

June 11, 2020

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. RP20-_____
Creditworthiness and other Tariff Revisions

Dear Ms. Bose:

Trunkline Gas Company, LLC (Trunkline) hereby electronically submits for filing with the Federal Energy Regulatory Commission (Commission) the revised tariff records listed below to its FERC NGA Gas Tariff, Fourth Revised Volume No. 1 (Tariff), proposed to become effective July 12, 2020.

<u>Version</u>	<u>Description</u>	<u>Title</u>
7.0.0	Part I	Table of Contents
5.0.0	Part VI	General Terms and Conditions
2.0.0	GT&C Section 2.	Requests for Service
6.0.0	GT&C Section 9.	Capacity Release
0.0.0	GT&C Section 30.	Creditworthiness

STATEMENT OF NATURE, REASONS AND BASIS

The purpose of this filing, made in accordance with the provisions of Section 154.204 of the Regulations of the Federal Energy Regulatory Commission (Commission), is to update and clarify several tariff provisions in the General Terms and Conditions (GT&C) of Trunkline's Tariff as more fully described below.

First, Trunkline proposes to move and update the creditworthiness provisions from GT&C Section 2 to a separate section of the General Terms and Conditions. The creditworthiness provisions in newly added GT&C Section 30 present more fully described procedures that are both streamlined and consistent with Commission policy. The Commission's policy requires pipelines to establish and use objective criteria for determining creditworthiness. Trunkline proposes objective criteria in GT&C Section 30.2. In addition, GT&C Section 30.3 outlines the information that may be reviewed by Trunkline in determining creditworthiness, if needed. GT&C Section 30.4 sets out an alternative mechanism to assess creditworthiness when a shipper does not qualify for creditworthiness under the objective criteria of GT&C Section 30.2. Finally, if a shipper fails to establish or maintain creditworthiness, then that shipper may still obtain or continue service if the shipper provides credit support pursuant to GT&C Section 30.5. All of these sections provide more detail on the methodology to be utilized in making determinations as to creditworthiness of shippers. Additional provisions address security for new receipt and delivery facilities (GT&C Section 30.6), Trunkline's right to re-evaluate shipper's creditworthiness and notify shipper of non-creditworthiness (GT&C Sections 30.7), procedures for suspension of service (GT&C Section 30.8) and termination of the service agreement

(GT&C Section 30.9), a re-evaluation request by a non-creditworthy shipper (GT&C Section 30.10), and creditworthiness associated with new or expanded facilities (GT&C Section 30.11). By adding this new GT&C Section 30 for Creditworthiness, Trunkline proposes to revise GT&C Section 2 for the related portions regarding creditworthiness to reflect a reference to the new GT&C Section 30, and update any other creditworthiness references throughout the tariff. The proposed creditworthiness language is patterned after the provisions recently accepted for Panhandle Eastern Pipe Line Company, LP (Panhandle).¹

Last, Trunkline proposes a tariff provision addressing bankruptcy of a releasing shipper. Trunkline's proposal is modeled after the provisions accepted for Northern Border Pipeline Company² and Panhandle.³ This new tariff provision in GT&C Section 9.11 Bankruptcy, clarifies options if the releasing shipper, under any chapter of the bankruptcy laws, rejects its service agreement and there is an active replacement shipper service agreement in place. Under this new provision, Trunkline may send a written notification of its intent to terminate the replacement shipper's service agreement effective 30 calendar days from the date of the notice (Termination Notice Period) unless the replacement shipper agrees to retain its capacity for the remainder of the term of the respective replacement shipper's service agreement at a rate that is no lower than the lesser of the releasing shipper's rate or the maximum rate. The replacement shipper shall have ten business days from the date of the written notice to advise Trunkline in writing of its decision. If the replacement shipper does not exercise its option to retain the capacity, then the replacement shipper's service agreement shall terminate at the end of the Termination Notice Period. If the replacement shipper exercises its option to retain the capacity, then the replacement shipper, prior to the end of the Termination Notice Period, will execute a new service agreement pursuant to the terms and conditions of the applicable rate schedule reflecting the revised rate to be effective beginning on the first day after the end of the Termination Notice Period.

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 July 12, 2020. Trunkline respectfully requests that the Commission grant any and all waivers of its regulations it deems necessary in order to accept the tariff records effective July 12, 2020, as proposed.

CONTENTS OF THE FILING

This filing is made in electronic format in compliance with Section 154.4 of the Commission's Regulations. The proposed tariff records in RTF format with metadata attached are being submitted as part of an XML filing package containing the following:

- . A transmittal letter in PDF format
- . A clean copy of the proposed tariff records in PDF format
- . A marked version of the proposed tariff changes in PDF format
- . A copy of the complete filing in PDF format for publishing in eLibrary

¹ *Panhandle Eastern Pipe Line Company, LP, (Panhandle)*, 170 FERC ¶ 61,172, P 101 (2020).

² Northern Border Pipeline Company tariff provision was conditionally accepted by the Commission by Letter Order issued on May 22, 2009 in Docket No. RP09-540-000, 127 FERC 61,180 (2009) and further accepted, as clarified, in the Commission's unpublished Letter Order dated August 18, 2009.

³ *Panhandle* Letter Order in Docket No. RP20-819-000 dated May 15, 2020.

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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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 electronically on jurisdictional customers and interested state regulatory agencies. Trunkline has posted a copy of this filing on its Internet web site accessible via <http://tgcmessage.energytransfer.com> under Informational Postings, Regulatory.

Pursuant to Section 385.2005(a) 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 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

⁴ 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.

⁵ Designated as responsible Company official under Section 154.7(a)(2) of the Commission's Regulations.

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Part VI
General Terms and Conditions

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GENERAL TERMS AND CONDITIONS

2. REQUESTS FOR SERVICE

- 2.1 Persons desiring Transportation or Storage must deliver a written, properly executed request for service to Trunkline at the following address:

Trunkline Gas Company, LLC
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

2.2 Information Required

The specific information required from a party requesting service (Shipper) for a valid request for Transportation or Storage service, whether by using unsubscribed capacity, capacity released pursuant to Section 9 herein, or interruptible capacity, shall include in writing the information specified in Trunkline's current new service request form, as such may be revised from time to time.

- 2.3 Acceptance of a request for service (including capacity release pursuant to Section 9) and the continuation of service is contingent upon Shipper satisfying the creditworthiness requirements in GT&C Section 30.

