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**First Revised Sheet No. 0** Arkansas Western Pipeline Co.: First Revised Volume No. 1  
First Revised Sheet No. 0 : Effective

CANCELLATION OF ENTIRE TARIFF

Notice is hereby given that effective November 1, 1998, FERC Gas Tariff of Arkansas Western Pipeline Company is to be cancelled.

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FERC Docket: GT96- 59-000

**First Revised Sheet No. 1** First Revised Sheet No. 1 : Superseded  
Superseding: Original Sheet No. 1

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**Original Sheet No. 2** Original Sheet No. 2 : Superseded

PRELIMINARY STATEMENT

Arkansas Western Pipeline Company, an Arkansas corporation, owns and operates a natural gas pipeline system extending from Clay County in eastern Arkansas to Dunklin County in Missouri.

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**Original Sheet No. 3** Original Sheet No. 3 : Superseded

SYSTEM MAP

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**Fourth Revised Sheet No. 4** Fourth Revised Sheet No. 4 : Superseded  
Superseding: Third Revised Sheet No. 4

Rates Applicable to Rate Schedules in  
FERC Gas Tariff, Volume No. 1  
(Rates in \$/Dth)

Rate Schedule	Rate*
FTS Demand Charge	
(Maximum)	1.1795
(Minimum)	0.0000
Commodity Charge	
(Maximum)	0.0001
(Minimum)	0.0001
ITS	
(Maximum)	0.0311
(Minimum)	0.0001
Surcharges	
Annual Charge Adjustment ("ACA") Applicable to Rate Schedules FTS and ITS	
ACA Unit Charge	0.0022

NOTES:

\* All rates exclusive of any fuel usage and applicable shrinkage of zero percent (0%).

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**First Revised Sheet No. 5** First Revised Sheet No. 5 : Superseded  
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GENERAL TERMS AND CONDITIONS

1. APPLICABILITY

These General Terms and Conditions are incorporated in and are a part of Transporter's Rate Schedules contained in this FERC Gas Tariff and executed Service Agreement relating thereto.

2. DEFINITIONS

Except where the context otherwise indicates another or different meaning or intent, the following terms, when used herein or in any Rate Schedule or Service Agreement incorporating these General Terms and Conditions, are intended and used and shall be construed to have the following meanings:

2.1 "Btu" shall mean one (1) British Thermal Unit. As set forth in section 2.11, the reporting basis for Btu shall be 14.73 dry psia and 60 degrees F (101.325KPa and 15.6 degrees C).

2.2 "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico.

2.3 "Central Clock Time" and "CCT" shall mean Central Daylight Time when daylight savings time is in effect and Central Standard Time when daylight savings time is not in effect.

2.4 Commodity Rates.

a. "Maximum Unit Commodity Rate" for each Dth of Input Quantity at each Receipt Point for transportation to each Delivery Point shall be the highest applicable dollar amount that Transporter is permitted to charge shipper under the applicable Rate Schedule.

b. "Minimum Unit Commodity Rate" for each Dth of Input Quantity at each Receipt Point for transportation to each Delivery Point shall be the lowest applicable dollar amount that Transporter is permitted to charge Shipper under the applicable Rate Schedule.

c. "Adjusted Unit Commodity Rate" shall be the dollar amount per Dth of Input Quantity at any Receipt Point for transportation to any Delivery Point as specified by Transporter in a notice to Shipper, which amount shall be less than the Maximum Unit Commodity Rate but equal to or greater than the Minimum Unit Commodity Rate.

2.5 "Commission" or "FERC" shall mean The Federal Energy Regulatory Commission or any successor regulatory agency.

2.6 "Day" shall mean a period of twenty-four (24) consecutive hours, ending at 9:00 A.M., Central Clock Time.

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Superseding: Original Sheet No. 6

- 2.7 "Dekatherm" ("Dth") shall mean the quantity of heat energy which is one million Btus.
- 2.8 Demand Charge
- a. "Maximum Demand Charge" shall be the highest applicable dollar amount that Transporter is permitted to charge the Shipper for each Dth of the Shipper's Maximum Daily Quantity (MDQ) as specified in the executed FTS Service Agreement.
  - b. "Minimum Demand Charge" shall be the lowest applicable dollar amount that Transporter is permitted to charge the Shipper for each Dth of the Shipper's MDQ as specified in the executed FTS Service Agreement.
  - c. "Adjusted Demand Charge" shall be the dollar amount for each Dth of the Shipper's MDQ, as specified by Transporter in a notice to Shipper, which amount shall be less than the Maximum Demand Charge but equal to or greater than the Minimum Demand Charge.
- 2.9 "Equivalent Quantities" shall mean the thermal equivalent of the volume of natural gas delivered to Shipper by Transporter at the Point(s) of Delivery. Such volume is equal to the volume of gas received from Shipper at the applicable Receipt Point(s) less the Fuel Usage and Applicable Shrinkage set forth in Transporter's Rate Schedules or Service Agreements. The standard quantity for nominations, confirmation and scheduling shall be dekatherms per gas day in the United States. The standard for Canada should be Gigajoules per gas day. The standard conversion factor between dekatherms and Gigajoules should be 1.054615 Gigajoules per Dekatherm.
- 2.10 Input Quantities.
- a. "Input Quantities" for each day at a Receipt Point shall be the quantity of natural gas which is delivered to Transporter at the Point(s) of Receipt by or on behalf of Shipper, not to exceed the Maximum Input Quantity for such Point(s) of Receipt, to be made available to or on behalf of Shipper (subject to adjustment of the Fuel Use and Applicable Shrinkage at Point(s) of Receipt).
  - b. "Maximum Input Quantity" for a Receipt Point shall be the maximum quantity of natural gas per day which Shipper is entitled to request Transporter to receive at the Point(s) of Receipt to be made available to or

**Substitute Second Revised Sheet No. 7** Substitute Second Revised Sheet No. 7 : Superseded  
Superseding: First Revised Sheet No. 7

- on behalf of Shipper (subject to adjustment for the Fuel Use and Applicable Shrinkage at one or more Point(s) of Receipt).
- c. "Maximum Daily Quantity" ("MDQ") shall mean the maximum daily quantity of natural gas, that Transporter is obligated under the executed Service Agreement to transport on half of shipper.
  - d. The formula used to determine the Equivalent Quantities for delivery to the Shipper at the Point(s) of Delivery shall be: [1 - (fuel percent/100)] multiplied by the Input Quantity (rounded to the nearest Dth). For purposes of this formula, the fuel percentage shall reflect lost and unaccounted for gas.
- 2.11 "Heating Value" or "Heat Content" shall mean the gross heating value per cubic foot of natural gas at a temperature of sixty degrees (60°) Fahrenheit, at an absolute pressure of fourteen and seventy-three hundredths (14.73) dry psia, and corrected from the water vapor content of the natural gas under testing conditions to the actual water vapor content of the natural gas being received or delivered; provided, however, if the actual water vapor content of the natural gas is not more than seven (7) pounds per one thousand (1,000) Mcf, the natural gas shall be assumed to be dry. 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.
  - 2.12 "Intra-Day" Nomination shall mean a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the gas day and runs through the end of that gas day. There shall be two types of Intra-day nominations: (i) a nomination received during the gas day for the same day of gas flow; and (ii) a nomination received after the nominations deadline for the following gas day.
  - 2.13 "Mcf" shall mean one thousand (1,000) cubic feet of natural gas.
  - 2.14 "MMBtu" shall mean one million (1,000,000) Btus.
  - 2.15 "Month" shall mean the period beginning at 9:00 a.m. CCT on the first day of the calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month.
  - 2.16 "Natural Gas" or "natural gas" or "gas" shall mean natural gas of the quality and pressures specified in Sections 4 and 5 of these General Terms and Conditions.
  - 2.17 "OBA" shall mean a contract between two parties which specifies the procedures to manage operating variances at an interconnect.
  - 2.18 "Operational Flow Order" shall mean an order issued to alleviate conditions, inter alia, which threaten the safe operations or system integrity, of the Transporter's system, or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order shall be referred to as an Operational Flow Order.
  - 2.19 "Point of Delivery" or "Delivery Point" shall mean the point on Transporter's system where Transporter shall deliver natural gas to or for the account of Shipper after transportation. The point of delivery (whether one or more) shall be specified in the applicable Service Agreement.

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**Original Sheet No. 7A** Original Sheet No. 7A : Superseded

2.20 "Point of Receipt" or "Receipt Point" shall mean the point on Transporter's system where Shipper shall deliver, or cause to be delivered, natural gas to Transporter for

**Second Revised Sheet No. 8** Second Revised Sheet No. 8 : Superseded  
Superseding: First Revised Sheet No. 8

- transportation. The point of receipt (whether one or more) shall be specified in the applicable Service Agreement.
- 2.21 "Pooling" shall mean 1) the aggregation of gas from multiple physical and/or logical points to a single physical and/or logical point, and/or 2) the disaggregation of gas from a single physical or logical point to multiple physical and/or logical points.
  - 2.22 "Psia" shall mean pounds per square inch, absolute.
  - 2.23 "Psig" shall mean pounds per square inch, gauge.
  - 2.24 "Shipper" shall mean the party receiving service pursuant to an executed FTS or ITS Service Agreement.
  - 2.25 "Transportation" shall mean the transmission of gas whether by exchange, backhaul or any other actual or constructive method of movement.
  - 2.26 "Transporter" shall mean Arkansas Western Pipeline Company.
  - 2.27 "Year" shall mean a period of 365 consecutive days, or 366 consecutive days when such period includes a February 29.

3. MEASUREMENT

- 3.1 The volumetric measurement base shall be one (1) cubic foot of natural gas at a pressure base of fourteen and seventy-three hundredths (14.73) psia, a temperature base of sixty degrees (60°) Fahrenheit, and without adjustment for water vapor content. Except as otherwise provided by law, the volume of natural gas delivered at the Point of Receipt and at the Point of Delivery hereunder shall be computed in accordance with the standards prescribed in Gas Measurement Report No. 3 of the American Gas Association, dated April 1955, as revised September 1969, and from time to time amended, supplemented or superseded. All quantities of natural gas given herein, unless otherwise stated, are in terms of the unit of volume set forth above in this Section 3.1.
- 3.2 For the purpose of measurement, calculations and meter calibration, the average absolute atmospheric (Barometric) pressure for each Point of Receipt and Point of Delivery shall be assumed to be 14.4 pounds per square inch, irrespective of the actual location or elevation above sea level of the Points of Receipt or Delivery or of variations in actual atmospheric pressure, from time to time.

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- 3.3 The temperature of the natural gas shall be determined at the point of measurement by means of recording thermometers of standard manufacture acceptable to Transporter and Shipper to be installed in accordance with the recommendations contained in Gas Measurement Report No. 3, as aforesaid.
- 3.4 The specific gravity of the natural gas shall be determined at the point of measurement by one of the following methods:
  - a. By means of a properly installed recording gravitometer of standard manufacture acceptable to Transporter and Shipper, or
  - b. By use of a portable specific gravity balance of standard manufacture acceptable to Transporter and Shipper, such determination to be made at least once every six (6) months, or
  - c. By means of a calculated specific gravity derived from a gas chromatograph determination.
- 3.5 Unless otherwise agreed upon, Transporter will install, maintain and operate or cause to be installed, maintained and operated measuring stations equipped with orifice meters and other necessary metering and measuring equipment by which the volumes of natural gas received and delivered under an executed Service Agreement shall be determined. Orifice meters shall be installed and operated in accordance with said Gas Measurement Committee Report No. 3. Shipper may install check measuring equipment at its own cost and expense; provided, however, that such equipment shall be so installed as not to interfere with the operations of Transporter. Transporter and Shipper, in the presence of each other, shall have access to the other's measuring equipment at all reasonable times, but the reading, calibrating and adjusting thereof and the changing of charts shall be done only by the equipment owner or such owner's representative, unless otherwise agreed upon. Both Transporter and Shipper shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment; provided, however, failure of either Transporter or Shipper to witness such an operation shall not affect the validity of such operation in any way. The records from such measuring equipment shall remain the property of their owner, but upon request, each will submit to the other its records and charts, together with calculations therefrom, for inspection, subject to return within thirty (30) days after receipt thereof. The measurement equipment of Shipper shall be for check purposes only and, except as expressly provided in an executed Service

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**First Revised Sheet No. 10** First Revised Sheet No. 10 : Superseded  
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Agreement, shall not be used in the measurement of natural gas for purposes of such Service Agreement.

- 3.6 The accuracy of all measuring equipment shall be verified by Transporter at reasonable intervals, and, if requested, in the presence of representatives of Shipper, but neither Transporter nor Shipper shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. If either Transporter or Shipper at any time desires a special test of any measuring equipment, it will promptly notify the other, and Transporter and Shipper shall then cooperate to secure a prompt verification of the accuracy of such equipment.
- 3.7 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 two percent (2%) or more at a recording corresponding to the average hourly rate of natural gas flow for the period since the last preceding test, previous recordings of such equipment and any payments based thereon shall be corrected 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 of one-half of the time elapsed since the date of the last test, not exceeding a correction period of sixteen (16) days.
- 3.8 In the event any measuring equipment is out of service or out of repair so that the quantity of natural gas received or delivered through such meter cannot be ascertained or computed from the readings thereof, the quantity of natural gas so received or delivered during such period same is out of service or out of repair shall be estimated and agreed upon by Transporter and Shipper upon the basis of the best available data, using the first of the following methods which is feasible:
  - a. By using the registration of any check meter or meters if installed and accurately registering, or in the absence of "a.";

**Substitute First Revised Sheet No. 11** Substitute First Revised Sheet No. 11 : Superseded  
Superseding: First Revised Sheet No. 11

- b. By correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation, or in the absence of both "a." and "b." then;
  - c. By estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the meter was registering accurately.
- 3.9 Both Transporter and Shipper shall preserve for a period of at least three (3) years or such other period as may be required by governmental authority, all test data, charts and other similar records.
- 3.10 Transporter and Shipper intend to use the most accurate feasible measurement techniques and devices available. When newer techniques or devices become generally accepted in the industry and can be utilized economically in connection with the measurement of natural gas hereunder, it is agreed that same shall be considered in updating the provision of this Section 3 to utilize such measurement techniques and devices.
- 3.11 The closing of measurement shall be 5 Business Days after the end of the prior Business Month. For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the production month. A meter adjustment becomes a prior period adjustment after the fifth Business Day following the business month. 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. Prior period adjustment time limits shall be 6 months from the date of the initial transportation invoice and 7 months from date of initial sales invoice with a 3-month rebuttal period, excluding government-required. rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

4. QUALITY

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**Original Sheet No. 11A** Original Sheet No. 11A : Superseded

- 4.1 The natural gas delivered at the Point(s) of Receipt and the Point(s) of Delivery under an executed Service Agreement shall contain a heating value of not less than 975 Btu per cubic foot. The heating value shall be determined by Transporter by the installation of a recording calorimeter, a continuous sample accumulator, an on-stream chromatograph, or by means of spot samples; provided, however, that in lieu of a recording calorimeter, Transporter may determine the heat content on the basis of samples taken at periodic intervals. If periodic determinations of heating value are made, the initial determination is to be made within sixty (60) days after the date of initial deliveries of natural gas under an executed Service Agreement and subsequent determinations shall be made each three (3) months thereafter. The recording calorimeter mentioned herein shall be tested periodically using a reference sample of natural gas of known heating value.
- 4.2 The natural gas received and delivered under an executed Service Agreement:

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Original Sheet No. 12 Original Sheet No. 12 : Superseded

- a. Shall be commercially free from dust, gums, gum-forming constituents, dirt impurities or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operations of the lines, regulators, meters and other equipment of Transporter;
  - b. Shall not contain more than one fourth (1/4) grain of hydrogen sulphide per one hundred (100) cubic feet of natural gas;
  - c. Shall not contain more than five (5) grains of total sulphur per one hundred (100) cubic feet;
  - d. Shall not at any time have an uncombined oxygen content in excess of two tenths (2/10) of one percent (1%) by volume and Transporter and Shipper shall make every reasonable effort to keep the natural gas free of oxygen;
  - e. Shall not have any free water and shall not have a water vapor content of more than seven (7) pounds per million cubic feet of natural gas;
  - f. Shall not contain more than two percent (2%) by volume of carbon dioxide or more than two percent (2%) by volume of nitrogen;
  - g. Shall be delivered at a temperature not in excess of one hundred twenty degrees (120°) Fahrenheit; and
  - h. Shall be in compliance with all applicable local, state and federal laws and regulations, including but not limited to the Comprehensive Environmental Response Compensation and Liability Act, the Resources Conservation Recovery Act, and the Toxic Substances Control Act, as such may be amended from time to time.
- 4.3 Should any natural gas tendered for delivery to Transporter at the Point(s) of Receipt under an executed Service Agreement fail at any time to conform to any of the specifications of this Section 4, and the integrity of Transporter's system is threatened, Transporter shall have the right to suspend service immediately. In cases where the integrity of the system is not threatened and Transporter notifies Shipper of any such failure, Shipper shall have ten

(10) days from such notification to come into compliance with the specifications of this Section 4. If Shipper has not come into compliance within such ten day period, Transporter may, at its option, suspend all or a portion of the receipt of any such natural gas, and it shall be relieved of its obligations under such Service Agreement to the extent of rightful suspension for the duration of such time as the natural gas does not meet such specifications; provided, however, if Transporter elects to accept receipt of any off specification natural gas, it shall do so in a ratable manner as between Shipper and others who may be entitled to transportation of natural gas by Transporter. Upon receipt of notice by Transporter of such a failure, Shipper shall make a diligent effort to correct such failure by treatment or dehydration consistent with prudent operation and by means which are economically feasible in Shipper's opinion so as to deliver natural gas conforming to the above specifications.

