- 7.1.29. "NAESB Standard" means a standard issued by NAESB and adopted by the Commission.
- 7.1.30. "Negotiated Rate" means a rate or rate formula for service under any Rate Schedule contained in this Tariff established pursuant to Section 7.15 of the GT&C.
- 7.1.31. "Nomination" shall mean the requests for service submitted pursuant to Section 8 of the GT&C.
- 7.1.32. "Operational Balancing Agreement" (or "OBA") is a contract between parties which specifies the procedures to manage operating balances at an interconnect as referenced in Section 7.13.1 of the GT&C.
- 7.1.33. "Operational Flow Order" (or "OFO") is an order issued pursuant to Section 7.11 of the GT&C.

- 7.1.34. "Person" means a natural person, sole proprietorship, firm, trust, trustee, executor, administrator or other legal personal representative, partnership, limited partnership, joint venture, syndicate, company or corporation with or without share capital, unincorporated association, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.
- 7.1.35. "Prepayment", with respect to requests for capacity or service, means that amount of money that must be submitted by a Shipper along with a request for service. With respect to creditworthiness, prepayment means the advance payment for transportation services rendered by Transporter.
- 7.1.36. "Psia" means pounds per square inch absolute.
- 7.1.37. "Psig" means pounds per square inch gauge.
- 7.1.38. "Receipt Point" means any point at which Gas is tendered by or for Shipper's account. The Receipt Point(s) shall be specified in Shipper's FT Agreement or IT Agreement.
- 7.1.39. "Recourse Rate" means the applicable maximum and minimum rates stated on the Statement of Rates and Charges in Section 4.1 of this Tariff, which shall be applicable unless Transporter and Shipper agree in writing to a Negotiated Rate or Discounted Rate.
- 7.1.40. "Released Capacity" means capacity reserved under the terms of an effective FT Agreement that a Releasing Shipper seeks to release, on either a permanent or temporary basis.
- 7.1.41. "Releasing Shipper" (or "Releasor") means a Shipper who holds or acquires firm capacity rights and who elects to release all or a part of such capacity.
- 7.1.42. "Replacement Shipper" means a Shipper who acquires all or part of the rights to capacity held by a Releasing Shipper under the terms of an effective FT Agreement, on either a permanent or temporary basis.
- 7.1.43. "Reservation Charge" means the reservation charge component of the rate applicable to service under Rate Schedule FT as specified in Transporter's Tariff and the FT Agreement between Shipper and Transporter.
- 7.1.44. "Scheduled Quantity" is the quantity of Gas a Shipper nominates for receipt by Transporter at a Receipt Point and for redelivery by Transporter for Shipper at a Delivery Point, and that Transporter or Operator schedules for transportation.
- 7.1.45. "Shipper" means a Person who executes an FT Agreement or an IT Agreement with Transporter for transportation service under any Rate Schedule of Transporter's tariff.
- 7.1.46. "System" means Transporter's pipeline and related facilities.
- 7.1.47. "Tariff" means Transporter's FERC Gas Tariff, as amended from time to time by Transporter.
- 7.1.48. "Transportation" of Gas means Transporter's receipt of Gas for Shipper's account at the Receipt Point and the delivery, for Shipper's account, of Gas at the Delivery Point(s).

- 7.1.49. "Transporter" means PGPipeline, LLC.
- 7.1.50. "Unauthorized Gas" means volumes of Gas received or delivered for Shipper's account that exceeds Shipper's confirmed nomination.
- 7.1.51. "Website" means Transporter's website located at [http: www.pgpipeline.com](http://www.pgpipeline.com).
- 7.1.52. "Year" means a period of 365 consecutive days, except that any year which contains the date February 29 shall consist of 366 consecutive days.

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7.2. GAS QUALITY

7.2.1 General Requirement – Natural gas delivered to Transporter and redelivered to Shipper shall at all times conform to the quality provisions set forth in this Section. Transporter shall not be required to receive gas from Shipper or for Shipper's account that does not conform to the requirements of this Section. Shipper shall indemnify Transporter and save it harmless from all suits, actions, regulatory proceedings, damages, costs, losses and expenses arising out of the failure of said gas to conform to such gas quality provisions.

