

GENERAL TERMS AND CONDITIONS

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:

1. "Affiliate", when used to indicate a relationship with a specific Person, means another Person that directly, or indirectly through one or more intermediaries or otherwise, controls, is controlled by, or is under common control with, such specific Person. A corporation shall be deemed to be an Affiliate of another corporation if one of them is directly or indirectly controlled by the other or if each of them is directly or indirectly controlled by the same Person.
2. "Alternate Delivery Point(s)" means all Delivery Points on Transporter's system that are not designated as Primary Delivery Points in an effective Firm Transportation Agreement where quantities of Gas may be delivered by Transporter for the account of Shipper, under an effective Firm Transportation Agreement, as nominated by Shipper.
3. "Alternate Receipt Point(s)" means all Receipt Points on Transporter's system that are not designated as Primary Receipt Points in an effective Firm Transportation Agreement where quantities of Gas may be delivered by Transporter for the account of Shipper, under an effective Firm Transportation Agreement, as nominated by Shipper.
4. "Authorized Overrun" is defined as a nomination made by a Shipper that exceeds its applicable Contracted Quantity which is accepted by Transporter. Authorized Overrun quantities are subject to an Authorized Overrun Charge as provided for in section 9.2.
5. "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.
6. "Balancing Provider" is a party performing a balancing service pursuant to Rate Schedule MBA.
7. "Balancing Customer" is a party receiving balancing services from a Balancing Provider under Rate Schedule MBA.
8. "Balancing Point(s)" is the point(s) where a Balancing Provider under Rate Schedule MBA can provide Transporter with the receipt of Gas or the delivery of Gas, which are at or downstream of the Market Point that is balanced.

9. "Business Day" is defined as Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico.
10. "Central Clock Time" or "CCT" means Central Daylight Time when Daylight Savings Time is in effect and Central Standard Time otherwise.
11. "Contracted Capacity" means for customers receiving service pursuant to Rate Schedule FT-1, FT-L and FT-H, the daily quantity of Gas contracted by a Shipper and for which Shipper has agreed to pay a Reservation Charge in accordance with the terms and conditions of Shipper's Transportation Agreement. For customers receiving service pursuant to Rate Schedule IT-1, "Contracted Capacity" shall mean the quantity of Gas Transporter schedules and confirms for service on any given Day.
12. "Day" or "Gas Day" means a twenty-four (24) hour period of time from 9:00 am to 9:00 am Central Clock Time.
13. "Dekatherm" or "Dth" means the quantity of heat energy which is 1,000,000 British thermal units.
14. "Delivery Point" means the point(s) where Transporter delivers Gas to Shipper, or for Shipper's account, that has been transported by Transporter.
15. "Electronic Bulletin Board" or "EBB" means Transporter's Informational Postings Web site pursuant to NAESB Standard 4.3.17. Transporter's "EBB" Web site is www.vector-pipeline.com.
16. "Electronic Delivery Mechanism" or "EDM" means the NAESB Model Trading Partner Agreement adopted computer information by Transporter for electronic data interchange purposes.
17. "FERC" or "Commission" means the Federal Energy Regulatory Commission, or any successors thereto.
18. "Firm Transportation Agreement" means an agreement pursuant to the Tariff under which Transporter provides firm transportation to a Shipper.
19. "Force Majeure" means any act of God, war, civil insurrection or disobedience, acts of public enemy, strikes, lockouts or other industrial disturbances, accidents, blockades, riots, epidemics, landslides, lightning, earthquakes, explosions, fires, storms, floods, washouts, civil disturbance, arrests and restraints of governments and people, breakage or accident to machinery or lines of pipe resulting in

the necessity for making unexpected repairs to or alterations of machinery or lines of pipe, freezing of lines of pipe, failure of electronic data capability, inability to obtain materials, supplies, permits or labor, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority, civil or military, or other cause whether of the kind enumerated or otherwise which is beyond the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. The settlement of strikes, lockouts or other labor disputes shall be entirely within the discretion of the party having the difficulty. Under no circumstances will the following events constitute Force Majeure: (i) routine, nonemergency maintenance, including as required by governmental authority or as deemed necessary by Transporter for safe operations or (ii) curtailment or disruption of service for any reason whatsoever on facilities upstream of Receipt Points on Transporter or downstream of the Delivery Points on Transporter or the Canadian pipeline (Vector Pipeline Limited Partnership (Canada)) with which Transporter connects at the international border. A Force Majeure event on Vector Pipeline Limited Partnership (Canada) shall constitute a Force Majeure event on Transporter.

20. "Fuel and Lost and Unaccounted for Gas" means Gas consumed in pipeline operations, including fuel, operational use, and losses.
21. "Fuel Requirement" means the quantity of Gas required for Fuel and Lost and Unaccounted for Gas associated with rendering transportation service to the Shipper.
22. "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.
23. "Gas Imbalance" has the meaning ascribed to it in section 9 of the GT&C.
24. "Gross 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) degrees 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.
25. "Interruptible Transportation Agreement" means an agreement pursuant to which Transporter is obligated to provide interruptible transportation service to a Shipper.
26. "Intraday Nomination" is a nomination submitted after the nomination deadline whose effective time is as stated in section 5 of the GT&C.

27. "Management of Balancing Agreement" means an agreement pursuant to which Transporter is obligated to provide management of balancing service to a Balancing Provider.
28. "Market Point", in connection with Rate Schedule MBA, is defined as the Delivery Point that is being balanced by a Balancing Provider on behalf of a Balancing Customer.
29. "Maximum Daily Quantity" or "MDQ" is the maximum daily quantity of Gas Transporter shall receive or deliver at each Receipt or Delivery Point in accordance with the terms of an effective service agreement.
30. "Mcf" means one thousand (1,000) Cubic Feet.
31. "MMcf" means one million (1,000,000) Cubic Feet.
32. "Month" means the period from 9:00 am CCT on the first Day of the calendar month and ending at 9:00 am CCT on the first Day of the next succeeding calendar month.
33. "NAESB" means the North American Energy Standards Board.
34. "NAESB Standards" means any and all such standards, and references the latest set of standards issued by NAESB and adopted by the Commission.
35. "Negotiated Rate" means a rate or rate formula for computing a rate for service under a single rate schedule under which, for some portion of the contract term, one or more of the individual rate components may exceed the maximum charge, or be less than the minimum charge, for such component of the applicable tariff rate as set forth on Transporter's Statement of Rates and Charges. A Negotiated Rate must be mutually agreed upon by Transporter and Shipper, and may be based on a rate design other than straight fixed variable.
36. "Operational Balancing Agreement" or "OBA" is a contract between parties which specifies the procedures to manage operating variances at an interconnect.
37. "Operational Flow Order" or "OFO" is an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operation or system integrity of Transporter's system, or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences such conditions, any pertinent order should be referred to as an Operational Flow Order.
38. "Operator" means the corporation(s) or other Person(s) retained by Transporter to operate its pipeline system, or portions thereof, in an efficient and coordinated

manner, including but not restricted to, the management of facilities, receipt and disposition of nominations, scheduling or receipts and deliveries, administration of Firm Transportation Agreements and Interruptible Transportation Agreements and accounting. Where appropriate, references to Transporter herein may include Operator acting on behalf of Transporter.

39. "Park and Loan Service Agreement" means an agreement pursuant to which Transporter is obligated to provide park and loan service to a Shipper.
40. "Payment Due Date" means the 10th calendar day after receipt of an invoice sent pursuant to section 12 of the GT&C. If the Payment Due Date is not a Business Day, then payment must be received by Transporter or by the financial institution so designated by Transporter for payment, on or before the first Business Day immediately following the Payment Due Date.
41. "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.
42. "Prepayment", with respect to creditworthiness, means the advance payment for transportation services rendered by Transporter.
43. "Primary Delivery Point(s)" are those Delivery Point(s) on Transporter's system where quantities of Gas may be delivered by Transporter for the account of Shipper, as described in an effective Firm Transportation Agreement between Shipper and Transporter.
45. "Primary Receipt Point(s)" are those Receipt Point(s) on Transporter's system where quantities of Gas may be received by Transporter for the account of Shipper, as described in an effective Firm Transportation Agreement between Shipper and Transporter.
46. "Psia" means pounds per square inch absolute.
47. "QuickNom™" means Transporter's Customer Activities Web site pursuant to NAESB Standard 4.2.10 which is available to any Shipper who has executed a "QuickNom™" Access Agreement. In the event of a failure of electronic nomination/scheduling communication equipment, the Internet, or a third party

service provider, or any other similar emergency event, the term "QuickNom™" shall also incorporate a mutually agreed upon means of alternate communication between Shipper and Transporter.

48. "Rate Zone" shall mean the physical portions of Transporter's system identified as zones for rate purposes, with Zone 1 consisting of Milepost 0 to Milepost 43 and Zone 2 consisting of Milepost 0 to Milepost 333.
49. "Receipt Point" is any point on Transporter's system where quantities of Gas may be received by Transporter.
50. "Released Capacity" is capacity reserved under the terms of an effective Firm Transportation Agreement that a Releasing Shipper seeks to release, on either a permanent or temporary basis.
51. "Releasing Shipper" or "Releasor" is a Shipper who holds or acquires firm capacity rights and who elects to release all or a part of such capacity.
52. "Replacement Shipper" is a Shipper who acquires all or part of the rights to capacity held by a Releasing Shipper under the terms of an effective Firm Transportation Agreement, on either a permanent or temporary basis.
53. "Reservation Charge" means the reservation charge component of the rate applicable to firm transportation service as specified in Transporter's Tariff and the Firm Transportation Agreement between such Shipper and Transporter.
54. "Scheduled Quantity" is the quantity of Gas a Shipper nominates for receipt by Transporter at a Receipt Point and nominates for redelivery by Transporter for Shipper at a Delivery Point, and that Transporter schedules for transportation.
55. "Shipper" means a Person who uses the services of Transporter pursuant to the Tariff.
56. "System Capacity" is the quantitative ability of Transporter's existing system to provide maximum Gas transportation service. The ability of Transporter's system to maintain Gas transportation service may be limited by changes in prevailing operating pressures, temperatures, Gas flow rates and Gas flow directions within any portion(s) of Transporter's system, including any Receipt Point(s) or Delivery Point(s); physical capacity

limitations of regulators, valves, pipelines or pipeline segments, measuring facilities or appurtenances to Transporter's system; and necessary testing, maintenance, repair, overhaul, alteration, modification, replacement, enlargement, or construction of pipelines, metering, regulating, and other transmission facilities and equipment appurtenant to Transporter's system.

57. "Tariff" means Transporter's FERC Gas Tariff, as amended and approved from time to time by the Commission.
58. "Title Transfer Service Agreement" means an agreement pursuant to which Transporter is obligated to provide title transfer service to a Shipper pursuant to Rate Schedule TTS.
59. "Transportation" of Gas means the receipt of Gas for Shipper's account at Receipt Points on Transporter's pipeline system that is available to Shipper pursuant to Shipper's Transportation Agreement and the delivery, for Shipper's account, of Gas by Transporter at the Delivery Point(s) set forth at Exhibit A of Shipper's Transportation Agreement.
60. "Transportation Agreement" means an agreement pursuant to the Tariff under which Transporter provides transportation or other contract services to a Shipper.
61. "Transporter" means Vector Pipeline L.P.
62. "Unauthorized Overrun" means quantities of Gas transported by Transporter on behalf of a Shipper in excess of Shipper's Contracted Quantity without Transporter's advance approval.
63. "Year" means a period of 365 consecutive days, except that any year which contains the date February 29 shall consist of 366 consecutive days.

2. QUALITY OF GAS

1. The Gas to be received by Transporter from Shipper shall conform to the following specifications:
 - (a) Shall have a minimum Gross Heating Value of 962 Btus per cubic foot and a maximum Gross Heating Value of 1100 Btus per cubic foot.
 - (b) Shall be commercially free, at the prevailing pressure and temperature in Transporter's pipeline, from objectionable odors, sand, dust, gums, oils, hydrocarbons liquefiable at temperatures in excess of 14 degrees Fahrenheit at the prevailing operating pressure, impurities, other objectionable substances which may become separated from the Gas, and other solids or liquids which will render it unmerchantable or cause injury to or interference with proper operations of the lines, regulators, meters or other appliances through which it flows; and shall not contain any substance not contained in the Gas at the time the same was produced other than traces of those materials and chemicals necessary for the transportation and delivery of the Gas and which do not cause it to fail to meet any of the quality specifications herein set forth.
 - (c) Shall contain no more than 1/4 grain of hydrogen sulphide per 100 cubic feet of Gas nor more than 20 grains of total sulphur per 100 cubic feet of Gas as determined by standard methods of testing.
 - (d) Shall not contain more than 4% by volume of a combined total of carbon dioxide and nitrogen components; provided, however, that the total carbon dioxide content shall not exceed 2% by volume.
 - (e) Shall have been dehydrated, if necessary, for removal of water present therein in a vapor state, and shall in no event contain more than 4 pounds of entrained water per MMcf of Gas as determined by standard methods of testing.
 - (f) Shall not exceed a temperature of 120 degrees Fahrenheit.
 - (g) Shall be as free of oxygen as practicable and shall not in any event contain more than 0.4% by volume of oxygen.
 - (h) Shall in no event contain any mix of components that will cause the presence of any liquids in the pipeline under normal operating conditions.

2. The party measuring Gas quality shall use approved standard methods in general use in the Gas industry, and shall cause adequate tests to be made to determine the quality of the Gas delivered. Such tests shall be made at intervals frequent enough to determine that the Gas conforms to these specifications.
3. If the Gas being received by Transporter from Shipper or on behalf of Shipper fails at any time to conform to any of the specifications set forth in Section 2.1, Transporter may refuse to receive the Gas, in which case Transporter shall notify the Person delivering such Gas of such deficiency in quality to allow such Person to remedy any deficiency. Upon such Person's failure to promptly remedy any deficiency in quality as specified in Section 2.1, Transporter may terminate all receipts under the Transportation Agreement or accept delivery of such Gas and may make changes necessary to bring such Gas into conformity with such specifications, and the Shipper shall reimburse Transporter for any reasonable expense incurred in effecting such changes or for any injury or damages resulting from deliveries of non-conforming Gas.
4. The design and construction of any facilities to be installed by Shipper in order to comply with the quality specifications in Section 2.1 shall be approved by Transporter prior to such facilities being placed in service, such approval not to be unreasonably withheld.

3. MEASUREMENT

1. The volume and the total heating value of Gas received and delivered by Transporter shall be determined as follows:
 - (a) The unit of Gas received and delivered by Transporter shall be a Dekatherm.
 - (b) The unit of volume, for the purpose of measurement, shall be one cubic foot of Gas. The readings and registrations of the measuring equipment provided for herein and determinations of Gross Heating Value shall be computed in terms of such volumes.
2. The factors required to determine the volume of Gas received, such as pressure, temperature, specific gravity and deviations from Boyle's Law, shall be calculated in accordance with the American Gas Association Bulletin Number 3 and any modifications and amendments thereof, and applied in a practical manner.