- 4.4 Should the natural gas tendered for delivery by Transporter at the Point(s) of Delivery under an executed Service Agreement fail at any time to conform to any of the specifications of this Section 4, Shipper shall notify Transporter of any such failure and Transporter shall make a diligent effort to correct such failure by treatment or dehydration consistent with prudent operations and by means which are economically feasible in Transporter's opinion so as to deliver natural gas conforming to the above specifications, Shipper may at its option suspend acceptance of delivery of all or a portion of the natural gas transported under such Service Agreement, and it shall be relieved of its obligations hereunder to the extent of rightful suspension, for the duration of such time as the natural gas does not meet such specifications.

5. RECEIPT AND DELIVERY PRESSURE

- 5.1 Shipper shall deliver, or cause to be delivered, the natural gas at the Point(s) of Receipt at a pressure sufficient to allow the natural gas to enter Transporter's lines at the working pressure therein from time to time; provided, however, that Shipper shall not, except by mutual agreement, be required or permitted to deliver the natural gas at the Point(s) of Receipt at a pressure in excess of 1480 psig.

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**First Revised Sheet No. 14** First Revised Sheet No. 14 : Superseded  
Superseding: Original Sheet No. 14

5.2 Transporter shall deliver, or cause to be delivered, the natural gas to or for the account of Shipper at the Point(s) of Delivery at a pressure specified in the applicable Service Agreement.

6. BILLING

6.1 On or before the ninth(9th) day of each month, Transporter shall render to Shipper a statement of the transportation charge of the total amount due for transportation provided under an executed Service Agreement for natural gas received from Shipper during the preceding month. Transporter shall render an imbalance statement prior to or with the invoice. If actual information is not available to Transporter by the ninth (9th) day of each month, Transporter shall be allowed to invoice Shipper based on estimated results, and such estimated results shall be corrected to actual results in subsequent month's billings, when such actual results are known. Such statement of the transportation charges shall be deemed to have been duly delivered and thereby received on the third Business Day following the date on which same was deposited in the United States mail. Transporter shall accompany such statement of charges with a schedule showing volumes of natural gas, in Mcf, and Heating Content, in Dth, received, Equivalent Quantities delivered, and any imbalance. When information necessary for billing purposes is in the control of Shipper, it shall furnish such information to Transporter on or before the sixth (6th) day of the month.

6.2 The types of allocation methodologies is a list from which Transporter and Shipper may agree. If the Transporter and Shipper cannot agree upon an allocation methodology, pro rata based upon confirmed nominations should be used as the default method. The party responsible for custody transfer (the party performing the measurement function) should provide the allocation. When the allocation method is rank, swing or percentage, a new allocation detail may be needed when a nomination changes. The timing for reporting daily operational allocations after the gas has flowed is within one Business Day after end of gas 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. The responsibility for calculation and reporting of allocated quantities should rest with the party responsible for accepting GISB allocation types. The party receiving nominations should provide allocation statements. 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. 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

**Original Sheet No. 14A** Original Sheet No. 14A : Superseded

otherwise be diminished by this standard. Imbalance statements should be generated at the same time or prior to the generation of the transportation invoice. The imbalance statement should be rendered prior to or with the invoice, and the transportation invoice should be prepared on or before the 9th Business Day after the end of the production month. Rendered is defined as postmarked, time-stamped, and delivered to the designated site.

- 6.3 Notwithstanding Section 6.2 above, in the event that Shipper(s) has a Predetermined Delivery Allocation (PDA), Transporter shall bill each Shipper for gas received at such Point(s) of Receipt based on each Shipper's allocated share of such gas pursuant to such PDA at such Point(s) of Receipt in each month. There is no need to submit PDAs if a transportation service provider has an OBA in effect for a point. Only one PDA allocation methodology shall be applied per allocation period. The upstream or downstream party providing the point confirmation should submit the PDA to the allocating party after or during confirmation and before start of gas day, The allocating party shall send back "confirmation of receipt" of the PDA within fifteen minutes.
- 6.4 Both Transporter and Shipper and their representatives shall have the right to examine and copy at reasonable times, books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions hereof.
- 6.5 Shipper shall pay Transporter at its general office in Houston, Texas, or at such other address as Transporter shall designate in writing, by no later than the tenth day

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following receipt of the bill from Transporter, the amount due for the preceding month. Shipper shall submit supporting documentation; transporter receiving payment should apply payment per supporting documentation provided by the paying party; and if payment differs from invoiced amount, remittance detail should be provided with the payment. Shipper shall identify invoice number(s) on all payments. If an invoice is in dispute, Shipper shall pay the portion not in dispute and provide documentation identifying basis for the dispute.

- 6.6 Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Transporter may charge interest on the unpaid portion of the bill computed from the due date until the date of payment at the same rate of interest and in the same manner as prescribed for pipeline refunds as set forth in Section 154.67(c)(2) of the Federal Energy Regulatory Commission's Regulations under the Natural Gas Act. If such failure to pay continues, Transporter will provide Shipper with a "first notice" informing Shipper that it has twenty days to pay its bill in full. If after the expiration of the twenty day period the Shipper has still not paid the full amount of the bill, Transporter will issue a "second notice" informing the Shipper (and the FERC) that service will be suspended in ten (10) days unless the full payment is made. If after the expiration of the ten-day period the Shipper has still not paid its bill in full, Transporter will suspend service due to the non-payment. In addition to any other remedy it may have under an executed Service Agreement, Transporter may, after application to and authorization by the FERC, if such authorization is necessary, terminate the Service Agreement.
- 6.7 Shipper may dispute the amount of any such bill or parts thereof due to a good faith allegation of a billing error, made in writing to Transporter, and pay to Transporter only such amounts as it concedes to be correct if, within 30 days of a demand made by Transporter, Shipper furnishes a good and sufficient surety bond, acceptable to Transporter, guaranteeing payment to Transporter of the amount ultimately found due upon such bills after a final determination, which may be reached either by agreement or judgment of the courts as may be the case. If Shipper furnishes such a bond, Transporter shall not be entitled to suspend further delivery of natural gas unless and until default is made in the conditions of such bond. No payment by Shipper of the amount of a disputed bill shall prejudice the right of Shipper to claim that an adjustment of the disputed bill is required.
- 6.8 If it shall be found that at any time Shipper has been overcharged or undercharged in any form whatsoever under the provisions hereof and Shipper shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof,

Transporter shall refund the amount of any such overcharge. In the event an error is discovered in the amount billed in any statement rendered by Transporter, such error shall be adjusted within thirty (30) days of the determination thereof; provided, that the claim therefor shall have been made within twenty-four (24) months from the date of such statement.

7. RESPONSIBILITY FOR NATURAL GAS

For transportation provided by Transporter under any Rate Schedule, Shipper shall be in exclusive control and possession of the natural gas until such natural gas has been delivered to Transporter at the Point(s) of Receipt and after such natural gas has been delivered to or for the account of Shipper at the Point(s) of Delivery. Transporter shall be in exclusive control and possession of such natural gas between the Point(s) of Receipt and the Point(s) of Delivery set forth in the Service Agreement. The party which shall be in exclusive control and possession of such natural gas shall be responsible for all injury or damage caused thereby and shall be responsible for any loss of natural gas while in its possession, other than applicable use, compressor fuel, loss or shrinkage in the operations of gathering or transportation lines or facilities, except with regard to injury, damage or loss caused by or arising out of the negligence of the nonpossessory party.

8. WARRANTY

8.1 Shipper warrants for itself, its successors and assigns, that it will have, at the time of delivery of natural gas at the Point(s) of Receipt for transportation under an executed Service Agreement, good title to and the full right and authority to deliver such natural gas to Transporter for transportation under an executed Service Agreement, or a current contractual right to acquire such title, or an existing agreement with a person which has title to or a current contractual right to acquire title to such natural gas. Transporter warrants for itself, its successors and assigns, that, at the time of delivery of natural gas to Shipper or for Shipper's account, Transporter will have the full right and authority to deliver such natural gas to Shipper. Shipper warrants for itself, its successors and assigns, that the natural gas it tenders for delivery shall be free and clear of all liens, encumbrances, and claims whatsoever, that, at such time of delivery, it will have good

right and title to the natural gas and full right and authority to deliver same, that it will indemnify Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said natural gas and/or to royalties, payments, taxes, license fees, or charges thereon and further, that it will indemnify Transporter and save it harmless from all taxes or assessments which may be levied and assessed upon such natural gas prior to receipt and after delivery by Transporter.

- 8.2 Shipper warrants for itself, its successors and assigns, that any natural gas delivered to Transporter shall meet each of the quality standards set forth in Section 4 of these General Terms and Conditions. Shipper further warrants that it will indemnify Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any claims, demands, costs, expenses, penalties, or fines in any manner directly or indirectly connected with or growing out of Shipper's delivery to Transporter of any natural gas that fails to meet each of the quality standards set forth in Section 4 of these General Terms and Conditions.

9. WAIVER

No waiver permitted by these General Terms and Conditions, the applicable rate schedules, or the service agreements by either Transporter or Shipper of any provision, condition or requirement therein shall be deemed to be a waiver of, or in any manner release the other from, performance of any other provision, condition, or requirement of these General Terms and Conditions, the applicable rate schedules, or the service agreements, nor shall such waiver be deemed to be a waiver of, or in any manner release the other from, future performance of the same provision, condition or requirement; nor shall any delay or omission of either Transporter or Shipper to exercise any right in these General Terms and Conditions, the applicable rate schedules, or the service agreements in any manner impair the exercise of any such right or any like right accruing to it thereafter.

10. FORM OF SERVICE AGREEMENT

Service rendered to Shipper shall be in accordance with the provisions of a Service Agreement executed between Transporter and

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Shipper in the form of the applicable Service Agreement contained in Transporter's FERC Gas Tariff.

11. FEDERAL ENERGY REGULATORY COMMISSION ANNUAL CHARGE ADJUSTMENT

11.1 For the purpose of funding of the Federal Energy Regulatory Commission's costs incurred in any fiscal year, this Article 11 provides for an annual charge adjustment ("ACA") applicable to Transporter's Rate Schedules as set forth in Transporter's FERC Gas Tariff. Such adjustment shall be the ACA unit charge adjusted to Transporter's pressure base and heating value, if required, which is specified by the Federal Energy Regulatory Commission each year.

11.2 The initial ACA or any subsequent changes in such assessment charge shall be filed by Transporter at least thirty (30) days prior to the proposed effective date, unless, for good cause shown, a lesser notice period and different effective date is allowed by valid order. The proposed effective date of filings shall be October 1 of each calendar year.

12. HEADINGS

The headings to each of the various Sections in these General Terms and Conditions are included for convenience of reference only and shall have no effect on or be deemed as part of the text of these General Terms and Conditions.

13. TELEPHONIC BULLETIN BOARD

13.1 Transporter shall disseminate service information and "post" information necessary to effectuate the release and reassignment of capacity by means of a telephone recording that will be updated each Business Day. This telephone recording, referred to herein as Transporter's "Telephonic Bulletin Board" ("TBB"), shall be available on a non discriminatory basis to any shipper or potential shipper. Transporter shall provide equal and timely access to any information posted on Transporter's TBB.

13.2 Transporter will provide callers with the following options on its TBB: (1) information regarding capacity available on Transporter's system; (2) information regarding released capacity available from firm shippers (if any); (3) information regarding service interruptions due to force majeure and related capacity constraints; and (4) names and

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**Original Sheet No. 19** Original Sheet No. 19 : Superseded

telephone numbers of Transporter's employees to contact in an emergency.

13.3 A current copy of Transporter's FERC Gas Tariff shall be available on a non-discriminatory basis to any shipper or potential shipper upon request.

13.4 Users of Transporter's TBB agree to indemnify Transporter and hold Transporter harmless against any loss, liability, or expense (including, without limitation, court costs and attorneys fees) incurred or suffered by the user as the result of its use of Transporter's TBB, except for losses, damages, or expenses caused solely by Transporter's own negligence or willful misconduct.

13.5 Transporter shall transcribe the information contained on its TBB on a weekly basis and shall store for three years a hard copy of the transcription.

#### 14. PROCEDURES FOR AVOIDANCE OF PREGRANTED ABANDONMENT

14.1 To the extent a Shipper satisfies the bid matching requirements of this Section or Transporter and Shipper reach agreement as contemplated by subsection 14.7 of this Section, such Customer may retain its capacity and continue to receive firm service under a long-term firm service agreement under Schedule FTS at its previously agreed rates. If Shipper does not satisfy the bid matching requirements of this Section or Transporter and Shipper do not reach agreement as contemplated by subsection 14.7, Shipper shall no longer have, as the effective date of Transporter's notice of termination, rights under the long-term firm service for which Transporter has served notice of termination and Transporter shall have all necessary abandonment authorizations under the Natural Gas Act. This Section is not applicable and Shipper shall have no rights hereunder to the extent the long-term service agreement is terminated by Shipper during the restructuring proceedings.

Short-term service agreements (i.e., those with a term of one (1) year or less) under a Rate Schedule FTS are not subject to the abandonment provisions of this Section. Upon termination of a short-term service agreement, Transporter shall have all necessary abandonment authorization under the Natural Gas Act.

14.2 Transporter shall provide notice to Shipper of termination of the Service Agreement by the amount of time equal to one-half of the primary term of the Service Agreement or twelve (12) months, whichever is less. When Transporter provides a notice of termination of a long-term service agreement under Rate Schedule FTS, within thirty (30) days of the issuance by Transporter of such notice of termination, Transporter shall post on its TBB system the following information:

- a. Points of Receipt and Points of Delivery,
- b. the specific quantity available under the terminated agreement,
- c. the date of expiration,
- d. the current maximum rate applicable to the terminated service.

14.3 The deadline for the submission of bids from potential shippers, who desire service to be provided in whole or in part by the capacity to be made available upon termination of a long-term service agreement, shall be the last day of the month following the month in which Transporter posts an applicable notice pursuant to subsection 14.2. To be a valid bid, a bid must comply with the bid requirements set forth in subsection 14.4. At the close of such bidding period, Transporter shall select among the valid bids the "best bid", as determined pursuant to subsection 14.5, and shall relay the relevant terms of such "best bid" to the Shipper whose long-term service agreement is being terminated by Transporter. If Shipper elects to match, as determined by subsection 14.6, the "best bid", the Shipper shall be entitled to retain its capacity and continue to receive firm service under a long-term firm service agreement which reflects the matching of the relevant terms of the "best bid." If Shipper does not match the "best bid", then Shipper's existing long-term service agreement shall terminate and Transporter shall have all necessary abandonment authorization under the Natural Gas Act. In the event there is no "best bid" for Shipper to match, subsection 14.7 shall determine whether Shipper shall be entitled to retain its capacity and continue to receive service.

- 14.4 To be a valid bid, the potential customer must provide all information in the format contained in the applicable Section 4 of Rate Schedule FTS or Section 3 of Rate Schedule ITS of Transporter's Tariff, Original Volume No. 1. In addition, the potential shipper must pay Transporter a bona fide prepayment equal to the lesser of ten thousand dollars (\$10,000.00) or one (1) month's prepayment of the Monthly Demand Charge determined based on the potential shipper's requested price and the desired contractual quantity. If such potential shipper's bid is accepted by Transporter and is not matched by the existing Shipper then, upon commencement of service, the bona fide prepayment shall be credited to such potential shipper's initial invoice for such service rendered. If potential shipper's bid is matched or if the potential shipper fails to satisfy all of Transporter's tariff provisions governing Shipper eligibility, Transporter will refund the potential shipper's bona fide prepayment. The bona fide prepayment will not be refunded if the bid is withdrawn by the potential shipper. Transporter may reject all bids which would require Transporter to discount below a rate and discount term agreeable to Transporter, such rejections shall be made in a nondiscriminatory manner.
- 14.5 Transporter shall review all bids from potential shippers received pursuant to subsection 14.3 which have not been rejected by Transporter, to determine which bid is the "best bid." For purposes of this Section, the "best bid" shall be the bid which yields to Transporter the highest net present value. Net present value shall be calculated on the basis of the present value of the Monthly Demand Charge per unit to Transporter. Such net present value shall be determined by discounting the per unit amount using a discount rate equal to Transporter's allowed overall rate of return applied over the term of potential shipper's bid. In determining which bid is the best bid, the "bid cap" for the term of the bid shall be ten (10) years.
- 14.6 Upon receipt from Transporter of the "best bid", Shipper shall have the right for a thirty (30) day period in which to notify Transporter whether the Shipper is willing to match the "best bid." Failure to notify Transporter within said thirty (30) day period constitutes a non-revocable waiver of Shipper's right to match the "best bid." In order to match the "best bid", the Shipper, at the Shipper's option, may elect either to agree to a rate equal to the rate set forth

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in the "best bid" or a rate greater than the rate set forth in the "best bid" and agree to execute a service agreement for a agreement term equal to the agreement term set forth in the "Best bid", provided, however, the maximum rate an existing Shipper must match is the maximum rate Transporter can charge for delivery to the existing Shipper's Point of Delivery.