7.2.2 Heating Value – Neither Shipper nor Transporter shall be required to accept natural gas having a Heating Value of less than 967.

7.2.3 Objectionable Properties - The gas received and delivered by Transporter:

- (a) shall be commercially free from particulates or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters and other equipment of Transporter;
- (b) shall not contain more than twenty-five hundredths ("0.25") grains of hydrogen sulfide per one hundred ("100") cubic feet of gas;
- (c) shall not contain more than twenty ("20") grains of total sulfur per one hundred ("100") cubic feet of gas.
- (d) shall not contain more than seven ("7") pounds of water vapor per million cubic feet of gas at the base pressure and temperature of fourteen and seventy-three hundredth ("14.73") pounds per square inch absolute ("psia") and sixty degrees Fahrenheit ("60° F"). The water vapor content will be determined in accordance with the latest methods in the gas industry, using apparatus approved by Transporter;
- (e) shall not contain more than four percent ("4%") by volume of combined carbon dioxide, nitrogen, and inert components, e.g., helium, argon, neon;
- (f) shall not contain more than one and twenty-five hundredths percent ("1.25%") by volumes of carbon dioxide;
- (g) shall not contain more than two hundredths percent ("0.02%") by volume of oxygen;

- (h) shall not have a cricondentherm hydrocarbon dewpoint of greater than twenty-five degrees Fahrenheit ("25° F"). The hydrocarbon dewpoint will be determined in accordance with approved methods used in the gas industry, using apparatus approved by Transporter;
- (i) shall have a flowing temperature of no greater than one hundred and twenty degrees Fahrenheit ("120° F");
- (j) shall not contain any microbiological organisms or bacterial agent capable of causing or contributing to injury to Transporter's pipeline facilities or interfere with the operation of Transporter's facilities.

7.2.4 Transporter and Shipper may agree, or governmental authorities may require, that the gas be odorized by use of a malodorant agent of such character as to indicate by a distinctive odor the presence of gas.

7.2.5 Transporter may refuse to accept gas or may impose additional gas quality specifications and restrictions if transporter, in its reasonable judgment, determines that harm to transporter's facilities or operations could reasonably be expected to occur if it receives gas that fails to meet such additional specifications and restrictions.

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7.3. MEASUREMENT

7.3.1. The volume and the total heating value of Gas received and delivered by Transporter shall be determined as follows:

1. The unit of Gas received and delivered by Transporter shall be an MMBtu.
2. The unit of volume, for the purpose of measurement, shall be one cubic foot of natural gas at a pressure base of fourteen and seventy-three one-hundredths (14.73) pounds per square inch absolute, a temperature base of sixty degrees (60°) Fahrenheit (519.67 o R Absolute), and without adjustment for water vapor content.
3. Measurement Unit. The Measurement Unit shall be one MMBtu of natural gas and shall be calculated by multiplying the volume delivered in Mcf by a fraction, the numerator of which is the Heating Value and the denominator of which is 1,000.

7.3.2. The factors required to determine the volume of Gas received, such as pressure, temperature, specific gravity, supercompressibility and deviations from Boyle's Law, shall be calculated in accordance with the applicable American Gas Association Bulletin and any modifications and amendments thereof, and applied in a practical manner.

7.3.3. Resolving Differences at the Delivery Point(s) – If the testing and calibration performed at the Delivery Point(s) pursuant to Section 7.4 show that any item of equipment installed by Transporter does not conform to the accuracy requirements of Section 7.4, all previous readings of that item of equipment shall be corrected to zero error for any period which the equipment was known to be in error. If this period is not known, the correction shall be made for a period extending back one-half of the time elapsed since the last testing and calibration performed. During any period when any item of equipment installed at the Delivery Point(s) by Transporter is inoperable or known to be in error, the measurements provided by the corresponding item of equipment installed by Shipper, if any, shall be used if determined to be accurate. If neither item of equipment is operable or accurate, or available in the case of Shipper's equipment, the specification to be measured shall be determined by the parties hereto on the basis of the best data available using the first of the following methods which is feasible:

1. By correcting the error if the percentage of error is ascertainable by calibration, test, or mathematical calculations; or
2. By comparing deliveries made during the preceding period under similar delivery conditions when the equipment was registering accurately.