4. MEASURING EQUIPMENT

1. With respect to Gas received or delivered under a Transportation Agreement, unless otherwise mutually agreed upon, all measuring facilities shall be installed, if necessary, owned, maintained and operated by Transporter or Transporter's designee near the Receipt Point(s) and Delivery Point(s).
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 Transportation Agreement.
3. The accuracy of measuring equipment shall be verified by Transporter or other party at reasonable intervals at the expense of the party performing the verification, and if requested, in the presence of representatives of the other party, but either party shall not be required to verify the accuracy of such equipment more frequently than once in any 30 day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test shall be borne by the requesting party if the measuring equipment is found to be in error by not more than the limits set out as follows:
 - (a) 2% for measuring equipment utilized to determine volume,
 - (b) 1% for any measuring equipment utilized to determine relative density,
 - (c) 0.5% for any measuring equipment utilized to determine Gross Heating Value.

If upon test, any measuring equipment is found to be in error by not more than the limits specified above, the previous readings of such equipment shall be considered accurate in computing deliveries or receipts of Gas, but such equipment shall be adjusted at once to register accurately.

If, for the period since the last test, it is determined for a recording corresponding to the average hourly rate of flow for such period that:

- (d) Any measuring equipment shall be found to be inaccurate by an amount exceeding 2%, or
- (e) Any measuring equipment utilized to determine the relative density shall be found to be inaccurate by an amount exceeding 1%, or
- (f) Any measuring equipment utilized to determine the Gross Heating Value shall be found to be inaccurate by an amount exceeding 0.5%,

then the previous readings of the measurement equipment shall be corrected to zero error for any period which can be agreed upon, but if the period is not agreed upon such correction shall be for a period extending over the last half of the time elapsed since the date of the last test, not exceeding a correction period of 16 days.

Notwithstanding the foregoing, when Transporter and Shipper mutually agree that a measurement instrument inaccuracy occurred at a definite point in time, an appropriate correction shall be made even though said inaccuracy is less than the limits specified in (d), (e) or (f) above.

- 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.
- 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, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of 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 and charts, together with calculations therefrom, for inspection and verification, subject to return within 30 days after receipt thereof.

6. Transporter and Shipper shall each preserve for a period of at least 3 years all test data, charts and other similar records or such longer period as may be required by the Commission. Microfilms of the original documents shall be considered true records.
7. In the event a meter is out of service or registering inaccurately, the volume of Gas delivered during the period that such meter is out of service or registering inaccurately shall be determined:
 - (a) By using the registration of any check meter or meters, if installed and accurately registering; or, in the absence of (a);
 - (b) By correcting the error if the percentage of error is ascertainable by calibration, tests, or mathematical calculation; or, in the absence of both (a) and (b);
 - (c) By estimating the quantity of delivery by deliveries during periods under similar conditions when the meter was registering accurately.
8. 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 5 Business Days after the business month. For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the production month. A meter adjustment becomes a prior period adjustment after the fifth Business Day following the business month. 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 6 months of the production month with a 3 month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

5. NOMINATIONS

1. For service required on any Day under each of Shipper's Transportation Agreements, nomination(s) are to be communicated to Transporter via QuickNom™, 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.

2. General Rules and Timeline: Any firm service already scheduled (whether primary or secondary) cannot be bumped or displaced by another nomination. Already scheduled interruptible service can be bumped by a firm nomination at the Evening Nomination Cycle and the intraday cycles, but cannot be bumped at the last intraday (or no-bump) cycle. The standard nominations timeline shall be as follows:

- (a) Transporter supports nominations pursuant to NAESB Standard 1.3.2(i-vi): All Transportation Service Providers (TSPs) should support the following standard nomination cycles (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

(i) The Timely Nomination Cycle

On the day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Service Requester (SR);
- 1:15 p.m. Nominations are received by the TSP (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. TSP sends the Quick Response to the SR;
- 4:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 5:00 p.m. SR and Point Operator receive scheduled quantities from the TSP.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(ii) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the SR;
- 6:15 p.m. Nominations are received by the TSP (including from TTTSPs);
- 6:30 p.m. TSP sends the Quick Response to the SR;
- 8:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 9:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day.

(iii) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:00 a.m. Nominations leave control of the SR;
- 10:15 a.m. Nominations are received by the TSP (including from TTTSPs);
- 10:30 a.m. TSP sends the Quick Response to the SR;
- 12:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 1:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

(iv) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of the SR;
- 2:45 p.m. Nominations are received by the TSP (including from TTTSPs);
- 3:00 p.m. TSP sends the Quick Response to the SR;
- 5:00 p.m. TSP receives completed confirmations from Confirming Parties;
- 5:30 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(v) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:00 p.m. Nominations leave control of the SR;
- 7:15 p.m. Nominations are received by the TSP (including from TTTSPs);
- 7:30 p.m. TSP sends the Quick Response to the SR;
- 9:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 10:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

- (vi) For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.
- (b) Pursuant to NAESB Standards 1.3.3, 1.3.5, 1.3.6, 1.3.20, 1.3.21: At the end of each Gas Day, the Transportation Service Provider (TSP) should provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, the TSP should send an end of Gas Day Scheduled Quantity (NAESB WGQ Standard No. 1.4.5) and Scheduled Quantity for Operator (NAESB WGQ Standard No. 1.4.6). A receiver of either of these documents can waive the TSP's requirement to send such documents. All nominations shall include Shipper defined begin dates and end dates. All nominations excluding intraday nominations shall have roll-over options. Specifically, Shippers shall have the ability to nominate for several Days, months, or years, provided the nomination begin and end dates are within the term of Shipper's contract. Nominations received after the nomination deadline shall be scheduled after nominations received before the nomination deadline. The receiver of a nomination initiates the confirmation process. The party that would receive a Request for Confirmation or an unsolicited Confirmation Response may waive the obligation of the sender to send. The sending party shall adhere to nomination, confirmation, and scheduling deadlines. It is the party receiving the request who has the right to waive the deadline.
3. 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.

4. 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 Transporter's contract 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.

5. Shipper Prioritization of Nominated Quantities - If Shipper elects to nominate quantities of Gas to be received by Transporter from one or more upstream parties at one or more Receipt Points for delivery by Transporter to one or more downstream parties at one or more Delivery Points for the account of Shipper, Shipper shall provide the priority, method, and extent to which each nominated receipt quantity from a particular upstream party at a particular Receipt Point should be reduced in the event that any downstream Operator verifies and confirms deliveries that are less than the Shipper's nominated deliveries, or in the event that, due to Transporter's allocation of Available Capacity for Transportation services, all nominated receipts cannot be scheduled. Likewise, if Shipper elects to nominate quantities of Gas to be delivered by Transporter to one or more downstream parties at one or more Delivery Points for the account of Shipper, Shipper shall provide the priority, method, and extent to which each nominated delivery quantity to a particular downstream party at a particular Delivery Point should be reduced in the event that any upstream Operator verifies and confirms receipts that are less than the Shipper's nominated receipts, or in the event that, due to Transporter's allocation of Available Capacity for Transportation services, all nominated deliveries cannot be scheduled.

Shipper prioritization of nominated quantities must be consistent with the terms of this FERC Gas Tariff and such prioritization will be honored to the extent that Transporter reasonably determines such prioritization is operationally feasible.

6. 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 agreement, subject to the following conditions:
 - (a) 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.
 - (b) 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.
 - (c) 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.
 - (d) 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.
7. Standard Quantity - As stated in NAESB Standard 1.3.14: The standard quantity for nominations, confirmation and scheduling is dekatherms per Gas Day in the United States, gigajoules per Gas Day in Canada and Mexico, and gigacalories per Gas Day in Mexico for transactions that occurred prior to the enactment of Mexico Resolution RES/267/2006 dated September 7, 2006. (For reference 1 dekatherm = 1,000,000 Btu's; 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm and between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The standard Btu is the International Btu, which is also called the Btu(IT); the standard joule is the joule specified in the SI system of units.
8. To the extent Transporter is unable to complete a nomination confirmation pursuant to this section 5 due to inaccurate, untimely or incomplete data, Transporter shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, rectified by other means such as utilization of a PALS-1 service, or Transporter determines that the nomination is invalid and it is then rejected.

6. SCHEDULING

1. Transporter shall schedule all transportation quantities as nominated by Shippers in accordance with the operationally available capacity, as determined by Transporter on any Gas Day, and consistent with the following priorities.
 - (a) Firm Transportation quantities within Shipper's Contracted Capacity flowing in the contractual direction and within the path from the Primary Receipt Points to the Primary Delivery Points under Rate Schedules FT-1, FT-L, or FT-H, pro rata based on each Shipper's Contracted Capacity; provided a Shipper's Scheduled Quantity shall not exceed such Shipper's nomination;
 - (b) Firm Transportation quantities within Shipper's Contracted Capacity under Rate Schedules FT-1, FT-L, or FT-H where such quantities flow outside the path between Primary Receipt and Primary Delivery Point(s) or not in the contracted direction of Shipper's Contracted Capacity, pro rata based on each Shipper's Contracted Capacity; provided a Shipper's Scheduled Quantity shall not exceed such Shipper's nomination;
 - (c) Authorized Overrun service, and Interruptible service provided pursuant to the IT-1 and the PALS-1 Rate Schedules, by price from highest to lowest, except scheduling shall be pro rata based on confirmed quantities among Shippers paying the same rate.
2. Scheduling at a specific Receipt/Delivery Point shall be (i) limited to Shippers nominating at such Receipt/Delivery Point; and (ii) applied to those Shippers in accordance with the priorities set forth in section 6.1, except that Shippers for which such Point is a Primary Point shall have priority over Shippers for which such Point is an Alternate Point.
3. Pursuant to NAESB Standard 1.3.23: Ranking should be included in the list of data elements. Transportation Service Providers should use service requester provided rankings when making reductions during the scheduling process when this does not conflict with Tariff-based rules. Pursuant to NAESB Standard 2.3.26: The time limitation for disputes of allocations shall be 6 months from the date of the initial month-end allocation with a 3-month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

7. PRIORITY OF SERVICE AND CURTAILMENT

1. Transporter shall have the right to not schedule part or all of a requested transportation, and/or curtail or to discontinue services, in whole or in part, on all or a portion of its system at any time for reasons of Force Majeure or when, in Transporter's sole discretion, capacity or operating conditions so require. Transporter shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. Routine repair and maintenance is not deemed an emergency situation or an unexpected loss of capacity and will be scheduled by Transporter in a manner to avoid, wherever possible, the disruption of confirmed service.
2. If due to any cause whatsoever Transporter is unable to deliver the quantities of Gas which Shipper has nominated pursuant to section 5 and Transporter has scheduled pursuant to section 6, and which Shippers would have received if such disability did not exist, then Transporter shall order curtailment by all Shippers affected in the following manner to the extent necessary to remove the effect of the disability. In effecting a curtailment, Transporter may, at its discretion, allow lower priority Gas to remain flowing in any instance where that would result in a lesser impact on the curtailment of higher priority Gas than would otherwise occur. In all other instances, curtailment shall be:
 - (a) first, Shippers whose service was scheduled pursuant to section 6.1(c). Transporter will curtail by price from lowest to highest, except curtailment will be pro rata on scheduled quantities among Shippers paying the same rate, and recognizing that Shippers paying the maximum rate will be curtailed last; and
 - (b) second, Shippers whose service was scheduled pursuant to sections 6.1(a) and 6.1(b). Transporter will curtail on a pro rata basis on scheduled quantities among all other similarly situated Shippers.
3. If the need for curtailment is caused by an event affecting only a specific Receipt/Delivery Point, curtailment will be (i) limited to Shippers scheduled at such Receipt/Delivery Point; and (ii) applied to those Shippers in accordance with the priorities set forth in section 7.2 above, except that Shippers for which such Point is a Primary Point will have priority over Shippers for which such Point is an Alternate Point.

8. ALLOCATION OF DAILY QUANTITIES

Receipts and deliveries of Gas under more than one contract and/or Rate Schedule shall be allocated in accordance with any agreement as may exist between Transporter and the downstream or upstream operator(s). Absent such agreement, Shipper(s) shall be deemed to have taken receipt or delivery of Shipper's scheduled quantities sequentially and in the same priority order as Transportation is scheduled under section 6 of the GT&C. Any difference between the allocated and scheduled Gas quantities at a location shall result in the allocation of an imbalance equal to that difference to the Shipper. Such imbalances shall be the basis on which any imbalance charges shall be calculated.

9. OVERRUN QUANTITIES AND IMBALANCES

1. Imbalance Charge

- (a) Where Shipper has created an imbalance on Transporter's pipeline which is not offset by the net of all other system imbalances, and to the extent Shipper has not eliminated the imbalance through netting and trading and/or by use of an imbalance service, and when Shipper's imbalance exceeds 100 Dth, Shipper shall pay Transporter an imbalance charge each Day (except as provided in Rate Schedule TTS section 4.1(b) and Rate Schedule PALS-1 section 5.2) in the following amounts:
 - (1) During normal operating conditions, \$0.10 per Dth of Net Imbalance for that portion of Shipper's Net Imbalance equal to or in excess of 5% of Contracted Capacity, or

- (2) When an Operational Flow Order pursuant to section 16 is in effect, Shipper's Net Imbalance as set forth in the applicable bracket:

Net Imbalance	Imbalance Charge per Dth
>3%-7%	\$ 25.00 plus the Daily Index Price
>7%-15%	\$ 50.00 plus the Daily Index Price
>15%	\$100.00 plus the Daily Index Price

The "Daily Index Price" shall equal the midpoint in the range of prices reported each Day for "Alliance, into interstates" as published by Gas Daily. If Gas Daily is no longer available to Transporter, Transporter shall use S&P Global Market Intelligence for "Alliance" and this definition shall be revised.

- (b) Shipper's Net Imbalance shall be the net sum of Shipper's Daily Imbalances and any imbalance make up quantities. When expressed as a percentage, it shall be a percentage of the net imbalance to Shipper's Contracted Capacity. The Daily Imbalance for each Shipper shall be the difference between the aggregate of Shipper's scheduled quantities and the aggregate quantities of Gas delivered by Transporter to Shipper at Delivery Point(s) for the Day.

2. Overrun Charge

- (a) Authorized Overrun Charge

If Shipper submits a separate nomination to Transporter to deliver quantities of Gas in excess of Shipper's applicable Contracted Capacity, and Transporter agrees, Shipper shall be subject to an Overrun Charge, in addition to the applicable reservation and usage charges for service within Contracted Capacity and any balancing charges pursuant to this section, equal to an amount up to the 100% load factor maximum rate (the applicable maximum Reservation Charge multiplied by 12 then divided by 365 plus the applicable maximum usage charge) applicable to the service Shipper receives as specified in Shipper's Transportation Agreement per each Dth of Gas taken in excess of Shipper's Contracted Capacity, or such other rate as agreed to between Shipper and Transporter.

(b) Unauthorized Overrun Charge

If Shipper exceeds its Contracted Capacity without the approval of Transporter, Shipper shall be subject to an Overrun Charge in addition to the applicable reservation and commodity charges and any balancing charges pursuant to this section, equal to \$10.00 per Dth for each Dth of Gas taken in excess of Shipper's Contracted Capacity. Where an unauthorized overrun occurs during an OFO, Shipper will pay the greater of the applicable penalties as stated in sections 9.1(a)(2) or 9.2(b).