- 2.4 A request for service shall not be valid and no service request date shall be assigned until Trunkline has received in writing the information required or requested under Sections 2.2, 2.3, 2.5 and 2.6 herein. Upon notification by Trunkline to Shipper that any part of a request is deficient, Shipper must provide such information or deposit within seven days of such request. In such event Shipper's request for service will be deemed to have been received when the information set forth in Sections 2.2, 2.3, 2.5 and 2.6 is received. Otherwise, Shipper's request for service will be deemed to have been received when such additional information, assurances or deposit actually was received by Trunkline. In any event, a request for service that is still deficient thirty (30) days after Trunkline's notice of such deficiency to Shipper will be considered to have been withdrawn.

Additionally, if Shipper fails to execute a Service Agreement within thirty (30) days of the date on which it was tendered by Trunkline, Shipper's request for service may be considered withdrawn. The service request date for Shippers under Trunkline's Former Tariff which convert to services offered under this Tariff will be the request date of the corresponding Transportation Agreement under the Former Tariff. Shippers that combine

more than one Transportation Agreement under the Former Tariff into one Service Agreement under this Tariff shall retain the most recent service request date of the Transportation Agreements of the Former Tariff.

- 2.5 For Transportation to be provided under Subpart B of 18 C.F.R. Part 284, Trunkline must receive in writing certification from the intrastate pipeline or local distribution company on whose behalf the service will be provided which states that the requested service qualifies for Transportation under Subpart B of Part 284.

Trunkline may require such other information as is required to comply with regulatory reporting or filing requirements.

- 2.6 To be considered valid, a request for firm service, other than capacity release pursuant to Section 9, must be accompanied by payment of the lesser of (1) the applicable Reservation Charge or Deliverability and Capacity Charges for one Month or (2) \$10,000. Such payment must be made by Shipper to Trunkline. This payment plus the interest accrued from the date payment is received until the date service commences shall be used to offset Shipper's monthly bill. If Shipper's request expires, is withdrawn, or Trunkline declines to tender a Service Agreement, Trunkline shall refund Shipper's payment plus the accrued interest from the date payment is received until the refund is sent to Shipper. For purposes of this section, accrued interest shall be computed in a manner consistent with Section 154.501(d) of the Commission's Regulations.
- 2.7 In the event that any information provided by Shipper in this Section 2 or Section 30 changes or is expected to change, Shipper shall provide prompt written notice of such changes to Trunkline.
- 2.8 In the event that Shipper requests firm transportation and the Gas to be transported is to be physically received into Trunkline's system at a Point of Receipt identified as Gathering on the MRPL or South Texas MRPL, as applicable, Shipper may designate the Point of Receipt as a primary Point of Receipt under its firm Transportation Service Agreement, in which case the firm Gathering charge shall apply and secondary Points of Receipt located on Trunkline's Gathering facilities may be designated up to the total MDRO of such primary Points of Receipt. If Shipper does not designate the point as a primary Point of Receipt, Shipper must separately arrange for the transportation of the Gas from the Gathering Point of Receipt to Trunkline's transmission system under a separate Transportation Service Agreement which may include an Agreement under Trunkline's Rate Schedule IT.
- 2.9 Shipper may submit a request to change primary Points of Receipt or primary Points of Delivery or to modify the MDRO or MDDO at any primary Point of Receipt or Delivery upon prior notice using the Messenger[®] system or written notice unless otherwise precluded from doing so in accordance with the terms and conditions of a capacity release. Trunkline shall respond to the request as soon as possible but in no event later than two (2) Business Days following receipt of the notice. If the request is denied, Shipper may request in writing an explanation for the denial and Trunkline will provide a written explanation within

two (2) Business Days following receipt of the request. Such change or modification shall not reduce the economic value of the Service Agreement without Trunkline's written consent in accordance with Section 10.6 herein.

2.10 In the event that a Shipper or potential Shipper may have any complaints, Shipper or potential Shipper shall:

- (A) Provide Trunkline a written description of the complaint, including the identification of Shipper's contract number or request for service, whichever is applicable, by contacting Trunkline at the following:

Trunkline Gas Company, LLC
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375

- (B) Trunkline shall respond initially within forty-eight (48) hours and in writing within thirty (30) days advising Shipper or potential Shipper of the disposition of the complaint.

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 30 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.

9.11 Bankruptcy

In the event a Releasing Shipper subject to proceedings under any chapter of the bankruptcy laws rejects its Service Agreement, Trunkline may send a written notification of Trunkline's intent to terminate the Replacement Shipper's Service Agreement effective thirty (30) calendar days from the date of the notice (Termination Notice Period) unless Replacement Shipper(s) agrees to retain its capacity for the remainder of the term of the respective Replacement Shipper's Service Agreement at a rate that is no lower than the lesser of the Releasing Shipper's rate or the Maximum Rate. Replacement Shipper shall have ten (10) Business Days from the date of the written notice to advise Trunkline in writing of its decision. If Replacement Shipper does not exercise its option to retain the capacity, then the Replacement Shipper's Service Agreement shall terminate at the end of the Termination Notice Period.

If Replacement Shipper(s) timely exercises its option to retain the capacity, the Replacement Shipper(s), prior to the end of the Termination Notice Period, will execute a new Service Agreement pursuant to the terms and conditions of the applicable Rate Schedule reflecting the revised rate to be effective beginning on the first day after the end of the Termination Notice Period.

GENERAL TERMS AND CONDITIONS

30. CREDITWORTHINESS

30.1 Prior to execution of a Service Agreement or as a condition for continuation of service, a Shipper or prospective shipper shall be required to establish and maintain creditworthiness on an on-going basis with Trunkline. Trunkline shall apply consistent evaluation practices to all similarly situated shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Trunkline over the term of the requested service agreement. Trunkline shall not be required to: (1) execute a Service Agreement providing for service on behalf of any Shipper who fails to meet Trunkline's standards for creditworthiness; or (2) initiate service for a Shipper who fails to meet Trunkline's standards for creditworthiness; or (3) continue service on behalf of any Shipper who is or has become insolvent or who, at Trunkline's request, fails to demonstrate creditworthiness pursuant to Trunkline's standards in this Section 30.

