



TRUNKLINE GAS
An ENERGY TRANSFER Company

March 1, 2017

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Trunkline Gas Company, LLC
Docket No. RP17-
Reservation Charge Credit

Dear Ms. Bose:

Trunkline Gas Company, LLC (Trunkline) hereby submits for filing with the Federal Energy Regulatory Commission (Commission), the following tariff records to its FERC NGA Gas Tariff, Fourth Revised Volume No. 1 (Tariff), proposed to become effective April 1, 2017.

<u>Version</u>	<u>Description</u>	<u>Title</u>
6.0.0	Part I	Table of Contents
4.0.0	Part VI	General Terms and Conditions
5.0.0	GT&C Section 3.	Nomination and Scheduling of Services
2.0.0	GT&C Section 4.	Curtailment and Interruption
5.0.0	GT&C Section 9.	Capacity Release
1.0.0	GT&C Section 19.	Force Majeure
0.0.0	GT&C Section 29.	Reservation Charge Credit

STATEMENT OF NATURE, REASONS AND BASIS

The purpose of this filing, made in accordance with the provisions of Sections 154.204 of the Commission's Regulations, is to provide a reservation charge crediting mechanism in the Tariff. Trunkline proposes to provide reservation charge credits when primary firm service is interrupted, consistent with Commission policy, and to clarify that a *force majeure* event excludes planned and scheduled maintenance. Consistent with Commission policy and orders,¹ a provision for reservation charge crediting is included as new GT&C Section 29 with a corresponding update of the Table of Contents and Index of the General Terms and Conditions to reflect the new section. A phrase has been added to the definition of *force majeure* in GT&C Section 19 along with the flexibility to provide notice of a *force majeure* event by electronic communication.

Trunkline proposes to provide reservation charge credits to shippers with firm transportation service when Trunkline is unable to deliver quantities of gas ("quantity") from primary points of receipt to primary points of delivery. Reservation charge credits will not be required when Trunkline's inability to schedule or deliver gas is due to the events related to conduct, activities or operations of Shipper and/or upstream or downstream parties (including *force majeure* events affecting Shipper or such parties) including, but not limited to, activities and/or events such as (i) Shipper's failure to perform in accordance with the terms of its Service Agreement and Trunkline's Tariff, including, but not limited to,

¹ *Natural Gas Supply Association, et al.*, 135 FERC ¶ 61,055 (2011), order on reh'g, 137 FERC ¶ 61,051 (2011).

Operational Flow Orders and failure to meet all applicable gas quality specifications, or (ii) failure of supply or transportation upstream of Trunkline's pipeline system, or (iii) failure of market or transportation downstream from Trunkline's pipeline system.

The quantity eligible for reservation charge crediting set forth in GT&C Section 29.1(A) depends upon the timing of the notification of service interruption for a non-*force majeure* event. When the notice of a non-*force majeure* interruption occurs after the Timely Nomination Cycle, the eligible quantity is based on Shipper's scheduled quantity for that gas day.² When Trunkline gives advance notice of an outage or scheduled maintenance before shipper has nominated for the day of the outage, the eligible quantity shall be the average of the scheduled quantity from primary points of receipt to primary points of delivery for the seven days prior to the announced outage.³ If Trunkline gives notice of an outage during the Timely Nomination Cycle, the eligible quantity is based on the quantity nominated and confirmed during the Timely Nomination Cycle. The quantity established in the scenarios described above is reduced by the amount of gas delivered to all delivery points on shipper's service agreement for that gas day to determine the eligible quantity.

The reservation rate component of the reservation charge credit calculation is set forth in GT&C Section 29.1(B). The applicable reservation rate shall be the reservation rate in shipper's service agreement stated on a daily basis. For capacity release replacement shippers, however, the applicable reservation rate shall be the lower of the releasing shipper or replacement shipper's reservation rate.⁴ The Commission has held that releasing shippers shall continue to receive credit for reservation charges paid by replacement shippers irrespective of any reservation charge credits that the replacement shipper may receive.⁵ Trunkline has included this clarification in Capacity Release GT&C Section 9.9(A). Per the Commission, replacement shippers paying a volumetric rate are not eligible for reservation charge credits.⁶

Reservation charge credits are calculated for each day of the non-*force majeure* outage by multiplying the eligible quantity determined in GT&C Section 29.1(A) by the reservation rate per GT&C Section 29.1(B). In accordance with Section 2 of Rate Schedule LFT, reservation charge credits for shippers under Rate Schedule LFT shall be calculated for non-*force majeure* outages as well as *force majeure* outages after Trunkline's right not to schedule service for ten days in each month.

Trunkline is electing to use the "Safe Harbor" method for reservation charge crediting during *force majeure* events as set forth in GT&C Section 29.2. After a grace period of ten full consecutive days, Trunkline shall provide daily reservation charge credits. The eligible quantity shall be the average of the scheduled quantity from shipper's primary points of receipt to primary points of delivery during the seven days preceding the announced *force majeure* event, less the quantity of gas delivered at all points of delivery on shipper's service agreement for the day.

Proposed GT&C Section 29.3 addresses Pipeline and Hazardous Materials Safety Administration (PHMSA) outages that are required to comply with PHMSA orders pursuant to Section 60139(c) of Title 49 of the United States Code, Chapter 601. Section 60139(c) provides that PHMSA may issue orders to pipelines that cannot verify the maximum allowable operating pressure (MAOP) on certain segments of their pipeline. In this event, shippers shall be eligible for reservation charge credits

² *Southern Natural Gas Company*, 135 FERC ¶ 61,056 at P 32 (2011) (*Southern*).

³ *Id.* at P 33.

⁴ *Northern Natural Gas Company*, 141 FERC ¶ 61,221 at PP 84-86 (2012).

⁵ *Id.* at P 87.

⁶ *Id.* at P 88.

using the Safe Harbor methodology.⁷ Trunkline proposes this methodology to apply for a two year period⁸ beginning April 1, 2017, which is the proposed effective date of the tariff records submitted herein.⁹ The Commission found that partial crediting pursuant to the Safe Harbor method for these outages is consistent with Commission policy.¹⁰

In accordance with proposed GT&C Section 29.4, reservation charge credits will be included on shipper's subsequent invoice unless the service agreement is no longer in effect.

Proposed Section 29.5 provides that Trunkline and a shipper with a discounted or negotiated rate agreement may, in a not unduly discriminatory manner, agree to a different reservation charge crediting methodology.

Last, in order to provide reservation charge credits to shippers, modification of scheduling provisions is required. Consistent with Commission policy, reservation charge credits are based on entitlements established with usage of primary points of receipt and primary points of delivery and do not apply to service at secondary points.¹¹ The changes in GT&C Sections 3.2(A), 4.1 and 4.2 make the nomination and curtailment scheduling processes consistent with Commission policy.

IMPLEMENTATION

Pursuant to Section 154.7(a)(9) of the Commission's Regulations, Trunkline requests that the proposed tariff records submitted herewith be accepted effective April 1, 2017 without further action from Trunkline.

COMMUNICATIONS, PLEADINGS AND ORDERS

Trunkline requests that all Commission orders and correspondence as well as pleadings and correspondence from other parties concerning this filing be served on each of the following:

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⁷ *Dominion Transmission, Inc.*, 142 FERC ¶ 61,154 at PP 20-22 (2013).

⁸ *Id.* at P 26.

⁹ *Id.* at P 21.

¹⁰ *Gulf South*, 141 FERC ¶ 61,224 at P 40 and n.25; *Gulf Crossing Pipeline Co., LLC*, 141 FERC ¶ 61,222 at P 40 and n.24 (2013) (*Gulf Crossing*); *Texas Gas Transmission, LLC*, 141 FERC ¶ 61,223 at P 39 and n.26 (2013) (*Texas Gas*).

¹¹ *Tennessee Gas Pipeline Company*, 135 FERC ¶ 61,208 at P 69 and n.76 (2011); *Southern*, 135 FERC ¶ 61,056 at P 40 (2011).

¹² Designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure. Trunkline respectfully requests that the Commission waive Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), in order to allow Trunkline to include additional representatives on the official service list.

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This filing is made in electronic format in compliance with Section 154.4 of the Commission's Regulations. The eTariff XML filing package contains:

- The proposed tariff records in RTF format with metadata attached
- This transmittal letter in PDF format
- A clean version of the proposed tariff records in PDF format for publishing in eLibrary
- A marked version of the proposed tariff changes pursuant to Section 154.201(a) of the Commission's regulations in PDF format
- A copy of the complete filing in PDF format for publishing in eLibrary.

In accordance with Section 154.2(d) of the Commission's Regulations, a copy of this filing is available for public inspection during regular business hours at Trunkline's office at 1300 Main Street, Houston, Texas 77002. In addition, copies of this filing are being served on jurisdictional customers and interested state regulatory agencies. Trunkline has posted a copy of this filing on its Internet web site accessible via <http://tgcmessenger.energytransfer.com> under Informational Postings, Regulatory.

Pursuant to Section 385.2011(c)(5) of the Commission's Regulations, the undersigned has read this filing and knows its contents; the contents are true as stated, to the best of her knowledge and belief; and the undersigned possesses full power and authority to sign such filing.

Respectfully submitted,

TRUNKLINE GAS COMPANY, LLC

/s/ Deborah A. Bradbury

Deborah A. Bradbury
Sr. Director, Regulatory Tariffs & Reporting

¹³ Designated as responsible Company official under Section 154.7(a)(2) of the Commission's Regulations.

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GENERAL TERMS AND CONDITIONS

3. NOMINATION AND SCHEDULING OF SERVICES

3.1 Nomination Procedures

- (A) Shipper shall furnish or cause to be furnished to Trunkline written nominations showing the Quantity of Gas to be received and delivered or stored by Trunkline, by individual Point of Receipt and individual Point of Delivery, as required below:
- (1) Such nomination shall reflect Shipper's contract number, the Quantity of Gas to be received, including Fuel Reimbursement Quantity, and the Quantity of Gas to be delivered for each Point of Receipt and each Point of Delivery. For nominations on the South Texas Modified Transmission System, Trunkline shall post on the Web Site an estimated Fuel Reimbursement percentage for the Month. Additionally, Shipper shall identify the last seller of the Gas to be received at each Point of Receipt. Disclosure of the identities of downstream parties at Points of Delivery shall be required. Shipper shall establish the point to point relationship between the Quantity of Gas to be received at the Points of Receipt and the Quantity of Gas to be delivered at the Points of Delivery.
 - (2) In addition to, or in lieu of, nominating from a specific Point of Receipt, upon Shipper's agreement with a TABS-1 Party, Shipper may submit a nomination of its Specific Quantity out of the relevant TABS-1 Service Point to specific Points of Delivery. Such nomination must contain Shipper's contract number, the TABS-1 contract number and the name of the TABS-1 Party. By nominating at a TABS-1 Service Point, Shipper shall be responsible for any and all applicable Gathering Charges resulting from notification of Shipper's responsibility by the TABS-1 Party to Trunkline. Upon receipt of such nomination and after Trunkline's confirmation with the TABS-1 Party, the TABS-1 Party shall nominate an Equivalent Quantity on behalf of such Shippers from specific Points of Receipt contained in such Shippers' Transportation Service Agreements into the relevant TABS-1 Service Point.
 - (3) For Shippers with Service Agreements under Rate Schedules FT, SST, EFT, QNT, LFT, IT, QNIT and TABS-1, the sum of the Quantities nominated at Points of Receipt, less applicable Fuel Reimbursement Quantities, shall equal the sum of the Quantities of Gas nominated at Points of Delivery during the Month. In addition, the Quantity of Gas nominated at each primary Point of Receipt shall not exceed the MDRO, plus applicable Fuel Reimbursement Quantity, and the Quantity of Gas nominated at each primary Point of Delivery shall not exceed the MDDO.

- (4) In the event a firm Shipper nominates Quantities for Transportation at Shipper's secondary Points of Receipt or Points of Delivery, Shipper shall retain its original priority at Shipper's primary Points of Receipt or Points of Delivery.

(B) Next Day Service

Shipper shall have the right to submit in writing a new nomination for any Gas Day by submitting notice by 1:00 p.m. Central Time the preceding Gas Day or such later time acceptable to Trunkline. Such new or revised nomination shall conform to the requirements of Section 3.1(A) herein, except that the nomination may reflect any agreed upon imbalance make up Quantities. Overrun Quantities may be requested either in Shipper's regular nomination or in a separate nomination.

Trunkline shall support the following standard nomination cycle (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

The Timely Nomination Cycle

On the Day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Shipper;
- 1:15 p.m. Nominations are received by Trunkline (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Trunkline sends the quick response to the Shipper;
- 4:30 p.m. Trunkline receives completed confirmations from confirming parties;
- 5:00 p.m. Shipper and point operator receive scheduled quantities from Trunkline.

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

The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the Shipper;
- 6:15 p.m. Nominations are received by Trunkline (including from TTTSPs);
- 6:30 p.m. Trunkline sends the quick response to the Shipper;
- 8:30 p.m. Trunkline receives completed confirmations from confirming parties;
- 9:00 p.m. Trunkline provides scheduled quantities to the affected Shippers and point operator, including bumped parties (notice to bumped parties).

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

In addition, at the end of each Gas Day Trunkline shall make available to Shippers information containing scheduled Quantities, including scheduled intra-day nominations and any other scheduling changes.

Shipper shall specify a begin date and an end date for each nomination. Such begin date and end date shall be within the term of Shipper's Service Agreement. To the extent that Shipper desires to change its nomination for any Gas Day Shipper must submit a new nomination for such day. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only. Should Shipper fail to provide this nomination on or before the nomination deadline, Trunkline may deem Shipper's nomination to be zero.

Trunkline shall have the right to refuse to receive or deliver any Gas not timely and properly nominated and confirmed. Trunkline shall not be liable to Shipper or any other person as a direct or indirect consequence of such refusal and Shipper shall indemnify Trunkline from and against any and all losses, damages, expenses, claims, suits, actions and proceedings whatsoever threatened, incurred or initiated as a result of such refusal, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Trunkline's negligence, bad faith or willful misconduct.

(C) Intra-day Nominations

Any nomination submitted after the deadline set forth in Section 3.1(B) above shall be an intra-day nomination. An intra-day nomination shall be effective for one Gas Day only. An intra-day nomination shall specify an effective date, time and the daily Quantity. The interconnected parties shall agree on the hourly flows for such Gas Day.

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

The Intraday 1 Nomination Cycle
On the current Gas Day:

- 10:00 a.m. Nominations leave control of the Shipper;
- 10:15 a.m. Nominations are received by Trunkline (including from TTTSPs);
- 10:30 a.m. Trunkline sends the quick response to the Shipper;

- 12:30 p.m. Trunkline receives completed confirmations from confirming parties;
- 1:00 p.m. Trunkline provides scheduled quantities to the affected Shipper and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

The Intraday 2 Nomination Cycle
On the current Gas Day:

- 2:30 p.m. Nominations leave control of the Shipper;
- 2:45 p.m. Nominations are received by Trunkline (including from TTTSPs);
- 3:00 p.m. Trunkline sends the quick response to the Shipper;
- 5:00 p.m. Trunkline receives completed confirmations from confirming parties;
- 5:30 p.m. Trunkline provides scheduled quantities to the affected Shipper and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

The Intraday 3 Nomination Cycle
On the current Gas Day:

- 7:00 p.m. Nominations leave control of the Shipper;
- 7:15 p.m. Nominations are received by Trunkline (including from TTTSPs);
- 7:30 p.m. Trunkline sends the quick response to the Shipper;
- 9:30 p.m. Trunkline receives completed confirmations from confirming parties;
- 10:00 p.m. Trunkline provides scheduled quantities to the affected Shipper and point operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

Any Shipper shall have the right for any Gas Day to submit in writing intra-day nominations for any Transportation service, subject to operator confirmation and verification and Trunkline's operating conditions. Such intra-day nomination shall conform to the requirements of Section 3.1(A) herein, except that the nomination may reflect any agreed upon imbalance make up Quantities. Additionally, a Shipper receiving Transportation service under Rate Schedule EFT, QNT, LFT or

QNIT may submit nomination adjustments as set forth in Section 4 of its respective Rate Schedule.

For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- (D) Shipper shall cause the operator of each Point of Receipt, the first seller of the Gas nominated at the Points of Receipt and the operator of each Point of Delivery designated in any nomination or change to a nomination to confirm all such nominations or changes to nominations in writing prior to implementation by Trunkline.
- (E) Shipper shall notify Trunkline immediately of any unexpected changes in Quantities tendered for receipt or delivery, whether or not such notice conforms to the times set out herein.
- (F) At any time, Shipper may give written notice to change the designation of the person under Section 2.2 herein to provide the nomination information set forth in this Section to Trunkline. If Shipper designates another person to provide this information, Trunkline shall be entitled to rely on the nominations previously provided by Shipper's designee.
- (G) Nominations shall also specify such information necessary to permit Trunkline to accept Commission approved or permitted standard data elements to perform service.

3.2 Scheduling Procedure for Transportation

- (A) The Quantities nominated for Transportation by Shippers shall be scheduled by Trunkline for receipt and delivery in the following order:
 - (1) Scheduling at a Point of Receipt
 - (a) Firm service from the primary Point of Receipt to primary Points of Delivery.
 - (b) Firm service from the primary Point of Receipt to secondary Points of Delivery.
 - (c) Firm service from a secondary Point of Receipt within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.

- (d) Firm service from a secondary Point of Receipt outside the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.
 - (e) Interruptible service in sequence starting with the highest rate.
- (2) Scheduling at a Point of Delivery
 - (a) Firm service to the primary Point of Delivery from primary Points of Receipt.
 - (b) Firm service to the primary Point of Delivery from secondary Points of Receipt.
 - (c) Firm service to a secondary Point of Delivery within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.
 - (d) Firm service to a secondary Point of Delivery outside the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.
 - (e) Interruptible service in sequence starting with the highest rate.
- (3) If Trunkline is unable to schedule all Quantities nominated because of a constraint other than at a Point of Receipt or Point of Delivery, Trunkline shall schedule Gas through such constraint in the following order:
 - (a) Firm service utilizing primary Points of Receipt and primary Points of Delivery.
 - (b) Firm service utilizing a secondary Point of Receipt and a primary Point of Delivery within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.
 - (c) Firm service utilizing a primary Point of Receipt and a secondary Point of Delivery within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.

- (d) Firm service utilizing a secondary Point of Receipt and a secondary Point of Delivery within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.
- (e) Firm service utilizing a secondary Point of Receipt and/or a secondary Point of Delivery outside the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.
- (f) Interruptible service in sequence starting with the highest rate.

For multiple nominations at the same rate, other than a Maximum Rate, Gas shall be scheduled on a pro rata basis.

Shippers paying a Negotiated Rate which exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of this Section 3.2(A).

Within each service category provided in (1) through (3) above, Shipper or TABS-1 Party may provide a ranking of individual Points of Receipt and Points of Delivery within the Service Agreement in the event the entirety of the nomination cannot be scheduled.

To accommodate the multiple categories of priority that may occur under a Transportation Service Agreement and to establish usage billing rates, Shipper shall establish a point to point relationship through specified nominations. These categories will be ranked first on the priority of the Point of Receipt and then on the priority of the Point of Delivery. Authorized Quantities in excess of MDQ shall be scheduled as interruptible. Firm Transportation Service Agreements with nominations from a TABS-1 service point will be scheduled based upon the priority of the Points of Receipt nominated by the TABS-1 Party and contained in the firm Transportation Service Agreements.

A Shipper under Rate Schedule FT, EFT, QNT or LFT may segment its Primary Path into two (2) or more discrete segments for its own use or in connection with a capacity release pursuant to Section 9 of the General Terms and Conditions to the extent such segmentation is operationally feasible. In connection with such segmentation, the Shipper may utilize secondary Point(s) of Receipt or Delivery, including secondary Point(s) upstream and downstream of the Primary Path, so long as the secondary Point(s) are within the Zone(s) for which the Shipper has paid. Operational feasibility is defined by various factors including, but not limited to, availability of capacity at a Point of Receipt or Delivery and direction of flow. If

the Shipper's Primary Path is segmented, the sum of the Quantities of Gas nominated at each Point of Receipt or at each Point of Delivery by the Shipper and, if applicable, the Releasing Shipper may exceed the MDQ specified in the Service Agreement so long as the Quantities nominated for transportation in a pipeline segment do not exceed the MDQ applicable to the segment. The Shipper may segment its Primary Path to forwardhaul and backhaul Quantities of Gas to the same Point of Receipt or to the same Point of Delivery. In such a segmented transaction, the Shipper may exceed its MDQ at that Point of Receipt or Point of Delivery and may nominate Quantities of Gas in each segment up to Shipper's MDQ assigned to such segment; provided, however, the Quantities nominated to flow in the opposite direction of the flow of the Primary Path shall be considered to be outside the Shipper's Primary Path.

If the Releasing Shipper and the Replacement Shipper nominate Quantities of Gas in segments that overlap, the Quantities shall be scheduled in accordance with this Section 3.2. If the Quantities have equal priority and the sum of the Quantities cannot be scheduled, the Quantities shall be scheduled pro rata unless the Releasing Shipper specifies otherwise in the Shipper Notice.

- (B) If the actual Quantities of Gas received or delivered vary from nominated Quantities on any particular Gas Day, such daily scheduling variance shall be subject to daily scheduling penalties pursuant to Section 5.1 herein.
- (C) Should Shipper be unable to accept the Quantities of Gas tendered at the Points of Delivery on any Gas Day, then Trunkline may refuse to receive Gas at the Points of Receipt on such Gas Day.
- (D) Trunkline shall have the unqualified right to commingle Gas transported hereunder with Gas from other sources, and to treat and handle all such Gas as its own. It is recognized that Gas delivered by Trunkline will not be the same molecules as those received at the Points of Receipt.

3.3 Scheduling Procedure for Storage

(A) Daily Injection Quantities

The maximum Quantity of Gas which Trunkline can inject into storage on any one Gas Day shall be subject to operating conditions at the particular time and shall be limited to the MDIQ stated in the Rate Schedule NNS-1, NNS-2, FSS or ISS Service Agreement.

(B) Authorized Injection Overrun Quantities

Upon request of Shipper, Trunkline may, but is not obligated to, inject on any Gas Day Quantities of Natural Gas in excess of Shipper's MDIQ under the Rate Schedule NNS-1, NNS-2, FSS or ISS Service Agreement when, in Trunkline's sole judgment, the capacity of its system will permit such injection, without impairing the ability of Trunkline to meet its other obligations.

(C) Daily Withdrawal Quantities

The Quantity of Gas which Trunkline may withdraw from storage on any Gas Day shall be subject to operating conditions at the particular time and shall be limited to the MDWQ as stated in the Rate Schedule NNS-1, NNS-2, FSS or ISS Service Agreement.

(D) Authorized Withdrawal Overrun Quantities

Upon request of Shipper, Trunkline may, but is not obligated to, withdraw on any Gas Day Quantities of Natural Gas in excess of Shipper's MDWQ under the Rate Schedule NNS-1, NNS-2, FSS or ISS Service Agreement when, in Trunkline's sole judgment, the capacity of its system will permit such withdrawal, without impairing the ability of Trunkline to meet its other obligations.

(E) The Quantities nominated by Shipper for injection into or withdrawal from storage and Quantities injected into or withdrawn from storage by Trunkline on behalf of Shipper under Rate Schedule NNS-1 or NNS-2 shall be scheduled in the following order:

- (1) Firm service under Rate Schedule FSS, NNS-1 or NNS-2;
- (2) Interruptible service in sequence starting with the highest rate;
- (3) Authorized Overrun Withdrawal and Injection Quantities shall be scheduled as interruptible.

In the event a tie for capacity exists among Shippers, Shipper's Storage Service Agreement request date will determine the scheduling priority. For Shippers with the same request date, Quantities shall be scheduled on a pro rata basis.

3.4 Scheduling Procedure for Parking Service

The Quantities nominated into interruptible parking service under Rate Schedule GPS shall be scheduled in sequence starting with the highest daily Parking rate. In the event of a tie, Quantities will be scheduled on a pro rata basis.

3.5 Predetermined Allocations

- (A) Parties may agree upon one of the following allocation methodologies: ranked, pro rata, percentage, swing and operator provided value. In the event the parties cannot agree on an allocation methodology, pro rata based on confirmed nominations will be used as the default method. The party responsible for custody transfer (the party performing the measurement function) must provide the allocation. Trunkline will accept such allocation if operationally and administratively feasible.
- (B) In addition, for all Natural Gas to be delivered to Shipper, Shipper shall cause the operating party of facilities immediately downstream of Trunkline's Points of Delivery to provide a predetermined allocation methodology to be used in allocating said Gas through the Points of Delivery. In the event Shipper provides optional end user information with its nomination, Shipper shall provide a predetermined allocation methodology acceptable to Trunkline to be used in allocating said Gas through the Points of Delivery.
- (C) The allocation methodology shall be provided to Trunkline in writing before the start of the Gas Day that Gas is to be tendered to Trunkline and shall prescribe the methodology for all Service Agreements for which Quantities have been scheduled at such Points of Receipt and Points of Delivery.
- (D) In the event no methodology acceptable to Trunkline is provided, Trunkline shall allocate the actual Quantities received or delivered by Trunkline among Shippers based on the ratio of each scheduled Quantity to the total scheduled Quantities of Gas at such Points of Receipt or Points of Delivery applied to the total Quantity actually received or delivered by Trunkline.
- (E) Changes to the daily allocation methodology must be submitted in writing and confirmed before the start of the Gas Day and shall be effective prospectively. No retroactive reallocation of any transaction shall be permitted.
- (F) Trunkline shall not have any liability to any Shipper as a result of Trunkline's reliance on any allocation methodology described herein, and Shipper shall indemnify Trunkline from and against any and all losses, damages, expenses, claims, suits, actions and proceedings whatsoever threatened, incurred or initiated as a result of Trunkline's reliance on such allocation methodology, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Trunkline's negligence, bad faith or willful misconduct.

GENERAL TERMS AND CONDITIONS

4. CURTAILMENT AND INTERRUPTION

Trunkline shall have the right to curtail, interrupt or discontinue Transportation or Storage service or both, in whole or in part, on all or a portion of its system at any time for reasons of force majeure or when, in Trunkline's sole judgment, capacity, supply, or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its system. Trunkline shall use reasonable efforts to provide Shipper such notice of the curtailment as is reasonable under the circumstances.

Nothing contained in this Section shall be deemed to limit Trunkline's ability to issue OFOs in accordance with Section 6 of these General Terms and Condition.

4.1 Main Line

When the curtailment or interruption is caused by an event that is not at a specific Point of Receipt, Point of Delivery or lateral, Quantities will be curtailed in the following order:

- (A) First, Interruptible service shall be curtailed, commencing with service that at the time notice was given was being charged a rate that is less than Trunkline's Maximum Rate then in effect under this Tariff in sequence in sequence starting with the lowest rate.

For multiple nominations at the same rate, other than a Maximum Rate, Gas shall be scheduled on a pro rata basis.

- (B) Last, firm Transportation service utilizing primary or secondary points shall be curtailed, pro rata based on scheduled Quantities, regardless of rate.

4.2 Point of Receipt or Point of Delivery

In the event the curtailment or interruption is caused by an event occurring at a specific Point of Receipt or Point of Delivery, Quantities will be curtailed based upon the utilization of such specific Point of Receipt or Point of Delivery for primary, secondary or interruptible service.

- (A) First, Interruptible service at such specific Point of Receipt or Point of Delivery shall be curtailed, commencing with service that at the time notice was given was being charged a rate that is less than Trunkline's Maximum Rate then in effect under this Tariff in sequence in sequence starting with the lowest rate.

- (B) Last, firm Transportation service utilizing such specific Point of Receipt or Point of Delivery on a primary or secondary basis shall be curtailed, pro rata based on scheduled Quantities, regardless of rate.

4.3 South Texas Modified Transmission System

The South Texas Modified Transmission System shall be curtailed separately from the rest of the Field Zone.

4.4 Transportation Supply

Curtailment related to insufficient receipts will occur when Trunkline is actually experiencing a related threat to the operational integrity of its system.

Trunkline will isolate the smallest area of its system possible and make a diligent effort to determine the cause of insufficient receipts. If Trunkline is unsuccessful in identifying delinquent Shippers, then Trunkline will curtail all Shippers that do not have confirmed receipts within that isolated area in the order specified in Section 4.2 above.

Trunkline will continue the interruption with respect to others only as long as the identity of the offending Shipper is unknown or until its system has stabilized. Shippers with actual receipts that are confirmed by Trunkline will not be subject to supply curtailment for those receipts.

4.5 Storage

Storage curtailment, if necessary, would occur in the following sequence:

- (A) First, interruptible Storage service shall be curtailed, commencing with service that at the time notice was given was being charged a rate that is less than Trunkline's Maximum Rate then in effect under this Tariff in sequence starting with the lowest rate.
- (B) Last, firm Storage service under Rate Schedules NNS-1, NNS-2 and FSS shall be curtailed pro rata, based on scheduled Quantities, regardless of rate.

4.6 Curtailment Reports and Notices

- (A) Trunkline shall use reasonable efforts to provide Shipper, OBA Party, or TABS-1 Party with notice of curtailment at a time and in a manner that is reasonable under then existing conditions, and shall in any event confirm in writing or by facsimile transmission the notice given. Each Shipper, OBA Party, TABS-1 Party and point operator shall designate one or more persons for Trunkline to contact on operational matters on a 24-hour a day, 365 days a year basis. Telephone and facsimile numbers as well as e-mail address must be provided for such person or

persons. If Trunkline is unable to contact any Shipper, OBA Party, TABS-1 Party or point operator because the designated contact person(s) is unavailable, such Shipper, OBA Party, TABS-1 Party or point operator shall be responsible for any consequences arising from such failure of communications.

- (B) Trunkline shall have no responsibility to inform Shipper's, OBA Party's, or TABS-1 Party's end users, suppliers, other transporters and any others involved in the transaction, as to any notice of curtailment.

4.7 Curtailment Compliance

- (A) When a curtailment notice has been issued, the affected Shipper, OBA Party or TABS-1 Party shall undertake the required action set forth in the curtailment notice. Failure to comply with a curtailment notice shall subject Shipper to the penalty provisions of Section 6 herein as if such curtailment notice were an OFO.
- (B) Shipper, OBA Party or TABS-1 Party shall indemnify Trunkline from and against any and all losses, damages, expenses, claims, suits, actions, and proceedings whatsoever threatened, incurred, or initiated as a result of Trunkline's performance hereunder, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Trunkline's negligence, bad faith or willful misconduct.
- (C) Without regard to any other remedy provided by law or by the provisions hereof, Trunkline shall be entitled to seek an order from the Commission or any other appropriate tribunal requiring compliance with curtailment or interruption ordered by Trunkline in compliance with this Section 4 or any directive from any governmental authority having jurisdiction.

GENERAL TERMS AND CONDITIONS

9. CAPACITY RELEASE

9.1 Capacity Eligible for Release

- (A) Shippers under Rate Schedules FT, EFT, QNT, LFT, FSS and NNS-1 shall be permitted to release their capacity on a temporary or permanent basis, in accordance with this Section 9. Capacity which may be assigned to the Replacement Shipper hereunder shall be limited to the firm capacity reserved by the Releasing Shipper, as defined by the primary Points of Receipt and the primary Points of Delivery contained in the released capacity. Releases may be made on an interruptible (i.e., subject to recall) or firm basis and may be billed by Trunkline based on usage.
- (B) Trunkline shall continue to sell its unsubscribed firm capacity by providing notice of the availability of such capacity on the Messenger® system or by using any other marketing services at its disposal.

9.2 Shipper Release Notice

- (A) A Shipper that desires to release any or all of its firm capacity under this Section 9 must notify Trunkline electronically on the Messenger® system or through electronic data interchange of its intent to release capacity and the terms of the release (hereinafter referred to as "Shipper Notice"). A Shipper Notice shall be posted on the Messenger® system upon receipt by Trunkline or such later time which must comply with the timeline set forth in Section 9.4(B) herein, as requested by Releasing Shipper. This Shipper Notice shall include:
 - (1) Releasing Shipper's contract number;
 - (2) The specific quantity of capacity to be released;
 - (3) If the request for release is on a permanent basis;
 - (4) The Points of Receipt and Points of Delivery at which Releasing Shipper will release capacity and the quantity of capacity to be released at each point;
 - (5) The period of time or term of the release;
 - (6) The conditions of Releasing Shipper's right of recall as well as methods and rights associated with returning the previously recalled capacity to the Replacement Shipper, if applicable;

- (7) Whether contingent bids will be accepted and when the contingency must be removed;
- (8) The identity of a Pre-arranged Replacement Shipper (PRS), if applicable;
- (9) The minimum rate expressed in dollars and cents, percentage of Maximum Rate or the index-based formula as detailed in the capacity release offer, term, and quantity of capacity Releasing Shipper shall accept, if any, and whether bids using a volumetric rate for the collection of Reservation or Capacity and Deliverability Charges will be accepted and whether Releasing Shipper requires a volumetric commitment. The maximum volumetric rate that may be bid shall not exceed the one hundred percent (100%) load factor equivalent of the maximum Reservation or Capacity and Deliverability reservation rates. The one hundred percent (100%) load factor equivalent for such rates equals the overrun rate for the applicable service being released as set forth on the Currently Effective Rates for the applicable Rate Schedule. Trunkline shall support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Commission. The maximum reservation rate that may be bid shall not exceed the Maximum Rate for the applicable service being released as set forth on the Currently Effective Rates for the applicable Rate Schedule. Notwithstanding the above, no rate limitation shall apply to a capacity release for a period of one year or less if the release is to take effect on or before one year from the date on which Trunkline is notified of the release;
- (10) The duration of the posting which may not be less than the minimum bid period specified in Section 9.4(B) herein;
- (11) The best bid criterion, the method by which volumetric or contingent bids will be evaluated, and any alternate, objective and nondiscriminatory method for breaking ties. The best bid evaluation method established by Releasing Shipper must be objectively stated, applicable to all PRS or Replacement Shippers and not unduly discriminatory and shall enable Trunkline to rank the bids received by utilizing the weight assigned by Releasing Shipper to each element of the Shipper Notice;
- (12) If the release is for any period of thirty-one (31) days or less and is exempt from bidding in accordance with Section 9.3(A), the Releasing Shipper may designate in the Shipper Notice the winning bid criterion to be the first acceptable bid received;
- (13) Restrictions, if any, on the PRS or Replacement Shipper's ability to request changes in primary Points of Receipt or primary Points of Delivery;

- (14) Whether the Shipper Notice may be rejected in part in the event Trunkline rejects such Shipper Notice pursuant to Section 9.7; and
 - (15) Whether the Replacement Shipper is (a) an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations and, if so, include the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect or (b) a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.
- (B) Releasing Shipper shall post the Shipper Notice on the Messenger® system. Releasing Shipper may withdraw its Shipper Notice at any time prior to the close of the bid period specified in the Shipper Notice herein when unanticipated circumstances justify and no minimum bid has been made.
 - (C) When a Releasing Shipper presents a PRS that is on the approved bidders list, such PRS shall acknowledge the Shipper Release Notice electronically.
 - (D) The terms Releasing Shipper imposes may not conflict with any provision of the Service Agreement, Rate Schedule or General Terms and Conditions. In the event of such conflict, Trunkline may withdraw the Shipper Notice from posting.

9.3 Exceptions to Bidding

- (A) The following capacity releases are exempt from the bidding process set forth in Section 9.4 herein:
 - (1) A capacity release for any period of thirty-one (31) days or less. A firm shipper shall not roll over, extend or in any way continue such capacity release to the same Replacement Shipper until 28 days after the first release period has ended. This 28-day period does not apply to any release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth in Sections 9.3(A)(2), (3) or (4) below.
 - (2) A capacity release for more than one year at the maximum tariff rate.
 - (3) A capacity release to an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations.
 - (4) A capacity release to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

- (B) In the event a capacity release is exempt from bidding in accordance with Section 9.3(A) herein, the Releasing Shipper presents a PRS that is on the approved bidders list, and such PRS agrees to all conditions of the release prior to the submission of the Shipper Notice to Trunkline, the released capacity will be assigned to the PRS and such Shipper Notice shall be exempt from the bidding process in accordance with Section 9.4 herein. The PRS will be posted as the winning bidder in accordance with Section 9.4(I) herein.

(C) Timing of Capacity Releases Exempt from Bidding

For non-biddable releases:

- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
 - Timely Cycle 12:00 Noon
 - Evening Cycle 5:00 p.m.
 - Intraday 1 Cycle 9:00 a.m.
 - Intraday 2 Cycle 1:30 p.m.
 - Intraday 3 Cycle 6:00 p.m.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

9.4 Bidding Process

- (A) In order to submit a valid bid under this capacity release program, any party, including a PRS, must be on the approved bidders list. To be on the approved bidders list, a party must meet the provisions of Section 2 herein and have executed a capacity release service agreement with Trunkline in the form as set forth in this Tariff (Capacity Release Service Agreement). A party shall remain on the approved bidders list until such party notifies Trunkline to the contrary, no longer meets the credit qualifications in Section 2.3 herein, or is suspended from the approved bidders list in the event and for such time as such party fails to pay part or all of the amount of any bill for service in accordance with Section 16 herein.
- (B) The capacity release timeline in Central Clock Time applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been

determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Trunkline with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and (3) there are no special terms or conditions of the release.

Further, Trunkline may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Trunkline).

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

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

(2) For biddable releases (more than 1 year)

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

(3) Timeline for Releases with Special Conditions

For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies a bid evaluation methodology other than highest rate, net revenue or present value, or a permanent release or any other special conditions, the above timelines shall apply; provided, however, one additional Business Day will be added to the evaluation period. Such extended evaluation period shall cause Gas flow to be at least one day later than Gas could flow under the timeline set forth in Section 9.4(B)(1) or Section 9.4(B)(2).

- (C) All bids must be expressed in dollars and cents, percentage of Maximum Rate or the index-based formula as detailed in the capacity release offer, whichever is stated in the Shipper Notice, include the required bid information and must be received and posted electronically through the Messenger® system. Bids shall be posted on the Messenger® system with any contingencies identified and with the bidder's identity deleted.
- (D) A bidder may submit only one bid at a time in response to a Shipper Notice. A bidder may withdraw its bid through the Messenger® system at any time prior to the close of the posting period specified in the Shipper Notice without prejudice to its submitting another bid with an economic value equal to or greater than the economic value of the withdrawn bid.
- (E) Where there is a PRS and a bid which is better than the bid submitted by the PRS, Trunkline will notify the PRS by 2:00 p.m. Central Clock Time on the day capacity is

awarded and the PRS will have until 2:30 p.m. to match the better bid and obtain the right to the released capacity. Trunkline shall issue an Addendum to the PRS unless a better bid, as defined in Section 9.2(A)(11) herein, is received within the time period specified in the posting. In the event the PRS does not match the better bid, Trunkline shall issue an Addendum to the party who made the best bid.

- (F) All bids not withdrawn prior to the close of the posting period specified in the Shipper Notice shall be binding.
- (G) In the event that a winning bid has a contingency, and Trunkline is not notified through the Messenger® system that such contingency has been removed within the time period specified in the Shipper Notice, such contingent bid will be rejected by Trunkline.
- (H) The Releasing Shipper may define in the Shipper Notice the criteria for determining the best bid. If the Releasing Shipper does not specify the criteria, Trunkline shall use the Net Present Value calculation as set forth in Section 10.3 herein to determine the best bid. If there are multiple bids meeting the minimum conditions, Trunkline shall rank the bids and Trunkline shall award the bids, best bid first, until all offered capacity is awarded. Trunkline will notify, through the Messenger® system by 2:00 p.m. Central Clock Time following the end of the posting period, or by 3:00 p.m. Central Clock Time if a matching period is applicable, the PRS or Replacement Shipper that capacity has been awarded.
- (I) Trunkline will post the winning bids and Replacement Shippers' identity on the Messenger® system for at least five Business Days.

9.5 Rights and Obligations of Releasing Shipper

- (A) Regardless of the amount of capacity Releasing Shipper releases under this Section 9, Releasing Shipper shall remain liable for the Reservation Charges or Capacity and Deliverability Charges attributable to the released capacity unless otherwise agreed to in writing and in advance by Trunkline. In the event of a permanent release, Trunkline may, and will not unreasonably refuse to, waive liability of Releasing Shipper for the Reservation Charges, Capacity and Deliverability Charges or Conditional Reservation Charges. Such permanent release shall provide the same economic value as the original underlying agreement, or such difference shall be funded by the Releasing Shipper, unless Trunkline agrees otherwise.
- (B) When capacity is awarded to Replacement Shipper, Releasing Shipper must adjust or reconfirm its nominations to reflect the capacity released. Trunkline will automatically change Releasing Shipper's nominations to zero for the Service Agreement under which capacity was released unless such nominations are adjusted or reconfirmed by the Releasing Shipper.

- (C) If Releasing Shipper releases its MDQ for a geographic portion of the capacity reserved under its Service Agreement, Releasing Shipper may use its full MDQ for its unreleased geographic portion of capacity.
- (D) When Releasing Shipper partially releases its capacity under a Service Agreement by releasing capacity between specific Points of Receipt and Points of Delivery or by releasing only a portion of its MDQ or MCSC, Releasing Shipper's Service Agreement shall be deemed to be modified in accordance with the release and Releasing Shipper may not utilize the capacity released during the term of the release.
- (E) Releasing Shipper shall retain all Rights of First Refusal with respect to the released capacity, unless such release is a permanent release.
- (F) In the event of termination of a Replacement Shipper's Addendum pursuant to Section 9.6(C) herein, the released capacity related to such Addendum will revert to the Releasing Shipper.
- (G) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. For the recall notification provided to Trunkline, Trunkline's tariff should specify whether the quantity should be expressed in terms of a) total released capacity entitlements or b) adjusted total released capacity entitlements based upon the elapsed prorata capacity. The capacity entitlements resulting from the use of either a) or b) should be the same. The recall notification to Trunkline shall specify the Quantity in terms of total released capacity entitlements.

9.6 Rights and Obligations of Replacement Shipper

- (A) Any bid submitted will bind Replacement Shipper or PRS to the terms of the bid if Trunkline selects such bid as the best bid. If all the information provided by the Releasing Shipper and the bidder/PRS is valid, the Replacement Shipper is creditworthy, and there are no special terms and conditions, Trunkline will issue and execute the Addendum to the Capacity Release Service Agreement within one hour of awarding the winning bid. The capacity release addendum number also will be issued within one hour of the award posting.
- (B) Replacement Shipper may submit nominations pursuant to Section 3 herein beginning at the next available nomination cycle for the effective date of the capacity release addendum; however, in no event will Gas flow on Replacement Shipper's Service Agreement prior to the effective date of the release as posted in the Shipper Notice.

- (C) Replacement Shipper is responsible for payment of the applicable Reservation Charge or Capacity and Deliverability Charges, and any surcharges thereon, in the amount of its winning bid. Replacement Shipper is also responsible for all other billings, e.g., usage rate and applicable usage surcharges. In the event of payment default, subject to Section 16 herein, Trunkline may elect to terminate that Replacement Shipper's Capacity Release Service Agreement which shall terminate all service thereunder utilized by the Replacement Shipper.
- (D) Once Replacement Shipper or PRS is notified of a winning bid, such Replacement Shipper or PRS shall have all the rights and obligations specified under the Releasing Shipper's Rate Schedule, the Releasing Shipper's Service Agreement and the General Terms and Conditions of this Tariff including the right to release firm capacity pursuant to this Section unless the conditions prescribed by the Shipper Notice require otherwise.
- (E) A Replacement Shipper shall have the right to reserve primary point capacity up to its MDQ, subject to available capacity.
- (F) Replacement Shipper shall have no Right of First Refusal with respect to the released capacity, unless such release is permanent.
- (G) Replacement Shippers for a capacity release with a term of one year or less that are paying a rate which exceeds the Maximum Rate shall be considered to be paying the Maximum Rate for purposes of scheduling.

9.7 Rights and Obligations of Trunkline

Trunkline shall determine, in its sole discretion, the best bid based upon the best bid criteria established pursuant to Section 9.2(A)(11) or Section 9.4(H) herein. Trunkline shall have the right, but not the obligation, to reject, in whole or in part, the terms of any Shipper Notice or bid which is discriminatory or conflicts with any order or regulation issued by the FERC, or provision of the Service Agreement, Rate Schedule or General Terms and Conditions. Such Shipper Notice shall be rejected in its entirety unless Shipper, pursuant to Section 9.2(A)(14), permits a partial rejection. Trunkline shall provide simultaneous notification to Shipper, through the Messenger® system, of the reason(s) for rejecting a release notice with the notice of rejection. Trunkline shall not have any liability to any Shipper, Releasing Shipper, Replacement Shipper, bidder or any other party as a result of Trunkline's performance of its obligations under its capacity release program, and such Shippers, Releasing Shippers, Replacement Shippers, and bidders shall indemnify Trunkline from and against any and all losses, damages, expenses, claims, suits, actions and proceedings whatsoever threatened, incurred or initiated as a result of Trunkline's performance hereunder, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Trunkline's negligence, bad faith or willful misconduct.

9.8 Term

- (A) Any release under this Section 9 shall be for a minimum term of at least one Gas Day.
- (B) Any release under this Section 9 shall be for a maximum term expiring on the earlier of:
 - (1) The last date this Tariff provision shall be effective;
 - (2) The expiration date of Releasing Shipper's Service Agreement when the release is for the full term of such agreement; or
 - (3) The expiration date specified by the Releasing Shipper in the Shipper Notice.

9.9 Billing Adjustments to Releasing Shipper

- (A) Trunkline shall credit Releasing Shipper's monthly bill to reflect the Reservation Charge or Capacity and Deliverability Charges (including surcharges, if any) invoiced to Replacement Shipper excluding any reservation charge credit that Replacement Shipper may have received pursuant to Section 29; provided, however, that Trunkline and Releasing Shipper may, in connection with a Negotiated Rate based on a rate design other than straight fixed variable, agree upon a payment obligation and crediting mechanism that varies from or is in addition to the provisions of this Section 9.9 in order to establish the basis of accounting for revenues from a Replacement Shipper as a means of preserving the economic bases of the Negotiated Rate. In the event of a release with a volumetric rate, the volumetric rate shall be no greater than the 100% load factor equivalent of the Maximum Rate currently applicable to the service released and shall be credited to the Releasing Shipper's monthly bill. Replacement Shipper's payment of the Usage Charge and applicable usage surcharges, if any, will be retained by Trunkline. Notwithstanding the above, no 100% load factor equivalent limitation shall apply to a capacity release for a period of one year or less if the release is to take effect on or before one year from the date on which Trunkline is notified of the release.
- (B) If Replacement Shipper fails to pay all or any part of the Reservation Charge or Capacity and Deliverability Charges so credited within thirty (30) days of its due date, then such unpaid amount plus interest will be charged to Releasing Shipper's next monthly bill and will be due and payable by Releasing Shipper in accordance with Section 16 herein.

- (C) Trunkline and Releasing Shipper may enter into a marketing agreement. In the event Trunkline issues an Addendum to a Replacement Shipper found by Trunkline pursuant to such marketing agreement, any negotiated marketing fee will be debited to Releasing Shipper's invoice.

9.10 Requests to Purchase Releasable Capacity

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

GENERAL TERMS AND CONDITIONS

19. FORCE MAJEURE

- 19.1 In the event, to the extent, and for so long as either Trunkline or Shipper is unable, by reason of force majeure, to carry out its obligations hereunder, in whole or in part, the obligations of either of Trunkline or Shipper, other than to make payments, shall be suspended, in whole or in part. Force majeure, as employed herein, shall mean any cause, whether of the kind herein enumerated or otherwise, not within the control of either of Trunkline or Shipper claiming suspension, and which by the exercise of due diligence, either of Trunkline or Shipper has been unable to prevent or overcome, including without limitation acts of God, the government, or a public enemy; strikes, lockouts, or other industrial disturbances; wars, blockades, or civil disturbances of any kind; epidemics, landslides, hurricanes, washouts, tornadoes, storms, fires, explosions, arrests, and restraints of governments or people; freezing of, breakage or accident to, or the necessity for making repairs or alterations to wells, machinery or lines of pipe but not including planned or scheduled maintenance; partial or entire failure of wells; and the inability of either Trunkline or Shipper to acquire, or the delays on the part of either of Trunkline or Shipper in acquiring, at reasonable cost and after the exercise of reasonable diligence: (a) any servitudes, rights of way grants, permits, or licenses; (b) any materials or supplies for the construction or maintenance of facilities; or (c) any permits or permissions from any governmental agency; if such are required to enable either of Trunkline or Shipper to fulfill its obligations hereunder.
- 19.2 Either Trunkline or Shipper claiming force majeure shall give to the other notice and full particulars of such force majeure by telephone, facsimile or electronic communication as soon as reasonably possible after the occurrence of the case relied on, and shall remedy such inability to perform with all reasonable dispatch; provided, however, that such requirement or remedy shall not require the settlement of strikes or lockouts by accession to the demands of those opposing either of Trunkline or Shipper when such course is inadvisable in the discretion of either of Trunkline or Shipper.

GENERAL TERMS AND CONDITIONS

29. RESERVATION CHARGE CREDIT

Trunkline shall provide reservation charge credits to a Shipper with firm transportation service under Rate Schedule FT, SST, EFT, QNT or LFT when Trunkline is unable to deliver Quantities from any primary Point of Receipt to any primary Point of Delivery up to the primary Point of Delivery Quantity stated on Exhibit A of Shipper's Service Agreement on any Gas Day in accordance with this Section 29. No adjustment of any kind under this Section 29 shall be required if Trunkline's failure to schedule or deliver gas is due to events solely related to conduct, activities or operations of Shipper and/or upstream or downstream parties (including force majeure events affecting Shipper or such parties) including, but not limited to, activities and/or events such as (i) Shipper's failure to perform in accordance with the terms of its Service Agreement and Trunkline's Tariff, including, but not limited to, Operational Flow Orders and failure to meet all applicable gas quality specifications, or (ii) failure of supply or transportation upstream of Trunkline's pipeline system, or (iii) failure of market or transportation downstream from Trunkline's pipeline system.

29.1 Non-force Majeure

(A) Eligible Quantity

- (1) When Trunkline gives notice of a non-force majeure service interruption at any time after completion of the Timely Nomination Cycle for the Gas Day, reservation charge credits shall apply to Shipper's scheduled Quantity of Gas from primary Points of Receipt (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Receipt) to primary Points of Delivery (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Delivery) less the Quantity of Gas delivered on Shipper's Service Agreement for the Gas Day.
- (2) When Trunkline gives advance notice of unavailability of service due to an outage or scheduled maintenance before Shippers have submitted nominations for the day(s) of the outage, reservation charge credits for each day of the outage will be based on the average of the scheduled quantity from Shipper's primary Points of Receipt (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Receipt) to primary Points of Delivery (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Delivery) for the seven days prior to the announced outage, less the Quantity of Gas delivered on Shipper's Service Agreement for the day of the outage.
- (3) When Trunkline has not given advance notice of an outage and reduces Shipper's nomination during the Timely Nomination Cycle, reservation charge credits will apply to Quantities nominated and confirmed in the

Timely Nomination Cycle from primary Points of Receipt (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Receipt) to primary Points of Delivery (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Delivery) less the Quantity of Gas delivered on Shipper's Service Agreement for the day.

- (4) Trunkline shall provide reservation charge credits for primary firm service but not for secondary firm service. If Shipper nominates to or from secondary Points of Receipt or Delivery after Trunkline has given notice of the outage, Trunkline shall not provide reservation charge credits to the extent Trunkline provides such secondary firm service.

(B) Reservation Rate

For the calculation of the reservation charge credit, Trunkline shall apply the reservation rate applicable to Shipper's Service Agreement stated on a daily basis; provided, however, the reservation rate for service obtained through capacity release pursuant to GT&C Section 15 shall be the lower of the rate under the Replacement Shipper's Capacity Release Service Agreement Addendum or the reservation rate stated in Releasing Shipper's Service Agreement. Reservation charge credits are not applicable to Replacement Shippers paying a volumetric rate.

(C) Calculation

Each day's credit shall be payable on the applicable Quantity calculated in Section 29.1(A) above multiplied by the appropriate contract reservation rate pursuant to Section 29.1(B) stated on a daily basis. In accordance with Section 2 of Rate Schedule LFT, reservation charge credits for Service Agreements under Rate Schedule LFT shall be calculated after Trunkline's right not to schedule service in whole or in part for ten (10) days in each Month.

29.2 Force Majeure

When Trunkline has issued notice of a Force Majeure event in accordance with Section 20 of the General Terms and Conditions, Trunkline shall provide full reservation charge credits to firm Shippers after a ten (10) day grace period pursuant to this Section 29.2.

- (A) The grace period for a Force Majeure event shall be ten (10) full consecutive days.
- (B) The Quantity of Gas eligible for reservation charge crediting shall be based on the average of the scheduled quantity from Shipper's primary Points of Receipt (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Receipt) to primary Points of Delivery (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Delivery) for the

seven days prior to the announced Force Majeure event, less the Quantity of Gas delivered on Shipper's Service Agreement for the day.

- (C) For each Day subsequent to the grace period in Section 29.2(A), the reservation charge credit shall be the Quantity determined in Sections 29.2(B) and 29.1(A)(4) above multiplied by the appropriate contract reservation rate pursuant to Section 29.1(B) stated on a daily basis; provided, however, reservation charge credits for service under Rate Schedule LFT shall only be calculated for Days subsequent to the grace period and in excess of the ten (10) Days each Month that Trunkline has the right not to schedule service pursuant to Section 2 of Rate Schedule LFT.

29.3 Pipeline and Hazardous Materials Safety Administration (PHMSA) Outages

Notwithstanding the above provisions, when Trunkline is unable to deliver Quantities due to outages that are required to comply with PHMSA orders pursuant to Section 60139(c) of Title 49 of the United States Code, Chapter 601, Shipper shall be eligible for reservation charge credits calculated in accordance with Section 29.2(C) above. Notice to Shippers of such outage shall identify the specific PHMSA order causing the outage. This provision shall apply for a two year period beginning April 1, 2017.

- 29.4 Any reservation charge credit payable will be included on a subsequent month invoice and will be applied first to offset any outstanding past due balances owed by Shipper. Reservation charge credits applicable to Service Agreements that are not in effect due to termination will be paid by Trunkline to Shipper, net of any amounts owed to Trunkline.
- 29.5 In a not unduly discriminatory manner and in connection with a discounted or negotiated rate Service Agreement, Trunkline and Shipper may agree to a different reservation charge crediting methodology.

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GENERAL TERMS AND CONDITIONS

3. NOMINATION AND SCHEDULING OF SERVICES

3.1 Nomination Procedures

- (A) Shipper shall furnish or cause to be furnished to Trunkline written nominations showing the Quantity of Gas to be received and delivered or stored by Trunkline, by individual Point of Receipt and individual Point of Delivery, as required below:
- (1) Such nomination shall reflect Shipper's contract number, the Quantity of Gas to be received, including Fuel Reimbursement Quantity, and the Quantity of Gas to be delivered for each Point of Receipt and each Point of Delivery. For nominations on the South Texas Modified Transmission System, Trunkline shall post on the Web Site an estimated Fuel Reimbursement percentage for the Month. Additionally, Shipper shall identify the last seller of the Gas to be received at each Point of Receipt. Disclosure of the identities of downstream parties at Points of Delivery shall be required. Shipper shall establish the point to point relationship between the Quantity of Gas to be received at the Points of Receipt and the Quantity of Gas to be delivered at the Points of Delivery.
 - (2) In addition to, or in lieu of, nominating from a specific Point of Receipt, upon Shipper's agreement with a TABS-1 Party, Shipper may submit a nomination of its Specific Quantity out of the relevant TABS-1 Service Point to specific Points of Delivery. Such nomination must contain Shipper's contract number, the TABS-1 contract number and the name of the TABS-1 Party. By nominating at a TABS-1 Service Point, Shipper shall be responsible for any and all applicable Gathering Charges resulting from notification of Shipper's responsibility by the TABS-1 Party to Trunkline. Upon receipt of such nomination and after Trunkline's confirmation with the TABS-1 Party, the TABS-1 Party shall nominate an Equivalent Quantity on behalf of such Shippers from specific Points of Receipt contained in such Shippers' Transportation Service Agreements into the relevant TABS-1 Service Point.
 - (3) For Shippers with Service Agreements under Rate Schedules FT, SST, EFT, QNT, LFT, IT, QNIT and TABS-1, the sum of the Quantities nominated at Points of Receipt, less applicable Fuel Reimbursement Quantities, shall equal the sum of the Quantities of Gas nominated at Points of Delivery during the Month. In addition, the Quantity of Gas nominated at each primary Point of Receipt shall not exceed the MDRO, plus applicable Fuel Reimbursement Quantity, and the Quantity of Gas nominated at each primary Point of Delivery shall not exceed the MDDO.

- (4) In the event a firm Shipper nominates Quantities for Transportation at Shipper's secondary Points of Receipt or Points of Delivery, Shipper shall retain its original priority at Shipper's primary Points of Receipt or Points of Delivery.

(B) Next Day Service

Shipper shall have the right to submit in writing a new nomination for any Gas Day by submitting notice by 1:00 p.m. Central Time the preceding Gas Day or such later time acceptable to Trunkline. Such new or revised nomination shall conform to the requirements of Section 3.1(A) herein, except that the nomination may reflect any agreed upon imbalance make up Quantities. Overrun Quantities may be requested either in Shipper's regular nomination or in a separate nomination.

Trunkline shall support the following standard nomination cycle (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

The Timely Nomination Cycle

On the Day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Shipper;
- 1:15 p.m. Nominations are received by Trunkline (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Trunkline sends the quick response to the Shipper;
- 4:30 p.m. Trunkline receives completed confirmations from confirming parties;
- 5:00 p.m. Shipper and point operator receive scheduled quantities from Trunkline.

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

The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the Shipper;
- 6:15 p.m. Nominations are received by Trunkline (including from TTTSPs);
- 6:30 p.m. Trunkline sends the quick response to the Shipper;
- 8:30 p.m. Trunkline receives completed confirmations from confirming parties;
- 9:00 p.m. Trunkline provides scheduled quantities to the affected Shippers and point operator, including bumped parties (notice to bumped parties).

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

In addition, at the end of each Gas Day Trunkline shall make available to Shippers information containing scheduled Quantities, including scheduled intra-day nominations and any other scheduling changes.

Shipper shall specify a begin date and an end date for each nomination. Such begin date and end date shall be within the term of Shipper's Service Agreement. To the extent that Shipper desires to change its nomination for any Gas Day Shipper must submit a new nomination for such day. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only. Should Shipper fail to provide this nomination on or before the nomination deadline, Trunkline may deem Shipper's nomination to be zero.

Trunkline shall have the right to refuse to receive or deliver any Gas not timely and properly nominated and confirmed. Trunkline shall not be liable to Shipper or any other person as a direct or indirect consequence of such refusal and Shipper shall indemnify Trunkline from and against any and all losses, damages, expenses, claims, suits, actions and proceedings whatsoever threatened, incurred or initiated as a result of such refusal, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Trunkline's negligence, bad faith or willful misconduct.

(C) Intra-day Nominations

Any nomination submitted after the deadline set forth in Section 3.1(B) above shall be an intra-day nomination. An intra-day nomination shall be effective for one Gas Day only. An intra-day nomination shall specify an effective date, time and the daily Quantity. The interconnected parties shall agree on the hourly flows for such Gas Day.

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

The Intraday 1 Nomination Cycle
On the current Gas Day:

- 10:00 a.m. Nominations leave control of the Shipper;
- 10:15 a.m. Nominations are received by Trunkline (including from TTTSPs);
- 10:30 a.m. Trunkline sends the quick response to the Shipper;

- 12:30 p.m. Trunkline receives completed confirmations from confirming parties;
- 1:00 p.m. Trunkline provides scheduled quantities to the affected Shipper and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

The Intraday 2 Nomination Cycle
On the current Gas Day:

- 2:30 p.m. Nominations leave control of the Shipper;
- 2:45 p.m. Nominations are received by Trunkline (including from TTTSPs);
- 3:00 p.m. Trunkline sends the quick response to the Shipper;
- 5:00 p.m. Trunkline receives completed confirmations from confirming parties;
- 5:30 p.m. Trunkline provides scheduled quantities to the affected Shipper and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

The Intraday 3 Nomination Cycle
On the current Gas Day:

- 7:00 p.m. Nominations leave control of the Shipper;
- 7:15 p.m. Nominations are received by Trunkline (including from TTTSPs);
- 7:30 p.m. Trunkline sends the quick response to the Shipper;
- 9:30 p.m. Trunkline receives completed confirmations from confirming parties;
- 10:00 p.m. Trunkline provides scheduled quantities to the affected Shipper and point operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

Any Shipper shall have the right for any Gas Day to submit in writing intra-day nominations for any Transportation service, subject to operator confirmation and verification and Trunkline's operating conditions. Such intra-day nomination shall conform to the requirements of Section 3.1(A) herein, except that the nomination may reflect any agreed upon imbalance make up Quantities. Additionally, a Shipper receiving Transportation service under Rate Schedule EFT, QNT, LFT or

QNIT may submit nomination adjustments as set forth in Section 4 of its respective Rate Schedule.

For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- (D) Shipper shall cause the operator of each Point of Receipt, the first seller of the Gas nominated at the Points of Receipt and the operator of each Point of Delivery designated in any nomination or change to a nomination to confirm all such nominations or changes to nominations in writing prior to implementation by Trunkline.
- (E) Shipper shall notify Trunkline immediately of any unexpected changes in Quantities tendered for receipt or delivery, whether or not such notice conforms to the times set out herein.
- (F) At any time, Shipper may give written notice to change the designation of the person under Section 2.2 herein to provide the nomination information set forth in this Section to Trunkline. If Shipper designates another person to provide this information, Trunkline shall be entitled to rely on the nominations previously provided by Shipper's designee.
- (G) Nominations shall also specify such information necessary to permit Trunkline to accept Commission approved or permitted standard data elements to perform service.

3.2 Scheduling Procedure for Transportation

- (A) The Quantities nominated for Transportation by Shippers shall be scheduled by Trunkline for receipt and delivery in the following order:

- (1) Scheduling at a Point of Receipt

- (a) Firm service from the primary Point of Receipt to primary Points of Delivery.

- (b) Firm service from the primary Point of Receipt to secondary Points of Delivery.

- (c) Firm service from a secondary Point of Receipt within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.

(d) Firm service from a secondary Point of Receipt outside the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.

~~(1) Firm service utilizing primary Points of Receipt and primary Points of Delivery;~~

~~(2) Firm service utilizing secondary Points of Receipt and secondary Points of Delivery within the Primary Path in sequence starting with the highest rate;~~

~~(3) Firm service utilizing secondary Points of Receipt and secondary Points of Delivery outside the Primary Path in sequence starting with the highest rate;~~

~~(4e) Interruptible service in sequence starting with the highest rate.~~

(2) Scheduling at a Point of Delivery

(a) Firm service to the primary Point of Delivery from primary Points of Receipt.

(b) Firm service to the primary Point of Delivery from secondary Points of Receipt.

(c) Firm service to a secondary Point of Delivery within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.

(d) Firm service to a secondary Point of Delivery outside the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.

(e) Interruptible service in sequence starting with the highest rate.

(3) If Trunkline is unable to schedule all Quantities nominated because of a constraint other than at a Point of Receipt or Point of Delivery, Trunkline shall schedule ~~firm service utilizing primary Points of Receipt and Points of Delivery and firm service utilizing secondary Points of Receipt or Points of Delivery or both on a pro-rata basis if the constraint is within the Primary Path of the Transportation service. Other service shall be scheduled in the~~

~~order specified in Sections 3.2(A)(3) and (4). Gas through such constraint in the following order:~~

- ~~(a) Firm service utilizing primary Points of Receipt and primary Points of Delivery.~~
- ~~(b) Firm service utilizing a secondary Point of Receipt and a primary Point of Delivery within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.~~
- ~~(c) Firm service utilizing a primary Point of Receipt and a secondary Point of Delivery within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.~~
- ~~(d) Firm service utilizing a secondary Point of Receipt and a secondary Point of Delivery within the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.~~
- ~~(e) Firm service utilizing a secondary Point of Receipt and/or a secondary Point of Delivery outside the Primary Path beginning with service charged the applicable Maximum Rate followed by firm service in sequence starting with the highest rate other than a Maximum Rate.~~
- ~~(f) Interruptible service in sequence starting with the highest rate.~~

~~For multiple nominations at the same rate, other than a Maximum Rate, Gas shall be scheduled on a pro rata basis.~~

~~Shippers paying a Negotiated Rate which exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of this Section 3.2(A).~~

Within each service category provided in (1) through (43) above, Shipper or TABS-1 Party may provide a ranking of individual Points of Receipt and Points of Delivery within the Service Agreement in the event the entirety of the nomination cannot be scheduled.

~~Shippers paying a Negotiated Rate which exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of this Section 3.2(A).~~

To accommodate the multiple categories of priority that may occur under a Transportation Service Agreement and to establish usage billing rates, Shipper shall establish a point to point relationship through specified nominations. These categories will be ranked first on the priority of the Point of Receipt and then on the priority of the Point of Delivery. Authorized Quantities in excess of MDQ shall be scheduled as interruptible. Firm Transportation Service Agreements with nominations from a TABS-1 service point will be scheduled based upon the priority of the Points of Receipt nominated by the TABS-1 Party and contained in the firm Transportation Service Agreements.

A Shipper under Rate Schedule FT, EFT, QNT or LFT may segment its Primary Path into two (2) or more discrete segments for its own use or in connection with a capacity release pursuant to Section 9 of the General Terms and Conditions to the extent such segmentation is operationally feasible. In connection with such segmentation, the Shipper may utilize secondary Point(s) of Receipt or Delivery, including secondary Point(s) upstream and downstream of the Primary Path, so long as the secondary Point(s) are within the Zone(s) for which the Shipper has paid. Operational feasibility is defined by various factors including, but not limited to, availability of capacity at a Point of Receipt or Delivery and direction of flow. If the Shipper's Primary Path is segmented, the sum of the Quantities of Gas nominated at each Point of Receipt or at each Point of Delivery by the Shipper and, if applicable, the Releasing Shipper may exceed the MDQ specified in the Service Agreement so long as the Quantities nominated for transportation in a pipeline segment do not exceed the MDQ applicable to the segment. The Shipper may segment its Primary Path to forwardhaul and backhaul Quantities of Gas to the same Point of Receipt or to the same Point of Delivery. In such a segmented transaction, the Shipper may exceed its MDQ at that Point of Receipt or Point of Delivery and may nominate Quantities of Gas in each segment up to Shipper's MDQ assigned to such segment; provided, however, the Quantities nominated to flow in the opposite direction of the flow of the Primary Path shall be considered to be outside the Shipper's Primary Path.

If the Releasing Shipper and the Replacement Shipper nominate Quantities of Gas in segments that overlap, the Quantities shall be scheduled in accordance with this Section 3.2. If the Quantities have equal priority and the sum of the Quantities cannot be scheduled, the Quantities shall be scheduled pro rata unless the Releasing Shipper specifies otherwise in the Shipper Notice.

- (B) If the actual Quantities of Gas received or delivered vary from nominated Quantities on any particular Gas Day, such daily scheduling variance shall be subject to daily scheduling penalties pursuant to Section 5.1 herein.

- (C) Should Shipper be unable to accept the Quantities of Gas tendered at the Points of Delivery on any Gas Day, then Trunkline may refuse to receive Gas at the Points of Receipt on such Gas Day.
- (D) Trunkline shall have the unqualified right to commingle Gas transported hereunder with Gas from other sources, and to treat and handle all such Gas as its own. It is recognized that Gas delivered by Trunkline will not be the same molecules as those received at the Points of Receipt.

3.3 Scheduling Procedure for Storage

(A) Daily Injection Quantities

The maximum Quantity of Gas which Trunkline can inject into storage on any one Gas Day shall be subject to operating conditions at the particular time and shall be limited to the MDIQ stated in the Rate Schedule NNS-1, NNS-2, FSS or ISS Service Agreement.

(B) Authorized Injection Overrun Quantities

Upon request of Shipper, Trunkline may, but is not obligated to, inject on any Gas Day Quantities of Natural Gas in excess of Shipper's MDIQ under the Rate Schedule NNS-1, NNS-2, FSS or ISS Service Agreement when, in Trunkline's sole judgment, the capacity of its system will permit such injection, without impairing the ability of Trunkline to meet its other obligations.

(C) Daily Withdrawal Quantities

The Quantity of Gas which Trunkline may withdraw from storage on any Gas Day shall be subject to operating conditions at the particular time and shall be limited to the MDWQ as stated in the Rate Schedule NNS-1, NNS-2, FSS or ISS Service Agreement.

(D) Authorized Withdrawal Overrun Quantities

Upon request of Shipper, Trunkline may, but is not obligated to, withdraw on any Gas Day Quantities of Natural Gas in excess of Shipper's MDWQ under the Rate Schedule NNS-1, NNS-2, FSS or ISS Service Agreement when, in Trunkline's sole judgment, the capacity of its system will permit such withdrawal, without impairing the ability of Trunkline to meet its other obligations.

- (E) The Quantities nominated by Shipper for injection into or withdrawal from storage and Quantities injected into or withdrawn from storage by Trunkline on behalf of Shipper under Rate Schedule NNS-1 or NNS-2 shall be scheduled in the following order:

- (1) Firm service under Rate Schedule FSS, NNS-1 or NNS-2;
- (2) Interruptible service in sequence starting with the highest rate;
- (3) Authorized Overrun Withdrawal and Injection Quantities shall be scheduled as interruptible.

In the event a tie for capacity exists among Shippers, Shipper's Storage Service Agreement request date will determine the scheduling priority. For Shippers with the same request date, Quantities shall be scheduled on a pro rata basis.

3.4 Scheduling Procedure for Parking Service

The Quantities nominated into interruptible parking service under Rate Schedule GPS shall be scheduled in sequence starting with the highest daily Parking rate. In the event of a tie, Quantities will be scheduled on a pro rata basis.

3.5 Predetermined Allocations

- (A) Parties may agree upon one of the following allocation methodologies: ranked, pro rata, percentage, swing and operator provided value. In the event the parties cannot agree on an allocation methodology, pro rata based on confirmed nominations will be used as the default method. The party responsible for custody transfer (the party performing the measurement function) must provide the allocation. Trunkline will accept such allocation if operationally and administratively feasible.
- (B) In addition, for all Natural Gas to be delivered to Shipper, Shipper shall cause the operating party of facilities immediately downstream of Trunkline's Points of Delivery to provide a predetermined allocation methodology to be used in allocating said Gas through the Points of Delivery. In the event Shipper provides optional end user information with its nomination, Shipper shall provide a predetermined allocation methodology acceptable to Trunkline to be used in allocating said Gas through the Points of Delivery.
- (C) The allocation methodology shall be provided to Trunkline in writing before the start of the Gas Day that Gas is to be tendered to Trunkline and shall prescribe the methodology for all Service Agreements for which Quantities have been scheduled at such Points of Receipt and Points of Delivery.
- (D) In the event no methodology acceptable to Trunkline is provided, Trunkline shall allocate the actual Quantities received or delivered by Trunkline among Shippers based on the ratio of each scheduled Quantity to the total scheduled Quantities of

Gas at such Points of Receipt or Points of Delivery applied to the total Quantity actually received or delivered by Trunkline.

- (E) Changes to the daily allocation methodology must be submitted in writing and confirmed before the start of the Gas Day and shall be effective prospectively. No retroactive reallocation of any transaction shall be permitted.
- (F) Trunkline shall not have any liability to any Shipper as a result of Trunkline's reliance on any allocation methodology described herein, and Shipper shall indemnify Trunkline from and against any and all losses, damages, expenses, claims, suits, actions and proceedings whatsoever threatened, incurred or initiated as a result of Trunkline's reliance on such allocation methodology, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Trunkline's negligence, bad faith or willful misconduct.

GENERAL TERMS AND CONDITIONS

4. CURTAILMENT AND INTERRUPTION

Trunkline shall have the right to curtail, interrupt or discontinue Transportation or Storage service or both, in whole or in part, on all or a portion of its system at any time for reasons of force majeure or when, in Trunkline's sole judgment, capacity, supply, or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its system. Trunkline shall use reasonable efforts to provide Shipper such notice of the curtailment as is reasonable under the circumstances.

Nothing contained in this Section shall be deemed to limit Trunkline's ability to issue OFOs in accordance with Section 6 of these General Terms and Condition.

4.1 ~~Market Area~~ Main Line

When the curtailment or interruption is caused by an event ~~occurring on Trunkline's Zone 1A, Zone 1B or Zone 2 main line facilities and that is~~ not at a specific Point of Receipt, Point of Delivery or lateral, Quantities will be curtailed in the following order:

- (A) ~~First, interruptible Transportation service shall be curtailed, commencing with service that at the time notice was given was being charged at a rate that is less than Trunkline's Maximum Rate then in effect under this Tariff in sequence starting with the lowest rate and then with Shipper's service request date most proximate to the date notice is given by Trunkline of the particular curtailment or interruption; next in order shall be all other interruptible service in sequence starting with Shipper's service request date most proximate to the date notice is given by Trunkline of the particular curtailment or interruption. First, Interruptible service shall be curtailed, commencing with service that at the time notice was given was being charged a rate that is less than Trunkline's Maximum Rate then in effect under this Tariff in sequence in sequence starting with the lowest rate.~~

For multiple nominations at the same rate, other than a Maximum Rate, Gas shall be scheduled on a pro rata basis.

- (B) Last, firm Transportation service utilizing primary or secondary points shall be curtailed, pro rata based on scheduled Quantities, regardless of rate ~~or service request date.~~

~~4.2~~ ~~Field Zone Main Line~~

~~When the curtailment or interruption is caused by an event occurring on Trunkline's Field Zone main line facilities and not at a specific Point of Receipt, Point of Delivery or lateral, Quantities shall be curtailed in the following order:~~

- ~~(A) First, interruptible Transportation service shall be curtailed, commencing with service that at the time notice was given was being charged a rate that is less than Trunkline's Maximum Rate then in effect under this Tariff in sequence starting with the lowest rate and then with Shipper's service request date most proximate to the date notice is given by Trunkline of the particular curtailment or interruption; next in order shall be all other interruptible service in sequence starting with Shipper's service request date most proximate to the date notice is given by Trunkline of the particular curtailment or interruption.~~
- ~~(B) Next, firm Transportation service utilizing service outside the Primary Path shall be curtailed pro rata based on scheduled Quantities, regardless of rate or service request date.~~
- ~~(C) Next, all other firm Transportation service utilizing secondary Points of Receipt or secondary Points of Delivery within the Primary Path shall be curtailed pro rata based on scheduled Quantities, regardless of rate or service request date.~~
- ~~(D) Last, firm Transportation service utilizing primary Points of Receipt and primary Points of Delivery shall be curtailed pro rata based on scheduled Quantities, regardless of rate or service request date.~~

~~4.3 Point of Receipt, or Point of Delivery or Lateral~~

~~In the event the curtailment or interruption is caused by an event occurring at a specific Point of Receipt, or Point of Delivery or lateral, Quantities will be curtailed based upon the utilization of that point such specific Point of Receipt or Point of Delivery as for primary, secondary or interruptible service. and in the order specified in Section 4.2 above.~~

- ~~(A) First, Interruptible service at such specific Point of Receipt or Point of Delivery shall be curtailed, commencing with service that at the time notice was given was being charged a rate that is less than Trunkline's Maximum Rate then in effect under this Tariff in sequence in sequence starting with the lowest rate.~~
- ~~(B) Last, firm Transportation service utilizing such specific Point of Receipt or Point of Delivery on a primary or secondary basis shall be curtailed, pro rata based on scheduled Quantities, regardless of rate.~~

4.43 South Texas Modified Transmission System

The South Texas Modified Transmission System shall be curtailed separately from the rest of the Field Zone.

4.54 Transportation Supply

Curtailment related to insufficient receipts will occur when Trunkline is actually experiencing a related threat to the operational integrity of its system.

Trunkline will isolate the smallest area of its system possible and make a diligent effort to determine the cause of insufficient receipts. If Trunkline is unsuccessful in identifying delinquent Shippers, then Trunkline will curtail all Shippers that do not have confirmed receipts within that isolated area in the order specified in Section 4.2 above.

Trunkline will continue the interruption with respect to others only as long as the identity of the offending Shipper is unknown or until its system has stabilized. Shippers with actual receipts that are confirmed by Trunkline will not be subject to supply curtailment for those receipts.

4.65 Storage

Storage curtailment, if necessary, would occur in the following sequence:

- (A) First, interruptible Storage service shall be curtailed, commencing with service that at the time notice was given was being charged a rate that is less than Trunkline's Maximum Rate then in effect under this Tariff in sequence starting with the lowest rate ~~and then with Shipper's service request date most proximate to the date notice is given by Trunkline of the particular curtailment or interruption; next in order shall be all other interruptible service in sequence starting with Shipper's service request date most proximate to the date notice is given by Trunkline of the particular curtailment or interruption.~~
- (B) Last, firm Storage service under Rate Schedules NNS-1, NNS-2 and FSS shall be curtailed pro rata, based on scheduled Quantities, regardless of rate ~~or service request date.~~

4.76 Curtailment Reports and Notices

- (A) Trunkline shall use reasonable efforts to provide Shipper, OBA Party, or TABS-1 Party with notice of curtailment at a time and in a manner that is reasonable under then existing conditions, and shall in any event confirm in writing or by facsimile transmission the notice given. Each Shipper, OBA Party, TABS-1 Party and point operator shall designate one or more persons for Trunkline to contact on operational matters on a 24-hour a day, 365 days a year basis. Telephone and facsimile numbers as well as e-mail address must be provided for such person or persons. If Trunkline is unable to contact any Shipper, OBA Party, TABS-1 Party or point operator because the designated contact person(s) is unavailable, such Shipper, OBA Party, TABS-1 Party or point operator shall be responsible for any consequences arising from such failure of communications.

- (B) Trunkline shall have no responsibility to inform Shipper's, OBA Party's, or TABS-1 Party's end users, suppliers, other transporters and any others involved in the transaction, as to any notice of curtailment.

4.87 Curtailment Compliance

- (A) When a curtailment notice has been issued, the affected Shipper, OBA Party or TABS-1 Party shall undertake the required action set forth in the curtailment notice. Failure to comply with a curtailment notice shall subject Shipper to the penalty provisions of Section 6 herein as if such curtailment notice were an OFO.
- (B) Shipper, OBA Party or TABS-1 Party shall indemnify Trunkline from and against any and all losses, damages, expenses, claims, suits, actions, and proceedings whatsoever threatened, incurred, or initiated as a result of Trunkline's performance hereunder, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Trunkline's negligence, bad faith or willful misconduct.
- (C) Without regard to any other remedy provided by law or by the provisions hereof, Trunkline shall be entitled to seek an order from the Commission or any other appropriate tribunal requiring compliance with curtailment or interruption ordered by Trunkline in compliance with this Section 4 or any directive from any governmental authority having jurisdiction.

GENERAL TERMS AND CONDITIONS

9. CAPACITY RELEASE

9.1 Capacity Eligible for Release

- (A) Shippers under Rate Schedules FT, EFT, QNT, LFT, FSS and NNS-1 shall be permitted to release their capacity on a temporary or permanent basis, in accordance with this Section 9. Capacity which may be assigned to the Replacement Shipper hereunder shall be limited to the firm capacity reserved by the Releasing Shipper, as defined by the primary Points of Receipt and the primary Points of Delivery contained in the released capacity. Releases may be made on an interruptible (i.e., subject to recall) or firm basis and may be billed by Trunkline based on usage.
- (B) Trunkline shall continue to sell its unsubscribed firm capacity by providing notice of the availability of such capacity on the Messenger® system or by using any other marketing services at its disposal.

9.2 Shipper Release Notice

- (A) A Shipper that desires to release any or all of its firm capacity under this Section 9 must notify Trunkline electronically on the Messenger® system or through electronic data interchange of its intent to release capacity and the terms of the release (hereinafter referred to as "Shipper Notice"). A Shipper Notice shall be posted on the Messenger® system upon receipt by Trunkline or such later time which must comply with the timeline set forth in Section 9.4(B) herein, as requested by Releasing Shipper. This Shipper Notice shall include:
 - (1) Releasing Shipper's contract number;
 - (2) The specific quantity of capacity to be released;
 - (3) If the request for release is on a permanent basis;
 - (4) The Points of Receipt and Points of Delivery at which Releasing Shipper will release capacity and the quantity of capacity to be released at each point;
 - (5) The period of time or term of the release;
 - (6) The conditions of Releasing Shipper's right of recall as well as methods and rights associated with returning the previously recalled capacity to the Replacement Shipper, if applicable;

- (7) Whether contingent bids will be accepted and when the contingency must be removed;
- (8) The identity of a Pre-arranged Replacement Shipper (PRS), if applicable;
- (9) The minimum rate expressed in dollars and cents, percentage of Maximum Rate or the index-based formula as detailed in the capacity release offer, term, and quantity of capacity Releasing Shipper shall accept, if any, and whether bids using a volumetric rate for the collection of Reservation or Capacity and Deliverability Charges will be accepted and whether Releasing Shipper requires a volumetric commitment. The maximum volumetric rate that may be bid shall not exceed the one hundred percent (100%) load factor equivalent of the maximum Reservation or Capacity and Deliverability reservation rates. The one hundred percent (100%) load factor equivalent for such rates equals the overrun rate for the applicable service being released as set forth on the Currently Effective Rates for the applicable Rate Schedule. Trunkline shall support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Commission. The maximum reservation rate that may be bid shall not exceed the Maximum Rate for the applicable service being released as set forth on the Currently Effective Rates for the applicable Rate Schedule. Notwithstanding the above, no rate limitation shall apply to a capacity release for a period of one year or less if the release is to take effect on or before one year from the date on which Trunkline is notified of the release;
- (10) The duration of the posting which may not be less than the minimum bid period specified in Section 9.4(B) herein;
- (11) The best bid criterion, the method by which volumetric or contingent bids will be evaluated, and any alternate, objective and nondiscriminatory method for breaking ties. The best bid evaluation method established by Releasing Shipper must be objectively stated, applicable to all PRS or Replacement Shippers and not unduly discriminatory and shall enable Trunkline to rank the bids received by utilizing the weight assigned by Releasing Shipper to each element of the Shipper Notice;
- (12) If the release is for any period of thirty-one (31) days or less and is exempt from bidding in accordance with Section 9.3(A), the Releasing Shipper may designate in the Shipper Notice the winning bid criterion to be the first acceptable bid received;
- (13) Restrictions, if any, on the PRS or Replacement Shipper's ability to request changes in primary Points of Receipt or primary Points of Delivery;

- (14) Whether the Shipper Notice may be rejected in part in the event Trunkline rejects such Shipper Notice pursuant to Section 9.7; and
 - (15) Whether the Replacement Shipper is (a) an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations and, if so, include the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect or (b) a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.
- (B) Releasing Shipper shall post the Shipper Notice on the Messenger® system. Releasing Shipper may withdraw its Shipper Notice at any time prior to the close of the bid period specified in the Shipper Notice herein when unanticipated circumstances justify and no minimum bid has been made.
 - (C) When a Releasing Shipper presents a PRS that is on the approved bidders list, such PRS shall acknowledge the Shipper Release Notice electronically.
 - (D) The terms Releasing Shipper imposes may not conflict with any provision of the Service Agreement, Rate Schedule or General Terms and Conditions. In the event of such conflict, Trunkline may withdraw the Shipper Notice from posting.

9.3 Exceptions to Bidding

- (A) The following capacity releases are exempt from the bidding process set forth in Section 9.4 herein:
 - (1) A capacity release for any period of thirty-one (31) days or less. A firm shipper shall not roll over, extend or in any way continue such capacity release to the same Replacement Shipper until 28 days after the first release period has ended. This 28-day period does not apply to any release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth in Sections 9.3(A)(2), (3) or (4) below.
 - (2) A capacity release for more than one year at the maximum tariff rate.
 - (3) A capacity release to an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations.
 - (4) A capacity release to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

- (B) In the event a capacity release is exempt from bidding in accordance with Section 9.3(A) herein, the Releasing Shipper presents a PRS that is on the approved bidders list, and such PRS agrees to all conditions of the release prior to the submission of the Shipper Notice to Trunkline, the released capacity will be assigned to the PRS and such Shipper Notice shall be exempt from the bidding process in accordance with Section 9.4 herein. The PRS will be posted as the winning bidder in accordance with Section 9.4(I) herein.

(C) Timing of Capacity Releases Exempt from Bidding

For non-biddable releases:

- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
 - Timely Cycle 12:00 Noon
 - Evening Cycle 5:00 p.m.
 - Intraday 1 Cycle 9:00 a.m.
 - Intraday 2 Cycle 1:30 p.m.
 - Intraday 3 Cycle 6:00 p.m.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

9.4 Bidding Process

- (A) In order to submit a valid bid under this capacity release program, any party, including a PRS, must be on the approved bidders list. To be on the approved bidders list, a party must meet the provisions of Section 2 herein and have executed a capacity release service agreement with Trunkline in the form as set forth in this Tariff (Capacity Release Service Agreement). A party shall remain on the approved bidders list until such party notifies Trunkline to the contrary, no longer meets the credit qualifications in Section 2.3 herein, or is suspended from the approved bidders list in the event and for such time as such party fails to pay part or all of the amount of any bill for service in accordance with Section 16 herein.
- (B) The capacity release timeline in Central Clock Time applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been

determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Trunkline with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and (3) there are no special terms or conditions of the release.

Further, Trunkline may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Trunkline).

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

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

(2) For biddable releases (more than 1 year)

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

(3) Timeline for Releases with Special Conditions

For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies a bid evaluation methodology other than highest rate, net revenue or present value, or a permanent release or any other special conditions, the above timelines shall apply; provided, however, one additional Business Day will be added to the evaluation period. Such extended evaluation period shall cause Gas flow to be at least one day later than Gas could flow under the timeline set forth in Section 9.4(B)(1) or Section 9.4(B)(2).

- (C) All bids must be expressed in dollars and cents, percentage of Maximum Rate or the index-based formula as detailed in the capacity release offer, whichever is stated in the Shipper Notice, include the required bid information and must be received and posted electronically through the Messenger® system. Bids shall be posted on the Messenger® system with any contingencies identified and with the bidder's identity deleted.
- (D) A bidder may submit only one bid at a time in response to a Shipper Notice. A bidder may withdraw its bid through the Messenger® system at any time prior to the close of the posting period specified in the Shipper Notice without prejudice to its submitting another bid with an economic value equal to or greater than the economic value of the withdrawn bid.
- (E) Where there is a PRS and a bid which is better than the bid submitted by the PRS, Trunkline will notify the PRS by 2:00 p.m. Central Clock Time on the day capacity is

awarded and the PRS will have until 2:30 p.m. to match the better bid and obtain the right to the released capacity. Trunkline shall issue an Addendum to the PRS unless a better bid, as defined in Section 9.2(A)(11) herein, is received within the time period specified in the posting. In the event the PRS does not match the better bid, Trunkline shall issue an Addendum to the party who made the best bid.

- (F) All bids not withdrawn prior to the close of the posting period specified in the Shipper Notice shall be binding.
- (G) In the event that a winning bid has a contingency, and Trunkline is not notified through the Messenger® system that such contingency has been removed within the time period specified in the Shipper Notice, such contingent bid will be rejected by Trunkline.
- (H) The Releasing Shipper may define in the Shipper Notice the criteria for determining the best bid. If the Releasing Shipper does not specify the criteria, Trunkline shall use the Net Present Value calculation as set forth in Section 10.3 herein to determine the best bid. If there are multiple bids meeting the minimum conditions, Trunkline shall rank the bids and Trunkline shall award the bids, best bid first, until all offered capacity is awarded. Trunkline will notify, through the Messenger® system by 2:00 p.m. Central Clock Time following the end of the posting period, or by 3:00 p.m. Central Clock Time if a matching period is applicable, the PRS or Replacement Shipper that capacity has been awarded.
- (I) Trunkline will post the winning bids and Replacement Shippers' identity on the Messenger® system for at least five Business Days.

9.5 Rights and Obligations of Releasing Shipper

- (A) Regardless of the amount of capacity Releasing Shipper releases under this Section 9, Releasing Shipper shall remain liable for the Reservation Charges or Capacity and Deliverability Charges attributable to the released capacity unless otherwise agreed to in writing and in advance by Trunkline. In the event of a permanent release, Trunkline may, and will not unreasonably refuse to, waive liability of Releasing Shipper for the Reservation Charges, Capacity and Deliverability Charges or Conditional Reservation Charges. Such permanent release shall provide the same economic value as the original underlying agreement, or such difference shall be funded by the Releasing Shipper, unless Trunkline agrees otherwise.
- (B) When capacity is awarded to Replacement Shipper, Releasing Shipper must adjust or reconfirm its nominations to reflect the capacity released. Trunkline will automatically change Releasing Shipper's nominations to zero for the Service Agreement under which capacity was released unless such nominations are adjusted or reconfirmed by the Releasing Shipper.

- (C) If Releasing Shipper releases its MDQ for a geographic portion of the capacity reserved under its Service Agreement, Releasing Shipper may use its full MDQ for its unreleased geographic portion of capacity.
- (D) When Releasing Shipper partially releases its capacity under a Service Agreement by releasing capacity between specific Points of Receipt and Points of Delivery or by releasing only a portion of its MDQ or MCSC, Releasing Shipper's Service Agreement shall be deemed to be modified in accordance with the release and Releasing Shipper may not utilize the capacity released during the term of the release.
- (E) Releasing Shipper shall retain all Rights of First Refusal with respect to the released capacity, unless such release is a permanent release.
- (F) In the event of termination of a Replacement Shipper's Addendum pursuant to Section 9.6(C) herein, the released capacity related to such Addendum will revert to the Releasing Shipper.
- (G) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. For the recall notification provided to Trunkline, Trunkline's tariff should specify whether the quantity should be expressed in terms of a) total released capacity entitlements or b) adjusted total released capacity entitlements based upon the elapsed prorata capacity. The capacity entitlements resulting from the use of either a) or b) should be the same. The recall notification to Trunkline shall specify the Quantity in terms of total released capacity entitlements.

9.6 Rights and Obligations of Replacement Shipper

- (A) Any bid submitted will bind Replacement Shipper or PRS to the terms of the bid if Trunkline selects such bid as the best bid. If all the information provided by the Releasing Shipper and the bidder/PRS is valid, the Replacement Shipper is creditworthy, and there are no special terms and conditions, Trunkline will issue and execute the Addendum to the Capacity Release Service Agreement within one hour of awarding the winning bid. The capacity release addendum number also will be issued within one hour of the award posting.
- (B) Replacement Shipper may submit nominations pursuant to Section 3 herein beginning at the next available nomination cycle for the effective date of the capacity release addendum; however, in no event will Gas flow on Replacement Shipper's Service Agreement prior to the effective date of the release as posted in the Shipper Notice.

- (C) Replacement Shipper is responsible for payment of the applicable Reservation Charge or Capacity and Deliverability Charges, and any surcharges thereon, in the amount of its winning bid. Replacement Shipper is also responsible for all other billings, e.g., usage rate and applicable usage surcharges. In the event of payment default, subject to Section 16 herein, Trunkline may elect to terminate that Replacement Shipper's Capacity Release Service Agreement which shall terminate all service thereunder utilized by the Replacement Shipper.
- (D) Once Replacement Shipper or PRS is notified of a winning bid, such Replacement Shipper or PRS shall have all the rights and obligations specified under the Releasing Shipper's Rate Schedule, the Releasing Shipper's Service Agreement and the General Terms and Conditions of this Tariff including the right to release firm capacity pursuant to this Section unless the conditions prescribed by the Shipper Notice require otherwise.
- (E) A Replacement Shipper shall have the right to reserve primary point capacity up to its MDQ, subject to available capacity.
- (F) Replacement Shipper shall have no Right of First Refusal with respect to the released capacity, unless such release is permanent.
- (G) Replacement Shippers for a capacity release with a term of one year or less that are paying a rate which exceeds the Maximum Rate shall be considered to be paying the Maximum Rate for purposes of scheduling.

9.7 Rights and Obligations of Trunkline

Trunkline shall determine, in its sole discretion, the best bid based upon the best bid criteria established pursuant to Section 9.2(A)(11) or Section 9.4(H) herein. Trunkline shall have the right, but not the obligation, to reject, in whole or in part, the terms of any Shipper Notice or bid which is discriminatory or conflicts with any order or regulation issued by the FERC, or provision of the Service Agreement, Rate Schedule or General Terms and Conditions. Such Shipper Notice shall be rejected in its entirety unless Shipper, pursuant to Section 9.2(A)(14), permits a partial rejection. Trunkline shall provide simultaneous notification to Shipper, through the Messenger[®] system, of the reason(s) for rejecting a release notice with the notice of rejection. Trunkline shall not have any liability to any Shipper, Releasing Shipper, Replacement Shipper, bidder or any other party as a result of Trunkline's performance of its obligations under its capacity release program, and such Shippers, Releasing Shippers, Replacement Shippers, and bidders shall indemnify Trunkline from and against any and all losses, damages, expenses, claims, suits, actions and proceedings whatsoever threatened, incurred or initiated as a result of Trunkline's performance hereunder, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Trunkline's negligence, bad faith or willful misconduct.

9.8 Term

- (A) Any release under this Section 9 shall be for a minimum term of at least one Gas Day.
- (B) Any release under this Section 9 shall be for a maximum term expiring on the earlier of:
 - (1) The last date this Tariff provision shall be effective;
 - (2) The expiration date of Releasing Shipper's Service Agreement when the release is for the full term of such agreement; or
 - (3) The expiration date specified by the Releasing Shipper in the Shipper Notice.

9.9 Billing Adjustments to Releasing Shipper

- (A) Trunkline shall credit Releasing Shipper's monthly bill to reflect the Reservation Charge or Capacity and Deliverability Charges (including surcharges, if any) invoiced to Replacement Shipper excluding any reservation charge credit that Replacement Shipper may have received pursuant to Section 29; provided, however, that Trunkline and Releasing Shipper may, in connection with a Negotiated Rate based on a rate design other than straight fixed variable, agree upon a payment obligation and crediting mechanism that varies from or is in addition to the provisions of this Section 9.9 in order to establish the basis of accounting for revenues from a Replacement Shipper as a means of preserving the economic bases of the Negotiated Rate. In the event of a release with a volumetric rate, the volumetric rate shall be no greater than the 100% load factor equivalent of the Maximum Rate currently applicable to the service released and shall be credited to the Releasing Shipper's monthly bill. Replacement Shipper's payment of the Usage Charge and applicable usage surcharges, if any, will be retained by Trunkline. Notwithstanding the above, no 100% load factor equivalent limitation shall apply to a capacity release for a period of one year or less if the release is to take effect on or before one year from the date on which Trunkline is notified of the release.
- (B) If Replacement Shipper fails to pay all or any part of the Reservation Charge or Capacity and Deliverability Charges so credited within thirty (30) days of its due date, then such unpaid amount plus interest will be charged to Releasing Shipper's next monthly bill and will be due and payable by Releasing Shipper in accordance with Section 16 herein.

- (C) Trunkline and Releasing Shipper may enter into a marketing agreement. In the event Trunkline issues an Addendum to a Replacement Shipper found by Trunkline pursuant to such marketing agreement, any negotiated marketing fee will be debited to Releasing Shipper's invoice.

9.10 Requests to Purchase Releasable Capacity

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

GENERAL TERMS AND CONDITIONS

19. FORCE MAJEURE

19.1 In the event, to the extent, and for so long as either Trunkline or Shipper is unable, by reason of force majeure, to carry out its obligations hereunder, in whole or in part, the obligations of either of Trunkline or Shipper, other than to make payments, shall be suspended, in whole or in part. Force majeure, as employed herein, shall mean any cause, whether of the kind herein enumerated or otherwise, not within the control of either of Trunkline or Shipper claiming suspension, and which by the exercise of due diligence, either of Trunkline or Shipper has been unable to prevent or overcome, including without limitation acts of God, the government, or a public enemy; strikes, lockouts, or other industrial disturbances; wars, blockades, or civil disturbances of any kind; epidemics, landslides, hurricanes, washouts, tornadoes, storms, fires, explosions, arrests, and restraints of governments or people; freezing of, breakage or accident to, or the necessity for making repairs or alterations to wells, machinery or lines of pipe but not including planned or scheduled maintenance; partial or entire failure of wells; and the inability of either Trunkline or Shipper to acquire, or the delays on the part of either of Trunkline or Shipper in acquiring, at reasonable cost and after the exercise of reasonable diligence: (a) any servitudes, rights of way grants, permits, or licenses; (b) any materials or supplies for the construction or maintenance of facilities; or (c) any permits or permissions from any governmental agency; if such are required to enable either of Trunkline or Shipper to fulfill its obligations hereunder.

19.2 Either Trunkline or Shipper claiming force majeure shall give to the other notice and full particulars of such force majeure by telephone, facsimile or electronic communication as soon as reasonably possible after the occurrence of the case relied on, and shall remedy such inability to perform with all reasonable dispatch; provided, however, that such requirement or remedy shall not require the settlement of strikes or lockouts by accession to the demands of those opposing either of Trunkline or Shipper when such course is inadvisable in the discretion of either of Trunkline or Shipper.

GENERAL TERMS AND CONDITIONS

29. RESERVATION CHARGE CREDIT

Trunkline shall provide reservation charge credits to a Shipper with firm transportation service under Rate Schedule FT, SST, EFT, QNT or LFT when Trunkline is unable to deliver Quantities from any primary Point of Receipt to any primary Point of Delivery up to the primary Point of Delivery Quantity stated on Exhibit A of Shipper's Service Agreement on any Gas Day in accordance with this Section 29. No adjustment of any kind under this Section 29 shall be required if Trunkline's failure to schedule or deliver gas is due to events solely related to conduct, activities or operations of Shipper and/or upstream or downstream parties (including force majeure events affecting Shipper or such parties) including, but not limited to, activities and/or events such as (i) Shipper's failure to perform in accordance with the terms of its Service Agreement and Trunkline's Tariff, including, but not limited to, Operational Flow Orders and failure to meet all applicable gas quality specifications, or (ii) failure of supply or transportation upstream of Trunkline's pipeline system, or (iii) failure of market or transportation downstream from Trunkline's pipeline system.

29.1 Non-force Majeure

(A) Eligible Quantity

- (1) When Trunkline gives notice of a non-force majeure service interruption at any time after completion of the Timely Nomination Cycle for the Gas Day, reservation charge credits shall apply to Shipper's scheduled Quantity of Gas from primary Points of Receipt (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Receipt) to primary Points of Delivery (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Delivery) less the Quantity of Gas delivered on Shipper's Service Agreement for the Gas Day.
- (2) When Trunkline gives advance notice of unavailability of service due to an outage or scheduled maintenance before Shippers have submitted nominations for the day(s) of the outage, reservation charge credits for each day of the outage will be based on the average of the scheduled quantity from Shipper's primary Points of Receipt (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Receipt) to primary Points of Delivery (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Delivery) for the seven days prior to the announced outage, less the Quantity of Gas delivered on Shipper's Service Agreement for the day of the outage.
- (3) When Trunkline has not given advance notice of an outage and reduces Shipper's nomination during the Timely Nomination Cycle, reservation charge credits will apply to Quantities nominated and confirmed in the

Timely Nomination Cycle from primary Points of Receipt (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Receipt) to primary Points of Delivery (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Delivery) less the Quantity of Gas delivered on Shipper's Service Agreement for the day.

(4) Trunkline shall provide reservation charge credits for primary firm service but not for secondary firm service. If Shipper nominates to or from secondary Points of Receipt or Delivery after Trunkline has given notice of the outage, Trunkline shall not provide reservation charge credits to the extent Trunkline provides such secondary firm service.

(B) Reservation Rate

For the calculation of the reservation charge credit, Trunkline shall apply the reservation rate applicable to Shipper's Service Agreement stated on a daily basis; provided, however, the reservation rate for service obtained through capacity release pursuant to GT&C Section 15 shall be the lower of the rate under the Replacement Shipper's Capacity Release Service Agreement Addendum or the reservation rate stated in Releasing Shipper's Service Agreement. Reservation charge credits are not applicable to Replacement Shippers paying a volumetric rate.

(C) Calculation

Each day's credit shall be payable on the applicable Quantity calculated in Section 29.1(A) above multiplied by the appropriate contract reservation rate pursuant to Section 29.1(B) stated on a daily basis. In accordance with Section 2 of Rate Schedule LFT, reservation charge credits for Service Agreements under Rate Schedule LFT shall be calculated after Trunkline's right not to schedule service in whole or in part for ten (10) days in each Month.

29.2 Force Majeure

When Trunkline has issued notice of a Force Majeure event in accordance with Section 20 of the General Terms and Conditions, Trunkline shall provide full reservation charge credits to firm Shippers after a ten (10) day grace period pursuant to this Section 29.2.

(A) The grace period for a Force Majeure event shall be ten (10) full consecutive days.

(B) The Quantity of Gas eligible for reservation charge crediting shall be based on the average of the scheduled quantity from Shipper's primary Points of Receipt (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Receipt) to primary Points of Delivery (up to the Quantity stated on Shipper's Service Agreement Exhibit A for each primary Point of Delivery) for the

seven days prior to the announced Force Majeure event, less the Quantity of Gas delivered on Shipper's Service Agreement for the day.

- (C) For each Day subsequent to the grace period in Section 29.2(A), the reservation charge credit shall be the Quantity determined in Sections 29.2(B) and 29.1(A)(4) above multiplied by the appropriate contract reservation rate pursuant to Section 29.1(B) stated on a daily basis; provided, however, reservation charge credits for service under Rate Schedule LFT shall only be calculated for Days subsequent to the grace period and in excess of the ten (10) Days each Month that Trunkline has the right not to schedule service pursuant to Section 2 of Rate Schedule LFT.

29.3 Pipeline and Hazardous Materials Safety Administration (PHMSA) Outages

Notwithstanding the above provisions, when Trunkline is unable to deliver Quantities due to outages that are required to comply with PHMSA orders pursuant to Section 60139(c) of Title 49 of the United States Code, Chapter 601, Shipper shall be eligible for reservation charge credits calculated in accordance with Section 29.2(C) above. Notice to Shippers of such outage shall identify the specific PHMSA order causing the outage. This provision shall apply for a two year period beginning April 1, 2017.

- 29.4 Any reservation charge credit payable will be included on a subsequent month invoice and will be applied first to offset any outstanding past due balances owed by Shipper. Reservation charge credits applicable to Service Agreements that are not in effect due to termination will be paid by Trunkline to Shipper, net of any amounts owed to Trunkline.

- 29.5 In a not unduly discriminatory manner and in connection with a discounted or negotiated rate Service Agreement, Trunkline and Shipper may agree to a different reservation charge crediting methodology.