14.7 In the event Transporter does not receive any bids pursuant to subsection 14.3 or Transporter rejects all bids received due to the fact that such bids were premised on rate discount levels or rate discount terms unacceptable to Transporter, Transporter and Shipper may mutually agree upon the terms and conditions under which Shipper shall be entitled to retain its capacity and continue to receive service. Notwithstanding the preceding sentence, so long as the Shipper agrees to pay Transporter's maximum rate, the Shipper may retain its firm transportation service. In no event shall Transporter and Shipper agree upon terms which yields to Transporter a net present value less than any bid received pursuant to subsection 14.3 and rejected by Transporter. In the event Transporter and Shipper have not reached agreement on the terms and conditions under which service will be extended for Shipper, as of six (6) months before the termination date of the long-term service agreement, then Transporter shall have all necessary abandonment authorization under the Natural Gas Act as of the date of termination of the long-term service agreement. However, Transporter shall provide Shipper with prior notice of any resulting termination of service.

15. CAPACITY RELEASE

15.1 Transporter will provide a firm capacity release mechanism pursuant to this Section through which (1) existing Shippers, including any Shippers who obtain capacity pursuant to this Section 15, can voluntarily release and assign all or part of their firm transportation capacity rights to a potential shipper that wants to obtain that capacity by contracting with Transporter. Shippers may release and assign their firm transportation capacity on Transporter (whether Part 284 capacity or individually certified capacity) only under this Section of the General Terms and Conditions.

15.2 Transporter's Shippers under Rate Schedule FTS are permitted to release their capacity, in whole or in part, on a permanent or temporary basis, on a firm or interruptible basis, provided Shipper complies with the applicable

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provisions of this Section. Such existing Shipper may propose a potential shipper to obtain its released capacity from Transporter.

- 15.3 A firm Shipper that wants to release any or all of its firm capacity must submit a Releasing Shipper's Form (Schedule A, attached hereto) to the Transporter.
- 15.4 Except as provided in subsection 15.17, pertinent information from all Releasing Shipper's Form(s) will be posted on Transporter's TBB system in accordance with the provisions of Schedule B, attached hereto. Transporter may take other action to market any released capacity. The Shipper may search for any party to take its capacity both before and after the capacity is posted on the TBB system. However, a capacity release cannot be consummated until after it is posted. Contracting is done directly with Transporter. Transporter will post on its TBB available firm or interruptible capacity and the terms and conditions applicable to such capacity. Potential shippers may elect, in their discretion, to contract for Transporter's uncommitted firm capacity, the released capacity or interruptible capacity.
- 15.5 Transporter shall post on the TBB offers to purchase capacity.
- 15.6 Except as provided in subsections 15.17 and 15.18, a potential Shipper that wants to bid for any or all of a Shipper's released capacity must submit a Bidder's Form (Schedule C, attached hereto) to the Transporter. Pertinent information from all Bidder's Forms will be posted on Transporter's TBB system in accordance with the provisions of Schedule B. The Releasing Shipper shall have the right, consistent with Order No. 636, to select the objective criteria by which Transporter determines the "best bid." In the event that the Releasing Shipper does not provide Transporter with criteria to determine the "best bid," the "best bid" shall be determined in accordance with Section 14.5 above.
- 15.7 Except as provided in subsections (a), (b), and (c) below, at the close of the Bid Period as provided in Schedule B, Transporter shall award the bids, "best bid first" until all offered capacity is awarded. Transporter will give any potential

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Shipper found by the Shipper an opportunity to match or exceed the "best bid" via the TBB in accordance with the provisions of Schedule B. If the potential Shipper matches the "best bid", Transporter will contract with the potential Shipper found by the Shipper. If not, Transporter will contract with the potential Shipper who submitted the "best bid." If more than one potential Shipper submits the "best bid," as determined under Section 15.6 above, the released capacity will be allocated to the potential Shipper who submitted the "best bid" first in time. For purposes of the preceding sentence, all "best bids" submitted on any one (1) day will be deemed to have been received at the same time on such day, and such released capacity shall be allocated pro rata among the "best bids" submitted first in time.

- a. Releasing Shippers may provide for the acceptance of contingent bids that extend beyond the end of the bidding period. Any Releasing Shipper that intends to provide for such contingent bids shall specify in that Releasing Shipper's terms and conditions of the release whether and for what time period the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder exercise its option not to take the capacity.
  - b. Bidders shall have the right to withdraw their bids during the bidding period. However, if a bidder withdraws its bid, it shall not be permitted to submit a new bid for the same capacity at a lower rate. Bids cannot be withdrawn after the bid period ends.
  - c. The Releasing Shipper shall have the right to withdraw its offer to release capacity at any time prior to the closing of the bidding period. However, a Releasing Shipper shall not be permitted to withdraw capacity simply because the Releasing Shipper is dissatisfied with the bids received.
- 15.8 Transporter shall notify the potential Shipper(s) selected in accordance with the provisions of Schedule B following these General Terms and Conditions (Sheet No. 32) of the acceptance of its bid ("winning bid") and provide notice to all bidders of the "winning bid" via the TBB in accordance with the provisions of Schedule B. The notice posted to the TBB will contain all of the information submitted in selected potential shipper's Bid Notice.

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**Original Sheet No. 25** Original Sheet No. 25 : Superseded

- 15.9 Transporter will be required to post Shipper's Notice of release and to otherwise comply with the provisions of this Section. If the potential Shipper satisfies all of Transporter's tariff provisions governing Shipper eligibility and his bid is accepted by the existing Shipper, Transporter will execute the applicable service agreement with the potential Shipper in accordance with the provisions of Schedule B.
- 15.10 The service agreement of the existing Shipper releasing capacity will remain in full force and effect, with a portion of the proceeds attributable to any release and assignment credited to the releasing Shipper's Monthly Demand Charge as provided in subsection 15.14. The releasing Shipper's liability to the Transporter is, however, limited during the term of any capacity release to the applicable demand charges and related surcharges.
- 15.11 The potential shipper must satisfy all of Transporter's tariff provisions governing Shipper eligibility before it may contract with Transporter for the released capacity. Once the potential Shipper enters into a service agreement with Transporter, the potential Shipper becomes a Shipper like any other Shipper and is subject to the Transporter's operational provisions as stated in this tariff. In addition, the potential Shipper as a Shipper may also release its capacity pursuant to this Section.
- 15.12 Transporter shall credit the invoice of the releasing Shipper the proceeds actually received by Transporter attributable to capacity rights released by the releasing Shipper, less any administrative fees set forth in subsections 15.13 and 15.14.
- 15.13 The sole method by which Transporter shall recover the cost of operating the capacity release mechanism provided for in this Section, as well as the costs of establishing a TBB shall be in Transporter's transportation rates as part of its cost-of- service. In this regard, either Transporter's TBB shall list all TBB user fees or Transporter shall make the TBB user fee information available to potential users.
- 15.14 Transporter shall be entitled to retain 15% of the monthly demand charge pursuant to Sheet No. 4 for each month paid by a potential Shipper for capacity released by a Shipper when such Shipper requests and Transporter takes action to market

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**Substitute First Revised Sheet No. 26** Substitute First Revised Sheet No. 26 : Superseded  
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released capacity beyond posting the information on the bulletin board, and locates the potential Shipper. Transporter will not be compensated, however, if it does not locate the potential Shipper, such as where the Shipper has a pre-arranged deal or where a potential Shipper accepts a posted Shipper Notice without Transporter actively marketing that released capacity.

- 15.15 Once the conditions of this Tariff are met and the terms and conditions specified in the existing Shipper's offer to release are met, the potential Shipper and Transporter will execute an applicable service agreement and the potential Shipper will then be considered as any other Shipper on Transporter's system. Offers shall be binding until written or electronic notice of withdrawal is received by the capacity release service provider. The releasing party has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no minimum bid has been made.
- 15.16 Except as provided in subsection 15.17, any assignment under this Section shall be for a maximum period expiring on the earlier of (1) the expiration date of these tariff provisions, or (2) the expiration of the agreement that is assigned when the assignment is for the full term of such agreement.
- 15.17 A Shipper may release any or all of its firm capacity for any period less than one (1) calendar month without complying with the notification and bidding requirements of this Section where such Shipper has located a party to take its capacity, and the demand charge does not exceed Transporter's maximum rate. The Shipper shall notify Transporter of the release before the transaction commences. The Transporter shall post on the TBB information concerning the release within 48 hours of receiving notice of the transaction. Such Shipper may not rollover, extend, or in any way continue a release under this Section without complying with the notification and bidding requirements of this Section and such Shipper may not re-release to the same party under this Section for a period of thirty (30) days after the release period has ended.
- 15.18 A Shipper may release any or all of its firm capacity to a designated potential Shipper pursuant to a prearranged agreement between such Shipper and potential Shipper without complying with the bidding requirements of this Section when the designated potential Shipper is paying the Transporter's maximum rate.
- 15.19 Released capacity shall be subject to recall unless the release offer provides to the contrary. If the releasing shipper wishes to recall capacity to be effective for a gas day, the notice should be provided to the transportation service provider and the acquiring shipper no later than 8 a.m. Central Clock Time on nomination day. Recalls cannot be for a partial day.
- 15.20 Reput method and rights shall be specified at the time of the deal. Reput method and rights shall be individually negotiated between the releasing shipper and replacement shipper. If the transportation service provider requires amendments for each release, the transportation service provider should automate the process of amending contracts and this may be the subject of a global agreement between the parties.

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**Original Sheet No. 27** Original Sheet No. 27 : Superseded

16. CAPACITY ALLOCATION AND CURTAILMENT

16.1 If, (a) on any day, Transporter determines that the capacity of its system, or any portion thereof, including the points at which gas is tendered for transportation, is insufficient to serve all transportation requirements that are otherwise scheduled to receive service on any such day, or (b) subject to the provisions of Section 6 of Rate Schedule FTS or Section 5 of Rate Schedule ITS, Transporter receives in a given day nominations at any Point(s) of Receipt or Delivery in excess of the capacity available at such Point(s) of Receipt or Delivery during that month, capacity that requires allocation shall be allocated in the following sequence:

- a. to all Firm Shippers on a pro rata basis;
- b. to all Interruptible Shippers paying the Maximum ITS rate, on a first-come, first-served basis upon date Transporter receives a valid transportation service request;
- c. to the extent that two or more Interruptible Shippers having the same first-come, first-served priority are paying the maximum rate under Rate Schedule ITS, on a pro rata basis; and
- d. to the extent that Interruptible Shippers are not paying the maximum rate under Rate Schedule ITS, on the basis of price; provided, however, that if two or more Interruptible Shippers are paying the same price that is not the maximum rate under Rate Schedule ITS, on a pro rata basis.

However, with respect to the above capacity allocation methodology, for shippers paying the same rate, a higher priority interruptible agreement shall not be allowed to bump volumes which were flowing in the prior month under a lower priority interruptible agreement.

16.2 For valid nominations for interruptible transportation service activity which is to commence on any day of any calendar month other than the first day, a higher priority interruptible agreement shall not be allowed to bump volumes which are flowing under a lower priority agreement regardless of the rate which is applicable to such service.

- 16.3 For purposes of establishing a date and time priority queue for interruptible transportation agreements, all requests which conform to Transporter's transportation Services Request Form shall be deemed to be valid. Transporter shall maintain a log to document the date and time of receipt of valid requests for interruptible transportation services and such log shall be used to establish the priority queue. Transporter shall conduct, by public notice, an open season for transportation requests and all valid requests received in such open season shall be treated as if received on the identical date and at the identical time.
- 16.4 Transporter is free to contract at any time with other parties for transportation services (whether firm or interruptible) without liability to Shipper for any resulting interruption or reduction of transportation services hereunder. Shipper shall indemnify and hold Transporter harmless from and against any and all losses, damages, or expenses of every kind and character, which Transporter or Shipper may suffer sustain, or be liable for as a result of any interruption or reduction of transportation service pursuant to either Rate Schedule FTS or ITS, unless the interruption or reduction is attributable to Transporter's gross negligence or willful misconduct.

17. FLEXIBLE RECEIPT AND DELIVERY POINTS

- 17.1 All firm shippers receiving service pursuant to Part 284 of the FERC's Regulations will have primary receipt and delivery points specified in their Service Agreements. Firm shippers existing on the effective date of this section that retain their firm capacity rights also retain their priorities at the receipt and delivery points designated in their Service Agreements. Primary receipt and delivery points specified in a customer's Service Agreement will be quantity-specific by each point. The sum of the quantities specified at each primary receipt and delivery point must equal the maximum daily quantity ("MDQ") specified in the transportation Service Agreement.
- 17.2 All firm shippers receiving service pursuant to Part 284 of the FERC's Regulations will be permitted to nominate service on a secondary basis at all receipt and delivery points on Transporter's system. Each secondary receipt and delivery point nomination may specify quantities up to the MDQ.

**Substitute Second Revised Sheet No. 29** Substitute Second Revised Sheet No. 29 : Superseded  
Superseding: First Revised Sheet No. 29

- 17.3 Subject to Transporter's agreement, firm shipper may add primary receipt and delivery points at any time during the life of the transportation Service Agreement. Changes in primary receipt and delivery points will be permitted provided sufficient receipt or delivery point capacity exists. Changes in primary receipt and delivery points will be effective upon forty-eight (48) hours' notice from the shipper to Transporter, and will be subject to ratification through an amended Service Agreement. No firm shipper will lose priority on Transporter's system by adding, deleting, or changing primary receipt or delivery points. However, a firm shipper designating a given point as a primary receipt or delivery point will not gain priority over a pre-existing firm shipper at that point.
- 17.4 An interruptible shipper may change receipt or delivery points with no impact on the shipper's previously granted interruptible transportation priority. However, any request by a shipper to increase its MDQ in conjunction with any change in receipt or delivery points will be considered a new request for service to the extent of the increase in MDQ, and will require the execution of a new Service Agreement and establish a new priority at the end of Transporter's interruptible transportation queue for the increase in MDQ.

18. GAS INDUSTRY STANDARDS BOARD (GISB) STANDARDS

Pursuant to Order Nos. 587, 587-B, and 587-C promulgated by the FERC in Docket Nos. RM96-1 and RM96-1-004, for GISB Standards and Principles that do not otherwise require implementing tariff provisions, the following GISB Standards and Principles are hereby incorporated, by reference to the GISB Standard Number and version, into Transporter's FERC Gas Tariff.

GISB Standards (Version 1.1) 1.1.12, 1.1.13, 1.1.14, 1.1.15, 1.1.16, 1.2.1, 1.2.2, 1.2.4, 1.2.5, 1.3.4, 1.3.7, 1.3.14, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.20, 1.3.23, 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, 2.1.1, 2.1.2, 2.1.3, 2.3.8, 2.3.9, 2.3.12, 2.3.13, 2.3.15, 2.3.16, 2.3.17, 2.3.19, 2.3.23, 2.3.24, 2.3.25, 2.3.27, 2.3.31, 3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.16, 3.3.20, 3.3.21, 5.2.1, 5.3.5, 5.3.10, 5.3.11, 5.3.12, 5.3.14, 5.3.17, 5.3.18, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.25, 5.3.26, 5.3.27, 5.3.28, 5.3.29.

GISB Standards (Version 1.0) 4.3.1, 4.3.2, 4.3.3, 4.3.4

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*FERC Docket: CP92-570-005*

**Original Sheet No. 30** Original Sheet No. 30 : Superseded

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Original Sheet No. 31 Original Sheet No. 31 : Superseded

SCHEDULE A

Form Of  
Releasing Shipper's Form

Shipper \_\_\_\_\_ Shipper # \_\_\_\_\_

Offer # \_\_\_\_\_ Contract # \_\_\_\_\_

\_\_\_\_\_ Permanent or \_\_\_\_\_ Temporary

\_\_\_\_\_ Firm or

\_\_\_\_\_ Interruptible (recall)

\_\_\_\_\_ Primary release or \_\_\_\_\_ Secondary release of

primary contract # \_\_\_\_\_

OFFER: FTS Volume (Dth/day) Delivery Point (Dth/day)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Total \_\_\_\_\_

\_\_\_\_\_

Beginning date: \_\_\_\_\_ Ending date: \_\_\_\_\_

Contingent bids \_\_\_\_ shall be allowed. \_\_\_\_ shall not be allowed.

If contingent bids shall be allowed, please specify the time period after which the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder exercise its option not to take its capacity.

\_\_\_\_\_

Effective Date: 12/01/1993 Status: Effective  
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**Original Sheet No. 32** Original Sheet No. 32 : Superseded

Please specify objective criteria to be used by AW Pipeline to determine the "best bid" if the criteria in AW Pipeline's tariff is not to be used.

\_\_\_\_\_  
\_\_\_\_\_

If Applicable:

Subject to prearranged bid: \_\_\_\_\_ yes\* \_\_\_\_\_ no

Prearranged bidder's name: \_\_\_\_\_

Minimum bid price (demand charge) per Dth: \$ \_\_\_\_\_

Type of recall: \_\_\_\_\_ Specified dates: \_\_\_\_\_

\_\_\_\_\_  
Events: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Prepayment of demand charges required: \_\_\_\_\_ yes \_\_\_\_\_ no

Other minimum conditions: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\* This offer must list all terms of the prearranged bid as the minimum terms.