30.2 A Shipper shall be deemed creditworthy when Shipper meets the creditworthiness criteria in this Section 30.2.

- (a) If Shipper is rated by Standard & Poor's or its successor (S&P), and/or by Moody's Investors Service, Inc. or its successor (Moody's), Trunkline may establish creditworthiness if:
 - (1) (i) In the event Shipper is rated by both S&P and Moody's, Shipper's long-term senior unsecured debt securities are rated at least BBB- by S&P and at least Baa3 by Moody's, provided, however, that if the Shipper's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper is rated only by S&P, Shipper's long-term senior unsecured debt securities are rated at least BBB-, provided, however, that if the Shipper's rating is at BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper is rated by only Moody's, Shipper's long-term senior unsecured debt securities are rated at least Baa3, provided, however, that if the Shipper's rating is at Baa3, the long-term outlook shall be Stable or Positive; and
 - (2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth.

In the event Shipper is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. For the purposes of this Section 30.2, the term "tangible net worth" shall mean for a corporation the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity

reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets. Only actual tangible assets are included in Trunkline's assessment of creditworthiness. If a Shipper has multiple Service Agreements with Trunkline, then the total contract commitment and imbalance exposure or potential exposure of all such Service Agreements shall be considered in determining creditworthiness.

(b) If Shipper cannot demonstrate creditworthiness pursuant to Section 30.2(a) above, Trunkline may establish creditworthiness based upon:

- (1) (i) In the event Shipper's parent is rated by both S&P and Moody's, the Shipper's parent having a senior unsecured debt rating of at least BBB- by S&P and Baa3 by Moody's, provided, however, that if the Shipper's parent's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper's parent is rated by only S&P, the Shipper's parent having a senior unsecured debt rating of at least BBB-, provided, however, that if the Shipper's parent's rating is a BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper's parent is rated by only Moody's, the Shipper's parent having a senior unsecured debt rating of at least Baa3, provided, however, that if the Shipper's parent's rating is at Baa3, the long-term outlook shall be Stable or Positive; and
- (2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's parent's tangible net worth; and
- (3) Shipper's parent issues a guaranty acceptable to Trunkline.

In the event Shipper's parent is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. If a Shipper's parent has multiple Service Agreements with Trunkline or multiple subsidiaries with Service Agreements with Trunkline in addition to Shipper's Service Agreements, then the total contract commitment and imbalance exposure or potential exposure of all of those Service Agreements shall be considered in determining creditworthiness.

(c) In the event Shipper is a cooperative or a municipal Shipper and Shipper cannot demonstrate creditworthiness pursuant to Section 30.2(a) or 30.2(b) above, Trunkline may establish creditworthiness based upon:

- (1) Shipper's issuer and/or revenue bond rating is a rating that has the equivalent rank of those listed in Section 30.2(a)(1) above; or

- (2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth, or Shipper's preceding calendar year revenues are at least six (6) times Trunkline's anticipated charges for the ensuing 12-month period.

30.3 To permit Trunkline to conduct an initial or ongoing creditworthiness review, Trunkline may request and a Shipper shall provide within five (5) Business Days any or all of the following:

- (a) (i) Audited financial statements for the most current two (2) fiscal years prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America or, for non-U.S. based Shippers, prepared in accordance with equivalent standards, or (ii) if Shipper's fiscal year-end financial statements are unaudited, an attestation by its Chief Financial Officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent or (iii) for non-public entities, any existing sworn filing, which provides the most recent available interim financial statements and annual financial reports filed with any applicable regulatory authority, showing the Shipper's current financial condition;
- (b) List of corporate affiliates, parent companies, and subsidiaries, if applicable;
- (c) Publicly available information from credit reports of credit and bond rating agencies;
- (d) A bank reference and at least three (3) trade references, a check of which show along with any credit reports submitted herein that Shipper's undisputed obligations are being paid in a timely manner;
- (e) Statement of legal composition;
- (f) Statement of the length of time the business has been in operation;
- (g) For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism;
- (h) Confirmation by Shipper that Shipper is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditor, or any informal creditors' committee agreement; and/or
- (i) Such other information as may be mutually agreed to by Shipper and Trunkline.

- 30.4. If Shipper or Shipper's parent does not meet the criteria described in Section 30.2 above, then credit appraisal shall be based upon Trunkline's evaluation of any or all of the following information and credit criteria:
- (a) Any information received pursuant to Section 30.3 above;
 - (b) Consistent and nondiscriminatory financial statement analysis to determine the acceptability of Shipper's or Shipper's parent's current and future financial strength. Financial statements shall be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability;
 - (c) S&P, Moody's, Dun & Bradstreet and other credit reporting agency ratings, opinions, watch alerts, and rating actions shall be considered in determining creditworthiness;
 - (d) Results of credit reports and of bank and trade reference checks must demonstrate that a Shipper is paying its obligations in a timely manner;
 - (e) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy; an exception may be made for a Shipper who is a debtor-in-possession operating under Chapter XI of the Federal Bankruptcy Act whereby adequate assurance is provided under purview of by the bankruptcy court having jurisdiction over such debtor-in - possession that the service billings will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future actually to make payment;
 - (f) Whether Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain solvent;
 - (g) Shipper's ongoing business relationship, if any, with Trunkline with consideration being given to whether Shipper has or has had any delinquent balances outstanding for services provided by Trunkline, gas imbalances, and gas loans due Trunkline and whether Shipper is paying and has paid its account balances promptly according to the terms established in its Service Agreements (excluding amounts as to which there is a good faith dispute);
 - (h) Shipper's ability to recover the costs of Trunkline's services through filings with regulatory agencies or otherwise to pass on such costs to its customers, as applicable; and/or

- (i) Any other information, including any information provided by Shipper, that is reasonably relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of the Service Agreement(s).

30.5 If a Shipper fails to establish or maintain creditworthiness or if Shipper's credit limit as determined by Trunkline is insufficient to cover Shipper's total contractual obligations, Shipper may still obtain or continue service hereunder if Shipper, except to the extent otherwise agreed, provides credit support in an amount sufficient to cover three months service as determined in accordance with Section 30.5(b)(1) plus the value of imbalance gas and loaned gas as determined in Section 30.5(b)(2) under one of the following options.

