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**FERC NGA GAS TARIFF**

**THIRD REVISED VOLUME NO. 1**

SUPERSEDING SECOND REVISED VOLUME NO. 1

OF

PETAL GAS STORAGE, L.L.C.

FILED WITH THE

FEDERAL ENERGY REGULATORY COMMISSION

COMMUNICATIONS CONCERNING THIS TARIFF

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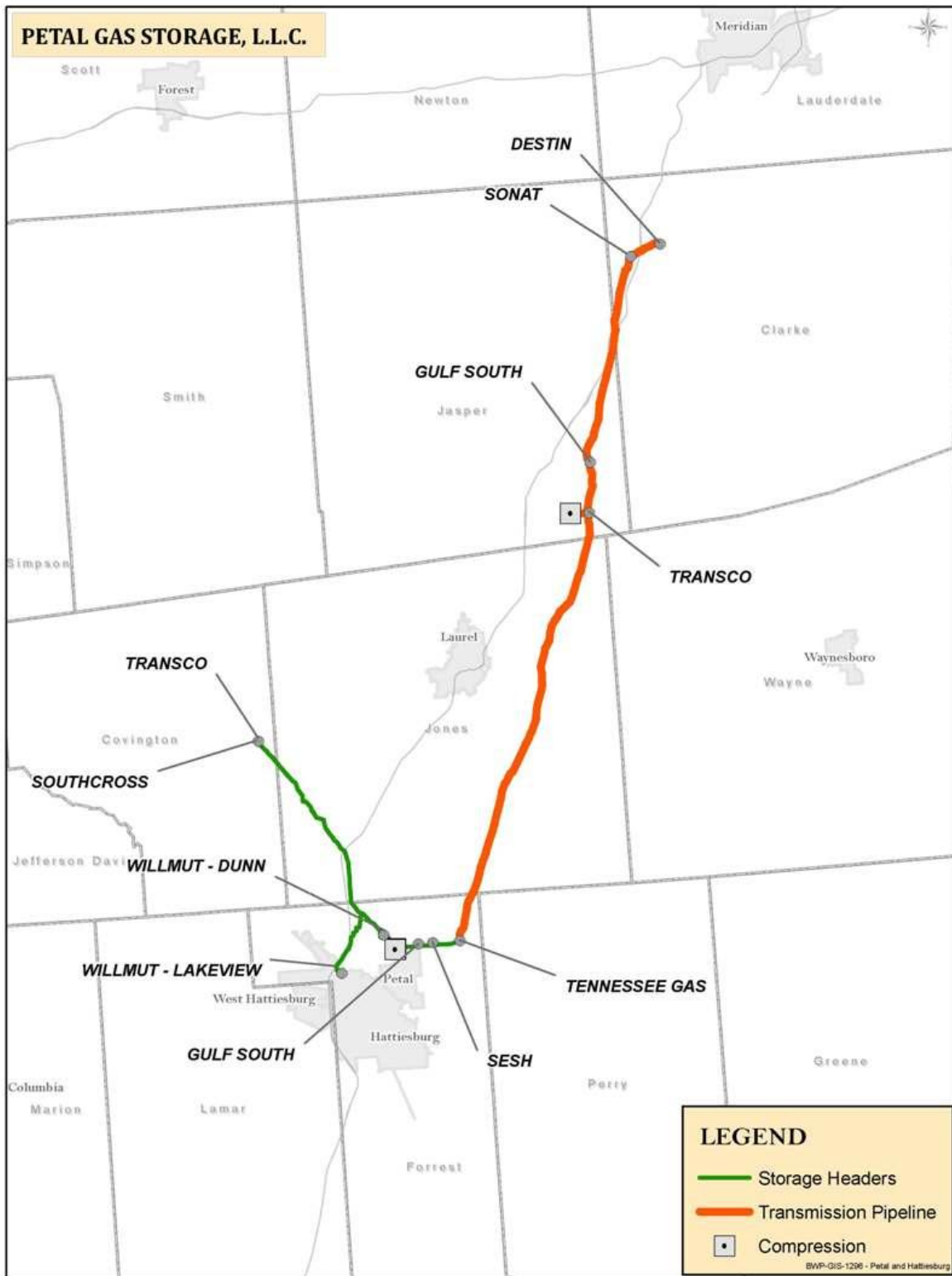
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### **Preliminary Statement**

This Third Revised Volume No. 1 of Petal Gas Storage L.L.C.'s FERC NGA Gas Tariff contains the Rate Statements, Rate Schedules and General Terms and Conditions applicable to open-access storage and transportation service performed by Petal Gas Storage, L.L.C. ("Petal") pursuant to Rate Schedules FSS, FSS-1, ISS, FTS, ITS, AVS, and PKS.

Petal Gas Storage, L.L.C. is a Delaware limited liability company principally engaged in the business of storing and transporting natural gas for use in intra- and interstate commerce subject to the jurisdiction of the Federal Energy Regulatory Commission. Petal's storage facilities are located on the Petal Salt Dome in Forrest County, Mississippi, and are connected to Tennessee Gas Pipeline Company ("Tennessee"), Southeast Supply Header, LLC ("SESH"), and Gulf South Pipeline Company, LP's Low Pressure Line ("Gulf South") over Petal's 5.5 mile storage header. Petal also owns and operates a 59 mile natural gas transmission pipeline extending from a point adjacent to the Tennessee meter station at the terminus of Petal's 5.5 mile storage header loop to interconnections with Transcontinental Gas Pipe Line Corporation in Jasper County, Mississippi, with Destin Pipeline Company, L.L.C. in Clarke County, Mississippi, and with Southern Natural Gas Company in Clarke County, Mississippi. In order to maintain receipts and deliveries between Petal's 5.5 mile storage header loop and its 59 mile transmission pipeline, Petal maintains two paper pooling points ("Petal Paper Pooling Points") at the terminus of the 5.5 mile storage header loop.