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**Substitute First Revised Sheet No. 33** Substitute First Revised Sheet No. 33 : Superseded  
Superseding: First Revised Sheet No. 33

SCHEDULE B

Capacity Release Timetable (Central Time)

The Capacity Release timeline set forth herein is applicable to all parties involved in the Capacity Release process; however, it is only applicable if (1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be creditworthy before the capacity release bid is tendered, (2) there are no special terms or conditions of the release, and (3) the releasing Shipper has not specified a different timeline, which in no event shall be shorter than that set forth herein.

Capacity release facilitator shall post offers and bids, including pre-arranged deals, upon receipt, unless releasing shipper requests otherwise. If a releasing shipper requests a posting time, the capacity release service facilitator should support such request insofar as it comports with the standard timeline set forth in this Schedule.

For short-term releases of less than five (5) months, the following timeline shall apply:

1. Offers to release should be tendered by 1:00 pm on the day before nominations for the released capacity are due;
2. The open season shall end no later than 2:00 pm on the day before nominations for the released capacity are due (evaluation period begins at 2:00 pm during which contingency is eliminated, determination of best bid is made, and ties are broken);
3. Evaluation period ends at 3:00 pm and match or award is communicated by 3:00 pm;
4. Any match response must be made by 4:00 pm, and the award will be posted by 5:00 pm;
5. Any prearranged release not subject to bidding shall be posted by 9:00 am on the Day of nominations;
6. Transporter shall tender a contract with a contract number, by 10:00 am, and, the contract will be executed, and the replacement Shipper shall be able to submit a timely nomination for the following Gas Day.

If a release is for a term of five (5) months or more, steps 1 and 2 above shall be replaced by the following:

1. Offers to release shall be tendered by 1:00 pm four Business Days prior to the award for long-term release; and
2. The open season shall end no later than 2:00 pm on

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**Original Sheet No. 33A** Original Sheet No. 33A : Superseded

the day before nominations due. (open season is three Business Days)  
(evaluation period begins at 2:00 pm during which contingency is eliminated,  
determination of best bid is made, and ties are broken).

The above timelines shall only apply to the extent the releasing shipper selects one of the following methodologies for the awarding of capacity: highest rate, net revenue, or present value. If the releasing shipper selects another methodology, Transporter shall use reasonable efforts to process bids on the timeline set forth above, but shall have no liability if it is unable to do so.

For the capacity release business process timing model, only the following methodologies are required to be supported by capacity release service providers and provided to releasing shippers as choices from which they may select and, once chosen, should be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. Other choices of bid evaluation methodology (including other releasing shipper defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of the capacity release service provider. However, the capacity release service provider is not required to offer other choices or similar timeline treatment for other choices, nor, is the capacity releasee service provider held to the timeline should the releasing shipper elect another method of evaluation.

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**Original Sheet No. 34** Original Sheet No. 34 : Superseded

SCHEDULE C

Form Of  
Bidder's Form

Bidder: \_\_\_\_\_ Bidder # \_\_\_\_\_

Bid for: Contract # \_\_\_\_\_ and Offer # \_\_\_\_\_

Beginning Date: \_\_\_\_\_ Ending Date: \_\_\_\_\_

Indicate if you are a prearranged bidder: \_\_\_\_ yes \_\_\_\_ no

Price (demand charge) bid per Dth: \$ \_\_\_\_\_

Is offer for full volume at points offered? \_\_\_\_ yes \_\_\_\_ no

If no, total volume bid on: \_\_\_\_\_ Mcf

FTS Volume (Dth/day)	Delivery Point
_____	_____
_____	_____
_____	_____
_____	_____

Response to other terms of offer:

If this bid is contingent on the outcome of another bid or bids,  
specify the priority to be given to this bid, i.e., first,  
second, etc.: \_\_\_\_\_

For pipeline use only:

Date: \_\_\_\_\_ Time \_\_\_\_\_ Bid # \_\_\_\_\_

Total demand charge revenues \$ \_\_\_\_\_



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**Original Sheet No. 36** Original Sheet No. 36 : Superseded

3. Name of Shipper's contact, address, telephone number and facsimile number through which correspondence for the following should be directed:

Contact For Request:

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Contact For Notices:

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Contact For Invoices:

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4. State the name, address, telephone number and facsimile number of a twenty-four (24) hour contact person for purposes of dispatching gas to and from delivery and receipt points. State whether this person is an employee of Shipper, or, if not, state relationship to Shipper:

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**Original Sheet No. 37** Original Sheet No. 37 : Superseded

5. Type of Service Requested:

- Firm Service (Rate Schedule FTS)
- Interruptible Service (Rate Schedule ITS)
- Subpart B (Section 311)
- Subpart G

If transportation is pursuant to NGPA Section 311, designate the "on behalf of" party:

("On behalf of" letter, if applicable, must be attached to a completed request).

\*6. If Shipper is requesting that AW Pipeline perform service for Shipper acting as agent for another entity, please specify the full legal name of such entity.

\_\_\_\_\_

7. Date service is proposed to commence:

\_\_\_\_\_

Date service is proposed to terminate:

\_\_\_\_\_

8. If additional or new facilities are required to receive or deliver gas for the transportation service requested herein, please provide description of facilities required, location, and requested in-service date.

\_\_\_\_\_

9. The Maximum Daily Quantity to be transported is \_\_\_\_\_ Dth and \_\_\_\_\_ Mcf. The estimated total quantity of gas to be transported during the requested term of service is \_\_\_\_\_ Dth and \_\_\_\_\_ Mcf.

10. Name and description of Receipt Point(s) into AW Pipeline's system and the maximum daily quantities expressed in Dth and Mcf's of gas to be delivered by Shipper for each point. Shipper may indicate Master Receipt Point list (ITS Service Agreement only).

**Original Sheet No. 38** Original Sheet No. 38 : Superseded

(The sum of the maximum quantities above must equal the Maximum Daily Quantity in No. 9 above -- FTS Service Agreement only).

11. Name and description of Delivery Point where AW Pipeline will redeliver the gas:

\_\_\_\_\_

12. The names of those entities delivering gas into AW Pipeline's system and the names of those entities taking gas off AW Pipeline's system:

AW Pipeline Receipt Point(s)	Name/Delivering Entity
_____	_____
_____	_____
_____	_____

AW Pipeline Delivery Point(s)	Name/Taking Entity
_____	_____
_____	_____
_____	_____

- \*13. If Shipper is a "marketing affiliate" of Transporter and is purchasing natural gas, provide the name of producer(s) of the gas, seller (if different from producer), location (i.e., state) of the source(s) of supply, contract quantity, and the effective and termination date(s) of executed Service Agreement(s) between Shipper and seller(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- \*14. If Shipper is selling natural gas, provide the name of purchaser(s) of the gas, contract quantity, and the effective and termination date(s) of executed Service Agreement(s) between Shipper and purchaser(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

15. Credit Evaluation.

Unless Shipper, at the time of submission of the requested service pursuant to Section 3.1 of Transporter's Rate Schedule ITS, has an existing satisfactory credit history with Transporter, Shipper shall submit such information requested by Transporter consistent with the rate schedule applicable to the service requested, sufficient for Transporter to determine Shipper's creditworthiness.

16. Affiliation.

A. Is a marketing affiliate of the Transporter involved in any transaction associated with this request?

YES \_\_\_\_\_ NO \_\_\_\_\_

B. Is requestor affiliated with Transporter?

YES \_\_\_\_\_ NO \_\_\_\_\_

C. Is Shipper affiliated with Transporter?

YES \_\_\_\_\_ NO \_\_\_\_\_

D. Is Gas Supplier affiliated with Transporter?

YES \_\_\_\_\_ NO \_\_\_\_\_

If answer to any question in this section is "Yes," please specify type and extent of affiliation:

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If answer to 16A. is "yes," please indicate whether and by how much the cost of natural gas to be shipped by Transporter exceeds the price to be received by Shipper after deducting costs associated with the transaction, including those incurred for transportation, i.e., whether the gas is being sold for a loss.

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FERC Docket: CP92-570-005

**Original Sheet No. 40** Original Sheet No. 40 : Superseded

Any change to this section at any time must be communicated to Transporter.

Shipper understands that this request form, complete and unrevised as to format, must be received by AW Pipeline before the transportation request will be accepted and processed. Shipper, by its signature, represents to AW Pipeline (1) that the information above is correct and accurate and that all necessary transportation arrangements with the upstream and downstream transporters have been or will be secured prior to the commencement of the requested transportation service and (2) that Shipper will have title to or the right to acquire title to gas to be delivered to AW Pipeline.

Very truly yours,

By \_\_\_\_\_

\* This information is not required at the time of the request but is required at the time Shipper executes the applicable Transportation Service Agreement.

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*FERC Docket: CP92-570-005*

**Original Sheet No. 41** Original Sheet No. 41 : Superseded

NOMINATION FORM

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: CP92-570-005

**Original Sheet No. 42** Original Sheet No. 42 : Superseded

RATE SCHEDULE FTS  
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This FTS Rate Schedule is available for firm transportation service by Arkansas Western Pipeline Company ("Transporter") for any person ("Shipper") provided that (i) Transporter and Shipper have entered into a Firm Transportation Service Agreement(s) (FTS Service Agreement(s)) applicable to the requested Point(s) of Delivery for a term to be set forth in the FTS Service Agreement(s) in the form contained in Transporter's FERC Gas Tariff, and (ii) Shipper meets the creditworthiness criteria set forth in Section 5 of this FTS Rate Schedule. In the event new capacity becomes available due to the construction or acquisition of facilities or the expansion of existing facilities, Transporter shall post such capacity on its telephonic bulletin board (TBB) and shall provide an open season of fifteen (15) days, during which potential Shippers may submit initial requests for firm service.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Transporter shall accept, for the account of Shipper at the Point(s) of Receipt on any day the quantity of natural gas tendered by or for the account of Shipper; provided, however, Transporter shall not be obligated to receive at any Point(s) of Receipt on any day a maximum quantity of natural gas in excess of the applicable Maximum Daily Quantity (MDQ) at such Point of Receipt, nor shall Transporter be obligated to receive at all Point(s) of Receipt a cumulative quantity of natural gas in excess of the MDQ under the FTS agreement plus Fuel Usage and Applicable Shrinkage. Upon receipt of such natural gas for Shipper's account, Transporter shall transport and deliver for the account of Shipper an Equivalent Quantity of natural gas at the Point(s) of Delivery; provided, however, Transporter shall not be obligated to deliver at any Point(s) of Delivery on any day a quantity of natural gas in excess of the applicable MDQ at such Point(s) of Delivery, nor shall Transporter be obligated to deliver at all Point(s) of Delivery a cumulative quantity of natural gas in excess of the applicable MDQ under the FTS Agreement. Transportation hereunder shall be firm and shall

not be subject to curtailment or interruption or discontinuance, except as provided in Section 8 of this Rate Schedule.

- 2.2 a. When new and/or expanded facilities are required to accommodate receipt of gas under this FTS Rate Schedule and Transporter determines that installation of such facilities will be economically beneficial to Transporter or provide increased business opportunities for Transporter and will not impair service to any Shipper or threaten the integrity of Transporter's system, Transporter shall construct such facilities.
- b. Except where (i) Transporter and Shipper mutually agree to share in the cost, or (ii) Transporter agrees to pay for the entire cost, Shipper shall pay for any facilities required to accommodate the receipt of gas under this FTS Rate Schedule.
- c. For purposes of determining whether (i) a project is economically beneficial or will provide increased business opportunities or (ii) Transporter will construct additional facilities, Transporter will evaluate projects on the basis of various economic criteria, which will include verification of the amount of reserves and deliverability characteristics of the gas supply to be attached, the cost of the facilities, operating and maintenance as well as administrative and general expenses attributable to the facilities, the revenues Transporter estimates will be generated as a result of such construction, and the availability of capital funds on terms and conditions acceptable to Transporter. In estimating the revenues to be generated, Transporter will evaluate the existence of capacity limitations downstream of the facilities, the marketability of the gas supplies, the location of the markets for the gas supplies, the interruptible versus the firm nature of the service for the attached gas supplies, and other similar factors which impact whether the available deliverability from the attached gas supplies will actually be transported in a manner that generates incremental benefits to Transporter.
- d. In situations where Shipper is required to pay for the total cost of the new facilities, Shipper's payment for the cost of the new facilities shall include the full

cost of the facilities, the tax burden created by the payment, as well as the tax-on-tax effect generated by such payment.

- e. Transporter shall bill Shipper for reimbursement of additional facilities in accordance with Section 6 of Transporter's General Terms and Conditions.
- f. All facilities installed by Transporter under this Section 2.2 shall be owned and operated by Transporter.

3. RATE

- 3.1 The rate for transportation under this FTS Rate Schedule shall consist of (i) a monthly demand charge, as set forth in Sections 3.2 and 3.3 of this FTS Rate Schedule, (ii) a commodity charge, as set forth in Sections 3.4 and 3.5 of this FTS Rate Schedule, and (iii) an increment for an Annual Charge Adjustment for FERC costs, as set forth in Section 11 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 3.2 For each month, the Monthly Demand Charge payable by Shipper shall, subject to any discount as provided herein, be equal to the applicable Maximum Monthly Demand Rate multiplied by the MDQ as specified in the FTS Service Agreement.
- 3.3 For each month, the commodity charge shall be equal to the Shipper's actual monthly throughput under the applicable FTS Service Agreement multiplied by the maximum commodity rate, as may be reduced by any discount mutually agreed to by Transporter and Shipper.
- 3.4 The obligations and liabilities of Shipper with respect to the demand charges are absolute, irrevocable and unconditional, shall not be subject to any counterclaim, set-off, deduction or defense (other than payment) based on any claim that Shipper may have against Transporter or any other person or entity (whether arising under the FTS Service Agreement or otherwise), and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by any circumstance or condition whatsoever, including, without limitation, force majeure, commercial impracticability, any termination of agreements, any default by Transporter thereunder, any

non-delivery or nonavailability of gas, any bankruptcy, insolvency, reorganization, arrangement, adjustment, composition, liquidation or the like of Transporter or any circumstance or defense of Shipper or any other reason (whether or not Shipper shall have any knowledge or notice thereof).

- 3.5 Transporter may from time to time and at any time adjust, on a nondiscriminatory basis, either the demand charge or commodity charge component of the FTS Transportation Rate to be charged to any Shipper. The Adjusted Demand Charge or Unit Commodity Rate, as appropriate, shall not be less than the currently effective Minimum Demand Charge or Minimum Unit Commodity Rate, as set forth in Transporter's FERC Gas Tariff. Unless otherwise provided in the FTS Service Agreement, Transporter may commence such lower charges at any time on twenty-four (24) hour verbal or written notice and may increase such charge to a level not to exceed the applicable Maximum Demand Charge or Maximum Unit Commodity Rate at any time on twenty-four (24) hours verbal or written notice. Any verbal notice hereunder shall be confirmed in writing by Transporter within forty-eight (48) hours.
- 3.6 If Transporter adjusts the charges to any Shipper under Section 3.5, the Transporter shall file all required reports with the FERC.
- 3.7 Billing and payment procedures applicable to transportation service pursuant to this Rate Schedule are set forth in the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 3.8 In addition to the rates charged for transportation provided under this FTS Rate Schedule, Shipper shall reimburse Transporter:
  - a. For the costs, as determined under Section 2.2 of this FTS Rate Schedule, of facilities installed by Transporter with Shipper's consent to receive, measure, transport and deliver natural gas for the account of Shipper.
  - b. For Fuel Usage and Applicable Shrinkage. Shipper shall tender to Transporter, in addition to volumes for delivery, an additional volume of gas pursuant to Rate Sheet No. 4 of this Tariff, to reimburse Transporter for

the actual volumes of natural gas consumed by Transporter for fuel usage, leakage, blow-down, minor line pack fluctuations, and lost and unaccounted for gas.

- c. For any and all filing fees or other costs incurred which are related to the specific transaction and required in connection with Shipper's FTS Service Agreement.
- d. For all charges incurred for scheduling and/or delivery imbalances, as set forth in Section 6 of this FTS Rate Schedule.

4. DATA REQUIRED FOR VALID REQUESTS FOR FIRM TRANSPORTATION

- 4.1 All Shippers requesting firm transportation service to commence on or after the effective date of this FTS Rate Schedule must provide the information required by Transporter's Service Request Form included in Transporter's General Terms and Conditions in order to qualify for firm transportation service. A request shall be considered valid only if it contains all applicable information requested by Transporter's Service Request Form. All requests for service shall be sent to Transporter at:

Arkansas Western Pipeline Company  
4900 Woodway Drive  
Suite 740  
Houston, Texas 77056  
Attention: Transportation Agent

- 4.2 In addition to containing all the applicable information requested by Transporter's Service Request Form, acceptance of a request for service is subject to the creditworthiness provisions, as set forth in Section 5 of this FTS Rate Schedule.
- 4.3 The date that service is requested to commence shall be no later than 90 days from the date of the request or, if construction of facilities is required by Transporter, the date on which all necessary governmental authorizations are received and construction of any required facilities is completed.
- 4.4 In the event Transporter determines that Shipper's request does not comply with Section 4.1, Transporter shall notify Shipper within ten (10) days of receipt of the original

request of the deficiencies and the additional information or changes required to complete the request. If Shipper's request, as supplemented within fifteen (15) days after such notice, is satisfactory, then Shipper's original request date shall be used for purposes of Transporter's log. If Shipper's request, as supplemented within said fifteen (15) days, remains incomplete and deficient, then Shipper's request shall be deemed null and void.