7.3.4. Measurement of Heating Value, Carbon Dioxide, Oxygen, Nitrogen and Hydrogen Sulfide

Transporter's Gas chromatograph installed at the Receipt Point or other suitable as determined by Transporter, upstream Gas chromatograph shall be used to measure the heating value, carbon dioxide, oxygen and nitrogen levels in the Gas stream.

7.3.5. Determination of Total Delivered MMBtu

The total number of MMBtus delivered shall be determined by Section 7.3.1. If the total MMBtu results obtained by use of Transporter's equipment differ by two percent or more from the results obtained by use of Shipper's check metering equipment, then Transporter and Shipper shall each be required to calibrate its measurement equipment. If such calibrations indicate that Transporter's measurement equipment is not within the tolerance levels set forth in Section 7.3.3 and that Shipper's measurement equipment is within the tolerance levels set forth in Section 7.3.3., then Shipper's measurement equipment shall be used. If such calibrations indicate that neither parties' measurement equipment is within the tolerance levels set forth in Section 7.3.3, then the provisions of Section 7.3.4 shall be followed to resolve any measurement inaccuracies.

7.3.6. Prior Period Adjustments

Pursuant to NAESB Standards 2.3.7, 2.3.11, 2.3.12, 2.3.13, 2.3.14: The cutoff for the closing of measurement is five (5) business days after the business month. For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the transportation month. A meter adjustment becomes a prior period adjustment after the fifth (5th) business day following the business month. For reporting measurement prior period adjustments, report it with the restated line item with new total quantity for the day and the month. Estimate missing or late measurement data and treat actual as a prior period adjustment, with the measuring party to provide the estimate. Measurement data corrections should be processed within six (6) months of the transportation month with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

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7.4. MEASURING EQUIPMENT

- 7.4.1. With respect to Gas received and delivered under a FT or IT Agreement, unless otherwise mutually agreed upon, all measuring facilities shall be installed, if necessary, and owned, maintained and operated by Transporter or Transporter's designee near the Receipt Point and Delivery Point.
- 7.4.2. All meters and measuring equipment for the determination of volume, Gross Heating Value and relative density shall be approved pursuant to, and installed and maintained in accordance with, the currently published standards of the American Gas Association, or as mutually agreed upon. Notwithstanding the foregoing, all installation of equipment applying to or affecting deliveries of Gas shall be made in such manner as to permit an accurate determination of the quantity and Gross Heating Value of Gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by all parties in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the energy of Gas delivered under the FT or IT Agreement.
- 7.4.3. Calibration and adjustment of each party's meters and related equipment shall be performed solely by the party. Each party, however, shall provide the other with seven (7) days prior written notice of all calibration and adjustment, and representatives of the other party may be present for such events.
- 7.4.4. Either Transporter or Shipper may install, maintain and operate at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of the other's measuring equipment. Any pressure or volume control regulators installed by one party shall be operated so as not to interfere with the other party's measuring equipment.
- 7.4.5. The measuring equipment so installed by either party, together with any building erected by it for such equipment, shall remain the property of the party that performed the installation. However, either party shall have the right to have representatives present at the time of any installing, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of the delivery of Gas. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records, together with calculations there from, for inspection and verification, subject to return within 30 days after receipt thereof.
- 7.4.6. Transporter and Shipper shall preserve for a period of at least five (5) years all test data and other similar records or such longer period as may be required by the Commission.