3. Imbalance Trading and Netting

- (a) Shippers may net and/or trade imbalances incurred on Transporter's system (defined to be the Operational Impact Area), provided such trade(s) will not have an adverse impact on Transporter's operations and transportation revenues. Netting of imbalances includes summing, which is the accumulation of all imbalances above any applicable tolerances, and offsetting, which is the combination of positive or negative imbalances above any applicable tolerances. All imbalances incurred by a Shipper will be aggregated and netted at Shipper's most upstream Primary Receipt Point.
- (b) Shippers must nominate imbalance trades. Such nominations will be processed seven (7) days a week, but may only be processed between 9:00 am and 5:00 pm Central Clock Time. Transporter will assist imbalance trades by posting imbalances on its EBB. Imbalances will be posted only at the request of Shipper and remain posted for the lesser of ten (10) days or until Shipper requests its removal. Transporter shall not be liable for any losses incurred by a Shipper if a Shipper is unable to complete an imbalance trade once it has been nominated.
- (c) Authorizations to post imbalances that are received by Transporter by 11:45 am will be effective by 8:00 am the next Business Day (Central Clock Time). Imbalances previously authorized for posting will be posted on or before the ninth Business Day of the month. Transporter will allow the trading of imbalances until the close of the seventeenth Business Day of the month. To account for any imbalance remaining after imbalance trading, where Transporter associates such imbalance with a contract, a Shipper and Transporter will agree to designate one of the Shipper's valid contracts for such purpose.

4. Imposition of Penalties

Transporter will not assess a penalty in circumstances where the imposition of such penalty is not necessary to protect the operational integrity of the system and/or Transporter's ability to render reliable service.

5. Crediting of Net Penalty Revenues

One hundred percent (100%) of all net penalty revenues received by Transporter pursuant to GT&C sections 9 and 16 during any month will be credited to firm and interruptible transportation Shippers, except each penalty revenue credit shall be allocated only to those specified Shippers who were not assessed such penalty. The credits will be allocated to the specified Shippers proportionately based on the Contractual Capacity for firm transportation Shippers and actual quantities transported for interruptible transportation Shippers. Such revenue credits shall be reflected as a credit billing adjustment to the next month's billings rendered after the applicable month to which the credit is determined. In the event such credit billing adjustments would result in a credit total invoice to any Shipper, Transporter will refund the credit billing adjustment to the Shipper in cash within fifteen (15) days of the amount of the credit due to the Shipper.

10. OPERATIONAL BALANCING AGREEMENTS

For the purposes of minimizing operational conflicts between various Gas facilities with respect to the delivery of Gas to and from Transporter's facilities, Transporter shall negotiate and execute OBAs with appropriate parties that operate Gas facilities interconnecting with Transporter's system (any such party shall be referred to herein as the "OBA Party"). Such OBAs shall specify the Gas custody transfer procedures to be followed by Transporter and the OBA Party for the confirmation of scheduled quantities to be received by Transporter at Receipt Point(s) and delivered by Transporter at Delivery Point(s). A pro forma OBA is attached hereto and incorporated herein.

11. FUEL REQUIREMENT

1. Shipper shall furnish the quantity of Gas required by Transporter to satisfy the Fuel Requirement. The quantity of Gas retained by Transporter to meet the Fuel Requirement shall be a percentage of the total quantity of Gas received from or for the account of Shipper and shall be calculated by:
 - (a) Determining the "total forecast quantity" of the Fuel Requirement needed for the succeeding month by adding the difference between actual Gas used for fuel, system operation and losses and the actual Gas retained for system Gas use and losses for prior months to the forecast requirement of Gas for fuel, system use and losses for the succeeding month;
 - (b) Dividing the "total forecast quantity" of fuel required by the total forecast quantity of Gas to be transported on the system during the succeeding month; and
 - (c) Multiplying the quantity of Gas received for Transportation during each month from or for the account of each Shipper by the percentage determined in section 11.1; provided, however, for service that is rendered entirely by backhaul or displacement, the Fuel Requirement shall not include compressor fuel. Pursuant to NAESB Standard 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, gigajoule, or gigacalorie, as applicable per NAESB WGQ Standard No. 1.3.14. The mathematical effect of rounding can yield a result of zero.
2. Separate fuel ratios shall apply to each of: (a) backhauls (lost and unaccounted for only); (b) forward hauls of less than or equal to 111 miles; (c) forward hauls of more than 111 miles and equal to or less than 222 miles; and (d) forward hauls of more than 222 miles.

3. The fuel ratios will be posted by Transporter on its EBB, at least seven (7) days prior to the month to which it applies.
4. Transporter will file an annual report with the Commission, within ninety (90) days of the calendar year end, that supports the fuel ratios used during the calendar year just completed.

12. BILLING

1. Transporter shall render an invoice to Shipper for each Month for (i) all transportation services provided pursuant to the Tariff during the preceding Month; and (ii) any other charges for which Shipper is liable under the Tariff or Shipper's other obligations. Pursuant to NAESB Standards 3.3.4, 3.3.14, 3.3.15, 3.3.16: Unless otherwise agreed, transportation invoices shall state the net billing rate, rather than the maximum discount Tariff rate and the discount amount. The imbalance statement shall be rendered prior to or with the invoice, and the transportation invoice shall be rendered on or before the 9th Business Day after the end of the production month. Rendered is defined as postmarked, time-stamped, and delivered (made available) to the designated site. Prior period adjustment time limits shall be 6 months from the date of the initial transportation invoice and 7 months from date of initial sales invoice with a 3-month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods. Prior period adjustments shall be reported by production date, but not have to be invoiced separately by production month - nor is each production month a separate paper invoice page.

13. PAYMENTS

1. All payment for invoices due to Transporter by Shipper shall be made to a depository designated by Transporter via electronic funds transfer or check on or before the Payment Due Date. Pursuant to NAESB Standards 3.3.17 and 3.3.18, party making payment shall submit supporting documentation; party receiving payment shall apply payment per supporting documentation provided by the paying party, and if payment differs from the invoiced amount, remittance detail shall be provided with the payment, except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within 2 Business Days of the Payment Due Date. Invoice number(s) shall be identified on all payments. If presentation of an invoice to Shipper is delayed after the 9th Business Day of the month, the Payment Due Date shall be extended by an equal number of Business Days, unless Shipper is responsible for such delay.
2. Should Shipper fail to pay all of the amount of any invoice as herein provided on or before the Payment Due Date, Shipper shall pay a charge for late payment which shall be included by Transporter on the next regular monthly bill rendered to Shipper under this section 13. Such charge for late payment shall be determined by multiplying (a) the unpaid portion of the invoice, by (b) the ratio of the number of Days from the Payment Due Date to the date of actual payment to 365, by (c) the interest rate determined in accordance with Section 154.501(d) of FERC's regulations. If such failure to pay continues for 30 Days after the Payment Due Date, Transporter, in addition to any other remedy it may have under the Transportation Agreement, may terminate the Transportation Agreement and/or suspend further delivery of Gas without further notice. Transporter may waive any interest due hereunder for late payment to the extent Transporter determines that extenuating circumstances caused late payment of an invoice by a Shipper.
3. In the event an error is discovered in the amount billed in any statement rendered by Transporter, such error shall be adjusted within 30 Days of the determination of the error; provided that any claim therefore shall have been made within 60 Days of discovery of such error and, in any event, within 12 months from the date of the statement claimed to be in error. Billing errors shall be corrected as follows:

- (a) Where Shipper has been overcharged and has paid the statement, in the event the overcharge is not the result of Transporter's negligence or bad faith, fraud or willful misconduct, the amount of the overpayment will be refunded to Shipper without interest, provided the overpayment is refunded within 30 days of the determination of the error. Overpayments not refunded within 30 days will be subject to interest charges at the interest rate determined in accordance with Section 154.501(d) of FERC's regulations from the date of the overpayment to the date of the refund. Where the refund is provided to Shipper by way of credit on another Transporter invoice, the overpayment will be deemed to have been refunded on the date the credited invoice was received by the Shipper.
- (b) Where Shipper has been undercharged by Transporter, Shipper will pay the amount of the undercharge without interest, provided the undercharge is paid within 30 Days of determination of the error. Undercharge amounts not paid within 30 days will be subject to interest charges at the interest rate determined in accordance with Section 154.501(d) of FERC's regulations from the date of the statement.

Shipper shall have the right to review all records pertaining to its performance under Shipper's Transportation Agreement to verify the amount payable by Shipper to Transporter under the Transportation Agreement in any month, so long as such review shall be completed within two years following the end of the calendar year in which such amount is payable. Such review shall be conducted during normal business hours, upon written request to Transporter and at Shipper's own expense.

- 4. Pursuant to NAESB Standard 3.3.19, if an invoice is in dispute, Shipper shall pay the portion not in dispute and provide documentation identifying the basis for the dispute. If Shipper in good faith:
 - (a) Disputes the amount of any such bill or part thereof;
 - (b) Pays to Transporter such amounts as it concedes to be correct;
 - (c) Provides Transporter with a written notice including a full description of the reasons for the dispute, together with copies of supporting documents; and

- (d) At any time thereafter within 20 days of a demand made by Transporter furnishes good and sufficient surety bond, guaranteeing payment to Transporter of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Transporter shall not be entitled to suspend further transportation services because of such non-payment pursuant to section 13.2 unless and until default be made in the conditions of such bond.
5. In the event that Shipper does not pay the full amount due Transporter in accordance with this section 13, Transporter, without prejudice to any other rights or remedies it may have, shall have the right to withhold and set off payment of any amounts of monies due or owing by Transporter to Shipper, against any and all amounts or monies due or owing by Shipper to Transporter for services provided.
6. Any payments received under this section 13 shall first be applied to accrued interest, then to additional charges due, then to the previously outstanding principal, and lastly, to the most current principal due.
7. Transporter may waive any de minimis payment obligations or late payment charges accruing under this section 13 to the extent Transporter determines that the administrative costs associated with collecting such charges exceed the amount(s) due.

14. POSSESSION OF GAS

Unless otherwise provided in the service agreement or applicable Rate Schedule, as between Transporter and Shipper, Shipper shall be deemed to be in exclusive control and possession of the Gas to be transported (i) prior to receipt by Transporter at the Receipt Point(s) and (ii) after delivery by Transporter at the Delivery Point(s); otherwise, Transporter shall be in exclusive control and possession of the Gas. The party which shall be in exclusive control and possession of the Gas shall be responsible for all injury or damage caused thereby to any third party except any injury or damage caused by Gas provided by Shipper that fails to conform with the specifications set forth in section 2 of the GT&C. In the absence of negligence, bad faith, fault or willful misconduct on the part of Transporter, Shipper waives any and all claims and demands against Transporter, its officers, employees or agents, arising out of or in any way connected with (i) the quality, use or condition of the Gas after delivery from Transporter for the account of such Shipper, and (ii) any losses or shrinkage of Gas during or resulting from transportation hereunder.

15. DELIVERY PRESSURE

1. All Gas tendered by or on behalf of Shipper to Transporter shall be tendered at the Receipt Point(s) at Transporter's prevailing pressure at that Receipt Point, or at such pressure as Transporter and an interconnecting party may agree to.
2. All Gas delivered by Transporter to Shipper or on Shipper's behalf to the facilities of an interconnecting party shall be delivered at Transporter's line pressure at the Delivery Point(s), or as agreed to by Transporter and the interconnecting party.

16. OPERATIONAL FLOW ORDERS

1. Transporter reserves and shall have the right to issue an OFO to maintain system integrity, transportation capacity and pressure necessary to effect firm deliveries and scheduled quantities. Transporter may issue an OFO when line pack levels are forecasted to vary within twenty-four (24) hours sufficiently to:
 - (a) Prevent Transporter from meeting its contractual pressure commitments;
or
 - (b) Prevent Transporter from delivering scheduled quantities, or;

- (c) Reduce Transporter's capacity below that required to meet firm contracted capacity; or
- (d) Ensure the availability of services to all firm Shippers.

Such OFO will be canceled when line pack levels have returned to a level which will allow Transporter to resume normal operation.

2. Whenever possible, Transporter, in the following sequence, shall:

- (a) Prior to issuing an OFO, identify those imbalances which adversely affect system line pack and resolve those imbalances with the responsible Shipper(s);
- (b) Offer Shippers use of such imbalance management services as may be available;
- (c) Advise Shippers when Transporter considers that an OFO is likely to be needed;
- (d) Prior to issuing a system wide OFO, identify those Shipper(s) whose current or pending imbalances contribute to the need to issue an OFO and issue an OFO to those specific Shippers; and
- (e) Issue a system wide OFO to all Shippers on a not unduly discriminatory basis.

3. All OFOs will be posted on Transporter's EBB and by a notice to affected Shippers, either through internet e-mail or to Shipper's internet address, that will set forth the causes or conditions necessitating the OFO. Transporter will issue an OFO as expeditiously as is reasonable and practicable in the circumstances. When practicable, Transporter will provide sufficient notice to Shippers to accommodate scheduling requirements on upstream pipelines. Each OFO will contain the following provisions:

- (a) Time and date of issuance;

- (b) Time that the OFO is considered to be effective (if no time is specified, the OFO shall be effective immediately);
- (c) Duration of the OFO (if none is specified, the OFO will be effective until further notice);
- (d) The party or parties to which the OFO applies;
- (e) The conditions in accordance with section 16.1 above which triggered the issuance of an OFO;
- (f) The quantity of Gas required to remedy the operational condition requiring the issuance of the OFO; and
- (g) Any other term Transporter may reasonably require to insure the effectiveness of the OFO.

Transporter will post a notice on its EBB informing Shipper(s) when any OFO in effect will be canceled and state the line pack conditions that occurred, or are projected to occur, that allowed its cancellation.

4. Upon the issuance of an OFO by Transporter, it shall be incumbent upon Shipper to adjust Gas quantities as directed within the time frame specified in the OFO. Failure to comply in a timely fashion with an OFO may result in an immediate interruption of all or a portion of Shipper's service and cause Shipper to incur a penalty per section 9.1 of the GT&C for all quantities in excess of that allowed under the OFO. The payment of unauthorized overrun penalties does not create the right to exceed the levels established by an OFO. Transporter will not assess a penalty in an OFO situation where an imbalance attributable to a Shipper has been created due to the negligence of Transporter.
5. In the event a Shipper does not respond to the OFO, and Transporter believes it is necessary to take actions such as buying or selling Gas to maintain system integrity or to prevent interrupting service to another Shipper, Transporter shall have the right, but not the obligation, to take such remedial actions as it deems necessary. If Transporter takes these actions, it shall be made whole by the nonresponding Shipper for all costs that Transporter incurs. Transporter shall not be liable for any costs incurred by any Shipper/Operator in complying with an OFO.

6. Transporter shall not be responsible for any damages that result from any interruption in Shipper's service that is a result of a Shipper's failure to comply promptly and fully with an OFO, and the non-complying Shipper(s) shall indemnify Transporter against any claims of responsibility.
7. Notwithstanding the foregoing, when Gas supplies necessary to effectuate transportation deliveries are not flowing on the system, Transporter will not be responsible for backing up such supplies, and the associated deliveries will be subject to interruption.
8. Where a nomination is required by the Transporter to make an effective physical change necessary to comply with an OFO, unless circumstances dictate otherwise, an OFO penalty should not be assessed unless the Shipper is given the opportunity to correct the circumstance giving rise to the OFO and fails to do so, or the action(s) taken fails to do so. The opportunity to correct the circumstance should include the opportunity to:
 - (a) Make a nomination, which, once confirmed and scheduled would correct the circumstance giving rise to the OFO, or
 - (b) Take other appropriate action which corrects the circumstance giving rise to the OFO.
9. A Shipper's response to an OFO should not be constrained by restrictions on the submittal and processing of intraday nominations.

