

GAS TARIFF

of

Heartland Gas Pipeline, LLC

Filed with the

Indiana Utility Regulatory Commission

I.U.R.C. No. G-2

Communications Covering Rates and General Terms and Conditions  
Should be Addressed to:

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Heartland Gas Pipeline, LLC  
Effective: January 1, 2008

I.U.R.C. No. G-2  
Original Sheet No. 3

**MAP OF HEARTLAND GAS PIPELINE, LLC'S SYSTEM  
IS AVAILABLE AT THE COMPANY'S OFFICE**

**For Service Under Rate Schedule FT  
Currently Effective Rates  
(\$ per Dth)**

Maximum Rates -

Daily Reservation Charge: \$ 0.0968 per Dth

Commodity Charge: \$ 0.0000 per Dth

Minimum Rates –

Daily Reservation Charge: \$ 0.0100 per Dth

Commodity Charge: \$ 0.0000 per Dth

Heartland Gas Pipeline and Customer may negotiate market rates that fall between the Maximum and Minimum Rates set forth above.

Currently Effective Fuel Retention Factor: Not applicable to transportation only services

**For Service Under Rate Schedule IT**  
**Currently Effective Rates**  
(\$ per Dth)

Maximum Rates -

Commodity Charge: \$ 0.0968 per Dth

Minimum Rates -

Commodity Charge: \$ 0.0100 per Dth

Heartland Gas Pipeline and Customer may negotiate market rates that fall between the Maximum and Minimum Rates set forth above.

Currently Effective Fuel Retention Factor: Not applicable to transportation only services

**For Service Under Rate Schedule for Storage Service  
Currently Effective Rates  
(\$ per Dth)**

Maximum Rates –

Reservation Charge:	\$0.0125 per Dth of SECONDARY MIQ
Commodity Charge:	
Injection -	\$0.0265 per Dth
Withdrawal -	\$0.0265 per Dth

Minimum Rates –

Reservation Charge:	\$0.0125 per Dth of SECONDARY MIQ
Commodity Charge:	
Injection -	\$0.0265 per Dth
Withdrawal -	\$0.0265 per Dth

Heartland Gas Pipeline and Customer may negotiate market rates that fall between the Maximum and Minimum Rates set forth above.

Currently Effective Fuel Retention Factor:

Injection -	0.50%
Withdrawal -	0.50%

Rate Schedule FT  
Firm Transportation Service

1. Availability

This Rate Schedule is available for the transportation of natural gas by Heartland Gas Pipeline for any Customer:

1.1 Where Customer:

- a) Has requested gas to be transported on a firm basis and is eligible for firm transportation service pursuant to Section 8 of this Rate Schedule FT; and
- b) Has executed a Firm Transportation Agreement with Heartland Gas Pipeline for service under Rate Schedule FT.

1.2 Heartland Gas Pipeline shall not be required to construct new facilities to perform service under this Rate Schedule in the event capacity necessary to render the requested service does not exist at the time the request is made pursuant to Section 8 herein.

1.3 Heartland Gas Pipeline may, at its option, add facilities or expand capacity to provide such transportation service. Customer may be required to pay or cause Heartland Gas Pipeline to be paid for the installed cost of all such facilities.

1.4 Heartland Gas Pipeline shall not be required to perform service under this Rate Schedule, subject to obtaining any necessary approvals, on behalf of any Customer that fails to comply with any and all of the terms of this Rate Schedule and with the terms of Customer's Firm Transportation Agreement with Heartland Gas Pipeline.

2. Applicability and Character of Service

2.1 The transportation service provided under this Rate Schedule shall be performed and shall apply to all gas transported by Heartland Gas Pipeline for Customer under this Rate Schedule up to the Transportation Contract Demand set forth in the Firm Transportation Agreement.

2.2 Transportation under this Rate Schedule shall be considered firm at both the Receipt and Delivery Point(s) to Customer for quantities delivered within Customer's Transportation Contract Demand, and subject to curtailment as provided in Section 10 of the General Terms and Conditions. Heartland Gas Pipeline shall be obligated to receive from Customer, or for the account of Customer, on a firm basis, quantities of natural gas up to a specific daily transportation quantity which shall be Customer's Firm Transportation Contract Demand and Heartland Gas Pipeline's Maximum Daily Transportation Obligation.

2.3 Customer shall designate firm primary Receipt Point capacity within its Firm Transportation Contract Demand. Primary Receipt Point capacity will be allocated on a first come, first-served basis, with Customers requesting capacity on the same day treated as being the same in time. If capacity at any receipt point is oversubscribed, such capacity will be allocated pro rata among the parties same in time, based upon the capacity requested by each Customer.

2.4 Provided Heartland Gas Pipeline's prior consent is obtained, Customer may tender quantities of gas in excess of the Transportation Contract Demand on any day if such tender and transportation of such gas can be accomplished by Heartland Gas Pipeline without detriment to any other Customer. Subject to the foregoing restrictions, Heartland Gas Pipeline's consent shall not be unreasonably withheld.

Rate Schedule FT  
Firm Transportation Service

3. Rates and Charges

The applicable rates per Dth under this Rate Schedule for firm transportation are set forth on the currently effective Sheet No. 4 of this Tariff and these rates are incorporated herein by reference.

3.1 Rates

Customer shall pay to Heartland Gas Pipeline each month a Daily Reservation Charge which shall consist of the Transportation Contract Demand as specified in the Customer's Firm Transportation Agreement multiplied by the applicable Daily Reservation Charge per Dth multiplied by the numbers of days in the month. The Daily Reservation Charge shall be billed as of the effective day of the Firm Transportation Agreement. In addition, Customer shall pay Heartland Gas Pipeline each month the applicable Commodity Charge multiplied by the quantity of gas received from Customer at the Point(s) of Receipt. Unless otherwise agreed to in writing by Heartland Gas Pipeline and Customer, Customer shall pay Heartland Gas Pipeline the Maximum Daily Reservation and Commodity Charges for firm transportation service provided to Customer up to the Customer's Transportation Contract Demand.

Unless otherwise agreed to in writing by Heartland Gas Pipeline and Customer, Heartland Gas Pipeline may file to adjust the rates at any time. However, at no time shall the applicable rate to any Customer exceed the Maximum Rates nor shall they be less than the Minimum Rates set forth in the currently effective Sheet No. 4 of this Tariff.

3.2 Adjustment of Rates

Heartland Gas Pipeline shall have the right to propose and file with the Commission changes and revisions of this effective Rate Schedule, or to propose and file superseding Rate Schedules for the purpose of changing the rates, charges, or other provisions thereof effective as to the Customer.

4. Minimum Monthly Bill

4.1 The minimum monthly bill for transportation service rendered hereunder on a firm basis shall consist of the monthly Daily Reservation Charge as described in Section 3.1 of this Rate Schedule.

4.2 There shall be no minimum monthly commodity charges for service rendered hereunder on a firm basis.

5. Adjustments of Daily Reservation Charge

5.1 Allowable Variation in Contract Demand

On any day in which Customer requires deliveries in excess of the effective Transportation Contract Demand, Customer must contact Heartland Gas Pipeline to receive prior written or oral approval to exceed the contractual quantity.

At the end of each month, there shall be a daily determination for each day during the month that the Customer required delivery of volumes in excess of its Transportation Contract Demand. For all such volumes during a month period, Customer shall pay to Heartland Gas Pipeline an amount equal to the sum of the Daily Reservation Charge plus



Rate Schedule FT  
Firm Transportation Service

the Commodity Charge multiplied by the sum of the quantities that were in excess of the Transportation Daily Demand.

5.2 For Impairment of Deliveries

If Heartland Gas Pipeline declares force majeure, pursuant to the General Terms and Conditions, which renders it unable to perform service for Customer under this Rate Schedule either in whole or in part, then Customer shall be relieved of its obligation to pay FT demand charges for that part of its Transportation Contract Demand that was affected by the force majeure event until the force majeure event is remedied. The reservation charge as otherwise computed under this Rate Schedule shall be reduced by an amount which shall be equal to the portion of the Daily Reservation Charge multiplied by the difference between the quantity of gas actually delivered during said period and the quantity desired by the Customer during said period.

6. Reimbursement of Fees and Taxes

6.1 Customer shall reimburse Heartland Gas Pipeline for all fees, if any, required by the Commission or any other regulatory body related to service provided under this Rate Schedule, including filing, reporting and applicable fees. Provided, however, Heartland Gas Pipeline may waive the filing fees for Customer on a non-discriminatory basis.

7. Receipts and Deliveries

7.1 The Receipt Point(s) for all gas transported by Heartland Gas Pipeline under this Rate Schedule shall be at mutually agreeable interconnections between Heartland Gas Pipeline's facilities and the facilities of upstream supply sources or interconnections.

Should Customer's nominations at any particular Point(s) of Receipt exceed the quantity of gas available for receipt at such Point(s) of Receipt, it is the responsibility of Customer working with its suppliers to allocate the correct quantities consistent with the availabilities at such point(s).

Customer agrees to indemnify and hold harmless Heartland Gas Pipeline from any and all claims, suits, damages, or actions arising from failure of Heartland Gas Pipeline to receive quantities of gas nominated by Customer at any particular Point(s) of Receipt, resulting specifically from the situation described above.

7.2 The Delivery Point(s) for all gas transported by Heartland Gas Pipeline under this Rate Schedule shall be at mutually agreeable interconnections between Heartland Gas Pipeline's facilities and the facilities of downstream delivery locations.

8. Data Required for Valid Request for Transportation

Requests for transportation hereunder shall provide the following information in writing to Heartland Gas Pipeline:

8.1 Gas Quantities – The Transportation Contract Demand, which will represent Heartland Gas Pipeline's maximum daily transportation obligation and a statement of the transportation demand quantities stated individually in Dth for each Primary Point of Receipt and Primary Point of Delivery. The sum of the maximum quantities stated for each Primary Point of

Rate Schedule FT  
Firm Transportation Service

Receipt or Primary Point of Delivery shall not exceed the total Firm Transportation Contract Demand.

- 8.2 Primary Point(s) of Receipt – The Point(s) of entry into the Heartland Gas Pipeline’s pipeline where Customer desires capacity to be reserved on a firm basis.
  - 8.3 Primary Point(s) of Delivery – The Point(s) of delivery by Heartland Gas Pipeline where Customer desires capacity to be reserved on a firm basis.
  - 8.4 Term of Service –
    - a) Date that service is requested to commence;
    - b) Duration of service requested.
  - 8.5 Statement that Customer has the right to acquire title to the gas to be delivered at the time a transportation request is made, and has title to the gas to be delivered when the service commences, or at some stage of the transaction, and has entered into or will enter into those arrangements necessary to assure all upstream and downstream transportation will be in place prior to the commencement of transportation of gas through the Heartland Gas Pipeline.
  - 8.6 That the gas to be transported by Heartland Gas Pipeline meets the quality specifications as stated in the General Terms and Conditions. At Heartland Gas Pipeline’s request, Customer shall provide an analysis of the gas stream to be delivered to Heartland Gas Pipeline.
  - 8.7 If the Firm Transportation Agreement is to be signed with a party acting as an agent for Customer, then a copy of the Agency Agreement must be provided.
  - 8.8 Customer shall provide the credit information as contained in the General Terms and Conditions. Service is contingent upon a satisfactory credit appraisal and maintenance of a satisfactory credit record. Based upon the credit information of the Customer, Heartland Gas Pipeline may require additional information, deny service to or require security from Customer.
  - 8.9 Customer must execute the Firm Transportation Agreement within fifteen (15) days after Heartland Gas Pipeline has accepted the request for firm transportation service and tendered the Firm Transportation Agreement to Customer. If Customer does not execute the Firm Transportation Agreement within this time, Customer’s request may be deemed null and void.
9. General Terms and Conditions

All of the General Terms and Conditions are applicable to and are hereby incorporated as a part of this Rate Schedule for FT, Firm Transportation Service.

Rate Schedule IT  
Interruptible Transportation Service

1. Availability

This Rate Schedule is available for the transportation of natural gas by Heartland Gas Pipeline for any Customer:

1.1 Where Customer:

- a) Has requested gas to be transported on an interruptible basis and is eligible for interruptible transportation service pursuant to Section 8 of this Rate Schedule IT; and
- b) Has executed an Interruptible Transportation Agreement with Heartland Gas Pipeline for service under Rate Schedule IT.

1.2 Heartland Gas Pipeline shall not be required to construct new facilities to perform service under this Rate Schedule in the event capacity necessary to render the requested service does not exist at the time the request is made pursuant to Section 8 herein.

1.3 Heartland Gas Pipeline may, at its option, add facilities or expand capacity to provide such transportation service. Customer may be required to pay or cause Heartland Gas Pipeline to be paid for the installed cost of all such facilities.

1.4 Heartland Gas Pipeline shall not be required to perform service under this Rate Schedule, subject to obtaining any necessary approvals, on behalf of any Customer that fails to comply with any and all of the terms of this Rate Schedule and with the terms of Customer's Interruptible Transportation Agreement with Heartland Gas Pipeline.

2. Applicability and Character of Service

2.1 The transportation service provided under this Rate Schedule shall be performed and shall apply to all gas transported by Heartland Gas Pipeline for Customer under this Rate Schedule up to the Daily Quantity set forth in the Interruptible Transportation Agreement.

2.2 Transportation under this Rate Schedule shall be considered interruptible at both the Receipt and Delivery Point(s) to Customer, and subject to curtailment as provided in Section 10 of the General Terms and Conditions. Heartland Gas Pipeline shall receive from Customer, or for the account of Customer, on an interruptible basis, quantities of natural gas up to a specific daily quantity which shall be Customer's Daily Quantity.

2.3 Customer shall designate interruptible Receipt Point capacity within its interruptible Daily Quantity. Receipt Point capacity will be allocated only after all firm capacity is allocated and then on a first come, first-served basis.

3. Rates and Charges

The applicable rates per Dth under this Rate Schedule for interruptible transportation are set forth on the currently effective Sheet No. 5 of this Tariff and these rates are incorporated herein by reference.

3.1 Rates

Customer shall pay Heartland Gas Pipeline each month the applicable Commodity Charge multiplied by the quantity of gas received from Customer at the Point(s) of Receipt. Unless otherwise agreed to in writing by Heartland Gas Pipeline and Customer, Customer shall pay

Rate Schedule IT  
Interruptible Transportation Service

Heartland Gas Pipeline the maximum Commodity Charge for interruptible transportation service.

3.2 Adjustment of Rates

Heartland Gas Pipeline shall have the right to propose and file with the Commission changes and revisions of this effective Rate Schedule, or to propose and file superseding Rate Schedules for the purpose of changing the rates, charges, or other provisions thereof effective as to the Customer. However, at no time shall the applicable rate to any Customer exceed the Maximum Rates nor shall they be less than the Minimum Rates set forth in the currently effective Sheet No. 5 of this Tariff.

4. No Minimum Monthly Bill

4.1 There shall be no minimum monthly commodity charges for service rendered hereunder on an interruptible basis.

5. Reimbursement of Fees and Taxes

5.1 Customer shall reimburse Heartland Gas Pipeline for all fees, if any, required by the Commission or any other regulatory body related to service provided under this Rate Schedule, including filing, reporting and applicable fees. Provided, however, Heartland Gas Pipeline may waive the filing fees for Customer on a non-discriminatory basis.

6. Receipts and Deliveries

6.1 The Receipt Point(s) for all gas transported by Heartland Gas Pipeline under this Rate Schedule shall be at mutually agreeable interconnections between Heartland Gas Pipeline's facilities and the facilities of upstream supply sources or interconnections.

Should Customer's nominations at any particular Point(s) of Receipt exceed the quantity of gas available for receipt at such Point(s) of Receipt, it is the responsibility of Customer working with its suppliers to allocate the correct quantities consistent with the availabilities at such point(s).

Customer agrees to indemnify and hold harmless Heartland Gas Pipeline from any and all claims, suits, damages, or actions arising from failure of Heartland Gas Pipeline to receive quantities of gas nominated by Customer at any particular Point(s) of Receipt, resulting specifically from the situation described above.

6.2 The Delivery Point(s) for all gas transported by Heartland Gas Pipeline under this Rate Schedule shall be at mutually agreeable interconnections between Heartland Gas Pipeline's facilities and the facilities of downstream delivery locations.

7. Data Required for Valid Request for Transportation

Requests for transportation hereunder shall provide the following information in writing to Heartland Gas Pipeline:

7.1 Gas Quantities – The Daily Quantity, and a statement of the transportation demand quantities stated individually in Dth for each Point of Receipt and Point of Delivery. The sum of the maximum quantities stated for each Point of Receipt or Point of Delivery shall not exceed the total Daily Quantity.

Rate Schedule IT  
Interruptible Transportation Service

- 7.2 Point(s) of Receipt – The Point(s) of entry into the Heartland Gas Pipeline’s pipeline where Customer desires capacity to be reserved on an interruptible basis.
- 7.3 Point(s) of Delivery – The Point(s) of delivery by Heartland Gas Pipeline where Customer desires capacity to be reserved on an interruptible basis.
- 7.4 Term of Service –
- a) Date that service is requested to commence;
  - b) Duration of service requested.
- 7.5 Statement that Customer has the right to acquire title to the gas to be delivered at the time a transportation request is made, and has title to the gas to be delivered when the service commences, or at some stage of the transaction, and has entered into or will enter into those arrangements necessary to assure all upstream and downstream transportation will be in place prior to the commencement of transportation of gas through the Heartland Gas Pipeline.
- 7.6 That the gas to be transported by Heartland Gas Pipeline meets the quality specifications as stated in the General Terms and Conditions. At Heartland Gas Pipeline’s request, Customer shall provide an analysis of the gas stream to be delivered to Heartland Gas Pipeline.
- 7.7 If the Interruptible Transportation Agreement is to be signed with a party acting as an agent for Customer, then a copy of the Agency Agreement must be provided.
- 7.8 Customer shall provide the credit information as contained in the General Terms and Conditions. Service is contingent upon a satisfactory credit appraisal and maintenance of a satisfactory credit record. Based upon the credit information of the Customer, Heartland Gas Pipeline may require additional information, deny service to or require security from Customer.
- 7.9 Customer must execute the Interruptible Transportation Agreement within fifteen (15) days after Heartland Gas Pipeline has accepted the request for interruptible transportation service and tendered the Interruptible Transportation Agreement to Customer. If Customer does not execute the Interruptible Transportation Agreement within this time, Customer’s request may be deemed null and void.
8. General Terms and Conditions

All of the General Terms and Conditions are applicable to and are hereby incorporated as a part of this Rate Schedule for IT, Interruptible Transportation Service.