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7.5. PRESSURES AT RECEIPT AND DELIVERY POINTS

- 7.5.1. Unless otherwise agreed between Transporter and Shipper, Shipper shall deliver Gas to Transporter at the pressure required from time to time to enable the Gas to enter Transporter's facilities at the Receipt Point. Unless otherwise agreed between Transporter and Shipper, Transporter shall deliver Gas to Shipper at Transporter's line pressure existing at the Delivery Point, subject to Transporter protecting its operational integrity and pressure requirements, if any, specified in the FT and IT Agreements.
- 7.5.2. Atmospheric Pressure – For purposes of measurement, calculations, and meter calibration, the average absolute atmospheric (barometric) pressure shall be 14.4 psia. In the event electronic computer measurement is used, the absolute Gas pressure will be measured directly, using an absolute pressure measuring device for continuous input to the electronic computer.

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7.6. PROCEDURES FOR REQUESTING SERVICE

7.6.1. Subject to any conditions set forth in the applicable Rate Schedules, this section shall govern qualifications for receipt of service under Rate Schedules FT and IT.

7.6.2. Shipper information: All Shippers requesting service from Transporter must provide the following information in writing to Transporter.

1. Shipper's legal name in full and DUNS number.
2. Shipper's mailing address for notices and billing.
3. Shipper's street address if different from above.
4. The name(s), telephone number(s) and fax number(s) of Shipper employees responsible for nominations and/or dispatching.
5. The name(s), telephone number(s) and fax number(s) of Shipper employees responsible for payment of invoices.
6. The name(s), telephone number(s) and fax number(s) of Shipper employees responsible for other matters.
7. Whether the Shipper is affiliated with Transporter.
8. Type of service requested.
9. Requested MDQ, stated in MMBtu per day.
10. Estimated total quantities of Gas to be received and transported over the delivery period.
11. Requested date of commencement of service.
12. Requested term of service.
13. Requested Receipt Point(s) and Delivery Point(s), together with the name of the entity delivering Gas to Transporter and the name of the entity to receive Gas from Transporter.
14. If applicable, a copy of an executed agreement between Shipper and a third party authorizing Shipper to act on behalf of the third party to secure the service requested. If Shipper requests service on behalf of a third party, Shipper shall provide the name, address, telephone number and primary business of the third party.
 - a) No Requests for service will be processed until Shipper has provided to Transporter a completed Service Request Form, including

information regarding any specific affiliation with Transporter. All completed Service Request Forms must be sent by U. S. Postal Service, by express mail, by courier, or by facsimile, to:

PGPipeline, LLC
2525 84th Avenue
Zeeland, Michigan 49464
Attn: Steve Newell, Director of Finance
Phone: (616) 879-1796
Facsimile: (616) 879-1797

- 7.6.3. If Transporter determines that it has available capacity which will support additional firm services, then Transporter will post availability of such capacity and make such capacity available for firm service(s). Transporter may conduct an Open Season for such capacity. An Open Season shall be the period of time during which Transporter will receive bids for the available capacity and such period of time shall be posted. The posting of an Open Season shall not preclude Transporter from negotiating with any potential shippers regarding the available capacity.
- 7.6.4. If requests for firm service exceed available capacity, then capacity will be allocated based (1) on highest bid, or (2) pro rata among equal bids. The highest bid will be determined based on the highest economic value of the bids, using a net present value ("NPV") determination. The NPV determination will be based on the volume, rate, and term specified in the bids. Transporter may also consider any operational conditions or limitations affecting the bids or the availability of the capacity.
- 7.6.5. Shipper must certify that all necessary upstream and downstream arrangements will be in place on the date the service is to commence and that the Shipper will have title or the right to acquire title to the Gas to be delivered to Transporter;
- 7.6.6. Shipper shall identify the location of any facilities to be constructed or installed by any party affected by the proposed service.
- 7.6.7. Shipper's request shall include a statement that it is willing to abide by the terms of the applicable Rate Schedule, including the GT&C.
- 7.6.8. If requesting any firm service, Shipper shall make a prepayment by wire transfer in an amount equal to the lesser of the Shipper's applicable rates multiplied by Shipper's MDQ for two (2) months service or \$10,000. The prepayment, plus the accrued interest from the date payment is received until the date service commences, shall be applied to the first month's invoice, and to the invoices of subsequent month(s), as necessary, until the amount is fully credited. The accrued interest herein shall be computed in a manner consistent with Section 154.501(d) of the Commission's Regulations.
 - 1. If the requested service is not available, Transporter shall refund the entire amount of the prepayment within thirty (30) days of notification by Transporter that service cannot be provided.
- 7.6.9. Shipper shall meet creditworthiness provisions set forth in Section 7.7 of the GT&C.
- 7.6.10. Reservation of capacity for new services or expansion projects.