- 4.5 Transporter will accept reservations for firm transportation service under Rate Schedule FTS, subject to the availability of firm capacity on Transporter's natural gas transmission system for the provision of such service, from Shippers on a first-come, first-served basis with priority given to those Shippers who were first to request such service in accordance with Section 16 of the General Terms and Conditions. To determine the availability of capacity at receipt points or delivery points and whether such capacity is available directly from Transporter or through capacity release on Transporter's natural gas transmission system, a Shipper may consult Transporter's TBB.
- 4.6 An FTS Service Agreement shall be executed by Shipper and Transporter following Transporter's acceptance in writing of Shipper's request for firm transportation. In the event that the FTS Service Agreement is not executed by Shipper within the later of thirty (30) days after Transporter tendered the FTS Service Agreement or the date of Transporter's acceptance in writing of Shipper's request for firm transportation, the FTS Service Agreement and the corresponding transportation request shall be deemed to be null and void.
- 4.7 By executing the FTS Service Agreement, Shipper certifies:
  - a. that Shipper either has title to the gas to be transported by Transporter, a current contractual right to acquire such title, or an existing contract with a person which has title to or a current contractual right to acquire title to the gas to be transported by Transporter;
  - b. that prior to the commencement of service, Shipper has entered or will enter into all necessary third party transportation agreements to transport the gas to the party ultimately receiving the gas; and

- c. if Shipper is requesting service hereunder to be implemented pursuant to section 311 of the Natural Gas Policy Act, that Shipper has or will have prior to the commencement of service certification by a local distribution company or an intrastate pipeline company, as those terms are defined in the Natural Gas Policy Act, on whose behalf the transportation will be performed that the transportation will be "on behalf of" a local distribution company or intrastate pipeline company as that term may be defined by the Commission.

4.8 At the time that an FTS Service Agreement is executed, Shipper shall provide the names of the entities ultimately receiving the gas (except where the Shipper is an IDC, interstate pipeline or intrastate pipeline purchasing the gas for its system supply) and verification that all end users have executed sales contracts to use the transportation service provided for in the FTS Service Agreement.

5. CREDITWORTHINESS

Prior to execution of a Transportation Service Agreement, Shipper shall be required to establish creditworthiness with Transporter. Transporter shall not be required to execute an FTS Service Agreement on behalf of any Shipper who fails to meet Transporter's standard for creditworthiness. Any Shipper failing to meet Transporter's standard for creditworthiness may still receive service under this FTS Rate Schedule if Shipper furnishes, and maintains for the term of the FTS Service Agreement, acceptable to Transporter either (i) a guarantor letter from a creditworthy party acceptable to Transporter, or (ii) the following:

- a. a standby letter of credit from a major bank acceptable to Transporter in an amount equal to the charge for performing the service for Shipper at the contracted MDQ for three months; or
- b. an escrow account for all Shipper's revenues from gas sales associated with the transportation service to cover transportation charges for three months. Transporter shall not be required to initiate firm service under an FTS Service Agreement to a Shipper who becomes insolvent.

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FERC Docket: RP97-187-003

**First Revised Sheet No. 49** First Revised Sheet No. 49 : Superseded  
Superseding: Original Sheet No. 49

6. SCHEDULING OF RECEIPTS AND DELIVERIES

6.1 Shipper shall nominate gas for transportation under this FTS Rate Schedule, on a monthly basis, by notifying Transporter of the daily quantity of gas in Dth's it has available for transportation at each Point of Receipt and of the quantity of gas it desires to have delivered at each Point of Delivery. The total receipt nominations must equal the total Equivalent Quantities to be delivered to Shipper by Transporter at the Point(s) of Delivery (i.e., the total quantity at all Points of Delivery must equal the total quantity at all Points of Receipt less Fuel Usage and Applicable shrinkage), with the exception of quantities nominated to correct an imbalance and the quantities retained by Transporter pursuant to Section 6 of this FTS Rate Schedule.

At a receipt or delivery point, the lesser of rule (confirmed or nominated flow) applies when confirming. If no communication is received, the lesser of the new nomination or previously scheduled quantity applies.

6.2 Nominations for transportation shall be submitted in accordance with the provisions of Section 6 of this FTS Rate Schedule; nominations for authorized overrun service shall be submitted separately. All nominations should include shipper-defined begin dates and end dates. All nominations excluding Intra-day nominations shall have roll-over options. Specifically, shippers will have the ability to nominate for several days, months or years, provided the nomination begin and end dates are within the terms of the shipper's service agreement.

Transporter shall also accept Intra-day nominations. All nominations, including Intra-day nominations, shall be based on daily quantify; thus, an Intra-day nominator need not submit an hourly nomination. Intra-day nominations shall include an effective date and time. The interconnected parties should agree on the hourly flows of the Intra-day nomination, if not otherwise addressed in the applicable service agreement. At least one (1) Intra-day nomination can be submitted 4 hours prior to gas flow. Intra-day nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas. Except where specified in other sections herein, all nomination procedures that apply to regular nominations also apply to Intra-day nominations. This means that the process (excluding timelines) of quick response, confirming with upstream and downstream parties, and scheduling, also applies to Intra-day nominations. Intra-day nominations do not rollover (ie. Intra-day nominations span one day only). Intra-day nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if an Intra-day nomination modifies an existing nomination.

**Original Sheet No. 49A** Original Sheet No. 49A : Superseded

- 6.3 All nominations will be confirmed by Transporter. Nominations will not be deemed to be effective until such confirmation is made.
- 6.4 The scheduled service specified in the Shipper Nomination Form shall be effective commencing at 9:00 a.m. CCT on the beginning day and terminating at 9:00 a.m. CCT on the ending day, provided that the requested time period is wholly within the term of the applicable service agreement pursuant to which the nomination is submitted. The standard nominations timeline should be as follows: 11:30 am for nominations leaving control of the nominating party; 11:45 am for receipt of nominations by Transporter; noon for quick response; 3:30 pm for receipt of complete confirmations by Transporter from upstream and downstream connected parties; 4:30 pm for receipt of scheduled quantities by shipper and point operator (CCT on the day prior to flow). In addition to making scheduled quantities information available by 4:30 pm, at the end of each day Transporter shall also make available information containing scheduled quantities, including scheduled intra-day nominations and any other scheduling changes.

The nominating party should adhere to nomination, confirmation, and scheduling deadlines. It is the Transporter receiving the request who has the right to waive the deadline.

Nominations received after the deadline will be scheduled after the nominations received before the nominations deadline. At least one (1) Intra-day Nomination can be submitted per Day four (4) hours prior to gas flow. The sending party shall adhere to nomination, confirmation, and scheduling deadlines.

- 6.5 Based upon the daily quantity scheduled to be received by Transporter and such information as Transporter has available concerning the quantity actually received, Transporter shall make daily delivery of Shipper's Equivalent Quantity after making scheduled adjustments for any prior imbalance in deliveries. Transporter shall not be obligated to receive or deliver gas in excess of the quantities scheduled by Shipper. If on any day Shipper delivers to Transporter at the Receipt Point(s) quantities which are in excess of or deficient by the greater of 50 Dth's or ten percent of the transportation quantities scheduled by Shipper, Shipper shall have forty-eight hours after notification by Transporter or such lesser period of time as reasonably required by Transporter to protect the integrity of its system, to initiate corrective action. In the event Shipper fails to initiate the corrective action mutually agreed upon by the Shipper and Transporter's gas dispatchers within the period provided, Transporter shall charge Shipper a penalty that equals the maximum interruptible transportation rate for service provided under Rate Schedule ITS per Dth multiplied by the excess quantity in the event of an over-delivery or an under-delivery.
- 6.6 Revenue collected by Transporter for scheduling and imbalance penalties assessed against Shippers that are affiliated with Transporter shall be refunded to all Shippers that are not affiliated with Transporter.
- 6.7 It shall be the responsibility of the Shipper to control and, if necessary, adjust deliveries of gas to Transporter and receipts of transportation gas from Transporter in order to maintain a daily balance of receipts and deliveries. It is the intention of Transporter that daily deliveries of natural gas by Transporter to Shipper hereunder shall be approximately equal to daily receipts of natural gas by Transporter from Shipper hereunder, less Fuel Usage and Applicable Shrinkage. However due to variations in operating conditions, daily and monthly deliveries hereunder by Transporter may be greater or less than corresponding receipts of natural gas hereunder by Transporter for transportation less Fuel Usage and Applicable Shrinkage. Transporter will monitor, to the best of its ability, receipts and deliveries for each transportation transaction and, based upon information available, advise the Shipper of any imbalance situation which has occurred or which may occur unless corrective action is taken. Upon notification,

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**First Revised Sheet No. 51** First Revised Sheet No. 51 : Superseded  
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Shipper shall be obligated to adjust receipts and deliveries of gas to correct or avoid any imbalance. Any adjustments to receipts and deliveries by Shipper, whether or not pursuant to notification from Transporter, shall be coordinated with Transporter's gas dispatchers.

If Shipper fails to maintain a balance of receipts and deliveries, Transporter shall impose the imbalance charges, as applicable. No imbalance penalty shall be assessed unless Transporter has notified Shipper that an imbalance has occurred or will occur without corrective action and Shipper has failed to take action in coordination with Transporter's gas dispatchers. However, Transporter will not assess both scheduling penalties and monthly imbalance penalties for imbalances occurring in any month. Further, Transporter will not assess penalties in the event Shipper's failure to take corrective action is due to force majeure conditions, as defined in Section 8 of this FTS Rate Schedule, other than temporary failure of gas supply due to factors other than physical impairment of facilities. In calculating imbalances, Transporter shall take into consideration (1) quantities retained for Fuel and Applicable Shrinkage and (2) make-up quantities used pursuant to Transporter's notification to correct any excess or deficiency in receipt and deliveries.

- a. At least seven days prior to the end of each month, Transporter shall notify Shipper if it appears that deliveries to Transporter at the Receipt Point(s) will be in excess of or deficient by five percent or more of the transportation quantities delivered to Shipper at the Delivery Point(s). Any appropriate corrective action shall reduce the imbalance to the tolerance level (i.e., five percent (5%)). In the event Shipper fails to agree upon the appropriate corrective action to be implemented with Transporter's gas dispatchers within two Business Days after notification, and/or fails to implement the corrective action agreed upon, Transporter shall, in the event of over-deliveries, not retain the gas, but shall charge Shipper a penalty equal to \$2.00 per Dth multiplied by the excess quantity. In the event of under-deliveries, Transporter shall charge Shipper a penalty equal to \$2.00 per Dth plus the actual replacement cost multiplied by the deficiency quantity; provided, however, that actual replacement cost shall not be higher than one hundred twenty-five percent

(125%) of the most recent spot market average price for natural gas delivered to Arkla Energy Resources' transmission facilities, as is reported by Gas Daily, plus all costs incurred to transport the gas to Transporter. The appropriate corrective action, if required of Shipper, shall include forty-five (45) days to eliminate any imbalance. Imbalances for any month that become apparent after the time for notice has expired shall be considered as an imbalance for the month following the month in which the imbalance became apparent. Any penalty under this Section 6.7 or Section 6.5 above shall be assessed only on those volumes over the five percent (5%) tolerance level.

- b. Unauthorized deliveries are deliveries of gas made to Transporter at the Receipt Point(s) prior to the execution of an FTS Service Agreement or submission of the Nomination Form provided in Transporter's General Terms and Conditions. Except in those circumstances in which the integrity of the Transporter's system is threatened, Transporter shall provide Shipper with prompt notification (either by telephone or by facsimile) of such unauthorized deliveries, and Shipper shall have twenty-four (24) hours after said notification to initiate corrective action. If Shipper has not initiated such corrective action within such twenty-four hour period, Transporter shall assess a penalty equal to \$5.00 per Dth multiplied by the unauthorized deliveries. Where system integrity is threatened, Transporter shall have the right to take such action as is necessary to terminate such deliveries without any liability to Transporter.
- c. Following the termination of the FTS Service Agreement, Shipper shall be required to correct any remaining imbalances within thirty (30) days after the determination by Transporter that an imbalance exists, or within such longer period of time mutually agreed upon by Shipper and Transporter. If, after the balancing period, Transporter determines that Shipper received from Transporter quantities in excess of the quantities delivered to Transporter by Shipper at the Receipt Point(s), Transporter shall charge Shipper a penalty equal to \$2.00 per Dth plus the actual replacement cost multiplied by such deficiency quantity at the Receipt Point(s); provided, however, that actual

replacement cost shall not be higher than one hundred twenty-five percent (125%) of the most recent spot market average price for natural gas delivered to Arkla Energy Resources' transmission facilities as is reported by Gas Daily, plus all costs incurred to transport the gas to Transporter. If, after the balancing period, Transporter determines that Shipper received from Transporter quantities that were less than the quantities delivered to Transporter by Shipper at the Receipt Point(s), Transporter shall, at its option, retain such over-deliveries at the Receipt Point(s) free and clear of any adverse claims of any party or, shall charge Shipper a penalty equal to \$2.00/Dth multiplied by the excess quantity. Transporter has the right to remove excess gas from its system in any manner deemed appropriate; provided however, that Transporter will select methods to remove such excess gas on a non-discriminatory basis; provided, further, that for the final month of service Transporter shall not charge a Shipper an imbalance penalty under both subsection (a) and (c) of this Section.

- 6.8 Transporter agrees that, if requested by a Shipper, it will negotiate with an entity that operates the facilities interconnecting with Transporter at a Receipt Point or Delivery Point (Balance Operator) in a good faith effort to reach an agreement to deal with imbalances at the Receipt Points or Delivery Points specified, subject to the following conditions:
- a. Such agreement must set out a mutually agreeable procedure for dealing, as between Transporter and Balance Operator, with any difference between confirmed nominations and actual physical gas flow caused by operational conditions, so that any such discrepancy does not affect any Shipper;
  - b. The Balance Operator must meet the same creditworthiness standards as Shipper;
  - c. Transporter 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 Transporter'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 Service Agreement.

- d. A Form of Operational Balancing Agreement, the terms of which are subject to negotiation is included in this tariff.

- 6.9 Nothing in this Section 6 shall limit Transporter's right to take actions that are required in order to alleviate conditions which threaten the integrity of Transporter's system, to maintain pipeline operations at the pressures required to provide an efficient and reliable firm transportation service, to have adequate gas supplies in the system to deliver on demand (including injection of gas into the mainline and providing line pack) to maintain service to all firm Shippers. Transporter shall have the right to waive the provisions of this Section 6; provided, however, that any such waivers granted by Transporter shall be granted, on a basis which is not unduly discriminatory, to all similarly situated Shippers under like circumstances.

7. POINTS OF RECEIPT AND DELIVERY

- 7.1 The Point or Points of Receipt under this FTS Rate Schedule shall be at such points as may be agreed to by the parties as set forth in executed FTS Service Agreements between Transporter and Shipper and authorized by FERC where Shipper shall deliver, or cause to be delivered, natural gas to Transporter for transportation service. Shipper shall have the right to adjust capacity nominations or MDQ at existing Point(s) of Receipt or deliver gas into Point(s) of Receipt not originally set forth in the executed FTS Service Agreements; provided, however, that in order to provide service at such adjusted or additional Point(s) of Receipt, Transporter shall not be required to interrupt or curtail firm transportation services already being provided by Transporter to other Shippers at such adjusted or additional Point(s) of Receipt. Any new Point(s) of Receipt agreed to by the parties pursuant to this Section shall be added to the executed FTS Service Agreements.
- 7.2 The Point or Points of Delivery under this FTS Rate Schedule shall be the points where Transporter shall deliver natural gas to or for the account of Shippers after transportation

and shall be at such points as may be agreed to by the parties as set forth in executed FTS Service Agreements between Transporter and Shippers and authorized by FERC.

- 7.3 Each Point of Receipt and each Point of Delivery specified by a Shipper requesting firm transportation shall be considered as Primary Points of Receipt and Primary Points of Delivery for firm transportation service.
- 7.4 All Points of Receipt and Delivery on Transporter's system, including Primary Points of Receipt or Primary Points of Delivery -- where capacity exists (pursuant to the allocation methodology provided in section 16 of the General Terms and Conditions of this tariff) in excess of capacity allocated to provide Primary Point of Receipt or Primary Point of Delivery firm transportation service -- will be available as Alternate Points of Receipt or Alternate Points of Delivery. Transporter shall not limit the number of Primary and Alternate Points of Receipt or Delivery which a firm Shipper may request to utilize.

8. FORCE MAJEURE

- 8.1 If by reason of force majeure either Transporter or Shipper is rendered unable, wholly or in part, to carry out its obligations under an executed FTS Service Agreement, other than to make payments when due, and if such party gives notice in the form set forth in an executed FTS Service Agreement and reasonably fulfill particulars of such force majeure condition within a reasonable time after the occurrence of the cause relied on, the party giving such notice, so far as and to the extent that it is affected by such force majeure, shall be excused from performance under the FTS Service Agreement; provided, however, such force majeure condition shall be remedied with all reasonable dispatch; provided further, however, that Shipper shall not be excused from payment of the Monthly Demand Charge, as set forth in Section 3.3 of this FTS Rate Schedule, as a result of a force majeure condition. Settlement of labor difficulties shall be strictly within the discretion of the party having the difficulty.
- 8.2 Without limitation by this recital, "force majeure" shall include acts of God; acts of a public enemy; fires; necessity for compliance with any court order, law, regulation or ordinance of authorities having jurisdiction, either federal

or state, civil or military; civil disturbances, shutdowns for purposes of necessary repairs, relocation, or construction of facilities; breakage or accident to machinery or lines of pipe; the necessity for testing (as required by governmental authority or as deemed necessary by the testing party for the safe operation thereof); the necessity of making repairs or alterations to machinery or lines of pipe; failure of surface equipment of pipelines; inability of either party hereto to obtain necessary material, supplies, or permits, or labor to perform or comply with any obligations or conditions of this FTS Rate Schedule or an executed FTS Service Agreement; inability to obtain rights-of-way; and any other causes, whether of the kind herein recited or not, which are not reasonably in the control of the party claiming suspension.

