

CONNECTICUT NATURAL GAS CORPORATION

RATE TRS (TRANSPORTATION RECEIPT SERVICE)

1. Availability

Any legal entity acting as an authorized agent for gas supply and related services to commercial, industrial, and/or multi-family dwelling (where the number of dwellings supplied through one meter is six (6) or more) end-users, served by the natural gas system of Connecticut Natural Gas Corporation which:

- (a) Has certified that they have firm supply and interstate pipeline capacity necessary to meet all their firm customer demand under any weather conditions or has contracted for adequate standby service, under the Company's Optional Standby Service Rider (Rate STB), to cover any shortfall(s), and;
- (b) Meets and maintains the applicable credit criteria of this Rate TRS (Transportation Receipt Service) as outlined herein, and;
- (c) Provides the Company with the "Natural Gas Supplier Registration Number" issued by the Department of Public Utility Control, of the supplier who is providing gas supply at the Company's city gate station(s) for ultimate delivery to their Customer(s), and;
- (d) Has executed a TRS Operator Agreement under this Rate TRS setting forth their Pool entitlement to service under this Rate TRS and ancillary services, and;
- (e) Has identified to the Company an individual or individuals, along with the appropriate telephone numbers, that are available on a twenty-four (24) hour basis to represent their interests, and;
- (f) Maintains and upon request provides the Company with a current listing of the Customers that they will be/are serving under this rate schedule. This listing will include at a minimum the Customer's business name, service address, Company account number rate schedule (i.e. RMDS, SGS, GS, LGS, IS), date of initial service, Pool assignment, and service termination date (if applicable).
- (g) Demonstrates to the Company that the supplier holds a valid Utility Company Gross Earnings Tax Registration issued by the Department of Revenue Services (DRS). As proof, the Company will accept any supplier who is listed on the Department of Revenue Services "List of Registered Gas Marketers" announcements or in the event that a supplier is registered between announcements a copy of a supplier's Utility Company Gross Earnings Tax certificate.

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2. Applicability

This Rate TRS shall apply to any legal entity acting as an authorized agent to supply gas to the Company at the designated receipt point(s), or to provide ancillary services, for Customers that comprise the Operator's Pool(s) and has executed a TRS Operator Agreement that states, among other things, that they meet all eligibility criteria under this Rate TRS.

Operators who do not elect standby service under Rate STB (Optional Standby Service Rider) beyond the balancing tolerances identified in Rate BAL, shall have no right or claim to gas or gas service provided by the Company, except for Operator's gas appropriately delivered to the Company's system under the terms of this Rate TRS.

3. Definitions

The following definitions shall apply to the TRS rate, the incorporated general terms and conditions, and any written document(s) between the Company and the Operator related to service under this rate.

- (a) "Algorithm" or "Consumption Algorithm" shall mean a mathematical formula or formulas used to estimate a Customer's or Pool of Customers' daily consumption.
- (b) "Aggregated Target Volume" or "ATV" or "Pool ATV" shall mean the quantity of gas that the Company has estimated that either an individual Customer or Pool of Customers will require based on the Consumption Algorithm and the weather forecast.
- (c) "Ancillary Services" shall mean any services that the Operator may receive, under the Capacity Release Service (Rate CR), Balancing Service Rider (Rate BAL), Optional Standby Service Rider (Rate STB), and Peaking Service (Rate PK).
- (d) The terms "balance" and "balancing" shall mean equivalence between (1) the quantity of gas delivered for the Operator's Pool at the receipt point(s) (less retention quantities) and (2) the quantity of gas taken by Pool Participants served by the Operator's Pool at the specified delivery point(s) both stated in Ccf ("Daily Pool Usage"). The quantity of gas delivered for purposes of the balancing calculation shall include any nominated or make-whole quantities available for the applicable Operator's Pool under the Optional Standby Service Rider Rate STB and Peaking Service (Rate PK).