- (a) Forms of Credit Support. Shipper may select from the following forms of credit support (Credit Support) and Trunkline shall not unreasonably discriminate in the forms of Credit Support it determines to accept from Shippers.
 - (1) Guaranty. A Shipper may provide a guaranty of financial performance in a form satisfactory to Trunkline from a corporate parent, corporate affiliate or a third party that meets the creditworthiness standards above.
 - (2) Deposit. A shipper may provide a cash deposit. If Trunkline is required to draw down these funds, Trunkline will notify Shipper and Shipper must replenish such funds within three (3) Business Days after receipt of such notice.
 - (3) Standby Irrevocable Letter of Credit drawn on a bank which is a U.S. bank or a U.S. branch of a foreign bank with an S&P Debt Rating of at least A or Moody's Debt Rating of at least A2.
 - (4) Security Interest or lien in collateral found to be satisfactory to Trunkline.
 - (5) Other security acceptable to Trunkline.
- (b) Credit Support Requirements. Credit Support required for non-creditworthy shippers shall be an amount sufficient to cover service for three months and a value for imbalance and loaned gas as specified below.
 - (1) Three months service. The amount of Credit Support for firm transportation Service Agreements must be sufficient to cover the highest three (3) months of reservation charges during the previous 12 month period. The amount of Credit Support for interruptible services shall be based upon the highest three (3) months of usage during the previous twelve (12) month period for all rates and charges. If the Shipper has not contracted for or utilized interruptible transportation during the previous 12 month period, Trunkline will establish the Credit Support requirement

based upon Shipper's estimated usage for a three (3) month period as determined by Shipper and Trunkline's marketing representative.

- (2) Imbalance and Loaned Gas. In addition to the Credit Support requirements set forth in Section 30.5(b)(1) above, Trunkline shall have the right to seek Credit Support to cover the value of any imbalance and/or loaned gas owed to Trunkline by a non-creditworthy Shipper. Trunkline may require Credit Support from a non-creditworthy Shipper for the value of imbalance Gas owed to Trunkline under Rate Schedules FT, SST, EFT, QNT, LFT, FFZ, IT, and/or QNIT. Such Credit Support amount shall equal the non-creditworthy Shipper's largest monthly imbalance quantity owed to Trunkline over the most recent 12 month period valued in accordance with Section 5.2(D) with a new Service Agreement or a Service Agreement in effect for less than 12 months, the imbalance quantity shall be the greater of (i) 10% of Shipper's estimated monthly usage as determined by Shipper and Trunkline's marketing representative or (ii) Shipper's largest monthly imbalance owed to Trunkline. The imbalance quantity shall be valued in accordance with Section 5.2(D) of these General Terms and Conditions. The Credit Support requirement for loaned Gas associated with Rate Schedule GPS shall equal the maximum loaned quantity specified in Shipper's Service Agreement valued in accordance with Section 5.2(D) herein.

30.6 Credit Support for New Receipt or Delivery Facilities

In the event Trunkline constructs new interconnect facilities to accommodate a Shipper, Trunkline may (unless otherwise agreed or unless Shipper reimburses Trunkline for the cost of the facilities) require from the Shipper Credit Support in an amount up to the cost of the facilities. Such Credit Support may be in any of the forms available under Section 30.5(a) of these General Terms and Conditions, at Shipper's choice. As Trunkline recovers the cost of these facilities through its rates, the Credit Support required shall be reduced accordingly. Specifically, Credit Support provided by Shipper related to new facilities shall be returned to that Shipper in equal Monthly amounts over the term of its contract for service related to the new facilities or as otherwise mutually agreed by Trunkline and Shipper. Where facilities are constructed to serve multiple Shippers, an individual Shipper's obligation hereunder shall be for no more than its proportionate share of the cost of the facilities. This requirement is in addition to and shall not supersede or replace any other rights that Trunkline may have regarding the construction and reimbursement of facilities.

- 30.7 Trunkline shall have the right to update Shipper's credit file at any time after commencement of service. Such update may be conducted by Trunkline periodically and Shipper shall provide assistance and cooperation. If Trunkline concludes that a Shipper is non-creditworthy or if Shipper fails to maintain Credit Support under Section 30.5 of these General Terms and Conditions, Trunkline shall provide Shipper an initial notice in writing that it has lost its creditworthiness status along with the reasons for such determination and that Shipper has five (5) Business Days after receipt of such initial notice, to provide

Trunkline with Credit Support consistent with Section 30.5 of these General Terms and Conditions which is adequate to cover all charges for one Month's advance service. A Shipper may challenge Trunkline's determination by providing a written rebuttal to Trunkline's explanation within ten (10) days after the initial notification and explanation is provided by Trunkline. Trunkline shall respond to such a rebuttal in writing within ten (10) days. Any reevaluation of creditworthiness by Trunkline in response to such a rebuttal by the Shipper shall be based on the creditworthiness criteria set out in Section 30.4 and shall be performed as provided in Section 30.4 of these General Terms and Conditions. If Trunkline determines after such reevaluation that Shipper is creditworthy, the Credit Support to cover all charges for one Month's advance service shall be released to Shipper within five (5) Business Days after such determination. In the event Trunkline concludes after reevaluation that Shipper remains non-creditworthy, Shipper shall comply with the requirement in the initial notice to provide, within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, the means for adequate assurance of future performance, covering the full level of Credit Support provided for under Section 30.5 of these General Terms and Conditions. If the Shipper has not satisfied either requirement in the initial notice to provide specified Credit Support within five (5) Business Days or to provide the additional specified Credit Support within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, Trunkline may without further notice immediately suspend service to Shipper.

- 30.8 Any suspension of service hereunder shall continue until Trunkline is reasonably satisfied that Shipper is creditworthy under Section 30.2 or 30.4 of these General Terms and Conditions or until Shipper has provided Credit Support under Section 30.5 of these General Terms and Conditions. A Shipper shall not be obligated to pay any reservation charges for suspended service attributable to the period when that service is suspended. During the period of suspension, such Shipper may not release or recall capacity.
- 30.9 In addition to suspension, Trunkline may terminate service if the Shipper fails to provide Credit Support consistent with Section 30.5 of these General Terms and Conditions no earlier than sixty (60) days after Trunkline has provided its initial notice to Shipper pursuant to Section 30.7 herein. Any such termination requires thirty (30) days' prior notice to Shipper, Releasing Shipper, if any, and the Commission. To avoid termination, the Shipper must satisfy Section 30.5 of these General Terms and Conditions within this notice period. If the Service Agreement is terminated, Trunkline shall net and/or set off, as allowed by law, all positions calculated in accordance with the provisions of the applicable Rate Schedule (i.e., invoiced transportation amounts, invoiced imbalance amounts, park and loans, rate refunds, etc.) against outstanding account balances due the Shipper. Trunkline shall have the right to assert any liens or other interests, consistent with applicable law, against any gas remaining on its System. Trunkline may not take any action under this Section 30 which conflicts with any order of the U. S. Bankruptcy Court.
- 30.10 At any time after a Shipper is determined to be non-creditworthy by Trunkline, the Shipper may request a creditworthiness reevaluation by Trunkline pursuant to NAESB WGQ

Standard Nos. 0.3.8 and 0.3.9 as incorporated in Section 25 of these General Terms and Conditions. If Trunkline determines after such reevaluation that Shipper is creditworthy without Credit Support, any Credit Support requirements under Section 30.5 of these General Terms and Conditions shall be terminated and any deposit amounts shall be released to Shipper within five (5) Business Days after such determination.