### Rate Schedule for Storage Service

#### 1. Availability

This Rate Schedule is available for the purchase of storage service from the Heartland Gas Pipeline for any Customer, subject to the following limitations:

- a) Heartland Gas Pipeline has determined that it has sufficient available and uncommitted storage capacity to perform service requested by Customer;
- b) Heartland Gas Pipeline and Customer have executed an Agreement under this Rate Schedule; and
- c) Heartland Gas Pipeline and Customer have executed applicable Firm Transportation Agreements or Interruptible Transportation Agreements to enable the delivery of gas to the storage resources of Heartland Gas Pipeline and the redelivery of gas to Customer.

#### 2. Applicability and Character of Service

The service provided hereunder provides for the primary or secondary, as designated, receipt and injection of Customer's gas into storage and the subsequent primary or secondary withdrawal and delivery of gas. The service is a contract storage service which requires the Customer to schedule and nominate quantities to be injected into or withdrawn from storage.

#### 3. Rates and Charges

The applicable rates per Dth under this Rate Schedule for Storage Service are set forth on the currently effective Sheet No. 6 of this tariff and these rates are incorporated herein by reference. The amounts which shall be paid by Customer to Heartland Gas Pipeline for each month during the period of service hereunder shall include the sum of the amounts due under the subsections of this Section 3 that are applicable to Customer for such month.

##### 3.1 Storage Rates:

- a) Reservation Rate – The reservation rate shall be paid for each Dth of the Customer's contracted Maximum Inventory Quantity each month being billed.
- b) Commodity Rate – The commodity rate shall be paid for each Dth of gas, after volume is reduced by the Fuel Retention Factor, injected into and withdrawn from storage during the month.
- c) Fuel Retention Factor – Shall be the percentage of gas that Customer shall provide to Heartland Gas Pipeline as a reimbursement for gas consumed by the compression required to fulfill the contractual obligations hereunder.

#### 4. Reimbursement of Fees and Taxes

4.1 Customer shall reimburse Heartland Gas Pipeline for all fees, if any, required by the Commission or any other regulatory body related to service provided under this Rate Schedule, including filing, reporting and applicable fees. Provided, however, Heartland Gas Pipeline may waive the filing fees for Customer on a non-discriminatory basis.

#### 5. Transfer of Gas in Place

Heartland Gas Pipeline shall permit transfers of title to gas in inventory between Customers provided both Customers have executed an agreement under this Rate Schedule which will permit the delivery of gas and such transfer does not result in either Customer exceeding its Maximum Inventory Quantity.

Rate Schedule for Storage Service

6. Operational Provisions

- 6.1 Inventory verification tests will be conducted on a semiannual basis. These tests require the temporary suspension of storage field activities, both the injection and withdrawal of gas, for a period of approximately two weeks per test. Heartland Gas Pipeline may temporarily adjust the limit and allow make-up quantities on succeeding days. Heartland Gas Pipeline will provide at least 30 days notice with regard to the scheduling of these shut-in periods to allow Customers to adjust for the interruption of service.
- 6.2 When Customer desires Heartland Gas Pipeline to store gas for Customer's account under this Rate Schedule, it shall give notice to Heartland Gas Pipeline specifying the quantity of gas which Customer desires to be injected into or withdrawn from storage under this Rate Schedule on such day. Heartland Gas Pipeline shall thereupon inject or withdraw the quantity of gas as nominated, consistent with Articles 2 and 3 of the storage service agreement.
- 6.3 Heartland Gas Pipeline shall be obligated to accept gas for storage for Customer's account only when Customer's storage inventory is less than Customer's Maximum Inventory Quantity.

7. General Terms and Conditions

All General Terms and Conditions are applicable to and are hereby incorporated as a part of this Rate Schedule for Storage Service.

Balancing Rate Schedule  
For Delivery Points

1. Availability

Company shall provide balancing services at Delivery Points to persons (herein referred to as "Balancing Party") who have executed an Operational Balancing Agreement (Delivery Point OBA) in the form set forth in this Tariff.

A Delivery Point OBA will be available to the operator of connecting facilities at a Delivery Point(s) on Company's system.

2. Applicability And Character Of Service

The terms, conditions and charges set forth in this Rate Schedule shall apply to all gas flowing through meters covered by a Delivery Point OBA.

3. Scheduling And Confirmation By Balancing Party

The Balancing Party will confirm nominations of the quantities to be delivered at Delivery Points. The Balancing Party will notify affected Shippers via the Electronic Bulletin Board (EBB) by entering confirmations into the EBB, which are available for viewing by Shippers, within the specification of Section 17.2 of the General Terms and Conditions of any change in a nomination by Shipper to Scheduled Quantities.

4. Imbalance Netting And Trading

Based upon the best information available, a Balancing Party shall take action to correct any imbalances occurring during the month by making adjustments in nominations, receipts or deliveries. If a Balancing Party fails to take such corrective action, then Company may, upon 48 hours notice, adjust Balancing Party's scheduled receipts and/or deliveries over the remainder of the calendar month in order to maintain a balance of receipts, deliveries and nominations.

Balancing Parties under this Rate Schedule will be allowed to trade imbalances at the end of the month with other Parties that are subject to this Rate Schedule.

4.1 End-of-Month Trading

Balancing Parties will be allowed to trade offsetting imbalances in the month following the month during which the imbalance occurred; provided that the Party notifies Company of the identities of the Parties agreeing to the trade, and the gas quantities to be traded, no later than three Business Days after the end of the month during which the imbalances occurred. To facilitate end-of-month imbalance trading, Company will provide for Parties to post their imbalances, and any information relevant to the trading thereof, on the EBB.

5. Daily Imbalance Charge

5.1 Applicability at a Single Point of Interconnection

Allowable Swing Quantity (ASQ)

The Balancing Party's ASQ for a given Gas Day is the greater of (1) 500 Dekatherms or (2) 10 percent of the highest daily Scheduled Quantity at such designated interconnect(s) during the prior seven (7) days.



Balancing Rate Schedule  
For Delivery Points

On a given Gas Day, a Balancing Party may take gas in excess of Scheduled Quantities or not take delivery of all Scheduled Quantities at the interconnect(s) listed under the Balancing Party's OBA up to its ASQ.

If the notified Balancing Party fails to take corrective action during the Gas Day following notice by the Company pursuant to this Subsection, such Balancing Party shall be assessed a Daily Imbalance Charge per Dekatherm equal to the then effective daily penalty imposed under Section 5 of Rate Schedule LMS-MA of the Midwestern Gas Transmission Company Gas Tariff on file with the Federal Energy Regulatory Commission. A copy of Midwestern Gas Transmission Company's Rate Schedule LMS-MA is available at the following website: [www.mgt.nborder.com](http://www.mgt.nborder.com), Informational Postings, Tariff, Rate Schedules. The Daily Imbalance Charge under this Subsection shall apply only to those quantities that are equal to or greater than 110 percent of the Balancing Party's ASQ.

In the event the Company does not incur any daily balancing penalties from Midwestern Gas Transmission Company and the Company's operations have not been impacted, the Company reserves the right on a nondiscriminatory basis to waive all calculated Daily Imbalance Charges.

6. Monthly Imbalances

A Balancing Party's monthly imbalance shall be the net total of Daily Imbalances from all points covered by the Delivery Point OBA. Unless Company and Balancing Party mutually agree to correct the imbalance in kind on a nondiscriminatory basis, each month Company and Balancing Party shall "cash out" any imbalance between deliveries and Scheduled Quantities at Delivery Points covered by a Delivery Point OBA. Company shall divide the monthly imbalance by the sum of the Scheduled Quantities for all days of the month for all points covered by the OBA to determine the monthly imbalance percentage to be cashed out.

If the monthly imbalance percentage is due to a deficiency of deliveries relative to Scheduled Quantities, Company shall pay the Balancing Party in accordance with Schedule A below. If the monthly imbalance percentage is due to an excess of deliveries relative to Scheduled Quantities, the Balancing Party shall pay Company in accordance with Schedule B below. In addition to correcting the monthly imbalance in cash, the Balancing Party shall pay to Company the "Transportation Component" if deliveries are greater than Scheduled Quantities, or Company shall pay to Balancing Party the "Transportation Component" if deliveries are less than Scheduled Quantities.

The calculation of the "Transportation Component" and the applicable monthly Index Price and resulting cash-out price shall be in accordance with Section 6 of the currently effective Midwestern Gas Transmission's Rate Schedule LMS-MA.

Balancing Rate Schedule  
For Delivery Points

Schedule A

Monthly Imbalance Percentage	Company Pays Balancing Party the Following Percent of the Index Price
-----	-----
0-5%	100%
>5-10%	85%
>10-15%	70%
>15-20%	60%
>20%	50%

Schedule B

Monthly Imbalance Percentage	Balancing Party Pays Company the Following Percent of the Index Price
-----	-----
0-5%	100%
>5-10%	115%
>10-15%	130%
>15-20%	140%
>20%	150%

For the purpose of determining the level at which a Balancing Party's imbalance shall be cashed out, if a Balancing Party has an imbalance outside a given tolerance level, the escalating or declining percentage of the Index Price will apply only to the portion of the imbalance outside of the tolerance level.

The amounts due hereunder shall be paid in accordance with Section 5 of the General Terms and Conditions of Company's Gas Tariff.

6.1 Access to Information

Company will make available by electronic means the best information it has concerning the scheduled deliveries at all Delivery Points. This information regarding the scheduled deliveries shall become "Operational Data" and Balancing Parties will be able to utilize the Operational Data for purposes of correcting imbalances during the month. Monthly imbalances will be cashed out on the basis of actual deliveries and Scheduled Quantities; provided that the penalty level and pricing associated with imbalances will be based upon the lesser of (1) the monthly operational imbalance reported by Company based upon the Operational Data or (2) the monthly imbalance based upon actual receipts and deliveries at such locations.

6.2 Operational Integrity

Nothing in this Section shall limit Company's right to take action as may be required to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system.

Balancing Rate Schedule  
For Delivery Points

7. General Terms And Conditions

All of the General Terms and Conditions of Company's Gas Tariff are part of this Rate Schedule. To the extent there is an inconsistency between a term or condition in this Rate Schedule and the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent there is an inconsistency between a term or condition in this Rate Schedule and the applicable Operational Balancing Agreement, this Rate Schedule shall govern.

Balancing Rate Schedule  
For Receipt Points

1. Availability

Company shall provide balancing services at Receipt Points to persons (herein referred to as "Balancing Party") who have executed an Operational Balancing Agreement (Receipt Point OBA) in the form set forth in this Tariff.

A Receipt Point OBA will be available to the operator of connecting facilities at a Receipt Point(s) on Company's system.

2. Applicability And Character Of Service

The terms, conditions and charges set forth in this Rate Schedule shall apply to all gas flowing through meters covered by a Receipt Point OBA.

3. Scheduling And Confirmation By Balancing Party

The Balancing Party will confirm nominations of the quantities to be delivered at Receipt Points. The Balancing Party will notify affected Shippers via the Electronic Bulletin Board (EBB) by entering confirmations into the EBB, which are available for viewing by Shippers, within the specification of Section 17.2 of the General Terms and Conditions of any change in a nomination by Shipper to Scheduled Quantities.

4. Imbalance Netting And Trading

Based upon the best information available, a Balancing Party shall take action to correct any imbalances occurring during the month by making adjustments in nominations, receipts or deliveries. If a Balancing Party fails to take such corrective action, then Company may, upon 48 hours notice, adjust Balancing Party's scheduled receipts and/or deliveries over the remainder of the calendar month in order to maintain a balance of receipts, deliveries and nominations.

Balancing Parties under this Rate Schedule will be allowed to trade imbalances at the end of the month with other Parties that are subject to this Rate Schedule.

4.1 End-of-Month Trading

Balancing Parties will be allowed to trade offsetting imbalances in the month following the month during which the imbalance occurred; provided that the Party notifies Company of the identities of the Parties agreeing to the trade, and the gas quantities to be traded, no later than three Business Days after the end of the month during which the imbalances occurred. To facilitate end-of-month imbalance trading, Company will provide for Parties to post their imbalances, and any information relevant to the trading thereof, on the EBB.

5. Daily Imbalance Charge

5.1 Applicability at a Single Point of Interconnection

Allowable Swing Quantity (ASQ)

The Balancing Party's ASQ for a given Gas Day is the greater of (1) 500 Dekatherms or (2) 10 percent of the highest daily Scheduled Quantity at such designated interconnect(s) during the prior seven (7) days.

Balancing Rate Schedule  
For Receipt Points

On a given Gas Day, a Balancing Party may take gas in excess of Scheduled Quantities or not take delivery of all Scheduled Quantities at the interconnect(s) listed under the Balancing Party's OBA up to its ASQ.

If the notified Balancing Party fails to take corrective action during the Gas Day following notice by the Company pursuant to this Subsection, such Balancing Party shall be assessed a Daily Imbalance Charge per Dekatherm equal to the then effective daily penalty imposed under Section 5 of Rate Schedule LMS-PA of the Midwestern Gas Transmission Company Gas Tariff on file with the Federal Energy Regulatory Commission. A copy of Midwestern Gas Transmission Company's Rate Schedule LMS-PA is available at the following website: [www.mgt.nborder.com](http://www.mgt.nborder.com), Informational Postings, Tariff, Rate Schedules. The Daily Imbalance Charge under this Subsection shall apply only to those quantities that are equal to or greater than 110 percent of the Balancing Party's ASQ.

In the event the Company does not incur any daily balancing penalties from Midwestern Gas Transmission Company and the Company's operations have not been impacted, the Company reserves the right on a nondiscriminatory basis to waive all calculated Daily Imbalance Charges.

6. Monthly Imbalances

A Balancing Party's monthly imbalance shall be the net total of Daily Imbalances from all points covered by the Receipt Point OBA. Unless Company and Balancing Party mutually agree to correct the imbalance in kind on a nondiscriminatory basis, each month Company and Balancing Party shall "cash out" any imbalance between deliveries and Scheduled Quantities at Receipt Points covered by a Receipt Point OBA. Company shall divide the monthly imbalance by the sum of the Scheduled Quantities for all days of the month for all points covered by the OBA to determine the monthly imbalance percentage to be cashed out.

If the monthly imbalance percentage is due to an excess of receipts relative to Scheduled Quantities, Company shall pay the Balancing Party in accordance with Schedule A below. If the monthly imbalance percentage is due to a deficiency of receipts relative to Scheduled Quantities, the Balancing Party shall pay Company in accordance with Schedule B below. In addition to correcting the monthly imbalance in cash, the Balancing Party shall pay to Company the "Transportation Component" if deliveries are greater than Scheduled Quantities, or Company shall pay to Balancing Party the "Transportation Component" if deliveries are less than Scheduled Quantities.

The calculation of the "Transportation Component" and the applicable monthly Index Price and resulting cash-out price shall be in accordance with Section 6 of the currently effective Midwestern Gas Transmission's Rate Schedule LMS-PA.

Balancing Rate Schedule  
For Receipt Points

Schedule A

Monthly Imbalance Percentage	Company Pays Balancing Party the Following Percent of the Index Price
-----	-----
0-5%	100%
>5-10%	85%
>10-15%	70%
>15-20%	60%
>20%	50%

Schedule B

Monthly Imbalance Percentage	Balancing Party Pays Company the Following Percent of the Index Price
-----	-----
0-5%	100%
>5-10%	115%
>10-15%	130%
>15-20%	140%
>20%	150%

For the purpose of determining the level at which a Balancing Party's imbalance shall be cashed out, if a Balancing Party has an imbalance outside a given tolerance level, the escalating or declining percentage of the Index Price will apply only to the portion of the imbalance outside of the tolerance level.

The amounts due hereunder shall be paid in accordance with Section 5 of the General Terms and Conditions of Company's Gas Tariff.

6.1 Access to Information

Company will make available by electronic means the best information it has concerning the scheduled deliveries at all Receipt Points. This information regarding the scheduled deliveries shall become "Operational Data" and Balancing Parties will be able to utilize the Operational Data for purposes of correcting imbalances during the month. Monthly imbalances will be cashed out on the basis of actual deliveries and Scheduled Quantities; provided that the penalty level and pricing associated with imbalances will be based upon the lesser of (1) the monthly operational imbalance reported by Company based upon the Operational Data or (2) the monthly imbalance based upon actual receipts and deliveries at such locations.

6.2 Operational Integrity

Nothing in this Section shall limit Company's right to take action as may be required to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system.

Balancing Rate Schedule  
For Receipt Points

7. General Terms And Conditions

All of the General Terms and Conditions of Company's Gas Tariff are part of this Rate Schedule. To the extent there is an inconsistency between a term or condition in this Rate Schedule and the General Terms and Conditions, the General Terms and Conditions shall govern. To the extent there is an inconsistency between a term or condition in this Rate Schedule and the applicable Operational Balancing Agreement, this Rate Schedule shall govern.