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- (e) The term "Billing Cycle" shall mean a period of time that elapses between two monthly meter reading dates when indexes are either read or estimated for the explicit purposes of calculating a Customer's usage for generating a Customer bill.
- (f) The terms "billing period", "billing month", and "month" shall mean the period beginning with the start of the applicable industry standard gas day, on the first day of a calendar month and ending at the same hour on the first day of the next succeeding calendar month for the explicit purpose of generating an Operator's bill.
- (g) The term "Btu" shall mean one British thermal unit, i.e., the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at sixty (60) degrees Fahrenheit.
- (h) The term "business day" is defined as Monday through Friday, excluding Federal Banking Holidays for transactions in the United States.
- (i) The term "Ccf" shall mean 100 cubic feet of gas at a pressure of 14.73 psia and at a temperature of sixty (60) degrees Fahrenheit.
- (j) The term "Company" shall mean Connecticut Natural Gas Corporation or successors, assigns or divisions thereof.
- (k) The term "critical day" shall mean a period of 24 consecutive hours, commencing at the start of the gas day consistent with applicable industry standards, declared at the discretion of the Company during which time unusual operating conditions jeopardize operation of the Company's gas system. These conditions can be caused by, but not limited to, the following events: (1) failure of the Company's distribution, storage or production facilities; (2) near-maximum utilization of the Company's distribution, storage production, or supply resources; (3) inability to fulfill firm contractual obligations or maintain operational integrity of the Company's gas system; and (4) the issuance of an Operational Flow Order (OFO) or other similar notice by the Company's transporters or gas suppliers.
- (l) The terms "Customer", "Delivery Service Customer", or "Pool Participant" shall mean the entity or organization for which the Operator is providing service and for which the Company agrees to deliver Operator's gas, less retention quantities, to a specified delivery point under a single rate schedule (i.e. RMDS, SGS, GS, LGS, IS).

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- (m) The term "Daily Scheduled Nomination" shall mean the quantity of Operator's gas delivered to one or more receipt points as confirmed and scheduled by the transporting pipeline on a daily basis.
- (n) The terms "Daily Usage" or "Daily Pool Usage" shall mean the daily amount of gas used by all Pool Participants at their Delivery Point(s) as measured by daily demand metering equipment or estimated through the re-running of the Consumption Algorithm for non-daily demand metered customers using actual degree day information.
- (o) The term "day" or "daily" or "gas day" shall mean a period of 24 consecutive hours, consistent with applicable industry standards.
- (p) The term "delivery point" shall mean the location where the Company's gas distribution facilities are interconnected with the Delivery Service Customer's facilities and where the Customer and the Company have agreed that Delivery Service (including ancillary services if applicable) will be delivered by the Company to the Customer. This delivery point shall consist of a single Company gas meter, except in cases of "dual run" installations where multiple meters serve the same load(s) and process(es).
- (q) The term "Delivery Service" shall mean the physical act of moving natural gas across the Company's distribution system to a customer's facility.
- (r) The term "DPUC" or "Department" shall mean the Connecticut Department of Public Utility Control.
- (s) The term "Dth" or "Dekatherm" shall mean one million Btu's.
- (t) The term "Failure to Deliver" shall mean any instance where an Operator's available quantity of delivered gas is more or less than the quantity of gas scheduled with the applicable Interstate Pipeline.
- (u) The term "intra-day nomination" is a nomination submitted after the daily nomination deadline whose effective time is no earlier than the beginning of the gas day and runs through the end of the applicable gas day.
- (v) The term "imbalance" shall mean the difference between (1) the quantity of gas delivered for the Operator's Pool at specified receipt point(s) (less retention quantities) plus any nominated quantities available for the applicable Operator's pool under the Capacity Release (Rate CR), Storage Service (Rate STO) and Peaking Service (Rate PK) or make-whole quantities available for the applicable Operator's Pool under the Optional Standby Service Rider Rate

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STB and (2) the quantity of gas taken by Pool participants (Customers) being served by the Operator Pool at the specified delivery point(s) both stated in Ccf ("Daily Pool Usage").

