

Illustration of the determination of a Daily Critical Condition Charge

Example based on Daily Unauthorized Overrun Activity, a Critical Condition Rate of \$5.00, and a Firm Rate Equivalent of \$0.30

Shipper A	Contract TCD	Daily Delivery Variance	Daily Delivery Variance	Critical Condition
		Quantity	Percent	Rate
		Tier Level I 3,500 dth or Less	0% - 15%	1.5 * \$5 = \$ 7.50
		Tier Level II 3,501 dth - 5,000 dth	>15% - 50%	2 * \$5 = \$10.00
		Tier Level III 5,001 dth or greater	>50%	2.5 * \$5 = \$12.50
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
		Gas Quantities Physically Taken at all Delivery Points	Daily Delivery Variance Quantity (B - A) and Percent	Safe Harbor Tolerance Quantity 1/
				Daily Unauthorized Overrun Charge Quantity (C - D)
	TSA 123	100,000	93,000	
	TSA 345	35,000	37,000	
	TSA 678	48,000	88,000	
		<u>183,000</u>	<u>218,000</u>	<u>35,000</u>
				<u>18,300</u>
				<u>16,700</u>
				19.13%

Daily Delivery Variance Calculation	Daily Delivery Variance Quantity	Daily Unauthorized Overrun Charge Quantity	Critical Condition Rate	Daily Unauthorized Overrun Charge (G * H)
Safe Harbor	> 2,000 or 10%	<u>18,300</u>	\$0.30	<u>\$5,490</u>
Tier Level I	3,500 dth or Less	3,500	\$7.50	\$26,250
Tier Level II	3,501 dth - 5,000 dth	1,500	\$10.00	\$15,000
Tier Level III	5,001 dth or greater	11,700	\$12.50	\$146,250
Total Overrun		<u>16,700</u>		<u>\$187,500</u>
Total Variance/Charge		<u>35,000</u>		<u>\$192,990</u>

Daily Delivery Variance Calculation	Daily Delivery Variance Percent	Daily Unauthorized Overrun Charge Quantity	Critical Condition Rate 2/	Daily Unauthorized Overrun Charge (K * L)
Safe Harbor	> 2,000 or 10%	<u>18,300</u>	\$0.30	<u>\$5,490</u>
Tier Level I	10 - 15% (5%)	9,150	\$7.50	\$68,625
Tier Level II	15 - 50% (35%)	7,550	\$10.00	\$75,500
Tier Level III	> 50% (50%)	16,700	\$12.50	\$0
Total Overrun		<u>16,700</u>		<u>\$144,125</u>
Total Variance/Charge		<u>35,000</u>		<u>\$149,615</u>

Daily Delivery Variance Quantity Charge \$192,990
 Daily Delivery Variance Percent Charge \$149,615

Shipper Billed Lesser of: \$149,615

1/ Safe Harbor Tolerance Quantity equal to the greater of 10% of TCD or 2,000 dth
 2/ The Critical Condition Rate is in addition to the Firm Rate Equivalent of \$0.30; the \$0.30 is charged to cover the costs of providing transportation service.

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Example based on Daily Unauthorized Overrun Activity, a Critical Condition Rate of \$5.00, and a Firm Rate Equivalent of \$0.30

	Daily Delivery Variance		Critical Condition Rate
	Quantity	Percent	
Tier Level I	3,500 dth or Less	0% - 15%	1.5 * \$5 = \$ 7.50
Tier Level II	3,501 dth - 5,000 dth	>15% - 50%	2 * \$5 = \$10.00
Tier Level III	5,001 dth or greater	>50%	2.5 * \$5 = \$12.50

Shipper A	A	B	C	D	E
	Contract TCD	Gas Quantities Physically Taken at all Delivery Points	Daily Delivery Variance Quantity (B - A) and Percent	Safe Harbor Tolerance Quantity 1/	Daily Unauthorized Overrun Charge Quantity (C - D)
TSA 123	2,700	4,300			
TSA 345	5,000	7,100			
TSA 678	3,000	6,200			
	<u>10,700</u>	<u>17,600</u>	6,900	2,000	4,900
			64.49%	10% = 1,070	

Daily Delivery Variance Calculation	E	G	H	I
	Daily Delivery Variance Quantity	Daily Unauthorized Overrun Charge Quantity	Critical Condition Rate	Daily Unauthorized Overrun Charge (F * G)
Safe Harbor	> 2,000 or 10%	<u>2,000</u>	\$0.30	<u>\$600</u>
Tier Level I	3,500 dth or Less	3,500	\$7.50	\$26,250
Tier Level II	3,501 dth - 5,000 dth	1,400	\$10.00	\$14,000
Tier Level III	5,001 dth or greater	0	\$12.50	\$0
Total Overrun		<u>4,900</u>		<u>\$40,250</u>
Total Variance/Charge		<u>6,900</u>		<u>\$40,850</u>

Daily Delivery Variance Calculation	J	K	L	M
	Daily Delivery Variance Percent	Daily Unauthorized Overrun Charge Quantity	Critical Condition Rate 2/	Daily Unauthorized Overrun Charge (K * L)
Safe Harbor	> 2,000 or 10%	<u>2,000</u>	\$0.30	<u>\$600</u>
Tier Level I	10 - 15% (5%)	535	\$7.50	\$4,013
Tier Level II	15 - 50% (35%)	3,745	\$10.00	\$37,450
Tier Level III	> 50% (50%)	620	\$12.50	\$7,750
Total Overrun		<u>4,900</u>		<u>\$49,213</u>
Total Variance/Charge		<u>6,900</u>		<u>\$49,813</u>

Daily Delivery Variance Quantity Charge \$40,850
 Daily Delivery Variance Percent Charge \$49,813

Shipper Billed Lesser of: \$40,850

1/ Safe Harbor Tolerance Quantity equal to the greater of 10% of TCD or 2,000 dth

2/ The Critical Condition Rate is in addition to the Firm Rate Equivalent of \$0.30; the \$0.30 is charged to cover the costs of providing transportation service.