SERVICE REQUEST FORM

Send to:  
HEARTLAND GAS PIPELINE, LLC

\_\_\_\_\_  
Attention: Mark Head  
Address: One Vectren Square, 211 N.W. Riverside Drive, Evansville, IN 47708  
Phone: (812) 492-6781  
Fax: (812) 492-6786

THIS FORM MUST BE COMPLETED FOR EACH SERVICE REQUEST.

Company Name: \_\_\_\_\_  
(Party to execute request/amendment)

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

1. General Information:

Legal Name: \_\_\_\_\_

State of Incorporation: \_\_\_\_\_

Duns Number: \_\_\_\_\_

2. Service Type/Rate Schedule:

This request is for:

\_\_\_\_ Rate Schedule FT, Firm Transportation Service

\_\_\_\_ Rate Schedule IT, Interruptible Transportation Service

\_\_\_\_ Rate Schedule for Storage Service - Primary

\_\_\_\_ Rate Schedule for Storage Service - Secondary

\_\_\_\_ Balancing Rate Schedule for Delivery Points

\_\_\_\_ Balancing Rate Schedule for Receipt Points



Requested Rate:

- \_\_\_\_\_ Rate Schedule FT, Daily Reservation Charge
- \_\_\_\_\_ Rate Schedule FT, Commodity Charge
- \_\_\_\_\_ Rate Schedule IT, Commodity Charge
- \_\_\_\_\_ Rate Schedule for Storage Service, Commodity Charge – Primary
- \_\_\_\_\_ Rate Schedule for Storage Service, Reservation Charge - Secondary
- \_\_\_\_\_ Rate Schedule for Storage Service, Commodity Charge – Secondary

3. Contract Demand (Dth @ 14.73 dry)

- a) Rate Schedule FT, Firm Transportation Service  
Firm Transportation Contract Demand: \_\_\_\_\_ Dth
- b) Rate Schedule IT, Interruptible Transportation Service  
Daily Quantity: \_\_\_\_\_ Dth
- c) Rate Schedule for Storage Service - Primary  
Maximum Daily Injection Quantity \_\_\_\_\_ Dth  
Maximum Daily Withdrawal Quantity \_\_\_\_\_ Dth  
Maximum Inventory Quantity \_\_\_\_\_ Dth
- d) Rate Schedule for Storage Service - Secondary  
Maximum Daily Injection Quantity \_\_\_\_\_ Dth  
Maximum Daily Withdrawal Quantity \_\_\_\_\_ Dth  
Maximum Inventory Quantity \_\_\_\_\_ Dth

4. Request Type:

- \_\_\_\_\_ New Firm Transportation Agreement
- \_\_\_\_\_ New Interruptible Transportation Agreement
- \_\_\_\_\_ New Storage Service Agreement
- \_\_\_\_\_ New Operational Balancing Agreement
- \_\_\_\_\_ Amendment to Existing Agreement                      Contract No. \_\_\_\_\_

5. Term:  
Service beginning on: \_\_\_\_\_  
Service ending on: \_\_\_\_\_

6. Receipt Point (s):

<u>Name</u>	<u>Meter No.</u>	<u>Daily Quantity</u>
-------------	------------------	---------------------------

7. Delivery Point (s):

<u>Name</u>	<u>Meter No.</u>	<u>Daily Quantity</u>
-------------	------------------	---------------------------

Through signature hereunder, the party requesting transportation and/or storage service states that the information herein is complete and accurate to the best of its knowledge, information and belief.

\_\_\_\_\_  
Company Name

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

---

FOR HEARTLAND GAS PIPELINE USE ONLY:

Date Request Received: \_\_\_\_\_

Date Requestor Notified of Incomplete Request: \_\_\_\_\_

Date Request Accepted as Complete & Valid: \_\_\_\_\_

FORM OF FIRM TRANSPORTATION AGREEMENT  
For Rate Schedule FT

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Heartland Gas Pipeline, LLC, an Indiana limited liability company, hereinafter referred to as "Heartland Gas Pipeline," and \_\_\_\_\_, a \_\_\_\_\_ company [or corporation], hereinafter referred to as "Customer,"

WITNESSETH that in consideration of the premises and of the mutual covenants herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1, TERMS AND CONDITIONS

1.1 Unless otherwise noted herein, the Tariff and General Terms and Conditions on file with the Indiana Utility Regulatory Commission shall apply to the transportation services provided to Customer under this Agreement. The General Terms and Conditions, the Rates and Charges set forth in Article 8, and other provisions of this Agreement may be amended from time to time as set forth in Section 8.2.

ARTICLE 2, TRANSPORTATION SERVICE

2.1 Subject to the terms and provisions of this Agreement, Customer agrees to deliver or cause to be delivered to Heartland Gas Pipeline, at the Point of Receipt (s) in Exhibit "A" attached hereto, gas for transportation, and Heartland Gas Pipeline agrees to receive, transport and redeliver, at the Point(s) of Delivery in Exhibit "A", Equivalent Quantities of Gas to Customer or for the account of Customer, in accordance with Section 3 of the effective Rate Schedule FT and the General Terms and Conditions, up to \_\_\_\_\_ Dth per day, which shall be the Customer's Transportation Contract Demand.

2.2 Heartland Gas Pipeline, at its sole option, may transport for Customer daily quantities in excess of the Transportation Contract Demand.

2.3 In order to protect its system, the delivery of gas to its Customers and/or the safety of its operations, Heartland Gas Pipeline shall have the right to vent excess natural gas delivered to Heartland Gas Pipeline by Customer or Customer's supplier (s). Prior to venting excess gas, Heartland Gas Pipeline will use its best efforts to contact Customer or Customer's supplier in an attempt to correct such excess gas deliveries to Heartland Gas Pipeline. Heartland Gas Pipeline may vent such excess gas solely within its reasonable judgment and discretion without incurring any liability to Customer, and a pro-rata share of any gas so vented shall be allocated to Customer. Customer's pro-rata share shall be determined by a fraction, the numerator of which shall be the quantity of gas delivered to Heartland Gas Pipeline at the Point of Receipt by Customer or Customer's supplier in excess of the Customer's confirmed nomination and the denominator of which shall be the total quantity of gas in excess of the total confirmed nominations flowing, multiplied by the total quantity of gas vented or lost hereunder.

2.4 All receipts and deliveries of gas, less fuel if applicable, shall be allocated and balanced on a daily basis by Heartland Gas Pipeline.

ARTICLE 3, SCHEDULING

3.1 Customer shall provide Heartland Gas Pipeline with the daily scheduled nominations of gas receipts and deliveries in accordance with guidelines provided in the General Terms and Conditions.

#### ARTICLE 4, POINTS OF RECEIPT AND DELIVERY

4.1 Customer shall deliver gas or cause gas to be delivered to Heartland Gas Pipeline at the Point(s) of Receipt specified in Exhibit "A" attached hereto and Heartland Gas Pipeline shall redeliver gas to Customer or for the account of Customer at the Point(s) of Delivery specified in Exhibit "A" attached hereto in accordance with the General Terms and Conditions.

#### ARTICLE 5, TERM OF AGREEMENT

5.1 This Agreement shall become effective upon its execution by both parties and shall remain in full force and effect with a primary term beginning \_\_\_\_\_, and ending on \_\_\_\_\_.

#### ARTICLE 6, POINT(S) OF MEASUREMENT

6.1 The gas shall be delivered by Customer to Heartland Gas Pipeline and redelivered by Heartland Gas Pipeline to Customer at the Point(s) of Receipt and Delivery specified on Exhibit "A." The gas shall be measured or caused to be measured by Heartland Gas Pipeline at the Point(s) of Receipt and Point(s) of Delivery.

#### ARTICLE 7, FACILITIES

7.1 Customer may be required to pay or cause Heartland Gas Pipeline to be paid the installed cost of any new facilities required to receive service under this Rate Schedule FT. Customer shall be responsible only for the installed cost of any new facilities if the cost of those facilities has been agreed to in writing by Heartland Gas Pipeline and Customer.

#### ARTICLE 8, RATES AND CHARGES

8.1 Each month, Customer shall pay Heartland Gas Pipeline for the service hereunder, an amount determined in accordance with Section 3 of Heartland Gas Pipeline's Rate Schedule FT, which Rate Schedule FT is by reference made a part of this Agreement. The applicable rates under this Firm Transportation Agreement shall be the currently effective rates on Rate Schedule FT, unless specified differently below:

Daily Reservation Rate \$\_\_\_\_\_ per Dth (if different than the currently effective rate listed on Sheet 4 of this tariff).

Commodity Rate \$\_\_\_\_\_ per Dth (if different than the currently effective rate listed on Sheet 4 of this tariff).

The monthly charges for such service consist of the Customer's Transportation Contract Demand multiplied by the applicable Daily Reservation Charge per Dth multiplied by the number of days in the month. The Daily Reservation Charge shall be billed as of the effective date of the Firm Transportation Agreement. In addition, Customer shall pay Heartland Gas Pipeline each month the applicable commodity charge multiplied by the quantity of gas received from Customer at the Point(s) of Receipt.

For any quantities delivered to Heartland Gas Pipeline in excess of Customer's Transportation Contract Demand, Customer agrees to pay Heartland Gas Pipeline the charges as defined in Section 5.1 of the Rate Schedule FT.

8.2 It is agreed that Heartland Gas Pipeline may seek authorization from the Indiana Utility Regulatory Commission (IURC) for changes to any rates and terms herein, in Rate Schedule FT, and the General Terms and Conditions as may be found necessary to assure Heartland Gas Pipeline reasonable and just service and rates. Nothing herein contained shall be construed to deny Customer any rights it may have to intervene and participate fully in rate proceedings by intervention or otherwise to contest increased rates in whole or in part.

ARTICLE 9, MISCELLANEOUS

9.1. Heartland Gas Pipeline's Transportation Service hereunder shall be subject to receipt of all requisite regulatory authorizations from the IURC in a manner and form acceptable to Heartland Gas Pipeline. The parties agree to furnish each other with any and all information necessary to comply with any laws, orders, rules or regulations.

9.2. Except as may be otherwise provided, any notice, request, demand, statement, or bill provided for in this Agreement or any other notice which a party may desire to give to the other shall be in writing and mailed by regular mail or by postpaid registered mail to the post office address of the party intended to receive the same or by facsimile transmission as follow:

Heartland Gas Pipeline, LLC  
Attention: Mark Head  
Address: One Vectren Square, 211 N.W. Riverside Drive, Evansville, IN 47708  
Phone: (812) 492-6781  
Fax: (812) 492-6786

Customer  
Attention: \_\_\_\_\_  
Address:  
Phone #:  
Fax #:

The address of either party may, from time to time, be changed by a party mailing appropriate notice thereof to the other party.

9.3. Customer shall have fifteen (15) days from the date of receipt of this Agreement in which to execute such Agreement or Customer's request may be deemed null and void.

9.4. This Agreement shall be governed by the laws of the State of Indiana.

9.5. Each party agrees to file timely all statements, notices and petitions required under the regulations of the IURC or any other applicable rules or regulations of any governmental authority having jurisdiction hereunder and to exercise due diligence to obtain all necessary governmental approvals required for the implementation of this Firm Transportation Agreement.

9.6. All terms and conditions of Rate Schedule FT and the attached Exhibits are hereby incorporated into and made a part of this Agreement.

9.7. This contract shall be binding upon and inure to the benefit of the successors, assigns and legal representatives of the parties hereof.

9.8. Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the written consent of the other party. Notwithstanding the foregoing, either party may assign its right, title and interest in, to and by virtue of this Agreement including any and all extensions, renewals, amendments and supplements thereto, to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities, without such trustee or trustees assuming or becoming in any respect obligated to perform any of the obligations of the assignor and, if any trustee be a corporation, without its being required by the parties hereto to qualify to do business in the state in which the performance of this Agreement may occur. Nothing contained herein shall require consent to transfer this Agreement by virtue of merger or consolidation of a party hereto or a sale of all or substantially all of the assets of a party hereto, or any other corporate reorganization of a party hereto.

9.9 This Agreement insofar as it is affected thereby, is subject to all valid rules, regulations, and orders of all governmental authorities having jurisdiction.

9.10 No waiver by either party of any one or more defaults by the other in the performance of any provisions hereunder shall operate or be construed as a waiver of any future default or defaults whether of a like or a different character.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective representatives thereunto duly organized, on this the day and year first above written.

HEARTLAND GAS PIPELINE, LLC

ATTEST:

\_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

Date of Execution by Heartland Gas Pipeline, LLC:

\_\_\_\_\_

CUSTOMER

ATTEST:

\_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

Date of Execution by Customer:

\_\_\_\_\_

EXHIBIT "A"  
FIRM TRANSPORTATION AGREEMENT  
For Rate Schedule FT

Customer: \_\_\_\_\_

Transportation Contract Demand: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Primary Receipt Point (s):

<u>Name</u>	<u>Meter No.</u>	<u>Daily Quantity</u>
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Primary Delivery Point (s):

<u>Name</u>	<u>Meter No.</u>	<u>Daily Quantity</u>
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HEARTLAND GAS PIPELINE, LLC  
\_\_\_\_\_

CUSTOMER

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FORM OF INTERRUPTIBLE TRANSPORTATION AGREEMENT  
For Rate Schedule IT

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Heartland Gas Pipeline, LLC, an Indiana limited liability company, hereinafter referred to as "Heartland Gas Pipeline," and \_\_\_\_\_, a \_\_\_\_\_ company [or corporation], hereinafter referred to as "Customer,"

WITNESSETH that in consideration of the premises and of the mutual covenants herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1, TERMS AND CONDITIONS

1.1 Unless otherwise noted herein, the Tariff and General Terms and Conditions on file with the Indiana Utility Regulatory Commission shall apply to the transportation services provided to Customer under this Agreement. The General Terms and Conditions, the Rates and Charges set forth in Article 8, and other provisions of this Agreement may be amended from time to time as set forth in Section 8.2.

ARTICLE 2, TRANSPORTATION SERVICE

2.1 Subject to the terms and provisions of this Agreement, Customer agrees to deliver or cause to be delivered to Heartland Gas Pipeline, at the Point of Receipt (s) in Exhibit "A" attached hereto, gas for transportation, and Heartland Gas Pipeline agrees to receive, transport and redeliver, at the Point(s) of Delivery in Exhibit "A", Equivalent Quantities of Gas to Customer or for the account of Customer, in accordance with Section 3 of the effective Rate Schedule IT and the General Terms and Conditions, up to \_\_\_\_\_ Dth per day, which shall be the Customer's Daily Quantity.

2.2 Heartland Gas Pipeline, at its sole option, may transport for Customer daily quantities in excess of the Daily Quantity.

2.3 In order to protect its system, the delivery of gas to its Customers and/or the safety of its operations, Heartland Gas Pipeline shall have the right to vent excess natural gas delivered to Heartland Gas Pipeline by Customer or Customer's supplier(s). Heartland Gas Pipeline may vent such excess gas solely within its reasonable judgment and discretion without incurring any liability to Customer, and a pro-rata share of any gas so vented shall be allocated to Customer. Customer's pro-rata share shall be determined by a fraction, the numerator of which shall be the quantity of gas delivered to Heartland Gas Pipeline at the Point of Receipt by Customer or Customer's supplier in excess of the Customer's confirmed nomination and the denominator of which shall be the total quantity of gas in excess of the total confirmed nominations flowing, multiplied by the total quantity of gas vented or lost hereunder.

2.4 All receipts and deliveries of gas, less fuel if applicable, shall be allocated and balanced on a daily basis by Heartland Gas Pipeline.

ARTICLE 3, SCHEDULING

3.1 Customer shall provide Heartland Gas Pipeline with the daily scheduled nominations of gas receipts and deliveries in accordance with guidelines provided in the General Terms and Conditions.

ARTICLE 4, POINTS OF RECEIPT AND DELIVERY

4.1 Customer shall deliver gas or cause gas to be delivered to Heartland Gas Pipeline at the Point(s) of Receipt specified in Exhibit "A" attached hereto and Heartland Gas Pipeline shall redeliver gas to Customer



or for the account of Customer at the Point(s) of Delivery specified in Exhibit "A" attached hereto in accordance with the General Terms and Conditions.

ARTICLE 5, TERM OF AGREEMENT

5.1 This Agreement shall become effective upon its execution by both parties and shall remain in full force and effect with a primary term beginning \_\_\_\_\_, and ending on \_\_\_\_\_.

ARTICLE 6, POINT(S) of MEASUREMENT

6.1 The gas shall be delivered by Customer to Heartland Gas Pipeline and redelivered by Heartland Gas Pipeline to Customer at the Point(s) of Receipt and Delivery specified on Exhibit "A." The gas shall be measured or caused to be measured by Heartland Gas Pipeline at the Point(s) of Receipt and Point(s) of Delivery.

ARTICLE 7, FACILITIES

7.1 Customer may be required to pay or cause Heartland Gas Pipeline to be paid the installed cost of any new facilities required to receive service under this Rate Schedule IT. Customer shall be responsible only for the installed cost of any new facilities if the cost of those facilities has been agreed to in writing by Heartland Gas Pipeline and Customer.

ARTICLE 8, RATES AND CHARGES

8.1 Each month, Customer shall pay Heartland Gas Pipeline for the service hereunder, an amount determined in accordance with Section 3 of Heartland Gas Pipeline's Rate Schedule IT, which Rate Schedule IT is by reference made a part of this Agreement. The applicable rates under this Interruptible Transportation Agreement shall be the currently effective rates on Rate Schedule IT, unless specified differently below:

Commodity Rate            \$\_\_\_\_\_ per Dth (if different than the currently effective rate listed on Sheet 5 of this tariff).