- (w) The term "Maximum Daily Delivery Quantity" or "MDDQ" shall mean the maximum daily quantity of Operator's gas delivered to the city gate (less retention quantities) that the Company is obliged to transport for ultimate delivery to a firm Delivery Service Customer on a daily basis.
- (x) The terms "Operator", "Pool Operator", or "TRS Operator" shall mean the authorized entity providing service on behalf of Delivery Service Customer(s) under the rules, regulations, and rates of this Rate TRS and Capacity Release (Rate CR), Balancing Service Rider (Rate BAL) and, if applicable under the Optional Standby Service Rider (Rate STB), and Peaking Service (Rate PK). A Delivery Service Customer who does not wish to receive service within a Pool of Customers may elect service under this TRS rate in addition to receiving service under their applicable Delivery Service Rate(s).
- (y) The term "Operator's Gas" means gas to which the Operator or Customer (1) has acquired by reason of having purchased the gas from a supplier who holds a State of Connecticut "natural gas seller registration number" under direct long-term purchase contracts with suppliers or on the spot market (for Pool participants receiving service under the Company's Rate IS) or has good right to deliver to the authorized pipeline carrier, (2) has transported (or caused to be transported) from the point of purchase by authorized pipeline carrier, (3) has delivered (or caused to be delivered) to the Company at the receipt point, and (4) can be transported under this schedule from the receipt point by the Company consistent with any quantity or timing constraints imposed by authorized pipeline carrier.
- (z) The term "Pipeline" shall mean an interstate pipeline that is physically connected to the Company's distribution system. The two pipelines that physically serve the Company are Algonquin Gas Transmission Company (AGT) and Tennessee Gas Pipeline Company (TGP).
- (aa) The term "Pool" shall mean a single Delivery Service Customer or group of Delivery Service Customers being served under/by the same: TRS Operator, Interstate Pipeline, type of service (either firm or interruptible service), and method for determining daily usage (either daily demand metered or Algorithm).

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- (ab) The term "Pool Aggregated Daily Balancing Allowance" or "Pool ADBA" shall mean the daily quantity of balancing that the Company may offer to meet requirements outside the applicable balancing provisions of Rate TRS for ultimate delivery to customers who comprise Operator's Pool(s). The Pool ADBA shall be calculated daily as $\pm 10\%$ of the Operator's Daily Scheduled Nomination. The Company reserves the right to issue a critical day declaration and/or an Operational Flow Order (OFO) that may limit or eliminate the availability of this service.
- (ac) The term "Pool Aggregated Daily Delivery Quantity", or "Pool ADDQ" shall mean the maximum daily quantity of Operator's gas that the Company receives at the receipt point for ultimate delivery to Delivery Service Customers who comprise a single Pool on a daily basis. The Pool ADDQ shall be defined as the sum of the Operator's Pool Participants' Maximum Daily Delivery Quantities (MDDQ) grossed up for retention quantities.
- (ad) The term "Pool Aggregated Maximum Hourly Quantity" shall mean the maximum hourly quantity of Operator's gas that the Company is obliged to deliver to an Operator's Pool on an hourly basis. Such quantity shall be one twenty-fourth ($1/24$) of the applicable Pool Aggregated Daily Delivery Quantity (Pool ADDQ).
- (ae) The term "receipt point(s)" shall mean a location or locations specified by the Company at which the transporting pipeline's facilities are interconnected with the Company's facilities and at which gas flow is metered.
- (af) The term "retention" shall mean the percentage by which gas received at a receipt point is reduced to reflect unaccounted-for gas.
- (ag) The term "schedule", "rate schedule", or "rate" shall mean the rate for a particular type of service plus the terms and condition associated with such service as approved by the Department of Public Utility Control.
- (ah) The terms "system service" shall mean the provision of Company-owned gas to the Operator, under Rate BAL, Rate STB and Rate PK tariffs.
- (ai) The term "Therm" shall mean 100,000 Btu's.