- 30.11 Notwithstanding the above, Trunkline may agree with a Shipper in an executed precedent agreement, for service on new or expanded facilities to be constructed by Trunkline, to creditworthiness provisions which differ from one or more of the provisions in this Section 30, and which, in addition to the other provisions of this Section 30, govern service provided to the Shipper pursuant to the precedent agreement.

MARKED VERSION

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Rate Schedule ISS	Form of Service Agreement
Rate Schedule GPS	Form of Service Agreement
Rate Schedule TABS-1	Form of Service Agreement
Capacity Release	Form of Service Agreement
Reserved	Form of Agreement
Reserved	Form of Agreement

Part VI
General Terms and Conditions

GT&C Section 1.	Definitions
GT&C Section 2.	Requests for Service
GT&C Section 3.	Nomination and Scheduling of Services
GT&C Section 4.	Curtailment and Interruption
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GT&C Section 13.	Quality
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GT&C Section 24.	Interruptible Storage Revenue Credit Surcharge Adjustment
GT&C Section 25.	Business Practices Standards
GT&C Section 26.	Non-Conforming Agreements
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GT&C Section 28.	Miscellaneous
GT&C Section 29.	Reservation Charge Credit
<u>GT&C Section 30.</u>	<u>Creditworthiness</u>

GENERAL TERMS AND CONDITIONS

2. REQUESTS FOR SERVICE

- 2.1 Persons desiring Transportation or Storage must deliver a written, properly executed request for service to Trunkline at the following address:

Trunkline Gas Company, LLC
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

2.2 Information Required

The specific information required from a party requesting service (Shipper) for a valid request for Transportation or Storage service, whether by using unsubscribed capacity, capacity released pursuant to Section 9 herein, or interruptible capacity, shall include in writing the information specified in Trunkline's current new service request form, as such may be revised from time to time.

~~2.3 Credit Appraisal~~

~~(A) Acceptance of a request for service (including capacity release pursuant to Section 9) and the continuation of service is contingent upon Shipper satisfying the creditworthiness requirements in GT&C Section 30., on an ongoing basis, a credit appraisal by Trunkline. Trunkline shall apply consistent evaluation practices to determine the acceptability of Shipper's overall financial condition. Such credit appraisal shall be based upon the following information and criteria:~~

~~(1) Shipper shall provide current financial statements, annual reports, 10-K reports or other filings with regulatory agencies which discuss Shipper's financial status, a list of all corporate affiliates, parent companies and subsidiaries, and any reports from credit reporting and bond rating agencies which are available. Trunkline shall determine the acceptability of Shipper's overall financial condition, working capital, and profitability trends.~~

~~(2) Shipper shall provide a bank reference and at least two trade references. The results of reference checks and any credit reports must show that Shipper's obligations are being paid on a reasonably prompt basis.~~

~~(3) Shipper shall confirm in writing that Shipper is not operating under any chapter of the bankruptcy laws and is not subject to litigation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. An exception can be made for Shipper that is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurance that the service billing will be paid promptly as a cost of administration under the Federal Court's jurisdiction.~~

~~(4) Shipper shall confirm in writing that it is not subject to any uncertainty or any change in business conditions resulting from: (a) pending litigation in State or Federal courts; (b) regulatory proceedings; or (c) otherwise, which could cause a substantial deterioration in its financial condition, a condition of insolvency, or the inability to exist as an on-going business entity.~~

~~(5) If Shipper has an on-going business relationship with Trunkline, no delinquent balances should be outstanding for services provided previously by Trunkline and Shipper must have paid its account balances according to the established terms and not made deductions or withheld payment for claims not authorized by contract.~~

~~(6) Shipper shall confirm in writing that no significant collection lawsuits or judgments are outstanding which could adversely affect the Shipper's ability to remain solvent.~~

~~(B) Upon notification by Trunkline that Shipper has failed to satisfy the credit criteria, or subsequently during the term of the Service Agreement that Shipper no longer satisfies the credit criteria, Shipper may still obtain credit approval by Trunkline if it elects to provide one of the following: (1) an advance deposit; (2) a Standby Irrevocable Letter of Credit; (3) security interest in collateral found to be satisfactory to Trunkline; or (4) a guaranty, acceptable to Trunkline, by another person or entity which satisfies the credit appraisal. An advance deposit, Standby Irrevocable Letter of Credit, or security interest should at all times equal the three highest Months of estimated usage during the term of the Service Agreement.~~

~~(C) If Shipper's credit standing ceases to meet Trunkline's credit requirements during the period of service, then Trunkline has the right to require security or prepayments as specified above. If satisfactory security or prepayment is not tendered in a time period as reasonably determined by Trunkline, then Trunkline is not required to continue service.~~

~~(D) If Shipper is unable to maintain credit approval, the Service Agreement shall terminate as of the first day of the Month following written notice of such termination by Trunkline to Shipper.~~

- 2.4 A request for service shall not be valid and no service request date shall be assigned until Trunkline has received in writing the information required or requested under Sections 2.2,

2.3, 2.5 and 2.6 herein. Upon notification by Trunkline to Shipper that any part of a request is deficient, Shipper must provide such information or deposit within seven days of such request. In such event Shipper's request for service will be deemed to have been received when the information set forth in Sections 2.2, 2.3, 2.5 and 2.6 is received. Otherwise, Shipper's request for service will be deemed to have been received when such additional information, assurances or deposit actually was received by Trunkline. In any event, a request for service that is still deficient thirty (30) days after Trunkline's notice of such deficiency to Shipper will be considered to have been withdrawn.

Additionally, if Shipper fails to execute a Service Agreement within thirty (30) days of the date on which it was tendered by Trunkline, Shipper's request for service may be considered withdrawn. The service request date for Shippers under Trunkline's Former Tariff which convert to services offered under this Tariff will be the request date of the corresponding Transportation Agreement under the Former Tariff. Shippers that combine more than one Transportation Agreement under the Former Tariff into one Service Agreement under this Tariff shall retain the most recent service request date of the Transportation Agreements of the Former Tariff.