- 8.3 Service under this FTS Rate Schedule may be interrupted or curtailed for reasons of force majeure or due to any other scheduled routine, repair, and maintenance to be reasonably determined by Transporter. Without limitation of the foregoing, Transporter shall have the right to equitably reduce receipts or deliveries of natural gas on any day below the Shipper's MDQ to permit maintenance, repair, overhaul, replacement, or construction of pipelines, compressors, metering, regulating, or other production, gathering, and transmission facilities and equipment or due to facility maintenance or freeze offs.
- 8.4 In the event on any day Transporter is unable to receive for transportation the total MDQ of any Shipper receiving service under this FTS Rate Schedule due to reasons of force majeure or any other operational consideration to be reasonably determined by Transporter, then the system capacity which is available for transportation shall be allocated pro rata based on each Shipper's MDQ.

9. RECEIPT AND DELIVERY PRESSURE

Transporter shall not be obligated to deliver natural gas at the Point(s) of Delivery at a pressure in excess of the delivery pressure specified in the FTS Service Agreement. Transporter shall not be obligated to reduce the existing level of pressure at any Point(s) of Receipt in order to effectuate receipt of natural gas.

10. LAWS AND REGULATIONS

This FTS Rate Schedule and the executed FTS Service Agreement and the obligations of the parties hereunder are subject to all present and future valid laws with respect to the subject matter hereof, either State or Federal, and to all valid present or future decisions, orders, rules and regulations of all duly constituted governmental authorities having jurisdiction. The service provided under this FTS Rate Schedule is implemented pursuant to Transporter's blanket certificate issued pursuant to Section 7(c) of the Natural Gas Act.

11. ASSIGNMENTS

Either Transporter, Shipper or both may assign or pledge the executed FTS Service Agreement under the provisions of any mortgage, deed of trust, indenture, or similar instrument which it has executed or may execute covering substantially all of its properties; otherwise neither party may assign the executed FTS Service Agreement, in whole or in part, or any of its rights hereunder, unless it first shall have obtained the written consent of the other party.

12. GOVERNMENTAL APPROVALS

12.1 Transporter and Shipper shall diligently proceed to file applications with the FERC and other governmental authorities for all authorizations necessary to carry out their obligations under this FTS Rate Schedule and the executed FTS Service Agreement.

12.2 Transporter's and Shipper's obligations under this FTS Rate Schedule and the executed FTS Service Agreement are conditioned upon each party obtaining from governmental authorities all necessary authorizations in form and substance satisfactory to the party applying therefor. Neither party shall be required to accept any authorization which, in the sole judgment of the party applying for same, contravenes or nullifies any provision of the executed FTS Service Agreement or is otherwise unacceptable to that party. Upon acceptance by Transporter and Shipper of all regulatory authorizations required to perform the transactions covered hereby, Transporter and Shipper shall proceed with diligence to construct or cause to be constructed all facilities needed

to carry out the provisions of the executed FTS Service Agreement.

13. OTHER OPERATING CONDITIONS

- 13.1 Shipper shall make all necessary arrangements with other parties at or upstream of the Point(s) of Receipt where it tenders gas to Transporter for transportation, and such arrangements must be compatible with Transporter's pipeline operations. Such arrangements shall be coordinated with Transporter's dispatchers.
- 13.2 Transporter shall not be required to perform service under this FTS Rate Schedule in the event all facilities necessary to render the requested service are not in existence at the time the request is made.
- 13.3 Subject to the requirements of Section 7 of the Natural Gas Act, Transporter shall not be required to perform or to continue to perform service under this FTS Rate Schedule on behalf of any Shipper that has applied for bankruptcy under any provision of the Bankruptcy Code or on behalf of any Shipper who, at Transporter's discretion, fails to demonstrate minimal creditworthiness.
- 13.4 Subject to the receipt of all necessary regulatory authorization, Transporter shall not be required to perform service under this FTS Rate Schedule on behalf of any Shipper that fails to comply with any and all of the terms of this FTS Rate Schedule and with the terms of Shipper's FTS Service Agreement with Transporter; provided, however, Transporter shall give Shipper at least 15 days advance written notice during which Shipper has an opportunity to come into compliance before Transporter exercises its rights to seek all necessary regulatory authorization.
- 13.5 From the time the natural gas is received by Transporter at the Point(s) of Receipt, Transporter shall have the unqualified right to commingle such natural gas with other gas in Transporter's pipeline system.

14. MEASUREMENT

Transporter shall arrange for or shall install, operate and maintain at or near Point(s) of Receipt and Point(s) of Delivery measuring equipment which shall meet the qualifications set out

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in Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff of which this FTS Rate Schedule is a part. The provisions of Section 3 of the said General Terms and Conditions shall apply to Transporter's measuring equipment hereunder except that, in lieu of a recording calorimeter, Transporter may determine the heating value of natural gas transported hereunder on the basis of samples taken at periodic intervals.

15. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of Transporter's FERC Gas Tariff are made a part hereof; provided, however, that to the extent that such terms and conditions are inconsistent with any provision herein, the terms and conditions of this FTS Rate Schedule shall control. To the extent that any provision of the FTS Service Agreement conflicts with the terms and conditions of Transporter's FERC Gas Tariff, the terms and conditions of the tariff shall control.

RATE SCHEDULE ITS  
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This ITS Rate Schedule is available for interruptible transportation service on the basis of available capacity and priority of application for interruptible transportation of natural gas by Arkansas Western Pipeline Company (hereinafter called Transporter) for any person (hereinafter called Shipper) provided that (i) capacity is available on Transporter's system or part thereof; (ii) Shipper makes a valid request as defined in Section 3, hereof; and (iii) Transporter and Shipper have entered into a Transportation Service Agreement(s) applicable to the requested Point of Delivery for a term to be set forth in the Agreement(s), in the form contained in Transporter's FERC Gas Tariff. In the event new capacity becomes available due to the construction or acquisition of facilities or the expansion of existing facilities, Transporter shall post such capacity on its telephonic bulletin board ("TBB") and shall provide an open season of fifteen (15) days, during which potential Shippers may submit initial requests for interruptible service.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Transporter shall accept, on an interruptible basis, for the account of Shipper at the Point(s) of Receipt on any day the quantity of natural gas tendered by or for the account of Shipper; provided, however, Transporter shall not be obligated to receive at any Point(s) of Receipt on any day a maximum quantity of natural gas in excess of the applicable Maximum Daily Quantity (MDQ) at such Point of Receipt, nor shall Transporter be obligated to receive at all Points of Receipt a cumulative quantity of natural gas in excess of the MDQ under the ITS Service Agreement plus Fuel Usage and Applicable Shrinkage without the consent of Transporter. Upon receipt of such natural gas for Shipper's account, Transporter shall transport and deliver for the account of Shipper an Equivalent Quantity of natural gas at the Point(s) of Delivery; provided, however, Transporter shall not be obligated to deliver at any Point(s) of Delivery on any day a quantity of natural gas in excess of the applicable MDQ

at such Point(s) of Delivery, nor shall Transporter be obligated to deliver at all Points of Delivery a cumulative quantity of gas in excess of the applicable MDQ under the ITS Service Agreement.

- 2.2 a. Transporter shall make available for service hereunder any capacity which, at any time, it has available on an interruptible basis throughout the year (or any portion of the year to which service is limited under the ITS Service Agreement).
  - b. Relative Priority of Service -- Service hereunder shall be subject to and subordinate in all respects to Transporter's firm transportation services as described in Section 16 of the General Terms and Conditions. Nothing herein shall require Transporter to interrupt or curtail any service hereunder, if such interruption or curtailment would either not alleviate or would exacerbate interruption or curtailment of an equivalent or higher priority service.
- 2.3 a. When new and/or expanded facilities are required to accommodate receipt of gas under this ITS Rate Schedule and Transporter determines that installation of such facilities will be economically beneficial to Transporter or provide increased business opportunities for Transporter and will not impair service to any Shipper or threaten the integrity of Transporter's system, Transporter shall construct such facilities.
  - b. Except (i) where Transporter and Shipper mutually agree to share in the cost, or (ii) where Transporter agrees to pay for the entire cost, Shipper shall pay for any facilities required to accommodate the receipt of gas under this ITS Rate Schedule. Transporter's determination to pay for all or a portion of such costs shall be based on whether such facilities will be economically beneficial to Transporter.
  - c. For purposes of determining whether (i) a project is economically beneficial or will provide increased business opportunities or (ii) Transporter will construct additional facilities, Transporter will evaluate projects on the basis of various economic criteria, which will include verification of the amount

of reserves and deliverability characteristics of the gas supply to be attached, the cost of the facilities, operating and maintenance as well as administrative and general expenses attributable to the facilities, the revenues Transporter estimates will be generated as a result of such construction, and the availability of capital funds on terms and conditions acceptable to Transporter. In estimating the revenues to be generated, Transporter will evaluate the existence of capacity limitations downstream of the facilities, the marketability of the gas supplies, the location of the markets for the gas supplies, the interruptible versus the firm nature of the service for the attached gas supplies, and other similar factors which impact whether the available deliverability from the attached gas supplies will actually be transported in a manner that generates incremental benefits to Transporter.

- d. All facilities installed by Transporter under this Section 2.4 shall be owned and operated by Transporter.

3. DATA REQUIRED FOR VALID REQUEST FOR INTERRUPTIBLE TRANSPORTATION

- 3.1 All Shippers requesting interruptible transportation service to commence on or after the effective date of this ITS Rate Schedule must provide the information required by Transporter's Service Request Form included in Transporter's General Terms and Conditions in order to qualify for interruptible transportation service. All such requests shall be sent to Transporter at:

Arkansas Western Pipeline Company  
4900 Woodway Drive  
Suite 740  
Houston, Texas 77056  
Attention: Transportation Agent

A Request shall be considered valid only if it contains all applicable information requested by Transporter's Service Request Form.

- 3.2 The date that service is requested to commence shall be no later than ninety (90) days from the date of the request or, if construction of facilities is required, the date on which all necessary governmental authorizations are received and construction of any required facilities is completed.

**First Revised Sheet No. 63** First Revised Sheet No. 63 : Superseded  
Superseding: Original Sheet No. 63

- 3.3 By executing the ITS Service Agreement, Shipper certifies:
- a. that Shipper either has title to the gas to be transported by Transporter, a current contractual right to acquire such title, or an existing contract with a person which has title to or a current contractual right to acquire title to the gas to be transported by Transporter;
  - b. that prior to the commencement of service, Shipper has entered or will enter into all necessary third party transportation agreements to transport the gas to the party ultimately receiving the gas; and
  - c. if Shipper is requesting service hereunder to be implemented pursuant to section 311 of the Natural Gas Policy Act, that Shipper has or will have prior to the commencement of service certification by a local distribution company or an intrastate pipeline company, as those terms are defined in the Natural Gas Policy Act, on whose behalf the transportation will be performed that the transportation will be "on behalf of" a local distribution company or intrastate pipeline company as that term may be defined by the Commission.
- 3.4 Transporter will accept requests for interruptible transportation service under Rate Schedule ITS, subject to the availability of interruptible capacity on Transporter's natural gas transmission system for the provision of such service, from Shippers on a first-come, first-served basis with priority given to those Shippers who were first to request such service in accordance with Section 2.2 hereof. To determine the availability of capacity at receipt points, on each pipeline segment, at delivery points, and whether such capacity is available directly from Transporter or through capacity release on Transporter's natural gas transmission system, a Shipper may consult Transporter's Electronic Bulletin Board.
- 3.5 Any requests for interruptible transportation service received by Transporter within ten (10) Business Days of the date on which Transporter announces that Transporter is accepting requests for transportation service hereunder, shall, if such request was complete and in compliance with Section 3.1, be deemed to have been received by Transporter simultaneously, and shall have the same priority of service for purposes of scheduling transportation or curtailment of

transportation at the Point(s) of Receipt and Delivery specified in the request as any other valid transportation request received in said ten (10) day period.

- 3.6 In the event Transporter determines that Shipper's request does not comply with Section 3.1, Transporter shall notify Shipper within ten (10) days of receipt of the original request of the deficiencies and the additional information or changes required to complete the request. If Shippers request, as supplemented within fifteen (15) days after such notice, is satisfactory, then Shipper's original request date shall be used for purposes of Transporter's log and for purposes of determining Shipper's relative priority on a first-come, first-served basis. If Shipper's request, as supplemented within said fifteen (15) days, remains incomplete and deficient, then Shipper's request shall be deemed null and void.
- 3.7 An ITS Service Agreement shall be executed by Shipper and Transporter following Transporter's acceptance in writing of Shipper's request for interruptible transportation. In the event that the ITS Service Agreement is not executed by Shipper within the later of thirty (30) days after Transporter tendered the ITS Service Agreement or the date of Transporter's acceptance in writing of Shipper's request for interruptible transportation, the ITS Service Agreement and the corresponding transportation request shall be deemed to be null and void.
- 3.8 At the time that an ITS Service Agreement is executed, Shipper shall provide the names of the entities ultimately receiving the gas (except where the Shipper is an LDC, interstate pipeline or intrastate pipeline purchasing the gas for its system supply) and verification that all end users have executed sales contracts to use the transportation service provided for in the ITS Service Agreement.
- 3.9 A Shipper's Priority Date for purpose of scheduling pursuant to Section 5 of this ITS Rate Schedule shall be the date on which Transporter receives a valid request for service pursuant to this Section 3.
- 3.10 Subsequent requests for changes or additions to an executed ITS Service Agreement shall affect the Shipper's Priority Date as follows:

- a. Requests for additional receipt points or changes in the entity ultimately receiving the gas to be transported pursuant to this Section 3 shall not affect the Priority Date of an executed ITS Service Agreement as set forth above.
- b. Requests for an additional Delivery Point and/or any incremental increase in the MDQ at a Delivery Point pursuant to this Section 3 shall require a new request for interruptible transportation service setting forth such additional Delivery Point and/or incremental volume; provided, however, Transporter may waive this provision on a non-discriminatory basis in the event Transporter constructs a new Delivery Point to effectuate deliveries hereunder to Shipper and Shipper elects to transfer all or a portion of the Maximum Daily Quantity set forth in Shipper's executed ITS Service Agreement for existing Delivery Point(s) thereunder to the new Delivery Point, and only if the transportation service to be provided by Transporter is otherwise identical to the service being provided under such ITS Service Agreement.
- c. Extension(s) of the term of an ITS Service Agreement pursuant to an evergreen provision contained thereunder shall not affect the Priority Date of such ITS Service Agreement.

4. RATE

- 4.1 The rate to be charged by Transporter for all natural gas delivered to Shipper under this ITS Rate Schedule shall be rates not in excess of the Maximum Rate nor less than the Minimum Rate. The currently effective Maximum and Minimum ITS Rates are set forth on the Schedule of Rates for Transportation of Natural Gas and Other Related Services of Transporter's FERC Gas Tariff, of which this ITS Rate Schedule is part and is hereby incorporated herein. Transporter shall not be required to provide any requested transportation service if Shipper is unwilling to pay the Maximum ITS Rate applicable to service under this ITS Rate Schedule.
- 4.2 Unless Transporter notifies Shipper to the contrary, the applicable rate shall be the Maximum ITS Rate. Transporter may from time to time and at any time selectively adjust, on

a non-discriminatory basis, the rate to be charged to any Shipper. Any adjusted rate shall not exceed the currently effective Maximum ITS Rate nor be less than the currently effective Minimum ITS Rate. If Transporter adjusts the rates charged to any Shipper under this Section 4.2, Transporter shall file all required reports with the Federal Energy Regulatory Commission.

4.3 Billing and payment procedures applicable to transportation service pursuant to this Rate Schedule are set forth in Section 6 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

4.4 Shipper shall reimburse Transporter:

- a. For the costs, as determined under Section 2.4 of this ITS Rate Schedule, of facilities installed by Transporter with Shipper's consent to receive, measure, transport and deliver natural gas for the account of Shipper.
- b. For Fuel Usage and Applicable Shrinkage pursuant to Rate Sheet No. 4 of this Tariff.
- c. For any and all filing fees or other costs incurred which are related to the specific transaction and required in connection with Shipper's Agreement.
- d. For all charges incurred for scheduling and/or delivery imbalances, as set forth in Section 5 of this ITS Rate Schedule.