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- (aj) The term "unaccounted-for gas" shall mean the difference between the sum of all input quantities of gas received into the Company's system and the sum of all output quantities of gas delivered from the Company's system as determined from time to time by the Connecticut Department of Public Utility Control (DPUC).
- (ak) The term "Monthly Cashout" shall mean the charge that is derived by taking the monthly sum of the daily net imbalance charges calculated by taking the daily net imbalance (either positive or negative), after imbalance trading, multiplied by the Gas Daily city gate delivery price at the applicable city gate delivery point for that gas day, incorporating the necessary factors to account for both retention and conversions between Dth and Mcf. This amount is then multiplied times the applicable monthly positive or negative imbalance factor as described in Section 6 of Rate BAL.
- (al) The term "Winter Period" shall mean the billing months of November through March, inclusive.
- (am) The term "Summer Period" shall mean the billing months of April through October, inclusive.

4. Rate: Monthly Charges as Applicable:

- (a) Failure to Deliver Penalty Charge:

Winter Period: the higher of three times the applicable posted Gas Daily daily city gate index price or \$2.50 per Ccf.

Summer Period: two times the applicable posted Gas Daily daily city gate index price.

These penalties shall be additive to any other charges in this section.

5. Receipt and Delivery

- (a) The Operator shall be responsible for securing delivery of gas to the Company's system at the Company designated receipt point(s).

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(b) The receipt point(s) shall be the pipeline city gate station(s) as specified by the Company.

6. Contract Demand Performance

The Company is not obligated to accept delivery of Operator gas to the receipt point(s) which on a daily basis would exceed one hundred (100) percent of the Pool Aggregated Daily Delivery Quantity (Pool ADDQ).

7. Gas Quality

Operator's gas shall be commercially clean and dry. Such gas shall be comparable in quality to and interchangeable with gas purchased from the Company's pipeline suppliers.

8. Pool Aggregated Daily Delivery Quantity

The Operator must track the Customers it is serving on a Pool by Pool basis. The Operator's Pool Aggregated Daily Delivery Quantity (Pool ADDQ) will be the sum of the Pool Participant's effective Maximum Daily Delivery Quantities (MDDQs) grossed up for retention. In the event that the Pool Participants or the Pool Participants' MDDQs change for any reason, the Operator's Pool ADDQs shall correspondingly be adjusted. For Pool's that include non-daily demand metered Customers the Pool ADDQ will be estimated by the Company using the sum of available daily demand meter reads for those customers with such metering devices and the results of the Consumption Algorithm for non-daily demand metered customers, grossed up for retention.

9. Volumetric Conversion

Subject to the provisions herein, the thermal quantity of Operator gas received by the Company from the transporting pipeline will be converted by the Company to a volumetric quantity of Operator gas for delivery to Pool Participants. The Company shall use the actual average pipeline monthly heating value of gas from the interstate pipeline where Operator's gas enters the Company's distribution system for purposes of determining the thermal equivalence in the volumetric conversion process.

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10. Retention

The quantity of Operator's gas received from the transporting pipeline will be reduced, prior to delivery to Pool Participants, by a percentage equal to the Company's system average unaccounted-for percentage as approved by the Connecticut Department of Public Utility Control from time to time.

11. Load Balancing

Pools shall be kept in daily balance between receipts of gas by the Company at the applicable receipt point(s) (less retention quantities) with deliveries of such gas by the Company to the Customers' facilities ("Daily Pool Usage"). The Operator is responsible for keeping informed of the Operator's Pool(s) usage as recorded or estimated by the Company and as to the daily receipts from its supplier of gas to enable it to adjust its gas volumes to ensure that receipts and deliveries into and out of the Company's system will be in balance. The Company will work with the Operator in good faith to confirm nominations. Legal responsibility to verify scheduled volumes remains with the Operator.

The Operator shall be responsible for ensuring that each of its pools are kept in balance on a daily basis. Operators who do not elect quantities of MDDQ under Rate BAL (Balancing Service Rider) and have experienced a daily imbalance beyond the balancing tolerances identified in Rate BAL may be subject to an unscheduled daily balancing ratchet under the terms of Rate BAL.

Except for service received under the terms of the Optional Standby Service Rider (Rate STB), the Company is not obligated to deliver gas on any day that such gas is not confirmed on a timely basis with or received from the transporting pipeline.