- 2.5 For Transportation to be provided under Subpart B of 18 C.F.R. Part 284, Trunkline must receive in writing certification from the intrastate pipeline or local distribution company on whose behalf the service will be provided which states that the requested service qualifies for Transportation under Subpart B of Part 284.

Trunkline may require such other information as is required to comply with regulatory reporting or filing requirements.

- 2.6 To be considered valid, a request for firm service, other than capacity release pursuant to Section 9, must be accompanied by payment of the lesser of (1) the applicable Reservation Charge or Deliverability and Capacity Charges for one Month or (2) \$10,000. Such payment must be made by Shipper to Trunkline. This payment plus the interest accrued from the date payment is received until the date service commences shall be used to offset Shipper's monthly bill. If Shipper's request expires, is withdrawn, or Trunkline declines to tender a Service Agreement, Trunkline shall refund Shipper's payment plus the accrued interest from the date payment is received until the refund is sent to Shipper. For purposes of this section, accrued interest shall be computed in a manner consistent with Section 154.501(d) of the Commission's Regulations.
- 2.7 In the event that any information provided by Shipper in this Section 2 or Section 30 changes or is expected to change, Shipper shall provide prompt written notice of such changes to Trunkline.
- 2.8 In the event that Shipper requests firm transportation and the Gas to be transported is to be physically received into Trunkline's system at a Point of Receipt identified as Gathering on the MRPL or South Texas MRPL, as applicable, Shipper may designate the Point of Receipt as a primary Point of Receipt under its firm Transportation Service Agreement, in

which case the firm Gathering charge shall apply and secondary Points of Receipt located on Trunkline's Gathering facilities may be designated up to the total MDRO of such primary Points of Receipt. If Shipper does not designate the point as a primary Point of Receipt, Shipper must separately arrange for the transportation of the Gas from the Gathering Point of Receipt to Trunkline's transmission system under a separate Transportation Service Agreement which may include an Agreement under Trunkline's Rate Schedule IT.

- 2.9 Shipper may submit a request to change primary Points of Receipt or primary Points of Delivery or to modify the MDRO or MDDO at any primary Point of Receipt or Delivery upon prior notice using the Messenger® system or written notice unless otherwise precluded from doing so in accordance with the terms and conditions of a capacity release. Trunkline shall respond to the request as soon as possible but in no event later than two (2) Business Days following receipt of the notice. If the request is denied, Shipper may request in writing an explanation for the denial and Trunkline will provide a written explanation within two (2) Business Days following receipt of the request. Such change or modification shall not reduce the economic value of the Service Agreement without Trunkline's written consent in accordance with Section 10.6 herein.

- 2.10 In the event that a Shipper or potential Shipper may have any complaints, Shipper or potential Shipper shall:

- (A) Provide Trunkline a written description of the complaint, including the identification of Shipper's contract number or request for service, whichever is applicable, by contacting Trunkline at the following:

Trunkline Gas Company, LLC
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375

- (B) Trunkline shall respond initially within forty-eight (48) hours and in writing within thirty (30) days advising Shipper or potential Shipper of the disposition of the complaint.

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 ~~2.330~~ 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.

9.11 Bankruptcy

In the event a Releasing Shipper subject to proceedings under any chapter of the bankruptcy laws rejects its Service Agreement, Trunkline may send a written notification of Trunkline's intent to terminate the Replacement Shipper's Service Agreement effective thirty (30) calendar days from the date of the notice (Termination Notice Period) unless Replacement Shipper(s) agrees to retain its capacity for the remainder of the term of the respective Replacement Shipper's Service Agreement at a rate that is no lower than the lesser of the Releasing Shipper's rate or the Maximum Rate. Replacement Shipper shall have ten (10) Business Days from the date of the written notice to advise Trunkline in writing of its decision. If Replacement Shipper does not exercise its option to retain the capacity, then the Replacement Shipper's Service Agreement shall terminate at the end of the Termination Notice Period.

If Replacement Shipper(s) timely exercises its option to retain the capacity, the Replacement Shipper(s), prior to the end of the Termination Notice Period, will execute a new Service Agreement pursuant to the terms and conditions of the applicable Rate Schedule reflecting the revised rate to be effective beginning on the first day after the end of the Termination Notice Period.

GENERAL TERMS AND CONDITIONS

30. CREDITWORTHINESS

30.1 Prior to execution of a Service Agreement or as a condition for continuation of service, a Shipper or prospective shipper shall be required to establish and maintain creditworthiness on an on-going basis with Trunkline. Trunkline shall apply consistent evaluation practices to all similarly situated shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Trunkline over the term of the requested service agreement. Trunkline shall not be required to: (1) execute a Service Agreement providing for service on behalf of any Shipper who fails to meet Trunkline's standards for creditworthiness; or (2) initiate service for a Shipper who fails to meet Trunkline's standards for creditworthiness; or (3) continue service on behalf of any Shipper who is or has become insolvent or who, at Trunkline's request, fails to demonstrate creditworthiness pursuant to Trunkline's standards in this Section 30.

30.2 A Shipper shall be deemed creditworthy when Shipper meets the creditworthiness criteria in this Section 30.2.

(a) If Shipper is rated by Standard & Poor's or its successor (S&P), and/or by Moody's Investors Service, Inc. or its successor (Moody's), Trunkline may establish creditworthiness if:

(1) (i) In the event Shipper is rated by both S&P and Moody's, Shipper's long-term senior unsecured debt securities are rated at least BBB- by S&P and at least Baa3 by Moody's, provided, however, that if the Shipper's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper is rated only by S&P, Shipper's long-term senior unsecured debt securities are rated at least BBB-, provided, however, that if the Shipper's rating is at BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper is rated by only Moody's, Shipper's long-term senior unsecured debt securities are rated at least Baa3, provided, however, that if the Shipper's rating is at Baa3, the long-term outlook shall be Stable or Positive; and

(2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth.

In the event Shipper is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. For the purposes of this Section 30.2, the term "tangible net worth" shall mean for a corporation the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity

reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets. Only actual tangible assets are included in Trunkline's assessment of creditworthiness. If a Shipper has multiple Service Agreements with Trunkline, then the total contract commitment and imbalance exposure or potential exposure of all such Service Agreements shall be considered in determining creditworthiness.

