

FERC NGA GAS TARIFF

FIRST REVISED VOLUME NO. 1  
(Supersedes Original Volume No. 1)

of

FAYETTEVILLE EXPRESS PIPELINE LLC

Filed With The  
FEDERAL ENERGY REGULATORY COMMISSION

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## **PRELIMINARY STATEMENT**

FAYETTEVILLE EXPRESS PIPELINE LLC ("FEP" or "Transporter") is a partnership of Kinder Morgan Operating Limited Partnership, a subsidiary of Kinder Morgan Energy Partners, L.P., and ETC Fayetteville Express Pipeline LLC, a subsidiary of Energy Transfer Partners, L.P. FEP is a natural gas company primarily engaged in the business of transporting natural gas in the States of Arkansas and Mississippi for delivery to other interstate and intrastate pipelines.

The Currently Effective Rates, Rate Schedules, General Terms and Conditions, and Forms of Service Agreement applicable to the transportation services performed by FEP are contained herein.

## **MAPS**

System Map  
Hub Area Map

## System Map

The System Map may be displayed and downloaded at the Internet Website below.

<https://feptansfer.energytransfer.com/ipost/FEP/maps/system-map>

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## Hub Area Map

The Hub Area Map may be displayed and downloaded at the Internet Website below.

<https://feptansfer.energytransfer.com/ipost/FEP/maps/hub-area>

### **Currently Effective Rates**

1. Rate Schedules FTS and ITS
2. Rate Schedule PALS
3. Reserved
4. Rate Schedule HAT
5. Reserved
6. Statement of Negotiated Rates



CURRENTLY EFFECTIVE RATES  
 FOR RATE SCHEDULES FTS AND ITS  
 (RATES PER DTH)

	Maximum -----	Minimum -----	Fuel Reimbursement Percentage (2) -----
<b>Rate Schedule FTS</b> -----			
Reservation	\$10.43	\$0.00	
Commodity (1)	\$ 0.0011	\$0.0011	0.00%
Overrun (1)	\$ 0.3441	\$0.0011	0.00%
<b>Rate Schedule ITS</b> -----			
Commodity (1)	\$ 0.3441	\$0.0011	0.00%
Overrun (1)	\$ 0.3441	\$0.0011	0.00%

(1) Excludes the ACA unit rate applicable to Shippers pursuant to Section 35 of the General Terms and Conditions. For transactions under Rate Schedules FTS and ITS, ACA shall not be charged on quantities delivered to the Hub Point.

(2)	Fuel Gas	0.00%
	Lost and Unaccounted For Gas	0.00%
		----
	Fuel Reimbursement Percentage	0.00%

For transactions under Rate Schedules FTS and ITS, Lost and Unaccounted For Gas shall not be charged on quantities delivered to the Hub Point.

CURRENTLY EFFECTIVE RATES  
FOR RATE SCHEDULE PALS  
(RATES PER DTH)

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	Rates per Dth	
	Maximum	Minimum
<hr/>		
PALS - Interruptible Park and Loan Service		
<hr/>		
Daily Access Rate	\$0.3441	\$0.0011
Authorized Overrun Daily Access Rate	\$0.3441	\$0.0011

RESERVED

CURRENTLY EFFECTIVE RATES  
 FOR RATE SCHEDULE HAT  
 (RATES PER DTH)

	Maximum -----	Minimum -----	Fuel Reimbursement Percentage (2) -----
Hub Point To or From Other Hub Area Points:			
Commodity (1)	\$ 0.1721	\$0.0006	0.00%
Overrun (1)	\$ 0.1721	\$0.0006	0.00%
Hub Area Receipts to Hub Area Deliveries (excluding Hub Point):			
Commodity (1)	\$ 0.3441	\$0.0011	0.00%
Overrun (1)	\$ 0.3441	\$0.0011	0.00%

(1) Excludes the ACA unit rate applicable to Shippers pursuant to Section 35 of the General Terms and Conditions. ACA shall not be charged on quantities delivered to the Hub Point.

(2) Fuel Gas	----
Lost and Unaccounted For Gas	0.00%
	-----
Fuel Reimbursement Percentage	0.00%

Fuel Gas shall not apply to transactions under Rate Schedule HAT. Lost and Unaccounted For Gas shall not be charged on quantities delivered to the Hub Point.

RESERVED

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STATEMENT OF NEGOTIATED RATES

Shipper	Contract No.	Rate Schedule	Negotiated Rate	Contract MDQ (Dth/d)	Primary Receipt Point(s)	Primary Delivery Point(s)	Term
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## **RATE SCHEDULES**

1. Rate Schedule FTS
2. Rate Schedule ITS
3. Rate Schedule PALS
4. Rate Schedule HAT

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RATE SCHEDULES FTS  
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule FTS is available to any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof as to which FEP has firm capacity available on all affected portions of its System and the firm operational capability to satisfy; (b) is awarded capacity consistent with the provisions of the Tariff; and (c) executes a Firm Transportation Service Agreement (FTS Agreement) with FEP applicable to service under this Rate Schedule FTS. The form of FTS Agreement is contained in this Tariff. There is no limitation on the number of FTS Agreements any one Shipper may have.

2. APPLICABILITY, DEFAULTS AND CHARACTER OF SERVICE

2.1 The transportation service provided under this Rate Schedule FTS shall be performed under Part 284 of the Commission's Regulations. This Rate Schedule FTS shall apply to all Gas transported by FEP for Shipper pursuant to an FTS Agreement. Service hereunder shall be provided on a firm basis. However, service may be interrupted for any of the reasons set out in the applicable provisions of this Tariff. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule.

2.2 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 (a) Service hereunder shall consist of the acceptance by FEP of Gas tendered by Shipper or for Shipper's account for transportation at Receipt Points specified in or applicable to the FTS Agreement, the transportation of that Gas through FEP's pipeline System, and the delivery of that Gas by FEP to Shipper or for Shipper's account at the Delivery Points specified in or applicable to the FTS Agreement. FEP shall not be required to accept Gas tendered in excess of the Shipper's Contract MDQ, plus applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas, specified in the FTS Agreement for each Receipt Point or Delivery Point or for the aggregate of all primary Receipt Points or Delivery Points except as provided in Sections 8 and 2.3(b) of this Rate Schedule FTS. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party except in accordance with Section 33 of the General Terms and Conditions of this Tariff, or transportation of liquids.



(b) For physical Delivery Points only, FEP shall reserve up to one hundred and twenty-five percent (125%) of primary Delivery Point capacity under any Firm Transportation agreement as provided herein, and each Shipper has the right to deliver on any Day, on a primary firm basis, up to one hundred and twenty-five percent (125%) of the Point MDQ, at any Primary Delivery Point under Shipper's Agreement, subject to Shipper's total deliveries on any such Day not exceeding the Contract MDQ. Regardless of any primary deliveries nominated above one hundred percent (100%) of the Primary Delivery Point MDQ, the Contract MDQ is the maximum daily quantity of natural gas that FEP is obligated to transport and deliver to Shipper and Shipper is entitled to receive under this Rate Schedule, subject to the provisions of Section 4 of the General Terms and Conditions of this Tariff. To the extent Shipper desires to change the Point MDQ at any of its primary Delivery Points, such change must be in accordance with Section 2.1(d) of the General Terms and Conditions of the Tariff.

2.4 Shipper shall only tender Gas for transportation under this Rate Schedule to the extent such service would qualify under the applicable statutes, regulations and Commission orders. For transportation to be provided under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP certification including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification prior to tendering Gas for transportation.

2.5 Awarding and allocation of capacity and scheduling and curtailment are all governed by the General Terms and Conditions of this Tariff.

2.6 Shipper may release capacity dedicated to service under Shipper's FTS Agreement(s) hereunder pursuant to FEP's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff.

### 3. VALID REQUESTS

3.1 A request for service under this Rate Schedule FTS shall be valid as of the date received if it complies with this Section 3.1 and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) for which adequate capacity is not available on any portion of FEP's System necessary to provide such service; (2) as to which FEP does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FTS; (3) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly

discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (4) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (5) if FEP determines, based on the credit analysis referenced in Section 3.2(f), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (6) if the service requested would not comply with this Rate Schedule FTS; or (7) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate consistent with this Rate Schedule FTS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while an FTS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule FTS. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or System capability or if the request is incomplete or does not comply with this Rate Schedule FTS. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the FTS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender an FTS Agreement to Shipper for execution when Shipper's request for service is accepted. Shipper is obligated to execute an FTS Agreement hereunder within ten (10) days after an FTS Agreement has been tendered by FEP for execution in response to a valid request; provided, however, that FEP will waive this time period if the delay is not unreasonable. FEP will post on the Informational Posting portion of its Interactive Website if it declines to waive this time period.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 1300 Main Street, Houston, Texas 77002, or Telecopy Number (281) 714-2179. The information required for a valid request shall be as follows:

(a) **GAS QUANTITIES**

The request shall specify in Dth the Contract MDQ for the FTS Agreement and the Point MDQ for each primary Receipt Point and Delivery Point under the FTS Agreement, exclusive of applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas; provided, however, that FEP shall not be obligated to accept requests for a Contract MDQ of less than one hundred (100) Dth per Day. A Shipper shall include in its request, in addition to its Contract MDQ, a quantity of Gas adequate to provide any applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas.

## (b) RECEIPT POINT(S)

The request shall specify the primary Point(s) at which Shipper desires FEP to receive Gas and the Point MDQ for each such point, which specification must be consistent with this Tariff.

## (c) DELIVERY POINT(S)

The request shall specify the primary Point(s) at which Shipper desires FEP to deliver Gas and the Point MDQ for each such Point, which specification must be consistent with this Tariff.

## (d) LIMITATION OF POINTS

A Shipper may request any number of primary Receipt and primary Delivery Points so long as the summation of the Point MDQs at all primary Receipt Points and at all primary Delivery Points equals the Contract MDQ for the FTS Agreement, except as permitted by Section 2.3(b) of this Rate Schedule, and the request is consistent with the General Terms and Conditions of this Tariff.

## (e) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

## (f) CREDIT

Acceptance of a request is contingent upon an evaluation of credit by FEP in accordance with Section 12 of the General Terms and Conditions of this Tariff.

## (g) COMPLIANCE WITH FTS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

## (h) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FTS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

#### 4. TERM

(a) The term of service hereunder shall be set forth in the FTS Agreement between Shipper and FEP.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis an FTS Agreement. Upon termination of any FTS Agreement, and subject to any such rollover or right of first refusal, service by FEP to Shipper thereunder shall be terminated and automatically abandoned.

#### 5. RATE

5.1 (a) Shipper shall pay FEP each Month under this Rate Schedule FTS a charge as set out in this Tariff consisting of: (i) a Reservation Charge, based on Shipper's Contract MDQ, which consists of the base monthly reservation rate; and (ii) a Commodity Charge for each Dth of Gas transported.

(b) Shipper shall also pay, where applicable, other charges provided for in this Tariff, including but not limited to balancing service charges.

(c) Where a Shipper has agreed to pay a Negotiated Rate, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse FEP for Fuel Gas and for Lost and Unaccounted For Gas as provided by Section 36 of the General Terms and Conditions of this Tariff. Separate rates are set for Fuel Gas and for Lost and Unaccounted For Gas for all volumes transported. In addition, a separate incremental Booster Compression Fuel charge is set forth for point(s) where Booster Compression applies. Such rates are determined pursuant to Section 36 of the General Terms and Conditions. Certain Shippers may have their Fuel Gas amounts capped pursuant to arrangements under Section 30 of the General Terms and Conditions of this Tariff (relating to Negotiated Rates).

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes transported by FEP for Shipper under this Rate Schedule FTS.

5.5 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule FTS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the FTS Agreement or a separate discount or Negotiated Rate agreement provides that the rate established in such an agreement shall not be subject to such modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements).

5.6 FEP may, consistent with any provisions on discounting in the FTS Agreement or in a separate discount or Negotiated Rate agreement, charge any individual Shipper for service under this Rate Schedule FTS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule FTS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by FEP as a result of providing service under Rate Schedule FTS shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provision of the

General Terms and Conditions of this Tariff represents an agreement by FEP on a different disposition of certain revenue.

5.8 FEP shall perform exchanges and backhauls hereunder to the extent firm capacity is available. Exchanges and backhauls shall be subject to the maximum and minimum rates under this Rate Schedule except in the instances where no Fuel Gas is utilized, no Fuel Gas need be charged to Shipper.

## 6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide FEP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to FEP at Receipt Point(s), and to cause Gas to be taken from FEP at Delivery Point(s), in accordance with the information supplied to FEP.

(b) FEP will enter into Operational Balancing Agreements (OBAs) (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and/or Delivery Points, in accordance with Section 6.11 of the General Terms and Conditions of this Tariff. Where imbalances are beyond the parameters in an OBA or an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. FEP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

## 7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to FEP hereunder; and (2) at or downstream of the Delivery Point(s) where FEP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule FTS and must be coordinated with FEP.

## 8. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if capacity is available, receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's Contract MDQ and/or Point MDQ under the FTS Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for overrun service, FEP shall act in a manner

consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

## 9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FTS and shall apply to service rendered hereunder as though stated herein.

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RATE SCHEDULE ITS  
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule ITS is available to any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Transportation Service Agreement (ITS Agreement) with FEP applicable to service under this Rate Schedule ITS. The form of ITS Agreement is contained in this Tariff. There is no limitation on the number of ITS Agreements any one Shipper may have.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule ITS defines an interruptible transportation service. This Rate Schedule ITS shall apply to all Gas transported by FEP for Shipper pursuant to an ITS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule ITS.

2.2 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 Service hereunder shall consist of the acceptance by FEP of Gas from or for the account of Shipper at Receipt Point(s) under the ITS Agreement, the transportation of that Gas through FEP's System, and the delivery of that Gas by FEP to Shipper or for Shipper's account at Delivery Point(s) under the ITS Agreement. FEP shall not be required: (a) to accept on any Day Gas tendered, or to deliver on any Day Gas requested, in excess of the Contract MDQ, plus applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas, specified in the ITS Agreement, except as provided in Section 8 of this Rate Schedule ITS; or (b) to accept or deliver on any Day Gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party, except in accordance with Section 33 of the General Terms and Conditions of this Tariff or transportation of liquids.

2.4 The service provided under this Rate Schedule ITS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender Gas for transportation under this Rate Schedule ITS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by FEP under this



Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP appropriate certification, including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Commission's Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering Gas under an ITS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.5 Service hereunder is provided on an interruptible basis. Scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

### 3. VALID REQUESTS

3.1 A request for service under this Rate Schedule ITS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (3) if FEP determines, based on the credit analysis referenced in Section 3.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule ITS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate, consistent with this Rate Schedule ITS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while an ITS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule ITS. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule ITS. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the ITS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender an ITS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by FEP, a request for service shall be invalid if Shipper fails to execute an ITS Agreement hereunder within ten (10) days after an ITS Agreement has been tendered by FEP for execution; provided, however, that FEP shall waive this time requirement if the delay is not unreasonable.

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 711 Louisiana Street, Suite 900, Houston, Texas 77002, or Telecopy Number (281) 714-2179:

(a) GAS QUANTITIES

The request shall specify in Dth the Contract MDQ, exclusive of applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas; provided, however, that FEP shall not be obligated to accept requests for a Contract MDQ of less than one hundred (100) Dth per Day. A Shipper shall include in its request, in addition to its Contract MDQ, a quantity of Gas adequate to provide any applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas.

(b) AVAILABILITY OF POINTS

(1) A Shipper may utilize all available Receipt and Delivery Points on FEP's System, under any ITS Agreement, as more fully set out in the General Terms and Conditions of this Tariff.

(2) The available quantity and priorities at any Point shall be governed by the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify:

(1) The date service is requested to commence, and

(2) The date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon an evaluation of credit by FEP in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH ITS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed ITS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the ITS Agreement between Shipper and FEP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff. FEP may terminate the ITS Agreement if Shipper fails to cause Gas to be delivered during any twelve (12) consecutive calendar Months when capacity is available, unless Shipper's failure to deliver Gas was attributable to circumstances of Force Majeure.

(b) Upon termination of any ITS Agreement, service by FEP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

5. RATE

5.1 (a) Shipper shall pay FEP each Month under this Rate Schedule ITS a one-part Commodity Charge as set out in this Tariff for each Dth of Gas transported, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity Charges, as applicable, shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas actually transported by FEP for Shipper during the billing Month

(b) Shipper shall also pay, where applicable, other charges set forth in this Tariff, including but not limited to Balancing Service Charges.

(c) Where a Shipper has agreed to pay a Negotiated Rate, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse FEP for applicable Fuel Gas and for Lost and Unaccounted For Gas as provided by Section 36 of the General Terms and Conditions. Separate Fuel Gas and Lost and Unaccounted For Gas rates will be set for all volumes transported. In addition, a separate incremental Booster Compression Fuel charge is set forth for point(s) where Booster Compression applies.

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities (excluding Expansion Facilities) to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes transported by FEP for Shipper under this Rate Schedule ITS.

5.5 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule ITS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the ITS Agreement or a separate discount, Negotiated Rate agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(c) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements).

5.6 FEP may, consistent with any provisions on discounting in the ITS Agreement or in a separate discount, Negotiated Rate agreement, charge any individual Shipper for service under this Rate Schedule ITS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule ITS set forth in this Tariff except as otherwise provided in Section 30 of the

General Terms and Conditions of this Tariff (as to Negotiated Rate agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by FEP as a result of providing service under Rate Schedule ITS shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provision in the General Terms and Conditions of this Tariff represents an agreement by FEP on a different disposition of certain revenue.

5.8 FEP shall perform exchanges and backhauls hereunder to the extent capacity is available. Exchanges and backhauls shall be subject to the maximum and minimum rates under this Rate Schedule except in the instances where no Fuel is utilized, no Fuel Gas need be charged to Shipper.

## 6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide FEP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to FEP at Receipt Point(s), and to cause Gas to be taken from FEP at Delivery Point(s), in accordance with the information supplied to FEP.

(b) FEP will enter into OBAs (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and/or Delivery Points, in accordance with Section 6.11 of the General Terms and Conditions of this Tariff. Where imbalances are beyond the parameters in an OBA or where an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. FEP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

## 7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to FEP hereunder; and (2) at or downstream of the Delivery Point(s) where FEP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule ITS and must be coordinated with FEP.

8. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if capacity is available receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's Contract MDQ under the ITS Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule ITS and shall apply to service rendered hereunder as though stated herein.

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RATE SCHEDULES PALS  
PARK AND LOAN SERVICE

1. AVAILABILITY

This Rate Schedule PALS is available for interruptible park and loan service to provide parks and loans of Gas for any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Park and Loan Service Agreement (PALS Agreement) with FEP applicable to service under this Rate Schedule PALS. The form of PALS Agreement is contained in this Tariff. With respect to any specific park and loan service under this Rate Schedule PALS, FEP must have determined that it is operationally able to render such service; and Shipper and FEP must have executed a Request Order for such service under a PALS Agreement.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule PALS defines an interruptible park and loan service. This Rate Schedule PALS shall apply to all Gas parked or loaned by FEP for Shipper pursuant to a PALS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule PALS.

2.2 (a) Service under this Rate Schedule shall be provided on an interruptible basis as follows:

(1) Park Service. Park service shall consist of FEP's receipt of a quantity of Gas at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date(s), requested by Shipper under a PALS Request Order and approved by FEP, FEP's holding of such parked quantity of Gas for Shipper's account and FEP's redelivery of the parked quantity of Gas to Shipper at the designated Delivery Point(s) and/or Pooling Point(s) and on the designated date(s) set forth in such PALS Request Order.

(2) Loan Service. Loan service shall consist of FEP's lending a specified quantity of Gas, requested by Shipper and approved by FEP, on the designated date(s) at designated Delivery Point(s) and/or Pooling Point(s) set forth in Shipper's PALS Request Order and the Shipper's redelivery of and FEP's acceptance of such quantities of Gas for Shipper's account at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date(s) set forth in such PALS Request Order.

(b) Service under this Rate Schedule shall be provided for a minimum of a one (1) Day term and a maximum term as established by the mutual agreement of FEP and the Shipper; provided, however, such term may be suspended or extended by FEP at FEP's sole discretion. The term of each Park or Loan arrangement with Shipper shall be set forth in the Request Order. The form of the Request Order is attached to the PALS Agreement executed between Shipper and FEP.

(c) Transportation of Gas quantities for or on behalf of Shipper to or from the designated Point(s) of Service under the PALS Agreement will not be performed under this Rate Schedule. Shipper shall make any necessary arrangements with FEP and/or third Parties to receive or deliver Gas quantities at the designated points for Park or Loan service hereunder. Such arrangements must be compatible with the operating conditions of FEP's System.

(d) Service under this Rate Schedule shall be scheduled and confirmed consistent with the General Terms and Conditions of this Tariff.

2.3 The service provided under this Rate Schedule PALS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender or receive Gas for service under this Rate Schedule PALS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by FEP under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP appropriate certification, including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering or receiving Gas under a PALS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.4 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

### 3. REQUESTS FOR SERVICE

#### 3.1 VALID REQUEST

A request for service under this Rate Schedule PALS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (3) if FEP determines, based on the credit analysis referenced in Section 3.2(c), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid



for on a timely basis; (4) if the service requested would not comply with this Rate Schedule PALS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate, consistent with this Rate Schedule PALS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while the PALS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule PALS. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule PALS. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the PALS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender a PALS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by FEP, a request for service shall be invalid if Shipper fails to execute a PALS Agreement hereunder within ten (10) days after the PALS Agreement has been tendered by FEP for execution; provided, however, that FEP shall waive this time requirement if the delay is not unreasonable. FEP will post on the Informational Posting portion of its Interactive Website if it declines to waive the time period.

### 3.2 REQUIRED INFORMATION

Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 711 Louisiana Street, Suite 900, Houston, Texas 77002, or Telecopy Number (281) 714-2179:

#### (a) GAS QUANTITIES

The request shall specify in Dth the Maximum Aggregate Quantity (MAQ) and the MDQ of Gas to be parked and/or loaned, provided, however, that FEP shall not be obligated to accept requests for an MDQ or MAQ of less than one hundred (100) Dth per Day.

#### (b) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence, and
- (2) The date service is requested to terminate.

(c) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by FEP in accordance with the General Terms and Conditions of this Tariff.

(d) COMPLIANCE WITH TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule PALS, including the applicable General Terms and Conditions.

(e) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed PALS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

### 3.3 REQUEST ORDER

To implement a specific park and/or loan transaction, FEP and the Shipper with a PALS Agreement in effect shall enter into a PALS Request Order. The PALS Request Order shall include the following items:

(a) SERVICE TYPE/PALS AGREEMENT

The PALS Request Order must specify that it relates to service under Rate Schedule PALS and must specify the PALS Agreement to which the PALS Request Order relates.

(b) GAS QUANTITIES

The PALS Request Order shall specify in Dth the MAQ (for such specific transaction, the “MAQ RO”) and the MDQ (for such specific transaction, the “MDQ RO”) of Gas to be parked and/or loaned under the specific transaction; provided that the sum of all MAQ ROs and Contract MDQ ROs under all pending PALS Request Orders cannot exceed the MAQ and Contract MDQ under the applicable PALS Agreement. The PALS Request Order shall specify the minimum daily and aggregate quantities and shall set out a park and/or loan schedule containing the quantity and timing information specified in this Rate Schedule.

(c) POINTS

The PALS Request Order shall specify the Point(s) at which Gas is to be parked or loaned. Any mutually agreeable Point(s) on FEP's System, including Pooling Points, may be utilized for service under this Rate Schedule PALS. Unless otherwise mutually agreed, the Point for completion of the park or loan must be the same as the Point at which the park or loan was initiated.

(d) TERM OF SERVICE

The PALS Request Order shall specify:

- (1) The date service is to commence; and
- (2) The date service is to terminate.

The term may include a range of permitted commencement and termination dates for service under the PALS RO, or for any portion of such service. No termination date may extend beyond the term of the PALS Agreement.

(e) SHIPPER CONTACT PERSONNEL

The PALS Request Order shall specify the persons to be contacted by FEP in connection with the PALS Request Order.

(f) RATE

The PALS Request Order shall specify the rates at which the park or loan service will be provided. Rates may vary by time period, quantities or other permissible discounting parameters.

(g) SHIPPER ASSURANCES

Shipper shall provide FEP the assurances required hereunder in connection with each PALS Request Order.

(h) POSTED STANDARDIZED REQUEST ORDERS

In addition to reaching agreement with individual Shippers on the terms of specifically tailored Request Orders, FEP may post the terms of Request Orders it is willing to enter into on a standardized basis with any creditworthy Shipper having quantities of Gas which can be received or delivered at specified Points identified in the posting. Such a standing posting shall specify all the terms of the Request Order and also the rights, if any, for FEP to change the provisions of such a Request Order. Service pursuant to such a posting shall be optional on the part

of any Shipper and requires the execution of a specific Request Order by FEP and the Shipper in the form specified in the posting.

#### 4. TERM

(a) The term of service hereunder shall be set forth in the PALS Agreement between Shipper and FEP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff.

(b) Upon termination of any PALS Agreement, service by FEP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

(c) FEP may terminate any PALS Agreement if FEP is required by the FERC or some other agency or court to provide service for others utilizing the interruptible System capacity or capability required for service under such PALS Agreement.

#### 5. RATE

5.1 (a) Unless otherwise mutually agreed by FEP and Shipper, Shipper shall pay FEP under this Rate Schedule PALS a Usage Charge equal to the Daily Access Rate multiplied by the total quantity of Gas either parked or loaned each Day for the account of Shipper during the Month. The maximum Usage Charge for each Day shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas parked or loaned in the aggregate (including any balances from previous days) for all Days for the duration of the service provided.

(b) Where a Shipper has agreed to pay a Negotiated Rate, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.3 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule PALS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule PALS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the PALS Agreement or a separate discount, Negotiated Rate agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements).

5.4 FEP may, consistent with any provisions on discounting in the PALS Agreement or in a separate discount, Negotiated Rate agreement, charge any individual Shipper for service under this Rate Schedule PALS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule PALS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.5 All revenues collected by FEP as a result of providing service under Rate Schedule PALS shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provisions in the General Terms and Conditions of this Tariff represent an agreement by FEP on a different disposition of certain revenue.

## 6. QUANTITY

Each PALS Request Order shall specify in Dth the MAQ and a daily schedule of the quantities (including the MDQ RO) to be parked and/or loaned under the specific transaction. The daily schedule of returned quantities by the Shipper or FEP shall also be specified in the PALS Request Order. The quantities may be specified as a range of quantities (maximum and minimum aggregate and daily quantities and the related time periods) to be parked and/or loaned and returned, and the schedule may include the flexibility to do either a park or a loan within specified quantity and time limits. The schedule may provide for flexibility in total quantities and in the daily quantities parked and/or loaned, in the timing of the park or the loan (or any portion thereof), in the duration of the park and/or loan (or any portion thereof) and/or the timing of the completion of the park or loan (or any portion thereof) by the return of Gas to the Shipper or to FEP, and shall specify the limits of the flexibility allowed. Subject to the flexibility specified in the PALS Request Order, the MDQ RO shall be the maximum quantity FEP is obligated, on an interruptible basis, to receive from or deliver to Shipper under the PALS Request Order on the specified Day. The MAQ RO shall be the maximum aggregate quantity FEP is obligated to hold or loan for the account of Shipper under the RO. The minimum aggregate and daily quantities to be parked and/or loaned and returned on an interruptible basis shall also be specified in the PALS Request Order. The sum total of a Shipper's MAQ ROs and MDQ ROs shall not exceed the MAQ and Contract MDQ specified in the PALS Agreement. If a Shipper exceeds the Contract MDQ or MAQ in the PALS Agreement or fails to comply with any quantity or timing parameter in the applicable PALS Request Order (unless such failure is due to FEP not confirming a nomination properly submitted), it shall be subject to overrun charges.

## 7. PALS POINTS OF SERVICE

Subject to the scheduling and curtailment priorities contained in the General Terms and Conditions of this Tariff, FEP will render service under this Rate Schedule at any Point(s) mutually agreeable to FEP and Shipper, including Pooling Points. The Point(s) actually used in any park or loan service will be specified in a PALS Request Order. Gas parked or loaned at any Point must be returned at the same Point unless the parties mutually agree on a different Point for the return and Shipper arranges for any transportation required to the different Point of return.

## 8. NOMINATIONS

It shall be solely Shipper's responsibility to provide FEP with daily nominations of the quantity of Gas to be received or delivered at the Receipt or Delivery Point(s) within the parameters specified in the applicable PALS Request Order. Nominations for any day or for any nomination cycle must be consistent with the PALS Request Order. It shall also be Shipper's responsibility to cause Gas to be delivered to FEP and to cause Gas to be received from FEP in accordance with the PALS Request Order. Nominations shall be subject to confirmation and scheduling in accordance with the General Terms and Conditions of this Tariff. If a nomination to reverse a park or loan is consistent with the PALS Request Order but cannot be confirmed by FEP, the Shipper must

continue to nominate on subsequent Days until FEP can confirm the nomination, unless the parties agree on a revised PALS Request Order. Differences between confirmed nominations and allocated quantities are subject to Balancing Service Charges under Section 10.8 of the General Terms and Conditions of this Tariff. Overrun charges apply as specified in Section 9.2 of the General Terms and Conditions of this Tariff.

## 9. UPSTREAM AND DOWNSTREAM ARRANGEMENTS

Shipper shall make all necessary arrangements with upstream or downstream entities. Such arrangements must be consistent with this Rate Schedule PALS and must be coordinated with FEP.

## 10. ALLOCATION OF SERVICE

Scheduling and curtailment of service hereunder in relation to other services provided by FEP will be governed by the General Terms and Conditions of this Tariff.

## 11. OPERATIONAL REQUIREMENTS OF FEP

(a) Shipper may be required, upon notification from FEP, to cease or reduce deliveries to, or receipts from, FEP hereunder within the Day consistent with FEP's operating requirements. Further, Shipper may be required to return all or a portion of borrowed quantities or remove all or a portion of parked quantities upon notification by FEP. Such notification may be by written communication, facsimile, telephone or electronic means. FEP's notification shall specify the time frame within which parked quantities shall be removed and/or borrowed quantities shall be returned, consistent with FEP's operating conditions and subject to the scheduling and confirmation of such quantities, but in no event shall the specified time be sooner than the next calendar day after FEP's notification.

(1) In the event that the specified time frame for removal or return of Gas quantities is the next calendar day, the time frame for required removal or return shall begin from the time that Shipper receives actual notice from FEP. Notices provided after business hours for the next calendar day will be provided to Shipper via telephone and electronic means. In the event that Shipper makes a timely nomination in response to notification by FEP to remove parked quantities and/or return borrowed quantities, the obligation of Shipper to comply with the notification shall begin when FEP schedules the nomination; provided, however, Shipper shall exercise best efforts to nominate transportation service on a firm or interruptible basis, as necessary, to Receipt and Delivery Points made available by FEP so as to accommodate, to the greatest extent possible FEP's notification to remove parked quantities and/or return borrowed quantities.

(2) Unless otherwise agreed by Shipper and FEP on a not unduly discriminatory basis:

(i) any parked quantity not removed within the time frame specified by FEP's notice shall be purchased by FEP at 50% of the Average Weekly Index Price (AWIP) that includes the date on which FEP's notice was given;

(ii) any borrowed quantity not returned within the time frame specified by FEP's notice shall be sold to Shipper at 150% of the AWIP for the day on which FEP's notice was given.

(b) In the event parked quantities remain in FEP's System and/or borrowed quantities have not been returned to FEP's System at the expiration of any PALS Request Order executed by Shipper and FEP, FEP and Shipper may negotiate to mutually agree to an extended time frame and/or modified terms, including the rate, of such PALS Request Order. In the event that Shipper and FEP are unable to come to such agreement, FEP shall notify Shipper and Shipper shall remove the parked quantities and/or return the borrowed quantities within the time frame specified in FEP's notice, which in no instance shall be less than one (1) calendar day. During a Critical Time, any parked quantities not removed within the time frame specified by FEP's notice shall be purchased by FEP at 50% of the AWIP. If, however, Shipper is unable to nominate quantities under the PALS Rate Schedule to remove such parked quantities due to an interruption on FEP's System, FEP shall waive the cash amount (i.e., purchase of Gas at 50% of the AWIP) for a term equal to the greater of: (i) five (5) business days; or (ii) the duration of the interruption. Any borrowed quantities not returned within the time frame specified by FEP's notice shall be sold to Shipper at 150% of the AWIP.

During a non-Critical Time, any parked quantities not removed within the time frame specified by FEP's notice shall be purchased at 65% of the AWIP. If, however, Shipper is unable to nominate quantities under the PALS Rate Schedule to remove such parked quantities due to an interruption on FEP's System, FEP shall waive the cash amount (i.e., purchase of Gas at 65% of the AWIP) for a term equal to the greater of: (i) five (5) business days; or (ii) the duration of the interruption. Any borrowed quantities not returned within the time frame specified by FEP's notice shall be sold to Shipper at 135% of the AWIP.

## 12. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if System capability is available accept nominations to park or loan on any Day quantities of Gas in excess of Shipper's MAQ and/or Contract MDQ under the PALS Agreement and the related PALS Request Order when the capacity and operating capability of its System will permit such service without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.



### 13. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule PALS and shall apply to service rendered hereunder as though stated herein.

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## RATE SCHEDULE HAT HUB AREA TRANSPORTATION

### 1. AVAILABILITY

This Rate Schedule HAT is available to any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof; and (b) executes a Hub Area Transportation Service Agreement (HAT Agreement) with FEP applicable to service under this Rate Schedule HAT. The form of HAT Agreement is contained in this Tariff. There is no limitation on the number of HAT Agreements any one Shipper may have.

### 2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule HAT defines an interruptible transportation service available only in the Hub Area. The “Hub Area” includes facilities from mile post 63 to the terminus of FEP’s system in Panola County, Mississippi encompassing certain physical delivery points, and one paper hub point (“Hub Point”) which shall be deemed to be physically located at the terminus of FEP’s system in Panola County, Mississippi. The Hub Area is reflected on the map in currently effective Part 3 of this Tariff. This Rate Schedule HAT shall apply to all Gas transported by FEP for Shipper pursuant to a HAT Agreement. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule HAT.

2.2 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP’s System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 Service hereunder shall consist of the acceptance by FEP of Gas from or for the account of Shipper at Receipt Point(s) under the HAT Agreement, the transportation of that Gas through FEP’s System, and the delivery of that Gas by FEP to Shipper or for Shipper’s account at Delivery Point(s) under the HAT Agreement. FEP shall not be required: (a) to accept on any Day Gas tendered, or to deliver on any Day Gas requested, in excess of the Contract MDQ, plus applicable Booster Compression Fuel and Lost and Unaccounted For Gas, specified in the HAT Agreement, except as provided in Section 8 of this Rate Schedule HAT; or (b) to accept or deliver on any Day Gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party, except in accordance with Section 33 of the General Terms and Conditions of this Tariff or transportation of liquids.

2.4 The service provided under this Rate Schedule HAT shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender Gas for transportation under this Rate Schedule HAT to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by FEP under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP appropriate certification, including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Commission's Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering Gas under a HAT Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.5 Service hereunder is provided on an interruptible basis. Scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

2.6 A HAT Shipper may only bring receipts to the Hub Point or Hub Area delivery points from Hub Area receipt points. However, under a separate transportation agreement, a Shipper may bring receipts to the Hub Point or Hub Area delivery points from receipt points located anywhere on the FEP System, as well as from the Pooling Point. A HAT Shipper may only make deliveries from the Hub Point or Hub Area receipt points. However, under a separate transportation agreement, a Shipper may make deliveries from the Hub Point or Hub Area receipt points to delivery points located anywhere on the FEP System.

2.7 A HAT Shipper may transfer Gas to another HAT Shipper at the Hub Point without incurring a transportation charge. Any such transfer receipts must equal transfer deliveries.

### 3. VALID REQUESTS

3.1 A request for service under this Rate Schedule HAT shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (3) if FEP determines, based on the credit analysis referenced in Section 3.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule HAT; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate, consistent with this Rate Schedule HAT and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has

been granted pursuant to this Section and while a HAT Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule HAT. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule HAT. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the HAT Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender a HAT Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by FEP, a request for service shall be invalid if Shipper fails to execute a HAT Agreement hereunder within ten (10) days after a HAT Agreement has been tendered by FEP for execution; provided, however, that FEP shall waive this time requirement if the delay is not unreasonable.

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 711 Louisiana Street, Suite 900, Houston, Texas 77002, or Telecopy Number (281) 714-2179:

(a) GAS QUANTITIES

The request shall specify in Dth the Contract MDQ, exclusive of applicable Booster Compression Fuel and Lost and Unaccounted For Gas; provided, however, that FEP shall not be obligated to accept requests for a Contract MDQ of less than one hundred (100) Dth per Day. A Shipper shall include in its request, in addition to its Contract MDQ, a quantity of Gas adequate to provide any applicable Booster Compression Fuel and Lost and Unaccounted For Gas.

(b) AVAILABILITY OF POINTS

(1) A Shipper may utilize all available Receipt and Delivery Points in the Hub Area under any HAT Agreement, as more fully set out in the General Terms and Conditions of this Tariff. FEP will post the availability of such Points on its Interactive Website, as such posted Points may be revised by FEP. The Hub Point may not be specified as a primary Receipt or Delivery Point.

(2) The available quantity and priorities at any Point shall be governed by the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence, and
- (2) The date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon an evaluation of credit by FEP in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH HAT TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule HAT, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed HAT Agreement is submitted, and when any subsequent changes occur:

- (1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the HAT Agreement between Shipper and FEP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff. FEP may terminate the HAT Agreement if Shipper fails to cause Gas to be delivered during any twelve (12) consecutive calendar Months when capacity is available, unless Shipper's failure to deliver Gas was attributable to circumstances of Force Majeure.

(b) Upon termination of any HAT Agreement, service by FEP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

## 5. RATE

5.1 (a) Shipper shall pay FEP each Month under this Rate Schedule HAT a one-part Commodity Charge as set out in this Tariff for each Dth of Gas transported, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity

Charges, as applicable, shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas actually transported by FEP for Shipper during the billing Month.

(b) Shipper shall also pay, where applicable, other charges set forth in this Tariff, including but not limited to Balancing Service Charges.

(c) Where a Shipper has agreed to pay a Negotiated Rate, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse FEP for applicable Lost and Unaccounted For Gas as provided by Section 36 of the General Terms and Conditions. A separate incremental Booster Compression Fuel charge is set forth for point(s) where Booster Compression applies.

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities (excluding Expansion Facilities) to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on quantities transported by FEP for Shipper under this Rate Schedule HAT, provided that ACA shall not be charged on quantities delivered to the Hub Point.

5.5 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule HAT, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule HAT, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the HAT Agreement or a separate discount, Negotiated Rate agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements).

5.6 FEP may, consistent with any provisions on discounting in the HAT Agreement or in a separate discount, Negotiated Rate agreement, charge any individual Shipper for service under this Rate Schedule HAT a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule HAT set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by FEP as a result of providing service under Rate Schedule HAT shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provision in the General Terms and Conditions of this Tariff represents an agreement by FEP on a different disposition of certain revenue.

## 6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide FEP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to FEP at Receipt Point(s), and to cause Gas to be taken from FEP at Delivery Point(s), in accordance with the information supplied to FEP, as long as such Gas Quantities are nominated for simultaneous receipt and further delivery on FEP under either a FTS, ITS or HAT Agreement.

(b) FEP will enter into OBAs (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and/or Delivery Points, in accordance with Section 6.11 of the General Terms and Conditions of this Tariff. Where imbalances are beyond the parameters in an OBA or where an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. FEP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

## 7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to FEP hereunder; and (2) at or downstream of the Delivery Point(s) where FEP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule HAT and must be coordinated with FEP.

## 8. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if capacity is available receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's Contract MDQ under the HAT Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

## 9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule HAT and shall apply to service rendered hereunder as though stated herein.



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## GENERAL TERMS & CONDITIONS

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1. DEFINITIONS

**AGREEMENT**

"Agreement" shall mean an agreement subject to, as applicable, Rate Schedule FTS, ITS, PALS or HAT.

**AUTHORIZED OVERRUN GAS**

"Authorized Overrun Gas" shall mean those quantities of Gas nominated and confirmed for transportation by Shipper on any Day in excess of its currently effective Contract and/or Point MDQ, to the extent such Gas is scheduled under Section 6 of these General Terms and Conditions.

**AVERAGE MONTHLY INDEX PRICE (AMIP)**

"Average Monthly Index Price" or "AMIP" for each calendar Month, shall be used for calculations under Section 36 of these General Terms and Conditions (relating to Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas respectively), and shall be determined as follows:

$$\text{AMIP} = \text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

Where:

INDEX = the price published in Platts' monthly "Gas Daily Price Guide" in the table entitled "Midpoint Averages, (Month)" for NGPL, Texok zone (or the superseding reference if the publication titling is revised);

FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC natural gas tariff;

COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current natural gas tariff.

If the monthly price for the above location is no longer published by Gas Daily, the equivalent price in the Intelligence Press Publication "NGI's Bidweek Survey", under the column labeled "avg." in the table entitled "(Month Year) Cumulative" will be used to determine the AMIP.

In the event that any index referenced above is unavailable or if the indices in the aggregate do not meet FERC requirements as to liquidity, FEP will post that information in its Interactive Website and shall discontinue use of that referenced index in computing the Average Monthly Index Price. During any period when an index is unavailable, FEP shall compute the Average Monthly Index Price using the published index prices that remain available. If any index remains unavailable for sixty (60) Days, FEP shall make a limited tariff filing pursuant to Section 4 of the Natural Gas Act requesting Commission authorization to adopt an appropriate replacement index to use in the computation of the Average Monthly Index Price. FEP will consult with Shippers at any time when the referenced index is not to be used and a replacement index is used. Shippers may protest FEP's filing with the Commission during this proceeding.

### **AVERAGE WEEKLY INDEX PRICE OR AWIP**

“Average Weekly Index Price” or “AWIP” shall mean for any week the average of the two prices determined as follows:

- (a) A price defined as:

$$\text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

Where:

INDEX = the price published in Platts' "Gas Daily" in the table entitled "Weekly weighted average prices" for NGPL, Texok zone (or the superseding reference if the publication titling is revised);

FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC natural gas tariff;

COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current natural gas tariff.

- (b) The price published in Platts' "Gas Daily" in the table entitled "Weekly weighted average prices" for Texas Gas, Zone 1 (or the superseding reference if the publication titling is revised);

If the weekly price for one or both of the above locations is no longer published by Gas Daily, the equivalent prices in the Intelligence Press publication "Weekly Gas Price Index", under the column labeled "avg." in the table entitled "Spot Gas Prices" will be used to determine the prices to be averaged for both locations.

In the event that any index referenced above is unavailable or if the indices in the aggregate do not meet FERC requirements as to liquidity, FEP will post that information in its Interactive Website and shall discontinue use of that referenced index in computing the Average Weekly Index Price. During any period when an index is unavailable, FEP shall compute the Average Weekly Index Price using the published index prices that remain available. If any index remains unavailable for sixty (60) Days, FEP shall make a limited tariff filing pursuant to Section 4 of the Natural Gas Act requesting Commission authorization to adopt an appropriate replacement index to use in the computation of the Average Weekly Index Price. FEP will consult with Shippers at any time when the referenced index is not to be used and a replacement index is used. Shippers may protest FEP's filing with the Commission during this proceeding.

### **BOOSTER COMPRESSION**

"Booster Compression" shall mean compression installed by FEP to facilitate the receipt of Gas into its system if applicable.

### **BOOSTER COMPRESSION FUEL**

"Booster Compression Fuel" means only the thermal equivalent of that quantity of Gas actually used or incurred by FEP on an incremental basis where Booster Compression is installed, to effect the transportation of Gas hereunder from the Receipt Points to the Delivery Points, consistent with Section 36 of these General Terms and Conditions.

### **BUSINESS DAY**

Monday through Friday, 8:00 a.m. to 4:30 p.m. Central Clock Time excluding Federal Banking Holidays.

### **CONTRACT MDQ**

"Contract MDQ" is the MDQ of Gas that FEP is obligated to transport and deliver to Shipper and Shipper is entitled to receive as specified in an Agreement, except for Authorized Overrun Gas, subject to the provisions of Sections 3 and 4 of these General Terms and Conditions.

### **DAILY INDEX PRICE OR DIP**

"Daily Index Price" or "DIP" shall mean for any Day the average of the two prices determined as follows for such Day, using flow date and quantity data as shown for the following indices:

- (a) A price defined as:

$$\text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

Where:

INDEX = the price published in Platts' "Gas Daily" under the column labeled "Midpoint" in the table entitled "Daily price survey (\$/MMBtu)" for NGPL, Texok zone (or the superseding reference if the publication titling is revised);

FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC natural gas tariff;

COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current natural gas tariff.

- (b) The price published in Platts' "Gas Daily" under the column labeled "Midpoint" in the table entitled "Daily price survey (\$/MMBtu)" for Texas Gas, zone 1 (or the superseding reference if the publication titling is revised).

If the daily price for one or both of the above locations is no longer published by Gas Daily, the equivalent prices in the Intelligence Press publication "NGI's Daily Gas Price Index", under the column labeled "avg." in the table entitled "(Month) Cash Market Prices" will be used to determine the prices to be averaged for both locations.

In the event that any index referenced above is unavailable or if the indices in the aggregate do not meet FERC requirements as to liquidity, FEP will post that information in its Interactive Website and shall discontinue use of that referenced index in computing the Daily Index Price. During any period when an index is unavailable, FEP shall compute the Daily Index Price using the published index prices that remain available. If any index remains unavailable for sixty (60) days, FEP shall make a limited tariff filing pursuant to Section 4 of the Natural Gas Act requesting Commission authorization to adopt an appropriate replacement index to use in the computation of the Daily Index Price. FEP will consult with Shippers at any time when the referenced index is not to be used and a replacement index is used. Shippers may protest FEP's filing with the Commission during this proceeding.

### **DAY OR GAS DAY**

"Day" or "Gas Day" shall mean 9 a.m. to 9 a.m. (Central Clock Time)..

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## **DELIVERY POINT**

The term "Delivery Point" shall mean any Point at which FEP delivers to or for the account of Shipper Gas which has been transported by FEP under any Rate Schedule in this Tariff, as specified in an Agreement, or a Point at which Gas is delivered to Shipper pursuant to a Request Order under Rate Schedule PALS or as applicable to service under such Agreement by operation of this Tariff.

## **DTH**

The term "Dth" shall mean one million (1,000,000) Btus and is equivalent to one (1) MMBtu.

## **EDI**

The term "EDI" shall mean Electronic Data Interchange.

## **EQUIVALENT VOLUMES**

"Equivalent Volumes" shall mean the sum of the quantities of Gas measured in Dth received by FEP for the account of a Shipper at the Receipt Points during any given period of time: (a) reduced by (i) that Shipper's share of Fuel Gas and Lost and Unaccounted For Gas, Booster Compression Fuel if applicable and (b) adjusted for any variations in Btu content, as corrected for any water vapor in excess of five (5) pounds per million (1,000,000) cubic feet of Gas, it being the intent of the parties that the quantities of Gas delivered hereunder at the Delivery Point after transportation be the thermal equivalent of the quantities of Gas delivered at the Receipt Point for transportation, after reduction, correction and adjustment as provided above. In determining Equivalent Volumes for redelivery, FEP shall formulate a thermal balance evaluating inputs to, and deliveries from, the System at least once each Month. Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas shall be determined pursuant to Section 36 of these General Terms and Conditions.

## **FERC**

"FERC" or "Commission" shall mean the Federal Energy Regulatory Commission or any federal commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers which were exercisable by the Federal Energy Regulatory Commission.

## **FUEL GAS**

"Fuel Gas" means the thermal equivalent of that quantity of Gas actually used or incurred by FEP to effect the transportation of Gas hereunder from the Receipt Points to the Delivery Points. Consistent with Section 36 of the General Terms and Conditions, Booster Compression Fuel incurred by FEP shall be determined separately and is not included in Fuel Gas.

## **GAS**

"Gas" shall mean combustible hydrocarbon Gas.

## **HEATING VALUE**

The term "heating value" shall mean the number of Btus per cubic feet of Gas at the base condition of 14.73 psia 60 degrees Fahrenheit dry. The Btu value will be determined utilizing the complete actual composition of the Gas according to the methods in GPA Standard 2172-96, titled "Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compositional Analysis," and corrected to the base conditions. For reporting purposes, Btu conversion factors will be reported to not less than three (3) decimal places and Pressure Base conversion factors will be reported to not less than six (6) decimal places. For calculation purposes, not less than six (6) decimal places will be used for both conversion factors.

## **HUB POINT**

"Hub Point" shall have the meaning set out in Section 2.1 of Rate Schedule HAT.

## **INTERACTIVE WEBSITE**

The term "Interactive Website" shall mean the interactive internet website maintained by FEP for communication regarding its transportation services in accordance with applicable Commission Regulations and NAESB Standards, as more fully described in Section 13 of these General Terms and Conditions.

## **LOST AND UNACCOUNTED FOR GAS**

"Lost and Unaccounted For Gas" shall mean the thermal equivalent of the difference between the sum of all input quantities of Gas to the System (including Fuel Gas) and the sum of all output quantities of Gas from the System plus Fuel Gas, which difference shall include but shall not be limited to Gas vented (other than Gas that can be attributed to an offending Shipper), line heater Gas, and Gas lost as a result of an event of Force Majeure, the ownership of which cannot be reasonably identified. Lost and Unaccounted For Gas shall be determined pursuant to Section 36 of these General Terms and Conditions.

## **MCF**

"Mcf" shall mean one thousand (1,000) cubic feet of Gas.

## **MDQ**

"MDQ" shall mean the maximum daily quantity.

## **MONTH**

"Month" shall mean the period beginning on the first day of any calendar month and ending on the first day of the next succeeding calendar month.

## **NEGOTIATED RATE**

The term "Negotiated Rate" shall mean a rate provision under which FEP and Shipper have agreed on the amount to be charged for the service under Rate Schedule FTS, ITS, PALS or HAT which results in a rate where, for all or a portion of the contract term, one or more of the individual components of such rate deviates from the applicable minimum and/or maximum rate level, as set forth in Section 30, hereof. Any Agreement entered into which provides for a rate under Rate Schedule FTS, ITS, PALS or HAT other than the applicable maximum rate shall contain a provision setting out the mutual agreement of the parties, consistent with Commission policy, as to whether the pricing terms represent a discounted rate or a Negotiated Rate. A negotiated rate may be a stated rate or a rate determined by a formula. A Negotiated Rate arrangement may cover Fuel Gas and Lost and Unaccounted For Gas and/or Booster Compression Fuel.

## **NOMINATION**

"Nomination" shall mean the requests for service submitted pursuant to Section 6 of these General Terms and Conditions.

## **OPERATIONAL BALANCING AGREEMENT ("OBA")**

An OBA is a contract between two parties which specifies the procedures to manage operating variances at an interconnect. FEP shall not be obligated to enter into an OBA with any form of cash out.

## **OVERAGE AVERAGE MONTHLY INDEX PRICE (OAMIP)**

The Overage Average Monthly Index Price or "OAMIP" shall mean the index price used in determining cash out amounts for overages as provided in Section 10.4 of these General Terms and Conditions.

## **POINT**

"Point" shall mean a physical point on FEP's System at which Gas can be received and/or delivered and which is utilized to provide service under Rate Schedules FTS, ITS, PALS or HAT.

## **POINT MDQ**

Each FTS Agreement shall specify a Point MDQ for each Receipt Point and each Delivery Point. Subject to the provisions of Section 2.3(b) of Rate Schedule FTS, "Point MDQ" shall mean: (i) the MDQ of Gas which FEP is obligated to deliver on a primary firm basis at Delivery Points;



and (ii) the MDQ of Gas which FEP is obligated to receive on a primary firm basis at Receipt Points, exclusive of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel, if applicable. At Receipt Points, FEP shall be obligated to accept applicable Fuel Gas and Lost and Unaccounted For Gas on a primary firm basis in addition to the Point MDQ quantity.

### **POOLING POINT**

“Pooling Point” shall have the meaning set out in Section 6.12 of the General Terms and Conditions of this Tariff.

### **RECEIPT POINT**

"Receipt Point" shall mean any Point at which Gas is tendered by or for the account of Shipper to FEP for transportation as specified in an Agreement, or for the receipt of Gas by FEP pursuant to a Request Order under Rate Schedule PALS, or as applicable to service under such Agreement by operation of this Tariff.

### **RECOURSE RATE**

"Recourse Rate" shall mean the applicable maximum rate which would apply to the service but for the rate flexibility allowed under Sections 30 (Negotiated Rates) and 34 (Discounting) hereof.

### **SHIPPER**

The term "Shipper" shall mean a Shipper as defined in any of the Rate Schedules governed by these General Terms and Conditions. In addition, in a given context, Shipper may refer to an entity which is seeking to become a Shipper.

### **SUPPLY LEG**

“Supply Leg” shall mean the pipeline segment that is west of (but not including) the NGPL Interconnect.

### **SYSTEM**

"System" shall mean the Pipeline, including any compression and related facilities owned or leased by FEP.

### **TARIFF**

“Tariff” shall mean Transporter’s currently effective FERC NGA Gas Tariff.

### **UNAUTHORIZED OVERRUN GAS**

"Unauthorized Overrun Gas" shall mean quantities of Gas received from or delivered to (or on behalf of) Shipper at a Point in excess of confirmed nominations.

### **UNDERAGE AVERAGE MONTHLY INDEX PRICE (UAMIP)**

The Underage Average Monthly Index Price or "UAMIP" shall mean the index price used in determining cash out amounts for underages as provided in Section 10.4 of these General Terms and Conditions.

### **YEAR**

"Year" shall mean a period of three hundred sixty-five (365) consecutive days or three hundred sixty-six (366) consecutive days if such period includes February 29.

## 2. PRIORITY OF SERVICE

### 2.1 ALLOCATION OF CAPACITY

#### (a) GENERAL

This Section 2.1 governs the allocation of firm capacity on FEP's System among entities requesting firm services in assigning priority to otherwise valid requests for any particular firm service. In applying such criteria where a Negotiated Rate is involved, the value assigned to a request which includes a Negotiated Rate shall be limited by the Recourse Rate as provided in Section 30 of these General Terms and Conditions. FEP shall not be required to grant otherwise valid requests at less than the applicable maximum rate, but may do so on a non-discriminatory basis.

#### (b) CAPACITY AWARD PROCEDURES

This Section 2.1(b), together with Sections 2.1(c) and 16 of these General Terms and Conditions, sets out the procedures to be followed by FEP in awarding all firm forward-haul transmission capacity becoming available on its System; provided, however, that these procedures do not apply to the initial allocation of such firm capacity created by the construction of new facilities (including the initial construction and any extensions and expansions of FEP's System).

##### (1) INITIAL OPEN SEASON

FEP shall conduct an Initial Open Season for firm forward-haul transmission capacity that is available upon FEP being in service or becomes available, including when capacity that is subject to a right of first refusal or other rollover rights is not renewed or awarded during the right of first refusal process.

(i) An Initial Open Season shall be conducted so that the open season would end at least two (2) Business Days before the date the firm capacity becomes available. Such capacity may not be awarded, except as otherwise provided in this Section 2.1 or Section 16 of these General Terms and Conditions, until after an Initial Open Season has been conducted.

(ii) In any Initial Open Season, the minimum posting and bidding period applicable to firm capacity available for less than one (1) Year is from 9:00 a.m. to 2:00 p.m. Central Clock Time on a Business Day and the minimum posting and bidding period for firm capacity available for one (1) Year or longer is four (4) Business Days, with the minimum posting periods each day being from 9:00 a.m. to 2:00 p.m. Central Clock Time.

(iii) The posting for an Initial Open Season shall include the following items:

(A) The bidding procedure to be used, including an explanation of how bids are to be submitted, a bid form, instructions for satisfying the request criteria under the applicable rate schedule, and the complete bid evaluation criteria consistent with this Section 2.1.

(B) The timetable for posting and bidding, which timetable must be consistent with Section 2.1(b)(1)(ii).

(C) The location, duration and amount of firm capacity to be covered by the Initial Open Season, and the date on which such firm capacity will be available.

(D) Contingencies, if any, which will be accepted in open season bids.

(E) Any other bid requirements, conditions, criteria, restrictions or parameters.

(iv) In the Initial Open Season, all bids must be submitted either in the basic rate design then in effect on FEP's System, which are constrained by the applicable maximum and minimum rates, or in the form of a Negotiated Rate, as specified below. As part of its Initial Open Season posting, FEP will specify whether it will accept bids in the form of a Negotiated Rate in such Open Season and, if so, the parameters for submitting Negotiated Rate bids.

(v) FEP shall establish a reserve price or reserve price matrix in every Initial Open Season, consistent with Section 2.1(c)(5) of these General Terms and Conditions.

(vi) Unless otherwise specified in the posting, a bidder may bid on all or any portion of the term for which the firm capacity is available and on all or any portion of the capacity available. FEP shall make firm capacity available without any term limit unless that firm capacity is committed at some future time under a then existing contract or that firm capacity is operationally available only for a limited period of time. Any term limit shall reflect such a contractual or operational constraint. FEP shall specify any such term limit, and the reasons for the term limit, in the posting. FEP may only impose minimum quantity, geographical or term requirements on bids for operational reasons, such as maintaining pressure or sustaining the minimum level of prudent facility operations on any affected portion(s) of its System.

(vii) FEP shall have the right to terminate an Initial Open Season through a termination posting if there is a material error in the Initial Open Season posting, which error shall be explained in the termination posting. FEP shall have the right to extend an Initial Open Season for good cause, as explained in the extension posting, or as specified in the original Initial Open Season posting.

(viii) All bids received during the open season period remain binding on the bidder through the end of the open season unless withdrawn by bidder. At the end of any open season, all bids either withdrawn or not accepted shall be deemed null and void. A bidder may withdraw its bid at any time during the open season, utilizing the same medium through which a bid can be submitted. A bidder which has withdrawn a bid may submit a bid with a higher value during the open season, but neither that bidder nor any of its affiliates may submit during that open season a bid with a lower value than the withdrawn bid [value is to be determined applying the criteria in Section 2.1(c), consistent with the posting for that open season], except if the withdrawn bid was withdrawn due to a material error. A bidder may withdraw a bid for a material error by notifying FEP by the deadline for bids that the bid contains a material error, which notification shall explain the material error.

(ix) If an open season is extended, a bidder is free to submit a new bid without restriction in the extended open season even if that bidder withdrew its bid in the original open season. If a bidder withdraws its bid in an extended open season, the same rules as in an original open season apply to that bidder.

(x) Once firm capacity has been subject to an Initial Open Season, FEP is not required to hold any further Initial Open Season while the capacity is posted on FEP's website. If however that capacity or portion of such capacity is sold under a contract that includes extension rights (rollover or ROFR under Section 16 of the GT&C) and again becomes available as result of the expiration of such contract (because the extension rights were not exercised), then such capacity under such contract shall be subject to an Initial Opens Season.

## (2) REQUEST PROCEDURE

For firm capacity which is not awarded in the Initial Open Season process and for existing firm capacity which is not subject to the Initial Open Season process or to Section 16 of these General Terms and Conditions, FEP may award such capacity through either the Request Procedure in this Section 2.1(b)(2) or the Additional Open Season Procedure in Section 2.1(b)(3) of these General Terms and Conditions.

(i) FEP may award such firm capacity in response to request(s) for firm service in writing or on its Interactive Website which conform to the requirements in the applicable rate schedule for valid requests (including meeting credit criteria). A request may be unsolicited or pre-negotiated, but no communication will be considered a request hereunder unless it constitutes a valid request for service consistent with the applicable rate schedule and has been submitted in writing or via FEP's Interactive Website.

(ii) A request for firm capacity will be binding on the entity requesting firm capacity for two (2) Business Days or until the request is accepted or rejected by FEP, whichever is earlier. FEP shall respond to any request for firm capacity within two (2) Business Days. Unless granted by FEP, all requests submitted are void effective the earlier of the

time when FEP rejects the request or two (2) Business Days after the request is submitted. FEP cannot grant any request which has become void, but a request becoming void hereunder is without prejudice to any future request by that Shipper or any other Shipper.

(iii) The rate form under a request may be either the basic rate design then in effect on FEP's System or a Negotiated Rate form.

(iv) FEP is not obligated to award firm capacity based on a request at less than the applicable maximum rate, but any capacity award must be consistent with Section 2.1(c) of these General Terms and Conditions if there are competing valid requests pending. For purposes of applying the evaluation criteria in Section 2.1(c) of these General Terms and Conditions, only pending valid requests which have not become void under (ii) are considered to be competing.

(v) Requests shall not be accepted or valid as to any firm capacity which is subject to an Initial Open Season or an Additional Open Season during any period between the posting of that open season and the award of capacity (or the decision not to award capacity) under that open season.

### (3) ADDITIONAL OPEN SEASON PROCEDURE

(i) If available firm capacity has not been awarded in the Initial Open Season, FEP may at any time elect to hold an Additional Open Season for that capacity.

(ii) The posting requirements and minimum posting and bidding periods for an Additional Open Season shall be the same as for an Initial Open Season under Section 2.1(b)(1), except that FEP will post any additional items necessary to comply with this Section 2.1(b)(3).

(iii) In the Additional Open Season, FEP may limit the firm capacity available to that defined in the posting and may make such defined firm capacity available only for a specified term or range of terms, which limitation(s) must be included in the posting.

(iv) In the Additional Open Season, bids may be on a Negotiated Rate basis to the extent specified in the posting. FEP may limit the form of Negotiated Rate submitted, in which case that limitation must be reflected in the posting. Bids may always be submitted in the basic rate design then in effect on FEP's System at the applicable maximum rate.

(v) FEP may, but is not required to, establish a reserve price or reserve price matrix in an Additional Open Season, consistent with Section 2.1(c)(5) of these General Terms and Conditions.

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(4) SPREADSHEETS

Contemporaneous with posting of an open season, FEP shall make available (subject to reasonable user requirements) electronic spreadsheets setting out the analyses which will be used to determine the winning bid(s), in a format which will allow the user to calculate net present value.

(5) CONDITIONS ON REQUESTS AND BIDS

This subsection sets out conditions applicable to all requests and bids for firm capacity. FEP shall reject any request or bid for service which may detrimentally impact the operational integrity of FEP's System (if FEP rejects a bid or request on this basis, it will provide a written explanation of the operational basis for this action); which does not satisfy all the terms of an applicable posting or tariff provision and/or does not provide all the information required by the posting or tariff provision; which contains terms and conditions other than those in FEP's Tariff and/or any applicable posting; which would not constitute a valid request under the applicable rate schedule (it being understood that a bid in an open season cannot be rejected for incompleteness if all information required by the bid form and applicable posting has been provided); or is in any way inconsistent with FEP's Tariff and/or any applicable posting. Any Shipper wishing to bid in an open season or submit a request for capacity must satisfy the creditworthiness requirements in Section 12 of these General Terms and Conditions prior to submitting a bid or request. A Shipper cannot bid for or request services which exceed its pre-qualified level of creditworthiness. FEP shall process - and encourages - applications from potential bidders or requesters seeking prequalification for bids or requests they may make in the future. Credit applications shall be completed in full with all information required to establish creditworthiness under the credit criteria included in FEP's rate schedule covering the applicable service. Should a potential bidder or requester fail to satisfy such credit criteria, it may still qualify by providing a prepayment, letter of credit, security interest or guarantee satisfactory to FEP as further set forth in Section 12.1(b) of these General Terms and Conditions. Based on FEP's continuing review of a Shipper's financial records, FEP shall have the right to amend a Shipper's line of credit and lower or increase the quantity and term.

(6) ROFR OR ROLLOVER RIGHTS

The capacity allocation procedures of this Section 2.1(b) shall not apply where a Shipper is utilizing with respect to its existing capacity the Right of First Refusal procedures or contractual rollover rights pursuant to Section 16 of these General Terms and Conditions. Instead, the procedures in said Section 16 will govern the award of capacity in such instances.

(7) CAPACITY AWARDED FOR LIMITED PERIOD

This provision applies in situations where firm capacity is awarded for a limited time period ending on a date no later than the date on which such capacity is required to provide service under one or more preexisting FTS Agreements or where firm capacity is operationally available only for a limited time period.

(i) FEP may market such capacity for all or any portion of the limited time period until service under the capacity award becomes effective, or until the capacity is no longer operationally available.

(ii) FEP shall limit the rights of the Shipper awarded the capacity to the limited time period, so that the Shipper has no rollover rights or rights of first refusal which extend beyond the limited time period; provided, FEP will indicate in any open season posting for such capacity the limitation on rights which will apply to such firm capacity awarded for the limited time period.

(c) EVALUATION OF COMPETING BIDS AND REQUESTS

In comparing valid bids received in an open season or in comparing two or more valid and competing pending requests for service under the Request Procedure, FEP will award firm capacity based on the highest economic value, as defined in this Section 2.1(c).

(1) HIGHEST ECONOMIC VALUE

The highest economic value is the highest net present value of the stream of incremental revenue produced in the aggregate by a valid bid or request, or combination of valid bids or requests, received by FEP for firm capacity which is consistent with the reserve price where one has been established; Incremental revenue is the additional revenue FEP would collect from a Shipper under any bid or request over and above the revenue FEP would otherwise have received after taking into account any revenue lost or affected by the bid or request (i.e., where an existing capacity holder submits a bid or request which is contingent upon turnback by that existing capacity holder of an existing capacity commitment, only the value of such a bid or request net of the revenue which would be lost to FEP due to the turnback of the existing contractual commitment will be considered).

(2) ONLY GUARANTEED REVENUE CONSIDERED

In the determination of highest economic value, FEP shall consider only reservation rate revenue and any other guaranteed revenue under bids or requests which meet any applicable reserve price. In the case of a bid or request for firm service involving a Negotiated Rate, the rules for calculating net present value set out in Section 30 of these General Terms and Conditions shall apply.

(3) POSTING OF CRITERIA

FEP shall post the criteria to be used in the determination of highest economic value for comparing valid bids in any open season and for comparing pending requests which are valid and competing. The posting will consist of a net present value formula, together with all relevant factors and parameters. The discount rate to be utilized in the NPV formula shall be the FERC approved interest rate. These criteria shall be posted continuously on the Informational Postings portion of FEP's Interactive Website. FEP may change the criteria at any time in a manner



not inconsistent with the other provisions of this Section 2.1(c), but the revised criteria may only be applied to an open season the posting of which commenced at least one (1) Business Day after the change in criteria has been posted. FEP cannot change the criteria for any on-going open season. The revised criteria shall apply immediately to all requests received after the change has been posted. In addition, the posting for each individual open season will include the following elements: the date to which all bids are discounted in the calculation of net present value; the FERC interest rate utilized; how a Shipper's willingness or unwillingness to prorate will affect its bid; whether a prearranged transaction is involved and, if so, whether there is a right to match; the extent to which advance payments will be considered in evaluating bids; how surcharges will be taken into account; and the procedure to be used in breaking ties.

#### (4) OBLIGATION TO AWARD CAPACITY

(i) FEP shall be obligated to award firm capacity if the applicable maximum rate is submitted for the entire term of a valid bid in any open season or is requested for the entire term of a valid request under the Request Procedure, up to the firm capacity covered by the maximum rate bid(s) or request(s), without regard to any reserve price. If such a maximum rate bid or request is received, FEP shall be obligated to award the capacity either to the Shipper submitting such a valid bid or request or to a competing bidder or requestor. The capacity award will be based on the posted criteria hereunder for evaluating bids or requests.

(ii) FEP shall be obligated to award firm capacity if the reserve price is met in a valid bid for the capacity being posted for open season, up to the firm capacity covered by the bid(s) meeting the reserve price. The capacity awards will be based on application of the posted criteria.

(iii) Notwithstanding the foregoing, FEP may, but shall not be obligated to, award firm capacity based on the following types of otherwise valid bids or requests: (a) any bid or request for a term of less than one Year, under which service is to commence more than ninety (90) days following close of the open season; and (b) any bid or request for a term which is not continuous from the commencement of service date to the termination of service date reflected in the bid and/or which specifies different Contract and/or Point MDQs for various time periods.

#### (5) RESERVE PRICE MATRIX

In an Initial Open Season, FEP shall establish a reserve price or reserve price matrix. FEP may, but is not required to, establish a reserve price or reserve price matrix in an Additional Open Season.

(i) A reserve price defines the minimum price(s) at which FEP will award the firm capacity covered by the open season, which price(s) must be equal to or less than the applicable maximum rate(s). FEP is not obligated to award capacity at less than the applicable maximum rate unless a lower rate is set out in the reserve price matrix. In determining whether a reserve price has been met by any bid, FEP will compare the net present value of the

requested prices in the bid with the net present value of the applicable reserve price(s). If the reserve price is met, FEP will award firm capacity to valid bids consistent with the posted bid evaluation criteria and this Section 2.1(c).

(ii) Reserve prices in a reserve price matrix may vary by relevant elements, including but not limited to term, service type, Receipt Points, Delivery Points and markets. Differences in "markets", as that term is used in the prior sentence, shall refer to differences relating to any of the following: (A) defined geographical areas, where the value of FEP's services may vary among such geographical areas due to current or projected differences in competitive alternatives, regulation, or operational, supply or capacity factors; (B) customers, where the value of FEP's services may vary by customer due to current or projected differences in competitive alternatives available to them or their demand characteristics (including access to alternative fuels); (C) contract time periods, where the value of FEP's services may vary due to current or projected differences in competitive alternatives or market demand at or over different contract time periods (for example, winter season versus multi-Year); (D) products and services, where the value of FEP's product and service offerings may vary due to current or projected differences in competitive alternatives or market demand (provided that this is not intended to tie separate services together for bidding purposes); or (E) quantities, where the value of FEP's services may vary due to current or projected differences in competitive alternatives, market demand or other factors related to contract quantity levels. The reserve price matrix in an open season may include multiple terms, from one Month or less to multi-Year, and shall indicate if firm capacity is only available for a limited time due to operational or physical constraints or due to the contractual commitment of such capacity in the future.

(iii) Unless FEP elects to post the reserve price as part of the posting of an open season, FEP shall provide the reserve price or reserve price matrix to an independent third party before the posting of an open season. A bidder in an open season may request the reserve price or reserve price matrix applicable to that open season at any time after the close of the open season and FEP will provide such information to the requesting bidder within one Business Day after FEP receives the request.

(d) POINT CHANGES

Any Shipper with an FTS Agreement may request a permanent change in primary Points at any time. FEP will respond to such a request within two (2) Business Days. FEP shall grant such a request if firm transportation and point capacity is available to do so; provided that the parties can mutually agree on the rate unless the applicable FTS Agreement or related discount or Negotiated Rate agreement specifies the rate when there is such a permanent primary point change. Unless otherwise specifically agreed, if the Point change results in a shortened path which would reduce the applicable rate, the reservation rate applicable to the longer path shall apply for the remaining term of the Agreement, but the commodity rate applicable to the shortened path shall apply so long as the shortened path is in effect under the Agreement; provided, however, the Fuel Gas for the path utilized shall apply. Any such permanent point change shall be reflected in an amendment to the FTS Agreement.

## 2.2 REDUCTIONS IN FIRM SERVICES

(a) While firm services are not ordinarily interrupted due to lack of capacity, capacity constraints may exist from time to time or interruption of service may be necessary for certain other reasons. FEP may decline to schedule and/or may curtail firm service for any of the following reasons:

(1) If Shipper tenders Gas which does not conform to the applicable quality requirements under Section 19 of these General Terms and Conditions;

(2) For reasons of Force Majeure;

(3) Pursuant to Sections 2.7 or 2.8 of these General Terms and Conditions;

(4) To rectify imbalances, to conform physical flows to nominations or to effectuate payback of imbalances, to the extent consistent with the specific Rate Schedule;

(5) If there is a dispute over title, ownership or right to tender or to receive Gas.

(b) Without limitation to the foregoing, unless otherwise agreed by contract, FEP shall have the right to reduce receipts or deliveries of Gas on any Day below Shipper's Contract MDQ and/or Point MDQ to permit maintenance, repair, overhaul, replacement, or construction of pipelines, compressors, metering, regulating, or other transmission facilities and equipment, or to maintain System integrity; provided, however, that with respect to routine repair and maintenance, FEP will attempt to schedule such activity during a period when it will not result in curtailment to firm services, or when such curtailment will be minimized, after consulting with the Shippers which could be affected.

(c) No later than fifteen (15) days prior to the scheduled activity, FEP will post on the Informational Postings portion of its Interactive Website a tentative schedule of planned maintenance, construction, test, rehabilitation or repair activities to be performed which FEP anticipates may cause it to fail to tender delivery of Shipper's scheduled quantities of Gas. The schedule will include the dates the activities are scheduled to begin and end as well as the portions of the System and capacity expected to be affected. FEP will endeavor to perform the activities in accordance with the posted schedule.

(d) (1) As used in this subsection (d), Firm Daily Volume shall mean the volume of Gas which FEP is obligated to deliver on a firm basis for Shipper at primary Delivery Point(s) under a firm contract on a Day, based on nominations for firm service within firm contract rights at such primary points which could be confirmed. Except as provided in subsection (d)(2), in the event FEP fails to deliver on any Day under any firm contract all of Shipper's Firm Daily Volume for that Day, then the applicable Reservation Charges and any related reservation-based

surcharges shall be eliminated for the quantity of Gas not delivered by FEP within the Shipper's Firm Daily Volume under the contract; provided, however, that these charges shall not be eliminated to the extent that the Shipper uses secondary point service.

(2) FEP shall not be obligated to adjust the Reservation Charge and any related reservation-based surcharges under any contract when FEP's failure to deliver on any Day at least 98% of the Firm Daily Volume:

(i) is the result of the conduct of Shipper or the downstream operator of the facilities at the Delivery Point; or

(ii) occurs either (a) within ten (10) days following a force majeure event as contemplated by Section 20 of the General Terms and Conditions, or (b) prior to the date FEP has or should have, in the exercise of due diligence, overcome the force Majeure event, whichever occur first.

### 2.3 SCHEDULING OF SERVICES

(a) For the purposes of scheduling and curtailing deliveries of Gas, firm service shall have priority over interruptible service. Priority to use of capacity on FEP shall be in accordance with the following priority, in descending order from highest to lowest priority:

(1) Firm service at primary points and primary paths (scheduled pro rata based on Contract MDQ);

(2) Firm service at secondary points (scheduled pro rata based on nominations) within the primary path;

(3) Firm service at secondary points (scheduled pro rata based on nominations) outside the primary path;

(4) Interruptible service within Contract MDQ and Authorized Overrun service under both firm and interruptible rate schedules (allocation of service pursuant to Section 2.5 of these General Terms and Conditions).

(b) In applying steps (2) and (3) under subsection (a), scheduling of Receipt and Delivery points will be pro rated based on nominations; points within the primary path are scheduled before points outside the primary path;

(c) For Shippers under Rate Schedule FTS, FEP shall provide notice of any curtailment or of any scheduling restriction as far in advance as feasible. FEP shall attempt to provide at least two (2) Days' prior notice, unless more timely action is necessary to respond to a Force Majeure situation, to balance the Agreement to the extent consistent with the applicable Rate

Schedule, or to maintain System integrity. In addition to notifying the Shippers affected, FEP will post anticipated and effective curtailment and scheduling restrictions on the Informational Posting section of its Interactive Website.

(d) Released capacity has the same priority as non-released capacity;

(e) Firm intraday nominations are entitled to bump scheduled interruptible quantities only during the Evening, Intraday 1, and Intraday 2 Nomination Cycles, as defined in Section 6.2. Firm intraday nominations are not entitled to bump already scheduled firm quantities.

## 2.4 SECONDARY POINTS

(a) Subject to the priorities set out in Section 2.3 of the General Terms and Conditions, Shippers under Rate Schedule FTS shall have the right to use all Receipt and Delivery Points on FEP's System as secondary Receipt and Delivery Points. Such points may be scheduled, however, only to the extent transmission and point capacity is available. The priority of service at secondary points under Rate Schedule FTS shall be governed by Section 2.3 above. The Points available are posted on FEP's Interactive Website.

(b) If nominations by all Shippers for secondary point service for which such Shippers are eligible exceed FEP's available capacity on the applicable path, available capacity shall be allocated and scheduled pro rata based on a Shipper's confirmed nominations within Contract MDQ within the applicable priority category as defined in Section 2.3 of these General Terms and Conditions.

(c) The primary Receipt and Delivery Points define the primary path(s) of an FTS Agreement, including the direction of "forward" flow for the primary path(s), and define whether a secondary point is "in path" or "out of path." Shippers may nominate service at secondary points so that the direction of flow is the same as or the opposite from the primary path direction of flow, but if the direction of flow is opposite the primary path, such nomination shall be treated as being outside the primary path.

(d) Shippers under Rate Schedule ITS have access to all Points on FEP's System to the extent provided in Section 2.5(d) of these General Terms and Conditions. Shippers under Rate Schedule PALS has access to all Points on FEP's System, but the Points actually utilized for any specific service will be specified in the Request Order for Rate Schedule PALS. Shippers under Rate Schedule HAT have access to all Points in the Hub Area to the extent provided in Section 2.5(e) of these General Terms and Conditions.

## 2.5 INTERRUPTIBLE RATE SCHEDULES

This Section 2.5 governs the priority of interruptible services under Rate Schedules ITS, PALS and HAT on FEP's System.

(a) Service under Rate Schedules ITS, PALS and HAT shall be provided to the extent capacity is available, if any, after scheduling all of FEP's firm transportation service at primary and/or secondary points. FEP may decline to schedule and/or may curtail interruptible service under Rate Schedules ITS, PALS and HAT for any of the following reasons:

(1) If Shipper tenders Gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;

(2) For reason of Force Majeure;

(3) Due to routine repair and maintenance to be reasonably determined by FEP;

(4) Pursuant to Section 2.8 of these General Terms and Conditions;

(5) To rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;

(6) To maintain System integrity;

(b) (1) To the extent there is insufficient capacity available to schedule all properly nominated and confirmed services under Rate Schedules ITS, PALS, HAT and FTS Authorized Overrun service, FEP shall schedule such service based on the rate to be paid, from highest to lowest unit rate, with service for which the highest unit rate being paid is scheduled first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate is paying a higher unit rate. In the event there is insufficient capacity to schedule all Rate Schedules ITS, PALS, HAT and FTS Authorized Overrun services for which the same rate is to be paid, FEP shall allocate the available capacity pro rata based on the confirmed nominated quantity.

(2) In interrupting or curtailing service under Rate Schedules ITS, PALS, HAT and FTS Authorized Overrun services due to lack of capacity, FEP shall (except as otherwise provided in subsection (c) below) interrupt such service based on the rate being paid, from lowest to highest unit rate, with service for which the lowest unit rate being paid is interrupted first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate is paying a higher unit rate. In the event there is insufficient capacity to continue all Rate Schedule ITS, PALS and HAT service for which the same rate is being paid, FEP shall allocate the available capacity pro rata based on the confirmed nomination quantity.

(c) This subsection discusses Rate Schedule PALS curtailment rules for Rate Schedule PALS:

(1) Service under Rate Schedule PALS shall not be scheduled if doing so would have an adverse effect on any firm service. Service under Rate Schedule PALS shall be scheduled and curtailed based on FEP's System operational capability. Service hereunder shall be interrupted and curtailed if continuation of such service would be detrimental to FEP's ability to provide any firm service. While service hereunder is not ordinarily expected to affect transportation capacity, if providing service hereunder would have an adverse effect on providing interruptible transportation service, a PALS Agreement shall for scheduling and allocation purposes be assigned the same priority as service under Rate Schedule ITS. The same priority shall be applied for scheduling and allocation in relation to service under Rate Schedule PALS or other PALS Agreements. Once a park or loan has been scheduled on any Day under Rate Schedule PALS, that park or loan shall not be interrupted or curtailed to effectuate any other interruptible service.

(d) An Agreement under Rate Schedule ITS will include all Receipt and all Delivery Points. Applicable maximum rates are specified in this Tariff.

(e) An Agreement under Rate Schedule HAT will include all Receipt and all Delivery Points in the Hub Area. Applicable maximum rates are specified in this Tariff.

## 2.6 UNAUTHORIZED OVERRUN GAS

No Shipper shall have any right to take Unauthorized Overrun Gas at any Point. Unauthorized Overrun Gas is subject to the charges set out in Section 9.2 of these General Terms and Conditions. To the extent FEP is unable to accept Unauthorized Overrun Gas without jeopardizing the safety of FEP's operations and/or its ability to meet its contractual obligations to other Shippers, such decisions to be solely within the judgment and discretion of FEP, FEP shall have the right to limit deliveries at the Point, curtail receipts of Gas at Receipt Points and/or to vent, without incurring any liability to Shipper, or any third party, such Unauthorized Overrun Gas as it is unable to accept and/or transport or take such other action as is necessary to manage the System. However, FEP shall use its best efforts to avoid or minimize such venting. If feasible, FEP will give prior notice to a Shipper before venting its Gas, but is not required to do so if operational considerations necessitate immediate venting. Quantities at Delivery Points which can be accommodated under an OBA shall not be considered Unauthorized Overrun Gas.

In light of Shipper's obligations to remain in balance under Section 10 of these General Terms and Conditions, to the extent that Receipt Point or Delivery Point imbalances are not accommodated under an OBA, an Unauthorized Overrun Gas Charge set out herein shall apply to all quantities tendered by or on behalf of Shipper or taken by or on behalf of Shipper at any Points in excess of confirmed nominations, under any Agreement ("Unauthorized Overrun").

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## 2.7 OTHER FACTORS

FEP's service obligation hereunder shall be subject to Shipper providing nominations under Section 6 of these General Terms and Conditions, to the confirmation of nominations by upstream and downstream entities and to the circumstances identified in Section 2.2(d)(2) of these General Terms and Conditions.

## 2.8 DELINQUENCY IN PAYMENT

(a) Irrespective of any otherwise applicable priority, FEP may suspend service to any Shipper which is delinquent in payments under any Agreement, subject to the following conditions:

(1) FEP shall give Shipper written notice of the delinquency and of FEP's intent to suspend service if the deficiency is not cured. If the delinquency is not remedied within ten (10) days of such notice, FEP may suspend service. FEP shall simultaneously provide written notice to the Commission of any such suspension.

(2) If a Shipper which has been deficient in payment hereunder is again deficient in payment within six (6) Months after the prior deficiency, then FEP may suspend service to such Shipper within five (5) Business Days after providing notice hereunder unless Shipper remedies the deficiency within that time period.

(3) A Shipper shall not be obligated to pay any reservation charges for suspended service attributable to the period when that service is suspended.

(b) In addition to suspension, FEP may terminate service if the Shipper fails to remedy a delinquency in payment. Any such termination requires thirty (30) days' prior notice to Shipper and to the Commission. To avoid termination, the Shipper must remedy the deficiency within this notice period. Such notice may be given simultaneously with the initial notice under Section 2.8(a)(1) of these General Terms and Conditions.

(c) In the event of a good faith billing dispute, withholding of payment for the amount in dispute by Shipper shall not be considered a delinquency in payment, consistent with Section 11 of these General Terms and Conditions, and will not result in suspension or termination of service.

(d) FEP may not take any action under this Section 2.8 which conflicts with any order of the U.S. Bankruptcy Court.



### 3. RECEIPT POINTS

#### 3.1 FACILITIES AT RECEIPT POINTS

Unless otherwise agreed by FEP, FEP shall own, operate and maintain all pipeline and measurement facilities necessary to receive and measure Gas hereunder. In the event any such facilities are installed by FEP, Section 5 of these General Terms and Conditions shall apply.

#### 3.2 OBLIGATION

Except as otherwise provided in this Tariff, FEP's maximum obligation to receive Gas at a Receipt Point under an FTS Agreement shall not exceed the lesser of: (a) the applicable Point MDQ at that Receipt Point (plus applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas) as specified in the Agreement or as applicable at such Receipt Point under this Tariff; or (b) the total daily quantity Shipper or its designee is able and willing to tender at the Receipt Point.

#### 3.3 LOCATION

Unless otherwise described in the Agreement, the Receipt Point(s) for transportation Agreements shall be located at the interconnection between the facilities of Shipper, or its designee, and the facilities of FEP.

#### 4. DELIVERY OF GAS FOR THE ACCOUNT OF SHIPPER

##### 4.1 DELIVERY QUANTITIES

Commencing on the date of first acceptance by FEP of Gas delivered by or on behalf of Shipper at the Receipt Point(s) pursuant to a transportation Agreement, and continuing thereafter during the term of that Agreement, FEP shall deliver Equivalent Volumes, or cause Equivalent Volumes to be delivered to Shipper, or to a mutually agreeable third party for Shipper's account, at the Delivery Point(s) described in the Agreement or applicable to the Agreement under this Tariff. In determining Equivalent Volumes, FEP shall retain Gas in kind for Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel if applicable as set out in Section 36 of the General Terms and Conditions of this Tariff.

##### 4.2 DELIVERY FACILITIES

Unless otherwise agreed by FEP, FEP shall own, operate and maintain all pipeline and measurement facilities necessary to deliver and measure Gas hereunder. In the event any such facilities are installed by FEP, Section 5 of these General Terms and Conditions shall apply.

##### 4.3 OBLIGATION

Except as otherwise provided, including Rate Schedule FTS Section 2.3(b), FEP's maximum obligation to deliver Gas at a Delivery Point under an Agreement shall not exceed the lesser of: (a) the applicable Point MDQ at that Delivery Point as specified in the Agreement or as applicable to that Delivery Point under this Tariff; or (b) the total daily quantity Shipper or its designee is willing and able to receive at the Delivery Point.

##### 4.4 LOCATION

Unless otherwise described in an Agreement, the Delivery Point(s) for transportation Agreements shall be located at the interconnection between the facilities of Shipper or its designee, and the facilities of FEP.

##### 4.5 DELIVERY CONDITIONS

Delivery conditions are set out in Section 18 of these General Terms and Conditions.

## 5. NEW FACILITIES CHARGE

5.1 With respect to new or expanded interconnection facilities only, when such new and/or expanded facilities are required to accommodate receipt and/or delivery of Gas under a request for new or revised service, and FEP determines that installation of such facilities will not impair service to any existing Shipper or threaten the integrity of FEP's System, FEP will construct such facilities but, unless otherwise provided by contract, FEP shall require the requesting Shipper to pay the CIAC as defined in Section 1 of these General Terms and Conditions, except that FEP will pay the cost of such facilities when the criteria set forth in Section 5.2 are satisfied.

5.2 Notwithstanding Section 5.1, FEP may, but is not obligated to, pay all or a portion of the cost of new or expanded interconnection facilities; provided, however, that any agreement by FEP to bear such costs must be on a basis which is not unduly discriminatory.

5.3 Unless otherwise provided by contract, when FEP has previously paid for Receipt or Delivery Point facilities under this facilities reimbursement policy, the requesting Shipper shall, nevertheless, promptly pay FEP for FEP's net book value of such facilities when either of the following events occurs: (a) when FEP's ability to fully recover such costs is denied in any rate proceeding under Section 4 or Section 5 of the Natural Gas Act; or (b) when Shipper ceases operations at the facilities.

5.4 "Contribution in Aid of Construction" or "CIAC" shall, unless otherwise mutually agreed, mean the payment made to FEP for the installation of new or expanded facilities at interconnection points for the receipt by FEP or the delivery by FEP of Gas on behalf of Shipper. Unless otherwise agreed, the CIAC shall include all construction costs, including any filing fee (Investment Costs), on a mutually agreed payment schedule. In addition, if applicable, Shipper shall provide a reimbursement amount to compensate for income tax effects associated with the CIAC.

## 6. NOMINATION/REPORTING, BALANCING AND SEGMENTATION

### 6.1 GENERAL

(a) Whenever Shipper desires service, Shipper shall furnish to FEP a separate nomination for each nominated Point under each Agreement with a beginning and end date for flow which can be for any duration within the term of the applicable Agreement; provided, however, any such nomination shall not be binding to the extent Shipper submits subsequent nomination(s). All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the Days specified. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

(b) All nominations should include Shipper defined begin dates and end dates. All nominations excluding intraday nominations should have roll-over options. Specifically, Shippers should 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. All nominations should be based on a Daily quantity and all quantities shall be expressed in Dth per Day and shall be stated for each Point.

(c) If an upstream or downstream party requires additional information, if the quantities transported are subject to a discounted rate, or if additional information is otherwise required by FEP, then, upon notification by FEP, Shipper must include in each nomination such additional information as is specified by FEP. Nominations must be submitted to FEP through FEP's Interactive Website, or such other electronic means as are mutually agreed upon by FEP and Shipper. The sending party should adhere to nomination, confirmation and scheduling deadlines. The receiving party may waive any submittal deadline in this Section 6.

(d) Nominations may include payback quantities as provided in Rate Schedules PALS.

(e) 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 Btus; 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.<sup>1</sup>

## 6.2 STANDARD NOMINATION CYCLES

FEP supports the following standard nomination cycles (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

### (a) The Timely Nomination Cycle

On the day prior to gas flow:

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

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

### (b) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the Shipper;
- 6:15 p.m. Nominations are received by FEP (including from TTTSPs);
- 6:30 p.m. FEP sends the Quick Response to the Shipper;
- 8:30 p.m. FEP receives completed confirmations from Confirming Parties;
- 9:00 p.m. FEP provides scheduled quantities to the affected Shipper 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.

### (c) The Intraday 1 Nomination Cycle

On the current Gas Day:

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<sup>1</sup> The International Btu is specified for use in the gas measurement standards of the American Gas Association, the American Petroleum Institute, the Gas Processors Association and the American Society for Testing Materials. For non-commercial purposes, these associations note that the exact conversion factor is 1.05505585262 gigajoules per dekatherm.

- 10:00 a.m. Nominations leave control of the Shipper;
- 10:15 a.m. Nominations are received by FEP (including from TTTSPs);
- 10:30 a.m. FEP sends the Quick Response to the Shipper;
- 12:30 p.m. FEP receives completed confirmations from Confirming Parties;
- 1:00 p.m. FEP provides scheduled quantities to the affected Shipper 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.

(d) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of the Shipper;
- 2:45 p.m. Nominations are received by FEP (including from TTTSPs);
- 3:00 p.m. FEP sends the Quick Response to the Shipper;
- 5:00 p.m. FEP receives completed confirmations from Confirming Parties;
- 5:30 p.m. FEP provides scheduled quantities to the affected Shipper 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.

(e) The Intraday 3 Nomination Cycle

On the current Gas Day:

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

(f) 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.

(g) The rights of a Releasing Shipper to recall capacity within any nomination cycle shall be governed by Section 14.3(f) of these General Terms and Conditions.

(h) A Shipper which has been awarded firm capacity in a capacity release may submit a nomination using such capacity at the next available opportunity for nominations under this Section 6.2 which occurs on or after the time capacity is awarded, including an intraday nomination in either the Intraday 1, the Intraday 2 Nomination Cycle, or the Intraday 3 Nomination Cycle and which is consistent with Sections 14.4 and 14.6(a) of these General Terms and Conditions.

### 6.3 REQUIRED NOMINATION CHANGES

If estimated Daily flows under a particular Agreement differ from the confirmed nominations, or if an imbalance has occurred due to some other reason, then prospective nomination change(s) (either receipt or delivery adjustments) may be required to bring the quantities into balance. When a Shipper receives notification of a required change in the nomination, the Shipper shall be responsible for informing upstream and downstream parties of the prospective change and providing FEP with a nomination as required in accordance with Section 6.2 hereof.

### 6.4 CONFIRMATION BY FEP

(a) Nominations made in accordance with Sections 6.2, 6.3, and 6.5 hereof shall not become effective until FEP has confirmed the nominated receipts and deliveries with upstream and downstream parties, subject to other provisions of this Section 6. Shipper shall designate the appropriate person(s) who has the authority to resolve allocation issues, if requested by FEP and, if requested by FEP, the appropriate person(s) to confirm nominations. Confirmations must be submitted to FEP through its Interactive Website, or such other electronic means as are mutually agreed upon by FEP and Shipper.

(b) Subject to Section 6.2 and the other provisions of this Tariff, FEP shall provide Shippers and point operators via its Interactive Website, or by EDI, the quantities that have been scheduled to flow for that Shipper and point operator on the next Day.

(c) Unless otherwise provided in an Operational Flow Order, default confirmation procedures are as follows:

(1) With respect to the timely nomination/ confirmation process at a Receipt or Delivery Point, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the scheduled quantity for the Timely Nomination Cycle of the previous Gas Day will be the new confirmed quantity.

(2) With respect to the processing of requests for increases during the

intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the previously scheduled quantity will be the new confirmed quantity.

(3) With respect to the processing of requests for decreases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity will be the new confirmed quantity. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

(4) With respect to NAESB SGQ Standard No. 1.3.22 i, ii, and iii, if there is no response to a Request For Confirmation or an unsolicited Confirmation Response, FEP will provide the Shipper with the following information to explain why the nomination failed, as applicable;

- (i) FEP did not conduct the confirmation;
- (ii) the Shipper is told by FEP that the upstream confirming party did not conduct the confirmation;
- (iii) the Shipper is told by FEP that the upstream Shipper did not have the Gas or submit the nomination;
- (iv) the Shipper is told by FEP that the downstream confirming party did not conduct the confirmation;
- (v) the Shipper is told by FEP that the downstream Shipper did not have the market or submit the nomination.

This information should be imparted to the Shipper on the Scheduled Quantity document.

## 6.5 INTRADAY NOMINATIONS

(a) An intraday nomination is a nomination submitted after the nominations deadline whose effective time is no earlier than the beginning of the Gas Day and which runs through the end of that Gas Day.

(b) FEP allows intraday nominations and supports the nomination cycles set forth at Section 6.2 during non-Critical Times. During Critical Times, valid intraday nominations



may be submitted at any time.

(c) FEP will provide notification of bumped quantities through the Scheduled Quantity document, as posted on FEP's Interactive Website, and telephone or telefax consistent with Sections 13 and 22 of the General Terms and Conditions of this Tariff and through Electronic Notice Delivery consistent with NAESB Standards as adopted in Section 29 of these General Terms and Conditions. Except during a Critical Time, FEP will waive any daily penalties applicable to bumped quantities on the day of the bump. FEP will also waive penalties if it fails to provide appropriate notice of the bump.

(d) For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles.

(e) Revised predetermined allocations are to be submitted consistent with Section 7 of these General Terms and Conditions.

(f) Unless FEP agrees to the contrary, the revised nomination under an intraday Nomination may be limited by Section 6.4(c). FEP and the interconnecting party will agree on the hourly flows of the intraday Nomination.

(g) An intraday nomination is only effective for a single Day. There is no need to re-nominate if the intraday nomination is intended to modify the existing nomination. The Shipper should submit a new timely nomination if the Shipper wants to replace the previously submitted standing nomination or commence service for the next Gas Day.

(h) 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.

## 6.6 END-OF-GAS-DAY SCHEDULED QUANTITY DOCUMENT

At the end of each Gas Day, FEP will provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, FEP will 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 FEP's requirement to send such documents.

## 6.7 OVERRUN QUANTITIES

Shippers submitting nominations via Interactive Website or EDI for transportation of overrun quantities (quantities in excess of the Contract and/or Point MDQ) may either include such overrun quantities in their nominations for quantities within Contract and Point MDQ, or may submit separate nominations for such overrun quantities. If the Shipper elects to submit a separate nomination, the Shipper should mark that nomination as being for overrun quantities.

## 6.8 DELEGATION

A Shipper may delegate to any third party responsibility for submitting and receiving notices or nominations or performing other administrative duties under any Agreement, and an entity which controls a point of interconnection with FEP may delegate to any third party responsibility for administering agreements regarding allocation of Gas quantities at the point and/or for administering any point operator agreement, subject to the following conditions:

(a) Any designation of such a representative, and any change in such designation, must be in writing and must be submitted at least two (2) Business Days prior to the requested effective date.

(b) The written designation shall specify any limits on the authority of the representative, including any time limit on the designation; provided, however, that FEP may reject any such limited designation if the limitations specified in the designation would result in an undue administrative burden.

(c) FEP may rely on communications from the designated representative of a Shipper or interconnecting entity for all purposes except to the extent the designation is explicitly limited as specified in the preceding Section 6.8(b). Communications by FEP to such designated representative shall be deemed notice to Shipper or the interconnecting entity except to the extent the representative's authority is explicitly limited with respect to the receipt of notice under the procedure set out in said Section 6.8(b).

(d) Any third party may administer multiple transportation Agreements as the designated representative for one or more Shippers and/or interconnecting entities. However, such representative shall separately administer and account for each such Agreement.

## 6.9 POOLING NOMINATIONS

(a) Whenever Gas is purchased at a Receipt Point on FEP's System by an entity that is not going to nominate that Gas for receipt by FEP under a transportation Agreement, that entity must submit a pooling nomination to FEP through its Interactive Website (or EDI), identifying the quantities (in Dth) and the entities from whom the Gas is being bought and the entities to whom the Gas is being sold. Such pooling nominations are needed in order to be able to confirm the nominated receipts at that point and thus such pooling nominations are due by the deadlines applicable to Shipper nominations, subject to Section 6.2.

(b) A third party may provide title tracking services on FEP's System as follows:

(1) The entity seeking to provide such a service (Third Party Account Administrator) shall so notify FEP in writing, in which event FEP shall establish an identification number for nominations involving the Third Party Account Administrator.

(2) Pooling nominations consistent with this Section 6.9 must be made

by the Shipper tendering Gas for delivery to the Third Party Account Administrator, where subsequent title to such Gas is to be tracked by the Third Party Account Administrator; and

(3) The Third Party Account Administrator shall maintain records of any title transfers after delivery of Gas to it and shall submit a nomination consistent with this Section 6.9 for delivery of Gas to the last party in the chain of title, which party shall also submit a nomination for receipt of the Gas consistent with this Section 6.9.

#### 6.10 NOMINATION PRIORITIES

As part of the nomination process, if there is more than one supply source nominated to be delivered to a single Delivery Point or buyer, the nomination must identify how and which supply sources should be cut in the event all nominated deliveries are not or cannot be made. Similarly, the nomination must identify which delivery should be cut in the event Gas is not or cannot be received as nominated (i.e., ranking). Ranking is to be included in the list of data elements. FEP is to use Shipper provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules.

#### 6.11 OPERATIONAL BALANCING

(a) FEP will enter into Operational Balancing Agreements (OBAs), as defined in the General Terms and Conditions of this Tariff at Receipt Points and/or Delivery Points, as applicable, in order to deal with imbalances as set forth below.

(b) Delivery Points. FEP agrees that it will negotiate with each entity that operates facilities interconnecting with FEP at Delivery Points that are interstate or intrastate pipeline interconnects (Balance Operator), in a good faith effort to reach an agreement to deal with imbalances at such Delivery Point(s). In addition, FEP will enter into OBAs with entities other than interstate and intrastate pipelines, provided that such OBAs are operationally feasible and are subject to FEP's Tariff, including credit requirements.

(c) Receipt Points. FEP agrees that it will negotiate with each entity that controls supplies entering FEP's system at interconnection points and/or Receipt Point(s) (Balance Operator) in a good faith effort to reach an agreement to deal with imbalances at such Receipt Point(s). A Balance Operator entering into an OBA at Receipt Points upstream of the suction side of FEP's Bald Knob, Arkansas Compressor Station may include all such Receipt Points under a single OBA and net imbalances at each such Receipt Point together to obtain the Balance Operator's aggregate imbalance.

(d) FEP may rely on Predetermined Allocation Agreement(s) under Sections 7 and 8 of these General Terms and Conditions, at Receipt and/or Delivery Point(s), as applicable, which Agreement shall be subject to same terms and conditions as set forth in subsection (e) parts (1) through (4) herein.

(e) An OBA Agreement shall be subject to the following conditions:

(1) Such agreement must set out a mutually agreeable procedure for dealing at the Delivery and/or Receipt Point(s), as between FEP and Balance Operator, with any difference between confirmed nominations and actual physical Gas flow caused by operational conditions; such an agreement may include imbalances charges and penalties, and/or limitations on the volume of imbalance which may be accommodated, but FEP is not obligated to agree to include any provisions for cash out of imbalances;

(2) Quantities nominated by Shipper are confirmed on a reliable basis by the Balance Operator.

(3) The Balance Operator must meet the same creditworthiness standards as Shipper(s) for whom it is operating on behalf of;

(4) FEP and Balance Operator must not have previously entered into such agreement which was terminated because of Balance Operator's failure to perform. Nothing herein is intended to restrict FEP's right to terminate in accordance with its terms any agreement entered into hereunder, including without limitation the right to terminate for Balance Operator's failure to perform consistent with its obligations under the agreement.

#### 6.12 POOLING POINTS

(a) One Pooling Point has been designated for FEP's System. This Point is not a physical Point on the FEP System, but is a paper Point for purposes of Receipt Points on the Supply Leg that are used for aggregation and nomination purposes and to provide pooling services, consistent with this Section 6.12.

(b) Gas may be received from or delivered to a Pooling Point under either an FTS Agreement, ITS Agreement, or PALS Agreement. Shippers may also deliver Gas to a Pooling Point under a pooling nomination. Gas may be delivered to the Hub Point from the Pooling Point under an FTS Agreement or ITS Agreement.

(c) Shippers may nominate Gas quantities from a Receipt Point(s) on the Supply Leg for delivery to the Pooling Point in order to aggregate supplies as long as such Gas quantities are nominated for simultaneous receipt and further delivery on FEP under either an FTS or ITS Agreement.

(d) The Pooling Point may not be specified as a primary Receipt or Delivery Point; except when Shipper elects to segment its firm contract at the Pooling Point, in which case the Pooling Point will serve as the primary delivery point on the upstream segment and the Pooling Point will serve as the primary receipt point on the downstream segment for purposes of applying scheduling priorities.

(e) Nominations to and from the Pooling Point will be subject to the same nomination and confirmation procedures as all other receipts and deliveries. No imbalances will be

permitted at the Pooling Point but Gas may be parked or loaned at the Pooling Point, subject to the provisions of Rate Schedule PALS.

(f) For scheduling and curtailment purposes, the priority of service for transportation to or from a Pooling Point is based on the transportation Agreement nominating Gas away from the Pooling Point. Gas shall not be confirmed at the Pooling Point to the extent capacity constraints exist which affect any such receipts or deliveries, applying the priorities set out above.

(g) Charges to and from FEP's Pooling Point. There are no transportation commodity charges or Fuel Gas, Booster Compression Fuel or Lost and Unaccounted for Gas charges applicable to transportation of Gas to a Pooling Point for aggregation service to the Pooling Point. If Gas is moved from a Pooling Point to a Delivery Point, Shipper will pay all applicable reservation, commodity and Fuel Gas, Booster Compression Fuel and Lost and Unaccounted for Gas charges.

(h) An FTS Agreement may be segmented at any point, including the Pooling Point. For purposes of segmentation, the Pooling Point shall be deemed to be located at the interconnect between FEP and Natural (NGPL Interconnect) located in White County Arkansas.

(i) Gas may be bought and sold at a Pooling Point subject to the provisions of this Section 6.12.

### 6.13 SEGMENTATION

(a) A Shipper may segment its firm capacity to the extent operationally feasible through the nomination process; provided, however, that segmentation involving Pooling Points is subject to Section 6.12. In addition, any Shipper may segment its firm capacity by releasing one or more segments of that capacity (the Releasing Shipper may retain one or more segments of its capacity), to the extent operationally feasible, by following the procedures set out in Section 14 of these General Terms and Conditions. In the case of segmentation through release, the Releasing Shipper may segment by nomination any portion of the capacity it retains to the extent operationally feasible and the Replacement Shipper may segment by nomination any portion of the capacity it obtains in the release to the extent operationally feasible.

(b) For the purposes of this Section 6.13 and subject to the other provisions hereof, whether segmentation is through nomination or results from the release of firm capacity on a segmented basis, the primary path under an Agreement may be segmented, and segmentation may extend outside the primary path to the extent consistent with this Sections 6.13, and such segmentation shall be deemed operationally feasible unless:

(1) the segmentation would result in an increase in firm contractual obligation by FEP on any segment or portion of its System (through an overlap of segments); or

(2) the segmentation would result in a forward-haul in a direction opposite to the primary path of the Agreement being segmented (backhauls are addressed in (d)

below).

(c) In the event a firm capacity path is segmented under this Section 6.13, each segment shall have access to all secondary points within Shipper's primary path. Any Point which is outside the primary path for the segment shall be treated as out-of-path secondary in relation to nominations for that segment. In the case of a segmented release, if nominations result in an overlapping path, through nomination at out-of-path secondary points, overrun charges for quantities in excess of the Contract MDQ under the original Agreement in the area of overlap shall be applied as follows:

(1) (i) if a Shipper is nominating or flowing within the primary path under its segment, overrun shall not apply to that segment so long as such Shipper is within its Contract MDQ on that segment and any overrun shall be assigned to the segment on which Shipper is nominating and flowing outside its path; (ii) if a Shipper is nominating or flowing in excess of its Contract MDQ on a segment under the segmented release, the Shipper shall be assessed overrun charges based on the quantities in excess of its Contract MDQ; and (iii) where the Shipper on each segment is within its Contract MDQ, but is nominating on a secondary out-of-path basis so as to create an overlap in nominated paths, and aggregate nomination by the Releasing and Replacement Shipper in the area of overlap are in excess of the original contract Contract MDQ, then except as provided in (i) and (ii), overrun charges will be assessed to the Releasing Shipper unless the release specifies that such overrun charges are to be assessed to the Replacement Shipper.

(d) The direction of flow for path segments must be the same direction of flow as for the original path unless FEP agrees otherwise or unless such a change in direction of flow is consistent with the Agreement. A Shipper may segment a backhaul if such backhaul can be nominated and scheduled on any Day on FEP's System. However, if a Shipper desires assurance that it may segment a backhaul transaction for a longer period of time (beyond the current Gas Day), such Shipper's segmentation shall be subject to review by FEP on a case-by-case basis as to whether a backhaul on each resulting segment is operationally feasible. The Shipper (or Replacement Shipper in the case of a release) may nominate service at Receipt and Delivery Points for the path segment that results in a reverse flow from the original path; however, such a nomination will be treated as being secondary outside of the path. Subject to the availability of Point capacity and to ordinary nomination procedures, deliveries may be made at the same Point for a forward haul on the upstream segment and a backhaul of the downstream segment and such nominations will not create a Point overrun so long as nominations in either direction do not exceed the Contract MDQ and/or Point MDQ. The forward haul will have priority at the Point if the Point capacity is not adequate. At the point of segmentation, deliveries may be nominated on the upstream segment up to Contract MDQ and receipts may be nominated on the downstream segment up to Contract MDQ, subject to constraints on Point capacity and ordinary scheduling procedures and priorities.

(e) (1) Subject to the remainder of this subsection 6.13(e), the Releasing and Replacement Shipper involved in a segmented release may each choose primary Receipt Points and primary Delivery Points equal to their respective Contract MDQs after the release; provided, however, that the resulting segments may not overlap in a way that exceeds the Contract MDQ of

the original contract on a segment. If the points chosen are within the path of the original Agreement and do not involve changing a primary Point thereunder, the Point designations shall be accepted, subject only to the availability of firm capacity at those Points and agreement on the rate applicable at the new primary Points. If one or more Points are outside the path of the original Agreement, then FEP's generally applicable Point change procedures in Section 2.1(d) of these General Terms and Conditions and the provisions of subsection 6.13(e)(2) shall apply. Any primary Point established under this subsection 6.13(e) which was not a primary Point under the original Agreement and is not reflected in a Point change which affects the original Agreement, will have the same priority and rights as any other primary Point, but shall be a primary Point only until the term of the release ends or until that primary Point is changed by Shipper pursuant to the provisions of this Tariff, as applicable. Such an additional primary Point may not be designated if a Shipper is releasing to itself. If firm capacity is not available at the Point or to the Point, the Shipper may designate such Points (not overlapping with other segments) in defining a segment, but the Points shall have secondary Point priority (either in-path or out-of-path, as applicable).

(2) A Shipper, a Replacement Shipper or a Sub-replacement Shipper may change the primary Receipt or Delivery Point(s) listed in the Agreement to new primary Point(s) subject to the point change provisions of Section 2.1(d) of these General Terms and Conditions, if the Shipper (or in the case of a release, the Original Shipper) and FEP agree to amend the Agreement, or in the case of a release the original Agreement, to change the primary Receipt and Delivery Point(s) accordingly; provided, however, that the consent of the Original Shipper shall not be required in the case of a permanent release by that Original Shipper of its firm capacity. FEP shall not be obligated to reserve firm capacity to reinstate the former primary Point(s) upon expiration of the segmentation or the capacity release.

(3) Where a Replacement Shipper selects a primary Point which is outside the primary path under the Releasing Shipper's contract (and thus creates a new primary path at least partially outside the original primary path), any recall by the Releasing Shipper will be of capacity which contains the changed primary Points, not the Releasing Shipper's original primary Points.

## 7. DETERMINATION OF DAILY RECEIPTS

7.1 To the extent feasible, all quantities received by FEP at a Receipt Point shall be allocated in accordance with the confirmed nominations for that Point. In the event the actual quantities received by FEP do not equal the confirmed nominations for that Point, any underage or overage will be allocated as follows:

(a) First, in accordance with the effective predetermined allocations (PDAs) submitted by those entities (Allocators) owning or controlling the Gas being delivered to FEP. An OBA may be one type of a PDA. Shipper agrees that such an allocation is binding on Shipper.

(b) Then, if there is no effective PDA, pro rata to the extent applicable based on confirmed nominations or transfer nominations, as applicable. Shipper agrees that such an allocation is binding on Shipper.

7.2 The upstream or downstream party providing the Point confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the Day, except that no other PDAs need be submitted if an OBA is in effect at a Point. Unless otherwise agreed, all PDAs must be submitted to FEP through FEP's Interactive Website or through EDI before the start of the Day the PDA is to be effective. Such PDA shall specify how any underage or overage from the confirmed nominated quantities should be allocated among the entities listed on the PDA. FEP shall acknowledge receipt and acceptance of the PDA through FEP's Interactive Website or EDI if received through FEP's Interactive Website or via EDI if received via EDI. Such notification of acknowledgment and acceptance will be within fifteen (15) minutes of receipt via FEP's Interactive Website if received via FEP's Interactive Website or via EDI if received via EDI. FEP's acceptance is contingent on FEP being able to administer the allocation submitted by the Allocator. Allocation methodology types upon which parties may agree are: ranked, pro rata, percentages, swing and operator provided value. Other examples of allocation methods which can be used are matching of supply sources with specified customers, and combinations of methodology types. Different methods may be submitted for overages or underages. If the parties cannot agree, Section 7.1(b) shall apply.

7.3 A PDA will be effective as of the date specified thereon (which may not be earlier than the date on which the PDA is submitted to FEP unless otherwise agreed) and will continue in effect through the end of the Month unless the Allocator submits a new PDA that is accepted by FEP. PDAs may be submitted to FEP on any Business Day or Days during the Month and should be submitted if necessary to reflect any changes in the Shippers or the allocation method at the Point.

7.4 Allocators who submit PDAs should include the operator of the upstream facilities, the Shippers or producers/owners of the Gas being delivered by the upstream entity, buyers of the Gas who are in turn selling the Gas at that Point, and Shippers who are using more than one transportation Agreement at that Point.



7.5 After the end of each Month, FEP shall provide via FEP's Interactive Website each Allocator who submits effective PDA(s) with a Monthly allocation statement showing the quantities allocated in accordance with such PDA(s).

7.6 FEP may rely conclusively on effective PDAs in allocating the Gas received at a Point. No retroactive changes to the PDA or to any allocation under a PDA may be made unless FEP and all affected parties agree.

## 8. DETERMINATION OF DELIVERIES

### 8.1 PREDETERMINED ALLOCATIONS

In accounting for the quantities delivered by FEP, in circumstances where multiple services are provided at any Delivery Point, the sequence of quantities delivered shall be determined by a predetermined allocation agreement (PDA) between FEP and the operator of the facilities immediately downstream of the Point at which FEP delivers Gas. An OBA may be one form of a PDA. The upstream or downstream party providing the Point confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the Day. In the absence of such an agreement, Section 8.2 shall control. Any new or proposed change to the methodology should be sent to FEP before the start of the Day on which the methodology is to be effective. Unless otherwise agreed, FEP shall confirm receipt of the methodology within fifteen (15) minutes via FEP's Interactive Website if received via FEP's Interactive Website or via EDI if received via EDI. FEP's acceptance is contingent on FEP being able to administer the allocation submitted by the Allocator. Allocation methodology types upon which two parties may agree are: ranked, pro rata, percentages, swing and operator provided value. Other examples of allocation methods that can be used are combinations of methodology types. Different methods may be submitted for overages and underages. No retroactive change to the PDA or to any allocation under a PDA shall be made unless FEP and all affected parties agree.

### 8.2 DELIVERY SEQUENCE

Unless otherwise agreed, Gas at any Delivery Point shall be deemed to have been delivered in the following sequence:

- (a) Quantities scheduled under firm transportation Agreements consistent with confirmed nominations and within Contract MDQ;
- (b) Authorized Overrun Gas under FTS Agreements consistent with confirmed nominations and quantities scheduled under Rate Schedules ITS, PALS or HAT consistent with confirmed nominations and within Contract MDQ; and
- (c) Additional quantities shall be allocated pro rata based on confirmed nominations among Rate Schedules ITS, PALS and HAT Agreements under which Shippers nominated for that Day.

## 9. OVERRUN AND UNAUTHORIZED OVERRUN GAS CHARGES AND PENALTY REVENUE

### 9.1 AUTHORIZED OVERRUN CHARGES

If deliveries to a Shipper exceed its Contract and/or Point MDQ under an Agreement but represent quantities properly nominated and confirmed, an Authorized Overrun Charge shall apply; provided, however, that in no event shall an Authorized Overrun Charge apply for any such quantities in excess of Shipper's Point MDQ at a specific point which were properly nominated and confirmed (i) on a secondary firm basis, or (ii) on a primary firm basis consistent with Shipper's Primary Delivery Point rights under Section 2.3(b) of Rate Schedule FTS. The applicable maximum Authorized Overrun Charge for transportation under Rate Schedule FTS shall be a maximum Authorized Overrun Rate determined as the 100% load factor derivative of the maximum reservation and commodity rates. The applicable maximum Authorized Overrun Rate under Rate Schedule ITS, PALS or HAT shall equal the maximum rate for Rate Schedule ITS, PALS or HAT (separate rates are set out in this Tariff). The maximum Authorized Overrun Charge under Rate Schedule ITS, PALS or HAT shall equal the maximum Authorized Overrun Rate multiplied by the number of Dth of the Authorized Overrun Gas. Such Authorized Overrun Rates may be discounted on a non-discriminatory basis to any level between the minimum and the maximum Authorized Overrun Rate or may be determined pursuant to a Negotiated Rate agreement.

### 9.2 UNAUTHORIZED OVERRUN GAS CHARGES

If an Unauthorized Overrun Gas Charge applies, the Shipper shall pay FEP an Unauthorized Overrun Gas Charge equal to the quantity of the Gas the Shipper delivered in excess of confirmed nominations multiplied by the Unauthorized Overrun Gas Charge. The maximum Unauthorized Overrun Gas Charge is 2 times the maximum Rate Schedule ITS Commodity Charge; provided, however, that the Unauthorized Overrun Gas Charge may be discounted to any level between the minimum and this maximum rate or may be determined pursuant to a Negotiated Rate agreement. Swings accommodated under an OBA shall not be subject to a charge under this provision.

### 9.3 PENALTY REVENUE

All amounts collected by FEP for penalties shall be determined for each annual period ending December 31 and distributed, through a credit to current billings wherever feasible, within ninety (90) days after each December 31. For purposes of this subsection, penalties shall include Balancing Service Charges and charges for failure to comply with an Operational Flow Order (including during a Critical Time). Such distribution shall be made as follows:

(a) These amounts shall be used first to compensate FEP for any cash out expenses and for any extraordinary out-of-pocket costs it has incurred (including any compensation FEP agreed to provide for voluntary actions) to alleviate the conditions created by the violation or

which resulted in the issuance of an Operational Flow Order or the declaration of Critical Time or other operational action taken by FEP under Section 31 of these General Terms and Conditions. Costs that may be netted against penalty revenue may include only actual, verifiable and prudent incremental costs incurred to resolve the reliability concerns actually caused by the particular party or parties against which the penalty has been assessed and must relate to a circumstance which resulted in the penalty revenue to be credited under this provision. If these amounts are not adequate to reimburse FEP for its expenses, such unreimbursed expenses shall be carried forward to future annual periods until recouped.

(b) (1) Any remaining amounts will be refunded pro rata to all Shippers, except as provided below, through a credit to current billing wherever feasible, based on each Shipper's total of the Contract MDQs under FTS Agreements, plus nominated and confirmed (scheduled) quantities under Rate Schedules ITS and HAT, and the quantity of gas parked or loaned each month under each PALS Agreement; provided, however, that such calculation shall exclude quantities for any Shipper during any Month in which such Shipper failed to comply with an Operational Flow Order. In the event that for any Month, no penalty revenues are distributed because all Shippers failed to comply with Operational Flow Orders that Month, then the amount of penalty revenue for that Month may be held by FEP for application under Section 9.3(a) for a period of up to two (2) years, at which time that amount will be included in the amounts for distribution in the then current annual period to the extent not offset by costs under Section 9.3(a). The refunds in the prior sentence shall be calculated on a Monthly basis but distribution of the credit shall be annual. If the costs to be netted against penalty revenue exceed the penalty revenue in any Month, the excess costs may be carried forward to be applied against penalty revenue in subsequent Months. Thus, while distribution is made annually, the net penalty revenue credit shall be calculated on a Monthly basis, subject to the carry forward of costs as stated in the prior sentence. A Shipper which incurred Unauthorized Overrun Gas Charges or which failed to comply with an Operational Flow Order shall be excluded from distribution of net penalty revenues only for the Month in which that violation occurred.

(2) Where capacity has been released, any amounts distributed to the Original Shipper and the calculation and amounts distributed to the Original Shipper shall be based on the Contract MDQ and flowing quantities of Gas for that Shipper (without considering any contracts of Replacement Shippers) during the relevant annual period; provided, however, that in the case of a permanent release, any amounts distributed hereunder with respect to the released capacity shall be distributed to the Replacement Shipper and the calculation and the amounts distributed to the Replacement Shipper shall be based on the Contract MDQ and flowing quantity for that Replacement Shipper during the relevant annual period. FEP shall file with the Commission a refund report for each annual distribution of penalty revenue under this subsection.

## 10. IMBALANCES AND SCHEDULING CHARGES

### 10.1 RESPONSIBILITY FOR BALANCING

Shippers are obligated to deliver and receive Gas in conformance with their confirmed (scheduled) nominations. FEP will attempt to enter into OBAs which deal with imbalances as defined in Section 1.30 of this General Terms and Conditions. If an OBA is not feasible or the imbalance is beyond the terms of the OBA, however, Shippers are also responsible for conforming their takes at Delivery Points with their deliveries to FEP at Receipt Points each Day. FEP has no obligation to deliver for the account of a Shipper more quantities of Gas than FEP has received for the account of the Shipper or to accept for the account of the Shipper more quantities of Gas than are being delivered for the account of the Shipper on any Day.

### 10.2 NETTING AND TRADING OF IMBALANCES

At the end of each calendar Month, to the extent the net receipts (with the appropriate deductions for the applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas) do not equal deliveries under an Agreement on a Dth basis [such imbalances shall be separately determined by Operational Impact Area as defined in Section 10.4(d) hereof] and for imbalances that may be created at a Point level in specific Operational Impact Areas due to the differences between the nominated and or confirmed and allocated activity, but may offset at the contract level, the following netting and trading procedures will apply:

(a) Imbalances under a Shipper's different Agreements will then be netted together for each Operational Impact Area to obtain the Shipper's aggregate imbalance for each Operational Impact Area, which will be either an Overage Imbalance or an Underage Imbalance as defined in Section 10.4 hereof. Netting must be done within the Operational Impact Areas defined in Section 10.4(d) of these General Terms and Conditions. Shippers may only decrease their Overage and Underage Imbalances through trading and must do so within the Operational Impact Area where the imbalance exists.

(b) To assist Shippers in arranging trades, FEP will post on its Interactive Website the Total Aggregate Imbalance by Operational Impact Area of any Shipper which has notified FEP that it has elected to have such information posted. Notification by the Shipper may be in writing or on FEP's Interactive Website and shall be effective by 8:00 a.m. on the next Business Day (Central Clock Time) if the notification is received by 11:45 a.m. on a Business Day. Imbalance information authorized for posting through such notification shall be posted no later than the ninth Business Day of the Month after the imbalance occurred. Shippers shall have the ability to post and trade imbalances until the seventeenth Business Day of the Month after the imbalance occurred; provided, however, that imbalances can only be traded within the Operational Impact Areas defined in Section 10.4(d) of these General Terms and Conditions.

(c) FEP shall enable the imbalance trading process via its Interactive Website or

other mutually agreeable electronic means by:

- (1) Receiving the Request for Imbalance Trade,
- (2) Receiving the Imbalance Trade Confirmation,
- (3) Sending the Imbalance Trade Notification, and

(4) Reflecting the trade prior to or on the next Monthly Shipper Total Aggregate Imbalance or cash out.

(d) Imbalance trades can only be withdrawn by the initiating trader and only prior to the confirming trader's confirmation of the trade. Imbalance trades are considered final when confirmed by the confirming trader and effectuated by FEP.

(e) After receipt of an Imbalance Trade Confirmation, FEP shall, upon review and approval, effectuate the Imbalance Trade Notification to the initiating trader and the confirming trader no later than noon (Central Clock Time) the next Business Day.

(f) All trade requests for trades and accommodations will be initiated via Interactive Website or other mutually agreeable electronic means.

(g) Subject to Section 10.3 below, any Shipper imbalance remaining after the netting and trading process will be cashed out each Month by Operational Impact Area pursuant to Section 10.4.

### 10.3 SCHEDULING AND SEQUENCE OF ACTIONS

In rectifying imbalances which jeopardize FEP's ability to provide firm service, FEP shall first attempt to control imbalances through the scheduling process. FEP shall coordinate with the Shipper and with upstream and downstream entities to assure that the quantity of Gas delivered to Shipper or for its account and the quantity of Gas physically received by FEP for Shipper are in close balance. In addition, Shipper may nominate quantities of Gas on any Day during the month to rectify an imbalance, subject to FEP's scheduling and curtailment provisions, and any operational considerations that may otherwise limit the amount of Gas that FEP may receive or deliver on such Day as payback quantities for such imbalance. In such event, FEP shall have the right, via the confirmation process, to reduce all or a portion of such nominated payback quantities. If further action is required to control imbalances, FEP may adjust nominations upon notice to Shipper and otherwise take actions as specified in the remainder of this Section 10. If Shipper is unavailable, adjustments will be made pursuant to a Shipper provided ranking or pro-rata if a Shipper provided ranking is not available. FEP may also utilize Operational Control measures under Section 31 of these General Terms and Conditions to control imbalances to the extent consistent with Section 31. FEP will provide prior notice of any action taken under Section 31 of these General Terms and Conditions, consistent with the provisions of Section 31.

10.4 CASH OUT PROCEDURES

(a) Definitions:

(1) Operational Impact Area - "Operational Impact Area" shall mean either one of the two geographical locations of FEP's System defined in Section 10.4(d) hereof, which shall be used for purposes of netting, trading, and cashing out of imbalances.

(2) Overage Imbalance - "Overage Imbalance" shall mean that excess receipts under an Agreement are owed to Shipper by FEP.

(3) Overage Average Monthly Index Price - "Overage Average Monthly Index Price" or "OAMIP" shall mean the volume-weighted average of the applicable monthly index prices used in determining cash out amounts to resolve Overage Imbalances, as provided in this Section 10.4.

(4) Underage Imbalance - "Underage Imbalance" shall mean that excess deliveries under an Agreement are due from Shipper to FEP.

(5) Underage Average Monthly Index Price - "Underage Average Monthly Index Price" or "UAMIP" shall mean the volume-weighted average of the applicable monthly index prices used in determining cash out amounts to resolve Underage Imbalances, as provided in this Section 10.4.

(b) Any Overage and/or Underage Imbalances remaining after trading of Imbalances will be cashed out on a tiered basis pursuant to the following schedule, unless other means of disposition are mutually agreed between FEP and Shipper:

Imbalance Level	Overage (FEP Pays Shipper)	Underage (Shipper Pays FEP)
-----	-----	-----
0% to 5%	100% x OAMIP	100% x UAMIP
Greater than 5% to 10%	90% x OAMIP	110% x UAMIP
Greater than 10% to 15%	80% x OAMIP	120% x UAMIP
Greater than 15% to 20%	70% x OAMIP	130% x UAMIP
Greater than 20%	60% x OAMIP	140% x UAMIP

A Shipper's remaining Overage and/or Underage Imbalances will be cashed out based on the percentage of the respective Overage or Underage Imbalance, as applicable, compared to the total allocated receipts for that Shipper during the Month. An Overage Imbalance will be cashed out at the Overage Average Monthly Index Price, and an Underage Imbalance will be cashed out at the Underage Average Monthly Index Price, as defined in Section 10.4(g) and Section 10.4(h) hereof, respectively. For example, if the total allocated receipts were 1,000 Dth and the

remaining Underage Imbalance after offsetting with other Shippers was 100 Dth, the total Imbalance Level would be 10%. The first 5% (50 Dth) would be cashed out at 100% of the UAMIP and the remaining 50 Dth would be cashed out at 110% of the UAMIP.

(c) The Monthly Index Price (MIP) is based on prices as reported in Platts' "Gas Daily". FEP shall use either the highest weekly average price or the lowest weekly average price determined for each Month as the MIP for all monthly Imbalances subject to cash out hereunder, as described below. The average price for each week shall be the price for the applicable location indicated below in the referenced publication in the table entitled "Weekly Weighted Average Prices" (or the superseding reference if the publication titling is revised). The issues of such publication to be used in determining each Month's highest weekly average price and lowest weekly average price shall include all issues containing the above-referenced table with publication dates within the calendar month in which the Imbalance occurred, plus the first publication of the next Month after the Imbalance occurred containing the above-referenced table. If the weekly price for one or both of the locations below is no longer published by Gas Daily, the equivalent prices in the Intelligence Press publication "Weekly Gas Price Index", under the column labeled "avg." in the table entitled "Spot Gas Prices" will be used to determine the MIP's for both locations.

(1) For Gas owed FEP (Underage Imbalances), the MIP shall be the highest of the weekly average prices for the applicable location indicated below for the Month in which the Imbalance occurred.

(2) For Gas owed Shipper (Overage Imbalances), the MIP shall be the lowest of the weekly average prices for the applicable location indicated below for the Month in which the Imbalance occurred.

(d) Trading and cash out of imbalances shall be implemented within Operational Impact Areas (OIA's). There are two Operational Impact Areas on the FEP System. OIA-1 is defined as the area west of and including the interconnection of NGPL and FEP, and uses a price determined as follows:

$$\text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

Where:

INDEX = the Gas Daily weekly weighted average price for NGPL's Texok zone;

FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC gas tariff.

COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt zone and deliveries in the Market Delivery Zone, as published in NGPL's then-



current FERC gas tariff;

OIA-2 is defined as the area east of the Interconnection of FEP and NGPL and uses the Gas Daily weekly weighted average price for Texas Gas, Zone 1.

(e) Following the period for netting, offsetting, buying and/or selling Imbalances, Shippers with remaining imbalances shall pay FEP or will be credited with the appropriate cash out amounts, unless otherwise agreed to in writing by FEP.

(f) In each instance when a Shipper(s) must cash out its remaining imbalances in any Operational Impact Area, FEP shall have the right to review the circumstances surrounding such remaining Imbalance and, in its judgment, waive all or a portion of the cash out amount. Any such waiver shall be granted on a non-discriminatory basis to all Shippers from whom cash out amounts were collected in that instance.

(g) The Overage Average Monthly Index Price (OAMIP) is a volume-weighted average of the applicable MIPs for the two Operational Impact Areas. For purposes of this calculation, the volume used for each Operational Impact Area shall be the net Overage Imbalance for that Operational Impact Area.

(h) The Underage Average Monthly Index Price (UAMIP) is a volume-weighted average of the applicable MIPs for the two Operational Impact Areas. For purposes of this calculation, the volume used for each Operational Impact Area shall be the net Underage Imbalance for that Operational Impact Area.

## 10.5 DETERMINING IMBALANCES OR CASH OUT

### (a) OPERATIONAL DATA VS. ACTUALS

In determining the cash out tiers applicable under Section 10.4 above, FEP will utilize the operational data posted on Transporter's Interactive Website as of the end of the Month or the actual flow quantities, whichever results in a lower cost impact to Shipper.

### (b) PRIOR PERIOD ADJUSTMENTS

Any imbalances for a Month that are booked after the transportation for that Month has been billed will be cashed out at 100% of the applicable MIP in effect during the Month the Imbalance occurred.

## 10.6 PURCHASE AND SALE OF GAS

FEP is not providing a supply service under any Rate Schedule of this Tariff. Nevertheless, without limitation of the foregoing, FEP may buy and sell Gas to the extent necessary to maintain System pressure, to balance the System as necessary to assure FEP's ability to perform

and to continuing performing firm service, to maintain linepack, to implement the cash out procedures under this Section 10 and to perform other functions in connection with providing transportation service and operating its transmission System. The point of any such sale shall occur at existing Receipt or Delivery Points on the FEP System or at a Pooling Point. Such sales shall be authorized pursuant to FEP's blanket sales certificate. Nothing herein shall impose on FEP any obligation to provide a supply function to any of its Shippers. In any such instance, on the next Monthly invoice, FEP will reflect the purchase and sales amounts as an additional charge or credit, as applicable. The amounts reflected shall be supported by information which shows that the price was reasonably consistent with one or more price indices commonly utilized in the industry for the area, such as those used to determine DIP, or by a detailed explanation as to why the available indices were not appropriate under the circumstances.

### 10.7 THIRD PARTY BALANCING

At any time during the term of its firm Agreement(s) on FEP, a firm Shipper may request that FEP enter into a Third Party Balancing Agreement. A Third Party Balancing Agreement is a contract executed by FEP, the firm Shipper and one or more third parties which agree to manage imbalances of that Shipper under specified firm Agreement(s) on FEP. FEP will enter into a Third Party Balancing Agreement, subject to the following conditions:

(a) The third party provider(s) is responsible for obtaining all necessary regulatory approvals of any service (certification, approval of tariffs, establishment of rates, etc.) which is being relied upon to perform the imbalance management;

(b) The Third Party Balancing Agreement must be executed by FEP, the firm Shipper and any third party performing imbalance management. The Third Party Balancing Agreement must allow the third party imbalance management to be integrated into FEP's operations.

(1) FEP must have the right to call on the third party provider(s) for the agreed imbalance management on short notice, within defined parameters, to effectuate necessary operational changes.

(2) FEP must be given timely notice of the nature and level of the imbalance management being provided by the third party provider(s) pursuant to the Third Party Balancing Agreement on any Day.

(3) The Third Party Balancing Agreement must: (i) define the operational changes the third party provider(s) will effectuate to offset the operational effects on FEP of imbalances at Points on the System covered by the Third Party Balancing Agreement; and (ii) identify the resources or services which the third party provider(s) will utilize to implement such changes.

(4) Any third party providing imbalance management must be able to deliver or receive Gas, as applicable, at the prevailing operating pressure on FEP's System at the

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relevant point(s) and the Third Party Balancing Agreement must so specify.

(5) Unless otherwise agreed, any imbalance to be covered by a Third Party Management Agreement shall reside at the point of interconnection between FEP and the entity providing the imbalance management service.

(c) The Third Party Balancing Agreement shall specify the Agreements and the Points to be balanced and must set out the Agreement of the parties as to how imbalances are to be allocated to and accounted for at the Point(s) covered by the Third Party Balancing Agreement and any limitations on the level of imbalances to be managed under the Third Party Balancing Agreement.

(d) (1) The physical facilities or resources of the third party provider(s) (or used by such third party or parties) to perform the imbalance management must be capable of supporting the operational effects necessary to perform imbalance management, which may require almost instantaneous operational changes on FEP.

(2) Bi-directional flow must be available at the Delivery and/or Receipt Points involved.

(3) The third party provider(s) must have the ability to get Gas onto or off of FEP's System in order to effectuate a true physical balancing.

(4) The Shipper or third party provider(s) may utilize services on another entity to perform imbalance management so long as all conditions of this Section 10.7 are satisfied; provided, however, that if any such entity is relying on facilities or resources it does not own or control, the entity which does own or control those facilities or resources must become a party to the Third Party Balancing Agreement.

(e) If FEP is required to backstop the third party service provider(s), either by agreement or because the imbalance management services specified by the Third Party Balancing Agreement are not performed, FEP must be authorized to assess charges and penalties against Shipper, the third party provider(s), or both, and the Third Party Balancing Agreement shall so provide.

(f) The Third Party Balancing Agreement will terminate if the Shipper no longer has service on FEP under the Agreements specified in the Third Party Balancing Agreement.

## 10.8 BALANCING SERVICE CHARGES

(a) During periods when a Critical Time or an Operational Flow Order is not in effect, Balancing Service Charges apply as set out in this subsection (a).

(1) If the quantities allocated to any FTS, ITS or HAT Agreement fail to equal the confirmed nomination under such Agreement or if quantities allocated to any PALS

Agreement are inconsistent with confirmed nominations and/or available rights, as applicable, the following Balancing Service Charges shall apply, based on the degree of variance between actual deliveries, and Shipper's rights and/or confirmed nominations (no charge hereunder shall apply for variances at Receipt Points):

Variance -----	Charge -----
0% to 5%	No additional charges
5% to 10%	\$0.10/Dth
10% to 20%	\$0.20/Dth
20% to 50%	\$0.30/Dth
Above 50%	\$0.50/Dth

(2) Tiered Balancing Service Charges under this Section 10.8 shall be applied on a graduated basis, i.e., the specified charge shall apply only to that portion of the variance which is within the corresponding tier between its lower and upper percentage boundaries (variances within a range greater than the lower boundary and equal to or less than the upper boundary) and not to any portion of the variance falling within other tiers.

(b) On any Day when an Operational Flow Order (but not a Critical Time) is in effect, if actual receipts or deliveries allocated to a Shipper at any point or under any Agreement do not conform to such Shipper's confirmed nominations applicable to such point and/or Agreement, Balancing Service Charges will be assessed on such variances that are detrimental to FEP's System, based on the conditions described in or giving rise to the Operational Flow Order. Notwithstanding the foregoing, Balancing Service Charges shall not be assessed for variance at Receipt Points unless explicitly stated in the Operational Flow Order. The Operational Flow Order shall also state whether the charges are to be based on variances at individual Points, or by OIA. Where Balancing Service Charges apply under this subsection (b), they shall be in lieu of Balancing Service Charges under subsection (a). Balancing Service Charges during this period will be as follows, based on the variance between actual receipts or deliveries and the applicable confirmed nominations. For purposes of assessing Balancing Service Charges, the applicable DIP specified below shall be the DIP for the OIA where the variance or imbalance occurred.

Variance -----	Charge -----
0% to 3%	No additional charges
3% to 10%	Greater of \$1.00/Dth or 50% of DIP
10% to 20%	Greater of \$2.00/Dth or 1 times DIP
20% to 50%	Greater of \$4.00/Dth or 2 times DIP
Above 50%	Greater of \$8.00/Dth or 4 times DIP

(c) On any Day when a Critical Time is in effect, if actual receipts or actual deliveries allocated to Shipper at any Point or under any Agreement do not conform to confirmed nominated quantities and rights applicable to such Point or Agreement, Balancing Service Charges

will be assessed for the variances that are to the detriment of FEP's System. Charges hereunder shall be in lieu of any otherwise applicable Balancing Service Charges under subsections (a) and (b). The Balancing Service Charges in effect during a Critical Time will be as follows:

Variance -----	Charge -----
0% to 3%	Greater of \$4.00/Dth or 2 times DIP
3% to 10%	Greater of \$12.00/Dth or 6 times DIP
10% to 20%	Greater of \$40.00/Dth or 20 times DIP
20% to 50%	Greater of \$80.00/Dth or 40 times DIP
Above 50%	Greater of \$200.00/Dth or 100 times DIP

Any imbalance created during a Critical Time that is not eliminated before the end of the month will be subject to the cash out provisions of Section 10.4; provided, however, that any remaining imbalance created during a Critical Time which helped the System will be cashed out at 100% of the OAMIP or UAMIP used for calculating Underage or Overage Imbalances, as applicable, for the Operational Impact Area in which the imbalance occurred.

(d) FEP may discount or waive any charges under this Section 10.8 on a basis which is not unduly discriminatory.

## 11. STATEMENTS, BILLING, PAYMENT AND DISCOUNTING POLICY

### 11.1 STATEMENT AND INVOICES

The imbalance statement should be rendered prior to or with the invoice, and the transportation invoice should be rendered on or before the 9<sup>th</sup> Business Day after the end of the production Month. Rendered is defined as postmarked, time-stamped, and delivered (made available) to the designated site. Invoices will be based on actuals (if available) or best available data. Quantities at points where OBAs exist will be invoiced based on scheduled quantities.

### 11.2 SHIPPER INFORMATION

If information is required from Shipper, or its designee, to actualize quantities or allocations, Shipper shall furnish the required information, or cause it to be furnished, to FEP, on or before the tenth (10th) day of each Month.

### 11.3 IMBALANCE STATEMENT

Imbalance statements will be generated at the same time or prior to the generation of the invoice. FEP shall render the Gas imbalance statement which details in Dth, by Operational Impact Area, the Gas received and delivered each Month at the Receipt and Delivery Point(s) based on the best information available.

### 11.4 PAYMENT

Shipper shall pay to FEP by wire transfer to a bank designated by FEP, the amount due FEP for services provided pursuant to an Agreement during the appropriate calendar Month as reflected in the billing described above, within ten (10) calendar days after the date of receipt of such billing. For purposes of this Section, the bill is deemed to be received by Shipper on the date sent to Shipper's designated site if sent by EDI or by e-mail, or three (3) days after the postmark date if sent by mail. The invoice number should be identified on all payments and the Shipper should submit supporting documentation identifying what is being paid. FEP shall apply payment per such supporting documentation. If payment differs from the invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer in which case the remittance detail is due within two (2) Business Days of the payment due date. Should Shipper fail to pay any undisputed portion of any bill as herein provided when such amount is due, interest on the unpaid portion of the bill shall accrue at the maximum allowable interest permitted under the Commission's Regulations. For any amount to be considered "disputed," Shipper must provide appropriate documentation supporting and identifying the basis for the dispute. If Shipper fails to make payment in accordance with this Section, FEP may, in addition to any other remedy it may have under this Tariff or under commercial law: (a) suspend deliveries or terminate service as provided in Sections 2.8 or 12.2 of these General Terms and Conditions; and (b) offset such deficient payments against any payments, refunds or credits owed by FEP to Shipper.

## 11.5 ADJUSTMENT OF ERRORS

(a) The time limitation for disputes of allocations should be 6 Months from the date of the initial month-end allocation with a 3-Month rebuttal period. Prior period adjustment time limits should 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.

(b) Any error discovered as a result of a timely claim shall be corrected within thirty (30) days of the determination thereof. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. However, in no event will any changes be made after twenty-four (24) Months from the date of statements, billings or payment, based on actualized quantities, unless the parties mutually agree.

## 11.6 DISCOUNTING POLICY FOR RATES AND CHARGES

FEP reserves the right to provide, by contract with any Shipper, for adjustment at any time of the rates for service to a level below the maximum rates applicable to such service, as stated in this Tariff, but (except as permitted under Section 30 of these General Terms and Conditions) no less than the minimum rates as applicable to such service, as stated in this Tariff. To the extent FEP agrees to a discount of any reservation rates and reservation surcharges for firm transportation service, the discount will be apportioned first to the base reservation rate, and second, if the discount is greater than such base reservation rate, to any applicable reservation surcharge. To the extent FEP agrees to discount any commodity rates and commodity surcharges for firm transportation service, the discount will be apportioned first to the base commodity rate, and second, if the discount is greater than such base commodity rate, to the commodity surcharge. To the extent FEP agrees to a discount of any commodity rates and commodity surcharges for interruptible transportation service, the discount will be apportioned first to the base commodity rate, and second, if the discount is greater than such base commodity rate, to any applicable commodity surcharge. Nothing herein will require FEP to agree to any discount. Discounting is governed by Section 34 of these General Terms and Conditions.

## 12. EVALUATION OF CREDIT

12.1 In evaluating requests for service and for certain other purposes under this Tariff, including Sections 2.8 and 12.2 of these General Terms and Conditions, FEP will perform a credit appraisal of Shipper.

(a) Acceptance of a Shipper's request for service and the continuation of service are contingent upon the Shipper satisfying creditworthiness requirement on an on-going basis. FEP's credit appraisal procedures involve the establishment of dollar credit limits on a standardized, nondiscriminatory basis. To the extent that a Shipper's accounts with FEP do not exceed such limit, and Shipper has met all creditworthiness requirements as determined in periodic credit reviews by FEP, which reviews may be conducted on at least an annual basis, new credit appraisals may be required when an existing Agreement is amended or a request for a new Agreement is made, subject to the provisions of Sections 2.8 and 12.2 of these General Terms and Conditions. To determine creditworthiness, a credit appraisal shall be performed in accordance with the following criteria:

(1) FEP shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper's financial ability to perform the payment of obligations due to FEP over the term of the requested or existing Agreement(s). The creditworthiness requirements of this Section 12 shall apply to any assignment (in whole or in part) of any Agreement or any release of an Agreement.

(2) A Shipper will be deemed creditworthy if (i) its long-term unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") and at least Baa3 by Moody's Investor Service ("Moody's") (provided, however, that if the Shipper's rating is at BBB- or Baa3 and the short-term or long-term outlook is Negative, FEP may require further analysis as discussed below in Section 12.1(a)(3) of this General Terms and Conditions); and (ii) the sum of reservation fees, commodity fees and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth. In the event Shipper is rated by both S&P and Moody's, the lower rating applies. For the purposes of this Section 12, the term "tangible net worth" shall mean for a corporation the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets. Only actual tangible assets are included in FEP's assessment of creditworthiness. In comparing the overall value of a Shipper's contract to tangible net worth for credit evaluation purposes, FEP will compare the net present value of the demand or reservation charge obligations under such contracts to Shipper's current tangible net worth. If a Shipper has multiple service agreements with FEP, then the total potential fees and charges of all such service agreements shall be considered in determining creditworthiness.

(3) If Shipper does not meet the criteria described above, then Shipper may request that FEP evaluate its creditworthiness based upon the level of service requested relative to the Shipper's current and future ability to meet its obligations. Such credit appraisal shall be based upon FEP's evaluation of the following information and credit criteria:



(i) S&P and Moody's opinions, watch alerts, and rating actions and reports, rating, opinions and other actions by Dun and Bradstreet and other credit reporting agencies will be considered in determining creditworthiness.

(ii) Consistent financial statement analysis will be applied by FEP to determine the acceptability of Shipper's current and future financial strength. Shipper's balance sheets, income statements, cash flow statements and auditor's notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability.

(iii) Results of bank and trade reference checks and credit reports must demonstrate that a Shipper is paying its obligations in a timely manner.

(iv) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy. An exception may be made for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if FEP is assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future actually to make payment.

(v) Whether Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain solvent.

(vi) Whether Shipper has or has had any delinquent balances outstanding for services provided previously by FEP and whether Shipper is paying and has paid its account balances according to the terms established in its Agreements (excluding amounts as to which there is a good faith dispute).

(vii) The nature of the Shipper's business and the effect on that business of general economic conditions and economic conditions specific to it, including Shipper's ability to recover the costs of FEP's services through filings with regulatory agencies or otherwise to pass on such costs to its customers.

(viii) Any other information, including any information provided by Shipper, that is relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of the contract.

(4) Information which FEP may request to be provided by Shipper to FEP in connection with such a credit evaluation includes the following:

(i) Audited Financial Statements;

(ii) Annual Report;

(iii) Most recent filed statements with the Securities and Exchange Commission (or an equivalent authority) or other similar publicly available information;

(iv) For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (CFO) that such statements constitute a true, correct, and fair representation of the Shipper's financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;

(v) For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of the Shipper's financial condition prepared in accordance with GAAP or equivalent;

(vi) For non-public entities, including those that are state-regulated utilities, an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the Shipper's current financial condition;

(vii) For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized Gas supply cost recovery mechanism;

(viii) List of affiliates, parent companies, and subsidiaries;

(ix) Publicly available credit reports from credit and bond rating agencies;

(x) Private credit ratings, if obtained by the Shipper;

(xi) Bank references;

(xii) Trade references;

(xiii) Statement of legal composition; and

(xiv) Statement of the length of time the business has been in operation.

(5) Upon receipt of any request from FEP for information to be used for creditworthiness evaluation, the Shipper's authorized representative(s) shall acknowledge receipt of FEP's request; provided, however, that FEP and the Shipper may mutually agree to waive this requirement. The Shipper's authorized representative(s) shall respond to FEP's request for credit information as allowed by this Tariff, on or before the due date specified in the request. The Shipper

shall provide all the credit information requested by FEP or provide the reason(s) why any of the requested information was not provided. Upon receipt from the Shipper of all credit information provided pursuant to this Section 12, FEP shall notify the Shipper's authorized representative(s) that it has received such information; provided, however, that FEP and the Shipper may mutually agree to waive this requirement. The Shipper shall designate up to two representatives who are authorized to receive notices regarding the Shipper's creditworthiness, including requests for additional information, pursuant to this Section 12.1 and to provide to FEP the Internet e-mail address of such representatives prior to the initiation of service. Written requests and responses shall be provided via Internet E-mail, unless otherwise agreed to by the parties. In complying with the creditworthiness related notifications pursuant to this Section 12.1, the Shipper and FEP may mutually agree to other forms of communication in lieu of Internet E-mail notification. The obligation of FEP to provide creditworthiness notifications is waived until the above requirement has been met. The Shipper is to manage internal distribution of any creditworthiness notices that are received. FEP shall designate, on its Interactive Website or in written notices to the Shipper, the Internet e-mail address of up to two representatives who are authorized to receive notices regarding the Shipper's creditworthiness. The Shipper's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives and FEP is to manage internal distribution of any such confirmations. The provisions of this paragraph relating to representatives and notification also apply to any notice related to creditworthiness under Section 2.8, 12.2, or 14.8 of these General Terms and Conditions.

(6) If FEP concludes that a Shipper is non-creditworthy, FEP shall provide written notice to Shipper within ten (10) days after that determination is made. If requested by Shipper, FEP shall provide a written explanation of the reasons for this determination. A Shipper may challenge FEP's determination by providing a written rebuttal to FEP's explanation within ten (10) days after the explanation is provided by FEP. FEP shall respond to such a rebuttal in writing within ten (10) days. Any reevaluation of credit by FEP in response to such a rebuttal by the Shipper shall be based on the credit criteria set out in this Section 12.1(a) and shall be performed as provided in Section 12.2 of these General Terms and Conditions.

(b) (1) If a Shipper fails to satisfy the credit criteria, such Shipper may still obtain or continue service hereunder if Shipper, at its sole discretion and except to the extent otherwise agreed, provides the security required under one of the following options:

(i) Payment in Advance: for shippers that subscribe to capacity after the pipeline is in service, payment in advance for all fees and charges for three (3) months of service, plus a reasonable amount for the value of imbalance gas and (in the case of Rate Schedule PALS) for the value of loaned gas is required;

(ii) Standby Irrevocable Letter of Credit: for Shippers that subscribe to capacity after the pipeline is in service, a standby irrevocable letter of credit covering all such amounts for three (3) months of service drawn upon a bank acceptable to FEP is required;

(iii) Security Interest: for Shippers subscribed to capacity after the pipeline is in service, a security interest covering all such amounts for three (3) months of service in collateral, provided by the Shipper and found to be satisfactory to FEP, is required;

(iv) Guarantees: for Shippers that subscribe to capacity after the pipeline is in service, a guarantee of all such amounts for three (3) months of service by a person or another entity which satisfies the credit appraisal is required; or

(v) Other security acceptable to FEP.

(2) By mutual agreement, in lieu of credit support under subsection (b)(1), FEP and Shipper may enter into an agreement that provides that, in the event Shipper is deemed non-creditworthy, FEP and its affiliates may net their respective payment obligations to Shipper or its affiliates up to the amount of the deficient credit support owed FEP under these provisions.

(3) The value of imbalance Gas and loaned Gas shall be determined in accordance with this subsection (3). FEP may require security from noncreditworthy Shippers for the value of imbalance Gas either under an OBA or under Rate Schedules FTS and/or ITS and of Gas loaned under Rate Schedule PALS. The amount of security necessary to collateralize imbalance Gas and Gas loans shall be equal to the outstanding quantities of imbalance Gas and of Gas previously loaned to the Shipper plus any additional quantities of imbalance Gas which FEP reasonably expects to incur during the ensuing 12 months based on prior experience and any additional quantities of loaned Gas which FEP is obligated to loan Shipper pursuant to an executed Request Order, times the Index Price. The Index Price as used herein shall mean, as applicable, the Midpoint Price published in Gas Daily on the Day the imbalance quantity is calculated or the loan is agreed upon (which will generally reflect the previous Business Day's activity) for the Operational Impact Area in which the imbalance or loan is to occur. If such a price is not published by Gas Daily for that day, FEP will use a price based on an appropriate index price in another Gas Daily publication or another publication of common use in the industry as mutually agreed upon by FEP and Shipper.

(4) Nothing herein shall be read to preclude FEP from requiring, and enforcing for the term of the initial contracts, a greater amount of security in agreements supporting an application for a certificate to construct new or expanded facilities, including any replacement contract entered into upon a permanent release of capacity under such an initial contract, any assignment of such an initial contract or any resale of capacity subject to such an initial contract in the event of a default.

(c) Where a Shipper selects the prepayment option under Section 12.1(b) of these General Terms and Conditions, the prepayment amounts shall be deposited in an interest-bearing escrow account if such an account has been established by Shipper which meets the criteria set out in this paragraph. The costs of establishing and maintaining the escrow account shall be borne by Shipper. The escrow bank must be rated at least AA or better and shall not be affiliated with Shipper. The escrow arrangement shall provide for the prepayment amounts to be applied against the Shipper's obligation under its service agreement(s) with FEP and shall grant FEP a security interest in such amounts as an assurance of future performance. The escrow agreement shall specify the permitted investments of escrowed funds so as to protect principal, and shall include

only such investment options as corporations typically use for short-term deposit of their funds. Such escrow account shall at all times maintain the amount of prepayments required under Section 12.1(b) of these General Terms and Conditions. If FEP is required to draw down the funds in escrow, it will notify the Shipper and Shipper must replenish such funds within three (3) Business Days after such notice.

(d) In the event FEP constructs new lateral facilities to accommodate a Shipper, FEP may (unless otherwise agreed) require from the Shipper security in an amount up to the cost of the facilities. This provision does not apply to mainline expansions. Such security may be in any of the forms available under Section 12.1(b) of these General Terms and Conditions, at Shipper's choice. FEP is only permitted to recover the cost of facilities once, either through rates or through this provision. As FEP recovers the cost of these facilities through its rates, the security required shall be reduced accordingly. Specifically, collateral provided by Shipper related to new facilities shall be returned to that Shipper in equal Monthly amounts over the term of its contract for service related to the new facilities or as otherwise mutually agreed by FEP and Shipper. Where facilities are constructed to serve multiple Shippers, an individual Shipper's obligation hereunder shall be for no more than its proportionate share of the cost of the facilities. This requirement is in addition to and shall not supersede or replace any other rights that FEP may have regarding the construction and reimbursement of facilities.

(e) FEP may not take any action under this Section 12.1 which conflicts with any order of the U.S. Bankruptcy Court.

12.2 (a) (1) If at any time FEP reasonably determines based on adequate information available to it that a Shipper is not creditworthy under Section 12.1(a) of these General Terms and Conditions or if Shipper fails to maintain assurance of future performance under Section 12.1(b) of these General Terms and Conditions, FEP may notify such Shipper in writing that it has five (5) Business Days to provide FEP with security consistent with Section 12.1(b) of these General Terms and Conditions which is adequate to cover all charges for one Month's advance service; provided, however, that FEP shall not be authorized to send such a notice to any Shipper which meets criteria for satisfying credit requirements set out in Section 12.1(a)(3). In addition, within thirty (30) days after such notification, the Shipper must fully comply with the means for adequate assurance of future performance, covering the full level of collateral provided for under Section 12.1(b) of these General Terms and Conditions. If the Shipper has not satisfied the requirements in either of prior two (2) sentences by the end of the specified prior notice period, FEP may immediately suspend service to Shipper. FEP may terminate service if it has complied with the procedures in Section 12.2(d) of these General Terms and Conditions.

(2) If FEP does not have sufficient information to determine whether Shipper is creditworthy, it may request additional information in writing from the Shipper consistent with Section 12.1(a) of these General Terms and Conditions, and Shipper must provide such information within five (5) Business Days.

(i) If FEP requests additional information to be used for credit evaluation after the initiation of service, FEP, contemporaneous with the request, shall provide its

reason(s) for requesting the additional information to the Shipper and designate to whom the response should be sent; provided that FEP and the Shipper may mutually agree to waive this requirement.

(ii) Upon receipt of a request from FEP for information to be used for creditworthiness evaluation, the Shipper's authorized representative(s) shall acknowledge receipt of FEP's request; provided, however, that FEP and the Shipper may mutually agree to waive this requirement.

(iii) The Shipper's authorized representative(s) shall respond to FEP's request for credit information, as allowed by this Tariff, on or before the due date specified in the request, which due date must be consistent with the requirement of this Section 12.2(a)(2). The Shipper should provide all the credit information requested by FEP or provide the reason(s) why any of the requested information was not provided.

(iv) Upon receipt from the Shipper of all credit information provided pursuant hereto, FEP shall notify the Shipper's authorized representative(s) that it has received such information; provided, however, that FEP and the Shipper may mutually agree to waive this requirement.

(v) Representatives and notices regarding Shipper creditworthiness shall be as provided in Section 12.1(a) of these General Terms and Conditions.

(vi) If Shipper fails to provide the requested information or if FEP determines that the Shipper is not creditworthy based on such information, Section 12.2(a)(1) of these General Terms and Conditions shall apply for suspension of service and Section 12.2(d) of these General Terms and Conditions shall apply for termination of service.

(b) Any suspension of service hereunder shall continue until FEP is reasonably satisfied that Shipper is creditworthy under Section 12.1(a) of these General Terms and Conditions or until Shipper has provided adequate assurance of future performance under Section 12.1(b) of these General Terms and Conditions. A Shipper shall not be obligated to pay any reservation or demand charges for suspended service attributable to the period when that service is suspended.

(c) At any time after a Shipper is determined to be non-creditworthy by FEP, the Shipper may initiate a creditworthiness re-evaluation by FEP. As part of the Shipper's re-evaluation request, the Shipper must either update or confirm in writing the prior information provided to FEP related to the Shipper's creditworthiness. Such update should include any event(s) that the Shipper believes could lead to a material change in the Shipper's creditworthiness. Such reevaluation shall be performed consistent with Section 12.1(a) of these General Terms and Conditions. After FEP's receipt of such a request for credit reevaluation including all required information under this Tariff for evaluation of credit, FEP shall provide a written response to Shipper within five (5) Business Days. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for FEP's decision, or an explanation supporting a future date by which a reevaluation determination will be made. In no event should such reevaluation determination exceed twenty (20) Business Days from the date of the receipt of Shipper's Request unless specified in this

tariff or if the parties mutually agree to some later date. If FEP determines that Shipper is now creditworthy without security, any security requirements under Section 12.1(b) of these General Terms and Conditions shall be terminated and any prepayment amounts (including any applicable interest) released to Shipper from escrow within five (5) Business Days after such determination.

(d) In addition to suspension, FEP may terminate service if the Shipper fails to provide adequate assurance of future performance consistent with Section 12.1(b) of these General Terms and Conditions. Any such termination requires thirty (30) days' prior notice to Shipper and to the Commission. To avoid termination, the Shipper must satisfy Section 12.1(b) of these General Terms and Conditions within this notice period. Such notice may be given simultaneously with the notice provided for in Section 12.2(a)(1) of these General Terms and Conditions. If the contract is terminated, FEP shall net and/or set off, as allowed by law, all positions calculated in accordance with the provisions of the applicable Rate Schedule (i.e., invoiced transportation amounts, invoiced imbalance amounts, park and loans, rate refunds, etc.) prior to settling outstanding account balances with the Shipper. FEP shall have the right to assert any liens or other interests, consistent with applicable law, against any gas remaining on its System.

(e) In addition to any prior notice provided for above, FEP shall simultaneously notify the Commission in writing of any suspension or termination of service under this Section 12.2.

(f) FEP may not take any action under this Section 12.2 which conflicts with any order of the U. S. Bankruptcy Court.

### 13. INTERACTIVE WEBSITE

#### 13.1 WEBSITE DESCRIPTION

(a) FEP maintains the Interactive Website, a FERC compliant interactive internet website which is available for use by Shippers and other interested parties. The website has both secure and non-secure regions. Information of a general nature is included in the non-secure region while confidential Shipper specific data is accessible only through the secure region, which requires a logon and password. Daily back-up records of information displayed or entered through this website are archived, and non-secure information is accessible to customers on a non-discriminatory basis. The data is kept for a three (3) Year period, inclusive of both current and archived data.

(1) FEP provides on the Informational Postings portion of its Interactive Website a link to the Gas quality provisions of this Tariff.

(2) FEP provides on the Informational Postings portion of its Interactive Website daily average Gas quality information for prior Gas Day(s), to the extent routinely collected and readily available, for location(s) that are representative of mainline Gas flow. To the extent that FEP monitors tariff-based gas quality provisions for locations representative of mainline Gas flow by non-electronic methods (e.g. spot sample), such information should be posted as soon as practicable. The gas quality information posted pursuant to this tariff provision is operational in nature.

For purposes of this tariff provision, “readily available” is that data which is currently available in electronic format or would be available electronically with minor enhancement(s) to existing data collection, processing and reporting capability.

The gas quality information should be reported in units as specified in this Tariff’s General Terms and Conditions. Gas quality information not specified in these General Terms and Conditions is posted using units determined by FEP.

The information available for the identified location(s) is provided in a downloadable format. In any event, all applicable parties’ compliance with Gas quality requirements is in accordance with FEP’s Tariff or general terms and conditions. Listed below are examples of Gas quality attributes:

- Heating Value
- Interchangeability index(ices)/factor(s)
- Hydrocarbon liquid drop out control parameter(s)/factor(s)
- Hydrocarbon Components, % of C1 - Cnn, as used in determining Heating Value
- Specific Gravity
- Water



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Nitrogen  
Carbon Dioxide  
Oxygen  
Hydrogen  
Helium  
Total Sulfur  
Hydrogen Sulfide  
Carbonyl Sulfide  
Mercaptans  
Mercury and/or any other contaminants being measured  
Other pertinent Gas quality information that is specified in FEP's Tariff or general terms and conditions

(3) Data posted pursuant to Section 13.1(a)(2) are made available on FEP's Interactive Website for the most recent three-Month period. Beyond the initial three-Month period, the historical data is made available offline in accordance with regulatory requirements. Such posted data are provided in a tabular downloadable file described by FEP in the posting. The first row of the file contains the column headers and data begins on the second row of the file. In addition, one of the columns contains the applicable Gas Day. For any location(s), FEP may, at its discretion, elect to provide Gas quality information in addition to that specified in the prior paragraph. FEP may choose how to provide the information.

(b) The non-secure information is primarily comprised of FERC mandated informational postings. FEP may add informational sections to this website in order to facilitate timely and complete communications with customers. The secure region provides access to Nominations, Flowing Gas/Quantity Inquiry data, Invoicing, Contracting and Capacity Release Processing. Logons and passwords required to enter the secure region of the website may be obtained per the procedures outlined in Section 13.2.

#### (1) INFORMATIONAL POSTINGS AND PLANNING TOOLS

The types of information available through the Informational Postings selection of this website include: (i) all marketing affiliate information, including names and addresses for marketing affiliates; (ii) reports on operationally available capacity, design capacity, unsubscribed capacity and released capacity at Receipt/Delivery Points; (iii) critical notices concerning capacity related issues and non-critical notices, providing relevant contracts and customer information; (iv) the FERC Index of Customers and the FERC Contract Transactional Postings; (v) the Tariff, with search, download and print capabilities; (vi) imbalance quantities available for trading among Shippers as provided in Section 10 hereof and (vii) point catalog.

#### (2) NOMINATIONS

This feature allows for submittal of all transportation nominations, transfer nominations, predetermined allocations and nomination priorities as required in Section 6 of these General Terms and Conditions.

(3) VOLUME INQUIRY

This feature provides volumetric information on total Gas flows and allocated flows, at a Point and contract level and provides contract level imbalance information. The timing for reporting Daily operational allocations after the Gas has flowed is within two (2) hours after the end of the Day. If the best available data for reporting Daily operational allocations is the scheduled quantity, that quantity should be used for the Daily operational allocation. Each Shipper and each other entity involved in a transaction at a Point will be able to see the total flows at the Point and the quantities allocated to or by such Shipper or other entity.

(4) INVOICING

The website allows Shippers to view and download invoices and a statement of account.

(5) CONTRACT REQUEST PROCESSING

Using this feature, Shippers can review their existing Agreement information.

(6) CAPACITY RELEASE REQUEST AND BID PROCESSING

This interactive feature allows Shippers to submit Capacity Release Requests and Bids, which, in turn, are automatically posted to this website as provided in Section 14. Additionally, Shipper with recall provisions in a release of capacity can initiate the recall process using this feature.

(c) Unless specifically stated otherwise, all communications with FEP hereunder should be made via the electronic method(s) (Interactive Website, EDI, email) specified in NAESB standards for a particular NAESB document/process or via some other mutually agreeable means.

13.2 ACCESS TO INTERACTIVE WEBSITE

Shippers and other interested parties may obtain access to the Interactive Website by contacting a representative of FEP's Gas Transportation Department in Houston. Logons, passwords and access instructions will be supplied upon request under the following terms and conditions set forth in Sections 13.3 through 13.14.

13.3 AUTHORITY

Users of this website (Subscribers) shall be deemed to have agreed and admitted that any employee permitted by Subscriber to access this website shall have the legal authority to act on behalf of Subscriber in performing any functions, including those functions which are available presently and those functions which become available at a later date.

#### 13.4 INSTALLATION

Each Subscriber shall purchase and ensure that lawful installation of Internet browser software occurs for each personal computer (PC) from which this website is accessed.

#### 13.5 CONFIDENTIALITY

Certain information contained in this website is proprietary and confidential. A Subscriber shall not reproduce, disclose or otherwise make available confidential information contained therein to any other company, corporation, individual, or partnership.

#### 13.6 RELIANCE BY FEP

FEP may act, and shall be fully protected by a Subscriber in acting, in reliance upon any acts or things done or performed by Subscriber's employees or designated agents on behalf of Subscriber and in respect to all matters conducted through this website. FEP may correct errors in information entered into this website by a Subscriber promptly after receiving notice of the corrections or may require Subscribers to enter the corrections directly into this website.

#### 13.7 ACCESS

Shippers and other interested parties may obtain access to the interactive transactional web pages by contacting a representative of FEP's Customer Services Department in Houston. The internet address for this website is: <https://feptransfer.energytransfer.com>. Should a Subscriber require access to confidential information (such as Agreement, points, nomination, quantity, or other customer-specific information deemed to be of a confidential nature requiring controlled access), FEP will require the Subscriber to provide a written request and officer level approval for issuance of a company-level computer access (logon) identification code and password. Upon receipt of such request, FEP will ensure return of a confidential logon code and password within one Business Day.

#### 13.8 LOGON

A Subscriber's logon and password are confidential and are used to identify that Subscriber. A Subscriber shall keep its logon and password confidential. A Subscriber will ensure that only authorized employees and agents of Subscriber will be given Subscriber's logon and password and only these authorized persons will be permitted to access this website on Subscriber's behalf. A Subscriber and its employees and agents will not disclose the Subscriber's logon and password to anyone without authority to access this website on behalf of the Subscriber. To ensure such confidentiality is not breached, requests from Subscriber employees or agents for information regarding Subscriber logon and password made subsequent to issuance of the original logon and password may not be honored without receipt by FEP of additional authorization from Subscriber. Subscriber shall be responsible for and accepts liability for any security breach that is traced to Subscriber's logon and password if the security breach was the result of Shipper's failure to take

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reasonable precautions to protect security, consistent with Section 24 of these General Terms and Conditions.

### 13.9 BREACH OF SECURITY

A Subscriber shall promptly notify FEP if there is any indication that a security breach has occurred with regard to Subscriber's logon and password. This includes, but is not limited to: (a) loss of confidentiality of logon and password; (b) termination of employment of any authorized employee; or (c) loss of authority to access this website by any authorized employee. Such notification shall be made to FEP's Electronic Customer Services Department.

### 13.10 LIMITATION TO ACCESS

A Subscriber may attempt to access only that data for which Subscriber has authorization. A Subscriber shall provide supporting legal documentation prior to being given access to data of other subsidiaries, affiliates, or companies for whom it has an agency relationship. See Section 6 of these General Terms and Conditions for information on delegation.

### 13.11 LIMITS OF RESPONSIBILITY

Neither FEP nor Shipper shall be responsible for an omission or failure by the other to act or perform any duty requested by a function accessed via this website if such omission or failure to act is caused by or related to data lost in the transmission of such data from Subscriber's to FEP's computer system, power failures, failure of backup systems, or any other event beyond the reasonable control of FEP or Shipper, as applicable.

### 13.12 RESERVATION

FEP reserves the right to add, modify or terminate functions of this website at any time subject to compliance with Commission Regulations.

### 13.13 AGREEMENT BY NON-SHIPPER

Any Subscriber who is not a Shipper under one of the Rate Schedules of FEP's FERC Gas Tariff will be required, as a precondition of access to this website, to sign an agreement with FEP pursuant to which the Subscriber agrees to be bound by the provisions of this Section.

### 13.14 INDEMNITY

(a) Each Subscriber shall indemnify FEP and hold FEP harmless for all damages, losses, and liabilities arising out of:

(1) Subscriber's or its employees' or agents' breach of any of Subscriber's obligations under this Section 13, including any breach of confidentiality with respect to the assignment of logon(s) and passwords(s) to Subscriber's authorized employees and agents and any

unauthorized use by a formerly authorized person or by any unauthorized person who gained knowledge of Subscriber's logon(s) and password(s) through no fault of FEP; and

(2) any omission or failure by Subscriber's employees or agents to act or perform any duty required by an Interactive Website function.

(b) Notwithstanding Sections (a)(1) and (a)(2) above, neither FEP nor Subscriber shall be liable to the other if an unauthorized user gains access to FEP's Interactive Website through no fault of either FEP or Subscriber, consistent with Section 24 of these General Terms and Conditions.

## 14. CAPACITY RELEASE BY FIRM SHIPPERS

In this Section 14, Releasing Shipper shall mean a Shipper who releases or is seeking to release all or any part of its firm transportation capacity to a third party.

Replacement Shipper shall mean a third party who receives either temporarily or permanently released capacity, as defined below, from the Releasing Shipper under the Capacity Release Program.

For index-based capacity release, Rate Floor shall mean the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than FEP's minimum reservation charge or zero cents when there is no stated minimum reservation charge.

For index-based capacity release, Rate Default shall mean the non-biddable rate specified in the capacity release Offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor shall serve as the Rate Default.

### 14.1 INTRODUCTION

**Permanent Release:** Under the Rate Schedule FTS, Releasing Shipper will have the ability to permanently release its capacity, or any portion thereof. FEP is not required to but may choose to accept a bid at less than the rate provided for in Releasing Shipper's Service Agreement provided that (i) Releasing Shipper remits as an exit fee, a lump sum payment for the positive difference between the rate provided for in the Releasing Shipper's Service Agreement and the bid rate for the full term of the capacity release, or agrees to remain liable for any positive difference between the Releasing Shipper's contract rate and the bid rate for the full term of the capacity release, and (ii) when the Releasing Shipper's contract is at maximum tariff rates, FEP and Replacement Shipper reach agreement on a mechanism permitting the periodic adjustment to the bid rate to reflect subsequent rate adjustments filed for and approved by the FERC. Upon such permanent release, except as provided for herein for releases at less than the Releasing Shipper's contract rates, Releasing Shipper is relieved of its obligation to FEP for payment of reservation charges and any surcharges to the reservation charge.

**Temporary Release:** Under the Rate Schedule FTS, Releasing Shipper will have the ability to temporarily release its capacity, or any portion thereof, for a term designated by Releasing Shipper not to exceed the term of its underlying Service Agreement. Upon such release, Releasing Shipper remains responsible to FEP only for payment of reservation charges and any surcharges to the reservation charge, in compliance with the underlying Service Agreement.

Releasing Shipper has the right to tender its capacity to FEP to be released to potential Replacement Shippers. The release of capacity is a permanent or temporary release of capacity from specified Receipt Point(s) to specified Delivery Point(s), for a designated term and rate.

#### 14.2 EVALUATION METHODS

All capacity available for release shall be allocated to the Replacement Shipper(s) based upon one of the following methods, as determined by Releasing Shipper:

- (a) Highest rate;
  - (b) Highest net revenue;
  - (c) Highest present value calculated in accordance with Section 2.1(c) herein;
- and
- (d) Shipper designated method.

For index-based capacity release, the Releasing Shipper shall provide the necessary information and instructions to be used for the evaluation.

#### 14.3 OFFER TO RELEASE CAPACITY

(a) During any period in which the Releasing Shipper wishes to release its firm capacity, the following information relating to the availability of such capacity shall be posted on FEP's Interactive Website:

- (1) MAXDTQ available per day, in dekatherms, and the total release period quantity;
- (2) Term;
- (3) Receipt and Delivery Point(s), and any restrictions which will be placed on the modifications of primary Receipt and primary Delivery Points;
- (4) Rates;
- (5) Whether and to what extent the capacity (under a temporary release) will be subject to recall, and the terms and conditions applicable to such right to recall or repurchase;
- (6) The method under which capacity is to be allocated;
- (7) The party to contact;
- (8) The method by which ties will be broken;

(9) If minimum conditions are to be disclosed during the open season, any minimum conditions concerning the rate, term, or volume that the Releasing Shipper is willing to accept, including whether a volumetric rate will be accepted and, if so, the method for evaluating such bid;

(10) Whether the Releasing Shipper is willing to accept contingent bids and when the contingency must be removed;

(11) The date when bids and executed Service Agreements must be submitted;

(12) Whether the release is permanent or temporary;

(13) Whether the release is a re-release;

(14) For Pre-Arranged releases, whether the release is to an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 248.8;

(15) For index-based capacity release, the Rate Floor; and

(16) Other special terms or conditions, if any.

(b) Any Releasing Shipper offering capacity for Capacity Release will, by electronically posting capacity or by having FEP electronically post capacity, automatically enter into an amendment to Shipper's underlying contract, subject to procedures set out in Rate Schedule FTS. Such amendment shall take effect only upon the confirmation of a prearranged deal or upon the award of such capacity.

(c) The information set forth in the offer to release capacity shall be posted on FEP's Interactive Website by the Releasing Shipper, or by FEP if requested by Releasing Shipper. FEP shall only post completed offers to release capacity. Such information shall be posted in accordance with the minimum time periods set forth in Section 14.4. With respect to offers to be posted by FEP, FEP shall post any such offer upon receipt, unless the Releasing Shipper requests otherwise. The Releasing Shipper may request a posting time consistent with the time lines set forth in Section 14.4. A Releasing Shipper shall separately provide to FEP any minimum conditions that are not to be disclosed in the offer to release capacity.

(d) FEP shall post on its Interactive Website the following information in the offer to release capacity:

(1) The maximum reservation rate (including reservation surcharges) specifically applicable to the Shipper's capacity being released,



(2) The date and time by which bids must be submitted under the applicable allocation method,

(3) The date and time the notice is posted on the Interactive Website, and

(4) Latest date and time capacity will be awarded in accordance with the time lines set forth in this Section 14.

(e) Withdrawal of offer to release capacity: The Releasing Shipper may withdraw or cause FEP to withdraw the offer to release capacity up to the close of the applicable bid submittal period; provided, however, withdrawal will be allowed only if the Releasing Shipper has an unanticipated requirement for the capacity and no minimum bid has been made. An offer to release capacity is binding until notice of withdrawal is received by FEP on its Customer Activities Website.

(f) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. The Releasing Shipper shall submit the Releasing Shipper's recall or reput notices to FEP using FEP's Interactive Website in accordance with the deadlines and procedures established in the NAESB Standards. Notification by FEP to all affected Replacement Shippers for each recall that is processed shall be through direct notice using Internet E-mail or direct notification to Shipper's Internet URL address. Shipper is responsible for providing current addresses to FEP. Failure of Shipper to maintain current addresses on file with FEP will relieve FEP of this obligation. FEP has the right to rely on a Releasing Shipper's notice and a Releasing Shipper shall defend and indemnify FEP against any claims, losses, liabilities, or expense (including reasonable attorneys' fees) resulting from claims by any Replacement Shipper that released capacity was not recalled in accordance with the recall rights specified in the Releasing Shipper's offer.

#### 14.4 MINIMUM TIME PERIODS FOR BIDDABLE RELEASED CAPACITY

The following are the minimum time periods for biddable released capacity based on the term for which that capacity is released. The offers may be posted for any longer periods of time.

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

(1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(2) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.

(3) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(4) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(5) 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.

(6) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(7) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(b) For biddable releases (more than 1 year):

(1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(2) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

(3) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(4) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(5) 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.

(6) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(7) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

#### 14.5 OPEN BIDS/WITHDRAWAL OF BIDS

(a) Open Bids - The bidding process shall be open;

(1) During the open season and bid submittal periods, all valid bids will be posted listing all pertinent terms and conditions of the valid bids without posting bidders' names;

(2) A bidder may not have more than one bid submitted for a given package of released capacity at the same time, except that it may withdraw a bid as specified below; and

(3) There will be no extensions of the original bid period or the pre-arranged deal match period.

(b) Withdrawal of Bids:

(1) A bidder may withdraw a bid for the released capacity up to the close of the open season or bid submittal period;

(2) Once a bidder has withdrawn its bid, the bidder may only submit a new bid for that released capacity at a higher rate;

(3) Bids are binding until notice of withdrawal is received by FEP on its Customer Activities Website.

(c) Valid Bids:

In order to be valid, a Bid must include a completed bid form and an executed firm transportation Service Agreement (including electronically executed) which conforms with and adheres to the method specified in the Offer to release capacity and is submitted within the required time period for such offer to release capacity. A valid Bid may contain FEP's maximum reservation rate as an alternative to Releasing Shipper's capacity release Offer, except when the capacity release is index-based for a term of one year or less or utilizes market-based rates. Invalid bids will be rejected.

Any Pre-Arranged Shipper acquiring capacity through capacity release which confirms a prearranged deal and any Replacement Shipper which submits a bid for posted capacity will, by confirmation or entering a bid, respectively, automatically enter into a service agreement for the service set out in the posting of the prearranged deal or in the bid, respectively, effective upon the respective confirmation or award of such capacity.

(d) Bid Evaluation:

FEP will evaluate and rank all bids in all situations in accordance with the evaluation methodology specified by the Releasing Shipper in the offer to release capacity. Such timely bid, if determined to be valid, should be evaluated by FEP for the purpose of identifying the winning bidder associated with the offer upon which the bid was made. The evaluation period will end in accordance with Section 14.4.

(e) Award Posting:

(1) FEP will communicate the award of released capacity and will issue the contract in accordance with Section 14.4; provided however, in the event of a non-biddable pre-arranged deal, then FEP will post the award of released capacity; and

(2) FEP shall post the award regarding each deal on its Internet Website for a period of seven (7) days. Irrespective of when the notice of completed deal is posted, service shall commence once capacity has been awarded and a Service Agreement has been executed by both parties;

14.6 PROCEDURE FOR A PRE-ARRANGED DEAL

When capacity is released under a pre-arranged deal, the posting and bidding procedure set forth in this Section shall apply and the terms of such deal shall be posted on FEP's Interactive Website as soon as possible, but not later than the first nomination, after the release transaction commences. In addition, FEP will provide a copy of the pre-arranged deal to any requesting party within one business day.

(a) Procedures for Pre-Arranged Deals Not Subject to Bid

There shall be no posting and bidding procedures for the following non-biddable pre-arranged deals: (1) releases to an asset manager, as defined by FERC regulations at 18 C.F.R. 284.8, (2) releases to a marketer participating in a state-regulated retail access program as defined by FERC regulations at 18 C.F.R. 284.8, (3) releases for more than one year at the maximum rate, or (4) releases with terms of thirty-one (31) days or less, unless Releasing Shipper provides otherwise.

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.

(b) Procedures For Bidding on a Pre-Arranged Deal

(1) Third Party Bid: Any third party may submit a bid for the released capacity by offering a better bid than the posted bid for said capacity, with rates not to exceed the maximum rate which may be collected by FEP.

(2) Third Party Obligation: Any third party bid shall be identical to the pre-arranged deal, excluding those terms which are subject to bidding as set forth in the offer to release capacity.

(3) Bid Evaluation: Subject to the Pre-Arranged Shipper's posting and bidding procedure, capacity shall be allocated to such third party (or parties, if the winning bids are for portions of the total capacity available) submitting the best bid, as determined by FEP, based upon the Releasing Shipper's criteria. In the event two or more third parties submit equivalent best bids, as determined by FEP, based upon the Releasing Shipper's criteria and such bids are for more than the total available capacity, the capacity shall be allocated by means of any non-discriminatory, objective standard designated by Releasing Shipper, and included in the offer to release capacity (or, if no designation, then by means of a pro rata allocation).

(4) Pre-Arranged Shipper posting and bidding procedure: In the event a third party(ies) submits a better bid than the Pre-Arranged Shipper, FEP shall communicate, in accordance with Section 14.4, to the Pre-Arranged Shipper, that a third party(ies) has submitted a better bid. The Pre-Arranged Shipper shall have the right to match said offer during the minimum time period set forth in Section 14.4.

(5) If the Pre-Arranged Shipper chooses to match the better bid, then FEP shall allocate said capacity to the Pre-Arranged Shipper. In the event the Pre-Arranged Shipper declines to match the better bid, the Pre-Arranged Shipper shall have no further right to said capacity, and FEP shall assign said capacity to the successful bidding third party(ies).

14.7 ADDITIONAL PROVISIONS

(a) Direct Postings: If a Releasing Shipper/bidder directly posts an offer to release capacity/bid on FEP's Interactive Website, such offer/bid shall be subject to certain corrections by FEP for errors discovered upon FEP's review of such offer/bid. FEP shall have the right to amend any offer/bid found to be incorrect after FEP verifies such offer/bid within twenty-four (24) hours of the posting of such offer/bid. FEP shall notify Releasing Shipper/bidder prior to amending any such offer/bid.

(b) Service Agreement Amendments: No amendments may be made to the Service Agreement except that: 1) a Replacement Shipper, to the extent not restricted under the terms of its Service Agreement, shall have the same right to change primary Receipt and Delivery Point(s) as any other FTS Shipper; and 2) upon mutual agreement of the Releasing Shipper and the Replacement Shipper, the Service Agreement will be terminated by FEP.

(c) **Marketing of Released Capacity:** FEP shall have no obligation to market any capacity available to be released by Releasing Shipper; however, FEP may agree to market capacity for Releasing Shipper and may negotiate a fee with the Releasing Shipper for such service ("Marketing Fee").

(d) **Billing:** For any releases of capacity (primary, secondary, or subsequent), FEP shall directly bill the Replacement Shipper the negotiated rate for the released capacity, as well as any applicable usage charges and penalties which may be assessed on such transaction. The Replacement Shipper shall pay such amounts directly to FEP in accordance with the requirements of the Rate Schedule FTS and FEP shall apply such amounts first to the reservation charge(s) due for transportation service and then to any reservation surcharges(s) (if applicable), including late charges related solely to such reservation charge(s), then to any penalty due, then to commodity charges, and finally to late charges not related to any reservation charge(s) due. The Releasing Shipper will be billed for and shall pay to FEP any negotiated Marketing Fee plus the difference between the FEP's applicable rates under the Releasing Shipper's Service Agreement and the negotiated rates billed to the Replacement Shipper, subject to Section 14.8(f). In the event that the Replacement Shipper's as-billed rate exceeds the Releasing Shipper's applicable rate, the difference shall, at the Releasing Shipper's discretion, either be credited by FEP to the Releasing Shipper's account with FEP, or be refunded. Any amounts credited shall be limited to reservation charge revenues received from the Replacement Shipper pursuant to the Replacement Shipper's Service Agreement with FEP. If a refund is elected by the Releasing Shipper, FEP shall make such refund by wire transfer within ten days of its receipt of final payment from the Replacement Shipper, together with interest computed at the maximum allowable interest rate permitted under the Commission's Regulations.

(e) **Termination for Non-payment:** Should Replacement Shipper not make full payment of all amounts billed to it by FEP within ten (10) days of the date of any invoice, FEP shall notify the Replacement Shipper in writing, with a courtesy copy to Releasing Shipper, advising that if default continues for a thirty day period from such invoice date, the Service Agreement may be terminated; provided however, Replacement Shipper may avoid termination by providing FEP with good and sufficient indemnity bond. If Replacement Shipper fails to cure or remedy non-payment within such thirty (30) day period, the Service Agreement between FEP and the Replacement Shipper may be terminated at the discretion of FEP or Releasing Shipper, and Releasing Shipper shall immediately be able to again release such capacity under these procedures.

#### 14.8 GENERAL TERMS AND CONDITIONS

(a) All released capacity will have priority over FEP's interruptible service;

(b) **Secondary Points:** Secondary Receipt Points and Secondary Delivery Points may be utilized by a Replacement Shipper, subject to available capacity;

(c) **Rates:** Releasing Shipper cannot release capacity for an effective price less than FEP's minimum rates nor more than FEP's just and reasonable maximum rates, as set forth in FEP's current FERC Gas Tariff. The maximum rate that may be charged for capacity released is the

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maximum firm rate which may be charged by FEP for such transportation, plus Fuel Gas, Lost and Unaccounted For Gas, Booster Compression Fuel, and all applicable surcharges. If the Releasing Shipper is paying a Negotiated Rate pursuant to Section 30 of these General Terms and Conditions, a Qualified Bidder may not bid a rate which exceeds the higher of such rate or the applicable Recourse Rate. Except that no maximum rate limitation applies to 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.

Releasing Shipper should specify which one of the following methods is acceptable for bidding on a given capacity release offer: (1) non-index-based release - dollars and cents; (2) non-index-based release - percentage of maximum rate; or (3) index-based formula as detailed in the capacity release offer.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper. Maximum and minimum rates specified by the Releasing Shipper must include the Reservation Charge and all reservation surcharges.

(d) Secondary/Subsequent Releases: Replacement Shipper, and any third parties receiving capacity rights from any Replacement Shipper, will be authorized or permitted to release the capacity to other third parties only under the same set of conditions described herein, i.e., any Replacement Shipper will be considered the Releasing Shipper for purposes of subsequent assignments of capacity, and any third party receiving such capacity in such transactions will be considered the Replacement Shipper.

(e) Creditworthiness: Qualification for participation in the capacity release program - Any potential Replacement Shipper that wishes to acquire released capacity under the capacity release program must satisfy the creditworthiness requirements contained in Section 12 of the General Terms and Conditions of this Tariff by pre-qualifying prior to submitting a bid for capacity. Upon pre-qualification, FEP shall continue to review potential Replacement Shipper's financial records and other sources of public information for creditworthiness. FEP shall have the right to amend a potential Replacement Shipper's line of credit from time to time and thereby lower or increase the quantity and term for which potential Replacement Shipper is qualified to submit future bids for released capacity. A potential Replacement Shipper cannot bid for released capacity which exceeds its qualified level of creditworthiness. Notwithstanding the determination of creditworthiness, FEP does not guarantee the payment of any outstanding amounts by a Replacement Shipper.

(f) Shipper Liability: In the event capacity is temporarily released hereunder, liability for payment of reservation charges and any surcharges applicable to the reservation charge will remain with the Releasing Shipper. If the Releasing Shipper permanently releases capacity hereunder, FEP will relieve said Releasing Shipper from its obligations under its Service Agreement, if (1) the release is at or above the rates provided for under (and for the remaining term of) Releasing Shipper's Service Agreement or, (2) the release is at less than rates provided for in Releasing Shipper's Service Agreement and the Releasing Shipper remits as an exit fee, a lump sum payment for the positive difference between the Releasing Shipper's contract rate and the bid rate

for the full term of the capacity release, and, when the Releasing Shipper's contract is at maximum tariff rates, the Replacement Shipper and FEP reach agreement on a mechanism permitting the periodic adjustment to the bid rate to reflect subsequent rate adjustments filed for and approved by the FERC. The Replacement Shipper and any of its subsequent assignees shall be responsible for any amounts billed to them under Section 14.8(e) of this Tariff, but shall not be responsible for any other amounts billed to the Releasing Shipper.

(g) **FEP's Right to Terminate a Temporary Capacity Release:** FEP may elect to terminate a Replacement Shipper's Service Agreement, upon fourteen (14) days written notice to the Replacement Shipper, under the following conditions:

(1) The Releasing Shipper has failed to maintain creditworthiness in accordance with Section 12 of the General Terms and Conditions of this Tariff;

(2) FEP has terminated the Releasing Shipper's Service Agreement in accordance with Sections 12 of the General Terms and Conditions of this Tariff; and

(3) The rate stated in the effective Replacement Shipper's Service Agreement is less than the Releasing Shipper's contract rate.

The Replacement Shipper may avoid termination of the temporary capacity release if, prior to the end of the fourteen (14) day notice period, the Replacement Shipper agrees that, beginning the first day after the end of the fourteen (14) day notice period, it will pay the lower of (1) the former Releasing Shipper's contract rate, or (2) the maximum applicable reservation and commodity rates as stated in this Tariff for the applicable service for the remainder of the Replacement Shipper's contract term.

(h) **Term Limitation:** The term of any agreement providing for the release of capacity cannot extend beyond the term of the underlying Service Agreement. Released capacity may be allocated with a future effective date.

(i) **Refunds:** Releasing Shipper and any Replacement Shipper must track any changes in FEP's rates approved by the Commission. In the event the Commission orders refunds of any such rates charged by FEP and previously approved, FEP and/or Releasing Shipper, as the case may be, must make corresponding refunds to such Releasing Shipper or any Replacement Shipper, to the extent that Releasing Shipper or Replacement Shipper(s) has paid a rate in excess of FEP's just and reasonable, applicable maximum rates, unless otherwise specified by the terms of the release.

(1) **Refunds Due Under Releases Greater Than One Year.** If FEP is obligated to refund any amounts attributable to reservation charges for capacity which has been released, FEP shall make the applicable refund to the Replacement Shipper to the extent that FEP has actually received reservation charge amounts from the Replacement Shipper in excess of the amounts assessable under the revised maximum reservation charge rates (which amounts are credited to the account of the Releasing Shipper under this Subsection). Except as may otherwise be provided pursuant to Section 30.4 of these General Terms and Conditions, FEP shall make a



corresponding adjustment to the capacity release credit provided to the Releasing Shipper, and may reduce the capacity release credit in a lower refund or adjusted billings to the Releasing Shipper. Any other applicable reservation charge refund shall go to the Releasing Shipper. Except as may otherwise be provided pursuant to Section 30.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

(2) Refunds Due Under Releases One (1) Year or Less. If FEP is obligated to refund any amounts attributable to reservation charges for capacity which has been released above the maximum rate for one year or less, FEP shall make the applicable refund to the Releasing Shipper notwithstanding the amount that FEP has actually received from the Replacement Shipper (which amounts are credited to the account of the Releasing Shipper under this Subsection). FEP shall reflect the same credit from the Replacement Shipper but shall adjust its billing to the Releasing Shipper to reflect the revised maximum reservation rates. Except as may otherwise be provided pursuant to Section 30.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

(j) Conditions: Releasing Shipper and any Replacement Shipper are authorized to impose reasonable, nondiscriminatory conditions upon the release of their capacity on FEP's System. Such conditions must not be inconsistent with FEP's FERC Gas Tariff and the Service Agreement between the Releasing Shipper and FEP or Replacement Shipper and FEP.

(k) Rollover Limitations: A Releasing Shipper may re-release to the same Replacement Shipper for a term of thirty-one (31) days or less if either: (1) a period of twenty-eight (28) days has elapsed after the first release for thirty-one (31) days or less has expired or (2) an offer to release capacity has been posted, and capacity has been allocated to the shipper submitting the best bid. The twenty-eight (28) day hiatus does not apply to releases to an asset manager or marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8. An agreement for capacity to be released for a term of thirty-one (31) days or less shall not contain an evergreen provision and may not be rolled over for any additional time period.

(l) Capacity Release Timeline: The capacity release timeline as described herein is applicable 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, the Releasing Shipper has provided FEP 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, FEP 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 FEP).

(m) Service for the Replacement Shipper under FEP's capacity release program shall be in accordance with the terms and conditions of the applicable Rate Schedule of FEP's FERC Gas Tariff and Replacement Shipper's Service Agreement.

(n) A Replacement Shipper may submit changes to its primary Point(s) consistent with its Service Agreement, its contract demand, the terms of the offer by the Releasing

Shipper and subject to available capacity. If a Replacement Shipper has contracted for a temporary capacity release, and the Releasing Shipper has limited the movement of the primary Point(s), then the Replacement Shipper must submit dual requests for changes: one for the Point change that it is requesting and a second where the primary Point(s) of the Releasing Shipper are requested at the end of the temporary capacity release.

#### 14.9 Request to Purchase Releasable Capacity

Any party may initiate a request to purchase releasable firm capacity by following the instructions posted on FEP's Informational Postings website located at <https://fepttransfer.energytransfer.com> under "Notices, Request to Purchase Releasable Capacity." The form shall specify the terms and conditions of the request and the location of the posting on FEP's Informational Postings website. Such offer to purchase released capacity shall be posted on FEP's website for 30 Days.

15.     **MARKETING FEES**

15.1    **FEE FOR ACTIVE MARKETING**

When a Shipper is seeking to release capacity under Section 14 of these General Terms and Conditions, such a Shipper may request that FEP actively market capacity to be released. The Releasing Shipper and FEP shall negotiate the terms of the marketing service to be provided by FEP and the marketing fee to be charged therefor.

## 16. PRE-GRANTED ABANDONMENT, CONTRACT ROLLOVERS AND RIGHT OF FIRST REFUSAL

### 16.1 GENERAL

Subject to Section 16.3, service performed by FEP under Part 284 of the Commission's Regulations shall expire, and shall be automatically abandoned, upon contract termination under: (a) any FTS transportation Agreement with a primary term of less than one (1) Year; and (b) any ITS, PALS or HAT Agreement regardless of term. Service under any FTS transportation Agreement with a term of one (1) Year or greater shall expire, and shall be automatically abandoned, on contract termination unless service is continued pursuant to Sections 16.2 or 16.3. Rights under this Section 16 shall not be available to the extent provided in Section 2.1(b)(7) of these General Terms and Conditions (relating to limited time period contracts).

### 16.2 RIGHT OF FIRST REFUSAL

(a) Any Shipper under a firm service Agreement with a term of one (1) Year or greater and with a rate equal to the applicable maximum rate shall have the right to continue receiving service after the expiration of its existing Agreement to the extent consistent with this Section 16.2. The prior sentence shall (unless otherwise agreed) include any such firm Agreement which incorporates a Negotiated Rate if (unless otherwise agreed) the revenue under such an Agreement equals or exceeds the revenue at the applicable maximum rate. FEP shall set out in the posting described in subsection 16.2(b) below the forms of bids which may be submitted in the Right of First Refusal. Bids may always be submitted in the rate form underlying the applicable maximum rate. Bids in the form of a Negotiated Rate may only be submitted if permitted in the posting. A match by the existing Shipper must be made in a bid form permitted under the posting. FEP shall not be required to provide service under the Right of First Refusal procedure at a discount from the applicable maximum rate unless it otherwise agrees. If a bid is submitted for a Negotiated Rate, the value of that bid for evaluation purposes shall be capped at, and the existing Shipper need only match, the lesser of the value of the bid at the Negotiated Rate or the value of that bid utilizing the Recourse Rate in lieu of the Negotiated Rate.

(b) To exercise the Right of First Refusal, the existing Shipper must provide FEP with notice of its intent to do so in a form specified by FEP and must submit such notice at least nine (9) Months prior to the expiration of the existing Agreement. FEP shall advise Shipper in writing of the date by which such notice must be submitted at least one (1) Month prior to the last day on which such notice can be made on a timely basis. Such notice must specify a desired term of service, the desired Contract MDQ and the desired Point MDQ at each Receipt and Delivery Point. If the requested Contract MDQ is greater than Shipper's existing Contract MDQ and/or if the Point MDQ is greater than the existing Point MDQ at any Receipt and Delivery Point, any such increase shall be treated as a request for new service under the applicable Rate Schedule and only the original quantity shall be subject to the Right of First Refusal under this Section. The Right of First

Refusal may apply to a portion of the existing Shipper's Contract MDQ for its then effective service. Any notice specifying a decrease in Contract MDQ or Point MDQ shall not affect the existing Agreement during its remaining term.

(c) Within fifteen (15) days after receipt of a notice under Section 16.2(b), FEP shall post on the Informational Postings portion of its Interactive Website an Announcement of Capacity Availability Subject to Right of First Refusal (Capacity Announcement) which shall: (1) specify the existing Shipper's service rights; (2) indicate the availability of such service as of the date the existing Agreement expires, subject to the Right of First Refusal; (3) state the maximum rate applicable to such service; (4) set out any other information required by this Section; and (5) solicit bids for such service. Such Capacity Announcement shall be maintained, and bids accepted via FEP's Interactive Website, for a period of at least ten (10) days from the initial posting.

(d) (1) Within one (1) week after the end of the ten (10) day period during which the Capacity Announcement is posted, FEP shall convey to the existing Shipper a term sheet for the best bid (based on price and term) which would qualify for such service in all respects (including meeting applicable credit criteria), which is a bona fide bid and which FEP is willing to accept. FEP may, but is not required to, accept any bid which reflects a discount from the applicable maximum rate. In assessing which is the best bid if more than one bid is received, FEP shall apply the same criteria as are utilized to allocate firm capacity pursuant to Section 2.1 of these General Terms and Conditions.

(2) FEP's term sheet shall contain any and all terms of the bid but shall not identify the bidder; provided, however, such bid sheet shall indicate if the best bid was submitted by an affiliate of FEP. Except for the providing of such term sheet to the existing Shipper, all terms and conditions of any bid and the identity of the bidder shall remain confidential; provided that the Commission may on request have access to such information on a confidential basis.

(3) The existing Shipper shall have two (2) weeks to notify FEP whether or not it desires to match the best bid. If the existing Shipper seeks to retain only a portion of its Contract MDQ, the analysis of whether the existing Shipper has matched the best bid may take into account the Contract MDQ requested under the best bid relative to the Contract MDQ the existing Shipper seeks to retain. To match the best bid, the existing Shipper must match the net present value of the best bid; provided however, if the best bid is for more than five (5) years, the existing Shipper need only match the net present value associated with the first five (5) years covered by the bid. Any rate bid by the existing Shipper that is below the maximum recourse rate must be acceptable to FEP.

(e) (1) If the existing Shipper matches the best bid, it shall be entitled to continuation of service and shall be obligated to sign an Agreement tendered by FEP which reflects the best bid or any counteroffer by the existing Shipper which matches such best bid.

(2) If the existing Shipper fails to match the best bid, the existing Agreement shall terminate at the end of its term and service to the existing Shipper shall be automatically abandoned.

(3) Submission of a bid shall be binding on the bidder. The bidder submitting the best bid shall be obligated to sign an Agreement reflecting its bid, as set forth in the bid form, if the existing Shipper fails to match or matches only a portion of the capacity where the Shipper has agreed to accept a prorated capacity award. Nothing herein shall preclude negotiation of a more acceptable Agreement by mutual consent of FEP and such bidder; provided, however, that service may not be agreed upon under terms and conditions less favorable to FEP than the best bid without providing the existing Shipper an additional opportunity to match such revised terms and conditions.

(f) FEP shall notify the existing Shipper if no qualified bid is received within one (1) week after the end of the ten (10) day period the Capacity Announcement is posted. In the absence of a qualified bid, the rate (within applicable maximums and minimums) and the term for continued service shall be negotiated between FEP and the existing Shipper. No discount or other special terms shall apply to a rollover Agreement unless FEP and the existing Shipper mutually agree. If no agreement is reached prior to the end of the three (3) week period following FEP's notice to the existing Shipper, the existing Shipper may, at that time, require that FEP enter into an Agreement to provide service at the applicable maximum rate for a term specified by Shipper and running from the date the existing Agreement expires. Unless the existing Shipper so elects at the end of the three (3) week period following FEP's notice to it, FEP may negotiate with any Shipper, subject to the Initial Open Season requirement, with the existing Shipper having no further rights under this Section 16 and service under the existing Agreement shall be terminated and automatically abandoned at the expiration thereof.

(g) If the existing Shipper is eligible to receive continued service under this Section 16.2, FEP shall tender a rollover Agreement which conforms to the requirements of this Tariff prior to the expiration of the existing Agreement. The existing Shipper and FEP shall execute such rollover Agreement, or any modified Agreement upon which FEP and Shipper may mutually agree which is not inconsistent with this Tariff, within two (2) weeks. If it fails to execute the rollover Agreement on a timely basis, the existing Shipper shall (in addition to all other remedies available to FEP for such Shipper's failure to fulfill its obligation to execute such Agreement) forfeit any right to continuation of service after the expiration of the existing Agreement.

### 16.3 CONTRACTUAL ROLLOVERS

The term of service under any FTS, ITS, PALS or HAT Agreement may be extended pursuant to a rollover or evergreen provision in such Agreement, which provision may supersede any otherwise applicable rollover or Right of First Refusal pursuant to this Section. In addition, the parties may subsequently negotiate rollover or evergreen provisions which differ from this Section. FEP is not obligated to offer or agree to any such rollover or evergreen provisions; provided, however, that to the extent it offers or agrees to any such provision, it must do so on a non-discriminatory basis for similarly situated Shippers. Without limitation of the foregoing, a contractual rollover provision may include a unilateral right on the part of Shipper to extend the term of the Agreement by notice to FEP by a time specified and rights of first refusal in addition to

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those specified in this Section 16.

Unless waived by FEP, the requirements for a valid request under the applicable Rate Schedule (including the applicable credit analysis) apply to any rollover Agreement.

#### 16.4 CONTRACT EXTENSION

Prior to the expiration of the term of an Agreement(s), FEP and Shipper may mutually agree to renegotiate the terms of such Agreement(s) in exchange for Shipper's agreement to extend the use of at least part of its existing service under a restructured Agreement(s), without having to utilize the Right of First Refusal process set forth in this Section 16. Such restructured Agreement(s) shall be negotiated on a case by case basis in a not unduly discriminatory manner. If an Agreement has a regulatory Right of First Refusal, the agreement to extend must be reached prior to FEP's posting the capacity for bidding. To the extent that FEP and Shipper have mutually agreed to such an Agreement(s), the requirements of Section 2.1(b) of these General Terms and Conditions shall not apply.

## 17. MEASUREMENT

### 17.1 UNIT OF MEASUREMENT AND METERING BASE

The volumetric measurement base shall be one (1) cubic foot of Gas at a pressure base of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia), at a temperature base of sixty degrees Fahrenheit (60 degrees F.), and without adjustment for water vapor.

### 17.2 ATMOSPHERIC PRESSURE

For the purpose of measurement, calculations, and meter calibration, the average absolute atmospheric (barometric) pressure shall be based on the actual altitude of each point of measurement irrespective of variations in natural atmospheric pressure from time to time.

### 17.3 TEMPERATURE

The temperature of the Gas shall be determined at the points of measurement by means of a properly installed recording thermometer or continuous electronic transducer input to a computer of standard manufacture selected by FEP to be installed in accordance with the recommendations applicable to the standards for the metering equipment. The arithmetic average of hourly temperatures for each Day shall be used in computing temperatures of the Gas during such Day for conventional chart measurement. In the event electronic computer measurement is used, average Daily temperature will be computed as a running average of data determined during each computer scan.

### 17.4 DETERMINATION OF HEATING VALUE AND SPECIFIC GRAVITY

At the option of FEP, the heating value of the Gas may be determined by the use of a chromatograph, a continuous Gas sampler or by taking spot Gas samples.

(a) In the case where an online chromatograph is used, the results will be applied continuously during calculation. The average of the hourly heating value during periods of flow each Day shall be recorded and considered as the heating value of the Gas delivered to FEP or Shipper.

(b) In the event a continuous Gas sampler is installed, then the heating value of the composite sample so taken shall be considered as the heating value of the Gas for the applicable period. Alternatively, the results may be applied prospectively beginning on the Day the results become available after agreement by both parties.



(c) If spot samples are taken, the samples shall be run on the measuring party's chromatograph at another location. The result of a spot sample shall be applied to Gas deliveries as of the Day the results are available and for all succeeding Days until a new sample is taken.

(d) All heating value determinations made with a chromatograph shall be in accordance with GPA Std 2172 "Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compression Analysis" and use physical gas constants for Gas compounds as outlined in the GPA Std 2145 "The Table of Physical Constants for Hydrocarbons and Other Components of Interest to the Natural Gas Industry" and any subsequent amendments or revisions to such Report to which the parties may mutually agree. The moisture content of the Gas shall be determined as often as necessary and practical to determine the actual heating value of the Gas stream.

(e) The calculations (for Btu) shall be based on dry Gas if the Gas at the measurement points contains less than seven (7) pounds of water per MMcf. If the Gas at the measurement points contains more than seven (7) pounds of water per MMcf, the appropriate factor determined by FEP in the exercise of its reasonable judgment for the actual water vapor content will be applied to the Btu calculations to correct for this water content.

(f) The specific gravity of the Gas flowing through the meter or meters may be determined by the use of a chromatograph or by analysis of Gas collected in spot and continuous samplers. Specific gravity shall be updated whenever the heating value of the Gas is updated. All specific gravity determinations made with a chromatograph shall be in accordance with GPA Std 2172 "Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compression Analysis" and use physical gas constants for Gas compounds as outlined in the GPA Std 2145 "The Table of Physical Constants for Hydrocarbons and Other Components of Interest to the Natural Gas Industry" and any subsequent amendments or revisions to such reports to which the parties may mutually agree. Specific gravity shall be determined to the nearest one thousandth (0.001).

## 17.5 COMPRESSIBILITY

The measurement hereunder shall be corrected for deviation from Boyle's Law at the pressures and temperatures under which Gas is measured hereunder by the use of the AGA Report Nos. 3 and 8.

## 17.6 MEASURING EQUIPMENT

FEP will install, maintain and operate or cause to be installed, maintained and operated, measuring stations equipped with flow meters and other necessary metering and measuring equipment by which the quantities of Gas received and Equivalent Volumes delivered hereunder shall be determined.

## 17.7 METERING

(a) Where measurement is by orifice meter, all fundamental constants, observations, records and procedures involved in the determination and/or verification of the quantity and other characteristics of Gas delivered hereunder shall be in accordance with the standards prescribed in the latest edition of A.G.A. Report No. 3 (ANSI/API 2530) "Orifice Metering of Natural Gas," with any revisions, amendments or supplements as may be mutually acceptable to FEP and Shipper, unless otherwise specified herein.

(b) Where measurement is by turbine meter, unless specified otherwise, shall be in accordance with A.G.A. Report No. 7, with any revisions, amendments or supplements as may be mutually agreeable to the parties hereto.

(c) Where measurement is by ultrasonic meter, all fundamental constants, observations, records and procedures involved in the determination and/or verification of the quantity and other characteristics of Gas delivered hereunder shall be in accordance with the standards prescribed in the latest edition of A.G.A. Report No. 9 "Measurement of Gas by Multi Path Ultrasonic Meters" with any revisions, amendments or supplements as may be mutually acceptable to FEP and Shipper, unless otherwise specified herein.

(d) Where measurement is by other than orifice, turbine or ultrasonic meter, standards commonly acceptable in the natural gas industry and mutually agreeable to the parties shall be used in the determination of all factors involved in the computation of Gas volumes.

## 17.8 ELECTRONIC FLOW COMPUTERS

It is recognized that electronic or other types of flow computers have been developed that permit the direct computation of Gas flows. FEP may use such devices for custody transfer.

## 17.9 NEW MEASUREMENT TECHNIQUES

If, at any time, a new method or technique is developed with respect to Gas measurement or the determination of the factors used in such Gas measurement, such new method or technique may be substituted by FEP. FEP shall promptly inform all Shippers of any new techniques adopted.

## 17.10 CALIBRATION AND TEST OF METERS

The accuracy of all measuring equipment shall be verified by FEP at reasonable intervals, and if requested, in the presence of representatives of Shipper, but FEP shall not be required to verify the accuracy of such equipment more frequently than once per Month. If either party at any time desires a special test of any measuring equipment, it will promptly notify the other, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment. If, upon testing, the challenged equipment is found to be in error, then it shall be

repaired and calibrated. The cost of any such special testing, repair and calibration shall be borne by the party requiring the special test if the percentage of inaccuracy is found to be one percent (1%) or less; otherwise, the cost shall be borne by the party operating the challenged measuring equipment.

#### 17.11 CORRECTION OF METERING ERRORS

If, upon any test, any measuring equipment is found to be inaccurate, such equipment shall be adjusted immediately to measure accurately. If, upon any test, the measuring equipment in the aggregate is found to be inaccurate by one percent (1%) or more at a recording corresponding to the average hourly rate of Gas flow for the period since the last preceding test, any payments based thereon shall be corrected pursuant to Section 11.5 hereof, at the rate of such inaccuracy for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half (1/2) of the time elapsed since the date of the last test. 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.

#### 17.12 FAILURE OF MEASURING EQUIPMENT

In the event any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, or by previous recordings, receipts or deliveries through such equipment shall be estimated and agreed to by the parties upon the first of the following methods which is feasible:

- (a) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation, or in the absence of (a); then
- (b) By estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.

#### 17.13 PRESERVATION OF RECORDS

Shipper and FEP shall preserve for a period of at least three (3) Years, or for such longer period as may be required by appropriate authority, all test data, charts and other similar records.

## 18. PRESSURE AND DELIVERY CONDITIONS

### 18.1 RECEIPT POINT PRESSURE

Unless otherwise agreed by contract, for receipts on the Supply Leg, Shipper shall deliver Gas to FEP at a pressure sufficient to enter FEP; provided however, such pressure shall not be less than 1100 psig, or exceed 1167 psig. Unless otherwise agreed by contract, for receipts downstream of the Supply Leg, Shipper shall deliver Gas to FEP at pressures sufficient to enter FEP's pipeline, not to exceed the Maximum Allowable Operating Pressure (MAOP).

### 18.2 DELIVERY POINT PRESSURE

Unless otherwise agreed by contract, FEP shall deliver Gas to Shipper at each Delivery Point at the pressure available in FEP's System at such Point.

### 18.3 HOURLY TAKES

On any Day, Gas shall be delivered by FEP in uniform hourly quantities, based on Shipper's confirmed Daily nomination quantity divided by twenty-four (24), subject to the operating conditions on FEP's System. At a Shipper's request, FEP will deviate from such uniform hourly quantities to the extent in FEP's judgment it can support such deviations operationally without adversely affecting other Shippers. If, after written request by FEP, Shipper fails to restrict its hourly takes as specified herein, FEP may install and operate a load limiting device at any Delivery Point where such failure has occurred. The cost for such device, including the cost of installation, shall be paid by Shipper within thirty (30) days of its receipt of the bill therefor.

## 19. QUALITY OF GAS

### 19.1 SPECIFICATIONS

(a) In order to permit delivery into downstream facilities, the Gas received under any Agreement by FEP on any portion of the System shall meet the following requirements, unless otherwise agreed:

(1) shall be free from objectionable liquids, odors, solid matter, dust, gums, and gum forming constituents, or any other substance which might interfere with the merchantability of the Gas stream, or cause interference with proper operation of the lines, meters, regulators, other appliances through which it may flow, or transportation through any downstream pipeline;

(2) shall contain not more than seven (7) pounds of water vapor per one thousand (1,000) MCF;

(3) shall contain not more than 0.25 grain of hydrogen sulfide per one hundred (100) cubic feet of Gas;

(4) shall contain not more than twenty (20) grains of total sulphur per one hundred (100) cubic feet of Gas, including mercaptans;

(5) shall contain not more than two percent (2%) by volume of carbon dioxide; except that FEP shall accept non-conforming CO<sub>2</sub> Gas at individual Receipt Points upstream of the NGPL Interconnect subject to the following limitations. FEP will calculate the anticipated CO<sub>2</sub> composition of the single blended stream immediately upstream of the NGPL Interconnect using current or anticipated CO<sub>2</sub> levels from each Receipt Point during the scheduling process, as described in Section 2.3 of these General Terms and Conditions. FEP will not confirm any quantity of non-conforming CO<sub>2</sub> Gas that would cause the anticipated single blended stream just upstream of the NGPL Interconnect to exceed two percent (2%); provided that by accepting such non-conforming CO<sub>2</sub> gas the total inert gas shall not exceed more than four (4) mole percent as set forth in Section 19.1(a)(10) hereof. If the CO<sub>2</sub> level in the single blended stream just upstream of the NGPL Interconnect is anticipated to be above two percent (2%), then each receipt point flowing non-conforming CO<sub>2</sub> gas will be reduced by the same scheduling percentage until the anticipated CO<sub>2</sub> level is two percent (2%) or less. If a Point Operator has multiple Receipt Points upstream of the NGPL Interconnect, then the Volume Weighted Average CO<sub>2</sub> level of all such Receipt Points shall be considered as a single Point for purposes of applying the scheduling reduction of non-conforming CO<sub>2</sub> Gas referenced in the previous sentence. FEP shall post in the Informational Postings section of its Interactive Website the measured CO<sub>2</sub> percent immediately upstream of the NGPL Interconnect in compliance with the NAESB standards. In addition, if the CO<sub>2</sub> level observed immediately upstream of the NGPL Interconnect exceeds two percent (2%), FEP, at its sole discretion, will reduce quantities nominated at selected individual receipt points

flowing non-conforming CO<sub>2</sub> gas to reduce the blended level of CO<sub>2</sub> to two percent (2%) or below.

(6) shall contain not more than zero point one percent (0.1%) by volume of combined oxygen;

(7) shall have a temperature of not more than one hundred twenty degrees Fahrenheit (120 degrees F) and shall have a minimum temperature of not less than forty degrees Fahrenheit (40 degrees F);

(8) shall have a Btu content no less than 975 Btu/cf and no greater than 1110 Btu/cf;

(9) shall have a combined composition of not more than one and one-half (1.5) mole percentage of butane plus, including isobutene, normal butane and all heavier hydrocarbons (C<sub>4</sub>+);

(10) shall have a combined composition of total inert gases (principally nitrogen and carbon dioxide) of not more than four (4) mole percent; and

(11) (a) FEP shall have a Wobbe Index of not greater than 1400, calculated using Higher Heating Value (HHV), dry, based on the following mathematical definition:

$$\text{HHV} / (\text{Sqrt} (\text{SG}_{\text{gas}}))$$

Where:

HHV = Higher Heating Value (Btu/scf)

SG<sub>gas</sub> = Specific Gravity

Sqrt = Square Root of

(b) FEP may, from time to time, as operationally necessary, establish and post on the Informational Postings portion of its Interactive Website an upper limit on the dew point for receipts on specified segments or other specified locations on its System to prevent hydrocarbon fallout, or to assure that Gas will be accepted for delivery into downstream entities. FEP will include in such posting the anticipated duration of the limitation. FEP will provide as much prior notice as reasonably practicable and will attempt to provide in the posting at least ten (10) Business Days prior notice before the limitation becomes effective. If such prior notice is not practicable, FEP will explain the reason in the posting why it was unable to give such prior notice. Upon request, FEP will provide current information regarding the dew point at any point of receipt into FEP's System affected by the posting to the operator of that Point or any producer, purchaser, supply aggregator or Shipper with Gas being tendered at that Point. FEP shall not post, under this section, a cricondentherm dew point temperature of less than fifteen degrees Fahrenheit (15 degrees F).

## 19.2 LIQUIDS SAMPLE

Shipper agrees to supply or cause its designee to supply to FEP upon demand, at any time and from time to time, a sample of liquids removed from the Gas stream at any Receipt Point, whether removed by a coalescer or otherwise, for analysis at a laboratory of FEP's choosing. If at any time PCBs or any other toxic substances or chemicals that FEP deems hazardous and/or in any way unsafe for transportation are found in the liquid samples supplied to FEP by Shipper, FEP may in its sole discretion immediately cease the receipt of such Gas and any associated liquids through its facilities. Upon proof that such toxic or hazardous substances are no longer present at levels deemed unsafe by FEP, FEP shall restore service to Shipper at the affected Receipt Point.

### 19.3 SUSPENSION OF RECEIPTS

Should any Gas delivered by or on behalf of Shipper to FEP at any Receipt Point fail at any time to conform to any of the specifications provided for in this Section 19, FEP may, at its option, suspend all or a portion of the receipt of any such Gas. FEP shall be relieved of any of its obligations for the duration of such suspension. Upon receipt of FEP's notice of such a failure, Shipper shall make a diligent effort to correct the failure by treatment or dehydration consistent with prudent operation so as to tender Gas conforming to the specifications provided for in this Section 19.

### 19.4 NONCOMPLIANCE WITH SPECIFICATIONS

Non-conforming Gas will likely enter FEP's System from time-to-time. Once FEP becomes aware based on periodic quality measurements that non-conforming Gas is entering its System, it will advise the Shipper(s) and point operators involved that the Gas they are tendering is non-conforming, identifying the nature and extent of the non-conformity, and that the Gas quality standards herein must be met. Where operationally feasible, FEP will continue to accept non-conforming Gas for a limited period of time while the Shipper(s) or point operators involved take steps to adjust operations so as to address the Gas quality issues. In addition, where operationally feasible FEP may, from time to time, on a not unduly discriminatory basis, accept non-conforming Gas to the extent it is able to blend Gas received at Receipt Points, as long as FEP reasonably anticipates, in its sole judgment, that such blended Gas will not cause operational or downstream problems at its Delivery Points.

(a) Should Shipper tender for receipt any Gas that causes the composite Gas stream in FEP's facilities to fail the requirements of any downstream pipeline FEP may take whatever action necessary on FEP's own accord or use of a third party, as solely determined by FEP, at Shipper's sole cost and expense, to treat and/or process the Gas stream such that the Gas stream can be delivered to the downstream pipeline. Until remedial action is taken to make Gas acceptable to the downstream Pipeline FEP may refuse to accept receipt of any Gas, in FEP's sole discretion, which prevents FEP from making deliveries into the downstream pipeline. FEP shall not have any obligation to provide service with respect to Gas which does not satisfy the requirements of this Section 19. Any reduction in the energy content of the Gas treated and/or processed shall be determined and deducted from FEP's transportation quantities tendered for delivery to the downstream pipeline.

(b) No waiver by FEP of any default by Shipper in any of the specifications set forth above or in any other provision of this Tariff shall operate as a continuing waiver of such specification or as a waiver of any subsequent default whether of a like or different character.

#### 19.5 POSTINGS

(a) FEP posts gas quality information as set out in Section 13.1(a) of these General Terms and Conditions.

(b) If FEP agrees to accept non-conforming Gas for a more extended time than is contemplated under Section 19.4, FEP shall make a posting on the Informational Postings section of its Interactive Website which sets out: (1) that FEP is accepting non-conforming Gas; (2) the nature and extent of the non-conformity; and (3) the expected duration of the arrangement to accept non-conforming Gas.



## 20. FORCE MAJEURE

### 20.1 EFFECT OF FORCE MAJEURE

In the event of either FEP or Shipper being rendered unable by Force Majeure (on its part or that of a necessary third party) to carry out, wholly or in part, its obligations under the provisions of an Agreement, it is agreed that the obligations of the party affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch.

### 20.2 DEFINITION OF FORCE MAJEURE

(a) The term "Force Majeure" means any event or condition or combination of events and/or conditions which prevents, hinders, or delays the performance of any obligation subject hereto, in whole or in part, which is not within the reasonable control of the person claiming suspension by reason of Force Majeure, and which the party claiming suspension is unable to prevent or overcome by the exercise of due diligence. For the purposes of the definition of "Force Majeure," the exercise of due diligence shall mean acting in good faith with the intention of performing contractual obligations, and the exercise of a degree of skill, diligence, prudence, and foresight that would reasonably and ordinarily be exercised by a skilled and experienced person complying with applicable law and engaged in the same type of undertaking under the same or similar circumstances and conditions. Such events or conditions, provided that the foregoing requirement are met, include, but are not limited to acts of God, strikes, lockouts, acts of a public enemy, acts of sabotage, wars, blockades, riots, insurrections, epidemics, landslides, subsidence, earthquakes, fires, hurricanes, storms, tornadoes, storm warnings, floods, washouts, accidents, mechanical failures, freezing of pipelines, explosions, breakage or accident to machinery or lines of pipes interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances and explosions. Failure by the party claiming suspension to prevent or settle any strike or strikes shall not be considered to be an event or condition within the control of such party.

(b) If either party is rendered unable, in whole or in part, by Force Majeure to carry out its obligations, then such party shall give notice and reasonably full particulars of such Force Majeure in writing or by facsimile, Electronic Notice Delivery or telephone to the other party within a reasonable time after it becomes aware of the occurrence of the Force Majeure, and the obligations of such party, insofar as they are affected by such Force Majeure, shall be suspended from the commencement of such Force Majeure through the continuance of any inability so caused (other than the obligation to pay Reservation Charges and related reservation-based surcharges otherwise due, pursuant to Section 2.2(d) of this General Terms and Conditions), but for no longer period, and such Force Majeure shall so far as possible be remedied with all reasonable dispatch. Any suspension of obligation for reasons of Force Majeure shall be proportional to the effect of such Force Majeure on the particular obligation relief from which is sought.

### 20.3 POSTING

FEP shall post on the public Informational Posting section of its Interactive Website any declaration by it of a Force Majeure situation. This posting will address the nature of the Force Majeure, the affected facilities and services, the anticipated extent of the impact and its likely duration.

## 21. POSSESSION OF GAS, TITLE AND RESPONSIBILITY

(a) Shipper warrants that it will at the time of delivery to FEP have good unencumbered title to all Gas so delivered free and clear of all liens, encumbrances and claims whatsoever; provided, Shippers may enter into financing agreements with respect to Gas so long as Shipper has good title to such Gas. As between Shipper and FEP, Shipper shall be deemed to be in control and possession of the Gas and responsible for and hold FEP harmless of and from any damage or injury caused thereby until it shall have been delivered to FEP at the Receipt Point(s), after which FEP shall be deemed to be in control and possession of such Gas until its delivery to Shipper, or for Shipper's account at the Delivery Point(s) and while in such possession FEP shall be responsible therefore and hold Shipper harmless of and from any damage or injury caused thereby and shall be responsible for any loss of Gas other than Lost and Unaccounted For Gas. FEP shall have no responsibility with respect to any Gas on account of anything which may be done, happen or arise with respect to said Gas until it is received by FEP. Shipper shall have no responsibility with respect to said Gas after its receipt by FEP or on account of anything which may be done, happen or arise with respect to said Gas after such receipt until its delivery to Shipper, or for Shipper's account, at the Delivery Point(s). The point of the division of responsibility shall be the point of interconnection between the facilities of FEP and the upstream or downstream entity, at the Receipt or Delivery Point(s), as applicable. The foregoing provisions of this section shall not relieve either party (which includes its agents and employees) from responsibility as provided under Section 24 of these General Terms and Conditions as may be amended from time to time.

(b) Shipper will indemnify and hold FEP harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the Gas tendered under an Agreement. FEP will indemnify and save Shipper harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the Gas delivered to Shipper, or for Shipper's account, under an Agreement.

## 22. NOTIFICATION

### 22.1 GENERAL

Except as provided otherwise in this Tariff or the Agreement, operational communications may be made by telephone or other mutually agreeable means without subsequent written confirmation, unless written confirmation is requested by either party hereto. Any notice, request, demand, statement or other formal communication shall only be deemed given when delivered by first class, certified or registered U.S. mail, overnight delivery, courier, telefax or Electronic Notice Delivery consistent with the NAESB Standards as adopted in Section 29 of these General Terms and Conditions. Such delivery shall: (a) be sent to FEP at the address specified in the Agreement, or through such electronic means as are available and authorized by FEP, or at an address otherwise stated in a notice by FEP to Shipper; and (b) be sent to Shipper at the address in the Agreement pursuant to the applicable Rate Schedule, through Electronic Notice Delivery or at an address otherwise stated in a notice by Shipper to FEP.

### 22.2 NOTIFICATION PROCEDURES

#### (a) PRICING

(1) The availability and pricing of services on FEP's System is governed by this Tariff. From time to time, FEP changes or updates its Tariff by filings with the FERC. Each Shipper is notified by FEP of such filings and is provided a copy of each filing.

(2) Telephone inquiries related to the availability or pricing of services are answered by representatives of FEP and upon request, potential Shippers are provided copies of FEP's Tariff filings.

(3) Shippers desiring a rate under any Agreement other than the maximum rate on file with the FERC are required to submit such requests in writing or by electronic medium to the Manager, Gas Transportation, in Houston. Any rate other than the maximum applicable rate agreed to by FEP is evidenced in writing to such Shipper, and such rate is considered confidential until it is reported to the FERC as required by the Regulations. In order to attract or determine interest in the use of any particular service, representatives of FEP from time to time contact Shippers by telephone. Such conversations are confidential and may or may not result in Shipper submitting a request for a discounted rate for a particular service.

#### (b) CAPACITY

(1) Capacity available for firm service is communicated to requestors of that service under the provisions of the applicable firm Rate Schedule. The general availability of firm capacity is also communicated by FEP's Interactive Website, which is described in Section 13 of these General Terms and Conditions.

(2) Capacity available for interruptible services is communicated to holders of interruptible Agreements by representatives of FEP in response to the Shippers' nominations for service. The nomination and confirmation procedure is detailed in Section 6 of these General Terms and Conditions. The general availability of interruptible capacity is also communicated by FEP's Interactive Website, which is described in Section 13 of these General Terms and Conditions.

(3) When available capacity is affected by construction projects or an unforeseen condition, FEP communicates such information primarily via its Interactive Website to its Shippers. FEP also uses letters or telephone calls to communicate capacity information when such means are appropriate.

## 23. FACILITIES/OBLIGATIONS TO CARRY OUT AGREEMENT/REGULATORY FILINGS/LINE PACK

### 23.1 FACILITIES

The nature of, and responsibility for, any facilities which must be acquired, modified or constructed to effectuate an Agreement are to be set out in a separate agreement between FEP and Shipper or the operator of a Point. To the extent that Shipper builds facilities to interconnect with FEP's System, such facilities shall be in conformance with Department of Transportation regulations, and any other applicable governmental regulations, and shall be subject to inspection and prior approval by FEP.

### 23.2 OBLIGATIONS TO CARRY OUT AGREEMENT

FEP shall be under no obligation to commence service there under unless and until: (a) all facilities, of whatever nature, as are required to permit (as applicable) the receipt, measurement, transportation and delivery of Gas under the Agreement have been installed and are in operating condition; (b) any payments due FEP there under have been received; and (c) FEP has determined that such service is authorized under all applicable Regulations.

### 23.3 REGULATORY FILINGS

After the execution of an Agreement, each party shall make and diligently prosecute, any and all necessary filings with Federal or other governmental bodies, or both, as may be required for the initiation and continuation of the service which is the subject of an Agreement. Upon either party's request, the other party shall timely provide or cause to be provided to the requesting party such information and material not within the requesting party's control and/or possession that may be required for such filings. Each party shall promptly inform the other party of any changes in the representations made by such party herein and/or in the information provided pursuant to this Section. Each party shall promptly provide the other party with a copy of all filings, notice, approvals, and authorizations in the course of the prosecution of its filings.

### 23.4 LINE PACK

FEP shall be responsible for providing line pack on its System.

## 24. LIABILITY

(a) Except to the extent otherwise expressly agreed, no party shall be liable for special, punitive, exemplary, or consequential damages, whether based on contract, tort, strict liability, other law or otherwise and whether or not arising from any other party's sole, joint, concurrent or other negligence, strict liability or other fault.

(b) Except to the extent otherwise expressly agreed, no party shall be liable for the damages not waived pursuant to (a) above except to the extent that such damages are attributable to such party's negligence, gross negligence, or willful misconduct.

## 25. SUCCESSORS AND ASSIGNS

Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of Shipper or FEP shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Agreement; provided, however, that FEP reserves the right to evaluate and approve the creditworthiness of the new entity in accordance with the Evaluation of Credit section of these General Terms and Conditions. No other assignment of an Agreement nor of any of the rights or obligations there under shall be made by Shipper unless there first shall have been obtained the written consent thereto of FEP, which consent shall not be unreasonably withheld. No assignment shall be accepted which is inconsistent with Commission policy regarding contractual assignments, including capacity release assignments. Shipper or FEP may pledge or assign their respective right, title and interest in and to and under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of such trustee or trustees becoming in any respect obligated to perform the obligations of the assignor under the Agreement and, if any such trustee be a corporation, without its being required to qualify to do business in any State in which performance of the Agreement may occur.



## 26. REGULATION

The operation of the provisions of this Tariff shall be subject to any and all governmental statutes and all lawful orders, rules, and regulations affecting the receipt, transportation or delivery of Gas hereunder or the equipment required in connection with such receipt, transportation or delivery. It is understood that performance under any Agreement shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matter related hereto. Should either of the parties, by force of any such law, order, rule or regulation, at any time during the term of the Agreement be ordered or required to do any act inconsistent with the provisions thereof, then for that period only during which the requirements of such law, order, rule or regulation are applicable, the Agreement shall be deemed modified to conform with the requirement of such law, order, rule or regulation; provided, however, nothing herein shall alter, modify or otherwise affect the respective rights of the parties to cancel or terminate the Agreement under its terms and conditions.

## 27. ELIGIBILITY FOR SERVICE

Shipper warrants that its requested service meets the requirement for service under the applicable Rate Schedule and these General Terms and Conditions and conforms to applicable Regulations of the FERC. Shipper further agrees to abide by the terms of the applicable Rate Schedule and these General Terms and Conditions. Except to the extent provided for in Section 24 of these General Terms and Conditions, Shipper will indemnify and defend FEP, and hold FEP harmless from all suits, actions, damages, costs, losses, expenses (including reasonable attorneys' fees) and regulatory proceedings arising from its breach of this warranty.

## 28. COMPLAINT PROCEDURE

It is the goal of FEP, as a provider of transportation services for others, that each of its existing and potential Shippers receive service that is in accordance with FEP's Tariff and is fully satisfactory to it. To that end, it is the policy of FEP that customer concerns and problems, communicated in any form to any representative of FEP, be satisfactorily resolved as informally, as rapidly and at as low a level as is possible. If attempts to resolve problems and concerns through such normal communication channels are unsuccessful, the procedures set forth in Sections 28(a) through 28(e) should be followed.

(a) Formal complaints by Shippers and potential Shippers shall be addressed to the Chief Compliance Officer, located in Houston, Texas. A complaint should contain as much specific information as is possible in order to facilitate the appropriate resolution of the matter. Anyone making a verbal complaint should specifically identify the communication as a complaint.

(b) The Chief Compliance Officer, or his designee, shall acknowledge the receipt of the complaint within forty-eight (48) hours of receipt. If appropriate, FEP's resolution of the matter will be communicated tentatively to the complainant at that time.

(c) The Chief Compliance Officer, or his designee, shall communicate, as necessary, with others concerning the complaint and the formation of an appropriate response to it.

(d) The timing and nature of subsequent communications with the complainant, including final resolution of the matter, shall be at the discretion of the Chief Compliance Officer. Every effort shall be made to resolve finally each complaint in writing within thirty (30) days after the complaint was originally received. At a minimum, FEP shall notify Shipper in writing of the status of the complaint within thirty (30) days of its receipt.

(e) The foregoing recognizes that individual complaints may vary greatly as to complexity and seriousness. For this reason, the informed judgment of the Chief Compliance Officer shall be relied upon in each instance for the necessary determinations concerning such things as: (1) the exact steps to be taken in addressing the complaint; (2) the need to involve more senior officers in the matter; and (3) the appropriate final resolution of the complaint.

29. COMPLIANCE WITH 18 C.F.R., SECTION 284.12

29.1 FEP 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.

Pursuant to NAESB’s Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver, as adopted by the NAESB Board of Directors on April 4, 2013, FEP may publish in its tariff, compliance filings, in communications with customers or stakeholders in conducting day to day business or in communications with regulatory agencies some or all of the language contained in NAESB standards protected by copyright, provided that FEP includes appropriate citations in the submission.

FEP has elected to reproduce only the following Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.2, that are protected by NAESB’s copyright. With respect to each reproduced standard, FEP incorporates the following: © 1996 – 2020 NAESB, all rights reserved.

(1) Standards not Incorporated by Reference and their Location in Tariff:

<u>NAESB Standard</u>	<u>General Terms and Conditions Tariff Record</u>	<u>Tariff Record Provision</u>
0.3.3	12. Evaluation of Credit	12.2(a)(2)(i)
0.3.4	12. Evaluation of Credit	12.2(a)(2)(ii)
0.3.5	12. Evaluation of Credit	12.2(a)(2)(iii)
0.3.6	12. Evaluation of Credit	12.2(a)(2)(iv)
0.3.7	12. Evaluation of Credit	12.1(a)(5)
0.3.8	12. Evaluation of Credit	12.2(c)
0.3.9	12. Evaluation of Credit	12.2(c)
0.3.10	12. Evaluation of Credit	12.1(a)(5)
1.2.4	6. Nomination: Reporting,Balancing & Segmentation	6.5(a)
1.2.12	6. Nomination: Reporting,Balancing & Segmentation	6.4(c)(3)
1.3.1	1. Definitions	1
1.3.2 (i-vi)	6. Nomination: Reporting,Balancing & Segmentation	6.2(a-f)
1.3.3	6. Nomination: Reporting,Balancing & Segmentation	6.6
1.3.5	6. Nomination: Reporting,Balancing & Segmentation	6.1(b)
1.3.7	6. Nomination: Reporting,Balancing & Segmentation	6.1(a)
1.3.8	6. Nomination: Reporting,Balancing & Segmentation	6.5(b)
1.3.11	6. Nomination: Reporting,Balancing & Segmentation	6.5(h)
1.3.14	6. Nomination: Reporting,Balancing & Segmentation	6.1(e)

1.3.19	6. Nomination: Reporting,Balancing & Segmentation	6.7
1.3.21	6. Nomination: Reporting,Balancing & Segmentation	6.1(c)
1.3.22	6. Nomination: Reporting,Balancing & Segmentation	6.4(c)
1.3.23	6. Nomination: Reporting,Balancing & Segmentation	6.10
1.3.32	6. Nomination: Reporting,Balancing & Segmentation	6.5(d)
2.2.1	1. Definitions	1
2.3.3	7. Determination of Daily Receipts	7.2
2.3.5	7. Determination of Daily Receipts and	
	8. Determination of Deliveries	7.2, 8.1
2.3.6	8. Determination of Deliveries	8.1
2.3.10	1. Definitions	1
2.3.14	17. Measurement	17.11
2.3.16	8. Determination of Deliveries	8.1
2.3.26	11. Statements, Billing, Payment and Discounting Policy	11.5(a)
2.3.28	11. Statements, Billing, Payment and Discounting Policy	11.3
3.2.1	1. Definitions	1
3.3.9	11. Statements, Billing, Payment and Discounting Policy	11.1
3.3.14	11. Statements, Billing, Payment and Discounting Policy	11.1
3.3.15	11. Statements, Billing, Payment and Discounting Policy	11.5(a)
3.3.17	11. Statements, Billing, Payment and Discounting Policy	11.4
3.3.18	11. Statements, Billing, Payment and Discounting Policy	11.4
3.3.19	11. Statements, Billing, Payment and Discounting Policy	11.4
4.3.89	13. Interactive Website	13.1(a)(1)
4.3.90	13. Interactive Website	13.1(a)(2)
4.3.91	13. Interactive Website	13.1(a)(3)
4.3.92	13. Interactive Website	13.1(a)(3)
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5.2.5	14. Capacity Release by Firm Shippers	14
5.3.1	14. Capacity Release by Firm Shippers	14.8(l)
5.3.2	14. Capacity Release by Firm Shippers	14.4, 14.6(a)
5.3.3	14. Capacity Release by Firm Shippers	14.2
5.3.13	14. Capacity Release by Firm Shippers	14.5(b)(3)
5.3.14	14. Capacity Release by Firm Shippers	14.3(e)
5.3.26	14. Capacity Release by Firm Shippers	14.8(c)
5.3.62(a)	14. Capacity Release by Firm Shippers	14.3(a)

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(2) Standards Incorporated by Reference:

(a) ADDITIONAL STANDARDS

General:

Definition: 0.2.5

Standards: 0.3.1, 0.3.2, 0.3.16, 0.3.17

Creditworthiness:

Standards:

Gas/Electric Operation Communications:

Definitions: 0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards: 0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

Standards: 0.3.18, 0.3.20, 0.3.21, 0.3.22

Datasets: 0.4.2, 0.4.3

Location Data Download:

Standards: 0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset: 0.4.4

Storage Information:

Dataset: 0.4.1

(b) NOMINATIONS, CONFIRMATIONS AND SCHEDULING

Definitions: 1.2.1, 1.2.2, 1.2.3, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

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Standards: 1.3.4, 1.3.6, 1.3.9, 1.3.13, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.20, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.33, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.48, 1.3.51, 1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

Data Sets: 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

(c) FLOWING GAS

Definitions: 2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards: 2.3.1, 2.3.2, 2.3.4, 2.3.7, 2.3.8, 2.3.9, 2.3.11, 2.3.12, 2.3.13, 2.3.15, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

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(d) INVOICING

Definitions:

Standards: 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.16, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.3.27

Data Sets: 3.4.1, 3.4.2, 3.4.3, 3.4.4

(e) ELECTRONIC DELIVERY MECHANISMS

Definitions: 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

Standards: 4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 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, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.109, 4.3.110

(f) CAPACITY RELEASE

Definitions: 5.2.1, 5.2.2, 5.2.3

Standards: 5.3.4, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.15, 5.3.16, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 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, 5.3.63, 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

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(g) INTERNET ELECTRONIC TRANSPORT RELATED STANDARDS

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, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38, 10.2.39

Standards: 10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 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

(h) STANDARDS FOR WHICH WAIVER OR EXTENSION OF TIME TO COMPLY HAVE BEEN GRANTED

NAESB Standard  
None

Waiver or Extension of Time  
None

29.2 (a) FEP shall utilize the standardized datasets provided by the standards incorporated by reference in 18 C.F.R. Section 284.12. FEP's implementation guide for the standardized data sets specifies FEP's intended use, if any, of the data elements that are coded as "business conditional" (BC) and "mutually agreeable" (MA) for purposes of EDI. The implementation guide may be obtained by contacting the Website-Help Line (1-281-714-2255) and asking for the EDI coordinator. If requested by a Shipper, FEP will, within sixty (60) days begin exchanging such data sets with the requesting Shipper.

(b) FEP shall utilize the North America Energy Gas Industry Standards Board Trading Partner Agreement (Version 1.9, Standard 6.3.3).

29.3 FEP's Informational Postings Website required by Standard 4.3.23 is accessible via the Internet at the following address: <https://fepttransfer.energytransfer.com>



## 30. NEGOTIATED RATES

### 30.1 PRECONDITIONS TO NEGOTIATED RATES

Rates to be charged by FEP for service to any Shipper under applicable Rate Schedules may deviate in either form or level or both from the applicable maximum rate level in this Tariff, subject to the following provisions:

(a) FEP and Shipper have executed a valid Agreement containing therein or in a related agreement a specific mutual understanding that Negotiated Rate(s) will apply to service for that Shipper;

(b) At the time of execution of the Agreement (or the amendment to an Agreement), which first provides for the applicability to Shipper of the Negotiated Rate(s), service was available pursuant to the terms and conditions (not modified by this Section 30) of Rate Schedules FTS, ITS, PALS or HAT of this Tariff, as applicable; and

(c) No later than the Business Day on which FEP commences service at such Negotiated Rate(s) (or if the Day on which FEP commences service is not a Business Day, then no later than the next Business Day after FEP commences service), FEP will file a tariff section advising the Commission of such Negotiated Rate, stating the name of Shipper, the type of service, the Receipt and Delivery Point(s) applicable to the service, the quantity of the Gas to be transported, any other charges, and specifying the specific Negotiated Rate included in such Agreement with sufficient specificity such that the rate in effect from time to time can be readily calculated. The tariff section must also either incorporate a statement that the Agreement does not deviate from the form of service agreement in any material respect or the Agreement must be reflected in a separate tariff section identifying non-conforming Agreements of FEP. As an alternative to filing the tariff section, FEP may file the contract setting out the Negotiated Rate.

### 30.2 AWARD OF FIRM CAPACITY

To the extent the revenue level pursuant to the Negotiated Rate(s) provided for in Section 30.1 above should equal or exceed the revenue level at the Recourse Rate, the Shipper paying such Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula shall be treated, for capacity award purposes, as if the rate(s) paid had been equal to the Recourse Rate. Any Shipper, existing or new, paying the Recourse Rate(s) has the same right to capacity for capacity award purposes as a Shipper willing to pay an equal or higher Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula. If the Negotiated Rate or the rate under a Negotiated Rate Formula are always higher than the corresponding Recourse Rate, the Recourse Rate rather than the Negotiated Rate will be used as the price cap for the Right of First Refusal pursuant to Section 16.2 of these General Terms and Conditions. Where the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula results in revenue which is greater than the Recourse Rate during certain portions of the relevant evaluation period but less than the revenue at the Recourse Rate during other portions of the relevant evaluation period (but the revenue pursuant to the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula equals or exceeds that which would be generated at the Recourse Rate for

the entire evaluation period), the value of bids and requests at the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula for capacity award purposes shall be evaluated as though the Recourse Rate applied under such bid or request for the entire evaluation period. Where the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula result in revenue which is less than revenue at the Recourse Rate over the relevant evaluation period, the value of the bids or requests at the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula for capacity award purposes shall be evaluated based on such lower revenue and shall be afforded a correspondingly lower priority in a capacity award procedure than bids or requests at the Recourse Rate.

### 30.3 ACCOUNTING FOR COSTS AND REVENUES

Recording of cost and revenues from service at Negotiated Rate(s) or under a Negotiated Rate Formula will follow FEP's normal practices associated with all of its services under this Tariff. FEP will maintain separate records of Negotiated Rate and Negotiated Rate Formula transactions for each billing period. These records shall include the quantities transported, the billing determinants (Contract MDQ), the rates FEP charged and the revenue received associated with such transactions. FEP will separately identify such transactions in Statements G, I and J (or their equivalent) filed in any general rate proceeding. Should FEP institute a tariff provision to flow through on a current basis to its Shippers the impact of certain transportation transactions, the treatment of revenues from Negotiated Rate(s) or Negotiated Rate Formula(s) shall be specified in such provision.

### 30.4 CAPACITY RELEASE REVENUE

FEP and Shipper may agree hereunder to a Negotiated Rate or Negotiated Rate Formula which includes payment obligations or crediting mechanisms in the event of a capacity release which vary from those set out in Section 14 of these General Terms and Conditions. Nothing in the foregoing sentence, however, shall authorize FEP or Shipper to violate the Commission's policy with respect to the negotiation of terms and conditions of service.

### 30.5 FUEL GAS, BOOSTER COMPRESSION FUEL AND LOST AND UNACCOUNTED FOR GAS

Under this Section, FEP and Shipper may agree upon reimbursement or surcharge components, including percentage charges for Fuel Gas, Booster Compression Fuel and/or Lost and Unaccounted For Gas, different from those otherwise determined under this Tariff. Without limitation of the foregoing, FEP may enter into agreements on Fuel Gas, Booster Compression Fuel and/or Lost and Unaccounted For Gas reimbursement percentages with Shippers different from those determined under the Tariff. FEP will credit the full maximum rate reimbursement or surcharge amounts to its accounts for any such transactions where such reimbursement or surcharge amounts would apply if the transaction were not entered into under this authority, without prejudice to FEP's recovery from the Shipper with which it has such an agreement of additional future amounts to offset any underrecovery experienced by FEP to the extent such future recoveries are permitted by contract. As permitted under Section 5.8 of FEP's FTS and ITS Rate Schedules, no Fuel Gas component need be charged for physical backhauls.

## 31. OPERATIONAL CONTROL

### 31.1 GENERAL

(a) FEP shall endeavor to maintain adequate pressure throughout its System and to preserve the overall operational integrity of its System; provided, however, that FEP shall not be obligated to buy or sell Gas or, unless otherwise contractually obligated, to install compression or otherwise modify its System for these purposes except as otherwise agreed by contract. Operating personnel for Shippers and other entities which are physically taking delivery of Gas from FEP or tendering Gas to FEP shall cooperate with FEP in furtherance of this Section. Each Shipper shall designate the telephone, facsimile, Electronic Notice Delivery, and/or e-mail address of one or more persons [but not more than two (2) primary and two (2) backup persons] for FEP to contact on operating matters (including the receipt of Operational Flow Orders and notices of a Critical Time) at any time, on a 24-hour a Day, 365-Day a Year basis. Such contact persons must have adequate authority and expertise to deal with such operating matters.

(b) For the purpose of these General Terms and Conditions, the overall operational integrity of FEP's System shall encompass the integrity of the physical System and the preservation of physical assets and their performance, the overall operating performance of the entire physical System as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total System deliverability and the quality of Gas delivered.

### 31.2 FACILITY CONTROL

FEP shall maintain actual physical and operational control of all transmission and other facilities on its System.

### 31.3 OPERATING INFORMATION

FEP may request that Shippers periodically provide non-binding estimates of flow patterns and other operating parameters. Shippers will cooperate by providing such operating information.

### 31.4 OPERATIONAL CONTROL SEQUENCE

(a) In the event FEP's observations or projections indicate that a situation is or may be developing in which adequate pressures may not be maintained or the overall operational integrity of its System (or any portion thereof) could be threatened, or in the event that such a situation actually occurs, FEP is empowered by this section to take action to alleviate this situation. In responding to such a situation, FEP shall first apply the Advisory Action procedures of Section 31.5. If such measures are not sufficient to address the situation fully, FEP shall next employ Operational Flow Orders as provided in Section 31.6. In the event Operational Flow Orders alone are not adequate, FEP may invoke the Critical Time procedures set out in Section 31.7. The

procedures set out in such provisions, and their sequencing, are intended to be applied only to the extent any of the specific actions indicated, or such sequencing, would tend to alleviate the situation to be addressed. In issuing Advisory Actions, Operational Flow Orders or a Critical Time, FEP shall describe the conditions and the specific responses required from the affected parties. Nothing herein shall preclude FEP from bypassing any of the above procedures if, in its judgment, the situation so requires. FEP will keep Shippers advised through postings on the Informational Posting portion of its Interactive Website on the status of the situation.

(b) To the extent practicable, FEP shall direct its actions hereunder to Shippers creating or anticipated to create the situation to be addressed, including taking actions on a point-specific basis or at specific locations on the System. Shippers will endeavor to adjust nominations on every scheduling cycle at Receipt Points or Delivery Points or both to provide a balance of receipt and delivery quantities so that imbalances do not occur. In addition, Shippers will endeavor to cure existing imbalances that can be reasonably attributed to their Agreements as directed by FEP.

### 31.5 ADVISORY ACTIONS

In the event FEP determines that action is required to avoid a situation in which System pressure is not maintained or in which the overall operational integrity of the System or any portion of the System is jeopardized, FEP may take the Advisory Actions set out herein to forestall the development of such a situation.

(a) FEP may request Shippers or other entities affecting its System to take any of the following actions, or other similar actions, to the extent such actions would tend to alleviate the situation, on a voluntary basis:

- (i) Increase or decrease the supply mix of deliveries;
- (ii) Shift receipts to obtain better capacity balance;
- (iii) Utilize different Receipt or Delivery Points; or

(iv) Such other voluntary action as would tend to alleviate or forestall the situation.

(b) FEP may also take actions within its control which might tend to alleviate or forestall the situation. Such actions may include the following:

- (i) Advise any Shipper which is not maintaining receipts and deliveries in balance that such imbalances must not continue;
- (ii) Curtail or require adjustments or supply shifts in service under Rate Schedule ITS or HAT;

(iii) Enter into agreements with Shippers or third parties under which such entity agrees to take voluntary action defined in such agreement which will help operation of the System, which agreement may include reasonable and adequate compensation for such entity; or

(iv) Take such other actions as are within FEP's control and discretion to alleviate or forestall the situation.

### 31.6 OPERATIONAL FLOW ORDERS

(a) (1) In the event that the Advisory Actions under Section 31.5 are not sufficient to alleviate conditions, inter alia, which threaten or could threaten the safe operations of FEP's System or FEP's ability to provide firm service, FEP is authorized to issue Operational Flow Orders. Notwithstanding the foregoing, FEP shall take reasonable actions to minimize the issuance and the adverse impact of Operational Flow Orders, or of any other measure taken under this Section 31 in response to adverse operational events on FEP's System, including issuance of Operational Flow Orders which, to the extent practicable and where appropriate under the circumstances, are directed only to the specific Shipper or Shippers whose actions caused or contributed significantly to the conditions which required FEP to issue the Operational Flow Order. FEP will issue Operational Flow Orders when necessary to maintain the pressure of its System within the range of normal operating parameters, respond to changes (including anticipated changes) in weather conditions or respond to or prevent facility outages or other conditions which could have a detrimental impact on System reliability or service integrity on its System. Operational Flow Orders shall be lifted as soon as practicable once such conditions no longer prevail; provided that Operational Flow Orders need not be lifted if doing so might result in a recurrence of the conditions sought to be addressed.

(2) Operational Flow Orders shall require action by a Shipper proportionate to appropriate and relevant parameters, such as applicable contract quantities or current or recent flowing Gas quantities subject to Section 31.4(b).

(3) The Operational Flow Order shall identify with specificity the situation to be addressed and shall (in addition to mandating specific actions) indicate voluntary actions by Shippers (increased takes or receipts/decreased takes or receipts, etc.) which would alleviate such situation. Operational Flow Orders shall also specify the time when compliance must be achieved. Such Operational Flow Orders may, subject to the remainder of this Section 31.6, require a Shipper to take any of the following actions, or similar actions, to the extent such actions would tend to alleviate the situation to be addressed:

(i) Commence or increase supply inputs into FEP's System or at specific Points, or shift such supply inputs (in whole or in part) to different Points.

(ii) Cease or reduce supply inputs into FEP's System or at specific Points.

(iii) Commence or increase takes of Gas from FEP's System or

from specific Points, or shift takes to different Points.

(iv) Cease or reduce takes from FEP's System or at specific Points.

(v) Maintain flows on a ratable basis throughout the Day.

(vi) Rectify transportation imbalances.

(vii) Conform receipts or deliveries to the confirmed nominations, for any Shipper with a variance greater than a level stated in the Operational Flow Order.

(viii) Activate voluntary action agreement(s) previously entered into, including any related compensation.

(ix) Such other actions which would tend to alleviate the situation to be addressed.

(4) No Shipper will be required under an Operational Flow Order to exceed its Contract MDQ and/or Point MDQ under its Agreements with FEP.

(b) An entity other than the Shipper may agree to take responsibility for Operational Flow Orders on behalf of a Shipper or a point operator or on behalf of the operator of a specified end-use facility. To accept such responsibility, the entity must provide FEP with written notification which includes: (i) written consent by the affected Shipper or operator; (ii) specification of any limits on the entity's responsibility; (iii) the term over which the notification is effective; and (iv) an identification of adequate resources which will be used to support the assumption of responsibility. Any notification or change in notification is effective on the second Business Day after delivery to FEP. Notwithstanding the foregoing, FEP may reject a notification upon written notice to such entity and any affected Shipper if such notification fails to comply with this Section or contains any provision which could adversely affect implementation of an Operational Flow Order or if the entity is not in a position to accept responsibility either operationally or financially for Operational Flow Orders. Such a rejection must be made by FEP within two (2) Business Days after the notification is tendered to FEP. If a notification is already in effect and FEP reasonably determines that the conditions for such a notification are no longer met, FEP may provide notice of rejection, which notice shall be effective within five (5) days or such later time as is specified in the notice. As part of any rejection of a notification hereunder, FEP shall provide to the Shipper and to the entity which submitted the notification a written explanation of the rejection. Such explanation must be consistent with this paragraph. If such a notification is in effect, FEP will direct any Operational Flow Order within the scope of the notification to the entity agreeing to take responsibility.

(c) Notice of an Operational Flow Order will be posted on FEP's Interactive Website. FEP shall also post, as soon as available, information about operational parameters which affect when an Operational Flow Order will begin and end (e.g., significant changes in pressure on

any pipeline segment, status of facility repairs, etc.). FEP shall provide as much advance warning as practicable of: (i) conditions which may create the need to issue an Operational Flow Order; and (ii) the issuance, termination or modification of an Operational Flow Order. FEP will endeavor to post the notice that it will issue an Operational Flow Order on its Interactive Website before 4:00 p.m. Central Time or otherwise will endeavor to notify Shippers via its Interactive Website by 4:00 p.m. Central Time that they should check FEP's Interactive Website again at a specified later time to see whether an Operational Flow Order will be in effect for the next Day. Additionally, if Shipper has provided to FEP the e-mail address as specified in NAESB Standard 5.3.35, such posting will be provided via e-mail in the format as defined in NAESB Standard 5.3.38 at least four (4) hours prior to the start of the Day before an Operational Flow Order will be effective as to a Shipper; provided, however, that FEP may issue an Operational Flow Order on as little as one (1) hours notice where operationally necessary. Such notice shall specify the anticipated duration of the Operational Flow Order. An Operational Flow Order will be effective at the start of a Day and will continue until the end of the Day and through the end of successive Days until FEP notifies Shippers on its Interactive Website that the Operational Flow Order has been lifted.

(d) (1) If any Shipper fails to comply with an Operational Flow Order during any period which is not a Critical Time, it shall be subject to a penalty of 2 X DIP times any quantity of Gas by which it deviated from the requirements of the Operational Flow Order; provided, however, that the penalty shall be 4 X DIP to the extent a Shipper exceeds a variance level stated in an Operational Flow Order. In assessing any penalty hereunder, FEP shall apply the DIP applicable to the period(s) during which the violation occurred. A Shipper shall be exempt from such a penalty under this Section 31.6 to the extent the Operational Flow Order requires action beyond Shipper's contract limits under its Agreement with FEP or if Shipper has complied within a reasonable range, which range will be specified in the Operational Flow Order.

(2) In taking action based on an Operational Flow Order, Shipper is entitled to rely on information (such as metering information) provided by FEP.

(3) A Shipper shall not be subject to Unauthorized Overrun Gas or any other penalty charges from FEP with respect to any action taken in reasonable conformance with an Operational Flow Order issued by FEP during a Critical or non-Critical Time.

(e) Within thirty (30) days after an Operational Flow Order has been lifted, FEP will post on the Informational Posting portion of its Interactive Website a report which describes the specific operational factors which caused the Operational Flow Order to be issued and to be lifted.

### 31.7 CRITICAL TIME

(a) FEP shall advise Shippers on its System if it is declaring a Critical Time, and shall specify the nature of the situation creating the Critical Time. FEP shall provide as much advance notice as practicable of any declaration of Critical Time.

(b) A Critical Time may be declared (1) when the total physical receipts to all or a portion of the System are approaching or expected to approach, a level that is in excess of the

total physical deliveries FEP can transport without jeopardizing the integrity of its facilities; (2) when System pressure is falling and approaching a level or is expected to fall and approach a level that is at or below the minimum that FEP considers necessary for System integrity or to fulfill its firm contractual obligations; (3) when System pressure on one or more pipeline segments is rising and approaching a level or is expected to rise and approach a level that is at or above the maximum pressure at which FEP's facilities may be safely operated; or (4) at other times when FEP is unable or anticipates it may not be able to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of FEP's System. A Critical Time may not be declared on all or a portion of the System for the purpose of maintaining interruptible services on that portion of the System, but Gas under interruptible service may flow at times or on portions of the System when such flow would not violate any operational control restrictions or provisions of this Tariff. FEP shall notify Shippers on the Informational Postings portion of its Interactive Website as to the reason(s) why a Critical Time was declared.

(c) Notice of a Critical Time will be posted on the Informational Postings portion of FEP's Interactive Website. FEP will also provide notice via e-mail to Shippers which have provided e-mail addresses. FEP will endeavor to post such notice before 4:00 p.m. Central Time or otherwise will endeavor to notify Shippers via its Interactive Website by 4:00 p.m. Central Time that they should check its Interactive Website again at a specified later time to see whether a Critical Time will be in effect for the next Day. FEP must attempt to give actual notice of a Critical Time via telefax or telephone (provided a Shipper has given the numbers to FEP as required in Section 31 of these General Terms and Conditions) at least four (4) hours prior to the start of the Day before a Critical Time will be effective as to a Shipper. Such notice shall specify the anticipated duration of the Critical Time. A Critical Time will be effective at the start of a Day and will continue until the end of the Day and through the end of successive Days until FEP notifies Shippers via its Interactive Website that there is no longer a Critical Time.

(d) FEP may issue Operational Flow Orders as described in Section 31.6 during a Critical Time.

(e) The penalty for failure to abide by an Operational Flow Order issued during a Critical Time shall be equal to the quantity (in Dth) by which Shipper deviated from the requirement of the Operational Flow Order multiplied by 8 X DIP. In assessing any penalty hereunder, FEP shall apply the DIP index applicable to the period(s) during which the violation occurred.

### 31.8 STANDARDS

(a) In issuing Operational Flow Orders or taking other operational control action under this Section, FEP shall apply consistent and objective engineering and operational criteria to define the overall operational integrity of the System and acceptable pressure levels to be protected, to evaluate the imminent nature of any threat to these factors, and to determine what steps are necessary to preserve such factors. Such criteria may be changed from time to time as operating experience indicates.



(b) In applying this Section, FEP shall operate its System in a non-discriminatory manner, without regard to the source of supply, the identity or nature of any Shipper or the identity of any entity tendering or receiving Gas except as otherwise explicitly provided herein.

## 32. NON-WAIVER OF FUTURE DEFAULT/WAIVERS

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

(b) FEP may waive any of its rights or any obligations of Shipper under this Tariff on a basis which is not unduly discriminatory; provided that no waiver shall operate nor be construed as a waiver of other future rights or obligations, whether of a like or different character.

### 33. CAPACITY ON OTHER ENTITIES

#### 33.1 ACQUIRED CAPACITY

(a) FEP may from time to time enter into transportation agreements with upstream or downstream entities, including other interstate pipelines, intrastate pipelines, or local distribution companies (Acquired Capacity). FEP may use Acquired Capacity for its System operational needs and/or to render service to its customers. Except as provided in subsection (b), FEP states that, if it transports Gas 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 purposes of any use of Acquired Capacity covered by this Section 33.1(a), the "Shipper must hold title" requirement is waived.

(b) Nothing herein shall be read to preclude FEP from filing with the Commission for different tariff provisions applicable to any service which FEP provides using Acquired Capacity; provided, however, that the waiver of the "Shipper must hold title" requirement hereunder shall not apply in such a circumstance and FEP will be required to seek a case-specific waiver of that requirement from the Commission.

#### 33.2 REQUESTED CAPACITY

(a) At the request of a Shipper(s), FEP may enter into transportation or storage agreements with upstream or downstream entities, including other interstate pipelines, intrastate pipelines or local distribution companies for the benefit of the requesting Shipper(s) (Requested Capacity). FEP may pass on to the requesting Shipper(s) any and all charges FEP is obligated to pay for Requested Capacity under such agreements, with such charges to be reflected on the next Monthly bill to the requesting Shipper(s).

(b) The understanding between FEP and the requesting Shipper(s) as to such capacity will be set out in a separate contract.

## 34. DISCOUNTING

(a) In the event that FEP agrees to discount its rate to Shipper below FEP's maximum rate under Rate Schedules FTS, ITS, PALS or HAT as applicable, the discount terms shall be reflected in the applicable Agreements or associated discount agreements and will apply without the discount constituting a material deviation from FEP's form of service agreement; provided, however, that any such discounted rates shall be between the minimum and maximum rates applicable to the service provided under the applicable rate schedule. Without limitation of the foregoing, such discounted rates may be based on:

(1) The published index prices for specific Points or other agreed-upon published pricing reference points for price determination the use of which is not inconsistent with Commission policy (such discounted rate may be based upon the differential between published index prices or arrived at by formula). Such discounted rate:

- (i) shall not change the underlying rate design;
- (ii) shall not include any minimum bill or minimum take provision that has the effect of guaranteeing revenue;
- (iii) shall define the rate component to be discounted; and
- (iv) shall be limited by the applicable maximum and minimum rates.

(2) any of the factors set out in subsection (b).

(b) Except as otherwise provided in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay FEP the applicable maximum rate(s) and all other lawful charges as specified in FEP's applicable rate schedule. Shipper and FEP may agree that Shipper shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in the Tariff. FEP and Shipper may agree that a specific discounted rate will apply only to certain quantities or any other contractual quantities under the agreement. The parties may agree that a specified discounted rate will apply only to specified quantities (Contract MDQ) or commodity quantities under the agreement; that a specified discounted rate will apply only if specified quantities are achieved or only if the quantities do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the Year or for a specifically defined period; that a specified discounted rate will apply only to specified points, mainline segments, supply areas, transportation paths, markets or other defined geographical area(s); that a specified discounted rate(s) will apply in a specified relationship to the quantities actually transported; (i.e., that the reservation rate will be adjusted in a specified relationship to quantities actually transported); that a discounted rate may be based on a formula, including a formula utilizing pricing indices consistent with Section 34 of the General Terms and Conditions of FEP's FERC Gas Tariff; that a specific discount rate shall apply only to service under one rate schedule to make up for a decrease (or increase) in the maximum rate

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for a separate service provided under another rate schedule; and/or that a specific discount rate shall apply only to reserves dedicated by Shippers to FEP's System. Notwithstanding the foregoing, no discount agreement may provide that an agreed discount as to a certain quantity level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in FEP's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components of the same Agreement or a different Agreement for the same or a different service may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

(c) Surcharges. FEP may agree to discount any surcharges applicable to any Service Agreement to the maximum extent permitted by Commission policy.

(d) If the parties agree upon a rate other than the applicable maximum rate, such written Agreement shall specify that the parties mutually agree either: (1) that the agreed rate is a discount rate; or (2) that the agreed rate is a Negotiated Rate. In the event that the parties agree upon a Negotiated Rate, this Agreement shall be subject to Section 30 of the General Terms and Conditions of FEP's Tariff.

## 35. ANNUAL CHARGE ADJUSTMENT (ACA) SURCHARGE

### 35.1 PURPOSE

This section of the General Terms and Conditions is filed pursuant to Section 154.402 and Subpart B of Part 382 of the Commission's Regulations under the Natural Gas Act (NGA) and the Natural Gas Policy Act of 1978. The intent and purpose of this section is to establish an Annual Charges Adjustment (ACA) provision under which FEP can recover from its customers annual charges assessed to it by the Commission pursuant to Part 382 of the Commission's Regulations. All amounts assessed pursuant to Part 382 of the Commission's Regulations shall be recorded in Account 928. FEP will not seek to recover annual charges assessed to it pursuant to Part 382 of the Commission's Regulations in an NGA Section 4 rate case. For the purpose of recovering annual charges assessed to FEP pursuant to Part 382 of the Commission's Regulations, this section establishes an ACA unit charge as set forth herein.

### 35.2 APPLICABILITY

The ACA unit charge shall be applicable to all transportation transactions performed by FEP.

### 35.3 ACA UNIT CHARGE

The ACA unit charge, as revised annually and posted on the Commission's website located at <https://www.ferc.gov>, is incorporated by reference in FEP's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Natural Gas, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge shall be applied to the commodity component of rates.

### 35.4 EFFECTIVE DATE OF CHARGES

The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year.

## 36. PERIODIC RATE ADJUSTMENTS FOR FUEL GAS, LOST AND UNACCOUNTED FOR GAS AND BOOSTER COMPRESSION FUEL

### 36.1 PURPOSE AND APPLICABILITY

(a) This Section 36 establishes a semi-annual periodic rate adjustment provision for the recovery by FEP of Fuel Gas, Lost and Unaccounted For Gas, and any Booster Compression Fuel. FEP shall have the right to adjust the Fuel Gas Percentage, the Lost and Unaccounted For Gas Percentage, and any Booster Compression Fuel Percentages, as provided in this Section 36.

(b) This Section 36 specifies the procedures to be utilized in adjusting such Reimbursement Percentages to reflect changes in Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel. These adjustments result in the Fuel Gas and Lost and Unaccounted For Gas Reimbursement Percentages as reflected in the Currently Effective Rates for the applicable Rate Schedule. A separate incremental Booster Compression Fuel Reimbursement Percentage (associated with Booster Compression) is set forth for point(s) where Booster Compression applies. All amounts for the reimbursement of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel shall be recovered by FEP in-kind by applying the applicable Reimbursement Percentage(s) to the quantities of Gas transported on the FEP System under Rate Schedules FTS, ITS and HAT. If fuel retention percentages differ from those determined hereunder are established for any Shipper, pursuant to Section 30 of these General Terms and Conditions (relating to Negotiated Rates), that contractual percentage shall be used in determining delivery quantities for that Shipper (Equivalent Volumes, etc), but shall be without prejudice to FEP recovering additional future amounts from such a Shipper consistent with Section 30.5 of these General Terms and Conditions.

(c) Fuel Gas charges shall not be assessed for quantities received by FEP upstream of the interconnect with Natural Gas Pipeline Company of America LLC (NGPL Interconnect) located in White County, Arkansas, and delivered at or upstream of the NGPL Interconnect, provided that such deliveries are made without the use of compression. Provided however, Lost and Unaccounted For Gas and any applicable Booster Compression Fuel charges shall apply to such quantities. If mainline compression is installed at or upstream of the NGPL Interconnect, the Fuel Gas Charge exemption provided in this section shall not be applicable.

(d) FEP shall file the first semi-annual Periodic Rate Adjustment nine (9) months after the Initial Effective Date.

### 36.2 DEFINITIONS

(a) "Fuel Gas", "Lost and Unaccounted For Gas", and "Booster Compression Fuel" shall have the meanings set out in Section 1 of these General Terms and Conditions.

(b) "Collection Period" shall mean, for purposes of the Periodic Rate Adjustment, the six (6) Month period ended three (3) Months prior to the commencement of a new Recovery Period.

(c) "Recovery Period" shall mean, for purposes of the Periodic Rate Adjustment, the period during which the revised percentages are to be in effect, which shall be a six (6) Month period commencing with the effective date of the next redetermination as specified in Section 36.3.

(d) "Receipt Quantity" shall mean the quantity of Gas received by FEP at the various Receipt Points on its System, net of quantities received as reimbursement for Fuel Gas, Lost and Unaccounted For Gas, and applicable Booster Compression Fuel, as adjusted for any negotiated rate agreements pursuant to Section 30.5 of these General Terms and Conditions. For purposes of incremental Booster Compression Fuel Reimbursement Percentage(s), the Receipt Quantity shall mean all quantities received at the point(s) where Booster Compression applies.

### 36.3 PERIODIC RATE ADJUSTMENT

(a) The effective date of each Periodic Rate Adjustment shall be June 1 and December 1.

(b) FEP shall file its adjustment to each of the Reimbursement Percentages at least thirty (30) days prior to the effective date of the redetermination. The revised Reimbursement Percentage(s) in any periodic adjustment filing(s) shall be the sum of the Current Component, determined under Section 36.4, and the Deferred Component, determined under Section 36.5; however, if the sum of the Current Component and the Deferred Component results in an overall negative Reimbursement Percentage, then the revised Reimbursement Percentage will be 0.00%. Any periodic adjustment filing(s) submitted in accordance with this section shall become effective, and subject to refund, on the proposed effective date which is consistent with Sections 36.3(a) and 36.3(c). Any changes in Reimbursement Percentage(s) shall be subject to review in the periodic adjustment filing proceeding(s).

(c) FEP may, at any time, file to make an out of cycle adjustment to the Fuel Gas Reimbursement Percentage, Lost and Unaccounted For Gas Percentage, and/or to establish an incremental Booster Compressor Fuel Reimbursement Percentage at points where Booster Compression applies. Such adjustment shall be filed at least thirty (30) days prior to the effective date and shall only be effective at the beginning of a month.

### 36.4 CURRENT COMPONENT

(a) A Current Component shall be calculated for: (i) Fuel Gas Reimbursement Percentage; (ii) Lost and Unaccounted For Gas Reimbursement Percentage; and (iii) Booster Compression Fuel Reimbursement Percentage. Each element of the Current Component shall be divided by the relevant Receipt Quantity to calculate the Current Component of the respective Reimbursement Percentage(s). One value for the Fuel Gas and the Lost and Unaccounted For Gas Reimbursement Percentages shall be calculated, which applies once to all quantities transported on



the System, excluding exempted volumes pursuant to Section 36.1(c). The Booster Compression Fuel Reimbursement Percentage is an incremental rate applicable to Shippers with Gas being compressed using Booster Compression.

(b) Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel to be included in this calculation consist of the Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel actually experienced during the Collection Period, utilizing best available measurement information, and adjusted for changes reasonably anticipated to occur during the Recovery Period; provided, however, that for the initial redetermination, the calculation shall reflect the months of actual experience for which data is available.

(c) The Receipt Quantities used in these calculations shall be the Receipt Quantities to which such fuel charges were actually assessed as adjusted for Negotiated Rate Agreements, pursuant to Section 30.5 of these General Terms and Conditions, during the Collection Period, utilizing best available measurement information, and adjusted for changes reasonably anticipated to occur during the Recovery Period.

### 36.5 DEFERRED COMPONENT

(a) A Deferred Component shall be calculated for: (i) the Fuel Gas Reimbursement Percentage; (ii) the Lost and Unaccounted For Gas Reimbursement Percentage; and (iii) Booster Compression Fuel Reimbursement Percentage. A deferred subaccount shall be established and maintained for each of these items. The Deferred Component shall be the balance of the deferred subaccount as of the end of the Collection Period divided by the Receipt Quantity. The Receipt Quantities used in these calculations shall be the quantities to which such fuel charges were actually assessed during the Collection Period based on best available information, adjusted for changes reasonably anticipated to occur during the Recovery Period. The Deferred Component may be positive or negative.

(b) The accumulated deferred subaccount balances for each Reimbursement Percentage is to be adjusted semi-annually to reflect the following, as applicable:

(1) The amount associated with FEP's actual under- or over-recovery at the end of each six (6) Month period of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel if applicable.

(2) Adjustments to any prior Month's recoveries.

(3) Carrying charges on the deferred subaccounts.

(4) Other charges related to Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel operations.

(c) The amount to be included as an adjustment in the deferral subaccounts for any Month shall be calculated as follows, with separate calculations for each Deferred Component

identified in Section 36.5(a) hereof:

(1) FEP shall determine the actual Fuel Gas, the actual Lost and Unaccounted For Gas, and actual Booster Compression Fuel Gas, and quantities related to Section 20.2 of these General Terms and Conditions.

(2) FEP shall then determine the amount of Fuel Gas, the amount of Lost and Unaccounted For Gas, and the amount of Booster Compression Fuel Gas recovered for that Month, as follows: the amount of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel Gas recovered shall be determined by multiplying the Fuel Gas Reimbursement Percentage, the Lost and Unaccounted For Gas Reimbursement Percentage, and the Booster Compression Fuel Reimbursement Percentage in effect during the Month by the applicable Receipt Quantity for the Month.

(3) The adjustment to the deferral subaccounts for the Month shall be based on the difference between item (1) and item (2) of this sub-section (c) hereof. This amount shall be recorded in the deferral subaccount as follows:

(i) FEP shall debit the relevant deferral account in the event that the actual amounts for the current Month exceed the amounts that FEP recovered hereunder for that Month.

(ii) FEP shall credit the relevant deferral account in the event that the actual amounts for the current Month are less than the total amount FEP recovered hereunder for that Month.

(4) A valuation of the adjustments to the deferral subaccounts shall be based on the AMIP for the relevant period.

(5) FEP will add carrying charges applicable for the Month to each deferral subaccount. The carrying charge shall be the product of the following:

(i) The carrying charge base shall be the prior Month's balance in the reimbursement subaccount;

(ii) FEP shall compute a monthly carrying charge rate utilizing the effective annual FERC-approved interest rate prescribed in Section 154.501 of the FERC's Regulations. Such rate shall be expressed to the nearest one ten thousandth of 1%.

## 37. OPERATOR

### 37.1 DESIGNATION OF OPERATOR

FEP has designated ETC Fayetteville Express Pipeline LLC to be Operator of the System to perform all of FEP's obligations hereunder. FEP reserves the right to change the designation of the Operator.

### 37.2 WAIVER AND INDEMNIFICATION

(a) In the absence of gross negligence, recklessness or willful misconduct on the part of Operator, its officers, employees or agents, each Shipper waives any and all claims and demands against Operator, its officers, employees or agents, arising out of or in any way connected with: (1) the quality, use or condition of the Gas after delivery from the System for the account of such Shipper; (2) any losses or shrinkage of Gas during and resulting from transportation hereunder; and (3) all other claims and demands arising out of the performance of the duties of Operator, its officers, employees or agents hereunder.

(b) Except in the case of gross negligence, recklessness or willful misconduct on the part of Operator, its officers, employees or agents, each Shipper shall indemnify and save harmless Operator, its officers, employees or agents from any claim, demand or expense for loss, damage or injury to property or to persons who are not Shippers of Gas in the System which arises out of or is connected with the performance of the duties of Operator, its officers, employees or agents hereunder in transporting Gas for any Shipper.

## 38. NON-CONFORMING AGREEMENTS

The Commission has directed that the following Agreements be filed with the Commission because they contain provisions which do not conform to FEP's pro forma service agreements.

### 38.1 Non-Conforming Agreements with Negotiated Rates

- (a) Southwestern Energy Services Company, Transportation Rate Schedule FTS Agreement, Dated January 6, 2010 (Contract No. 200000).
- (b) XTO Energy Inc., Transportation Rate Schedule FTS Agreement, Dated September 27, 2010 – Assigned to Van Buren Energy Production, LLC effective November 2, 2022 (Contract No. 200002).
- (c) MMGJ Arkansas Upstream, LLC, Transportation Rate Schedule FTS Agreement Dated September 28, 2018 (Contract No. 200045).
- (d) Riverbend Oil & Gas VIII, L.L.C., Transportation Rate Schedule FTS Agreement, Dated November 1, 2018 (Contract No. 200078).

## **FORMS OF SERVICE AGREEMENT**

1. Rate Schedules FTS, ITS and HAT
  - 1.1 Rate Schedules FTS, ITS and HAT, Exhibit A
  - 1.2 Rate Schedules FTS, ITS and HAT, Exhibit B
  - 1.3 Rate Schedules FTS, ITS and HAT, Exhibit C
2. Rate Schedule PALS
  - 2.1 Rate Schedule PALS, PALS Request Order Form
3. Capacity Release
  - 3.1 Capacity Release, Appendix A
4. Pooling Agreement

RATE SCHEDULES FTS, ITS AND HAT  
FORM OF SERVICE AGREEMENT

[FOR RATE SCHEDULES FTS, ITS AND HAT]

Contract No. ....

FAYETTEVILLE EXPRESS PIPELINE LLC (FEP)  
TRANSPORTATION RATE SCHEDULE .....  
AGREEMENT DATED .....  
UNDER SUBPART ..... OF PART 284  
OF THE FERC'S REGULATIONS

1. SHIPPER is: ....., a .....

2. MDQ: ..... Dth per Day.

3. TERM: ..... through .....  
[Specify contractual rollover-rights or seasonal or other variable term rights, if any] .....

4. Service will be ON BEHALF OF:

..... Shipper or

..... Other: ....., a .....

5. .... This Agreement supersedes and cancels a ..... Agreement dated .....  
..... Capacity Rights for this Permanent Release Agreement were released from .....  
..... [for firm service only]. Service and reservation charges commence the later of:

(a) ....., and

(b) the date capacity to provide the service hereunder is available on FEP's System.

..... Other: .....

6. SHIPPER'S ADDRESS

FEP'S ADDRESS

.....  
.....  
.....

.....  
.....  
.....

7. Any or all of the following provisions may be included (where applicable) in the FTS, ITS or HAT Agreement and/or in any related Negotiated Rate, or discount contracts, if any:

a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by FEP be less than the applicable minimum rate or more than the applicable maximum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

b. (NEGOTIATED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the Negotiated Rates shall apply to service provided by FEP to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in FEP's FERC Gas Tariff as may be revised from time to time.

c. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in FEP's FERC Gas Tariff, as approved by the FERC from time to time.

d. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the Negotiated Rates apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

e. (NEGOTIATED RATE AGREEMENTS ONLY) Shipper and FEP understand and agree that this Agreement shall be subject to any and all applicable conditions precedent under FEP's FERC Gas Tariff and the regulations and policies of the FERC, including without limitation any requirements for FEP to file for and receive FERC approval of the Negotiated Rates.

f. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in the Transportation Agreement, as may be revised from time to time.

g. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either FEP or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

h. Succession and Assignment. In the event any entity succeeds by purchase, merger or consolidation of title to the properties, substantially as an entirety, of Shipper, such entity shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Agreement. No other assignment of the Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to FEP without the prior express written consent of FEP, provided, however, that the Agreement may be assigned by Shipper to a wholly or partially owned affiliate, special purpose joint venture, partnership, or other affiliated entity, including a parent company or partnership, without prior written consent of FEP. The Agreement may be assigned by FEP to a wholly or partially owned affiliate, special purpose joint venture, partnership.

i. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than FEP or Shipper.

j. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

k. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of FEP's FERC Gas Tariff.

l. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ....., EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF .....

m. Entire Agreement. This Agreement contains the entire agreement between FEP and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by FEP and Shipper which expressly refers to this Agreement.

8. The above-stated Rate Schedule, as revised from time to time, controls this Agreement and is incorporated herein. The attached Exhibits A and B (for firm service only), and C (if applicable), are a part of this Agreement. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED BY THE LAWS OF ....., AND NO STATE LAW SHALL APPLY TO REACH A DIFFERENT RESULT. This Agreement states the entire agreement between the parties and no waiver, representation or agreement shall affect this Agreement unless it is in writing. Shipper shall provide the actual end user purchaser name(s) to FEP if FEP must provide them to the FERC.

Agreed to by:

FEP

SHIPPER

/s/: .....  
NAME: .....  
TITLE: .....

/s/: .....  
NAME: .....  
TITLE: .....

EXHIBIT A  
 DATED .....

Company:

Contract No.:

Receipt Point(s):  
 [FTS Only]

Name / Location -----	County Area -----	State ----	Point No. -----	MDQ (Dth) -----
PRIMARY RECEIPT POINT(S):				
.....	.....	.....	.....	.....
.....				
.....				
.....				

SECONDARY RECEIPT POINT(S):				
.....	.....	.....	.....	.....
.....				
.....				
.....				

Receipt Pressure, Assumed Atmospheric Pressure  
 -----

Gas to be delivered to FEP at the Receipt Point(s) shall be in accordance with Section 18.1 of FEP's General Terms and Conditions, but shall not be in excess of the Maximum Allowable Operating Pressure (MAOP) stated for each Receipt Point in FEP's Catalog of Points.

Rates  
 -----

The rates shall be the applicable maximum rate and other applicable lawful charges except as otherwise provided in a separate written agreement. Such agreement shall be consistent with Section 34 or 30 of this Tariff (relating to discounts and to negotiated rates, respectively).



Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas  
Reimbursement Percentages (%)

-----

Shipper will be assessed the applicable reimbursement percentages for Fuel Gas, Booster Compression Fuel, and for Lost and Unaccounted For Gas.

EXHIBIT B  
DATED .....

Company:

Contract No.:

Delivery Point(s):  
[FTS Only]

Name / Location	County Area	State	Point No.	MDQ (Dth)
-----	-----	-----	-----	-----
PRIMARY DELIVERY POINT(S):				
1.	.....	.....	.....	.....
	.....			
	.....			
	.....			

SECONDARY DELIVERY POINT(S):

2.	.....	.....	.....	.....
	.....			
	.....			
	.....			

Delivery Pressure, Assumed Atmospheric Pressure  
-----

Gas to be delivered by FEP to Shipper, or for Shipper's account, at the Delivery Point(s) shall be in accordance with Section 18.2 of FEP's General Terms and Conditions.

EXHIBIT C  
DATED .....

FAYETTEVILLE EXPRESS PIPELINE  
NEGOTIATED RATE AGREEMENT  
-----



Gas to be delivered to Shipper and Shipper agrees: (a) to receive a quantity of Gas specified in the Request Order ("Borrowed Quantity"), not to exceed the Maximum Daily Quantity, and the Maximum Total Quantity as specified in this Agreement, at the available and agreed upon point(s) and at the agreed upon time on FEP's System; and (b) to return the Borrowed Quantity to FEP at the agreed point(s) and at the agreed upon time. Shipper shall make any necessary arrangements with FEP or third parties to receive Gas from or deliver Gas to FEP at the agreed upon point(s); provided, however, that such arrangements shall be compatible with the operating conditions of FEP's pipeline System and the scheduling and curtailment priorities in the General Terms and Conditions of FEP's FERC Gas Tariff and shall provide for coordinated scheduling with FEP.

12. Service rendered hereunder shall be subject to scheduling and curtailment or interruption in accordance with Rate Schedule PALS and the General Terms and Conditions of FEP's FERC Gas Tariff. In the event FEP is unable to provide the quantities of Rate Schedule PALS service requested by all Shippers under Rate Schedule PALS, then FEP shall allocate the available service among such Shippers in accordance with Rate Schedule PALS.

13. FEP shall render Park and Loan services to Shipper at the Point(s) agreed to by FEP and Shipper.

14. Any or all of the following provisions may be included (where applicable) in the PALS Agreement and/or in any related Negotiated Rate, or discount contracts, if any:

a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by FEP be less than the applicable minimum rate or more than the applicable maximum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

b. (NEGOTIATED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the Negotiated Rates shall apply to service provided by FEP to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in FEP's FERC Gas Tariff as may be revised from time to time.

c. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in the Transportation Agreement, as may be revised from time to time.

d. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in FEP's FERC Gas Tariff, as approved by the FERC from time to time.

e. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the Negotiated Rates apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

f. (NEGOTIATED RATE AGREEMENTS ONLY) Shipper and FEP understand and agree that this Agreement shall be subject to any and all applicable conditions precedent under FEP's FERC Gas Tariff and the regulations and policies of the FERC, including without limitation any requirements for FEP to file for and receive FERC approval of the Negotiated Rates.

g. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either FEP or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

h. Succession and Assignment. In the event any entity succeeds by purchase, merger or consolidation of title to the properties, substantially as an entirety, of Shipper, such entity shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Agreement. No other assignment of the Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to FEP without the prior express written consent of FEP, provided, however, that the Agreement may be assigned by Shipper to a wholly or partially owned affiliate, special purpose joint venture, partnership, or other affiliated entity, including a parent company or partnership, without prior written consent of FEP. The Agreement may be assigned by FEP to a wholly or partially owned affiliate, special purpose joint venture, partnership, or other affiliated entity, including a parent company or partnership.

i. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than FEP or Shipper.

j. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

k. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of FEP's FERC Gas Tariff.

l. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ....., EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF .....

m. Entire Agreement. This Agreement contains the entire agreement between FEP and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement

shall be effective unless agreed upon in a written instrument executed by FEP and Shipper which expressly refers to this Agreement.

16. Rate Schedule PALS, as revised from time to time, controls this Agreement and is incorporated herein. The attached is part of this Agreement. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED BY THE LAWS OF ....., AND NO STATE LAW SHALL APPLY TO REACH A DIFFERENT RESULT. This Agreement states the entire agreement between the parties and no waiver, representation or agreement shall affect this Agreement unless it is in writing. Shipper shall provide the actual end user purchaser name(s) to FEP if FEP must provide them to the FERC.

Agreed to by:

FEP

SHIPPER

/s/: .....  
NAME: .....  
TITLE: .....

/s/: .....  
NAME: .....  
TITLE: .....

Request Order RO No.: .....

PALS REQUEST ORDER FORM  
 DATED .....

Shipper: ..... Type of Service: Park ..... Loan .....

Initiation Point Name(s):..... MAQ RO: .....Dth)

Completion Point Name(s):..... Minimum Aggregate Quantity:.....

Term: Start ..... End ..... PALS Agreement #: .....

Schedule:

Date(s) Service to be Provided  
 (May Reflect a Range of Dates)

Daily Quantity (Dth)  
 (May Reflect a Range of Volumes)

From	Through	Park or Loan Payback		Loan or Park Delivery	
		Minimum	Maximum	Minimum	Maximum
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Rates: Rates may vary based on quantity, time period, etc., as set out in the Pro Forma Service Agreement

Daily PALS Usage Charge\*:.....

Service will be ON BEHALF OF:

..... Shipper or  
 ..... Other: ....., a .....

SHIPPER'S CONTACT AND ADDRESS

.....  
 .....  
 .....

Phone: ..... Fax: .....

Other Conditions (if any): .....

Agreed to by:

FAYETTEVILLE EXPRESS PIPELINE LLC

SHIPPER

/s/: .....

/s/:.....

NAME: .....

NAME: .....

TITLE: .....

TITLE: .....

\* The rate shall be the applicable maximum rate and other applicable maximum lawful charges except as otherwise provided specified in writing, which agreement must be consistent with Section 34 or 30 of the General Terms and Conditions of this Tariff (relating to Discounting and Negotiated Rates, respectively)



CAPACITY RELEASE  
FORM OF SERVICE AGREEMENT  
(FOR TEMPORARY CAPACITY RELEASE UNDER  
RATE SCHEDULE FTS (CONT'))

Date: .....

Shipper's Name (Replacement Shipper) for Notices and Invoices:

Address for Invoice (If different)

.....  
.....  
Attn:..... Attn:.....

E-Mail Address: .....  
Contract No.: .....

Term: This Service Agreement shall become effective on ....., and shall continue in effect through (and shall terminate on), not to extend beyond the term specified in the underlying FTS Service Agreement between Fayetteville Express Pipeline LLC(Transporter) and the party releasing its capacity (hereinafter referred to as "Releasing Shipper").

Rate: Fayetteville Express Pipeline LLC (Transporter) shall directly bill Shipper the negotiated rate for the released capacity as set forth on Appendix A hereto, plus fuel and any applicable surcharges, (unless otherwise provided on Appendix A). The Shipper shall pay such amounts directly to Transporter in accordance with the requirements of the FTS Rate Schedule.

Liability for Payment: It is expressly understood and agreed by the parties hereto that Releasing Shipper has a vested interest in Shipper's timely payment of amounts billed to Shipper, for credits to Releasing Shipper's account with Transporter. In the event Shipper fails to timely pay an invoice from Transporter hereunder, and Releasing Shipper is billed and pays such amount to Transporter, Releasing Shipper shall be entitled to bring an action under this Service Agreement for reimbursement for such amounts paid to Transporter.

This transportation shall be provided pursuant to Subpart ..... of Part 284 of the Federal Energy Regulatory Commission's regulations.

The contract maximum daily transportation quantities and primary Receipt and Delivery Points are set forth on Appendix A, attached hereto and incorporated herein.

Other: .....

The Parties agree that facsimile copies, when properly executed and transmitted, shall be considered for all purposes to be an original contract, and shall be deemed for all purposes to be binding agreements. To submit a Service Agreement via fax, the entire Service Agreement must be faxed to Transporter's Market Operations at (281) 714-2179. The Service Agreement must also be properly executed. Upon Shipper's request, Transporter will furnish Shipper with a paper copy of the executed Service Agreement.

Any notice, statement, or bill provided for in this Service Agreement shall be in writing and shall be considered as having been given if delivered personally, or if mailed by United States mail, postage prepaid, or if sent by express mail, overnight delivery, telex, telecopy or other mutually agreeable means of electronic transmission, to Shipper when sent to the address set forth on this Service Agreement and to Transporter when sent to the following:

All Notices/Accounting Matters:

Payments to Designated Depository:

Fayetteville Express Pipeline LLC  
.....

Fayetteville Express Pipeline LLC  
.....

.....  
.....

.....  
.....

This Service Agreement shall incorporate and in all respects shall be subject to the "General Terms and Conditions" and the applicable Rate Schedule(s) set forth in Transporter's FERC Gas Tariff, as may be revised from time to time. Transporter may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the "GENERAL TERMS AND CONDITIONS" in Transporter's FERC Gas Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Transportation Service Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

Fayetteville Express Pipeline LLC

Shipper

By: .....  
Title: .....  
Date: .....

By: .....  
Title: .....  
Date: .....

CAPACITY RELEASE  
FORM OF SERVICE AGREEMENT  
(FOR TEMPORARY CAPACITY RELEASE UNDER  
RATE SCHEDULE FTS (CONT'))

APPENDIX A

To

GAS TRANSPORTATION AGREEMENT

Between

Fayetteville Express Pipeline LLC

and

.....

MAXIMUM DAILY TRANSPORTATION QUANTITY (MDQ): ..... Dth

RATE: .....

Primary Receipt Point 1/

Maximum Daily  
Receipt Quantity 2/

Effective from: .....

Through: .....

Primary Delivery Point 3/

Maximum Daily  
Delivery Quantity 2/

Effective from: .....

Through: .....

.....

1/ Shipper agrees to tender, or cause to be tendered, Gas for transportation at the Receipt Point(s) identified above or at secondary points, if applicable, at pressures sufficient to effect delivery into Transporter's facilities, not to exceed the maximum allowable operating pressure; provided however, Transporter shall have no obligation to provide compression and/or alter its System operation to enable Shipper to effectuate said deliveries.

2/ Aggregate may not exceed MDQ as shown above.

3/ Transporter agrees to transport and deliver gas to Shipper, or for Shipper's account, at the Delivery Point(s) identified above or at secondary points, if applicable; provided however, Transporter shall have no obligation to provide compression and/or alter its System operation to effectuate said deliveries.



POOLING AGREEMENT

FORM OF SERVICE AGREEMENT

Contract No. ....

This Agreement is entered into effective the 1st day of ....., ..... by and between Fayetteville Express Pipeline LLC (Transporter) and ..... (Shipper).

WHEREAS, Transporter owns and operates mainline transmission facilities whereby it transports natural gas in interstate commerce in accordance with its FERC Gas Tariff, as amended from time to time.

WHEREAS, Shipper owns or controls certain natural gas supplies connected to Transporter's facilities at various wellhead, plant, and/or pipeline interconnect Receipt Points; and

WHEREAS, Shipper desires to "pool" its Gas from various physical Receipt Point(s) to a single logical (administrative) point in order to facilitate the delivery of Gas to other shippers and the nomination of Gas by shippers seeking the physical transportation of such Gas from the logical point, in accordance with such shippers' Transportation Service Agreements with Transporter; and

WHEREAS, Transporter desires to establish a logical (administrative) pooling point ("Pooling Point") where Gas supplies within such pooling area may be pooled for administrative purposes.

NOW THEREFORE, in consideration of the covenants and agreements contained herein, Transporter and Shipper (sometimes hereinafter collectively referred to as the "Parties", or individually as a "Party") agree as follows:

1. Pooling Point. Shipper may nominate to Transporter (in accordance with Paragraph 3 of this Agreement) volumes of Gas from various physical Receipt Point(s) for pooling at the Pooling Point by designating such Pooling Point as the Delivery Point.

2. Transfer of Title. Shipper may elect to transfer title to Gas pooled pursuant to this Agreement to another shipper who is a party to a Pooling Agreement or a Transportation Service Agreement with Transporter. This will allow transfers from Shipper to another Shipper to take place at the Pooling Point, and the Pooling Point may be nominated (in accordance with Paragraph 3 hereof) as a Delivery and/or Receipt Point (as appropriate). Shippers purchasing and transporting Gas from the Pooling Point shall transport their pooled Gas by nominating such Pooling Point as a Receipt Point (rather than nominating individual Wellhead or interconnect Receipt Point(s)) for transportation of such Gas in accordance with their Transportation Service Agreements with Transporter.

3. Nomination and Allocation. Transporter's Transportation Service Agreements and Pooling Agreements (including this Agreement) are assigned contract numbers which shall be referenced by Shipper (and other shippers and poolers) for nomination purposes. Nominations shall be made in accordance with the General Terms and Conditions of Transporter's FERC Gas Tariff, as amended from time to time, and must also include identification of all upstream and downstream contract numbers, as applicable. Receipt and delivery priorities must be specified in the nomination of the pool contract.

4. Pooling Charges. There are currently no charges for pooling. In the event Transporter receives FERC approval to collect a charge applicable to pooling, this agreement shall terminate and Transporter and Shipper shall determine whether to enter into a new Pooling Agreement reflecting such charges. Shipper understands that any physical movement of Gas by Transporter from the Pooling Point will be done only under a Transportation Service Agreement.

5. Term. This Agreement shall be effective on the first day of the month and shall continue on a month to month basis until canceled by either Party upon at least thirty (30) days prior written notice.

6. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ....., EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF

.....

7. Entire Agreement. This Agreement contains the entire agreement between Transporter and Shipper with respect to the subject matter hereof, and supersedes any and all prior understanding and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by Transporter and Shipper which expressly refers to this Agreement.

8. Other Provisions. The Parties agree that facsimile copies, when properly executed and transmitted, shall be considered for all purposes to be an original contract, and shall be deemed for all purposes to be binding agreements. To submit a Service Agreement via fax, the entire Service Agreement must be faxed to Transporter, Attn: 711 Louisiana Street, Suite 900, Houston, Texas 77002 at (281) 714-2179. The Service Agreement must also be properly executed. Upon Shipper's request, Transporter will furnish Shipper with a paper copy of the executed Service Agreement.

Any notice, statement, or bill provided for in this Service Agreement shall be in writing and shall be considered as having been given if delivered personally, or if mailed by United States mail, postage prepaid, or if sent by express mail, overnight delivery, telex, telecopy or other mutually agreeable means of electronic transmission, to Shipper when sent to the address set forth below and to Transporter when sent to the following:

All Notices/Accounting Matters:

Shipper's Address:

Fayetteville Express Pipeline LLC  
711 Louisiana Street, Suite 900  
Houston, Texas 77002  
Attn: Market Operations

.....  
.....  
.....  
.....

This Agreement shall incorporate and in all respects shall be subject to the "General Terms and Conditions" and the applicable Rate Schedule(s) set forth in Transporter's FERC Gas Tariff, as may be revised from time to time. Transporter may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the "General Terms and Conditions" in Transporter's FERC Gas Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Service Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date indicated below each signature, to be effective on the date first herein above written.

Fayetteville Express Pipeline LLC

Shipper

By: .....  
Title: .....  
Date: .....

By: .....  
Title: .....  
Date: .....

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