Customer shall pay Heartland Gas Pipeline each month the applicable commodity charge multiplied by the quantity of gas received from Customer at the Point(s) of Receipt.

8.2 It is agreed that Heartland Gas Pipeline may seek authorization from the Indiana Utility Regulatory Commission (IURC) for changes to any rates and terms herein, in Rate Schedule IT, and the General Terms and Conditions as may be found necessary to assure Heartland Gas Pipeline reasonable and just service and rates. Nothing herein contained shall be construed to deny Customer any rights it may have to intervene and participate fully in rate proceedings by intervention or otherwise to contest increased rates in whole or in part.

ARTICLE 9, MISCELLANEOUS

9.1. Heartland Gas Pipeline's Transportation Service hereunder shall be subject to receipt of all requisite regulatory authorizations from the IURC in a manner and form acceptable to Heartland Gas Pipeline. The parties agree to furnish each other with any and all information necessary to comply with any laws, orders, rules or regulations.

9.2. Except as may be otherwise provided, any notice, request, demand, statement, or bill provided for in this Agreement or any other notice which a party may desire to give to the other shall be in writing and mailed by regular mail or by postpaid registered mail to the post office address of the party intended to receive the same or by facsimile transmission as follow:

Heartland Gas Pipeline, LLC  
Attention: Mark Head  
Address: One Vectren Square, 211 N.W. Riverside Drive, Evansville, IN 47708  
Phone: (812) 492-6781  
Fax: (812) 492-6786

Customer  
Attention: \_\_\_\_\_  
Address:  
Phone #:  
Fax #:

The address of either party may, from time to time, be changed by a party mailing appropriate notice thereof to the other party.

9.3. Customer shall have fifteen (15) days from the date of receipt of this Agreement in which to execute such Agreement or Customer's request may be deemed null and void.

9.4. This Agreement shall be governed by the laws of the State of Indiana.

9.5. Each party agrees to file timely all statements, notices and petitions required under the regulations of the IURC or any other applicable rules or regulations of any governmental authority having jurisdiction hereunder and to exercise due diligence to obtain all necessary governmental approvals required for the implementation of this Interruptible Transportation Agreement.

9.6. All terms and conditions of Rate Schedule IT and the attached Exhibits are hereby incorporated into and made a part of this Agreement.

9.7. This contract shall be binding upon and inure to the benefit of the successors, assigns and legal representatives of the parties hereof.

9.8. Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the written consent of the other party. Notwithstanding the foregoing, either party may assign its right, title and interest in, to and by virtue of this Agreement including any and all extensions, renewals, amendments and supplements thereto, to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities, without such trustee or trustees assuming or becoming in any respect obligated to perform any of the obligations of the assignor and, if any trustee be a corporation, without its being required by the parties hereto to qualify to do business in the state in which the performance of this Agreement may occur. Nothing contained herein shall require consent to transfer this Agreement by virtue of merger or consolidation of a party hereto or a sale of all or substantially all of the assets of a party hereto, or any other corporate reorganization of a party hereto.

9.9. This Agreement insofar as it is affected thereby, is subject to all valid rules, regulations, and orders of all governmental authorities having jurisdiction.

9.10. No waiver by either party of any one or more defaults by the other in the performance of any provisions hereunder shall operate or be construed as a waiver of any future default or defaults whether of a like or a different character.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective representatives thereunto duly organized, on this the day and year first above written.

HEARTLAND GAS PIPELINE, LLC

ATTEST:

\_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

Date of Execution by Heartland Gas Pipeline, LLC:

\_\_\_\_\_

CUSTOMER

ATTEST:

\_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

Date of Execution by Customer:

\_\_\_\_\_

EXHIBIT "A"  
INTERRUPTIBLE TRANSPORTATION AGREEMENT  
For Rate Schedule IT

Customer: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Receipt Point (s):

<u>Name</u>	<u>Meter No.</u>	<u>Daily Quantity</u>
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Delivery Point (s):

<u>Name</u>	<u>Meter No.</u>	<u>Daily Quantity</u>
-------------	------------------	---------------------------

HEARTLAND GAS PIPELINE, LLC

CUSTOMER

\_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FORM OF STORAGE SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Heartland Gas Pipeline, LLC, an Indiana limited liability company, hereinafter referred to as “Heartland Gas Pipeline,” and \_\_\_\_\_, a \_\_\_\_\_ company [or corporation], hereinafter referred to as “Customer,”

WITNESSETH that in consideration of the premises and of the mutual covenants herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1, GENERAL TERMS AND CONDITIONS

1.1 Unless otherwise noted herein, the Tariff and General Terms and Conditions on file with the Indiana Utility Regulatory Commission shall apply to the storage services provided to Customer under this Agreement. The General Terms and Conditions, the Rates and Charges set forth in Article 7, and other provisions of this Agreement may be amended from time to time as set forth in Section 7.3.

ARTICLE 2, PRIMARY STORAGE SERVICE

2.1 Following commencement of storage service hereunder, Customer agrees to deliver gas or cause gas to be delivered to Heartland Gas Pipeline up to a Maximum Inventory Quantity (“MIQ”) as specified in Exhibit A to the Storage Service Agreement.

2.2 Heartland Gas Pipeline agrees to deliver gas to Customer up to the Maximum Daily Withdrawal Quantity (“MDWQ”) as specified in Exhibit A to the Storage Service Agreement. Such MDWQ and associated withdrawal ratchets, both specified in Exhibit A, are based upon the total withdrawal capabilities as set forth in the table below. Such withdrawal capabilities may be revised by Heartland Gas Pipeline from time-to-time to reflect the then current conditions of its storage resources. In the event of a revision, then withdrawal commitments from Heartland Gas Pipeline to Customer may also be revised accordingly.

Inventory Level (Dth)	Maximum Daily Withdrawal Quantity (Dth)
3,000,001 to 7,000,000	80,000
2,000,001 to 3,000,000	60,000
1,000,001 to 2,000,000	40,000
700,001 to 1,000,000	20,000
0 to 700,000	10,000

2.3 Customer shall have the ability to cause Heartland Gas Pipeline to make injections into storage up to a Maximum Daily Injection Quantity (“MDIQ”) as specified in Exhibit A to the Storage Service Agreement. However, Heartland Gas Pipeline shall have the ability to restrict, if needed and in its sole discretion, such injection quantities based upon the current inventory and operating parameters of its storage resources.

At the request of Customer, Heartland Gas Pipeline may, as determined in its sole discretion, inject or withdraw daily quantities in excess of the foregoing MDIQ or MDWQ only if it can do so without adverse effects on its storage resources, its pipeline operations or its ability to meet all of its other primary service obligations.

ARTICLE 3, SECONDARY STORAGE SERVICE

3.1 Customer agrees to deliver gas, or cause gas to be delivered, to Heartland Gas Pipeline up to a MIQ as specified in Exhibit A to the Storage Service Agreement for purposes of secondary storage service.

3.2 Customer understands and agrees that its daily injections into, and daily withdrawals from storage are secondary to any primary storage service rights of Heartland Gas Pipeline's customers set forth in Article 2.

3.3 Consistent with the terms of Sections 2.2 and 3.2 of this Agreement, Heartland Gas Pipeline and Customer shall collaborate and communicate with each other throughout the heating season so that Customer can withdraw its MIQ for secondary storage service by April 1<sup>st</sup> of each year, if Customer so requires.

3.4 Consistent with the terms of Sections 2.3 and 3.2 of this Agreement, Customer shall have the ability to cause Heartland Gas Pipeline to make injections up to a MDIQ as specified in Exhibit A to the Storage Service Agreement. However, Heartland Gas Pipeline shall have the ability to restrict, if needed and in its sole discretion, such Maximum Daily Injection Quantity based upon the current inventory and operating parameters of its storage resources.

3.5 Consistent with the terms of Sections 2.2 and 3.2 of this Agreement, Customer shall have the ability to cause Heartland Gas Pipeline to make withdrawals up to a MDWQ as specified in Exhibit A to the Storage Service Agreement.

3.6 Customer understands and agrees that its Summer withdrawals from, and Winter re-injections into storage will be allowed on a best efforts basis, based upon the physical capabilities of the storage resources of Heartland Gas Pipeline.

#### ARTICLE 4, POINTS OF RECEIPT AND DELIVERY

4.1 Customer shall deliver gas, or cause gas to be delivered, to Heartland Gas Pipeline at the Point of Receipt, which is designated at Citizens Underground Storage Master Meter.

4.2 Heartland Gas Pipeline shall deliver to Customer equivalent quantities of gas stored at the Point of Delivery, which is designated at Citizens Underground Storage Master Meter.

#### ARTICLE 5, SCHEDULING

5.1 Customer shall give Heartland Gas Pipeline timely notice of nominated volumes in accordance with the General Terms and Conditions.

#### ARTICLE 6, TERM OF AGREEMENT

6.1 This Agreement shall become effective upon its execution by both parties and shall remain in full force and effect with a primary term beginning \_\_\_\_\_, and ending on \_\_\_\_\_.

#### ARTICLE 7, RATES AND CHARGES

7.1 Each month, Customer shall pay Heartland Gas Pipeline for the storage service hereunder in accordance with the applicable and effective Heartland Gas Pipeline Rate schedule for Storage Service.

7.2 Customer shall provide fuel reimbursement on a commodity basis determined in accordance with Sections 16 and 17 of the General Terms and Conditions of Service.

7.3 Heartland Gas Pipeline may seek approval of the IURC for changes to the foregoing Rates and Charges and to the General Terms and Conditions. Nothing herein contained shall be construed, however, to deny Customer any rights it may have to intervene and participate fully in rate proceedings, to contest proposed increases to Rates and Charges, or changes in the General Terms and Conditions, in whole or in part.

7.4 The invoice for primary storage service and secondary storage service provided by Heartland Gas Pipeline to Customer shall reflect the applicable charges in Sections 7.1 and 7.2 of this Agreement and comply with the General Terms and Conditions.

7.5 Customer shall reimburse Heartland Gas Pipeline for all applicable taxes, as may be assessed and paid by Heartland Gas Pipeline related to the amount of working gas in storage held on behalf of Customer as of March 1st of each year.

#### ARTICLE 8, MISCELLANEOUS

8.1 Heartland Gas Pipeline's storage services hereunder shall be subject to receipt of all requisite regulatory authorizations from the IURC in a manner and form acceptable to Heartland Gas Pipeline. The parties agree to furnish each other with any and all information necessary to comply with any applicable laws, orders, rules or regulations.

8.2 If by reason of force majeure, as defined in the General Terms and Conditions, or due to an Operational Flow Order involving unexpected quantity of service loss after scheduling, Heartland Gas Pipeline's capability to receive or deliver quantities of gas is impaired so that Heartland Gas Pipeline is unable to receive or deliver the nominated quantities provided for in this Agreement, then primary and secondary storage capacity, withdrawals and/or injections will be allocated according to a priority of service schedule determined by Heartland Gas Pipeline in its sole discretion.

8.3 Except as may be provided otherwise, any notice, request, demand, statement, invoice or bill provided for in this Agreement or any other notice which a party may desire to give to the other shall be in writing and mailed by regular mail or by postpaid registered mail to the post office address of the party intended to receive the same or by facsimile transmission as follows:

**Heartland Gas Pipeline:**

Attention: Mark Head  
Address: One Vectren Square, 211 N.W. Riverside Drive  
Evansville, IN 47708  
Phone: (812) 492-6781  
Fax: (812) 492-6786

**Customer:**

Attention:  
Address:  
Phone:  
Fax:

The address of either party may be changed, from time to time, by a party mailing, by certified or registered mail, with appropriate notice thereof to the other party.

8.4 This Agreement shall be governed by the laws of the State of Indiana.

8.5 Each party agrees to file timely statements, notices and petitions, if any are required under the applicable rules or regulations of any governmental authority having jurisdiction hereunder, and to exercise due diligence to obtain all necessary governmental approvals required for the implementation of this Agreement.

8.6 This Agreement shall be binding upon and inure to the benefit of the successors, assigns and legal representatives of the parties hereto.

8.7 Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the written consent of the other party. Notwithstanding the foregoing, either party may assign its right, title and interest in, to and by virtue of this Agreement including any and all extensions, renewals,

amendments and supplements thereto, to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities, without such trustee or trustees assuming or becoming in any respect obligated to perform any of the obligations of the assignor and, if any trustee be a corporation, without its being required by the parties hereto to qualify to do business in the state in which the performance of this Agreement may occur. Nothing contained herein shall require consent to transfer this Agreement by virtue of a merger or consolidation of a party hereto or a sale of all or substantially all of the assets of a party hereto, or any other corporate reorganization of a party hereto.

8.8 This Agreement insofar as it is affected thereby, is subject to all valid rules, regulations, and orders of all governmental authorities having jurisdiction.

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective representatives on the date[s] set forth below.

ATTEST:  
\_\_\_\_\_

Its \_\_\_\_\_

Date of Execution by Heartland Gas Pipeline, LLC:

\_\_\_\_\_

HEARTLAND GAS PIPELINE, LLC

By \_\_\_\_\_

Its \_\_\_\_\_

CUSTOMER

ATTEST:  
\_\_\_\_\_

Its \_\_\_\_\_

Date of Execution by Customer:

\_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_



EXHIBIT "A"  
STORAGE SERVICE AGREEMENT

Customer: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Primary Storage Service:

Maximum Inventory Quantity (Dth): \_\_\_\_\_

Maximum Daily Withdrawal Quantity (Dth): \_\_\_\_\_

Withdrawal Ratchets:

Inventory Level (Dth)	Maximum Daily Withdrawal Quantity (Dth)
_____ to MIQ	_____
_____ to _____	_____
_____ to _____	_____
_____ to _____	_____
_____ to _____	_____

Maximum Daily Injection Quantity (DTH): \_\_\_\_\_

Receipt/Delivery Point: Citizens Underground Storage Master Meter

Secondary Storage Service:

Maximum Inventory Quantity (Dth): \_\_\_\_\_

Maximum Daily Withdrawal Quantity (Dth): \_\_\_\_\_

Maximum Daily Injection Quantity (DTH): \_\_\_\_\_

Receipt/Delivery Point: Citizens Underground Storage Master Meter

HEARTLAND GAS PIPELINE, LLC

CUSTOMER

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FORM OF OPERATIONAL BALANCING AGREEMENT  
(For Use at Delivery Points)

This Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between HEARTLAND GAS PIPELINE, LLC ("Company") and \_\_\_\_\_ (Balancing Party). Company and Balancing Party shall be referred to collectively herein as "Parties."

WITNESSETH:

WHEREAS, Company transports natural gas to the Delivery Point(s) specified in Exhibit A attached hereto (Delivery Point(s)) and Balancing Party receives such gas from Company at such point(s); and

WHEREAS, the gas actually delivered at the Delivery Point(s) is at times different than the quantities nominated and scheduled to be transported by Company to those point(s) ("Scheduled Quantities");

WHEREAS, Company and Balancing Party desire for balancing purposes and to allocate natural gas delivered at Delivery Point(s) based upon Scheduled Quantities and to allocate any difference between such Scheduled Quantities and actual deliveries at the Delivery Point(s) ("Operational Imbalance") to this Agreement; and

WHEREAS, Company and Balancing Party desire to implement operating rules designed to encourage conduct that maintains Company's system balance in a manner that facilitates the movement of gas for transportation purposes.

NOW, THEREFORE, Company and Balancing Party agree as follows:

ARTICLE 1 - DEFINITIONS

The definitions found in Section 1 of Company's General Terms and Conditions are incorporated herein by reference.

ARTICLE 2 - NOMINATIONS AND CONFIRMATIONS

2.1 Confirmation of Nominations - Prior to the beginning of the month in which service is to commence, Balancing Party shall confirm the quantities nominated to be transported to the Delivery Point(s) commencing on the first day of the month following confirmation. The quantities confirmed through this process shall become the Scheduled Quantities. Any modification to such Scheduled Quantities shall be reconfirmed by Balancing Party prior to the commencement of the revised service. Company shall notify Balancing Party of any problems regarding the scheduling of gas in accordance with confirmations hereunder within one Business Day after such confirmation, unless mutually agreed otherwise. Balancing Party shall notify Company of any errors in the Scheduled Quantities within one Business Day of receipt of such information from Company.

2.2 Allocations Based on Scheduled Quantities - The Parties intend that the quantity actually delivered at the Delivery Point(s) will equal the Scheduled Quantities. Balancing Party shall use all reasonable efforts to ensure that the quantities actually delivered at the Delivery Point(s) equal the Scheduled Quantities. Unless prohibited by applicable law or regulation, all gas delivered by Company shall be allocated each day based upon the Scheduled Quantities or by such other methods as may be mutually agreed to by both Parties.

2.3 Allocation of Variances - The difference on any day between the Scheduled Quantities and the actual quantity delivered at the Delivery Point(s) shall be the Daily Variance and shall be allocated to this Agreement. The difference between the sum of the Scheduled Quantities during a calendar month and the total actual quantity delivered at the Delivery Point(s) during the calendar month shall be the Monthly Operational Imbalance. Any Monthly Operational Imbalances will be resolved in accordance with Article 3.

2.4 Unauthorized Overruns - On any day that Balancing Party delivers gas in excess of the Daily Limit applicable to a Delivery Point controlled by Balancing Party, Balancing Party shall be subject to an Unauthorized Overrun Charge of fifteen dollars (\$15.00) for each Dekatherm of excess volumes taken beyond a 2 percent allowable variation. The Daily Limit shall be posted in an Operational Flow Order issued and posted on the Company's EBB.