**This section contains Petal's currently effective rates.**

**Petal Gas Storage, L.L.C.**  
**FSS Rate Statement - Firm Storage Service\***

| <u>Rate</u><br><u>Schedule</u><br>FSS | <u>Current Effective</u><br><u>Rate per Dekatherm</u><br>Price Negotiated |
|---------------------------------------|---|
|---------------------------------------|---|

The above rate shall be increased to include the ACA unit charge pursuant to Section 6.9[4] of the General Terms and Conditions.

The ACA unit charge is applicable to Petal's Rate Schedule FSS, if not collected under Petal's Rate Schedule FTS or ITS.

**Fuel Reimbursement Charge.** A monthly charge for fuel and losses associated with providing storage services for Customer equal to the applicable Fuel Reimbursement Calculation.

\* All quantities of natural gas are measured in dekatherms (dth).

**Petal Gas Storage, L.L.C.**  
**FSS-1 Rate Statement - Firm Storage Service\***

| <u>Rate</u><br><u>Schedule</u> | <u>Current Effective</u><br><u>Rate per Dekatherm</u> |
|--------------------------------|---|
| FSS-1                          | Price Negotiated                                      |

The above rate shall be increased to include the ACA unit charge pursuant to Section 6.9[4] of the General Terms and Conditions.

The ACA unit charge is applicable to Petal's Rate Schedule FSS-1, if not collected under Petal's Rate Schedule FTS or ITS.

Fuel Reimbursement Charge. A monthly charge for fuel and losses associated with providing storage services for Customer equal to the applicable Fuel Reimbursement Calculation.

\* All quantities of natural gas are measured in dekatherms (dth).

**Petal Gas Storage, L.L.C.**  
**ISS Rate Statement - Interruptible Storage Service\***

| <u>Rate</u><br><u>Schedule</u> | <u>Current Effective</u><br><u>Rate per Dekatherm</u> |
|--------------------------------|---|
| ISS                            | Price Negotiated                                      |

The above rate shall be increased to include the ACA unit charge pursuant to Section 6.9[4] of the General Terms and Conditions.

The ACA unit charge is applicable to Petal's Rate Schedule ISS, if not collected under Petal's Rate Schedule FTS or ITS.

Fuel Reimbursement Charge. A monthly charge for fuel and losses associated with providing storage services for Customer equal to the applicable Fuel Reimbursement Calculation.

\* All quantities of natural gas are measured in dekatherms (dth).

**Petal Gas Storage, L.L.C.**  
**AVS Rate Statement – Advancing Service\***

| <u>Rate</u><br><u>Schedule</u> | <u>Current Effective</u><br><u>Rate per Dekatherm</u> |
|--------------------------------|---|
| AVS                            | Price Negotiated                                      |

The above rate shall be increased to include the ACA unit charge pursuant to Section 6.9[4] of the General Terms and Conditions.

The ACA unit charge is applicable to Petal's Rate Schedule AVS, if not collected under Petal's Rate Schedule FTS or ITS.

Fuel Reimbursement Charge. A monthly charge for fuel and losses associated with providing storage services for Customer equal to the applicable Fuel Reimbursement Calculation.

\* All quantities of natural gas are measured in dekatherms (dth).

**Statement Of FTS And ITS Transportation Rates**  
(Rates per Dth or MMBtu)

| <u>Rate Schedule</u>        | <u>Maximum Rate</u> | <u>Minimum Rate</u> |
|-----------------------------|---------------------|---------------------|
| FTS                         |                     |                     |
| Reservation Rate*           | \$2.0196            | \$0                 |
| Usage Rate                  | \$0                 | \$0                 |
| Overrun Transportation Rate | \$0.0664            | \$0                 |
| ITS                         |                     |                     |
| Usage Rate                  | \$0.0664            | \$0                 |
| Overrun Transportation Rate | \$0.0664            | \$0                 |

**Additional Charges Applicable to Rate Schedules FTS and ITS:**

**Annual Charge Adjustment (ACA):** The above rate shall be increased to include the ACA unit charge pursuant to Section 6.9[4] of the General Terms and Conditions. The ACA unit charge is applicable to Petal's Rate Schedule FTS and ITS, if not collected under Petal's Rate Schedule FSS, FSS-1, or ISS.

**Fuel Reimbursement Charge.** A monthly charge for fuel and losses associated with providing transportation services for Customer equal to the applicable Fuel Reimbursement Calculation.

**Settlement Commodity Surcharge.** In addition to the Usage Rate or the Overrun Transportation Rate, as applicable, a surcharge of \$0.003 per Dth will apply pursuant to and for the term set forth in the settlement of Docket No. CP01-69-009, as approved by FERC Order dated May 19, 2011.

\* The Daily Reservation Rate (100% Load Factor Rate) is \$0.0664. The authorized overrun transportation rate will be equal to the 100% Load Factor Rate.

**Petal Gas Storage, L.L.C.**  
**PKS Rate Statement – Parking Service\***

| <u>Rate</u><br><u>Schedule</u><br>PKS | <u>Current Effective</u><br><u>Rate per Dekatherm</u><br>Market-Based / Negotiable |
|---------------------------------------|--|
|---------------------------------------|--|

The above rate shall be increased to include the ACA unit charge pursuant to Section 6.9[4] of the General Terms and Conditions.

The ACA unit charge is applicable to Petal's Rate Schedule PKS, if not collected under Petal's Rate Schedule FTS or ITS.

Fuel Reimbursement Charge. A monthly charge for fuel and losses associated with providing storage services for Customer equal to the applicable Fuel Reimbursement Calculation.