12. Pooling Service

Pools are created to establish economies of scale and to capture the value of Customer load diversity. Each Pool will have an associated Pool Aggregated Daily Delivery Quantity (Pool ADDQ) and, if applicable a Pool Aggregated Daily Standby Quantity (Pool ADSQ) under Rate STB and/or entitlements under Rate STO. The Company will be responsible for assigning an Operator's Customers to Pools based on the interstate pipeline that physically serves gas to the Customer's facilities as determined by the Company.

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The Company shall be responsible for providing the Operator with Pool assignments. The following is a complete listing of available Pools:

Pool #1 Firm AGT:

Customers receiving firm service under the Company's rate schedules RMDS, SGS, GS and LGS that are physically served gas by Algonquin Gas Transmission Company (AGT).

Pool #2 Firm TGP:

Customers receiving firm service under the Company's rate schedules RMDS, SGS, GS and LGS that are physically served gas by Tennessee Gas Pipeline Company (TGP).

Pool #3 Daily Demand

Metered Interruptible AGT:

Customers receiving interruptible service under the Company's rate schedule IS that require daily demand metering equipment and are physically served gas by Algonquin Gas Transmission Company (AGT).

Pool #4 Daily Demand

Metered Interruptible TGP:

Customers receiving interruptible service under the Company's rate schedule IS that require daily demand metering equipment and are physically served gas by Tennessee Gas Pipeline Company (TGP).

13. Nomination Services

Nominations are a means to either schedule, or adjust, the amount of gas ultimately delivered and/or allocated to serve Pool Participants. Unless noted otherwise in this Section 13, all nominations shall include at a minimum: Operator and/or supplier name, the name and phone number(s) of the individual(s) submitting the nomination, upstream Pipeline transportation contract number(s), applicable Pool, Company specified receipt point(s) and volumes (city gate Dth), month and date(s) for which the nomination applies, and the type of nomination being submitted (e.g. Daily). The nomination requirements of Rate CR, Rate STB and Rate PK are specified in those tariffs. Additionally, daily nominations will clearly delineate the following nomination quantities for each Pool (in order of service):

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- (1) Firm algorithm service;
- (2) Firm daily demand metered service;
- (3) Interruptible service and
- (4) Elected Standby service

Nominations covering multiple days which meet the nomination deadlines shall also be deemed an acceptable means of nomination. The Company will time stamp the receipt of all nominations.

The Company will accept all nominations that: 1) include the necessary information identified in this Section 13; 2) are received by the Company according to the nomination deadlines set forth below; 3) reflect appropriate volumes for the Pool(s) based on the Pools' anticipated gas usage for the applicable period; 4) are supported by the interstate pipeline through the confirmation of nominated quantities.

If the Company rejects any nomination, the Company shall communicate this information to the Operator on a best efforts basis.

The Company will determine the ATV for each Pool comprised of Customers who are not required to have daily demand metering equipment for each day using the Consumption Algorithm based on the degree day forecast for that day. On each Business Day, the Company will communicate to the Operator, or make available to the Operator via the Company's Web site, the forecasted ATV for the subsequent four (4) Days.

The Company has the right to require Operators to either increase or decrease the amount of gas Operator has nominated and is actually delivering into the Company's system at the receipt point(s) in the middle of any day to adjust for changes in anticipated Pool usage caused by weather changes or for any other reason that will cause a change in Operator's Pool demand. In all cases, differences between the level of nominated gas (from the last accepted Daily/Intra-Day Nomination) or Company specified quantities (including Pool ATV's) and the Daily Scheduled Nomination shall result in a charge that will be calculated as the difference between the quantities of nominated gas or Company specified quantities and the Daily Scheduled Nomination at the receipt point(s), adjusted for any make-whole standby quantities under Rate STB, multiplied by the Penalty Charge identified in Section 4(a) above.

There are four different types of nomination services: Daily, Monthly, Intra-Day, and Imbalance Trading.

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(a) Daily Nomination Service

Daily nominations are a mechanism to schedule or adjust the amount of gas being received from the pipeline(s) for the Operator's Pool(s) before the nomination deadline.

All written (or if supported electronic) Daily Nominations must be received by the Company at least two hours prior to the industry standard deadline, e.g. 10:30 a.m. local time on the day prior to gas flow. Daily Nominations must include all the information identified in the first paragraph of this Section 13 and clearly indicate "Daily Nomination".

In cases where a Daily Nomination is received after the nomination deadline the late Daily Nomination will be treated as an Intra-Day Nomination.

(b) Monthly Nomination Service

All written (or if supported electronic) Monthly Nominations must be received by the Company at least two business days prior to the start of the calendar month for which they apply. Monthly Nominations must include all the information identified in the first paragraph of this Section 13 and clearly indicate "Monthly Nomination".

(c) Intra-Day Nomination Service

The purpose of an Intra-Day Nomination is to schedule or adjust gas receipts with anticipated Pool demand after the Daily Nomination deadline. There are two types of Intra-Day Nominations: (1) a nomination received during the gas day for the same day of gas flow, and (2) a nomination received after the Daily Nomination deadline for the following gas day. The Company will accept one intra-day nomination per day per pool but may, on a best efforts basis, accept additional intra-day nominations applicable to the same day and pool.

All written (or if supported electronic) Intra-Day Nominations must include all the information identified in the first paragraph of this Section 13, clearly indicate "Intra-Day Nomination", and be received by the Company two hours prior to the effective time of the nomination. CNG does not accept nominations for any prior gas day on a retro-active basis.

(d) Imbalance Trading Nomination Service

Pool Operators may take advantage of the Company's imbalance trading service. This service allows Operators to reallocate individual pool imbalances

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to other pools. This reallocation may change daily imbalance and monthly cash-out exposure for Operators.

To assist Operators, the Company will provide a complete listing of active Operators who may be in a position to trade imbalances. This listing will include for each Operator: the Operator's name, contact person, and phone number as provided and updated, as necessary, by the Operator. Each Operator is solely responsible for keeping the Company informed of current contact information.

Imbalance trades occur once at the end of the month. They 1) must be of equal and opposite quantities; and 2) must be between pools with the same balancing requirements on the same pipeline. The Company will provide Operators with the best available daily pool consumption volumes on or about the fifth (5) business day after the end of the month. The Operators and the Company will rely on this information for once a month imbalance trading and penalty calculations, if any. The Operators will report trades to the Company within three business days from the release of the daily pool consumption information to the Operator.

Both Operators participating in the same trade are responsible for separately reporting the trade information to the Company. If the trade information is not consistent between both parties, the Company will notify both parties of the rejection. The Operator is required to supply the following information to the Company in order for trade processing to occur: The date of the imbalance, the offset trade, Operators that are involved in each trade, the pipeline and Pool, and the trade volumes.

Daily imbalances will be accumulated throughout the month. Any imbalances existing at the end of the trade period will be subject to the monthly cash out provisions set forth in Section 6 of Rate BAL.

14. Capacity Release

The Company will offer interstate pipeline capacity release to Operators pursuant to the requirements specified in Rate CR.

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15. Failure to Perform - Penalties

Failure to perform or meet any of the Operator obligations herein shall result in the imposition of the applicable charges outlined in Section 4 (a). The specific calculation of Failure To Deliver charges is derived as the difference between scheduled quantities and delivered quantities. If a difference exists for overdelivery or underdelivery a tolerance of 50 Ccf per Pool will be subtracted from the Failure to Deliver quantity prior to application of the charges in Section 4(a) will be calculated.

This 50 Ccf allowance can be revoked at the sole discretion of the Company if there are three documented instances of willful or intentional under or over deliveries of this tolerance amount. If a difference remains after the application of the allowed tolerance, elected standby quantities will automatically be considered nominated under the "make whole" provision in Rider STB, up to the maximum of available elected standby quantities or the remaining imbalance, whichever is less. These penalty charges are in addition to, not in lieu of, any other charges that apply pursuant to Rate TRS.