2.5 Reports on Actual Deliveries - Should Company not have the ability to monitor actual deliveries at any Delivery Point on a daily basis, Balancing Party shall provide to Company the best available information compiled on a daily basis on the actual deliveries at such Delivery Point(s) within two Business Days after the date of delivery. Furthermore, the Balancing Party shall provide meter statements within three (3) Business Days after the close of a calendar month at any Delivery Point(s) where Company does not operate the meter. If the Balancing Party does not provide such information or meter statements at any Delivery Point(s), or the information provided contains significant inaccuracies as reasonably determined by Company, and such conditions continue for fifteen days or more (whether or not such days are consecutive) after the first notice to the Balancing Party, then such Delivery Point(s) will be deleted from Exhibit A upon written notice from Company at the end of that calendar month. Any Delivery Point that is deleted from this Agreement in accordance with this Section may be added to Exhibit A in the future if the Parties mutually agree.

### ARTICLE 3 - CORRECTION OF OPERATIONAL IMBALANCES

3.1 Corrections in Flow Rates During a Day - Balancing Party will be able to request adjustments to actual deliveries at its Delivery Points at any time during the day by coordinating with Company's gas dispatchers. Company will use reasonable efforts to deliver those changed quantities when the operating conditions on Company's system permits, taking into consideration the nominations made by firm Shippers on Company's system.

3.2 Corrections During the Month - Estimated metered quantities, or actual metered quantities where available, may be used by Company for purposes of adjustments under this Section on a daily basis during the month to determine the estimated Operational Imbalance at all of the Delivery Point(s). Company shall make the estimated Daily Variances and Monthly Operational Imbalances at each Delivery Point available to Balancing Party by the third Business Day after each production day. Company or Balancing Party may make adjustments in nominations and actual deliveries upon 24 hours notice by making imbalance make up nominations pursuant to this Agreement and in accordance with the applicable provisions of Company's Tariff. Any such adjustments will offset pre-existing imbalances accrued during the month.

3.3 Corrections in Subsequent Periods - As soon as practicable following the close of each month, Company will send Balancing Party a statement setting forth the accrued Daily Variances and the Monthly Operational Imbalance existing at the end of the prior month. Any Monthly Operational Imbalance shall be corrected in cash in accordance with the Balancing Rate Schedule for Delivery Points of Company's Tariff unless the Parties mutually agree otherwise.

3.4 Measurement of Operational Imbalance - Any gas received or delivered pursuant to this Agreement to correct an Operational Imbalance shall be adjusted for variation in Btu content. Measurement of gas for all purposes shall be in accordance with Company's Gas Tariff.

3.5 Operational Integrity - Nothing in this Article 3 shall limit Company's right to take action as may be required to adjust deliveries of gas in order to alleviate conditions that threaten the integrity of its system.

#### ARTICLE 4 - TERM

4.1 Duration of Agreement - Subject to the other termination rights provided herein, this Agreement shall be in full force and effect from the date hereof for a primary term of one year and shall continue thereafter on a month-to-month basis unless canceled by either Party upon thirty days' prior written notice with the termination to be effective at the end of a calendar month. Notwithstanding the above, if any material problem arises as a result of the provisions of this Agreement, then the Parties will enter into good faith negotiations to amend this Agreement to resolve such problems.

4.2 Continuing Obligations - Following the termination of this Agreement, any remaining Operational Imbalance shall be resolved in cash in accordance with the Balancing Rate Schedule for Delivery Points of Company's Gas Tariff, unless the Parties mutually agree otherwise.

4.3 This Agreement will terminate automatically in the event that Balancing Party fails to pay the entire amount of any bill for service rendered by Company hereunder in accordance with the General Terms and Conditions of Company's Tariff.

#### ARTICLE 5 - IMBALANCE CHARGES

5.1 Current Charges - Commencing upon the date of execution, the rates, charges, and surcharges to be paid by Balancing Party to Company shall be in accordance with Company's Balancing Rate Schedule for Delivery Points and the General Terms and Conditions of Company's Gas Tariff.

5.2 Incidental Charges - Balancing Party agrees to reimburse Company for any filing or similar fees, which have not been previously paid for by Balancing Party which Company incurs in rendering service hereunder.

5.3 Changes in Rates and Charges - Balancing Party agrees that Company shall have the unilateral right to file with the appropriate regulatory authority and make effective changes in (a) the rates and charges applicable to service pursuant to Company's Balancing Rate Schedule for Delivery Points, (b) the rate schedule(s) pursuant to which service hereunder is rendered, or (c) any provision of the General Terms and Conditions applicable to those rate schedules. Company agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Company's existing Gas Tariff as may be found necessary to assure Company just and reasonable rates.

#### ARTICLE 6 - MISCELLANEOUS

6.1 Warranties - Balancing Party warrants (i) that as to any gas that it delivers or causes to be delivered to Company hereunder to correct an Operational Imbalance that it will have good title to such gas, free and clear of all liens, encumbrances and claims whatsoever; (ii) that it will at the time of delivery have the right to deliver or cause to be delivered such gas; (iii) that it has the right to allocate all deliveries from the Delivery Points in accordance with this Agreement; and (iv) that it will indemnify and save Company harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas or to royalties, overriding royalties, taxes, or other charges thereon or with regard to the allocation of gas hereunder. Balancing Party represents and warrants to Company that all requisite authorizations, if any, have been obtained as to any gas that Balancing Party delivers or causes to be delivered hereunder.

6.2 Governing Bodies - This Agreement shall be subject to all applicable laws, federal or state, and to all applicable rules and regulations of any duly authorized federal, state or other government

agency having jurisdiction. The interpretation and performance of this contract shall be in accordance with and controlled by the laws of the State of Indiana without regard to the doctrines governing choice of law.

6.3 Waivers - No waiver by either Party of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of different character.

6.4 Invoicing and Payments - Company shall bill and Balancing Party shall pay for the correction of Operational Imbalances and any charges assessed under the Balancing Rate Schedule for Delivery Points in cash in accordance with the General Terms and Conditions specified in Company's Gas Tariff.

6.5 Incorporation of Tariff - Unless otherwise stated herein, the Balancing Rate Schedule for Delivery Points and the General Terms and Conditions specified in Company's Gas Tariff are incorporated as part of this Agreement.

6.6 Notices - Except as otherwise provided in the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be in writing and mailed to the Party's address shown on Exhibit A hereto or such other address as either Party may designate by written notice to the other.

6.7 Conflicts - If there is any conflict or discrepancy between this Agreement and any other agreement between Company and Balancing Party with regard to allocations of deliveries at Delivery Points, the terms of this Agreement shall govern and control. If there is any conflict or discrepancy between this Agreement and Balancing Rate Schedule for Delivery Points, the terms of the Balancing Rate Schedule for Delivery Points shall govern. If there is any conflict or discrepancy between this Agreement and the General Terms and Conditions specified in Company's Gas Tariff, the General Terms and Conditions shall govern.

6.8 Except for changes specifically authorized pursuant to this Agreement, no modification of or supplement to the terms and conditions hereof shall be or become effective until Balancing Party has submitted a request for change and Balancing Party has been notified of Company's agreement to such change.

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

HEARTLAND GAS PIPELINE, LLC

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

\_\_\_\_\_  
BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

HEARTLAND GAS PIPELINE, LLC  
EXHIBIT "A"  
OPERATIONAL BALANCING AGREEMENT  
(FOR USE AT DELIVERY POINTS)  
DATED \_\_\_\_\_

EXHIBIT "A" TO THE OPERATIONAL BALANCING AGREEMENT FOR USE AT THE FOLLOWING DELIVERY POINTS:

Delivery Point Name	Location
_____	_____
_____	_____
_____	_____
_____	_____

HEARTLAND GAS PIPELINE, LLC

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

\_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

(This Exhibit "A" supersedes and cancels the Exhibit "A" dated \_\_\_\_\_ to the Operational Balancing Agreement dated \_\_\_\_\_.)

FORM OF OPERATIONAL BALANCING AGREEMENT  
(For Use at Receipt Points)

This Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between HEARTLAND GAS PIPELINE, LLC ("Company") and \_\_\_\_\_ (Balancing Party). Company and Balancing Party shall be referred to collectively herein as "Parties."

WITNESSETH:

WHEREAS, Company transports natural gas to the Receipt Point(s) specified in Exhibit A attached hereto (Receipt Point(s)) and Balancing Party receives such gas from Company at such point(s); and

WHEREAS, the gas actually delivered at the Receipt Point(s) is at times different than the quantities nominated and scheduled to be transported by Company to those point(s) ("Scheduled Quantities");

WHEREAS, Company and Balancing Party desire for balancing purposes and to allocate natural gas delivered at Receipt Point(s) based upon Scheduled Quantities and to allocate any difference between such Scheduled Quantities and actual deliveries at the Receipt Point(s) ("Operational Imbalance") to this Agreement; and

WHEREAS, Company and Balancing Party desire to implement operating rules designed to encourage conduct that maintains Company's system balance in a manner that facilitates the movement of gas for transportation purposes.

NOW, THEREFORE, Company and Balancing Party agree as follows:

ARTICLE 1 - DEFINITIONS

The definitions found in Section 1 of Company's General Terms and Conditions are incorporated herein by reference.

ARTICLE 2 - NOMINATIONS AND CONFIRMATIONS

2.1 Confirmation of Nominations - Prior to the beginning of the month in which service is to commence, Balancing Party shall confirm the quantities nominated to be transported to the Receipt Point(s) commencing on the first day of the month following confirmation. The quantities confirmed through this process shall become the Scheduled Quantities. Any modification to such Scheduled Quantities shall be reconfirmed by Balancing Party prior to the commencement of the revised service. Company shall notify Balancing Party of any problems regarding the scheduling of gas in accordance with confirmations hereunder within one Business Day after such confirmation, unless mutually agreed otherwise. Balancing Party shall notify Company of any errors in the Scheduled Quantities within one Business Day of receipt of such information from Company.

2.2 Allocations Based on Scheduled Quantities - The Parties intend that the quantity actually delivered at the Receipt Point(s) will equal the Scheduled Quantities. Balancing Party shall use all reasonable efforts to ensure that the quantities actually delivered at the Receipt Point(s) equal the Scheduled Quantities. Unless prohibited by applicable law or regulation, all gas delivered by Company shall be allocated each day based upon the Scheduled Quantities or by such other methods as may be mutually agreed to by both Parties.

2.3 Allocation of Variances - The difference on any day between the Scheduled Quantities and the actual quantity delivered at the Receipt Point(s) shall be the Daily Variance and shall be allocated to this Agreement. The difference between the sum of the Scheduled Quantities during a calendar month and the total actual quantity received at the Receipt Point(s) during the calendar month shall be the Monthly Operational Imbalance. Any Monthly Operational Imbalances will be resolved in accordance with Article 3.

2.4 Unauthorized Overruns - On any day that Balancing Party delivers gas in excess of the Daily Limit applicable to a Receipt Point controlled by Balancing Party, Balancing Party shall be subject to an Unauthorized Overrun Charge of fifteen dollars (\$15.00) for each Dekatherm of excess volumes taken beyond a 2 percent allowable variation. The Daily Limit shall be posted in an Operational Flow Order issued and posted on the Company's EBB.

2.5 Reports on Actual Deliveries - Should Company not have the ability to monitor actual deliveries at any Receipt Point on a daily basis, Balancing Party shall provide to Company the best available information compiled on a daily basis on the actual deliveries at such Receipt Point(s) within two Business Days after the date of delivery. Furthermore, the Balancing Party shall provide meter statements within three (3) Business Days after the close of a calendar month at any Receipt Point(s) where Company does not operate the meter. If the Balancing Party does not provide such information or meter statements at any Receipt Point(s), or the information provided contains significant inaccuracies as reasonably determined by Company, and such conditions continue for fifteen days or more (whether or not such days are consecutive) after the first notice to the Balancing Party, then such Receipt Point(s) will be deleted from Exhibit A upon written notice from Company at the end of that calendar month. Any Receipt Point that is deleted from this Agreement in accordance with this Section may be added to Exhibit A in the future if the Parties mutually agree.

### ARTICLE 3 - CORRECTION OF OPERATIONAL IMBALANCES

3.1 Corrections in Flow Rates During a Day - Balancing Party will be able to request adjustments to actual deliveries at its Receipt Points at any time during the day by coordinating with Company's gas dispatchers. Company will use reasonable efforts to deliver those changed quantities when the operating conditions on Company's system permits, taking into consideration the nominations made by firm Shippers on Company's system.

3.2 Corrections During the Month - Estimated metered quantities, or actual metered quantities where available, may be used by Company for purposes of adjustments under this Section on a daily basis during the month to determine the estimated Operational Imbalance at all of the Receipt Point(s). Company shall make the estimated Daily Variances and Monthly Operational Imbalances at each Receipt Point available to Balancing Party by the third Business Day after each production day. Company or Balancing Party may make adjustments in nominations and actual deliveries upon 24 hours notice by making imbalance make up nominations pursuant to this Agreement and in accordance with the applicable provisions of Company's Tariff. Any such adjustments will offset pre-existing imbalances accrued during the month.

3.3 Corrections in Subsequent Periods - As soon as practicable following the close of each month, Company will send Balancing Party a statement setting forth the accrued Daily Variances and the Monthly Operational Imbalance existing at the end of the prior month. Any Monthly Operational Imbalance shall be corrected in cash in accordance with the Balancing Rate Schedule for Receipt Points of Company's Tariff unless the Parties mutually agree otherwise.

3.4 Measurement of Operational Imbalance - Any gas received or delivered pursuant to this Agreement to correct an Operational Imbalance shall be adjusted for variation in Btu content. Measurement of gas for all purposes shall be in accordance with Company's Gas Tariff.



3.5 Operational Integrity - Nothing in this Article 3 shall limit Company's right to take action as may be required to adjust deliveries of gas in order to alleviate conditions that threaten the integrity of its system.

#### ARTICLE 4 - TERM

4.1 Duration of Agreement - Subject to the other termination rights provided herein, this Agreement shall be in full force and effect from the date hereof for a primary term of one year and shall continue thereafter on a month-to-month basis unless canceled by either Party upon thirty days' prior written notice with the termination to be effective at the end of a calendar month. Notwithstanding the above, if any material problem arises as a result of the provisions of this Agreement, then the Parties will enter into good faith negotiations to amend this Agreement to resolve such problems.

4.2 Continuing Obligations - Following the termination of this Agreement, any remaining Operational Imbalance shall be resolved in cash in accordance with the Balancing Rate Schedule for Receipt Points of Company's Gas Tariff, unless the Parties mutually agree otherwise.

4.3 This Agreement will terminate automatically in the event that Balancing Party fails to pay the entire amount of any bill for service rendered by Company hereunder in accordance with the General Terms and Conditions of Company's Tariff.

#### ARTICLE 5 - IMBALANCE CHARGES

5.1 Current Charges - Commencing upon the date of execution, the rates, charges, and surcharges to be paid by Balancing Party to Company shall be in accordance with Company's Balancing Rate Schedule for Receipt Points and the General Terms and Conditions of Company's Gas Tariff.

5.2 Incidental Charges - Balancing Party agrees to reimburse Company for any filing or similar fees, which have not been previously paid for by Balancing Party which Company incurs in rendering service hereunder.

5.3 Changes in Rates and Charges - Balancing Party agrees that Company shall have the unilateral right to file with the appropriate regulatory authority and make effective changes in (a) the rates and charges applicable to service pursuant to Company's Balancing Rate Schedule for Receipt Points, (b) the rate schedule(s) pursuant to which service hereunder is rendered, or (c) any provision of the General Terms and Conditions applicable to those rate schedules. Company agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Company's existing Gas Tariff as may be found necessary to assure Company just and reasonable rates.

#### ARTICLE 6 - MISCELLANEOUS

6.1 Warranties - Balancing Party warrants (i) that as to any gas that it delivers or causes to be delivered to Company hereunder to correct an Operational Imbalance that it will have good title to such gas, free and clear of all liens, encumbrances and claims whatsoever; (ii) that it will at the time of delivery have the right to deliver or cause to be delivered such gas; (iii) that it has the right to allocate all deliveries from the Receipt Points in accordance with this Agreement; and (iv) that it will indemnify and save Company harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas or to royalties, overriding royalties, taxes, or other charges thereon or with regard to the allocation of gas hereunder. Balancing Party represents and warrants to Company that all requisite authorizations, if any, have been obtained as to any gas that Balancing Party delivers or causes to be delivered hereunder.

6.2 Governing Bodies - This Agreement shall be subject to all applicable laws, federal or state, and to all applicable rules and regulations of any duly authorized federal, state or other government

agency having jurisdiction. The interpretation and performance of this contract shall be in accordance with and controlled by the laws of the State of Indiana without regard to the doctrines governing choice of law.

6.3 Waivers - No waiver by either Party of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of different character.

6.4 Invoicing and Payments - Company shall bill and Balancing Party shall pay for the correction of Operational Imbalances and any charges assessed under the Balancing Rate Schedule for Receipt Points in cash in accordance with the General Terms and Conditions specified in Company's Gas Tariff.

6.5 Incorporation of Tariff - Unless otherwise stated herein, the Balancing Rate Schedule for Receipt Points and the General Terms and Conditions specified in Company's Gas Tariff are incorporated as part of this Agreement.

6.6 Notices - Except as otherwise provided in the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be in writing and mailed to the Party's address shown on Exhibit A hereto or such other address as either Party may designate by written notice to the other.

6.7 Conflicts - If there is any conflict or discrepancy between this Agreement and any other agreement between Company and Balancing Party with regard to allocations of receipts at Receipt Points, the terms of this Agreement shall govern and control. If there is any conflict or discrepancy between this Agreement and Balancing Rate Schedule for Receipt Points, the terms of the Balancing Rate Schedule for Receipt Points shall govern. If there is any conflict or discrepancy between this Agreement and the General Terms and Conditions specified in Company's Gas Tariff, the General Terms and Conditions shall govern.