\* All quantities of natural gas are measured in dekatherms (dth).



**This section contains Petal's rate schedules.**

## FSS Rate Schedule Firm Storage Service

### 1. AVAILABILITY

This rate schedule is available to any customer for the purchase of firm natural gas storage service from Petal given that:

- (a) Petal has determined that it has sufficient available and uncommitted firm storage capacity to perform service requested by Customer;
- (b) Customer and Petal have executed a firm storage service agreement under this rate schedule;
- (c) Customer accepts responsibility for arranging any transportation service required for utilization of the storage service provided under this rate schedule; and
- (d) Customer satisfies the creditworthiness criteria in accordance with Section 6.5 of the General Terms and Conditions.

### 2. APPLICABILITY AND CHARACTER OF SERVICE

This rate schedule shall apply to all firm storage service rendered by Petal to Customer pursuant to an executed firm storage service agreement.

Firm storage service rendered by Petal to Customer under this rate schedule shall consist of:

- (a) The daily injection of Customer's gas per Customer's nomination up to Customer's Total Maximum Daily Injection Quantity ("TMDIQ") stated in the executed firm storage service agreement with Customer, plus any authorized overrun injection quantity, provided that Customer has firm Storage Capacity available and delivers the nominated quantity plus applicable in-kind fuel to the Point(s) of Receipt;
- (b) The storage of gas in amounts up to Customer's firm Storage Capacity; and
- (c) The daily withdrawal and delivery to the Point(s) of Delivery of Customer's gas per Customer's nomination up to Customer's Total Maximum Daily Withdrawal Quantity ("TMDWQ"), plus any authorized overrun withdrawal quantity, provided that Customer has sufficient gas stored in Customer's firm Storage Capacity.

### 3. OVERRUN STORAGE SERVICE

- (a) Customer may request Petal to inject quantities greater than Customer's TMDIQ. If Petal has injection capacity available, Petal shall inject such quantities and Customer shall pay Petal for such injections at the Overrun Injection Rate under this rate schedule.
- (b) Customer may request Petal to withdraw quantities greater than Customer's TMDWQ. If Petal has withdrawal capacity available, Petal shall withdraw such quantities and Customer shall pay Petal for such withdrawals at the Overrun Withdrawal Rate under this rate schedule.

- (c) Customer may not inject gas into storage pursuant to this rate schedule if the quantity of Customer's gas in storage equals Customer's firm Storage Capacity.
- (d) Customer may not withdraw gas from storage in excess of the quantity of Customer's gas which is stored.
- (e) Petal shall have the right to interrupt all or part of the overrun quantity nominated as the operation of its storage facilities may require pursuant to Section 6.12 of the General Terms and Conditions of this tariff in which event Petal shall notify Customer.

#### 4. CAPACITY RELEASE PROGRAM

Customer under the FSS Rate Schedule may release and assign all or any part of its storage quantities pursuant to Section 6.16 of this Tariff.

#### 5. RATES AND CHARGES

The rates and charges paid by Customer for Firm Storage Service under this rate schedule shall include the applicable storage rate components set forth below:

- (a) Storage Capacity Charge. A monthly charge for each dth of Customer's Firm Storage Capacity.
- (b) Storage Deliverability Charge. A monthly charge for each dth of Customer's Total Maximum Daily Withdrawal Quantity.
- (c) Storage Injection Charge. A usage charge for each dth of Customer's gas injected into Petal's facilities pursuant to Section 5.1[2(a)] of this rate schedule during a given month.
- (d) Overrun Injection Charge. A charge for each dth of Customer's gas injected into Petal's facilities pursuant to Section 5.1[3(a)] of this rate schedule during a given month.
- (e) Storage Withdrawal Charge. A usage charge for each dth of Customer's gas withdrawn from Petal's facilities pursuant to Section 5.1[2(c)] of this rate schedule during a given month.
- (f) Overrun Withdrawal Charge. A charge for each dth of Customer's gas withdrawn from Petal's facilities pursuant to Section 5.1[3(b)] of this rate schedule during a given month.
- (g) Fuel Reimbursement Charge. A monthly charge for fuel and losses associated with providing storage services for Customer equal to the applicable Fuel Reimbursement Calculation.
- (h) Regulatory Fees, Taxes, and Surcharges. Customer shall reimburse Petal for all applicable taxes as may be assessed Petal for the receipt, injection, storage, withdrawal and/or delivery of Customer's gas. In addition, Customer shall reimburse Petal for Customer's pro rata portion of all ad valorem taxes, property taxes and/or other similar taxes. Customer shall also reimburse Petal for all fees, taxes, and surcharges, as required by regulatory authorities, that are related to the service provided under this Agreement.
- (i) ACA Charge. An Amount determined as the product of the total quantity of gas in Dth

delivered by Petal for the account of Customer during the billing month and the ACA rate per Dth set forth in this FERC Gas Tariff. The ACA is applicable to Petal's Rate Schedule FSS, if not collected under Petal's Rate Schedule FTS or ITS.

6. MONTHLY BILL

The monthly bill for firm storage service shall reflect the applicable charges set forth under Section 5.1[5] of this rate schedule at rates set forth in Customer's storage service agreement.

7. TERM

The term for service under this rate schedule shall be as set forth in the executed firm storage service agreement.

8. AUTHORIZATION, RATES, TERMS AND CHANGES

8.1 The FSS Agreement and the respective obligations of the parties, hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for Petal to provide the storage service contemplated hereby and to construct and operate the gas storage facilities necessary to provide such storage service and for any connected pipeline to transport natural gas to/from the Point(s) of Receipt/Delivery necessary to effect the storage service provided for herein.