5. SCHEDULING OF RECEIPTS AND DELIVERIES

5.1 Shipper shall nominate gas for transportation under this ITS Rate Schedule, on a monthly basis, by notifying Transporter of the daily quantity of gas in Dth's it has available for transportation at each Point of Receipt and of the quantity of gas it desires to have delivered at each such Point of Delivery. The total receipt nominations must equal the total Equivalent Quantities to be delivered to Shipper by Transporter at the Point(s) of Delivery, (i.e., the total quantity at all Points of Delivery must equal the total quantity at all Points of Receipt less Fuel Usage and Applicable Shrinkage), with the exception of quantities

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nominate to correct an imbalance and the quantities retained by Transporter pursuant to Section 4 of this ITS Rate Schedule. All nominations should include shipper-defined begin dates and end dates. All nominations excluding Intra-day nominations shall have roll-over options. Specifically, shippers will have the ability to nominate for several days, months or years, provided the nomination begin and end dates are within the terms of the shipper's service agreement.

At a receipt or delivery point, the lesser of rule (confirmed or nominated flow) applies when confirming. If no communication is received, the lesser of the new nomination or previously scheduled quantity applies.

- 5.2 The standard nominations timeline should be as follows: 11:30 am for nominations leaving control of the nominating party; 11:45 am for receipt of nominations by Transporter; noon for quick response; 3:30 pm for receipt of complete confirmations by Transporter from upstream and downstream connected parties; 4:30 pm for receipt of scheduled quantities by shipper and point operator (CCT on the day prior to flow). In addition to making scheduled quantities information available by 4:30 pm, at the end of each day Transporter shall also make available information containing scheduled quantities, including scheduled intra-day nominations and any other scheduling changes.

Transporter shall also accept Intra-day nominations. All nominations, including Intra-day nominations, shall be based on daily quantify; thus, an Intra-day nominator need not submit an hourly nomination. Intra-day nominations shall include an effective date and time. The interconnected parties should agree on the hourly flows of the Intra-day nomination, in not otherwise addressed in the applicable service agreement. At least one (1) Intra-day nomination can be submitted 4 hours prior to gas flow. Intra-day nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas. Except where specified in other sections herein, all nomination procedures that apply to regular nominations also apply to Intra-day nominations. This means that the process (excluding timelines) of quick response, confirming with upstream and downstream parties, and scheduling, also applies to Intra-day nominations. Intra-day nominations do not rollover (ie. Intra-day nominations span one day only). Intra-day nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if an Intra-day nomination modifies an existing nomination.

The nominating party should adhere to nomination, confirmation, and scheduling deadlines. It is the Transporter receiving the request who has the right to waive the deadline.

Effective Date: 06/01/1997 Status: Effective  
FERC Docket: RP97-187-003

**Original Sheet No. 67A** Original Sheet No. 67A : Superseded

- 5.3 All nominations will be confirmed by Transporter. Nominations will not be deemed to be effective until such confirmation is made.
- 5.4 Shipper must notify Transporter in writing no less than forty-eight (48) hours before the date that Shipper wishes such changes to be effective. Shipper shall submit such requested changes in the form required by Transporter's General Terms and Conditions. Such requested changes shall not be deemed to be effective until Shipper has received from Transporter confirmation of the requested change.
- 5.5 Based upon the daily quantity scheduled to be received by Transporter and such information as Transporter has available concerning the quantity actually received, Transporter shall make daily delivery of Shipper's Equivalent Quantity after making adjustments for any prior imbalance in deliveries. Transporter shall not be obligated to receive or deliver gas in excess of the quantities scheduled by Shipper, nor shall Transporter be obligated to deliver to Shipper at the Delivery Point(s) transportation quantities in excess of the quantities scheduled by Shipper. If on any day Shipper delivers to Transporter at the Receipt Point(s) quantities which are in excess of or deficient by the greater of 50 Dth's or ten percent of the transportation quantities scheduled by Shipper, Shipper shall have forty-eight (48) hours after notification by Transporter or such lesser period

of the integrity of its system, to initiate corrective action. In the event Shipper fails to initiate the corrective action mutually agreed upon by the Shipper and Transporter's gas dispatchers within the period provided, Transporter shall charge Shipper a penalty that equals the maximum interruptible transportation rate for service provided under Rate Schedule ITS per Dth multiplied by the excess quantity in the event of over-deliveries or under-deliveries.

- 5.6 It shall be the responsibility of the Shipper to control and, if necessary, adjust deliveries of gas to Transporter and receipts of transportation gas from Transporter in order to maintain a daily balance of receipts and deliveries. It is the intention of Transporter that daily deliveries of natural gas by Transporter to Shipper hereunder shall be approximately equal to daily receipts of natural gas by Transporter from Shipper hereunder, less Fuel Usage and Applicable Shrinkage. However, due to variations in operating conditions, daily and monthly deliveries hereunder by Transporter may be greater or less than corresponding receipts of natural gas hereunder by Transporter for transportation, less Fuel Usage and Applicable Shrinkage. Transporter will monitor, to the best of its ability, receipts and deliveries for each transportation transaction and, based upon information available, advise the Shipper of any imbalance situation which has occurred or which may occur unless corrective action is taken. Upon notification, Shipper shall be obligated to adjust receipts and deliveries of gas to correct or avoid any imbalance. Any adjustments to receipts and deliveries by Shipper, whether or not pursuant to notification from Transporter, shall be coordinated with Transporter's gas dispatchers.

If Shipper fails to maintain a balance of receipts and deliveries, Transporter shall impose the imbalance charges, as applicable. Except with respect to the imbalance penalty provided in (b) below, however, no imbalance penalty shall be assessed unless Transporter has notified Shipper that an imbalance has occurred or will occur without corrective action and Shipper has failed to take action in coordination with Transporter's gas dispatchers. However, Transporter will not assess both daily and monthly imbalance penalties for imbalances occurring in any month; further, Transporter will not assess imbalance penalties in the event Shipper's failure to take corrective action is

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FERC Docket: RP97-187-003

**First Revised Sheet No. 69** First Revised Sheet No. 69 : Superseded  
Superseding: Original Sheet No. 69

due to force majeure conditions, as defined in Section 8 of this ITS Rate Schedule, other than temporary failure of gas supply due to factors other than physical impairment of facilities. In calculating imbalances, Transporter shall take into consideration (1) quantities retained for Fuel and Applicable Shrinkage and (2) make-up quantities used pursuant to Transporter's notification to correct any excess or deficiency in receipt and deliveries.

- a. At least seven days prior to the end of each month, Transporter shall notify Shipper if it appears that deliveries to Transporter at the Receipt Point(s) will be in excess of or deficient by five percent or more of the transportation quantities delivered to Shipper at the Delivery Point(s). Any appropriate corrective action shall reduce the imbalance to the tolerance level (i.e., five percent (5%)). In the event Shipper fails to agree upon the appropriate corrective action to be implemented with Transporter's gas dispatchers within two Business Days after notification, and/or fails to implement the corrective action agreed upon, Transporter shall in the event of over-deliveries, not retain the gas, but shall charge Shipper a penalty equal to \$2.00 per Dth multiplied by the excess quantity. In the event of under-deliveries, the Transporter shall charge Shipper a penalty equal to \$2.00/Dth plus the actual replacement cost multiplied by the deficiency quantity; provided, however, that actual replacement cost shall not be higher than one hundred twenty-five percent (125%) of the most recent spot market average price for natural gas delivered to Arkla Energy Resources' transmission facilities, as is reported by Gas Daily, plus all costs incurred to transport the gas to Transporter. The appropriate corrective action, if required of Shipper, shall include forty five (45) days to eliminate any imbalance. Imbalances for any month that become apparent after the time for notice has expired shall be considered as an imbalance for the month following the month in which the imbalance became apparent. Any penalty under this section shall be assessed only on those volumes over the five percent (5%) tolerance level.
- b. Unauthorized deliveries are deliveries of gas made to Transporter at the Receipt Point(s) prior to the execution of an ITS Service Agreement or submission of

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FERC Docket: CP92-570-005

**Original Sheet No. 70** Original Sheet No. 70 : Superseded

the Customer Nomination Form provided in Transporter's General Terms and Conditions. Except in those circumstances in which the integrity of the Transporter's system is threatened, Transporter shall provide Shipper with prompt notification (either by telephone or by facsimile) of such unauthorized deliveries, and Shipper shall have twenty-four (24) hours after said notification to initiate corrective action. If Shipper has not initiated such corrective action within such twenty-four hour period, Transporter shall assess a penalty equal to \$5.00 per Dth multiplied by the unauthorized deliveries. Where system integrity is threatened, Transporter shall have the right to take such action as is necessary to terminate such deliveries without any liability to Transporter.

- c. Following the termination of the ITS Service Agreement, Shipper shall be required to correct any remaining imbalances within thirty (30) days after the determination by Transporter that an imbalance exists, or within such longer period of time mutually agreed upon by Shipper and Transporter. If, after the balancing period, Transporter determines that Shipper received from Transporter quantities in excess of the quantities delivered to Transporter by Shipper at the Receipt Point(s), Transporter shall charge Shipper a penalty equal to \$2.00 per Dth plus the actual replacement cost multiplied by such deficiency quantity at the Receipt Point(s); provided, however, that actual replacement cost shall not be higher than one hundred twenty-five percent (125%) of the most recent spot market average price for natural gas delivered to Arkla Energy Resources' transmission facilities, as is reported by Gas Daily, plus all costs incurred to transport the gas to Transporter. If, after the balancing period, Transporter determines that Shipper received from Transporter quantities that were less than the quantities delivered to Transporter by Shipper at the Receipt Point(s), Transporter shall, at its option, retain such over-deliveries at the Receipt Point(s) free and clear of any adverse claims of any party or shall charge Shipper a penalty equal to \$2.00 per Dth multiplied by the excess quantity. Transporter has the right to remove access gas from its system in any manner deemed appropriate: provided however, that Transporter will select methods to remove such excess gas on a

non-discriminatory basis; provided, however, that Transporter shall not charge a Shipper an imbalance penalty under both subsection (a) and (c) of this Section.

- 5.7 Transporter agrees that, if requested by a Shipper, it will negotiate with an entity that operates the facilities interconnecting with Transporter at a Receipt Point or Delivery Point (Balance Operator) in a good faith effort to reach an agreement to deal with imbalances at the Receipt Points or Delivery Points specified, subject to the following conditions:
- a. Such agreement must set out a mutually agreeable procedure for dealing, as between Transporter and Balance Operator, with any difference between confirmed nominations and actual physical gas flow caused by operational conditions, so that any such discrepancy does not affect any Shipper;
  - b. The Balance Operator must meet the same creditworthiness standards as Shipper;
  - c. Transporter 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 Transporter'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 Service Agreement.
  - d. A Form of Operational Balancing Agreement, the terms of which are subject to negotiation is included in this tariff.
- 5.8 Nothing in this Section 6 shall limit Transporter's right to take actions that are required in order to alleviate conditions which threaten the integrity of Transporter's system, to maintain pipeline operations at the pressures required to provide an efficient and reliable firm transportation service, to have adequate gas supplies in the system to deliver on demand (including injection of gas into the mainline and providing line pack) to maintain service to all firm Shippers. Transporter shall have the right to waive

the provisions of this Section 6; provided, however, that any such waivers granted by Transporter shall be granted, on a basis which is not unduly discriminatory, to all similarly situated Shippers under like circumstances.

6. POINTS OF RECEIPT AND DELIVERY

- 6.1 The point or points of receipt under this ITS Rate Schedule shall be at such points as may be agreed to by the parties as set forth in executed ITS Service Agreement between Transporter and Shipper and authorized by FERC where Shipper shall deliver, or cause to be delivered, natural gas to Transporter for transportation service. Shipper may designate Transporter's Master Receipt Point List, which shall include all of Transporter's authorized points of receipt. The Master Receipt Point List is attached to this ITS Rate Schedule as Exhibit A; provided, however, that Transporter may update such Master Receipt Point List from time to time as new receipt points are added to Transporter's system.
- 6.2 The point or points of delivery under this ITS Rate Schedule shall be the points where Transporter shall deliver natural gas to or for the account of Shippers after transportation and shall be at such points as may be agreed to by the parties as set forth in executed ITS Service Agreements between Transporter and Shippers and authorized by FERC.

7. ESTABLISHMENT AND MAINTENANCE OF CREDIT

Transporter shall not be required to commence service or to continue to perform service under this ITS Rate Schedule for any Shipper who fails to demonstrate creditworthiness as reasonably determined by Transporter. Transporter's determination of creditworthiness shall be based upon a review of Shipper's financial statements, bank references, trade references, or information relating to Shipper's financial status and obligation payment history. Upon Shipper's request, Transporter shall provide a written explanation of any credit limitation applied to Shipper. Transporter may require Shipper to maintain throughout the term of the ITS Service Agreement either (a) a prepaid account with Transporter, (b) an escrow account, (c) a letter of credit, or (d) such other good and sufficient security as reasonably determined by Transporter in an amount not exceeding Transporter's estimate of three (3) Months of transportation charges calculated at Shipper's Maximum Daily Quantity. Transporter will also permit

another entity to guarantee Shipper's obligations, provided that the guarantor has sufficient credit available, as determined by Transporter. Transporter may, without waiving any rights or remedies it may have, suspend further service until such acceptable security is received by Transporter. Upon Shipper's establishment of an acceptable credit record or upon expiration of an executed ITS Service Agreement, Transporter shall refund Shipper's deposit with interest accrued at rates set pursuant to 18 C.F.R. 154.67 of the Commission's Regulations.

8. FORCE MAJEURE

8.1 If by reason of force majeure either Transporter or Shipper is rendered unable, wholly or in part, to carry out its obligations under an executed ITS Service Agreement, other than to make payments when due, and if such party gives notice in the form set forth in an executed ITS Service Agreement and reasonably full particulars of such force majeure condition within a reasonable time after the occurrence of the cause relied on, the party giving such notice, so far as and to the extent that it is affected by such force majeure, shall be excused from performance under an executed ITS Service Agreement; provided, however, such force majeure condition shall be remedied with all reasonable dispatch. Settlement of labor difficulties shall be strictly within the discretion of the party having the difficulty.

8.2 Without limitation by this recital, force majeure shall include acts of God; acts of a public enemy; fires; necessity for compliance with any court order, law, regulation or ordinance of authorities having jurisdiction, either federal or state, civil or military; civil disturbances, shutdowns for purposes of necessary repairs, relocation, or construction of facilities; breakage or accident to machinery or lines of pipe; the necessity for testing (as required by governmental authority or as deemed necessary by the testing party for the safe operation thereof); the necessity of making repairs or alterations to machinery or lines of pipe; failure of surface equipment of pipelines; inability of either party hereto to obtain necessary material, supplies, or permits, or labor to perform or comply with any obligations or condition of this ITS Rate Schedule or of the ITS Service Agreement; inability to obtain rights-of-way; and any other causes, whether of the kind herein recited or not, which are not reasonably in the control of the party claiming suspension.

8.3 Service under this ITS Rate Schedule may be interrupted or curtailed for reasons of force majeure or due to any other scheduled routine, repair, and maintenance to be reasonably determined by Transporter. Without limitation of the foregoing, Transporter shall have the right to equitably reduce receipts or deliveries of natural gas on any day below the MDQ to permit maintenance, repair, overhaul, replacement, or construction of pipelines, compressors, metering, regulating, or other production, gathering, and transmission facilities and equipment or due to facility maintenance or freeze offs.

8.4 In the event on any day Transporter is unable to receive for transportation the total MDQ of any Shipper receiving service under this ITS Rate Schedule due to reasons of force majeure or any other operational consideration to be reasonably determined by Transporter, then the system capacity which is available for transportation shall be in accordance with the priorities set out in this ITS Rate Schedule.

9. LAWS AND REGULATIONS

This ITS Rate Schedule and the executed ITS Service Agreement and the obligations of the parties hereunder are subject to all present and future valid laws with respect to the subject matter hereof, either State or Federal, and to all valid present or future decisions, orders, rules and regulations of all duly constituted governmental authorities having jurisdiction. The service provided under this ITS Rate Schedule is implemented pursuant to Transporter's blanket certificate issued pursuant to section 7(c) of the Natural Gas Act.

10. ASSIGNMENTS

Any person which shall succeed by purchase, merger, or consolidation to the properties substantially as an entirety of either party hereto shall be entitled to the rights and subject to the obligations of its predecessor in interest under this ITS Rate Schedule, subject to all of the terms and conditions of the ITS Rate Schedule, as such rate schedule may be amended from time to time. Shipper may not assign the executed ITS Service Agreement, in whole or in part, or any of its rights thereunder, unless it first shall have obtained the written consent of the Transporter.

11. GOVERNMENTAL APPROVALS

- 11.1 Transporter and Shipper shall diligently proceed to file applications with the FERC and other governmental authorities for all authorizations necessary to carry out their obligations under this ITS Rate Schedule and the executed ITS Service Agreement.
- 11.2 Transporter's and Shipper's obligations under this ITS Rate Schedule and the executed ITS Service Agreement are conditioned upon each party obtaining from governmental authorities all necessary authorizations in form and substance satisfactory to the party applying therefor. Neither party shall be required to accept any authorization which, in the sole judgment of the party applying for same, contravenes or nullifies any provision hereof or is otherwise unacceptable to that party. Upon acceptance by Transporter and Shipper of all regulatory authorizations required to perform the transactions covered hereby, Transporter and Shipper shall proceed with diligence to construct or cause to be constructed all facilities needed to carry out the provisions hereof.