17. UNIFORM HOURLY FLOWS

1. At each Receipt Point and Delivery Point, Shippers and operators of a point of interconnection shall use reasonable efforts to deliver, or cause to be delivered, Gas at reasonably uniform hourly and daily rates of flow, except as provided in Rate Schedules FT-H and MBA; provided, however, an operator of a point of interconnection may request that Transporter change the rates of delivery or receipt. Transporter may do so to the extent that it determines in its sole discretion that such request may be granted without adversely affecting service on, or the operations of, Transporter's system.
2. Transporter shall, to the extent reasonable, deliver volumes for Shipper's account concurrently with its receipt of volumes at the Receipt Point. It is recognized that the parties may be unable to control exactly the quantities of Gas received and delivered on any Day, or during any hour thereof for Rate Schedules FT-H and MBA, and that the quantities received by Transporter may vary from the quantities delivered on any Day, or during any hour thereof for Rate Schedules FT-H and MBA. Such variations shall be kept to a minimum and shall be

balanced as soon as practicable. Unless agreed otherwise by Transporter, Shipper and Transporter shall manage the receipts and deliveries so that the difference between receipt volumes and delivery volumes shall be kept as near zero as practicable, taking into account fuel reimbursement and other deductions. Further, Transporter shall be under no obligation to accept from Shipper, Gas in excess of the Scheduled Quantity for the Receipt Point for that Day.

18. WARRANTY OF TITLE

1. This Article shall apply to all transportation service, unless otherwise provided in the applicable Rate Schedule or Transportation Agreement.
2. Shipper warrants for itself, its successors and assigns, that it will have, at the time of delivery of Gas hereunder, good title or the right to acquire title to the Gas it delivers, that the Gas it delivers hereunder shall be free and clear of all liens, encumbrances and claims whatsoever, that it shall indemnify and hold harmless Transporter from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable for such delivery of Gas and that it shall indemnify and hold harmless Transporter from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery. Shipper shall be solely responsible for, and shall indemnify and hold Transporter harmless from, any sales or use tax which may be levied on Gas furnished by Shipper for Transporter's Fuel Requirement.
3. If Shipper's title or right to deliver Gas to be transported is questioned or involved in any action, Shipper shall not qualify for or shall be ineligible to continue to receive service until such time as Shipper's title or right to deliver is free from question; provided, however, Transporter shall allow Shipper to qualify for or continue receiving service under this Tariff if Shipper furnishes a bond satisfactory to Transporter.
4. Title to the Gas received by Transporter at the Receipt Point(s) shall not pass to Transporter, except that title to Gas received for Transporter's Fuel Requirement shall pass to Transporter upon delivery at the Receipt Point(s).

5. Transporter will permit an interstate pipeline to acquire transportation service on Transporter's system to the extent such Shipper (i) has a FERC approved provision in its Gas tariff allowing it to acquire capacity on another interstate pipeline, and that such provision clearly states that the "shipper must have title" policy is waived to permit such use, and (ii) acts as the Shipper with respect to such acquired transportation capacity consistent with the requirements of Transporter's Tariff.

19. FORCE MAJEURE

1. If either Transporter or Shipper fails to perform any obligations under the Tariff due to an event of Force Majeure as defined in section 1 of the GT&C, such failure shall be deemed not to be a breach of such obligations and neither party shall be liable in damages or otherwise as a result of an event of Force Majeure. A party that fails to perform any obligations under the Tariff where such failure is caused by an event of Force Majeure shall promptly remedy the cause of the Force Majeure insofar as it is reasonably able to do so.
2. Notwithstanding the above provisions, no event of Force Majeure shall:
 - (a) Relieve any party from any obligation or obligations pursuant to the Tariff unless such party gives notice with reasonable promptness of such event to the other party;
 - (b) Relieve any party from any obligation or obligations pursuant to the Tariff after the expiration of a reasonable period of time within which, by the use of its due diligence, such party could have remedied or overcome the consequences of such event of Force Majeure; or
 - (c) Relieve either party from its obligations to make payments of amounts as provided in the applicable Rate Schedule, subject to any credit provided for in the applicable Rate Schedule and GT&C section 41.
3. In the event of a Force Majeure, Transporter shall curtail delivery of Gas to Shipper in accordance with section 7 hereof.
4. When the failure by either party to perform any obligation under the Tariff is, by virtue of the provision of section 19.1, deemed not to be a breach of such obligation, then the time for the performance of such obligation shall be extended by a number of days equal to the number of days during which the relevant event of Force Majeure existed.

20. NOTICES

Unless otherwise provided in this Tariff, all communications and notices shall be via Transporter's EBB and/or through internet e-mail. If notice or communication is made in writing, it shall be considered as duly presented, rendered, or delivered when received.

21. MODIFICATION

No modification of the terms and provisions of a Transportation Agreement shall be made except in writing executed by Transporter and Shipper.

22. NON-WAIVER AND FUTURE DEFAULT

No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provisions of the Transportation Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

23. SCHEDULES AND CONTRACT SUBJECT TO REGULATION

This Tariff, including these General Terms and Conditions and the respective obligations of the parties under a Transportation Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction and are subject to change from time to time by addition, amendment, or substitution as provided by law.

24. OPERATING INFORMATION AND ESTIMATES

At Transporter's request, any Shipper which has executed a Transportation Agreement with Transporter shall furnish to Transporter estimates of the daily, monthly, or annual quantities of Gas that Shipper desires Transporter to transport for Shipper.

25. NEW FACILITIES POLICY

Transporter will build, acquire and/or install service lateral pipelines, taps and metering facilities necessary to provide transportation service to any new or existing Shipper or to a new interconnecting party (Party), where applicable, provided:

1. Transporter determines in its sole discretion it has sufficient mainline transportation capacity to provide the service requested by the Shipper/Party without impairing the operational integrity of its system, or Transporter has obtained certificate authorizations to expand its mainline capacity by an amount sufficient to allow Transporter to provide the requested service; and
2. Transporter has or obtains any certificate authorizations necessary to build, acquire and/or install the service lateral pipeline(s), tap(s) and/or meter facilities; and
3. Unless otherwise agreed to by Transporter, Shipper/Party will reimburse or compensate Transporter, on mutually agreeable terms, for 100% of Transporter's construction, acquisition and/or installation costs (including any associated tax effects), as defined below, for facilities required to effect the service requested by Shipper/Party. Transporter may waive this requirement at its discretion, on a not unduly discriminatory basis.

For the purposes of this section, Transporter's construction, acquisition, and/or installation costs shall include, but shall not be limited to: Transporter's design costs, equipment costs, labor costs, material costs, supervision costs, construction financing costs (including a return on equity), taxes (whether income or otherwise), filing fees, right of way costs and permitting costs. Nothing in this Article shall require Transporter to file an application for a certificate of public convenience and necessity under section 7(c) of the Natural Gas Act.

Nothing in this section shall prevent Transporter from contesting an application for service filed pursuant to section 7(a) of the Natural Gas Act. Finally, nothing in this section shall require Transporter to build any facilities, the construction or operation of which would subject Transporter to the jurisdiction of any state regulatory agency. Transporter reserves the right to seek a waiver of the policy set forth herein, for good cause shown during any proceeding before the Commission instituted under section 7 of the Natural Gas Act.

26. FERC ANNUAL CHARGE ADJUSTMENT

Transporter shall adjust the rates charged for services as specified below from time to time to reflect the annual charge assessed Transporter by FERC (Annual Charge) pursuant to Order Nos. 472 and 776 or any other superseding or related rule or order.

1. The effective Annual Charge Adjustment (ACA) for all Transportation services under Rate Schedules in Transporter's FERC Gas Tariff for each fiscal year (commencing October 1) shall be the ACA Unit Charge per Dth as posted on the Commission's website (<http://www.ferc.gov>), which is incorporated herein by reference.
2. The current Annual Charge Adjustment shall be the unit amount, adjusted as necessary for heating value and pressure base, which FERC orders to be effective for the fiscal year commencing on the effective date of the adjustment.
3. Transporter shall retain all revenues collected under this section 26. Except as provided by this section 26, Transporter shall not have the right to seek to recover in any proceeding under section 4(e) of the Natural Gas Act any annual charges recorded in its FERC Account No. 928.

27. ORDER OF DISCOUNTING

1. To the extent Transporter discounts the rates for service pursuant to this Tariff, the rates for service will be deemed to have been discounted in the following order: (1) Reservation Charge; (2) Usage Charge, but no charges will be discounted below the stated minimum rate.
2. From time to time Shipper and Transporter may agree in writing on a level of discount of the otherwise applicable rates and charges in addition to a basic discount from the stated maximum Rates.

For example, Transporter may provide a specific discounted rate:

- (a) To certain specified quantities; or
- (b) If specified quantity levels are actually achieved or with respect to quantities below a specified level; or
- (c) During specified time periods; or
- (d) To points of receipt, points of delivery, transportation paths or defined geographic areas; or
- (e) In a specified relationship to the quantities actually transported (*i.e.*, that the rates shall be adjusted in a specified relationship to quantities actually transported); or

- (f) To provide that if one rate component which was equal to or within the applicable maximum and minimum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate or is below the applicable minimum rate due to a change in Transporter's maximum rates and/or minimum rates, so that such rate component must be adjusted downward or upward to equal the new applicable maximum or minimum rate, then other rate components may be adjusted upward or downward to achieve the agreed upon overall rate, so long as none of the resulting rate components exceed the maximum rate or are below the minimum rate applicable to the rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts applicable revised maximum and minimum rates. However, nothing contained herein shall be construed to offer a refund obligation under applicable law for any period during which rates which had been changed under a discount agreement exceeded rates which ultimately are found to be just and reasonable. In all circumstances, the discounted rate shall be between the maximum rate and the minimum rate applicable to the service provided.

28. INFORMATION AND COMMUNICATIONS REGARDING SERVICES

This article describes the information and procedures Transporter will make available pursuant to FERC Regulations.

1. System and Service Information

Any Person desiring information on the availability, pricing, or other terms of the transportation services may access Transporter's EBB or contact Transporter at vectormarketing@vector-pipeline.com.

2. Access to QuickNom™

Any Shipper or Person may gain use of QuickNom™ by:

- (a) Receiving a USERID and password for accessing the system; and
- (b) Executing a QuickNom™ Access Agreement and /or Electronic Data Interchange Trading Partner Agreement with Transporter.

3. Service Complaints

Customers are encouraged to resolve any disputes informally with their designated customer representatives. A formal complaint concerning any services offered by Transporter may be addressed to Vector@vector-pipeline.com, or directed, preferably in writing, to President, Vector Pipeline, LLC, 38705 Seven Mile Road, Suite 490, Livonia, Michigan 48152. A representative of Transporter shall respond initially to the complainant within 48 hours after receipt (exclusive of weekends and holidays), and in writing within 30 days after receipt.

29. RELEASE OF FIRM TRANSPORTATION SERVICES

The procedures set forth in this section 29 govern the release of Firm Transportation capacity rights by Shippers contracted under Transporter's Rate Schedules FT-1, FT-L, or FT-H. A Shipper under such Rate Schedule (herein referred to as "Releasor" or "Replacement Shipper", as applicable) may release all or any portion of its Transportation capacity rights. In the event of a permanent release, the Replacement Shipper shall receive all contractual rights associated with the released capacity, including any rights of extension or first refusal associated with the released capacity. The rate charged the Replacement Shipper for a release of capacity may not exceed the applicable maximum rate, except that no rate limitation applies to the release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Transporter is notified of the release.

1. Initiating Request for Release

A Releasor that desires to release all or a portion of its capacity on a basis that does not qualify for an exemption from prior posting pursuant to section 29.3, shall post directly on QuickNom™, an Offer containing the following information:

- (a) Releasor's name and Transportation Agreement number;
- (b) The quantity to be released, including any minimum acceptable quantity, and the designated receipt and delivery points;
- (c) The proposed commencement date and term of the release, including any minimum acceptable term and whether the release is on a temporary or permanent basis;

- (d) The reservation and/or usage rates and all other applicable rates, charges and surcharges for the released service, including any applicable minimum rate(s), and for index-based releases Releasor must provide the information required by NAESB Standards 5.2.4, 5.2.5, 5.3.62 and 5.3.66;
- (e) Whether the transportation rights are to be released on a firm or recallable basis and, if on a recallable basis, the specific conditions for recall of the capacity. Pursuant to NAESB Standards 5.3.7 and 5.3.8: Transporter supports the function of reputting by Releasing Shippers. Reput method and rights shall be specified at the time of the deal. Reput method and rights should be individually negotiated between the Releasing Shipper and Replacement Shipper;
- (f) Whether Releasor will accept contingent Bids for the capacity being released and, if so, all terms and conditions of acceptable contingencies, including the evaluation procedures for the contingent Bids;
- (g) Whether the release is contingent on Releasor's ability to release associated capacity on another pipeline and, if so, all conditions associated with such contingency;
- (h) Whether Bids based on a one part volumetric rate will be accepted and, if so, the method for evaluating one part rate Bids vis-a-vis two part rate Bids and any special conditions associated with release on a volumetric basis;
- (i) Any objective, non-discriminatory criteria and methodology, including tie-breaking methodology, that Releasor desires Transporter to use to determine the award of released transportation rights as an alternative to the method set forth in section 29.6;
- (j) The manner in which any refunds in rates and charges ordered by FERC with respect to the released capacity will be distributed by Releasor to Replacement Shipper, as a special term and condition;

- (k) Whether the Releasor has made prior arrangements with a person ("Prearranged Bidder") to release such transportation rights. In such event, the Releasor additionally shall submit:
 - (i) the identity of the Prearranged Bidder;
 - (ii) the term, quantity and reservation and/or usage rates and all other applicable rates, charges and surcharges to which the Prearranged Bidder has agreed;
 - (iii) a statement that the Prearranged Bidder has agreed unconditionally to acquire the transportation capacity on the terms prescribed in the release request; and
 - (iv) evidence that the Prearranged Bidder meets the creditworthiness requirement of section 31 of the GT&C, unless the Releasor requests Transporter to waive the application of such requirement for the Prearranged Bidder and for other Bidders on a non-discriminatory basis and provides Transporter with a guarantee satisfactory to Transporter of all financial obligations of the Replacement Shipper under its Released Transportation Agreement prior to commencement of service to the Replacement Shipper;
- (l) The date and time of (i) the posting of the Offer on QuickNom™, and (ii) the closing time of the bidding for the release capacity as applicable in section 29.5;
- (m) Whether Releasor is willing to release an amount less than requested and for a shorter time period than requested;
- (n) Whether Releasor conditions the release to not allow the Replacement Shipper to effect a change in the Primary Receipt and/or Delivery Point(s) listed on Exhibit A to the Releasor's Transportation Agreement; and
- (o) Any other conditions of the release, including whether Releasor shall require Replacement Shipper to indemnify Releasor in connection with the release, and if so, the terms of the indemnification, as a special term and condition.