1. Reservation of Capacity for New Service – Unless allowed by Transporter on a not unduly discriminatory basis, a request for service shall be made no earlier than one hundred and eighty (180) days prior to the proposed commencement date of service. Transporter may reserve capacity for such new service if Transporter determines that such reservation is economically justified. Transporter shall, on a limited-term basis up to the in-service date of the new service request, make generally available any capacity reserved under this Section. The construction of any additional facilities required for a new service is addressed in Section 7.20 of the GT&C.
2. Reservation of Capacity for Expansion Projects – Transporter may reserve for a future expansion project any currently available unsubscribed capacity or capacity to become available at some future date, provided such capacity is not subject to a Right of First Refusal (“ROFR”). Transporter may reserve capacity only for a future expansion project for which an open season has been held or will be held within one (1) year of the date Transporter posts such capacity as being reserved. Capacity may be reserved for up to one (1) year prior to Transporter filing for certificate approval for the expansion project, and thereafter until such expansion is placed into service. Transporter shall, on a limited-term basis up to the in-service date of the expansion project, make generally available any capacity reserved under this section.

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7.7. CREDITWORTHINESS

7.7.1. General – Transporter shall not be required to (a) execute a FT or IT Agreement providing for service under the applicable Rate Schedule for any Shipper who fails to meet Transporter’s standards for creditworthiness, or (b) initiate service for a Shipper who fails to meet Transporter’s standards for creditworthiness, or (c) continue service for any Shipper who is or has become non-creditworthy or who, at Transporter’s request, fails within a reasonable period to demonstrate creditworthiness pursuant to Transporter’s standards. If Shipper is found to be non-creditworthy, Transporter will, upon request, inform Shipper in writing as to the reasons Shipper has been deemed non-creditworthy.

7.7.2. Credit Appraisal Information – Transporter shall perform a credit appraisal, if applicable, by utilizing any or all of the following information which Shipper shall furnish to Transporter:

1. A copy of Shipper’s most recent audited financial statements;
2. A copy of Shipper’s most recent twelve (12) month audited financial statements or Annual Report and, if applicable, SEC 10-K form;
3. A list of Shipper’s affiliates, including parent and subsidiaries, if applicable;
4. A bank reference and two trade references. The results of the reference checks must show that Shipper’s obligations are being paid on a reasonably prompt basis;
5. Any credit reports from credit reporting agencies, which are available; and/or,
6. Such other information or guarantees as may be mutually agreed to by the parties.

7.7.3. Credit Evaluation – For purposes herein, a shipper shall be deemed creditworthy if:

1. Shipper’s senior unsecured debt is rated at least BBB by Standard & Poor’s, Baa2 by Moody’s, or an equivalent rating as determined by Transporter based on financial information; or
2. The Shipper prepays for service, or provides an irrevocable letter of credit to secure payment of an amount equal to:
 - a) For Shippers under Rate Schedule FT – the sum of the reservation charge times, Shipper’s MDQ applicable to the proposed service for three (3) month period; or
 - b) For Shippers taking service under a Negotiated Rate that does not include a reservation charge, or for Shippers under Rate Schedule IT

– an amount equal to the commodity charges applicable to the proposed service for a three (3) month period; and