12. OTHER OPERATING CONDITIONS

- 12.1 Shipper shall make all necessary arrangements with other parties at or upstream of the Point(s) of Receipt where it tenders gas to Transporter for transportation, and such arrangements must be compatible with Transporter's pipeline operations. Such arrangements shall be coordinated with Transporter's dispatchers.
- 12.2 Transporter shall not be required to perform service under this ITS Rate Schedule in the event all facilities necessary to render the requested service are not in existence at the time the request is made.
- 12.3 Subject to the requirements of Section 7 of the Natural Gas Act, Transporter shall not be required to perform or to continue to perform service under this ITS Rate Schedule the executed ITS Service Agreement on behalf of any Shipper that has applied for bankruptcy under any provision of the Bankruptcy Code or on behalf of any Shipper who, at Transporter's discretion, fails to demonstrate minimal credit worthiness; as specified in the Transporter's Service Request Form in Transporter's General Terms and Conditions.

12.4 Subject to the receipt of all necessary regulatory authorization, Transporter shall not be required to perform service under this ITS Rate Schedule on behalf of any Shipper that fails to comply with any and all of the terms of this ITS Rate Schedule and with the terms of Shipper's ITS Service Agreement with Transporter; provided, however, that Transporter shall give Shipper at least 15 days advance written notice during which Shipper has an opportunity to come into compliance before Transporter exercises its rights to seek all necessary regulatory authorization.

12.5 From the time the natural gas is received by Transporter at the Point(s) of Receipt, Transporter shall have the unqualified right to commingle such natural gas with other gas in Transporter's pipeline system.

### 13. MEASUREMENT

Transporter shall arrange for or shall install, operate and maintain at or near Point(s) of Receipt and Point(s) of delivery measuring equipment which shall meet the qualifications set out in Section 3 of the General Terms and Conditions of Transporter's FERC Gas Tariff of which this ITS Rate Schedule is a part. The provisions of Section 3 of the said General Terms and Conditions shall apply to Transporter's measuring equipment hereunder except that, in lieu of a recording calorimeter, Transporter may determine the heating value of natural gas transported hereunder on the basis of samples taken at periodic intervals.

### 14. GOVERNMENTAL AUTHORIZATION

Transportation service under an executed ITS Service Agreement shall be implemented pursuant to Transporter's blanket certificate issued pursuant to 18 C.F.R. 284.221, or pursuant to any other self-implementing program of the FERC. The ITS Service Agreement shall contain such additional language as specifically required by the Commission's regulations.

### 15. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of Transporter's FERC Gas Tariff are made a part hereof; provided, however, that to the extent that such terms and conditions are inconsistent with any provision herein, the terms and conditions of this ITS Rate Schedule shall control. To the extent that any provision of the ITS Service Agreement conflicts with the terms and conditions of Transporter's FERC Gas Tariff, the terms and conditions of the tariff shall control.

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: CP92-570-005

Original Sheet No. 77 Original Sheet No. 77 : Superseded

FORM OF  
TRANSPORTATION SERVICE AGREEMENT  
UNDER RATE SCHEDULE FTS OR ITS

THIS AGREEMENT ("Agreement"), entered into on \_\_\_\_\_,  
19\_\_\_\_, is between Arkansas Western Pipeline Company ("Transporter"),  
an Arkansas corporation, and \_\_\_\_\_, ("Shipper");

W I T N E S E T H:

WHEREAS, Shipper has requested that Transporter transport natural  
gas for Shipper: and

WHEREAS, Transporter has agreed to provide such transportation for  
Shipper subject to the terms and conditions set forth in this  
Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual  
covenants herein contained, the parties agree as follows:

ARTICLE I

DEFINITIONS

- 1.1 "Maximum Daily Delivery Obligation (MDDO)" means the maximum  
daily quantity of natural gas, expressed in Dekatherms (Dth)  
that transporter is obligated to deliver from time to time  
at the Point(s) of Delivery specified in Exhibit B to the  
executed Agreement.
- 1.2 "Maximum Daily Quantity (MDQ)" means the maximum daily  
quantity of natural gas, expressed in Dth's, that  
Transporter is obligated under the executed Agreement to  
transport on behalf of Shipper.
- 1.3 "Equivalent Quantity" means the quantity, expressed in  
Dth's, delivered to Shipper by Transporter at the Point(s)  
of Delivery. Such quantity is equal to the quantity of gas  
received from Shipper at the point(s) of receipt less Fuel  
Usage and Applicable Shrinkage.

- 1.4 "Fuel Usage and Applicable Shrinkage" means the quantity of natural gas retained by Transporter for fuel usage, leakage, blow-down, minor line pack fluctuations, and lost and unaccounted for natural gas.

ARTICLE II

NATURAL GAS TRANSPORTATION SERVICE

- 2.1 Beginning on the date on which deliveries of natural gas are commenced hereunder, and thereafter for the remaining term of this Agreement, Shipper agrees to tender gas to transporter at the Point(s) of Receipt, and Transporter agrees to transport and redeliver and Shipper agrees to delivery of the Equivalent Quantity of gas at the Points of Delivery, all in accordance with the terms of this Agreement.
- 2.2 Transportation service rendered hereunder shall be firm/interruptible service as described in Section 2 of Transporter's \_\_\_\_\_ Rate Schedule FTS \_\_\_\_\_ Rate Schedule ITS.

ARTICLE III

POINT(S) OF RECEIPT

The Point(s) of Receipt at which Transporter shall receive gas for transportation under this Agreement shall be specified in Exhibit A to this Agreement.

ARTICLE IV

POINT(S) OF DELIVERY

The Point(s) of Delivery at which Transporter shall redeliver to Shipper or for the account of Shipper an Equivalent Quantity of gas for transportation under this Agreement shall be specified in Exhibit B to this Agreement. Notwithstanding the MDDO at each Point of Delivery, Shipper shall not nominate a total quantity of natural gas at all Points of Delivery that exceeds the MDQ set forth in this Agreement.

ARTICLE V

TERM OF AGREEMENT

- 5.1 Subject to the General Terms and Conditions of Transporter's FERC Gas Tariff and Rate Schedule FTS/ITS, this Agreement shall be effective as of \_\_\_\_\_ and shall continue for a primary term through \_\_\_\_\_. Thereafter, this Agreement shall be effective month to month, until terminated by Transporter or Shipper upon the following written notice to the other specifying a termination date: an amount of time equal to one-half of the primary term of the Agreement or twelve (12) months, whichever is less.
- 5.2 Any portions of this Agreement necessary to balance receipts and deliveries under this Agreement as required by the FTS/ITS Rate Schedule, shall survive the other parts of this Agreement until such time as such balancing has been accomplished.

ARTICLE VI

RATE SCHEDULE AND CHARGES

- 6.1 Shipper shall pay Transporter for the service hereunder an amount determined in accordance with Transporter's FTS/ITS Rate Schedule, and the General Terms and Conditions of Transporter's FERC Gas Tariff, all as may be revised from time to time. Such FTS/ITS Rate Schedule and General Terms and Conditions are incorporated by reference and made a part hereof.
- 6.2 Transporter may seek authorization from the FERC and/or other appropriate body to change any rate(s) and/or term(s) set forth herein or in the FTS or ITS Rate Schedule. Nothing herein shall be construed to deny Shipper any rights it may have under the Natural Gas Act or the Natural Gas Policy Act including the right to participate fully in rate proceedings by intervention or otherwise to contest increased rates in whole or in part.

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: CP92-570-006

**Substitute Original Sheet No. 80** Substitute Original Sheet No. 80 : Superseded  
Superseding: Original Sheet No. 80

ARTICLE VII

REDUCTION IN CAPACITY

For firm transportation only, if Transporter's capacity is reduced for any reason and a reduction of the quantity of gas being transported hereunder is required, Shipper's MDQ shall be reduced pro rata with the MDQ's of the other firm Shippers during the period of such capacity reduction.

ARTICLE VIII

MISCELLANEOUS

- 8.1 This Agreement shall only be amended, varied or modified by an instrument in writing executed by Transporter and Shipper. Such amendment will be effective upon compliance with Article IX herein.
- 8.2 This Agreement and the rights and duties of Transporter and Shipper hereunder shall be governed by and interpreted in accordance with the laws of the State of Arkansas, without recourse to the law governing conflict of laws.
- 8.3 No waiver by either Transporter or Shipper of any default by the other in the performance of any provision, condition or requirement herein shall be deemed a waiver of, or in any manner release from, performance of any other provision, condition or requirement herein, nor deemed to be a waiver of, or in any manner release from, future performance of the same provision, condition or requirement; nor shall any delay or omission by Transporter or Shipper to exercise any right hereunder impair the exercise of any such right or any like right accruing to it thereafter.
- 8.4 The headings of each of the various sections in this Agreement are included for convenience of reference only and shall have no effect on, nor be deemed part of the text of, this Agreement.
- 8.5 Transporter and Shipper shall execute and deliver all instruments and documents and shall do all acts necessary to effectuate this Agreement.

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: CP92-570-006

**Substitute Original Sheet No. 81** Substitute Original Sheet No. 81 : Superseded  
Superseding: Original Sheet No. 81

- 8.6 This Agreement constitutes the entire agreement between Transporter and Shipper concerning the subject matter hereof and supersedes all prior understandings and written and oral agreements relative to said matter.
- 8.7 This Agreement, upon its effective date, supersedes and cancels any and all other agreements between Transporter and Shipper relating to the transportation of gas by Transporter for Shipper.

ARTICLE IX

NOTICES

All notices, requests, statements or other communications provided for under this Agreement shall be in writing and shall be given by personal delivery or by United States mail, postage prepaid, and addressed as follows:  
If to Shipper:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Transporter:

Arkansas Western Pipeline Company  
4900 Woodway Drive  
Suite 740  
Houston, Texas 77056  
Attn: Transportation Agent

All written notices, requests, statements or other communications shall be sufficiently given if mailed postage prepaid by registered, certified, or regular mail and shall be deemed to have been duly delivered on the third business day following the date on which same was deposited in the United States mail, addressed in accordance with this Article IX. Either Shipper or Transporter may designate a different address to which notices, requests, statements, payments or other communications shall be sent upon proper notice as set forth in this Article IX.

Effective Date: 12/01/1993 Status: Effective

FERC Docket: CP92-570-005

**Original Sheet No. 82** Original Sheet No. 82 : Superseded

IN WITNESS WHEREOF, Transporter and Shipper have caused this Agreement to be duly executed by their duly authorized officers in two (2) original counterparts as of \_\_\_\_\_, 19\_\_.

"TRANSPORTER"

ARKANSAS WESTERN PIPELINE COMPANY  
An Arkansas Corporation

By \_\_\_\_\_

WITNESS: \_\_\_\_\_

"SHIPPER"

By \_\_\_\_\_

WITNESS: \_\_\_\_\_

Effective Date: 12/01/1993 Status: Effective

FERC Docket: CP92-570-005

**Original Sheet No. 83** Original Sheet No. 83 : Superseded

EXHIBIT A

POINTS OF RECEIPT

RECEIPT POINT DESCRIPTION	LOCATION/ COUNTY	STATE
NOARK	Clay County	Arkansas

Effective Date: 12/01/1993 Status: Effective

FERC Docket: CP92-570-005

**Original Sheet No. 84** Original Sheet No. 84 : Superseded

EXHIBIT B

POINTS OF DELIVERY DESCRIPTION, AND MDDO	MAXIMUM DELIVERY PRESSURE
ANG Dunklin County, Missouri	

Effective Date: 06/01/1997 Status: Effective  
FERC Docket: RP97-187-003

**First Revised Sheet No. 85** First Revised Sheet No. 85 : Superseded  
Superseding: Original Sheet No. 85

FORM OF  
OPERATIONAL BALANCING AGREEMENT  
UNDER RATE SCHEDULE FTS OR ITS

This Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 1993 by and between ARKANSAS WESTERN PIPELINE COMPANY ("AWP"), an Arkansas corporation, and \_\_\_\_\_.

WHEREAS, AWP and \_\_\_\_\_ have entered into a Facilities Agreement dated \_\_\_\_\_, \_\_\_\_\_;

WHEREAS, from time to time, the gas quantities delivered to or by AWP or \_\_\_\_\_ at the Point of Interconnect which are either greater than or lesser than the quantities nominated by shippers and confirmed by AWP or \_\_\_\_\_, have resulted in inadvertent over or under deliveries relative to the shippers' nominated quantities;

NOW, THEREFORE, AWP and \_\_\_\_\_, ("The Parties") agree that such over or under deliveries at the Point of Interconnect shall be treated in the following manner:

1. SCHEDULING AND CONTROL

Parties shall agree on who submits pre-determined allocation ("PDA") methodology, and who allocates at the point before gas flows. PDA data elements should be standardized. Parties shall inform AWP of such agreement. Prior to the first day of each month and from time to time during the month, The Parties shall reconcile and confirm the nominations received by each from shippers for whom The Parties would deliver or receive gas at the Point of Interconnect. Any changes to such confirmed nominations shall be effective only if agreed to in writing by both Parties. A summary of the total confirmed nominations must be completed and signed by both Parties as soon as practical after the flow month's end.

The Parties intend that the volume actually delivered and received each day at the Point of Interconnect will equal the confirmed nominations. Each Party will allocate the volumes which are to be delivered and received at the Point of Interconnect among the Party's respective shippers pursuant to the confirmed nominations. Any difference between the actual physical flow and the confirmed nominations is the "Operational Imbalance," which will be the responsibility of The Parties to eliminate pursuant to this Agreement. Estimated meter volumes will be used daily to determine the estimated Operational Imbalance at the Point of Interconnect. Physical flow adjustments will be made during the current month as mutually agreed by The Parties to adequately control imbalance levels.

Effective Date: 06/01/1997 Status: Effective  
FERC Docket: RP97-187-003

**First Revised Sheet No. 86** First Revised Sheet No. 86 : Superseded  
Superseding: Original Sheet No. 86

2. IMBALANCES

The actual physical flow at the Point of Interconnect each month will be determined and communicated by AWP in writing as soon as possible but in no case later than the tenth (10th) Business Day of the month following the month in question. Actual physical flows shall be determined pursuant to AWP's then effective Federal Energy Regulatory Commission ("FERC") Gas Tariff. Any Operational Imbalance shall be agreed to within thirty (30) days of the date the Operational Imbalance is agreed to in writing on the attached Exhibit "I" or within a mutually agreeable longer period of time.

The parties shall use their best reasonable efforts to correct any Operational Imbalance in a manner mutually agreed to by The Parties.

All quantities of gas hereunder, received or delivered, to correct an Operational Imbalance, shall be reported in thermal units which are determined pursuant to AWP's then effective FERC Gas Tariff.

3. SUSPENSION OF OBLIGATION

In the event that a capacity constraint occurs on either Party's pipeline system which results in curtailment of quantities through the Point of Interconnect, the Party on whose system the constraint has occurred shall determine the reallocation of quantities to the shippers. The confirmed nominations shall be changed to reflect such reallocation of capacity pursuant to Paragraph 1. above.

Notwithstanding anything to the contrary in this Agreement, confirming nominations as actual physical flow and accounting for the imbalances may be temporarily suspended in the event that either Party discovers or anticipates that the physical flow at the Point of Interconnect varies or will vary significantly from the confirmed nominations due to extraordinary circumstances such as significant interruption of transportation service, severe cold weather, a hurricane or some other event that significantly affects the gas supplies available for delivery at the Point of Interconnect. Such suspensions will be effective on the date verbal notice is provided by the suspending Party's Gas Control personnel to the other party's Gas Control personnel. Such verbal notice shall be confirmed in writing no later than the second Business Day following the day of desired suspension. Each

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**Original Sheet No. 87** Original Sheet No. 87 : Superseded

suspension or resumption hereunder shall begin at 7:00 a.m. central time. The use of an Operational Imbalance will resume on the date mutually agreed to in writing by both Parties. The Parties will agree to determine the allocation of the deliveries and receipts during any suspension period as soon as possible.

4. TERM

This Agreement shall be effective \_\_\_\_\_, \_\_\_\_\_ and shall continue until canceled by either Party upon forty-eight hours' prior written notice. Any remaining Operational Imbalance will be corrected within thirty (30) days after the final Operational Imbalance is agreed to in writing by The Parties, or within any mutually agreeable longer period of time.

The Parties signature below will evidence their agreement to this Operational Balancing Agreement.

ACCEPTED AND AGREED TO:

this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

ARKANSAS WESTERN PIPELINE COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED TO:

this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: CP92-570-005

**Original Sheet No. 88** Original Sheet No. 88 : Superseded

EXHIBIT 1  
MONTHLY SUMMARY FOR ARKANSAS WESTERN PIPELINE COMPANY

OPERATIONAL BALANCING AGREEMENT  
BY AND BETWEEN

ARKANSAS WESTERN PIPELINE COMPANY and \_\_\_\_\_  
dated \_\_\_\_\_, \_\_\_\_\_.

Name of Interconnection Point: \_\_\_\_\_  
Preparer's Name: \_\_\_\_\_ and Phone No. \_\_\_\_\_  
Effective Date of this Statement: \_\_\_\_\_  
Date Prepared: \_\_\_\_\_

AWP's Shipper Name and Contract	_____	Name and Contract	Total Months MMBTU Nomination
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NOMINATED TOTAL AT INTERCONNECT POINT	_____
ESTIMATED PHYSICAL FLOW	_____
ESTIMATED OPERATIONAL IMBALANCE	_____
PREVIOUS MONTH IMBALANCE	_____
ACCUMULATED OPERATIONAL IMBALANCE	_____

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 1993  
ARKANSAS WESTERN PIPELINE COMPANY

By:

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 1993

By:

