

Evaluation of Bids for Available Firm Capacity

1. Heartland seeks the highest rate that the market will bear for available firm capacity up to the IURC-approved maximum rate. Heartland may reject any and all requests for service that would require it to discount below a rate and/or contract for a shorter term than that which is acceptable to Heartland.

2. Parties interested in making an offer to purchase available firm capacity should submit a completed service request form to Heartland. Parties must indicate on the request whether they are willing to accept an award for only a portion of the capacity they are offering to purchase and, if so, indicate the minimum quantity they would accept.

3. If a request for service is made for available capacity that may be on terms acceptable to Heartland, Heartland will ask the party requesting service to submit an offer to purchase such capacity. An offer must be in the form of a firm service agreement (or amendment to existing firm service agreement) prepared by Heartland and executed by the requesting party. Heartland will post such offer to its EBB within one business day after receipt of such partially executed service agreement. Only acceptable offers in the form of a partially executed firm service agreement will be posted to the EBB.

4. Conditional Offers: Heartland will permit parties to make offers subject to a condition, provided that the condition is one which shall be closed within two business days after Heartland announces the winning bid or bids for such firm capacity. If the conditional offer is determined to be the best bid or bids (pursuant to Paragraph 7 below), and the condition is met within such two-day period, the award of capacity to the conditional bidder shall become final. If, however, the conditional offer is the best bid or bids, and the condition fails or is not met within such two-day period, then the award of capacity to the conditional bidder shall be withdrawn, and the capacity shall be awarded to the next highest bid. All offers to purchase capacity, whether conditional or not, shall be binding and remain in effect until all such conditions have been met, or have failed, and the capacity has been finally awarded.

5. When the first completed offer is posted for any available capacity (the "initial offer"), Heartland will also post the closing time for the bidding period during which additional offers to purchase the capacity may be received.

If the initial offer is for all posted capacity, then subsequent offers are considered "competing offers". Competing offers must be submitted within the original offer's bidding period.

Offers will not be considered as "competing offers" until offers for the firm capacity exceed posted available capacity. If the initial offer does not require use of all posted capacity, subsequent offers will have separately stated bidding periods. Capacity will be awarded at the end of each of these bidding periods if available capacity is not exceeded by offers for capacity. If any offers are made and posted while a bidding period is open that makes the offers for total capacity exceed the available capacity, then all unawarded offers for that capacity are considered as "competing offers". A "final bidding period" for the competing offer is posted and will have a specified bidding period. The "final bidding period" will apply to all offers for the over-bid capacity. Parties making offers before they were

considered "competing offers" may submit revised bids increasing the value of their previous offer during this final bidding period.

6. To submit an offer or a competing offer during the bidding period after an initial offer has been posted, an interested party must submit a service request form and make an offer as set forth in paragraphs 2, 3 and 4 above. Such offer may be for the same or different quantities than the initial offer.

7. Where more than one acceptable offer is made during the final bidding period, if applicable, Heartland will award the available capacity to the best bid or combination of bids which yield the highest net present value; provided, however, as between current firm customers bidding the maximum rate for available capacity, Heartland may also take into account the additional length of term of any offers to extend the term(s) of any existing firm contract(s) in determining the best bid. Heartland will award the capacity to the best bid or bids by executing the firm service agreement(s) previously executed by the winning bidder(s). Available capacity will be reevaluated and any remaining available capacity will be re-posted on the EBB until another initial offer is submitted and the process outlined above is repeated.

8. The bidding period shall be based on the term of the initial offer as follows:

For an initial offer period of less than one year in term:

The offer is received by Heartland by 4:00 PM (CCT), the competing bid and award period is:

1. Competing offers may be tendered by 12:00 PM on the next business day.
2. The evaluation period ends at 2 PM of the next business day
3. The award is posted on EBB at 3:00 PM,
4. The new contract or amendment to the existing contract is issued by 4:00 PM
5. The new contract is available for nominations to be submitted at the first available cycle within the contract term.

For an initial offer period equal to or greater than one year in term:

The offer is received by Heartland by 4:00 PM (CCT), the competing bid and award period is:

1. Competing offers may be tendered by 12:00 PM on the fourth business day.
2. The evaluation period ends at 2 PM of the next business day
3. The award is posted on EBB at 3:00 PM,
4. The new contract or amendment to the existing contract is issued by 4:00 PM
5. The new contract is available for nominations to be submitted at the first available cycle within the contract term.

9. Heartland reserves the right to modify the process outlined above by posting new or different conditions applicable to the award of firm capacity on its EBB; provided such change is made prospectively and there are no then outstanding offers posted or required to be posted as outlined above.