(b) If Shipper cannot demonstrate creditworthiness pursuant to Section 30.2(a) above, Trunkline may establish creditworthiness based upon:

(1) (i) In the event Shipper's parent is rated by both S&P and Moody's, the Shipper's parent having a senior unsecured debt rating of at least BBB- by S&P and Baa3 by Moody's, provided, however, that if the Shipper's parent's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper's parent is rated by only S&P, the Shipper's parent having a senior unsecured debt rating of at least BBB-, provided, however, that if the Shipper's parent's rating is a BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper's parent is rated by only Moody's, the Shipper's parent having a senior unsecured debt rating of at least Baa3, provided, however, that if the Shipper's parent's rating is at Baa3, the long-term outlook shall be Stable or Positive; and

(2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's parent's tangible net worth; and

(3) Shipper's parent issues a guaranty acceptable to Trunkline.

In the event Shipper's parent is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. If a Shipper's parent has multiple Service Agreements with Trunkline or multiple subsidiaries with Service Agreements with Trunkline in addition to Shipper's Service Agreements, then the total contract commitment and imbalance exposure or potential exposure of all of those Service Agreements shall be considered in determining creditworthiness.

(c) In the event Shipper is a cooperative or a municipal Shipper and Shipper cannot demonstrate creditworthiness pursuant to Section 30.2(a) or 30.2(b) above, Trunkline may establish creditworthiness based upon:

(1) Shipper's issuer and/or revenue bond rating is a rating that has the equivalent rank of those listed in Section 30.2(a)(1) above; or

(2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth, or Shipper's preceding calendar year revenues are at least six (6) times Trunkline's anticipated charges for the ensuing 12-month period.

30.3 To permit Trunkline to conduct an initial or ongoing creditworthiness review, Trunkline may request and a Shipper shall provide within five (5) Business Days any or all of the following:

- (a) (i) Audited financial statements for the most current two (2) fiscal years prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America or, for non-U.S. based Shippers, prepared in accordance with equivalent standards, or (ii) if Shipper's fiscal year-end financial statements are unaudited, an attestation by its Chief Financial Officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent or (iii) for non-public entities, any existing sworn filing, which provides the most recent available interim financial statements and annual financial reports filed with any applicable regulatory authority, showing the Shipper's current financial condition;
- (b) List of corporate affiliates, parent companies, and subsidiaries, if applicable;
- (c) Publicly available information from credit reports of credit and bond rating agencies;
- (d) A bank reference and at least three (3) trade references, a check of which show along with any credit reports submitted herein that Shipper's undisputed obligations are being paid in a timely manner;
- (e) Statement of legal composition;
- (f) Statement of the length of time the business has been in operation;
- (g) For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism;
- (h) Confirmation by Shipper that Shipper is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditor, or any informal creditors' committee agreement; and/or
- (i) Such other information as may be mutually agreed to by Shipper and Trunkline.

30.4. If Shipper or Shipper's parent does not meet the criteria described in Section 30.2 above, then credit appraisal shall be based upon Trunkline's evaluation of any or all of the following information and credit criteria:

- (a) Any information received pursuant to Section 30.3 above;
- (b) Consistent and nondiscriminatory financial statement analysis to determine the acceptability of Shipper's or Shipper's parent's current and future financial strength. Financial statements shall be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability;
- (c) S&P, Moody's, Dun & Bradstreet and other credit reporting agency ratings, opinions, watch alerts, and rating actions shall be considered in determining creditworthiness;
- (d) Results of credit reports and of bank and trade reference checks must demonstrate that a Shipper is paying its obligations in a timely manner;
- (e) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy; an exception may be made for a Shipper who is a debtor-in-possession operating under Chapter XI of the Federal Bankruptcy Act whereby adequate assurance is provided under purview of by the bankruptcy court having jurisdiction over such debtor-in - possession that the service billings will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future actually to make payment;
- (f) Whether Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain solvent;
- (g) Shipper's ongoing business relationship, if any, with Trunkline with consideration being given to whether Shipper has or has had any delinquent balances outstanding for services provided by Trunkline, gas imbalances, and gas loans due Trunkline and whether Shipper is paying and has paid its account balances promptly according to the terms established in its Service Agreements (excluding amounts as to which there is a good faith dispute);
- (h) Shipper's ability to recover the costs of Trunkline's services through filings with regulatory agencies or otherwise to pass on such costs to its customers, as applicable; and/or

- (i) Any other information, including any information provided by Shipper, that is reasonably relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of the Service Agreement(s).

30.5 If a Shipper fails to establish or maintain creditworthiness or if Shipper's credit limit as determined by Trunkline is insufficient to cover Shipper's total contractual obligations, Shipper may still obtain or continue service hereunder if Shipper, except to the extent otherwise agreed, provides credit support in an amount sufficient to cover three months service as determined in accordance with Section 30.5(b)(1) plus the value of imbalance gas and loaned gas as determined in Section 30.5(b)(2) under one of the following options.

- (a) Forms of Credit Support. Shipper may select from the following forms of credit support (Credit Support) and Trunkline shall not unreasonably discriminate in the forms of Credit Support it determines to accept from Shippers.

- (1) Guaranty. A Shipper may provide a guaranty of financial performance in a form satisfactory to Trunkline from a corporate parent, corporate affiliate or a third party that meets the creditworthiness standards above.

- (2) Deposit. A shipper may provide a cash deposit. If Trunkline is required to draw down these funds, Trunkline will notify Shipper and Shipper must replenish such funds within three (3) Business Days after receipt of such notice.

- (3) Standby Irrevocable Letter of Credit drawn on a bank which is a U.S. bank or a U.S. branch of a foreign bank with an S&P Debt Rating of at least A or Moody's Debt Rating of at least A2.

- (4) Security Interest or lien in collateral found to be satisfactory to Trunkline.

- (5) Other security acceptable to Trunkline.

- (b) Credit Support Requirements. Credit Support required for non-creditworthy shippers shall be an amount sufficient to cover service for three months and a value for imbalance and loaned gas as specified below.

- (1) Three months service. The amount of Credit Support for firm transportation Service Agreements must be sufficient to cover the highest three (3) months of reservation charges during the previous 12 month period. The amount of Credit Support for interruptible services shall be based upon the highest three (3) months of usage during the previous twelve (12) month period for all rates and charges. If the Shipper has not contracted for or utilized interruptible transportation during the previous 12 month period, Trunkline will establish the Credit Support requirement

based upon Shipper's estimated usage for a three (3) month period as determined by Shipper and Trunkline's marketing representative.