2. Request to Purchase Releasable Capacity

A Shipper that desires to acquire capacity related to a certain Transportation service may submit to Transporter for posting on its EBB a Request to Purchase Releasable Capacity, which shall contain the following information:

- (a) Replacement Shipper's name and contact information;
- (b) The maximum daily quantity desired;
- (c) The desired commencement date and term of the transportation service;
- (d) The desired receipt and delivery point capacity for the transportation service; and
- (e) Whether Replacement Shipper is seeking recallable or nonrecallable service.

3. Releases Permitted Without Prior Posting

A Releasor may release some or all of its transportation rights without competitive bidding if its proposed release conforms with the following:

- (a) Competitive bidding for released capacity shall not be required for any of the following types of releases to a Prearranged Bidder:
 - (i) A release of capacity to an asset manager as defined by 18 C.F.R. Section 284.8(h)(3);
 - (ii) A release of capacity to a Shipper participating in a state-regulated or Canadian provincial retail access program as defined by 18 C.F.R. Section 284.8(h)(4);
 - (iii) A release for more than one year at Transporter's applicable maximum tariff rate; and
 - (iv) A release for any period of 31 Days or less.
- (b) Releasor shall provide Transporter with the information specified in section 29.1, as applicable to the prearranged release.
- (c) Prearranged Bidders must pre-qualify with Transporter by entering into a Capacity Release Transactions Agreement with Transporter and by demonstrating creditworthiness in accordance with the procedures set forth in section 29.5(a).
- (d) Releases made pursuant to section 29.3(a)(iv) may not be rolled-over, extended or in any other way continued to the same Replacement Shipper using the 31 Days or less bidding exemption, until 28 Days from the end of the original release. The 28-Day hiatus does not apply to any re-release to the same replacement shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding in section 29.3(a).
- (e) Transporter shall post the terms of an Award under this section 29.3 on Transporter's EBB no later than the first nomination under the release transaction.

4. Posting of Offers, Bids, Awards and Requests to Purchase Releasable Capacity
- (a) Transporter shall post the terms of an Award under this section 29 on Transporter's EBB no later than the first nomination under the release transaction.
 - (b) Releasor has the right to withdraw its Offer during the bid period, whenever unanticipated circumstances justify and no minimum Bid has been made (NAESB Standard 5.3.16).
 - (c) Transporter shall post all applicable information on Transporter's EBB for a Request to Purchase Releasable Capacity. Posting period requests shall not exceed thirty (30) days. The actual posting period may be truncated to the extent a transaction is effected.
 - (d) Transporter shall post Offers and Bids, including pre-arranged deals, upon receipt, unless Releasor requests otherwise. If the Releasor requests a posting time, the Transporter shall support such request insofar as it comports with the standard timeline set forth in section 29.9. Transporter makes no representation or warranty to any party concerning the accuracy or completeness of any posted information, or concerning the willingness or ability of any Releasor to release transportation rights hereunder or of any Replacement Shipper to accept transportation rights hereunder. Transporter shall not be liable to any party for any damages, of any nature whatsoever, including without limitation any special, incidental, or consequential damages or any other kind that may arise in connection with the posting of information hereunder, except that resulting from the negligence, bad faith, fraud or willful misconduct of Transporter.

5. Bidding for Transportation Rights

- (a) Persons that desire to bid on released transportation rights must pre-qualify with Transporter by entering into a Capacity Release Transactions Agreement with Transporter and by demonstrating creditworthiness, in the same manner and subject to the same standards and procedures as required for firm shippers under section 31 of these General Terms and Conditions. The creditworthiness requirement shall be continuing in nature in the same manner and to the same extent as prescribed for firm shippers under section 31 of these General Terms and Conditions. Transporter will waive the creditworthiness requirement on a non-discriminatory basis for Bidders on an Offer, and permit them to submit Bids, if the Releasor provides Transporter with a guarantee satisfactory to Transporter of all financial obligations of the Replacement Shipper under its Capacity Release Transactions Agreement prior to the commencement of service to the Replacement Shipper.

- (b) Bidders pre-qualified pursuant to section 29.5 may submit Bids during the Bidding Period applicable to an Offer. All Bids must be submitted via QuickNom™. In transmitting a Bid, Bidders recognize that such Bids will be accessible by other Bidders through QuickNom™; provided that QuickNom™ will be programmed such that upon submission, all Bids will be assigned a Bid number and the identity of the Bidder will not be revealed during the Bidding Period. Bidding will be an iterative process in that a Bidder may submit any number of Bids during the Bidding Period; provided that each new submission of a Bid acts to withdraw the previous one, such that a Bidder may not have more than one Bid in contention for the capacity at the same time. If a Bidder withdraws its Bid by resubmitting a new one, such new Bid must be at a higher rate. Pursuant to NAESB Standards 5.3.13, 5.3.14, 5.3.15: Bids are binding until notice of withdrawal is received by Transporter on QuickNom™. Offers are binding until notice of withdrawal is received by Transporter on QuickNom™. Bids cannot be withdrawn after the bid period ends. Bids must contain the information on the Bid Form set forth in this Tariff, including:
 - (i) the identity of the Bidder (which will be concealed during the Bidding Period);

 - (ii) the Transportation Agreement number of the Releasor and the Offer number to which the Bid relates;

- (iii) the bid rate(s) that the Bidder is willing to pay for the released transportation rights, which shall be no less than any minimum bid rate(s) specified in the Offer, and which shall be in the form of a monthly Reservation Charge unless the Offer is in the form of a volumetric release where the bid shall be in the form of a daily Reservation Charge;
- (iv) the quantity applicable to the Bid, which must be no less than the minimum specified in the Offer;
- (v) the term for which the Bidder wishes to obtain the transportation rights, which must be the same as the term specified in the Offer, or be no less than any minimum term specified in the Offer; and
- (vi) whether the Bid is contingent and, if so, the basis for the contingency.

All Bids must specify the receipt and delivery points in accordance with the Offer. The receipt and delivery points awarded a Replacement Shipper in accordance with this section shall be specified on the Confirmation Letter to its Capacity Release Transactions Agreement.

6. Determination of Successful Bidder

Transporter shall determine the successful bidder based on the best bid first in accordance with the following procedures:

- (a) If the Offer specifies an economic value standard for the award of released transportation rights, Transporter shall apply such standard, including any designated tie breaking procedure if necessary to determine the successful Bidder. Transporter's application of Releasor's economic value standard shall result in as many successful bidders as mandated thereby.
- (b) Pursuant to NAESB Standard 5.3.3 (provided that for index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology), the Transporter shall evaluate the Bids and award the capacity based on the following procedures where all Bids utilize the same rate format.
 - (i) If the present value method is chosen in the Offer, Transporter shall determine the bid or bids having the highest present value (PV) based on the following formula:

$$PV = (\text{Bid Rate}) \times (\text{Bid Quantity}) \times \frac{1 - (1+i)^{-n}}{i}$$

where

Bid Rate = for firm releases, the reservation charge which the Bidder has agreed to pay; or, for interruptible releases, the usage charge which the Bidder has agreed to pay.

Bid Quantity = the quantity stated in the Bid.

i = interest rate per month (which shall be the current C.F.R. Section 154.501(d) interest rate); and

n = the term proposed by the Bidder in months.

- (ii) If the net revenue method is chosen, Transporter shall determine the bid or bids having the highest net revenue (NR) using the following formula:

$$NR = (\text{Bid Rate}) * (\text{Bid Term}) * (\text{Bid TQ})$$

where

Bid Rate = the daily charge which the Bidder has agreed to pay. For reservation rate bids, the charge is calculated by multiplying the bid rate received from the Bidder by 12/365 and rounding up or down to the fifth decimal place.

Bid Term = the term proposed by the Bidder in Days.

Bid TQ = the TQ stated in the Bid measured in Dekatherms.

- (iii) If the highest rate method is chosen, Transporter shall determine the total revenue to be derived from the rate bid.

- (c) To the extent Bids utilize different rate formats, capacity shall be allocated using the following procedures.
 - (i) Transporter shall calculate a Bid Value and Unit Bid Value for each Qualified Bid and Prearranged Release (if any), and shall calculate the Winning Bid Value, as follows:
 - (1) For each month, the volume and reservation charge per Dth stated in the Bid shall be multiplied together to derive a gross monthly revenue figure. If Bids contain volumetric-based charges permitted by the Offer, the gross monthly revenue figure shall be equal to any minimum amount designated by the bidder to be billed as a reservation charge, even if there is no (or insufficient) flow.

- (2) Each gross monthly revenue figure shall be discounted to a net present value figure as of the first day of the Offer, using the current C.F.R. Section 154.501(d) interest rate.
- (3) The net present value figures for the proposed release shall be summed, and such sum shall be the Bid Value.
- (4) The Unit Bid Value is defined to equal the Bid Value divided by the product of:
 - (ii) The highest volume of capacity (in Dth) sought in the Qualified Bid for any Day; multiplied by (ii) the release term (in months) in the Offer; and multiplied further by (iii) thirty and four-tenths (30.4).
 - (iii) The combination of Bid(s) with the highest possible total Bid Value (Winning Bid Value) for the capacity in the Offer shall be the winning Qualified Bid(s). A Qualified Bid may be allocated less than its Maximum Bid Volume, but in no event shall the Qualified Bid be allocated less than its Minimum Bid Volume. It is recognized that this procedure is intended to result in the highest possible total Bid Value for the Releasing Shipper consistent with the Qualified Bids, and it is possible that a Qualified Bid with the highest individual Unit Bid Value may be rejected partially or in its entirety.
 - (iv) If there is more than one combination of Bids with a total Bid Value equal to the Winning Bid Value, the selection of winning Bid(s) is based on the following order of preferences: (1) pro rata, if possible; (2) preference for a Qualified Bid with the highest Maximum Bid Volume; (3) preference for a Qualified Bid with the lowest Minimum Bid Volume; and (4) first come, first served.

The specific Qualified Bid selection procedure is as follows:

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

- (2) In order to break ties, identify all Bids which, alone or in combination with other Bids, can create the Winning Bid Value. Rank order these Bids in order of their Unit Bid Value from highest to lowest. Allocate the Offer capacity first to the Maximum Bid Volume of each Bid with the highest Unit Bid Value; allocate any remainder to the Maximum Bid Volume of each Bid with the next highest Unit Bid Value; and so forth. If, at any step, the available Offer capacity is less than the combined Maximum Bid Volumes of Bids with equal Unit Bid Values, the Offer capacity shall be allocated on a pro rata basis to each Bid based on its Maximum Bid Volume.

To the extent such a pro rata allocation would result in a capacity allocation to one or more Bid(s) below its Minimum Bid Volume, then such below-minimum Bids shall be discarded in their entirety and the Offer capacity shall instead be allocated on a pro rata basis (based on the Maximum Bid Volume of each Bid) among the remaining Qualified Bid(s).

- (3) In the event the previous pro rata allocation procedure does not result in a single winning combination of Bid(s) with the Winning Bid Value, then this procedure shall be disregarded and the winning Bid(s) shall be determined in the following manner:
- (I) Identify the highest individual Maximum Bid Volume for a Bid which, alone or in combination with other Bid(s), can create the Winning Bid Value. Discard all Bid combinations which do not contain a Bid with such highest Maximum Bid Volume. Identify the highest volume which can be allocated to such Bid with such highest Maximum Bid Volume in the remaining combinations and still have the Winning Bid Value. Discard all combinations of Bid(s) which do not contain the highest such volume allocation. If this does not break the tie, then repeat the above procedure looking to the next highest Maximum Bid Volume, with the highest volume allocated thereto, within each remaining combination of Bid(s) with a Winning Bid Value; and so forth, until

the tie is broken or all Bids in the remaining combinations are reviewed.

- (II) If the above does not break the tie, identify again the Bid within each remaining combination with the highest Maximum Bid Volume and the highest volume allocated to such Bid, and identify which such Bid has the lowest Minimum Bid Volume. Discard all combinations which do not contain such Bid. If this does not break the tie, repeat the above procedure looking to the next highest Maximum Bid Volume, with the lowest Minimum Bid Volume, within each remaining combination of Bid(s) with the Winning Bid Value; and so forth, until the tie is broken or all Bid(s) in the remaining combination are reviewed.
 - (III) If the above does not break the tie, identify again the Bid within each remaining combination with the highest Maximum Bid Volume. The combination containing such Bid that QuickNom™ shows was submitted and received earliest, the time Transporter received the Bid) shall be the winning combination. The next highest Maximum Bid Volume within each remaining combination shall be used as necessary pursuant to the above first come, first served rule to break any remaining ties; and so forth as necessary to break any remaining ties.
 - (IV) In no event shall the combination of winning Bid(s) result in a total Bid Value less than the highest possible total Bid Value achievable from a combination of Bid(s) consistent with the Bids, the Offer and this section 29.6.
- (d) If an Offer includes a Prearranged Bidder, then the released transportation rights shall be awarded to the Prearranged Bidder if its Bid either (i) is equal to or is higher than the Bid with the greatest economic value under the standard submitted by the Releasor, or (ii) has a rate which is equal to or higher than the highest rate of the Bids submitted by all other Bidders, or (iii) if the Prearranged Bidder agrees to match any Bid having a greater economic value or higher rate, as applicable, within the time period provided by section 29.9.

- (e) If only one Bidder has submitted a Bid, then the transportation rights shall be awarded to that Bidder, subject to any Prearranged Bidder's exercise of its right of first refusal (matching) as set forth above.
- (f) If two or more Bidders have submitted Bids which reflect equal greatest economic value or the highest rate, as applicable, then, subject to any Prearranged Bidder's exercise of its right of first refusal, the released transportation rights will be awarded on the basis of first come first served, and in the event a tie still remains, on the basis of a lottery that is limited to such Bidders, unless the Releasor has specified an alternative means for awarding the released capacity as between two or more equal bids ("alternative tie breaker"). The winner of the lottery or alternative tie breaker shall be awarded the transportation rights for which it has submitted a Bid. Transporter will conduct the lottery or alternative tie breaker in a non-discriminatory manner.
- (g) When Transporter makes Awards of capacity for which there have been multiple Bids meeting minimum conditions, Transporter shall award the Bids, best Bid first, until all offered capacity is awarded.
- (h) For information purposes only, Transporter shall post on QuickNom™ the identity of the winning bidder and the terms of the successful Bid.

7. Assignment of Transportation Rights to Replacement Shipper

- (a) Prior to the commencement of service pursuant to the Offer, and not later than one (1) hour following notice to the Replacement Shipper by Transporter of the award of capacity, Transporter shall prepare and transmit to the successful Bidder a Confirmation Letter pursuant to the Capacity Release Transactions Agreement stating the quantity, rates, term, Maximum Receipt Quantities at all Primary Receipt Points and Maximum Delivery Quantities at all Primary Delivery Points, governing rate schedule, and any special terms and conditions for each awarded release. Releasor's capacity rights will be modified to reflect that the Releasor has released all or a portion of its transportation rights.

- (b) Prior to the commencement of service pursuant to any Award, the Replacement Shipper shall meet the creditworthiness standards set forth in section 31 of the GT&C.