- c) Shipper shall provide the security specified in Sections 7.7.3.2(a) and 7.7.3.2(b), as applicable, for the period there stated and shall continue to provide security for as long thereafter as Shipper fails to otherwise satisfy Transporter's creditworthiness standards; or

- 3. Shipper provides a guarantee of financial performance in a form satisfactory to Transporter and for the term of the Transportation Agreement from a corporate affiliate of the Shipper or a third party, either of which meets the creditworthiness standards set forth in this section; or
- 4. Shipper provides some other security or assurance of creditworthiness, which in Transporter's judgment is adequate for the service. Transporter shall apply this provision in a manner that is not unduly discriminatory.

7.7.4. Other Creditworthiness Requirements – Shipper must also meet the following criteria in order to be deemed creditworthy for purposes of this section:

- 1. Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of the creditors, or any informal creditors' committee assignment. An exception can be made for a Shipper who is debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurances that the bills will be paid promptly as a cost of administration under the federal court's jurisdiction;
- 2. Shipper must not be subject to pending liquidation or regulatory proceedings in state or federal courts that could cause a substantial deterioration in its financial condition or that could cause a condition of insolvency or adversely affect its ability to exist as an on-going business entity; and
- 3. Shipper must have no significant outstanding collection lawsuits or judgments that would jeopardize Shipper's ability to remain solvent.

7.7.5. Maintenance of Creditworthiness/Suspension of Service – If Shipper's credit standing ceases to meet Transporter's credit requirements during the period of service, then Transporter has the right to require security as specified herein.

- 1. If Transporter concludes that a Shipper is non-creditworthy, Transporter shall provide written notice to Shipper within ten (10) days after that determination is made. If requested by Shipper, Transporter shall provide a written explanation of the reasons for this determination. A Shipper may challenge Transporter's determination by providing a written rebuttal to Transporter's explanation within ten (10) days after the explanation is provided by Transporter. Transporter shall respond to such rebuttal in writing within ten (10) days. Upon notification by Transporter that Shipper no longer meets Transporter's creditworthiness standards, Shipper must, within ten (10) business days, pay for one (1) month of service in advance to continue service. Any re-evaluation of credit by Transporter in response to such a rebuttal by the Shipper shall be based on the credit criteria set out in this section and shall be performed as provided in this section.

2. If the Shipper has not satisfied the requirements in this section by the end of the specific prior notice period, Transporter may immediately suspend service to Shipper.
 3. If Shipper has not satisfied the requirements of this section, Transporter may terminate service after 30 days notice to the Commission and Shipper, consistent with section 154.602 of the Commission's regulations.
- 7.7.6. Shipper may continue to receive transportation service by providing one of the following within thirty (30) days of Transporter's notification that Shipper no longer meets Transporters creditworthiness standards:
1. Guarantee – Shipper may provide a guarantee of financial performance in a form satisfactory to Transporter and for the term of the FT Agreement from a corporate affiliate of the Shipper or a third party, either of which meets the creditworthiness standards set forth in this section;
 2. Cash Security Deposit – Shipper may provide a cash security deposit for service via cleared check or wire transfer. The deposit must be sufficient to cover the applicable reservation and commodity charges for three (3) months of service and shall be maintained until Shipper meets Transporter's creditworthiness standards. Transporter will accrue interest on cash security deposits based on interest rates established by the Commission;
 3. Letter of Credit – Shipper may post a Letter of Credit in a form acceptable to Transporter; or
 4. Other Security – Shipper may provide such other security as Shipper and Transporter may mutually agree upon.
- 7.7.7. Any suspension of service hereunder shall continue until Transporter is reasonably satisfied that Shipper is creditworthy under this section or until Shipper has provided adequate assurance of future performance under this section.
- 7.7.8. If Transporter determines that Shipper becomes creditworthy without security, any security requirements under this section shall be terminated and any prepayment amounts (including any applicable interest) released to Shipper from escrow within five (5) business days after such determination.
- 7.7.9. Security Requirements for Expansion Capacity After Operational Commencement of Transporter's Initial Facilities – The security requirement for expansion capacity available after operational commencement of Transporter's Initial Facilities may be identified in an open season, in Transporter's postings, or in agreements with Shippers. The amount of security required for such expansion capacity or on lateral facilities will be determined by Transporter and may be up to the cost of the facilities to be constructed. Where new facilities serve multiple shippers, an individual Shipper's maximum security obligation will be no more than its proportionate share of the total cost of the new facilities.