16. Delayed Payment Charge

Billings not fully paid within twenty-five (25) days of the billing date shall be subject to interest charges on the unpaid balance at the rate of one (1) percent per month. The monetary amount that will serve as the basis for this calculation will include all past due balances under this rate, inclusive of any charges associated with receiving any ancillary services that the Company offers.

17. Filing

Service will not commence until the Operator files with the Company complete copies of all the necessary documents in their final form including but not limited to, all documentation of gas ownership and authorization required by any state or federal regulatory body with jurisdiction. Information regarding the cost or price of any of the goods or services covered by the above cited documents shall be expressly excluded from the requirements of this provision.

Operators not purchasing standby service under Rate STB corresponding with 100% of their firm Pool ADDQs must file with the Company either of the following affidavits applicable to the term of the agreement:

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- (a) An affidavit from the Operator certifying it will for the entire term of service, maintain firm gas supplies AND firm interstate pipeline capacity equal to 100% of their firm Customer's effective MDDQs grossed up for retention (less, if applicable, standby entitlement elected under Rate STB) for customers who have elected and contracted for firm Delivery Service with the Company;
- or
- (b) An affidavit from the Operator stating that due to the nature of their firm customers' operations a firm gas supply or alternate fuel backup supply is not required.

18. Credit Requirements:

The Company's credit criteria for Operators will recognize the potential ramifications that the Operator's complete withdrawal from the Company's service area will have on the Company, on the Company's obligations relating to the Operator's Customers, and on its remaining sales customers. The Company's acceptance of an Operator's request for service under this tariff is contingent upon the Operator meeting the credit criteria contained in appendix A, "Operational Performance and Financial Terms". These credit terms apply to all Operator deliveries and ancillary services provided by the Company to the Operator in support of their customer Pool requirements except for capacity release services provided under Rate CR. Credit requirements pertaining to capacity release are specifically and solely contained in Rate CR.

19. Service Obligation

The Company's service obligation under this rate schedule shall be limited solely to providing Delivery Service from the receipt point(s) to the delivery point(s) for the volumes of Operator's gas the Company receives at the receipt point (less retention quantities). The Operator acknowledges that it is paying solely for the costs associated with such limited service and that no ancillary services (other than Capacity Release, Rate PK, Operator elected Standby Service under Rate STB, Optional Balancing Service under Rate BAL and Optional Storage Service under Rate STO if available) are being provided. The Company shall have no obligation to serve the Operator's delivery point(s) with natural gas at any time unless the actual gas volumes being received at the receipt point at that time (minus retention quantities) plus elected Standby Service entitlement under Rate STB are equivalent to the volumes Customers are taking at the delivery point(s) at that time.

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The Company shall retain the obligation to serve natural gas only to the extent that Operator elects Optional Standby Service under Rate STB, but only for the maximum volumes of natural gas that the Operator has previously reserved under that rider. On any day where the Operator has exhausted its own gas, if any, at the receipt point and/or if applicable elected standby service quantities reserved for individual Pools, the Company's obligation to serve shall be removed for any additional quantities of natural gas Operator may desire and/or require.

20. Liability

- (a) General - Gas shall be and shall remain the property of the Operator or Customer while being delivered by the Company. The Company shall not be liable to the Operator or Customer for any loss arising from or out of gas Delivery Service, including, but not limited to, loss of gas in the possession of the Company, except for gross negligence or willful misconduct by the Company. The Company shall not be liable for special or consequential damages. The Company reserves the right to commingle Operator or Customer-owned gas with gas from other sources.
- (b) Insurance - The Operator or Customer shall be responsible for determining the extent of and maintaining all insurance it deems necessary to protect its property interest in its gas before, during, and after receipt by the Company.

21. TRS Service Election, Customer Amendments, and Termination

The Operator must complete and submit a TRS Operator Agreement to the Company before receiving service under this Rate TRS. The term of the Operator's service shall commence when the Operator meets all availability requirements of this Rate TRS and natural gas receipts are accepted by the Company on behalf of Delivery Service Customers.