8. Billing

- (a) Transporter shall bill Replacement Shipper based upon the rates, charges and surcharges incorporated into the Confirmation Letter pursuant to the Capacity Release Transactions Agreement. The commodity charges for the Replacement Shipper will

include the maximum commodity rate under the applicable rate schedule including all adjustments. If the Replacement Shipper fails to pay all or any portion of any bill by the due date specified on the invoice, Transporter shall send an invoice to the Releasor for all unpaid amounts up to the amount of the Releasor's Reservation Charge, which the Releasor shall pay to Transporter with interest thereon, which interest shall be calculated from the date which Transporter credited the Releasor for the applicable Reservation Charges in accord with section 29.8(b) below. As a courtesy to Releasor, Transporter shall endeavor to notify Releasor of the Replacement Shipper's failure to pay its bill in full when due after Transporter becomes aware of such failure; provided, however, that Transporter's inability or failure to provide notice to Releasor shall not excuse Releasor from making timely and full payment of the applicable Reservation Charges. Releasor shall be responsible for obtaining reimbursement for any such payment from Replacement Shipper. Failure of either the Replacement Shipper or Releasor to pay bills shall entitle Transporter to exercise the remedies available under the Transportation Agreement and this Tariff, including suspension of service to the Releasor and the Replacement Shipper, as well as any other remedies available to Transporter.

- (b) Notwithstanding any release hereunder, except in the case of a permanent release, all Releasors shall remain responsible for payment of the Reservation Charge for firm transportation service that has been released. The Releasor shall receive a Reservation Charge credit equaling the reservation dollars which Transporter receives from the Replacement Shipper. The Releasor will receive credit at the same time Transporter invoices the Replacement Shipper for the released capacity, provided, if the Replacement Shipper defaults and Transporter must seek payment from the Releasor, Transporter will assess the Releasor interest at the FERC Section 154.501(d) approved rate. A Reservation Charge for the purposes of this Section consists of (i) the base Reservation Charge, and (ii) all applicable surcharges, provided that for releases made on a volumetric basis, the Reservation Charge shall equal the daily Reservation Charge multiplied by the applicable volume plus all applicable surcharges. Any discount from said rate comes first off the surcharges and then off the base Reservation Charge. Therefore, a Releasor paying a discounted rate is only entitled to receive any revenues from the release of its capacity that exceed the amount of the applicable surcharges.
- (c) The maximum rate for a volumetric release shall not exceed the daily Reservation Charge (the applicable maximum Reservation Charge multiplied by 12 then divided by 365) for the released capacity. Such maximum rate for

volumetric releases only applies to the reservation portion of the rate. The Replacement Shipper will also be liable for all applicable usage charges. The maximum rates for all other releases shall be the applicable maximum Reservation Charge and commodity rate, as well as all other applicable rates, charges and surcharges set forth in this Tariff notwithstanding any discount to such rates, charges or surcharges then in effect for the Releasor. Maximum rates do not apply in this section 29.8(c) for a release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Transporter is notified of the release, in accordance with the preamble to GT&C section 29.

- (d) Any increase in Transporter's rates, charges and surcharges shall remain the responsibility of the Releasor; provided, however, that the Releasor may provide in its Release Request for the rates, charges or surcharges for released transportation rights to increase in accordance with any such increases in Transporter's rates, charges and surcharges. In either circumstance, any refunds of any rates or charges ordered by FERC shall be paid by Transporter to the Releasor for distribution by the Releasor to the Replacement Shipper in the manner specified in the release request and incorporated in the Released Transportation Agreement.
- (e) Unless affirmatively accepted by Releasing Shipper as part of the conditions of release, Replacement Shipper shall be solely liable to Transporter for: (i) all usage charges and surcharges, (ii) all incremental Reservation Charges, where applicable, attributable to Replacement Shipper's election to utilize alternate receipt or delivery points, change primary receipt or delivery points, or segment released capacity.
- (f) To the extent that a Replacement Shipper is to receive a Reservation Charge credit pursuant to GT&C section 41, such Reservation Charge credit shall be calculated using the lesser of the Replacement Shipper's daily Reservation Charge or the original Releasor's daily Reservation Charge. The credit to a Releasor(s) in such Month applicable to the released capacity as provided for in GT&C section 29.8(b) above shall be unaffected by any such GT&C section 41 credits to the Replacement Shipper.

9. Applicable Deadlines

Pursuant to NAESB Standards 5.3.1 and 5.3.2: The capacity release timeline applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided the Transportation Service Provider (TSP) with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. Further, the TSP may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by the TSP).

(a) For biddable releases (1 year or less):

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day;
- Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.
- The contract is issued within one hour of the Award posting (with a new contract number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than 1 year):

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.
- The contract is issued within one hour of the Award posting (with a new contract number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

- (b) For non-biddable releases:
- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
 - Timely Cycle 12:00 Noon
 - Evening Cycle 5:00 p.m.
 - Intraday 1 Cycle 9:00 a.m.
 - Intraday 2 Cycle 1:30 p.m.
 - Intraday 3 Cycle 6:00 p.m.
 - The contract is issued within one hour of the Award posting (with a new contract number, when applicable).
 - Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.
- (c) The successful bidder, or a Replacement Shipper under a prearranged release not subject to competitive bidding, may nominate quantities of Gas for transportation, consistent with the requirements of section 5, at any appropriate time following the award of capacity.

10. Reassignment of Released Capacity

A Replacement Shipper shall be allowed to release the capacity awarded pursuant to a Confirmation Letter to its Capacity Release Transactions Agreement, provided that the re-release is not inconsistent with the original Releasor's release request. Pursuant to NAESB Standard 5.3.19, Transporter should allow re-releases on the same terms and basis as the primary release (except as prohibited by regulations).

11. Submission of Bid Information

Shippers shall submit all necessary bid information to Transporter via QuickNom™.

12. Marketing of Released Capacity

Transporter shall have no obligation to market any capacity available to be released by a Releasor. Transporter, however, may agree to market capacity for a Releasor and may negotiate a fee with the Releasor for such service.

13. Further Conditions on Release of Transportation Rights

- (a) Persons participating in this release program agree to be bound by and shall comply with the terms and conditions of this Tariff, and all applicable FERC rules, orders and regulations.
- (b) All terms and conditions in all Offers must be objectively stated, applicable to all Bidders and non-discriminatory.
- (c) The minimum term for any release shall be one Day or less and the maximum term shall be the remaining term of the Releasor's Transportation Agreement.
- (d) All terms and conditions of all releases must be consistent with the terms and conditions of the Releasor's Transportation Agreement and with this Tariff, including the provisions on nominations and scheduling of service and curtailment of service.

- (e) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) according to the following recall notification periods for all released capacity subject to recall rights:
 - (i) Timely Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 8:00 am on the day that Timely Nominations are due;
 - (b) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 9:00 am on the day that Timely Nominations are due (Central Clock Time);
 - (ii) Early Evening Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 3:00 pm on the day that Evening Nominations are due;
 - (b) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 4:00 pm on the day that Evening Nominations are due (Central Clock Time);
 - (iii) Evening Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 5:00 pm on the day that Evening Nominations are due;
 - (b) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 6:00 pm on the day that Evening Nominations are due (Central Clock Time);

- (iv) Intraday 1 Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 7:00 am on the day that Intraday 1 Nominations are due;
 - (b) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 8:00 am on the day that Intraday 1 Nominations are due (Central Clock Time); and
- (v) Intraday 2 Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 2:30 pm on the day that Intraday 2 Nominations are due;
 - (b) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 3:30 pm on the day that Intraday 2 Nominations are due (Central Clock Time).

For recall notification provided to the Transporter prior to the recall notification deadline specified in Standard 5.3.44 and received between 7:00 am and 5:00 pm, Transporter should provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification.

For recall notification provided to Transporter after 5:00 pm and prior to 7:00 am, Transporter should provide notification to all affected Replacement Shippers no later than 8:00 am after receipt of such recall notification. (Central Clock Time)

For the recall notification provided to Transporter, the quantity should be expressed in terms of adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity, as defined in Standard 5.2.3.

When capacity is recalled, it may not be reput for the same Gas Day. The deadline for notifying Transporter of a reput is 8:00 am to allow for timely nominations to flow on the next Gas Day.

A recall of released capacity will not be permitted to reduce (bump) already scheduled volumes for Replacement Shippers unless the Replacement Shippers are provided with at least one opportunity to reschedule bumped volumes.

- (f) Transporter may invalidate any Offer or any Bid subsequent to its posting on QuickNom™ which does not conform in all respects to the requirements of Transporter's Tariff, and such invalidated Offer or Bid shall be deemed null and void. Transporter will assist Shipper(s) in making a timely and valid Offer or Bid to the extent this action does not adversely impact the rights of any other Shipper(s).
- (g) The Replacement Shipper's service under a release shall be subject to and governed by the terms and conditions of the Releasor's Transportation Agreement and governing rate schedule and the Capacity Release Transactions Agreement.
- (h) Transporter shall accept nominations, schedule service, afford priority of service and curtail service based on instructions and communications from the Releasor and the Replacement Shipper which are consistent with one another and with the terms and conditions of Transporter's Tariff and their respective service agreements. In the event that instructions or nominations from the Releasor and Replacement Shipper are, in Transporter's sole opinion, inconsistent or conflicting, Transporter shall use reasonable efforts to contact the Releasor and Replacement Shipper to resolve the conflicting communications. In the event Transporter is unable to resolve the conflict prior to the time that it must take the required action, Transporter shall comply with the instructions of the Releasor; provided however, that such instructions must not be inconsistent with Transporter's Tariff, or the terms of either the Releasor's or Replacement Shipper's service agreement, in Transporter's sole opinion. The Releasor will indemnify Transporter against any claim or suit by the Replacement Shipper, its successors or assigns, arising from any action taken by Transporter in reliance upon the Releasor's nominations and instructions and will hold Transporter harmless from any action taken by Transporter in reliance upon the nominations and scheduling instructions of the Replacement Shipper. The Replacement Shipper will indemnify Transporter against any claim or suit by the Releasor, its successors or assigns, arising from any action taken by Transporter in reliance upon the nominations and scheduling instructions of the Replacement Shipper and will hold Transporter harmless from any actions taken by Transporter in reliance upon the instructions of the Releasor.

- (i) A permanent release shall transfer all rights of the Releasing Shipper under the applicable Transportation Agreement, including extension and right of first refusal privileges.

14. Nondiscrimination

Transporter shall consider requests for release and bids on a not unduly discriminatory basis.

30. REQUEST FOR SERVICE AND ALLOCATION OF CAPACITY

Subject to any conditions set forth in the applicable Rate Schedules, this section shall govern: requests for service under all of Transporter's Rate Schedules; accommodating requests for firm service; posting and awarding of firm capacity; and capacity reserved for expansion projects.

1. Requests for Service

All Shippers requesting service under Rate Schedules FT-1, FT-L, FT-H, IT-1, PALS-1, MBA, and TTS must provide the following information in writing, using the Request for Service form contained in Transporter's Gas Tariff. Completed requests should be sent electronically or by mail to:

Vector Pipeline L.P.
c/o Vector Pipeline, LLC
38705 Seven Mile Road, Suite 490
Livonia, Michigan 48152
Fax: (734) 462-0231
Email: vector@vector-pipeline.com

Any request shall include the following information:

- (a) Shipper information:
 - (i) Shipper's legal name in full and DUNS number.
 - (ii) Shipper's mailing address for notices and billing.
 - (iii) Shipper's street address if different from above.
 - (iv) The name(s), telephone number(s) and fax number(s) of Shipper employees responsible for nominations and/or dispatching.
 - (v) The name(s), telephone number(s) and fax number(s) of Shipper employees responsible for payment of invoices.
 - (vi) The name(s), telephone number(s) and fax number(s) of Shipper employees responsible for other matters.
 - (vii) Whether the Shipper is affiliated with Transporter.

- (b) Type of service requested.
- (c) Requested Contract Quantity for Rate Schedules FT-1, FT-L or FT-H service stated in Dth per Day and Hourly Delivery Period (4 to 20 hours) and Maximum Hourly Delivery Quantity (Dth per hour) for Rate Schedule FT-H service (if applicable).
- (d) Requested date of commencement of service (if applicable).
- (e) Requested term of service (if applicable).
- (f) Requested Receipt Point(s) and Delivery Point(s), identified by NAESB Common Code, together with the name of the entity delivering Gas to Transporter and the name of the entity to receive Gas from Transporter (if applicable).
- (g) A copy of a signed Agency Notification Form, available on Transporter's EBB, from Shipper authorizing agent to act on behalf of the Shipper to secure the service requested. If agent requests service on behalf of a Shipper, the agent shall provide the name, address, telephone number and primary business of the Shipper (if applicable).

2. Accommodating Requests for Firm Service

- (a) Subject to the provisions of GT&C section 32, requests for firm services shall be fulfilled with the requested service offering the greatest economic value for the capacity available as defined in GT&C section 30.2(b). If the economic values, as determined below, of separate service requests are equal, then service shall be offered in sequence starting with the request for such service with the earliest date. If separate service requests have equal economic values and the same date of request, service shall be offered to such requests on a pro-rata basis.

- (b) The economic value of a request(s) for service shall be the net present value of the reservation and/or fixed charges per Dth that Shipper would pay at the rates Shipper has requested, which shall not be less than the minimum rate nor greater than the maximum rates as stated on the currently effective Tariff sheet governing such services over the term of service specified in the request(s), utilizing as the annual discount factor FERC's currently effective Section 154.501(d) interest rate, and shall incorporate such factors as service commencement date, days of service and term (not to exceed a ten (10) year contract term unless such a contract term would create a higher economic value for a bid(s) where competing bids have otherwise equal economic value). Shippers requesting service at a Negotiated Rate which exceeds the maximum rate will be considered to be paying the maximum rate for purposes of determining the economic value of request(s) for service. For the purpose of economic evaluation, Transporter may aggregate two or more bids and award the available capacity to the combination of bids that results in the highest net present value. Transporter may specify economic evaluation criterion, including any minimum bid requirements, which differ from this section 30.2(b) as part of an open season expansion announcement.
- (c) Transporter shall tender Transportation Agreements to potential Shipper(s) whose request(s) for firm service can be accommodated through the capacity that becomes available in accordance with the order established under section 30.2(a). Executed Transportation Agreements shall be returned to Transporter within five (5) business days, but in any event must be received prior to the nomination deadline for the new service. Transporter may specify an alternative requirement for returning executed Transportation Agreements as part of an open season expansion announcement.

3. Posting and Awarding of Firm Capacity:

Transporter shall post on its EBB and award firm transportation capacity that is currently available, will become available on its system, and/or expansion capacity, in accordance with this section 30.3. Transporter shall have the right to conduct open seasons for expansion projects. Any posting of available or expansion capacity will be conducted for a period of five (5) business days, except where: (i) the available capacity has a start date nomination deadline that is less than the five (5) business days that would otherwise apply, or (ii) Transporter elects to specify a longer bid period with a begin date and end date for an identified amount of available capacity or in an open season for expansion capacity. Any existing capacity that is not awarded at the end of the initial posting shall remain posted as available capacity and shall be awarded on a first come, first served basis on terms acceptable to Transporter and consistent with the applicable Rate Schedule. The posting will include the following:

- (a) The location of capacity that is currently available or will become available and/or proposed expansion capacity;
- (b) The total quantity;
- (c) The date capacity is available or proposed to be available if expansion capacity; and
- (d) Such other terms and conditions that may be appropriate in an open season that includes expansion capacity.