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7.8. NOMINATIONS

7.8.1. General

1. Transporter provides personnel available to handle nominations seven (7) days a week, twenty-four (24) hours a day. Whenever Shipper desires service, Shipper shall furnish to Transporter a separate nomination for each nominated point under each FT or IT Agreement with a beginning and end date for flow which can be for any duration within the term of the applicable FT or IT Agreement; provided, however, any such nomination shall not be binding to the extent Shipper submits subsequent nomination(s). All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nominations is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.
 2. For non-Intra-day Nominations, a rollover option is available such that a Shipper shall have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of the Shipper's contract. All nominations should be based on a daily quantity and all volumes shall be expressed in MMBtu per day and shall be stated for each point.
- 7.8.2. If an upstream or downstream party requires additional information, if the volumes transported are subject to a discounted rate, or if additional information is otherwise required by Transporter, then, upon notification by Transporter, Shipper must include in each nomination such additional information as is specified by Transporter. Nominations must be submitted to Transporter through Transporter's Website, or such other means as are mutually agreed upon by Transporter and Shipper. The sending party should adhere to nomination, confirmation and scheduling deadlines. The receiving party may waive any submittal deadline in this section.
- 7.8.3. The standard quantity for nominations, confirmation and scheduling is MMBtu's per day. The standard Btu is the International Btu. The International Btu is specified for use in the Gas measurement standards of the American Gas Association, the American Petroleum Institute, the Gas Processors Association and the American Society for Testing Materials.
- 7.8.4. For service required on any day under each of Shipper's FT or IT Agreements, Shipper shall provide Transporter with a nomination(s) providing the Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be delivered, the requested Delivery Point(s), and such additional information as Transporter determines to be necessary.

- 7.8.5. General Rules and Timeline – Pursuant to NAESB Standards 1.3.2, 1.3.3, 1.3.5, 1.3.6, 1.3.20, 1.3.21; the standard nominations timeline shall be as follows:
1. The Timely Nomination Cycle – 11:30 a.m. for nominations leaving control of the nominating party; 11:45 a.m. for receipt of nominations by Transporter; noon to send Quick Response; 3:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by Shipper and point operator (Central Time on the day prior to flow).
 2. The Evening Nomination Cycle – 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by Transporter; 6:30 p.m. to send Quick Response; 9:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (Central Time on the day prior to flow). Scheduled quantities resulting from an Evening Nomination that does not cause another Service Requester on Transporter to receive notice that it is being bumped should be effective at 9:00 a.m. on Gas day; and when an Evening Nomination causes another Service Requester on Transporter to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. on Gas day.
 3. The Intraday 1 Nomination Cycle – 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by Transporter; 10:30 a.m. to send Quick Response; 1:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 2:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (Central Time on the Gas day). Scheduled quantities resulting from Intraday 1 Nominations should be effective at 5:00 p.m. on Gas day.
 4. The Intraday 2 Nomination Cycle – 5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by Transporter; 5:30 p.m. to send Quick Response; 8:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and point operators (Central Time on the Gas day). Scheduled quantities resulting from Intraday 2 Nominations should be effective at 9:00 p.m. on Gas day. Bumping is not allowed during the Intraday 2 Nominations Cycle.
 5. In addition to making scheduled quantities information available by 4:30 p.m., at the end of each day Transporter shall make available to Shippers information containing scheduled quantities, including scheduled Intraday Nominations and any other scheduling changes. All nominations shall include Shipper defined begin dates and end dates. All nominations excluding Intraday Nominations shall have rollover options. Specifically, Shipper shall have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the terms of Shipper's contract. Nominations received after the nomination deadline shall be scheduled after nominations received before the nomination

deadline. The receiver of nomination initiates confirmation with the caveat that the receiver of the confirmation may relieve the obligation of sender to send. The sending party shall adhere to nomination, confirmation, and scheduling deadlines. The party receiving the request has the right to waive the deadline.