6.8 Except for changes specifically authorized pursuant to this Agreement, no modification of or supplement to the terms and conditions hereof shall be or become effective until Balancing Party has submitted a request for change and Balancing Party has been notified of Company's agreement to such change.

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

HEARTLAND GAS PIPELINE, LLC

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

\_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

HEARTLAND GAS PIPELINE, LLC  
EXHIBIT "A"  
OPERATIONAL BALANCING AGREEMENT  
(FOR USE AT RECEIPTS POINTS)  
DATED \_\_\_\_\_

EXHIBIT "A" TO THE OPERATIONAL BALANCING AGREEMENT FOR USE AT THE FOLLOWING RECEIPT POINTS:

Receipt Point Name	Location
_____	_____
_____	_____
_____	_____
_____	_____

HEARTLAND GAS PIPELINE, LLC

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

\_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

(This Exhibit "A" supersedes and cancels the Exhibit "A" dated \_\_\_\_\_ to the Operational Balancing Agreement dated \_\_\_\_\_.)

List of Meter Points  
for  
Heartland Gas Pipeline LLC

<b>Meter Name</b>	<b>Meter Number</b>	<b>Delivery/Receipt Status</b>
Heartland Gas Pipeline Citizens	CGCU	Receipt and Delivery
Midwestern Gas Transmission	MGT	Receipt and Delivery
Citizens Underground Storage Master Meter	UGS Master	Receipt and Delivery

## GENERAL TERMS AND CONDITIONS

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## GENERAL TERMS AND CONDITIONS

### 1. Definition of Terms

Except where the context expressly states another meaning, the following terms, when used in the attached Storage Service Agreement (“Agreement”), or in these General Terms and Conditions, shall be construed to have the following meanings:

- 1.1. The term “gas day” shall mean a period of twenty-four consecutive hours beginning at 9:00 a.m. to 9:00 a.m., Central Clock Time.
- 1.2. The term “Central Clock Time” (CCT) shall mean adjusting for Daylight Savings Time and Standard Time (CT).
- 1.3. The term “business day” shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U. S.
- 1.4. The term “month” shall mean the period beginning on the first day of the calendar month and ending on the first day of the next succeeding calendar month.
- 1.5. The term “year” shall mean a period of 365 consecutive days beginning with the date of first delivery of gas under the Agreement, or on any anniversary thereof; provided, however, that any such year which contains a date of February 29 shall consist of 366 consecutive days.
- 1.6. The term “gas” shall include natural gas that meets the quality specifications set forth in Section 3.
- 1.7. The term “Greene County UGS Facility” shall mean the underground storage facilities owned and operated by Citizens Gas & Coke Utility in Greene County, Indiana.
- 1.8. The term “fax” shall mean communications transmitted by facsimile and shall qualify as written communication within the terms of the Agreement and rendered when time stamped.
- 1.9. The term “psia” shall mean pounds per square inch absolute.
- 1.10. The term “psig” shall mean pounds per square inch gauge.
- 1.11. The term “standard cubic foot of gas” for purposes of measurement hereunder shall mean the quantity of gas which would occupy one cubic foot of space when such gas is at a temperature of 60 degrees Fahrenheit and at a pressure of 14.73 (psia) and dry.
- 1.12. The term “Mcf” is the abbreviation employed to denote 1,000 standard cubic feet of gas.
- 1.13. The term “Btu” is the abbreviation employed to denote a British Thermal Unit.
- 1.14. The term “dekatherm” (Dth) shall be the standard unit for purposes of nominations, scheduling, invoicing and balancing. Allocated quantities and imbalances shall be expressed in the same units as nominated quantities.
- 1.15. The term “gross heating value” means the number of British Thermal Units determined on a dry basis, that are produced by the combustion, at a constant pressure of the amount of gas which would occupy a volume of 1.0 cubic foot at a temperature of sixty (60) degrees Fahrenheit and under a pressure of fourteen and seventy-three hundredths (14.73)

(psia) with air at the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air and when the water formed by combustion is condensed to the liquid state. Standard reporting basis for Btu shall be 14.73 psia and 60 degrees Fahrenheit and dry.

- 1.16. The term “quantity of gas” shall mean the number of units of gas expressed in Dth unless otherwise specified.
- 1.17. The term “equivalent quantities” shall mean quantities of gas or equal thermal content as determined by the product of their quantities and heating values as defined above and in Section 4 of these General Terms and Conditions, less reductions in gas quantities due to the quantity of gas consumed as compressor fuel, company use, unaccounted for and loss due to venting.
- 1.18. The terms “Company,” “Transporter,” “Pipeline,” and “Heartland” shall mean Heartland Gas Pipeline, LLC.
- 1.19. The term “Customer” shall mean any entity having gas transported through Transporter’s pipeline system in accordance with the provisions of the Rate Schedule FT in this tariff.
- 1.20. The term “Transportation Contract Demand” shall mean the maximum daily quantity of gas set forth in the executed firm transportation agreement which Transporter shall be obligated to deliver to Customer and which Customer shall be entitled to receive from Transporter.
- 1.21. The term “Operational Flow Order” shall mean the verbal and/or written communication the Company shall utilize to inform Customers of necessary actions to preserve and protect the security and integrity of the pipeline system.
- 1.22. The term “Maximum Daily Withdrawal Quantity” (or “MDWQ”) shall mean the maximum quantity of gas Customer is able to withdraw during any one day from storage, as set forth in Article 2.2 of the standard form of storage service agreement.
- 1.23. The term “Maximum Daily Injection Quantity” (or “MDIQ”) shall mean the maximum quantity of gas Customer is able to inject during any one day into storage, as set forth in Article 2.3 of the standard form of storage service agreement.
- 1.24. The term “Maximum Inventory Quantity” (or “MIQ”) shall mean the maximum quantities of gas Company is required to store in inventory at any time for primary storage service and for secondary storage service, as set forth in Article 2.1 and 3.1 in the standard form of storage service agreement.
- 1.25. The terms “Point of Receipt” and “Point of Delivery” shall have the meanings set forth in Article 4 of the standard form of service agreement.

## 2. Applicability and Character of Service

The service provided hereunder covers 1) firm and interruptible gas transportation services and, 2) the receipt and injection of Customer’s primary storage and secondary storage gas into storage and the subsequent withdrawal and delivery of that gas to Customer. The services include 1) a contract transportation service, which requires Customer to schedule and nominate quantities to be transported, and 2) a contract storage service, which requires Customer to schedule and nominate quantities to be injected into or withdrawn from storage. Such services are provided in accordance with the terms of the attached

Agreement. The applicable rates for such services are described in the tariff rate schedules and currently effective rates.

3. Quality of Gas

3.1. Gas received or delivered hereunder shall:

- a) Be merchantable natural gas, commercially free from dust, solids, gums, gum-forming constituents, gasoline, water or any other substance of any kind which may become separated from the gas in the course of transportation through Transporter's pipeline;
- b) Not contain more than seven (7) pounds of water per million standard cubic feet of gas;
- c) Not contain more than one (1) grain of hydrogen sulfide, nor more than twenty (20) grains of total sulphur, per one hundred (100) standard cubic feet of gas; and mercaptan sulphur shall not constitute any portion of the allowable total sulphur content; and
- d) Contain zero (0.0) percent hydrogen, not more than one-tenth (.1) of one percent by volume of oxygen, nor more than two (2) percent by volume of carbon dioxide, nor more than four and one half (4-1/2) percent by volume of all non-hydrocarbon gases combined.

3.2. Gas received hereunder shall:

- a) Not be at a temperature more than one hundred twenty (120) degrees Fahrenheit; except where local conditions require or permit other temperatures; nor less than forty (40) degrees Fahrenheit;
- b) Not have a hydrocarbon dew point in excess of ten (10) degrees Fahrenheit under the expected operating conditions; and
- c) Not contain less than nine hundred sixty seven (967) British Thermal Units per standard cubic foot of gas determined on a dry basis.

3.3. Gas delivered hereunder shall:

- a) Not be at a temperature more than one hundred twenty (120) degrees Fahrenheit; and
- b) Not contain less than nine hundred sixty-seven (967) British Thermal Units per standard cubic foot of gas determined on a dry basis.

3.4. Company reserves the right:

- a) To utilize hydrocarbon dew point curves to evaluate the gas received to determine if condensate will form out of the gas into the Company's facilities under expected operating conditions;
- b) To refuse to accept totally, or in part, gas that, in its opinion, will create operating problems during the course of movement through the Company's facilities.



- 3.5. Customer or Customer's supplier shall not permit or cause the injection of oxygen or any other substance which will dilute such gas, even if such dilution does not render the gas unable to meet the quality specifications outlined above.
- 3.6. Neither Party shall be obligated to receive or transport gas that fails to conform to the requirement above and either Party shall have the right, after giving notice to the other Party, to refuse to receive or transport such gas as long as such gas fails to conform to the foregoing requirements.
- 3.7. Failure to meet specifications: Should any gas tendered for delivery to Company hereunder fail at any time to conform to any of the specifications of this Section, Company shall notify Customer of any such failure and Company may at its option suspend all or a portion of the receipt of any such gas, and Company shall be relieved of its obligations hereunder for the duration of such time as the gas does not meet such specifications.

#### 4. Measuring and Measuring Equipment

##### 4.1. General

Instrumentation required to determine gas volumes, mass and Dth will either be a combination of mechanical, electro/mechanical, pneumatic mechanical, electro/pneumatic/mechanical or electronic. The type of meter utilized for measurement at the Point(s) of Receipt and Delivery (as defined in Article 4 of the standard form of service agreement) shall be separately agreed to between Company and Customer. The accumulated data will be stored in electronic flow computers.

4.2. Unit of Gas

The unit of gas received or delivered by Customer shall be 1 Dth. The number of Dth shall be determined by multiplying the number of Standard Cubic Feet of gas by the total heating value of such gas in Btu per standard cubic foot as defined in Section 4.3 below, and by dividing the product by 1 million (1,000,000).

4.3. Determination of Volume and Unit Total Heating Value

The volume and unit heating value of gas shall be determined by Company at the Point(s) of Receipt and Delivery using the following:

- a) The unit weight for the purpose of measurement shall be one (1) pound of mass of gas;
  - b) For deliveries or receipts hereunder the average absolute atmospheric (barometric) pressure shall be assumed to be fourteen and seventy three one hundredths (14.73) pound per square inch;
  - c) The average unit total heating value of the gas shall, at Customer's option, be determined at each point of measurement by: (1) use of a spot sample taken during each month to be analyzed on a gas chromatograph, (2) use of a sample taken by a continuous sampler to be analyzed on a gas chromatograph, or (3) use of an on-line gas chromatograph;
  - d) The temperature of the gas for any day shall be determined by taking the arithmetic average of the hourly temperature readings, or by transmitting the temperature directly to a flow computer from a thermometer so installed as to properly sense the temperature of the gas passing through the meters; and
  - e) The specific gravity of the gas shall be determined for any day by taking the arithmetic average of the hourly reading or by transmitting the gravity directly to the flow computer from a gravimeter of approved type which shall be checked at least once each month.
- 4.4. All orifice meter volumes shall be computed in accordance with the American Gas Association Measurement Committee Report No. 3, April 2000, including the Appendices thereto and modifications and amendments thereof.
- 4.5. All turbine meter volumes shall be computed in accordance with the American Gas Association Measurement Committee Report No. 7, November 1984, including the Appendices thereto and modifications and amendments thereof.
- 4.6. In the cases where measurements shall be other than orifice or turbine meters all necessary factors for proper volume determination shall be applied.
- 4.7. Spot gas samples taken from the pipeline system for purposes of determining or deriving quantitative values that will be used in the computation of gas volume and Btu per cubic foot shall be obtained by use of the method contained in Gas Processors Association Publication Number GPA 2166-86, GPA Method for Obtaining Natural Gas Samples for Analysis by Gas Chromatography.
- 4.8. For purposes of instrument calibration and engineering formulae for volume and MMBtu computation, 30 inches of mercury shall equate to 14.73 psia. Conversion of volumes and MMBtu to other contractual conditions shall be made from the base of 14.73 psia.

- 4.9. Customer may install, maintain, and operate at its own expense, such check measuring equipment as it desires at or near the Delivery Point, provided that such equipment shall be installed as not to interfere with the operation of Company's measuring equipment.
- 4.10. Company's Right to be Present: Company and Customer shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment. Company and Customer shall each give the other notice of the time of all tests so that the other may conveniently have its representative present.
- 4.11. Care Required: All installation of measuring equipment applying to or affecting deliveries of gas shall be made in such manner as to permit accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement.

5. Invoice, Payment and Supporting Documentation

- 5.1. Monthly invoice date: Company shall render invoice to Customer on or before the tenth (10<sup>th</sup>) business day of each month for all gas delivered or withdrawn and gas service furnished during the preceding month, according to the measurement, computations and charges provided in the Agreement and these Terms and Conditions of Service. Render shall mean postmarked for mail invoices, time-stamped for faxed invoices. The invoice shall set forth the charges due for the current month, the total quantity of gas, stated in dekatherms, received from and delivered to Customer hereunder during the preceding month[s] and the amount due therefore; and if applicable, the amount of Customer's gas in storage as of the close of the preceding month and information sufficient to explain and support any adjustments made by Company in determining the amount billed to customer.
- 5.2. Payment due date: All payments are due ten (10) calendar days after the invoice is rendered except when such day is a Saturday, Sunday or bank holiday, in which case payment is due the following business day. Payments shall be made for invoices rendered pursuant to Section 5. If the amount of the Customer's payment differs from the invoiced amount, a remittance statement should be provided with the payment supporting and explaining any such difference. If an invoice is in dispute, Customer shall pay the portion not in dispute and provide documentation identifying the basis for the dispute. Such payment shall not be deemed to be a waiver of the right by Customer to recoup any overpayment, nor shall acceptance of any payment be deemed to be a waiver by Company of any underpayment. In the event the Customer fails to forward the entire undisputed amount due to Company when the same is due, interest on the unpaid portion shall accrue at the same rate of interest that Company is required to pay on customer deposits (6%) from the date such payment is due until the same is paid. If Customer's failure to pay the undisputed portion of any invoice continues beyond sixty (60) days after the due date of such invoice, then Company, in addition to all other legal remedies available to it, shall have the right to suspend further deliveries of gas and/or terminate service hereunder.
- 5.3. Right of examination: Both Company and Customer shall have the right at their own expense to examine at any reasonable time the books and records of the other Party to the extent necessary to verify the accuracy of the invoice, remittance detail or computation made under or pursuant to the provisions of the Agreement. Upon request, Customer shall also make available to Company for audit purposes any relevant records of the pipelines to which Customer has access.
- 5.4. Penalty for late payment: Should Customer fail to pay all or a portion of any undisputed invoice when such amount is due, as herein provided, Customer shall pay Company

interest computed by multiplying: (a) the unpaid portion of the invoice by (b) the ratio of the number of days from the due date to the date of actual payment to 365, by (c) the effective prime commercial interest rate per annum as quoted in the Wall Street Journal. The interest charge provided for in this Section shall be compounded monthly.

- 5.5. In the event an error is discovered in the measured quantities, allocated quantities or the rate billed in any invoice rendered by Company, such error shall be adjusted on the next invoice due to the Customer, provided that a claim shall have been made by Customer within six (6) months from the date of such invoice. Such time limits shall not apply in the case of regulatory related rate changes, deliberate omission or misrepresentation, or of mutual mistake of fact.
- 5.6. Bona fide disputes: In the event of a bona fide dispute between the Parties concerning the amount of the unpaid invoice, Company shall not suspend service under the notification procedure outlined in Section 5.7 when Customer acts in a timely manner to provide additional information and security for Company in accordance with the following procedures:
- a) Identify dispute: Within ten (10) calendar days after the due date of any payment, Customer shall notify Company by written correspondence of the amount billed that is in dispute, as previously indicated on the remittance statement required by Section 5.2, and of all reasons and documentation why Customer believes full payment is not appropriate; and
  - b) Payment security: Within thirty (30) days after the due date of any payment, Customer shall either pay in full the total amount billed without prejudice to Customer's rights to dispute all or part of said amount and subject to return of the disputed amount so identified, with interest calculated in accordance with Section 5.4, after resolution of that dispute in favor of Customer; or pay the undisputed portion of the amount billed in full and furnish good and sufficient surety bond, guaranteeing payment to Company of all amounts ultimately found due after resolution of the dispute which may be reached whether by agreement, a final order of the Indiana Utility Regulatory Commission or judgment of a court of competent jurisdiction. If Customer furnished good and sufficient surety bond and amounts are ultimately not due to Company, then Company will bear any unrecovered surety bond costs incurred by the Customer.
- 5.7. Remedies of non-payment: Should Customer fail to pay all of the amount of any invoice when such amount is due, as herein provided, subject to requirements of regulatory rights and remedies available to Company under the law and the Agreement, Company shall have the right to suspend service without obtaining additional approval if any amount billed to Customer remains unpaid for more than sixty (60) days after the due date thereof. Company shall provide written notice to Customer if Company exercises its rights to suspend service.

## 6. Credit Requirements and Financial Information

The credit requirements and financial information contained in this Section shall be applicable to the service provided by Company.

- 6.1. Credit Information and Financial Responsibility – At Company's request Customer shall provide the following:
- a) A complete set of its most recent audited financial statements and interim financial statements since audit date, most recent annual report, most recent SEC Form 10-K and Form 10-Q, and applicable annual filings with other regulatory

agencies. If audited financial statements are unavailable, Customer shall provide the most recent unaudited financial statements along with an attestation by its Chief Financial Officer that the information reflected in the audited statements is a true, current and fair representation of the Customer's financial position.