The award(s) of capacity shall be made in accordance with GT&C section 30.2, unless otherwise stated in an expansion open season announcement.

4. Capacity Reserved for Expansion Projects

- (a) Notwithstanding any other provision of this section 30, Transporter may, but shall not be obligated, to reserve for expansion projects capacity which is currently available or will become available. For purposes of this Section 30.4, there are four types of capacity that Transporter may reserve subject to the conditions detailed below:
 - (i) Capacity posted on Transporter's EBB as currently available capacity that has been posted for the initial five (5) day bid period pursuant to GT&C section 30.3;

- (ii) Capacity which has been posted for bidding pursuant to the provisions of GT&C section 32 and for which no acceptable bids have been received;
 - (iii) Capacity which is turned back to Transporter in response to a direct solicitation from Transporter to existing capacity holders for permanent releases of capacity to serve an expansion project; and
 - (iv) Capacity which is to be returned to Transporter in the future by an existing capacity holder at the expiration of that capacity holder's contract term(s), where specific contract renewal rights or those renewal rights provided for in GT&C section 32 do not apply or have expired. Prior to reserving such future expiring contract capacity Transporter must post such capacity on its EBB in accordance with GT&C section 30.3.
- (b) Any capacity reserved by Transporter must be posted on its EBB as reserved. The posting may be updated to reflect: additional capacity which becomes available pursuant to section GT&C 30.4(a); or decreased capacity due to the level of acceptable bids obtained during an expansion open season. The reservation posting shall include, but not be limited to, the following information:
- (i) A description of the expansion project for which the capacity is being reserved;
 - (ii) The quantity of capacity being reserved;
 - (iii) The location of the reserved capacity on the pipeline system, including applicable points of receipt and delivery; and
 - (iv) The estimated in-service date of the expansion project.

Transporter may only reserve capacity for an expansion project for which an open season has been held or will be held within one (1) year of the date that Transporter posts such capacity on Transporter's EBB as being reserved. Transporter will not, absent Commission approval, accept advance payments to reserve capacity under this section 30.4.

In the event capacity reserved via GT&C section 30.4(a) is sufficient to satisfy all acceptable binding open season bids without the need to file a certificated expansion, Transporter will continue to reserve capacity equal to such Shipper(s)' bids until the agreed upon effective date(s), pending the execution of Transportation Agreement(s). Any capacity reserved pursuant to this section 30.4 which is no longer needed to meet open season binding bids shall be removed from the posting of reserved capacity and shall be posted, subject to the provisions of GT&C section 30.3, as generally available within thirty (30) days of the date the capacity becomes available, subject to then existing commitments for the capacity.

- (c) Any capacity reserved under this section 30.4 shall be made available for transportation service on a limited-term basis up to the later of the actual (or proposed if not built) in-service date of the expansion project(s) or the effective date(s) of acceptable binding open season bid(s). Transporter shall post and award such capacity pursuant to GT&C section 30.3. For such limited-term agreements, GT&C section 32 (ROFR) shall not apply and shall be noted on Exhibit A to the Transportation Agreement, as applicable. Transporter will indicate in the posting of the limited-term capacity that GT&C section 32 (ROFR) does not apply. Reservation of capacity shall not in any way modify or limit existing capacity holders' rights under GT&C section 32.

31. CREDITWORTHINESS

Shipper shall provide to Transporter and maintain at all times to the satisfaction of Transporter proof of creditworthiness as follows:

1. Shipper (or an Affiliate which guarantees Shipper's obligations under this Firm Transportation Agreement) has an investment grade rating for its long term senior unsecured debt from a recognized rating agency. The minimum acceptable rating from each of the indicated rating agencies is:

Moody's	Baa3 or better
S&P	BBB- or better
DBRS	BBB or better
NAIC	NAIC 1 or NAIC 2

or other equivalent rating from agencies as determined by Transporter. A Shipper who qualifies under this category initially but is later downgraded below investment grade shall be required to qualify under another category below.

2. A Shipper whose long term senior unsecured debt is not rated shall be accepted as creditworthy if Transporter determines that, notwithstanding the absence of a rating, the financial position of Shipper (or an Affiliate who guarantees Shipper's obligations) is acceptable to Transporter. Application for recognition may be made at any time.
3. A Shipper who does not meet the requirements of sections 31.1 or 31.2 must provide security for its obligations at least 30 days prior to commencement of transportation service, where practicable, but in any event no later than at the time of the first nomination for service under any newly executed Transportation Agreement, or within thirty (30) days that it ceases to be eligible at any time thereafter while it is bound thereby, by either:
 - (a) Posting a Letter of Credit from a major banking institution with an investment grade rating or pledging a cash deposit, in either case in an amount equal to twelve (12) months of the Reservation Charge for a firm agreement or for an interruptible or other service agreement an irrevocable letter of credit or other such equivalent financial guarantees in an amount equal to thirty (30) days of service at the agreed to rate. Such security shall be adjusted annually to reflect any change in the Reservation Charge for the succeeding twelve (12) months; or
 - (b) Providing other security acceptable to Transporter.
4. Transporter reserves the right to require any Shipper who does not qualify under section 31.1, and who has not been accepted pursuant to section 31.2, to provide evidence reasonably satisfactory to Transporter that Shipper has and shall have the capability of providing the security required by section 31.3 above. Any Shipper who qualifies under sections 31.1 or 31.2 by virtue of an Affiliate guaranteeing the obligations of Shipper shall provide an irrevocable agreement of said Affiliate guaranteeing Shipper's obligations and shall provide such guarantee to Transporter concurrently with its Transportation Agreement in such form as is satisfactory to Transporter.

32. TRANSPORTATION SERVICE AGREEMENT EXTENSION AND RIGHT OF FIRST REFUSAL

1. If a Shipper, prior to the expiration of a Firm Transportation Agreement which is at the maximum recourse rate for a term of twelve (12) or more consecutive months of service, or for a negotiated rate contract in effect as of March 27, 2000, elects to extend the Firm Transportation Agreement for less than the automatic extension period provided therein, or if the Firm Transportation Agreement which is at the maximum recourse rate for a term of twelve (12) or more consecutive months of service (or, if the service is not available for twelve (12) consecutive months, the Firm Transportation Agreement provides for service for more than one year at the maximum recourse rate applicable to the service) contains no automatic extension provision, Transporter at its option shall either accept Shipper's requested extension period, or shall require Shipper to exercise its right of first refusal (ROFR) by making the capacity under the Firm Transportation Agreement available in accordance with the following procedures. Transporter shall post the capacity for bidding on its EBB no later than 180 days prior to the expiration of Shipper's Firm Transportation Agreement. The capacity will remain posted on Transporter's EBB for a minimum of 20 days ("ROFR Bidding Period") with such posting containing the following information with respect to the capacity:

- (a) Daily and other applicable quantity limitations of capacity available;
- (b) Receipt and Delivery Points;
- (c) Maximum reservation charge;
- (d) Any applicable restrictions; and
- (e) The last day of the ROFR Bidding Period.

Transporter may require bidders to insure that offers are bona fide by providing financial assurances satisfactory to Transporter.

A Shipper's ROFR rights may be exercised for all or a portion of the contracted MDQ for its full primary path of transport as delineated in Exhibit A to the Firm Transportation Agreement. Should Shipper elect to retain only a portion of its contracted MDQ subject to ROFR rights, Transporter's pregranted abandonment authority would apply to the remainder of the service.

Transporter, in a not unduly discriminatory manner, may agree to an extension of the term underlying a Shipper's Firm Transportation Agreement with respect to all or part of the underlying capacity, so long as such extension is effectuated by an executed amendment no later than fifteen (15) months prior to the expiration of such Shipper's Firm Transportation Agreement.

2. Upon conclusion of the ROFR Bidding Period, Transporter shall evaluate the bids in accordance with the procedures set forth in section 29.6 (b) and (c) for the evaluation of bids under Transporter's capacity release mechanism, provided that any bid rate higher than the maximum applicable recourse rate shall be deemed to be equal to the maximum applicable recourse rate. Transporter shall not be required to accept any bid at less than Transporter's maximum applicable recourse rate.

3. If Transporter receives no bids, or if Transporter receives no bids at its maximum applicable recourse rate and Transporter determines not to accept any bids below the maximum applicable recourse rate, Transporter shall notify Shipper of the bid having the highest value to Transporter ("Highest Bid"), or that no bids were received. If Transporter receives a bid at its maximum applicable recourse rate, or if it accepts any bid below the maximum applicable recourse rate, Transporter shall, within 5 days of the close of the ROFR Bidding Period, inform Shipper of the offer to purchase capacity solicited pursuant to section 32.1 herein that Transporter intends to accept. Shipper shall have 5 days after receiving notice to notify Transporter as to whether it will match the Highest Bid in terms of price, quantity and duration. If the Shipper elects to match the Highest Bid, it must execute a new Transportation Agreement that contains the terms of the Highest Bid; provided, however, that Shipper shall not be required to pay any rate higher than the maximum applicable recourse rate. If the Shipper fails to match the offer presented by Transporter, Transporter shall enter into a Firm Transportation Agreement with the Party submitting the competing offer.
4. Transporter shall post any matched offer below the maximum applicable recourse rate on its EBB for an additional 5 days, during which time bids may be submitted at a higher price. Shipper shall be given an opportunity to match any higher bid. This process shall repeat until Shipper agrees to pay Transporter's maximum applicable recourse rate, the Shipper fails to match an offer, or no higher bid is submitted. The iterative process shall not extend for greater than 30 days from the initial posting of a matched offer pursuant to this section 32.4. At the expiration of such 30 day period, the most recent offer shall be accepted.
5. If Transporter receives no bids at the maximum applicable recourse rate and Transporter refuses to accept a lower bid, Transporter may abandon service to Shipper, unless Shipper agrees to pay the maximum applicable recourse rate for a period of one year, or if Transporter and Shipper negotiate the terms and conditions of a Firm Transportation Agreement extension.

33. INCORPORATION IN RATE SCHEDULES AND SERVICE AGREEMENTS

These General Terms and Conditions are incorporated in and are a part of Transporter's Rate Schedules and service agreements. Except as provided in section 8 of the Forms of Firm Transportation Agreements included herein, to the extent there is any inconsistency between terms in these General Terms and Conditions and terms in Transporter's Rate Schedule or service agreements, these General Terms and Conditions shall govern.

34. NORTH AMERICAN INDUSTRIES STANDARDS BOARD (NAESB) STANDARDS

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.2, which are required by the Commission in 18 CFR, Section 284.12 (a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

Standards Not Incorporated by Reference and Their Location in Tariff: The incorporated NAESB language has been reproduced subject to a limited copyright waiver from NAESB with all rights reserved. © 2020 NAESB, all rights reserved

<u>NAESB Standard</u>	<u>Tariff Record</u>
1.3.2(i-vi)	Sheet No. 115, GT&C: Nominations, 2.0.0; Sheet No. 115A, GT&C: Nominations, 0.0.0; and Sheet No. 116, GT&C: Nominations, 1.0.0
1.3.3	Sheet No. 116, GT&C: Nominations, 1.0.0
1.3.5	Sheet No. 116, GT&C: Nominations, 1.0.0
1.3.6	Sheet No. 116, GT&C: Nominations, 1.0.0
1.3.9	Sheet No. 116A, GT&C: Nominations, 1.0.0
1.3.11	Sheet No. 116A, GT&C: Nominations, 1.0.0
1.3.13	Sheet No. 116A, GT&C: Nominations, 1.0.0
1.3.14	Sheet No. 117, GT&C: Nominations, 2.0.0
1.3.15	Sheet No. 123, GT&C: Operational Balancing Agreements/Fuel Requirement, 3.0.0
1.3.20	Sheet No. 116, GT&C: Nominations, 1.0.0
1.3.21	Sheet No. 116, GT&C: Nominations, 1.0.0
1.3.23	Sheet No. 118, GT&C: Scheduling, 1.0.0
2.3.7	Sheet No. 114, GT&C: Nominations, 1.0.0
2.3.11	Sheet No. 114, GT&C: Nominations, 1.0.0
2.3.12	Sheet No. 114, GT&C: Nominations, 1.0.0
2.3.13	Sheet No. 114, GT&C: Nominations, 1.0.0
2.3.14	Sheet No. 114, GT&C: Nominations, 1.0.0
2.3.26	Sheet No. 118, GT&C: Scheduling, 1.0.0
3.3.4	Sheet No. 124, GT&C: Billing, 1.0.0
3.3.14	Sheet No. 124, GT&C: Billing, 1.0.0
3.3.15	Sheet No. 124, GT&C: Billing, 1.0.0
3.3.16	Sheet No. 124, GT&C: Billing, 1.0.0
3.3.17	Sheet No. 125, GT&C: Payments, 0.0.0
3.3.18	Sheet No. 125, GT&C: Payments, 0.0.0
3.3.19	Sheet No. 126, GT&C: Payments, 0.0.0

**Standards Not Incorporated by Reference and Their Location in the Tariff
(continued):**

<u>NAESB Standard</u>	<u>Tariff Record</u>
5.3.1	Sheet No. 150A, GT&C: Release of Firm Transportation Services, 1.0.0
5.3.2	Sheet No. 150A, GT&C: Release of Firm Transportation Services, 1.0.0; Sheet No. 151, GT&C: Release of Firm Transportation Services, 3.0.0; and Sheet No. 151A, GT&C: Release of Firm Transportation Services, 2.0.0
5.3.7	Sheet No. 138, GT&C: Release of Firm Transportation Services, 3.0.0
5.3.8	Sheet No. 138, GT&C: Release of Firm Transportation Services, 3.0.0
5.3.13	Sheet No. 142, GT&C: Release of Firm Transportation Services, 3.0.0
5.3.14	Sheet No. 142, GT&C: Release of Firm Transportation Services, 3.0.0
5.3.15	Sheet No. 142, GT&C: Release of Firm Transportation Services, 3.0.0
5.3.16	Sheet No. 141, GT&C: Release of Firm Transportation Services, 3.0.0
5.3.19	Sheet No. 152, GT&C: Release of Firm Transportation Services, 2.0.0

Standards Incorporated By Reference:

Additional Standards:

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Principles (Optional):
0.1.1, 0.1.2, 0.1.3

Definition:
0.2.5

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0.3.1, 0.3.2, 0.3.16, 0.3.17

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Standards:

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Operating Capacity and Unsubscribed:

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Nominations Related Standards:

Principles (Optional):

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1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.14,
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1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

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Flowing Gas Related Standards:

Principles (Optional):

2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6

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Principles (Optional):

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Definition:

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3.3.3, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.21, 3.3.22, 3.3.23,
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3.4.1, 3.4.2, 3.4.3, 3.4.4

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4.1.20, 4.1.21, 4.1.22, 4.1.23, 4.1.24, 4.1.26, 4.1.27, 4.1.28, 4.1.29, 4.1.30, 4.1.32, 4.1.33,
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Standards:

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4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41,
4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54,
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Principles (Optional):

5.1.1, 5.1.2, 5.1.3, 5.1.4

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5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5

Standards:

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5.3.24, 5.3.25, 5.3.26, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 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, 5.3.44, 5.3.45, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50,
5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.55, 5.3.56, 5.3.57, 5.3.58, 5.3.59, 5.3.60, 5.3.62,
5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

Data Sets:

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Internet Electronic Transport Related Standards:

Principles (Optional):

10.1.1. 10.1.2, 10.1.3, 10.1.4, 10.1.5, 10.1.6, 10.1.8, 10.1.9, 10.1.10

Definitions:

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,
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10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23,
10.3.24, 10.3.25, 10.3.26, 10.3.27, 10.3.28, 10.3.29

Standards for Which Waiver or Extension of Time Have Been Granted:

NAESB Standard
(None)

Waiver or Extension of Time
(None)

35. DEFAULT AND TERMINATION

1. Except where different procedures for termination of a Transportation Agreement are expressly provided in the GT&C, if Transporter or Shipper shall fail to perform any of the covenants or obligations imposed upon it under any Transportation Agreement into which these General Terms and Conditions are incorporated, then in such event the other party may, at its option, terminate such Transportation Agreement by proceeding as follows: The party not in default shall cause a written notice to be served on the party in default stating specifically the default under the Transportation Agreement and declaring it to be the intention of the party giving the notice to terminate such Transportation Agreement; thereupon the party in default shall have 10 days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the default notice, and if within said 10 day period the party in default does so remove and remedy said cause or causes and fully indemnifies the party not in default, such default notice shall be withdrawn and the Transportation Agreement shall continue in full force and effect.
2. In the event the party in default does not so remedy and remove the cause or causes, or does not indemnify the party giving the default notice for any and all consequences of such default within the said period of 10 days, then, at the option of the party giving such default notice, the Transportation Agreement shall terminate.
3. Any termination of the Transportation Agreement pursuant to the provisions of this section 35 shall be without prejudice to the right of Transporter to collect any amounts then due to it for Gas delivered or service provided prior to the date of termination, and shall be without prejudice to the right of Shipper to receive any Gas which it has not received but the transportation of which has been paid prior to the date of termination, and without waiver of any other remedy to which the party not in default may be entitled for breaches of the Transportation Agreement.