- 6 Pursuant to NAESB Standard 1.3.2(v), for purposes of Standards 1.3.2 ii, iii, and iv, "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

7.8.6. Any change in a daily scheduled quantity implemented during the day shall only be recognized pro rata to the fraction of the day remaining at the time the change is implemented. Changed daily scheduled quantity shall not exceed an amount equal to Shipper's Contracted Capacity multiplied by the fraction of the day remaining at the time the changes are implemented, nor less than zero at any point in time. Transporter shall be under no obligation to accept such revisions for Shipper nominations made under Transporter's Interruptible Transportation Service.

7.8.7. Pursuant to NAESB Standards 1.3.9, 1.3.11, 1.3.13; all nominations, including Intraday Nominations, shall be based on a daily quantity; thus, an intraday nominator need not submit an hourly nomination. Intraday Nominations shall include an effective date and time. The interconnected parties shall agree on the hourly flows of the Intraday Nomination, if not otherwise addressed in the FT or IT Agreement or Tariff. Intraday Nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled Gas. Intraday Nominations do not rollover (i.e., Intraday Nominations span one day only). Intraday Nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if an Intraday Nomination modifies an existing nomination.

7.8.8. Delegation of Nomination Authority to Agent – A Shipper may delegate to any third party the responsibility for submitting nominations and receiving confirmations or performing other administrative duties under any effective FT or IT Agreement, subject to the following conditions:

1. Any designation of a third party as agent, or any change in such designation, must be provided in writing to Transporter at least two (2) business days prior to the requested effective date of the designation.
2. The written designation must specify any limits on the authority of the agent, including any time limit for the designation. Transporter may reject any Shipper's request to delegate responsibilities if the limitations on the designation would impose undue administrative burdens on Transporter.
3. Transporter will rely on communications from a Shipper's agent for all nomination purposes, except to the extent the designation is expressly limited. Communications by Transporter to such agent will be deemed notice to Shipper.
4. Any third party may administer multiple transportation agreements as the agent for one or more Shippers, but the agent must make nominations and otherwise administer and account separately for each transportation agreement.

GENERAL TERMS AND CONDITIONS

7.9. SCHEDULING PRIORITY

7.9.1. If Transporter is unable on any day to satisfy all nominations for service, then Transporter will schedule service in the following order of priority from first scheduled to last scheduled:

1. First, nominations within Shipper's MDQ from Primary Receipt Points and Primary Delivery Points under Rate Schedule FT; if all such nominations cannot be satisfied, Transporter shall schedule nominations within this priority level pro rata based on nominated quantities with Shipper's MDQ.
2. Second, nominations within Shipper's MDQ from Secondary Receipt Points or Secondary Delivery Points under Rate Schedule FT; if all such nominations cannot be satisfied, Transporter shall schedule nominations within this priority level pro rata based on nominated quantities within Shipper's MDQ.
3. Third, AOS under Rate Schedule FT and nominations under Rate Schedule IT, if all such nominations cannot be satisfied, Transporter shall schedule nominations within this priority level by price from highest to lowest; provided that scheduling will be pro rata based on nominated quantities among Shippers paying the same rate; and provided further that, for purposes of scheduling nominations under this section, Negotiated Rates that exceed the maximum Recourse Rate will be treated as though equal to the maximum Recourse Rate.
4. Fourth, any other nominations for services under this Tariff.

7.9.2. Transporter shall use service requester provided rankings when making reductions during the scheduling and curtailment process when this does not conflict with tariff-based rules. Pursuant to NAESB Standard 2.3.26, the time limitation for disputes of allocations shall be six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.