- b) Any reports from credit rating and bond rating agencies which are available.
- c) A list of all corporate affiliates, parent companies and subsidiaries.
- d) A bank reference and at least three trade references.
- e) A statement of the legal composition of the Customer (i.e., corporation, limited liability company, etc.).
- f) A statement of the length of time the Customer's business has been in operation.
- g) Verification that Customer is not operating under any chapter of the bankruptcy laws and is not subject to liquidations or debt reduction procedures under state laws, such as the assignment for the benefit of creditors, or any informal creditors' committee agreement. In the event that Customer is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act, Customer shall so state. In such event, Customer's request shall be contingent upon Customer also providing adequate assurance that the billing will be paid promptly as a cost of administration under the federal court's jurisdiction.
- h) Verification that Customer is not subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency or the inability to exist as an on-going business entity.
- i) Verification that no significant collection lawsuits or judgments are outstanding which would seriously reflect upon the Customer's ability to remain solvent.

## 6.2. Credit Evaluation

- a) Company shall periodically, at its discretion or whenever it is not reasonably satisfied with Customer's creditworthiness or ability to pay based on information available to Company at that time, apply consistent credit evaluation practices to determine the acceptability of the Customer's overall financial condition.
- b) Company's standard objective financial criteria shall include all of the following:
  - (i) Acceptable overall financial condition, working capital and profitability trends.
  - (ii) Acceptable bank and trade references.
  - (iii) If Customer has an on-going business relationship with Company, no delinquent balances should be consistently outstanding for service provided previously by Company and Customer must have paid its prior accounts according to the established terms and not have made deductions or withheld payment for claims not authorized by contract.

### 6.3. Security Requirements

- a) If the Customer fails to meet Company's standard objective credit criteria (described in Section 6.2 (b) above), Company will require Customer to provide security, in one of the forms described below, in order for service to commence or continue:
  - (i) Prepayment in advance of an amount equal to up to three (3) months service at 100% load factor or the duration of the contract, whichever is shorter.
  - (ii) An irrevocable letter of credit drawn upon a bank acceptable to Company with a term of one year and of the amount equal to up to three (3) months service at 100% load factor.
  - (iii) A guarantee, in form and substance satisfactory to Company, executed by a person or another entity which does satisfy the credit appraisal criteria, of Customer's performance of its obligations to Company under the Agreement with a term of one year and of an amount equal to up to three (3) months service at 100% load factor.
  - (iv) Such other form of security as Customer may agree to provide and as may be acceptable to Company.
- b) Should Customer not provide required security within fifteen (15) days of request by Company, then the Company may deny or suspend the service being furnished, and the exercise of such right shall be in addition to any and all other remedies available to Company.

## 7. Possession of Gas

- 7.1. Delivery controls: As between Company and Customer, after gas is delivered into Company's system, Company shall be deemed to be in control and possession of the gas until its shall have been delivered to Customer at the Point of Delivery, after which Customer shall be deemed to be in control and possession thereof.
- 7.2. Responsibility: Customer shall have no responsibility with respect to any gas delivered, after gas is received into Company's system, until it is delivered to Customer at the Point of Delivery. Company shall have no responsibility with respect to such gas after its delivery at the Point of Delivery to Customer.
- 7.3. Customer or Customer's designee shall be responsible for gas prior to its delivery into Company's system at the Point of Receipt.

## 8. Delivery Pressure

Customer shall cause delivery of the gas at the Point(s) of Receipt at a pressure sufficient to allow the gas to enter Company's pipeline at the varying pressures that may exist on Customer's system from time to time. Provided, however, that the pressure of the gas delivered by Customer shall not be more than the maximum allowable operating pressure (MAOP) of Company's pipeline.

9. Warranty of Title to Gas

- 9.1. As between Company and Customer, each Party shall be in control and possession of all gas in that Party's facilities.
- 9.2. Customer hereby warrants that it will have good title to or the good right to deliver all gas so made available and that all such gas is free from all liens and adverse claims.
- 9.3. Customer agrees to indemnify Company and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to the gas received and transported hereunder by Customer or to all royalty, taxes, license fees or charges thereon, which may be levied and assessed against Customer upon the transfer thereof to Company.

10. Force Majeure, Scheduling and Curtailments

10.1. Force Majeure.

If by reason of force majeure either Party hereto is rendered unable, wholly or in part, to carry out its obligations under the Agreement, and if such Party gives notice and reasonably full particulars of such force majeure in writing or by fax to the other 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 not be liable in damages during the continuance of any inability so caused; provided, such cause shall be remedied with all reasonable dispatch.

Force Majeure Defined. As used herein, force majeure shall mean acts of God, strikes, lockouts, or industrial disturbances, acts of a public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, crevasses, floods, washouts, arrests and restraints of the government (either Federal or state, civil or military), civil disturbances, shutdowns in the Greene County UGS Facility or the pipeline facilities connected thereto (for purposes of necessary repairs, alterations, relocation or construction of wells, machinery, lines of pipe or other facilities), breakage or accident to wells or machinery or lines of pipe, testing (as required by governmental authority or as deemed necessary by Company for the safe operation of the Greene County UGS Facility), failure of wells or surface equipment or pipelines, well or line freeze-ups, inability of either Party hereto to obtain necessary material or supplies or permits or land rights or labor to perform or comply with any obligation or condition of the Agreement, failure of transporters to deliver or receive gas, laws or orders or rules or regulations or acts of any court or governmental authority, and any other causes, whether of the kind herein enumerated or otherwise, which are not reasonably in the control of the Party hereto claiming suspension. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party hereto having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of an opposing Party when such course is inadvisable in the discretion of the Party hereto having the difficulty.

10.2. Priorities Applicable for Scheduling Capacity at Point(s) of Receipt. Company shall allocate capacity at the Point(s) of Receipt in sequence as follows:

- a) Point of Receipt capacity shall first be allocated to Company's customers receiving primary storage service up to customer's MDIQ entitlement and to Company's firm transport customers up to customer's Transportation Contract Demand that have designated the Point of Receipt as primary firm. If nominations for capacity exceed the remaining available capacity, any and all primary nominations will be allocated and scheduled on a pro-rata basis.
- b) Point of Receipt capacity shall next be allocated to Company's customers receiving secondary storage service up to customer's MDIQ entitlement and to Company's interruptible transport customers that have not designated the Point of Receipt as primary firm. If nominations for capacity exceed the remaining

available capacity, any and all secondary nominations will be allocated and scheduled on a pro-rata basis.

- c) Any customer scheduling volumes in excess of the storage MDIQ entitlement or Transportation Contract Demand will have the last priority for any remaining volume at a Point of Receipt.

10.3. Priorities Applicable for Scheduling Capacity at Point(s) of Delivery. Company shall allocate capacity at the Point(s) of Delivery in sequence as follows:

- a) Point of Delivery capacity shall first be allocated to Company's customers receiving primary storage service up to customer's MDWQ entitlement and to Company's firm transport customers up to Customer's Transportation Contract Demand that have designated the Point of Delivery as primary firm. If nominations for capacity exceed the remaining available capacity, any and all primary nominations will be allocated and scheduled on a pro-rata basis.
- b) Point of Delivery capacity shall next be allocated to Company's customers receiving secondary storage service up to customer's MDWQ entitlement and to Company's interruptible transport customers that have not designated the Point of Delivery as primary firm. If nominations for capacity exceed the remaining available capacity, any and all secondary nominations will be allocated and scheduled on a pro-rata basis.
- c) Any customer scheduling volumes in excess of the storage MDWQ entitlement or Transportation Contract Demand will have the last priority for any remaining volume at a Point of Delivery.



11. Notices

Any notice, request, demand, statement or bill provided for in the Agreement or General Terms and Conditions or any notice which either Company or Customer may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by regular mail or postpaid registered mail addressed to said Party at the address designated in the applicable service agreement, or at such other address as either Party may designate in writing or, if applicable, by facsimile transmission. Whenever a notice requires action in less than 48 hours, Company and Customer will provide prompt notice by phone and facsimile. Routine communications by telephone between members of the operating staffs of Company and Customer shall be considered duly delivered without confirmation by mail unless such confirmation is requested by either Party.

12. Contracts for Service and Modification

12.1. Form of Service Agreement: Customer shall enter into an agreement with Company under Company's applicable standard form of service agreement.

12.2. Quantity of Gas: At the time of the execution of the service agreement, Company and Customer shall agree upon the quantities of gas to be transported and/or stored by the Company. Such quantities subsequently may be decreased through an amendment to the existing Service agreement upon mutual agreement of the parties. Any increase in the Transportation Contract Demand and/or maximum inventory quantity requires the execution of a new service agreement, after evaluation and approval by the Company.

12.3. Term: The period of time to be covered by the service agreement shall be mutually agreed upon at the time of its execution.

13. Non-Discriminatory Waiver of Provisions and Non-Waiver of Future Defaults

Company may waive any of its rights hereunder or any obligation of Customer on a basis which is not unduly discriminatory.

14. Subject to Regulation

This tariff and the executed service agreement and the respective obligations of the Parties thereunder are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

15. Other Operating Provisions

15.1. Customer shall make all necessary transportation arrangements with other parties at or upstream of the Point of Receipt where it delivers gas to Company. Customer shall make all necessary transportation arrangements with other parties at or downstream of the Point(s) of Delivery where Company delivers gas to Customer. Such arrangements shall be coordinated with Company.

15.2. Company shall not be required to perform or continue to perform service on behalf of Customer if it has applied for bankruptcy under Chapter 11 of the Bankruptcy Code or when Customer, at Company's reasonable discretion, fails to demonstrate minimal credit-worthiness, pursuant to Section 6 hereof; provided, however, Customer may receive service under the Agreement if Customer provides adequate security pursuant to Section 6.3 of these General Terms and Conditions.

15.3. Company shall not be required to perform service for or on behalf of Customer if it is in arrears with Company respecting any charge, rate or fee. However, the provisions of Section 5.6 of the General Terms and Conditions of this Agreement shall govern with regard to any bona fide dispute or non-payment.

- 15.4. Company shall not be required to perform service for or on behalf of Customer if Customer fails to comply with any of the terms of the Agreement.

16. Storage Service Fuel Retention Factor

- 16.1. The provisions of this Section 16 are applicable under the Rate Schedule for storage service only. In addition to the payments by Customer to Company for storage service according to the storage rates, Customer shall reimburse Company in-kind in accordance with the currently effective Fuel Retention Factor.
- 16.2. The quantity of fuel retained by Company under this provision shall be the result of the calculation of multiplying the Customer's nominated quantity of gas by the currently effective Fuel Retention Factor to derive the fuel retention volume. The nominated quantity shall be reduced by the calculated fuel retention volume to derive the net storage injected or withdrawn volume.
- 16.3. The Fuel Retention Factor may be revised periodically to be consistent with the fuel retention factor Citizens Gas & Coke Utility charges the Company, as approved by the Indiana Utility Regulatory Commission. Any revision the Company makes to the currently effective Fuel Retention Factor for the foregoing reason shall become effective with the next billing month after April 1, or such other date as the Commission establishes. Any such filing with the Commission shall be made at least sixty days prior to the effective date and shall include the revised tariff pages and supporting papers showing the calculations used to develop the proposed new Fuel Retention Factor.

17. Nomination, Confirmation and Scheduling of Services

- 17.1. Customer will deliver or cause to be delivered quantities of gas to Company for transport and storage at the Point(s) of Receipt specified in the services agreement on any day and Company will redeliver natural gas directly to Customer at the Point(s) of Delivery, less any quantity of gas used by Company in providing service hereunder.
- 17.2. General Nomination Procedures

- a) Any customer transporting or storing gas in the Company's facilities shall furnish or cause to be furnished to Company a nomination of the daily quantity of gas it desires to be received, transported, stored and redelivered for the nomination period. Such nomination shall reflect the quantity of gas to be received, and the quantity of gas to be delivered for each Point of Receipt and the corresponding Point of Delivery. Such nominated quantity to be transported and stored shall not exceed Transportation Contract Demand for transport or the Maximum Daily Injection Quantity for storage, respectively, unless the excess (or overrun) quantity is previously submitted and approved by the Company.
- b) Customer shall deliver or cause to be delivered to Company such daily quantities as nearly as possible at uniform hourly rates. Unless mutually agreed otherwise, departures from the daily quantity which Customer schedules for deliveries to Company shall conform to the minimum permitted by operating conditions.
- c) Company will support a seven-days-a-week, twenty-four-hours-a-day nomination process and provide emergency and after-hours telephone numbers. Customer shall provide Company with Customer's designated contact person and emergency and after-hours telephone numbers, updating such information as changes occur.
- d) Nominations will be made in accordance with currently effective nomination procedures, deadlines, and definitions as published and maintained by the North America Energy Standards Board.
- e) Each type of nomination must be separately nominated by Customer so that priorities of service can be accurately maintained.
- f) Customer's nominations may be submitted by facsimile transmission or electronic mail.

17.3. Customer shall make all necessary arrangements with other parties at or upstream of the Point(s) of Receipt where it delivers gas to Company for transportation. Customer shall make all necessary arrangements with other parties at or downstream of the Point(s) of Delivery where it receives gas from Company.

18. Affiliate Guidelines

The Company shall comply with the Affiliate Guidelines approved by Commission Order in Cause No. 37399-GCA50S1.

19. Capacity Release Program

19.1. This Section 19 sets forth the specific terms and conditions applicable to the implementation by Pipeline of a Capacity Release Program, on its intrastate pipeline. Existing Customers may release and assign their capacity in Pipeline only under this Section 19.

19.2. General Terms and Conditions Applicable to Capacity Release

- a) Quantity, Scheduling, Contingent Bids

- (i) Releasing Customers may release and assign all capacity held under a particular service agreement or a percentage of such capacity. Releasing Customers may release and assign percentages of capacity to several different Replacement Customers.
- (ii) Regardless of the percentage or portion of capacity released and assigned, the Releasing Customer remains liable for the daily reservation charges (and any surcharges related thereto) applicable to the Releasing Customer's service agreement with Pipeline. However, Releasing Customer will not be liable for any penalties, imbalances or commodity charges and surcharges thereon, incurred by the Replacement Customer.
- (iii) Capacity released and assigned to a Replacement Customer will be scheduled and curtailed on a firm basis in accordance with Section 10 of the General Terms and Conditions herein. Any right of recall reserved as described in subsection (b) below will not affect the priorities in scheduling and curtailment as stated herein.
- (iv) Releasing Customers may choose to allow the submission of contingent bids; however, any provision for contingent bids must function in a non-discriminatory manner and cannot be used to discriminate against any potential Replacement Customer.

b) Right of Recall and Reput

- (i) Releasing Customers may retain a right of recall when releasing and assigning capacity. Such right of recall must be specified in the Capacity Release Notice. The terms and conditions of the right of recall retained by the Releasing Customer may not conflict with the terms and conditions of this tariff governing changes in nominations and must be objectively stated, non-discriminatory, and applicable to all bidders. When capacity is recalled, it may not be reput for the same gas day. The deadline for notifying the Pipeline of a reput is 8:00 a.m. CCT to allow for timely nominations to flow on the next gas day.
- (ii) The Releasing Customer should provide capacity recall notification to its affected Replacement Customer(s) at the same time it provides notification to the Pipeline. For biddable deals subject to recall, the Pipeline will make available to the Releasing Customer information sufficient to enable it to contact the Replacement Customer in the event of a capacity recall. Releasing Customers may, to the extent permitted as a condition of the capacity release, recall released capacity as follows:

Timely Recall Notification: A Releasing Customer recalling capacity should provide notice of such recall to the Pipeline and the first Replacement Customer no later

than 8:00 a.m. CCT on the day that Timely Nominations are due. The Pipeline should provide notification of such recall to all affected Replacement Customers no later than 9:00 a.m. CCT on the day that Timely Nominations are due.

- (iii) The Replacement Customer should provide the Pipeline with no more than two Internet e-mail addresses to be used for recall notification. The obligation of the Pipeline to provide notification is waived until at least one of the addresses has been provided. Affected Replacement Customer should manage internal distribution of notifications of recall received from the Pipeline.
- (iv) Pipeline shall have no liability to the Replacement Customer by reason of any right of recall retained by Releasing Customer.

c) Length of Capacity Releases

- (i) Capacity may be released and assigned for any length of time up to the remaining term of the service agreement under which it is being released.
- (ii) Releasing Customers can offer to release capacity on either a temporary or permanent basis.

d) Re-Releases of Capacity

Replacement Customers can re-release their capacity or portions thereof, to another Replacement Customer, within the limits of the rights they were granted by their Releasing Customer.

e) Price

- (i) Potential Replacement Customers cannot bid (and the Pipeline cannot charge) in excess of the maximum firm tariff rate that Pipeline can charge to the Releasing Customer for that capacity offered for release.
- (ii) Releasing Customers may specify a minimum price term to be bid for capacity offered to be released and assigned. However, regardless of any minimum price posted by the Releasing Customer, the rate bid represents the daily reservation portion of the charges to the Releasing customer.
- (iii) To the extent a release is subject to the maximum rate cap, a Releasing Customer cannot resell for in excess of the maximum rate.

f) Methodology Used to Determine "Best Bid"

- (i) The "best bid" shall be determined in accordance with the bid evaluation method specified by the Releasing Customer

pursuant to Section 19.3(a)(x). The "best bid" may be determined as that bid which generates (1) the highest rate, (2) the maximum net revenue, or (3) the highest present value. If multiple bids meeting minimum conditions have been submitted, bids shall be awarded, best bid first, until all offered capacity is awarded.