The Operator may commence service to a Customer by completing and submitting a Company provided enrollment form or if available electronic enrollment process at least three (3) business days prior to Company specified gas flow commencement dates. The Company will accept the request if the Customer meets the eligibility requirements under their applicable Delivery Service rates. If the Company rejects the request, the Company will communicate this information to the Operator. The written request must include at a minimum: the Customer's business name, service address, Company account number, rate schedule (i.e. RMDS, SGS, GS, LGS or IS), and the date of initial service.

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In no event shall an Operator terminate service to Customer(s) prior to the date that the Customer(s) has arranged to receive service from either another Operator under Rate TRS or from the Company under an available Company Sales Service Option. If the Operator wishes to terminate service under the terms of the prior sentence, it must submit a written request to the Company at least three (3) business days before the termination that includes: the Customer's business name, service address, Company account number, rate schedule (i.e. RMDS, SGS, GS, LGS or IS), and the date of termination.

In cases where the Operator wants to withdraw completely from the Company's service area, this service may be terminated by the Operator. The Operator may terminate service under Rate TRS at any time when the Operator:

- (a) is no longer serving any Delivery Service customers in the Company's service area, and;
- (b) has no ancillary service obligations (entitlement) with the Company, and;
- (c) has no outstanding financial obligations to the Company (including financial obligations associated with ancillary service riders) and;
- (d) submits a request for termination in writing to the Company at least thirty (30) days before the termination date.

The Company may terminate service to the Operator under the terms of this Rate TRS as reflected in Section 23 below.

22. Force Majeure

- (a) Effect of Force Majeure - If either the Company or the Operator is rendered unable by force majeure to wholly or in part to carry out its obligations under the provisions of this Rate TRS, the obligations of the party affected by such force majeure, other than the obligation to make payments thereunder, shall be suspended during the continuance of any inability so caused but for no longer period; and such cause shall, insofar as possible, be remedied with all reasonable dispatch.
- (b) Definition of Force Majeure - The term "Force Majeure" as employed herein shall include acts of God, strikes, lockouts, wars, riots, insurrections, epidemics, landslides, lightening, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, interruptions by government or court orders, civil disturbances, explosions, and any other cause whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of

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reasonable foresight, such party is unable to avoid and, by the exercise of due diligence, such party is unable to overcome.

23. Failure to Comply

Failure of the Operator to comply with or perform any of its obligations under this schedule or the agreement shall constitute grounds for termination or suspension of service. Failure to comply shall include actions of Operator which cause the Company or any individuals receiving gas related services from the Company, either as a class or individually, to incur costs in any form which are not paid for through the charges under this rate schedule. Except in cases of willful or repeated failure to comply or perform, termination or suspension of service shall be preceded by written notice followed by a cure period of five (5) business days during which time the Operator shall have the opportunity to correct the failure to comply or perform as specified in the written notice. If such failure is not cured within such five (5) business-day period or if the Operator had been notified in writing that a particular course of conduct constituted willful or repeated failure to comply or perform, the Company may terminate or suspend service immediately. Suspension or termination of such service for any such cause shall be a cumulative remedy as to the Company, and shall not release the Operator from its obligation to make payment of any amount or amounts due or to become due from the Operator to the Company under the applicable rate schedule(s). In order to resume service under this rate TRS after termination of service hereunder, the Operator must demonstrate to the Company's satisfaction that appropriate action has been taken to ensure future compliance with rate TRS.

24. Service Regulations

The Company's Service Rules and Regulations shall apply to service under this Rate TRS, to the extent not inconsistent with the terms and conditions of this Rate TRS.

25. Laws, Regulations, and Orders

All contracts and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules, and regulations of any legislative body, or duly constituted authority now or hereafter having jurisdiction and shall be varied and amended to comply with or conform to any valid rule, regulation, order, or direction of any board, tribunal, or administrative agency.

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26. Successors and Assigns

Any party which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of any Operator shall be subject to the obligations and entitled to the rights of its predecessor in title under a contract. No other assignment of a contract or any of the rights or obligations thereunder by the Operator shall be effective without the written consent of the Company, which consent shall not be unreasonably withheld.