- (2) Imbalance and Loaned Gas. In addition to the Credit Support requirements set forth in Section 30.5(b)(1) above, Trunkline shall have the right to seek Credit Support to cover the value of any imbalance and/or loaned gas owed to Trunkline by a non-creditworthy Shipper. Trunkline may require Credit Support from a non-creditworthy Shipper for the value of imbalance Gas owed to Trunkline under Rate Schedules FT, SST, EFT, QNT, LFT, FFZ, IT, and/or QNIT. Such Credit Support amount shall equal the non-creditworthy Shipper's largest monthly imbalance quantity owed to Trunkline over the most recent 12 month period valued in accordance with Section 5.2(D) with a new Service Agreement or a Service Agreement in effect for less than 12 months, the imbalance quantity shall be the greater of (i) 10% of Shipper's estimated monthly usage as determined by Shipper and Trunkline's marketing representative or (ii) Shipper's largest monthly imbalance owed to Trunkline. The imbalance quantity shall be valued in accordance with Section 5.2(D) of these General Terms and Conditions. The Credit Support requirement for loaned Gas associated with Rate Schedule GPS shall equal the maximum loaned quantity specified in Shipper's Service Agreement valued in accordance with Section 5.2(D) herein.

30.6 Credit Support for New Receipt or Delivery Facilities

In the event Trunkline constructs new interconnect facilities to accommodate a Shipper, Trunkline may (unless otherwise agreed or unless Shipper reimburses Trunkline for the cost of the facilities) require from the Shipper Credit Support in an amount up to the cost of the facilities. Such Credit Support may be in any of the forms available under Section 30.5(a) of these General Terms and Conditions, at Shipper's choice. As Trunkline recovers the cost of these facilities through its rates, the Credit Support required shall be reduced accordingly. Specifically, Credit Support provided by Shipper related to new facilities shall be returned to that Shipper in equal Monthly amounts over the term of its contract for service related to the new facilities or as otherwise mutually agreed by Trunkline and Shipper. Where facilities are constructed to serve multiple Shippers, an individual Shipper's obligation hereunder shall be for no more than its proportionate share of the cost of the facilities. This requirement is in addition to and shall not supersede or replace any other rights that Trunkline may have regarding the construction and reimbursement of facilities.

- 30.7 Trunkline shall have the right to update Shipper's credit file at any time after commencement of service. Such update may be conducted by Trunkline periodically and Shipper shall provide assistance and cooperation. If Trunkline concludes that a Shipper is non-creditworthy or if Shipper fails to maintain Credit Support under Section 30.5 of these General Terms and Conditions, Trunkline shall provide Shipper an initial notice in writing that it has lost its creditworthiness status along with the reasons for such determination and that Shipper has five (5) Business Days after receipt of such initial notice, to provide

Trunkline with Credit Support consistent with Section 30.5 of these General Terms and Conditions which is adequate to cover all charges for one Month's advance service. A Shipper may challenge Trunkline's determination by providing a written rebuttal to Trunkline's explanation within ten (10) days after the initial notification and explanation is provided by Trunkline. Trunkline shall respond to such a rebuttal in writing within ten (10) days. Any reevaluation of creditworthiness by Trunkline in response to such a rebuttal by the Shipper shall be based on the creditworthiness criteria set out in Section 30.4 and shall be performed as provided in Section 30.4 of these General Terms and Conditions. If Trunkline determines after such reevaluation that Shipper is creditworthy, the Credit Support to cover all charges for one Month's advance service shall be released to Shipper within five (5) Business Days after such determination. In the event Trunkline concludes after reevaluation that Shipper remains non-creditworthy, Shipper shall comply with the requirement in the initial notice to provide, within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, the means for adequate assurance of future performance, covering the full level of Credit Support provided for under Section 30.5 of these General Terms and Conditions. If the Shipper has not satisfied either requirement in the initial notice to provide specified Credit Support within five (5) Business Days or to provide the additional specified Credit Support within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, Trunkline may without further notice immediately suspend service to Shipper.

30.8 Any suspension of service hereunder shall continue until Trunkline is reasonably satisfied that Shipper is creditworthy under Section 30.2 or 30.4 of these General Terms and Conditions or until Shipper has provided Credit Support under Section 30.5 of these General Terms and Conditions. A Shipper shall not be obligated to pay any reservation charges for suspended service attributable to the period when that service is suspended. During the period of suspension, such Shipper may not release or recall capacity.

30.9 In addition to suspension, Trunkline may terminate service if the Shipper fails to provide Credit Support consistent with Section 30.5 of these General Terms and Conditions no earlier than sixty (60) days after Trunkline has provided its initial notice to Shipper pursuant to Section 30.7 herein. Any such termination requires thirty (30) days' prior notice to Shipper, Releasing Shipper, if any, and the Commission. To avoid termination, the Shipper must satisfy Section 30.5 of these General Terms and Conditions within this notice period. If the Service Agreement is terminated, Trunkline shall net and/or set off, as allowed by law, all positions calculated in accordance with the provisions of the applicable Rate Schedule (i.e., invoiced transportation amounts, invoiced imbalance amounts, park and loans, rate refunds, etc.) against outstanding account balances due the Shipper. Trunkline shall have the right to assert any liens or other interests, consistent with applicable law, against any gas remaining on its System. Trunkline may not take any action under this Section 30 which conflicts with any order of the U. S. Bankruptcy Court.

30.10 At any time after a Shipper is determined to be non-creditworthy by Trunkline, the Shipper may request a creditworthiness reevaluation by Trunkline pursuant to NAESB WGO

Standard Nos. 0.3.8 and 0.3.9 as incorporated in Section 25 of these General Terms and Conditions. If Trunkline determines after such reevaluation that Shipper is creditworthy without Credit Support, any Credit Support requirements under Section 30.5 of these General Terms and Conditions shall be terminated and any deposit amounts shall be released to Shipper within five (5) Business Days after such determination.

30.11 Notwithstanding the above, Trunkline may agree with a Shipper in an executed precedent agreement, for service on new or expanded facilities to be constructed by Trunkline, to creditworthiness provisions which differ from one or more of the provisions in this Section 30, and which, in addition to the other provisions of this Section 30, govern service provided to the Shipper pursuant to the precedent agreement.