- (ii) If the Releasing customer chooses not to determine the methodology to be used to award the "best bid," the following methodology shall be used by Pipeline to determine the "best bid": Best bid will be determined based on what will yield to the Releasing Customer the highest net present value, using a 10% discount factor, of the daily reservation charge (daily reservation charge x CD) the Replacement Customer is willing to pay for the term bid. If several bids yield the same net present value, the capacity will be awarded to the bid which yields to the Releasing Customer the highest net present value over the shortest period of time. After this process, if more than one bid yields the same net present value, then the capacity will be awarded to the bid submitted first in time.

g) Other Information Posted to Electronic Bulletin Board ("EBB")

- (i) Offers to purchase capacity will be posted by Pipeline to its EBB, upon the receipt of such information from interested parties.
- (ii) Pipeline will post on its EBB its available firm and interruptible capacity and the terms and conditions applicable to it. Pipeline will maintain on its EBB pipeline capacity information including, but not limited to, the availability of capacity at receipt points and at delivery points.
- (iii) Pipeline will post critical system-wide notices in a separate category from notices that are not critical.
- (iv) Pipeline will provide on request operationally available capacity separate from unsubscribed capacity.

19.3. Posting of Capacity Available for Release and Bidding Procedure

a) Capacity Release Notice

In order to initiate the release and assignment of capacity rights, Releasing Customers must complete a Capacity Release Notice containing the information prescribed in this Section 19.3(a) and submit it to Pipeline or post it on Pipeline's EBB.

A complete Capacity Release Notice must contain the following information listed in (i) through (xv) below before being posted; however, any other terms or conditions of the release can be listed in the notice as long as they do not conflict with the terms of Pipeline's Gas Tariff:

- (i) Description of capacity rights offered including primary receipt point, primary delivery point and a numeric quantity to be released. The basis for the released quantity shall be per day for transportation and total release period quantity;
- (ii) Whether bids will be accepted for portions of the quantity released, as well as the entire quantity;
- (iii) The minimum price, which will be accepted by the Releasing Customer, if the Releasing Customer chooses to specify such a minimum price;
- (iv) The maximum rate, if any, applicable to the capacity to be released, including any surcharges related to the daily reservation charge. All rates must be stated equal to the number of decimal places in the stated rates per the Rate Schedule;
- (v) Whether capacity is offered on a permanent or temporary basis;
- (vi) If capacity is offered on a temporary basis, the effective date and term of the release. If capacity is offered on a permanent basis, the length of the remaining term of the service agreement under which capacity is being offered for release and assignment;
- (vii) Whether Releasing Customer will retain a right of recall and the terms and conditions of such right of recall; and if recallable, the methods and rights associated with returning the previously recalled capacity to the Replacement shipper;
- (viii) Whether the Releasing Customer will accept contingent bids, and if so, what contingencies will be accepted, how such contingencies will be closed and if such contingencies are not closed, whether the next highest bidder will be obligated to enter into an agreement with the Pipeline for the capacity released;
- (ix) Whether there is a Prearranged Replacement Customer and the terms and conditions that such Prearranged Replacement Customer has agreed to with respect to the capacity offered for release and assignment;
- (x) The methodology to be used to determine which bid is the "best bid," as stated in Section 19.2(f)(i). At Releasing Customer's option and in lieu of choosing one of the "best bid" evaluation methods stated in Section 19.2(f)(i), Customer may state an alternative bid evaluation method. Such bid evaluation method shall be objectively stated, applicable to all potential bidders and not unduly discriminatory. If Releasing Customer states an alternative bid evaluation method, Pipeline is not held to the bid period timeline in Section 19.3(d)(i). Releasing Customer must also specify a tie-breaking methodology;

- (xi) Date and time (in business hours/days) Bidding Period Begins and Ends; and if there is a Prearranged Replacement Customer, date and time period ends for such party to match the best bid if other than that outlined in Section 19.3(d)(i). Releasing Customer will not be able to specify an extension of the original Bidding Period or the prearranged deal Match Period without posting a new release;
  - (xii) Offers and bids, including prearranged deals, will be posted upon receipt. A Releasing Customer may request a later posting time for pooling of such offer, and Pipeline shall support such request insofar as it comports with the standard timelines set forth in Section 19.3 (c) and (d);
  - (xiii) Capacity Release ID Number (to be provided by Pipeline);
  - (xiv) Name, address and telephone number of Releasing Customer (optional); and
  - (xv) Date and Time Posted on EBB (to be provided by Pipeline).
- b) Posting and Withdrawal of Capacity Release Notices
- (i) Releasing Customers must comply with the time periods for posting releases to Pipeline's EBB as stated below:  
  
For short-term releases (less than 1 year):  
Offers must be tendered by 12:00 p.m. (Central Clock Time) on a Business Day.  
  
For long-term releases (1 year or more):  
Offers must be tendered by 12:00 p.m. (Central Clock Time) four Business Days before award.
  - (ii) Releasing Customers may withdraw an offer to release capacity before the expiration of the bidding deadline when necessary to respond to unanticipated circumstances and no minimum bid has been made. Releasing Customers cannot withdraw a capacity release notice because it is dissatisfied with the bids received, if those bids meet or exceed the minimum conditions specified in the notice. The Capacity Release Notice will be legally binding on the Releasing Customer until written notice of withdrawal is received by the Pipeline.
  - (iii) Releasing Customers may also withdraw a capacity release notice and post a new capacity release notice when necessary to respond to a term in a bid that was not addressed or anticipated in the original capacity release notice or when no bids are submitted which meet the minimum terms of the capacity release notice and the Releasing Customer wishes to re-post its offer to release using different minimum conditions. Such re-posting of capacity releases will be subject to a new



bidding period, to be indicated by the Releasing Customer in the new capacity release notice.

c) Exceptions to Bidding Process (Non Biddable Releases; all times are CCT)

- (i) If a Prearranged Replacement Customer agrees to pay the maximum rate applicable to the capacity offered for release and assignment by a Releasing Customer for any term (except as provided below) and agrees to all other terms and conditions applicable to the release, then that capacity released will not be subject to the bidding requirements contained herein, but Releasing Customer will submit for posting the information describing such a release of capacity according to the timeline for the Timely Cycle-posting of prearranged deals not subject to bid are due by 10:30 a.m..
- (ii) If a Releasing Customer has obtained a Prearranged Replacement Customer, in relation to a release of capacity for a term of 31 days or less then that capacity released will not be subject to the bidding requirements contained herein, but Releasing Customer will submit for posting the information describing such a release of capacity according to the timeline for the Timely Cycle-posting of prearranged deals not subject to bid are due by 10:30 a.m.

However, no "roll-overs or extensions" of a release that is for less than the maximum rate and exempt from bidding pursuant to this section will be allowed without complying with the bidding process, herein, and furthermore, such capacity cannot be re-released to the same replacement shipper or an affiliate of the same replacement shipper until 28 days after the first release has expired unless such replacement shipper is subject to the bidding requirements contained herein or unless the second release is exempt pursuant to Section 19.3(c)(i) above.

- (iii) For releases described in (i) and (ii) above, Pipeline will finalize all contractual issues within eight hours of award posting (with a new contract number, when applicable). A nomination may be submitted beginning at the next Timely nomination cycle for the effective date of the contract (Central Clock Time). Prearranged Replacement Customers must initiate confirmation of the prearranged deal and contract with Pipeline for the capacity released and assigned and comply with all other tariff terms governing Pipeline's Capacity Release Program except for the bidding requirements.
- (iv) For releases involving a Prearranged Replacement Customer not described in (i) and (ii) above, the capacity released will be subject to the bidding requirements contained herein. If a timely bid is received that exceeds the rate the Prearranged Replacement Customer agreed to pay, the Prearranged

Replacement Customer will be notified and given the opportunity to match the bid as provided herein. If it matches the bid, the Prearranged Replacement Customer will be treated as the winning bidder.

d) Submission of Bids

- (i) The proposed duration of the Customer's release determines the minimum Bidding Period for the Customer's Capacity Release Notice pursuant to this Section 19. The capacity release timeline is applicable to all parties involved in the capacity release process; however, it is only applicable if all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be credit worthy before the capacity release bid is tendered. These Bidding Periods are as follows:

**(A) For biddable releases (less than 1 year)  
(all times are CCT)**

Offers should be tendered by 12:00 p.m. on a Business Day;  
Open season ends no later than 1:00 p.m. on a Business Day (evaluation period begins at 1:00 p.m. during which contingency is eliminated, determination of best bid is made, and ties are broken);  
Evaluation period ends and award posting if no match required at 2:00 p.m.;  
Match or award is communicated by 2:00 p.m.;  
Match response by 2:30 p.m.;  
Where match required, award posting by 3:00 p.m.;  
Contract issued within three hours of award posting (with a new contract number, when applicable). A nomination may be submitted beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time).

**(B) For biddable releases (1 year or more)  
(all times are CCT)**

Offers should be tendered by 12:00 p.m. four Business Days before award;  
Open season ends no later than 1:00 p.m. on the Business day before timely nominations are due (open season is three Business Days);  
Evaluation period begins at 1:00 p.m., during which contingency is eliminated, determination of best bid is made, and ties are broken;  
Evaluation period ends and award posting if no match required at 4:00 p.m.;  
Match or award is communicated by 4:00 p.m.;  
Match response by 4:30 p.m.;  
Where match required, award posting by 5:00 p.m.;  
Contract issued within four hours of award posting (with a new contract number, when applicable); contract executed. A nomination may be submitted beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time).

- (ii) Bids for capacity offered for release and assignment must identify the package of capacity being bid upon by its capacity release ID number and must contain the proposed term, price, and quantity bid and respond to all other terms posted in the Capacity Release Notice. Bids will be legally binding on the Replacement Customer or Prearranged Replacement Customer until written notice of withdrawal is received by the Pipeline, provided, however, bids cannot be withdrawn after the bidding period ends. Bids may be conditioned upon any contingency

allowed by the Releasing Customer. Bids must also include a statement that the bidder will comply with all terms and conditions of Pipeline's tariff regarding capacity release and firm transportation.

- (iii) Bids may be submitted in writing or through EBB to Pipeline. All bids submitted in writing will be posted to Pipeline's EBB, upon receipt unless Releasing Customer requests otherwise and such request comports with the standard timeline set forth in Section 19.3(d)(i). However, bids posted will not identify the particular party submitting the bid but will identify the bid by a Bid ID number (which will change with each new bid submitted). All bids must be submitted by the deadline specified in the Capacity Release Notice, or such bids will be rejected.
- (iv) Bids may be withdrawn before the expiration of the bidding deadline. Once a bidder has withdrawn its bid, a new bid may be resubmitted for that released capacity but such bid cannot yield a lower value, as determined under the applicable methodology, than the earlier bid that has been withdrawn.
- (v) A party may submit multiple simultaneous bids on the capacity offered pursuant to a capacity release notice, as long as such multiple bids are: (1) identified to be applicable to a different portion of the capacity offered to be released pursuant to that capacity release notice; or (2) judged to be of identical value under the applicable "best bid" methodology.

e) Award of Capacity Offered for Release

- (i) After the "best bid" is chosen, Pipeline will post the name of the winning bidder to the EBB, as well as the bid I.D. number, and capacity release notice I.D. number. Pipeline, as soon as possible, will also contact by telephone the Releasing Customer to inform it of the identity of the "best bidder" and allow it, if necessary, to provide the terms and conditions of the "best bid" to a Prearranged Replacement Customer. Pipeline will also contact by telephone the "best bidder" to notify it of the identity of the Releasing Customer.
- (ii) Within at least two business days of the commencement of transportation pursuant to a release of capacity, Pipeline will post on its EBB either the name of the "best bidder" and the terms and conditions of the best bid, or if applicable, the name of the Prearranged Replacement Customer which matched a "best bid" and the terms and conditions of the bid that was matched.

19.4. Contracting for Released Capacity

- a) All Replacement Customers must contract with Pipeline for the capacity released and assigned to them under this Section 19 of the tariff.

- b) Before Pipeline will execute a contract with a Replacement Customer and commence service, the following conditions must be met:
- (i) The credit criteria specified for Customers in Pipeline's General Terms and Conditions is met by the Replacement Customer. Such credit criteria may be satisfied by:
    - (A) ***The submission by the Replacement Customer of the information required by Section 6 of Pipeline's General Terms and Conditions;***
    - (B) ***Qualifying for a Pre-approved Bidder's List by submitting to Pipeline in advance of bidding for capacity the information contained in Section 6.1 of Pipeline's General Terms and Conditions. This "Pre-approved bidders list" will contain the Customer's name and approved credit limit. However, only the preapproved bidder's name will be posted on the EBB. Customer may be required to update credit information periodically in order to remain on this "preapproved" bidders list, but will be notified by Pipeline when this is necessary; or***
    - (C) ***"Prepaying" for service as provided in Section 6.3 of Pipeline's General Terms and Conditions.***
  - (ii) Execution of and return to Pipeline of the Service Agreement by the Replacement Customer.
- c) In order for a Potential Replacement Customer to qualify as a Prearranged Replacement Customer or to nominate after a capacity award is made but before a contract is executed, all the conditions listed in Section (b)(i)-(ii) must be met. Such party can meet such conditions prior to placing a bid by following procedures set forth below:
- (i) A potential Replacement Customer must qualify for a Pre-Approved Bidder's List as described in section (b)(i)(B) above, or pre-pay for service as described in Section (b)(i)(C) above,

(ii) A potential Replacement Customer must complete in the bid format on the EBB the items necessary to submit a complete request for transportation.

d) Potential Replacement Customers may expedite the processing time for a release of firm capacity for any term by using the procedures set forth in Section (c)(i)-(ii) above to meet the conditions listed in Section (b)(i)-(ii) above.

e) The Releasing Customer's transportation service agreement with Pipeline will remain in full force and effect (unless capacity is released on a permanent basis) with Releasing Customer receiving a credit, as described in Section 19.5 herein, against the demand charges owed to Pipeline.

Furthermore, any increase in Pipeline's rates, charges, and surcharges shall remain the responsibility of the Releasing Customer; provided, however, that the Releasing Customer may provide in its Release Notice that the rates, charges, or surcharges for released capacity will increase in accordance with any such increases in Pipeline's rates, charges, and surcharges. However, the Releasing Customer's nomination rights under its service agreements will be reduced by the amount of any capacity released by that releasing customer on a temporary basis under this Section 19, during the time period such release(s) are in effect.

f) Once a transportation service agreement is executed by the Replacement Customer, Replacement Customers must comply with all of Pipeline's tariff and contract provisions applicable to the service rendered, including those applicable to the cash-out of imbalances created under a transportation service agreement.

g) Replacement Customers may not request an amendment to its transportation service agreement which would act to change a term or condition of the "winning" bid submitted by the Replacement Customer, such that the Replacement Customer's bid, altered by such change, would no longer be judged to be the "best bid," or a match of the "best bid."

#### 19.5. Billing and Credits

a) The Releasing Customer shall receive a credit for the charges billed to the Replacement Customer representing the reservation charge at the same time the Replacement Customer is invoiced for such charges. Funds received from the Replacement Customer will be credited against the Releasing Customer's Daily Reservation Charges and any surcharges thereon, before funds are credited against any other charges owed by the Replacement Customer.

b) In the event that the Replacement Customer does not pay Pipeline the amounts invoiced within 30 days of the original invoice date, the Releasing Customer's previously granted credit will be reversed. If a credit has to be reversed, interest will be charged to the Releasing

Customer on the amount of the credit received from the date due until paid by the Releasing Customer.

- c) Any Replacement Customer who is delinquent 30 days or more from the original invoice date is subject to the remedies for non-payment as provided in Section 5 of the General Terms and Conditions herein.
- d) Pipeline will notify Releasing Customer within 5 business days after payment is due if a Replacement Customer is delinquent.

#### 19.6. Conditions Applicable to Permanent Release of Capacity

- a) If capacity is released under this Section 19 on a permanent basis, the Releasing Customer's transportation service agreement and any liabilities, thereunder, including the payment of daily demand charges, will terminate upon the effective date of the Replacement Customer's transportation service agreement, if the Replacement Customer agrees to pay the maximum rate for the entire volume and term reserved under the Releasing Customer's contract, unless otherwise agreed by the Pipeline.
- b) For purposes of choosing the "best bid" for permanent releases of capacity, Pipeline will always use the methodology set forth in Section 19.3(f)(ii) herein.
- c) Pipeline will not sign a transportation service agreement with a Replacement Customer until:
  - (i) Any imbalances under the Releasing Customer's service agreement are cashed out;
  - (ii) Any charges currently due Pipeline under the Releasing Customer's service agreement are paid by the Releasing customer or assumed by the Replacement Customer; and

## 20. Operational Balancing Agreement Policy

### 20.1. Purpose

The Operational Balancing Agreement ("OBA") is intended to govern the treatment of any differences between the actual quantity of gas received/delivered at a point of interconnection with Company's system and the quantity of gas that is scheduled.

### 20.2. Policy

It is Company's policy to execute the Company's applicable form of OBA at all points of interconnection. An operational imbalance at a given point of interconnection is subject to resolution under the Balancing Rate Schedule for Delivery Points or the Balancing Rate Schedule for Receipt Points, as applicable, as set forth in the form of OBA.

## 21. Interconnections.

In the event Heartland agrees to allow the owner or operator of a pipeline or gathering line to connect to Heartland's pipeline, the interconnecting party will be responsible for the cost of constructing, operating, maintaining and removing the interconnection facilities and equipment, including meter stations and gas quality equipment, on a site to be provided by the interconnecting

party in accordance with a written agreement that specifies the responsibilities of the interconnecting party.