36. COMPLIANCE PLAN FOR TRANSPORTATION SERVICES

Transporter is an interstate natural gas pipeline company that transports natural gas for others pursuant to Subparts B and G of Part 284. Section 36 provides the information and procedures required by 18 C.F.R. Section 250.16(c).

1. Complaint Procedures. If an existing or potential Shipper has a concern relating to any request for transportation service or any ongoing transportation service, Shipper may complete the inquiry form included in this Tariff. Shipper shall complete the inquiry form and return to:

Vector Pipeline L.P.
c/o Vector Pipeline, LLC
38705 Seven Mile Road, Suite 490
Livonia, Michigan 48152

Transporter shall notify Shipper within 48 hours of receipt of the inquiry form that the inquiry has been received. Each inquiry shall be noted on the transportation request log. Each inquiry shall be investigated, and Transporter shall inform Shipper in writing within 30 days of receipt of the inquiry of the action, if any, taken in response to Shipper's inquiry. Transporter shall maintain a separate file for all Shipper inquiries and Transporter responses.

2. Waiver Log. Transporter shall maintain a log showing the information required by Part 358 of the Commission's Regulations.

37. PERIODIC RATE ADJUSTMENTS

Transporter may, from time to time propose and file with FERC, in accordance with Section 4 of the Natural Gas Act, changes, amendments, revisions, and modifications to (i) Transporter's rates and rate schedules, and/or (ii) the General Terms and Conditions of Transporter's tariff, provided, however, that Shippers shall have the right to intervene in and/or protest any such changes before FERC (or any successor governmental agency) or other authorities and to exercise any other rights that Shippers may have with respect thereto.

38. NEGOTIATED RATES

1. Availability. Notwithstanding anything to the contrary in this Tariff, Transporter may charge a Negotiated Rate for service under any rate schedule contained in this Tariff to any Shipper that has access to service at the rates set forth in the applicable rate schedule and agrees to pay such Negotiated Rates.

2. **Filing Requirement.** No later than the Business Day on which Transporter commences service at a Negotiated Rate (or if the day on which Transporter commences service is not a Business Day, then no later than the next Business Day thereafter), Transporter will file either the Negotiated Rate Transportation Agreement or a tariff sheet stating the exact legal name of the Shipper, the Negotiated Rate, the rate schedule, the receipt and delivery points, the contract quantity, and, where applicable, the exact formula underlying a Negotiated Rate for any Negotiated Rate Transportation Agreement. To the extent any Negotiated Rate Transportation Agreement deviates in any material respect from the Form of Agreement in the tariff for the applicable rate schedule, such agreement will be filed with FERC.
3. **Precondition.** Transporter and Shipper have executed a valid Transportation Agreement for a Negotiated Rate. At the time of execution, service was available for Shipper under one or more of the rate schedules generally applicable to all Shippers at a recourse rate. Transporter will not negotiate terms and conditions of service. Negotiated Rates do not apply where Shipper has acquired its capacity under the capacity release provisions of section 29.
4. **Allocation of Capacity.** For purposes of allocating capacity, whether by Transporter or pursuant to the capacity release provisions of section 29, a Negotiated Rate Shipper paying a rate higher than the maximum applicable recourse rate will be deemed to be paying a rate equal to such maximum recourse rate. The price cap for bidding for capacity under the right of first refusal provisions in section 32 is the maximum recourse rate.
5. **Capacity Release.** The release of capacity under a Negotiated Rate Transportation Agreement is capped at the maximum recourse rate, except for releases where no such rate cap applies; provided, however, the Negotiated Rate Shipper will continue to be obligated to pay Transporter any difference by which the revenue due under the Negotiated Rate Transportation Agreement exceeds the revenue received from the Replacement Shipper. Transporter and a Negotiated Rate Shipper may agree upon payment obligations and crediting mechanisms which vary from or are different from those set forth in Transporter's capacity release provisions in section 29.

6. Accounting Treatment. Transporter will establish a new sub-account to record the revenues from any Negotiated Rate transactions and shall maintain supporting information at a level of detail sufficient for National Gas Act Section 4 rate change filing purposes. Transporter will maintain records that keep separate and identifiable each volume transported, billing determinant, surcharge, and revenue associated with a Negotiated Rate to permit filings in the form of Statements G, I, and J in future rate proceedings.
7. Rate Treatment. Transporter shall have the right to seek in future general rate proceedings discounted-type adjustments in the design of its rates related to Negotiated Rate Transportation Agreements that were converted from pre-existing discount agreements to Negotiated Rate Transportation Agreements, provided that the type of pre-existing service is not altered as a result of the conversion to a Negotiated Rate. With respect to all Negotiated Rate Transportation Agreements resulting from conversions of pre-existing discounted agreements, Transporter may seek a discount-type adjustment based upon the greater of: (a) the Negotiated Rate revenues received, or (b) the discounted tariff rate revenues which otherwise would have been received.

39. ACQUIRED CAPACITY

1. Transporter may from time to time enter into transportation or storage agreements with connecting entities, including other interstate pipelines, intrastate pipelines, local distribution companies, or Hinshaw pipelines holding a blanket Section 7 certificate ("Acquired Capacity"). Transporter may use Acquired Capacity for its system operational needs and/or to render service to its customers. Except as provided in section 39.2, Transporter states that, if it provides service for others using Acquired Capacity, it will apply to such services the same rates and tariffs as are applicable to on-system customers, as such rates and tariffs may change from time to time. For purpose of any use of Acquired Capacity covered by this section 39.1, the "shipper must have title" requirement shall be waived.
2. Nothing herein shall be read to preclude Transporter from filing with the Commission for different tariff provisions applicable to any such service which Transporter provides using Acquired Capacity; provided, however, that the waiver of the "shipper must have title" requirement hereunder shall not apply in such circumstance, and Transporter will be required to seek a case-specific waiver of that requirement from the Commission.

40. ASSIGNMENT AND SUCCESSION

Any person which shall succeed by purchase of all or substantially all of the assets, and assumption of all or substantially all of the liabilities of, or merger or consolidation, with either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligation of its predecessor in title under any Firm Transportation Agreement, Interruptible Transportation Agreement, Park and Loan Service Agreement, Management of Balancing Agreement, Title Transfer Agreement, Capacity Release Transactions Agreement, Operating Balancing Agreement, or QuickNom™ Access Agreement. In addition, subject to Transporter's approval, which shall not be unreasonably withheld, Shipper may assign all of its above listed Agreements to an affiliate in the limited circumstances where, after Shipper obtains such Agreements, a corporate reorganization results in a transfer of the functions for which the Agreements were obtained to another company within the same corporate family. Any entity that succeeds by consolidation or otherwise to the properties of Shipper, substantially as an entity, shall be entitled to the rights and shall be subject to the obligations of its predecessors under Transporter's Service Agreement, including the satisfaction of the criteria in section 31.

41. RESERVATION CHARGE CREDITING MECHANISM

1. General Rule and Applicability

- (a) Unless GT&C section 41.2 applies, in the event Transporter is unable to make deliveries of the quantities of Gas to which Shipper has firm entitlements on any day and which Shipper has nominated for delivery from a Primary Receipt Point to a Primary Delivery Point under a firm Rate Schedule, Transporter shall provide a credit applicable to the quantity of Gas that was nominated and confirmed by Shipper's supplier but not delivered by Transporter; provided however, Transporter shall not be relieved of the obligation to provide credits for failure to confirm a nomination for reasons within its control. Such credit shall be calculated using Shipper's daily Reservation Charge, subject to the provisions of GT&C 29.8(f) for a Replacement Shipper. The quantity of Gas to which the credit shall apply shall be the following:
 - (i) the quantity Shipper has nominated, and which has been confirmed, for the Gas Day less the quantity scheduled for delivery at Shipper's Primary Delivery Point; or

- (ii) when Transporter has given advance notice of the unavailability of service, the average of the preceding seven (7) days' daily quantities nominated and confirmed to the Shipper's Primary Delivery Point immediately preceding the service interruption; less the quantity scheduled for delivery at Shipper's Primary Delivery Point; provided, however, that if Transporter's notice of a non-Force Majeure service interruption is not provided until after the Timely Nomination cycle deadline then the seven (7) days' average will not be applicable. To the extent the preceding seven (7) days of history are not available due to the underlying service agreement being new or seasonal in nature, Transporter shall use the number of days of history available for such service in calculating the average, with a minimum of one (1) day; provided, however, if no history exists then GT&C section 41.1(a)(i) shall apply.
- 2. Exceptions. Transporter shall not be obligated to credit the Reservation Charge when Transporter's failure to deliver Gas to Shipper is:
 - (a) due to the conduct or operations of the downstream point operator of the facilities at a Primary Delivery Point including, but not limited to:
 - (i) damage or malfunction of the downstream point operator's facilities; or
 - (ii) the inability of the downstream point operator to receive gas at Shipper's contract delivery pressure (if any) or Transporter's prevailing mainline pressure;

provided, however, that if damage or malfunction of the point operator's facilities is at the same location as Transporter's facilities which also incurred damage and are inoperable, and such damage or inoperability results in an inability to deliver, a credit shall apply under the terms hereof, except as provided in (c) below, until such time as Transporter's facilities are placed back in service;
 - (b) due to the conduct of the upstream operator of the facilities at the applicable Point(s) of Receipt, including, without limitation, the refusal to deliver any quantity of Gas into Transporter's pipeline that was available to receive;
 - (c) due to the installation of new facilities that are designed, in whole or in part, to provide service to a specific Shipper, and as a result deliveries to such Shipper through such facilities are not made;

- (d) due to the Shipper being unable to take the Scheduled Quantity for any reason including, without limitation, an outage on Shipper's system, whether planned or unplanned;
- (e) due to the Shipper nominating for the same Gas Day all or a portion of the Timely Cycle restricted Gas quantities, resulting in the scheduling of such restricted Gas quantities during any subsequent nomination cycle by use of an Alternate Receipt Point and/or an Alternate Delivery Point, at the Shipper's option;
- (f) due to outages that are required to comply with orders issued by the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Section 60139(c) of Title 49 of the United States Code, Chapter 601, for a two-year transitional period beginning August 18, 2014. The exemption for crediting charges for amounts not delivered during an outage to comply with a PHMSA order is limited to the first ten (10) days of each such outage. Notices of outages pursuant to this section shall identify the specific PHMSA order of requirement with which Transporter is complying;
- (g) due to such failure occurring within ten (10) days following a Force Majeure event under GT&C section 19; or
- (h) due to mutual agreement by Transporter and Shipper to allow Transporter to schedule transportation, in excess of such Shipper's contracted MDQ, of some or all of the quantity otherwise eligible for a Reservation Charge credit within an agreed-upon period of time, in which event Transporter shall be relieved of its obligation to provide Reservation Charge credits for such quantity.

With respect to exceptions (a), (b), and (d), any exemption from crediting reservation charges for amounts not delivered is limited to events not within the control of Transporter and solely due to the conduct of other parties, including a Shipper or a third party, *i.e.*, an upstream or downstream facilities operator.

42. LIMITED LIABILITY

Except as otherwise provided herein, in no event shall Transporter or Shipper be liable to the other for special, indirect, consequential (including loss of profits), incidental or punitive damages whether or not such damages arise out of breach of contract, negligence, tort, strict liability; provided, however, unless otherwise agreed to by Transporter and Shipper. The foregoing shall not limit Transporter's liability, if any, to Shipper, nor Shipper's liability, if any, to Transporter, arising out of gross negligence, willful misconduct, or bad faith actions. Nothing herein shall limit Transporter's liability, if any, to Shipper, nor Shipper's liability, if any, to Transporter, for direct damages.

43. OPERATIONAL PURCHASES AND SALES OF GAS

1. Operational Transactions

Transporter may from time to time, in its discretion, enter into purchase or sale transactions with third parties to balance its system and to maintain operational integrity of its system. Such transactions may include, but are not limited to, purchases or sales (i) to maintain system pressure and linepack; (ii) to balance fuel quantities; (iii) to resolve Shipper imbalances or other imbalances; and (iv) to perform other operational functions of Transporter. Transporter shall conduct such transactions on a not unduly discriminatory basis, such transactions shall have a lower priority than firm service, and there shall be no transportation service associated with such transactions.

2. Gas Sales Procedures

Transporter shall have the right to make the sales of excess gas described in this Section 43 from time to time at system Delivery Points pursuant to the terms of the blanket certificate of public convenience and necessity granted to Transporter pursuant to 18 C.F.R. Part 284, Subpart J and Order 636 of the Commission. Sales of gas pursuant to this Section 43 are unbundled from transportation service and shall be made under rates, terms and conditions mutually agreed upon between Transporter and purchasers. Transporter shall post notice of such sales on its Informational Postings web site in order to obtain bids for such gas. Transporter reserves the right, in its sole discretion, (1) to withdraw its postings; (2) to reject all bids due to operational changes; and (3) to reject any bids which are not complete, which contain modifications to terms of the posting or which contain terms that are unacceptable.

3. Reporting Requirements.

Transporter will file an annual report on or before May 1 of each year reflecting the operational purchases and sales for the 12-month period ending the preceding December 31. The report will state the source of the gas purchased/sold, the date of the purchase/sales, quantities, the purchase/sales price, the cost/revenues for such purchase/sales, and the disposition of the associated cost/revenues for all operational purchases and sales.