8.2 Petal shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and this Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same; provided however, that any negotiated rates between Petal and its Customer(s) shall remain in effect during the term of the FSS Agreement(s).

9. CURTAILMENT

If, due to any cause whatsoever, Petal's capability to receive or deliver volumes is impaired so that Petal is unable to receive or deliver the volumes provided for in its FSS Agreements with Customers, then capacity, withdrawals and/or injections will be allocated according to the priority of service as set forth in Section 6.12[2] of the General Terms and Conditions of this Tariff.

10. RIGHT OF FIRST REFUSAL

Customer may exercise a right of first refusal as set forth in Section 6.10 of this Tariff.

11. EXPIRATION OF TERM

At least thirty (30) Business Days prior to the end of the primary term or any renewed term of the Customer's FSS Agreement, Petal shall notify Customer to withdraw all of the FSS gas quantities held in storage by Petal for the account of Customer. If Customer fails to withdraw all of the FSS gas by the end of the term, then Petal may take, free and clear of any adverse claims, title to such FSS storage quantities as Customer was required to withdraw, and Petal shall be able to sell such FSS gas. Petal's notice to Customer may be given verbally, but shall be confirmed in writing either by fax, electronic mail, or via Petal's Internet website.

12. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this FSS Rate Schedule and shall apply to service rendered.

## FSS-1 Rate Schedule Firm Storage Service

### 1. AVAILABILITY

This rate schedule is available to any customer for the purchase of firm natural gas storage service from Petal, with lower scheduling priority for injections or withdrawals, as agreed to by Petal and Customer and subject to the following:

- (a) Petal has determined that it has sufficient available and uncommitted firm storage capacity to perform service requested by Customer;
- (b) Customer and Petal have executed a firm storage service agreement under this rate schedule;
- (c) Customer accepts responsibility for arranging any transportation service required for utilization of the storage service provided under this rate schedule;
- (d) Customer satisfies the creditworthiness criteria in accordance with Section 6.5 of the General Terms and Conditions; and
- (e) Petal has determined that service requested by Customer will not interfere with efficient operation of its system or with service to Rate Schedule FSS storage customers.

### 2. APPLICABILITY AND CHARACTER OF SERVICE

This rate schedule shall apply to all firm storage service rendered by Petal to Customer pursuant to an executed firm storage service agreement.

Firm storage service rendered by Petal to Customer under this rate schedule shall consist of:

- (a) The daily injection of Customer's gas per Customer's nomination up to Customer's Total Maximum Daily Injection Quantity ("TMDIQ") stated in the executed firm storage service agreement with Customer, plus any authorized overrun injection quantity, provided that in the event that Petal and Customer have agreed to lower FSS-1 injection rights then such injections shall occur only if Petal has available storage injection capacity on its System on the applicable Day after scheduling all nominations under Rate Schedule FSS, and further provided that Customer has firm Storage Capacity available and delivers the nominated quantity plus applicable in-kind fuel to the Point(s) of Receipt;
- (b) The storage of gas in amounts up to Customer's firm Storage Capacity; and
- (c) The daily withdrawal and delivery to the Point(s) of Delivery of Customer's gas per Customer's nomination up to Customer's Total Maximum Daily Withdrawal Quantity ("TMDWQ"), plus any authorized overrun withdrawal quantity, provided that in the event that Petal and Customer have agreed to lower FSS-1 withdrawal rights then such withdrawals shall occur only if Petal has available storage withdrawal capacity on its System on the applicable Day after scheduling all nominations under Rate Schedule FSS, and further provided that Customer has sufficient gas stored in Customer's firm Storage Capacity.

3. OVERRUN STORAGE SERVICE

- (a) Customer may request Petal to inject quantities greater than Customer's TMDIQ. If Petal has injection capacity available, Petal shall inject such quantities and Customer shall pay Petal for such injections at the Overrun Injection Rate under this rate schedule.
- (b) Customer may request Petal to withdraw quantities greater than Customer's TMDWQ. If Petal has withdrawal capacity available, Petal shall withdraw such quantities and Customer shall pay Petal for such withdrawals at the Overrun Withdrawal Rate under this rate schedule.
- (c) Customer may not inject gas into storage pursuant to this rate schedule if the quantity of Customer's gas in storage equals Customer's firm Storage Capacity.
- (d) Customer may not withdraw gas from storage in excess of the quantity of Customer's gas which is stored.
- (e) Petal shall have the right to interrupt all or part of the overrun quantity nominated as the operation of its storage facilities may require pursuant to Section 6.12 of the General Terms and Conditions of this tariff in which event Petal shall notify Customer.

4. CAPACITY RELEASE PROGRAM

Customer under the FSS-1 Rate Schedule may release and assign all or any part of its storage quantities pursuant to Section 6.16 of this Tariff.

5. RATES AND CHARGES

The rates and charges paid by Customer for Firm Storage Service under this rate schedule shall include the applicable storage rate components set forth below:

- (a) Storage Capacity Charge. A monthly charge for each dth of Customer's Firm Storage Capacity.
- (b) Storage Deliverability Charge. A monthly charge for each dth of Customer's Total Maximum Daily Withdrawal Quantity.
- (c) Storage Injection Charge. A usage charge for each dth of Customer's gas injected into Petal's facilities pursuant to Section 5.2[2(a)] of this rate schedule during a given month.
- (d) Overrun Injection Charge. A charge for each dth of Customer's gas injected into Petal's facilities pursuant to Section 5.2[3(a)] of this rate schedule during a given month.
- (e) Storage Withdrawal Charge. A usage charge for each dth of Customer's gas withdrawn from Petal's facilities pursuant to Section 5.2[2(c)] of this rate schedule during a given month.
- (f) Overrun Withdrawal Charge. A charge for each dth of Customer's gas withdrawn from Petal's facilities pursuant to Section 5.2[3(b)] of this rate schedule during a given month.
- (g) Fuel Reimbursement Charge. A monthly charge for fuel and losses associated with providing storage services for Customer equal to the applicable Fuel Reimbursement

Calculation.

- (h) **Regulatory Fees, Taxes, and Surcharges.** Customer shall reimburse Petal for all applicable taxes as may be assessed Petal for the receipt, injection, storage, withdrawal and/or delivery of Customer's gas. In addition, Customer shall reimburse Petal for Customer's pro rata portion of all ad valorem taxes, property taxes and/or other similar taxes. Customer shall also reimburse Petal for all fees, taxes, and surcharges, as required by regulatory authorities, that are related to the service provided under this Agreement.
- (i) **ACA Charge.** An Amount determined as the product of the total quantity of gas in Dth delivered by Petal for the account of Customer during the billing month and the ACA rate per Dth set forth in this FERC Gas Tariff. The ACA is applicable to Petal's Rate Schedule FSS-1, if not collected under Petal's Rate Schedule FTS or ITS.

**6. MONTHLY BILL**

The monthly bill for firm storage service shall reflect the applicable charges set forth under Section 5.2[5] of this rate schedule at rates set forth in Customer's storage service agreement.

**7. TERM**

The term for service under this rate schedule shall be as set forth in the executed firm storage service agreement.

**8. AUTHORIZATION, RATES, TERMS AND CHANGES**

8.1 The FSS-1 Agreement and the respective obligations of the parties, hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for Petal to provide the storage service contemplated hereby and to construct and operate the gas storage facilities necessary to provide such storage service and for any connected pipeline to transport natural gas to/from the Point(s) of Receipt/Delivery necessary to effect the storage service provided for herein.

8.2 Petal shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and this Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same; provided however, that any negotiated rates between Petal and its Customer(s) shall remain in effect during the term of the FSS-1 Agreement(s).

**9. CURTAILMENT**

If, due to any cause whatsoever, Petal's capability to receive or deliver volumes is impaired so that Petal is unable to receive or deliver the volumes provided for in its FSS-1 Agreements with Customers, then capacity, withdrawals and/or injections will be allocated according to the priority of service as set forth in Section 6.12[2] of the General Terms and Conditions of this Tariff.

**10. RIGHT OF FIRST REFUSAL**



Customer may exercise a right of first refusal as set forth in Section 6.10 of this Tariff.

11. EXPIRATION OF TERM

At least thirty (30) Business Days prior to the end of the primary term or any renewed term of the Customer's FSS-1 Agreement, Petal shall notify Customer to withdraw all of the FSS-1 gas quantities held in storage by Petal for the account of Customer. If Customer fails to withdraw all of the FSS-1 gas by the end of the term, then Petal may take, free and clear of any adverse claims, title to such FSS-1 storage quantities as Customer was required to withdraw, and Petal shall be able to sell such FSS-1 gas. Petal's notice to Customer may be given verbally, but shall be confirmed in writing either by fax, electronic mail, or via Petal's Internet website.

12. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this FSS-1 Rate Schedule and shall apply to service rendered.

## ISS Rate Schedule Interruptible Storage Service

### 1. AVAILABILITY

This rate schedule is available to any Customer for the purchase of interruptible natural gas storage service from Petal given that:

- (a) Petal has determined that it has sufficient operationally available capacity to perform service requested by Customer;
- (b) Petal has determined that service requested by Customer will not interfere with efficient operation of its system or with service to firm storage customers under Rate Schedules FSS or FSS-1;
- (c) Customer and Petal have executed an interruptible storage service agreement under this rate schedule;
- (d) Customer accepts responsibility for arranging any transportation service required for utilization of the storage service provided under this rate schedule; and
- (e) Customer satisfies the creditworthiness criteria in accordance with Section 6.5 of the General Terms and Conditions.

### 2. APPLICABILITY AND CHARACTER OF SERVICE

This rate schedule shall apply to all interruptible storage service rendered by Petal to Customer pursuant to an executed interruptible storage service agreement.

Interruptible storage service rendered by Petal to Customer under this rate schedule shall consist of:

- (a) The daily injection of Customer's gas per Customer's nomination up to the Total Maximum Daily Injection Quantity ("TMDIQ") stated in the executed interruptible storage agreement with Customer, plus any authorized overrun injection quantity, provided that all firm service customer nominations for injection have been satisfied, that Customer has interruptible Storage Capacity available and Customer delivers the nominated quantity plus applicable in-kind fuel to the Point(s) of Receipt;
- (b) The storage of gas in amounts up to Customer's interruptible Storage Capacity provided that all firm service customer needs have been satisfied;
- (c) The daily withdrawal and delivery to the Point(s) of Delivery of Customer's gas per Customer's nomination up to Customer's Total Maximum Daily Withdrawal Quantity ("TMDWQ"), plus any authorized overrun withdrawal quantity, provided that all firm nominations for withdrawal have been satisfied and that Customer has sufficient gas stored in Customer's Interruptible Storage Capacity; and
- (d) To the extent storage capacity which is being utilized by a Customer hereunder is needed by Petal in order to satisfy Petal's obligations to firm customers, Petal shall require Customer to withdraw all, or any portion of, the ISS gas quantities held in storage by

Petal for the account of Customer within ten (10) days of Petal's notice or as specified by Petal. Unless Petal otherwise agrees, Customer shall be required to make ratable withdrawals. If Customer fails to withdraw such ISS storage gas, then Petal may take, free and clear of any adverse claims, title to such ISS storage quantities as Customer was instructed to withdraw. Petal's notice to Customer may be given verbally, but shall be confirmed in writing or via Petal's Internet website.

3. **OVERRUN STORAGE SERVICE**

- (a) Customer may request Petal to inject quantities greater than Customer's TMDIQ. If Petal has injection capacity available, Petal shall inject such quantities and Customer shall pay Petal for such injections at the Overrun Injection Rate under this rate schedule.
- (b) Customer may request Petal to withdraw quantities greater than Customer's TMDWQ. If Petal has withdrawal capacity available, Petal shall withdraw such quantities and Customer shall pay Petal for such withdrawals at the Overrun Withdrawal Rate under this rate schedule.
- (c) Customer may not inject gas into storage pursuant to this rate schedule if the quantity of Customer's gas in storage equals Customer's Interruptible Storage Capacity.
- (d) Customer may not withdraw gas from storage in excess of the quantity of Customer's gas which is stored.
- (e) Petal shall have the right to interrupt all or part of the interruptible and overrun quantity nominated as the operation of its storage facilities may require pursuant to Section 6.12[2] of the General Terms and Conditions of this Tariff in which event Petal shall notify Customer.

4. **RATES AND CHARGES**

The rates and charges paid by Customer for interruptible storage service under this rate schedule shall include the applicable storage rate components set forth below:

- (a) **Interruptible Storage Charge.** A charge for each MMBtu of Customer's Interruptible Storage Capacity, if a reservation fee is charged, or Customer's inventory if a volumetric fee is charged. The charge may be on a daily, monthly, or other basis per agreement between Customer and Petal.
- (b) **Storage Injection Charge.** A usage charge for each MMBtu of Customer's gas injected into Petal's facilities pursuant to Section 5.3[2(a)] of this rate schedule during a given month.
- (c) **Overrun Injection Charge.** A charge for each MMBtu of Customer's gas injected into Petal's facilities pursuant to Section 5.3[3(a)] of this rate schedule during a given month.
- (d) **Storage Withdrawal Charge.** A usage charge for each MMBtu of Customer's gas withdrawn from Petal's facilities pursuant to Section 5.3[2(c)] of this rate schedule during a given month.
- (e) **Overrun Withdrawal Charge.** A charge for each MMBtu of Customer's gas withdrawn from Petal's facilities pursuant to Section 5.3[3(b)] of this rate schedule during a given month.

- (f) Fuel Reimbursement. A monthly charge for fuel and losses associated with providing storage services for Customer equal to the applicable Fuel Reimbursement Calculation.
- (g) Regulatory Fees, Taxes, and Surcharges. Customer shall reimburse Petal for all applicable taxes as may be assessed Petal for the receipt, injection, storage, withdrawal and/or delivery of Customer's gas. In addition, Customer shall reimburse Petal for Customer's pro rata portion of all ad valorem taxes, property taxes and/or other similar taxes. Customer shall also reimburse Petal for all fees, taxes, and surcharges, as required by regulatory authorities, that are related to the service provided under this Agreement.
- (h) ACA Charge. An Amount determined as the product of the total quantity of gas in Dth delivered by Petal for the account of Customer during the billing month and the ACA rate per Dth set forth in this FERC Gas Tariff. The ACA is applicable to Petal's Rate Schedule ISS, if not collected under Petal's Rate Schedule FTS or ITS.

5. MONTHLY BILL

The monthly bill for interruptible storage service shall reflect the applicable charges set forth under Section 5.3[4] of this rate schedule at rates set forth in Customer's storage service agreement.

6. TERM

The term for service under this rate schedule shall be as set forth in the executed interruptible storage service agreement.

7. AUTHORIZATION, RATES, TERMS AND CHANGES

7.1 The ISS Agreement and the respective obligations of the parties, hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for Petal to provide the storage service contemplated hereby and to construct and operate the gas storage facilities necessary to provide such storage service and for any connected pipeline to transport natural gas to/from the Point(s) of Receipt/Delivery necessary to effect the storage service provided for herein.

7.2 Petal shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and this Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same; provided however, that any negotiated rates between Petal and its Customer(s) shall remain in effect during the term of the ISS Agreement(s).

8. CURTAILMENT

If, due to any cause whatsoever, Petal's capability to receive or deliver volumes is impaired so that Petal is unable to receive or deliver the volumes provided for in its ISS Agreements with Customers, then capacity, withdrawals, and/or injections will be allocated according to the priority of service as set forth in Section 6.12[2] of the General Terms and Conditions of this Tariff.

9. EXPIRATION OF TERM

At least thirty (30) Business Days prior to the end of the primary term or any renewed term of the Customer's ISS Agreement, Petal shall notify Customer to withdraw all of the ISS gas quantities held in storage by Petal for the account of Customer. If Customer fails to withdraw all of the ISS storage gas by the end of the term, then Petal may take, free and clear of any adverse claims, title to such ISS storage quantities as Customer was required to withdraw, and Petal shall be able to sell such ISS gas. Petal's notice to Customer may be given verbally, but shall be confirmed in writing or via Petal's Internet website. If Customer was unable to withdraw its ISS gas quantities due to an interruption of Customer's withdrawal service during the last ten days before termination, Customer shall be allowed to withdraw its remaining gas at a schedule to be determined by Petal.

10. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this ISS Rate Schedule and shall apply to service rendered.

## AVS Rate Schedule Advancing Service

### 1. AVAILABILITY

This rate schedule is available to any customer for the purchase of natural gas storage service from Petal, provided that Customer satisfies the creditworthiness criteria in accordance with Section 6.5 of the General Terms and Conditions, when Customer and Petal have executed a Service Agreement under this Rate Schedule.

### 2. APPLICABILITY AND CHARACTER OF SERVICE

This rate schedule shall apply to Advancing Service performed by Petal. Gas may be advanced (delivered from storage) for a period up to one calendar month, and such period may be extended with Petal's permission. The service is interruptible in nature. Advancing Service shall be provided to the extent Petal operationally can provide the service and the provision of such service does not impair Petal from meeting all of its firm and interruptible service obligations. Petal will not use customer-owned gas to provide this service, but will instead use cushion gas to provide this service. Advancing Service will allow Petal to deliver Gas to Customer in advance of equivalent volumes of Gas being tendered by Customer to Petal. Advancing Service shall be offered in accordance with the provisions established in the General Terms and Conditions of this Tariff and the terms of this Rate Schedule.

Advancing Service rendered by Petal under this Rate Schedule shall consist of:

- (a) The Tender to or for the account of Customer at the Delivery Point of a quantity of gas nominated by Customer.
- (b) The receipt of gas on behalf of Customer at the Receipt Point for replacement of Gas previously delivered by Petal to Customer.
- (c) Petal and Customer will agree to a redelivery (return of loaned Gas) schedule setting out the daily quantities of Gas that Customer will deliver to Petal to reduce Customer's Advancing Account Balance to zero.
- (d) Petal shall use a first-come, first-served priority, for service under this Rate Schedule, as evidenced by the time and date of a Customer's nomination for advancement of quantities of Gas from storage.
- (e) Customer may be required, upon notification from Petal, to cease or reduce deliveries to, or receipts from, Petal hereunder within eight (8) hours consistent with Petal's operational requirements. Petal shall issue notice to the affected Customer via e-mail or EDI/EDM, at the affected Customer's election, provided that Customer has provided Petal with an Internet e-mail address for such notices. In addition, Petal shall notify the affected Customer via telephone. All notices shall be subsequently posted on Petal's Internet website.
- (f) Petal may require Customer to Tender for injection all, or any portion, of Gas quantities advanced by Petal within five (5) Days of Petal's notice to Customer. If Customer fails to Tender for injection the quantities specified by Petal in its notice, when capacity is available for the injection of Gas under the Advancing Service Agreement, Customer shall

pay a penalty of \$25 per MMBtu for each MMBtu which Customer fails to deliver or cause to be delivered at the Receipt Point within the five (5) Days. Petal shall issue notice to the affected Customer via e-mail or EDI/EDM, at the affected Customer's election, provided that Customer has provided Petal with an Internet e-mail address for such notices. In addition, Petal shall notify the affected Customer via telephone. All notices shall be subsequently posted on Petal's Internet website.

- (g) Within thirty (30) Days after the termination of the Service Agreement executed by Customer under this Rate Schedule, Petal will notify Customer of its Advancing Account Balance. If there is a balance remaining, Customer will nominate for injection of such quantities within five (5) Days of the date of Petal's notice. If Customer fails to inject the quantities specified by Petal in its notice, when capacity is available for the injection of Gas under its Advancing Service Agreement, Customer shall pay a penalty of \$25 per MMBtu for each MMBtu which Customer fails to deliver or cause to be delivered at the Receipt Point within the five (5) Days.
- (h) Service rendered under this Rate Schedule shall be provided for a minimum of a one (1) Day term. The term shall be set forth on the Agreement executed between Customer and Petal. Petal is not obligated to accept return of advanced Gas on the same Day the gas is advanced.

### 3. RATES AND CHARGES

The rates and charges paid by Customer for Advancing Service under this rate schedule shall include the applicable advancing rate components set forth below:

- (a) **Advancing Charge.** A charge for each Dth of Customer's Maximum Advancing Quantity as specified in Appendix 1 of Customer's Agreement.
- (b) **Advancing Withdrawal Charge.** A charge for each Dth withdrawn from Petal's facilities pursuant to this rate schedule.
- (c) **Advancing Injection Charge.** A charge for each Dth injected into Petal's facilities pursuant to this rate schedule.
- (d) **Fuel Reimbursement.** A monthly charge for fuel and losses associated with providing advancing services for Customer equal to the applicable Fuel Reimbursement Calculation.
- (e) **Regulatory Fees, Taxes, and Surcharges.** Customer shall reimburse Petal for all applicable taxes as may be assessed Petal for the receipt, injection, storage, withdrawal and/or delivery of Customer's gas. In addition, Customer shall reimburse Petal for Customer's pro rata portion of all ad valorem taxes, property taxes and/or other similar taxes. Customer shall also reimburse Petal for all fees, taxes, and surcharges, as required by regulatory authorities, that are related to the service provided under this Agreement.
- (f) **ACA Charge.** An Amount determined as the product of the total quantity of gas in Dth delivered by Petal for the account of Customer during the billing month and the ACA rate per Dth set forth in this FERC Gas Tariff. The ACA is applicable to Petal's Rate Schedule AVS, if not collected under Petal's Rate Schedule FTS or ITS.

4. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this AVS Rate Schedule and shall apply to service rendered.



## FTS Rate Schedule Firm Transportation Service

### 1. AVAILABILITY

This Rate Schedule is available to any Customer for the purchase of firm transportation of gas by Petal, provided that:

- (a) Petal determines that it has sufficient available and uncommitted firm transportation capacity to perform the service requested by Customer;
- (b) Any construction, acquisition, or expansion of facilities necessary to commence and provide the firm transportation service has been completed;
- (c) Customer satisfies the creditworthiness criteria in accordance with Section 6.5 of the General Terms and Conditions; and
- (d) (i) Customer and Petal have executed a Firm Transportation Service Agreement (FTS Agreement) and a Storage Service agreement, or (ii) Customer has executed a FTS Agreement only and agrees to comply with the balancing provisions contained in Section 5.5[11], herein.

### 2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This rate schedule shall apply to all firm transportation service rendered by Petal to Customer pursuant to an executed Firm Transportation Service Agreement.
- (b) Transportation service hereunder, through all or any portion of Petal's System, shall be firm from Primary Receipt Point(s) to Primary Delivery Point(s) subject to the provisions of an executed Firm Transportation Service Agreement, and to the General Terms and Conditions incorporated herein by reference.
- (c) (i) Transportation service hereunder shall consist of the acceptance by Petal of gas tendered for the account of Customer for transportation from the Primary Receipt Point(s) specified in an executed FTS Agreement or Secondary Receipt Point(s) as nominated by Customer, the transportation of that gas through Petal's system, and the delivery of that gas, after appropriate reductions for the account of Customer at the Primary Delivery Point(s) specified in an executed Service Agreement or Secondary Delivery Point(s) as nominated by Customer. Customer may segment its FTS capacity for its own use, or for purposes of release, as provided for in Section 6.17 of the General Terms and Conditions of this Tariff.  
  
(ii) As nearly as practicable, Customer shall deliver and receive gas in uniform hourly quantities during any day. Subject to Petal's operating conditions, during any given day Petal, in its sole discretion, may allow Customer to deliver or receive gas at an hourly rate that exceeds 1/24 of Customer's scheduled quantities.
- (d) Transportation service provided under this Rate Schedule shall be limited to Customer's Maximum Daily Transportation Quantity specified in an executed FTS Agreement, and Petal shall not be obligated to provide transportation service hereunder in excess of the Maximum Daily Transportation Quantity so specified.

- (e) Petal shall not be obligated to enter into a FTS Agreement at less than the maximum rate for service under this rate schedule.

### 3. OVERRUN TRANSPORTATION SERVICE

Customer may request Petal to transport quantities greater than Customer's Maximum Daily Transportation Quantity. If Petal has capacity available, and operationally can provide the service requested without adversely affecting the firm services provided to other customers, Petal shall transport such quantities, and Customer shall pay Petal for such transportation at the Overrun Transportation Rate under this rate schedule. Petal shall have the right to interrupt all or part of the overrun quantity nominated as the operation of its transportation facilities may require, in which event Petal shall notify Customer.

### 4. CAPACITY RELEASE PROGRAM

Customer under the FTS Rate Schedule may release and assign all or any part of its transportation quantities pursuant to Section 6.16 of this Tariff.

### 5. RATES AND CHARGES

- (a) The rates and charges paid by Customer for firm transportation service under this rate schedule shall include the applicable transportation rate components set forth in Section 4.5 of this Tariff and as described below:
  - (i) **Reservation Charge.** A monthly charge determined as the product of the Customer's Maximum Daily Transportation Quantity and the Reservation Rate(s) per Dth set forth in this FERC Gas Tariff.
  - (ii) **Usage Charge.** An amount determined as the product of the total quantity of gas in Dths delivered by Petal for the account of Customer during the billing month and the Usage Rate(s) per Dth set forth in this FERC Gas Tariff.
  - (iii) **Overrun Charge.** An amount determined as the product of the total quantity of Overrun Transportation Service provided for the account of Customer pursuant to Section 5.5[3] of this Rate Schedule during the billing month and the Overrun Transportation Rate set forth in this FERC Gas Tariff.
  - (iv) **Fuel Reimbursement Charge.** A monthly charge for fuel and losses associated with providing transportation services for Customer equal to the applicable Fuel Reimbursement Calculation.
  - (v) **ACA Charge.** An Amount determined as the product of the total quantity of gas in Dth delivered by Petal for the account of Customer during the billing month and the ACA rate per Dth set forth in this FERC Gas Tariff. The ACA is applicable to Petal's Rate Schedule FTS, if not collected under Petal's Rate Schedule FSS, FSS-1 or ISS.
  - (vi) **Regulatory Fees, Taxes, and Surcharges.** Customer shall reimburse Petal for all applicable taxes as may be assessed Petal for the transportation of Customer's gas. In addition, Customer shall reimburse Petal for Customer's pro rata portion of all ad valorem taxes, property taxes and/or other similar taxes. Customer shall also reimburse Petal for all fees, taxes, and surcharges, as required by regulatory

authorities, that are related to the service provided under this Agreement.

- (vii) Any other charges authorized from time to time under the provisions of this FERC Gas Tariff.
- (b) **Discounted Rates And Charges.** In accordance with Section 6.9, Petal may from time to time and at any time agree to charge any Customer for service under this Rate Schedule reservation charges predicated upon a reservation rates that are less than the maximum reservation rates set forth in this FERC Gas Tariff. Petal shall file with the FERC any and all reports as required by the FERC's regulations setting forth the applicable discounted reservation rates and Customers affected along with any other information that may be required.
- (c) **Negotiated Rates And Charges.** In accordance with Section 6.9, Customer and Petal may agree to a Negotiated Rate with respect to the charges identified in this rate schedule that may be less than, equal to or greater than the Maximum Rate; shall not be less than the Minimum Rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity, production dedication or other form of consideration. Such Negotiated Rate shall be set forth on Appendix 1 of the executed FTS Agreement and shall be filed at the FERC. The Maximum Rate shall be available to any Customer that does not choose a Negotiated Rate. Customers paying a Negotiated Rate that exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of scheduling, curtailment and interruption, and calculating the economic value of a request for unsubscribed firm capacity. Replacement Customers may not bid or pay a rate greater than the Maximum Rate and are not eligible for Negotiated Rates for the FTS Agreement.

**6. MONTHLY BILL**

The monthly bill for firm transportation service shall reflect the applicable charges set forth under Section 5.5[5] of this rate schedule.

**7. TERM**

The term for service under this rate schedule shall be as set forth in the executed FTS Agreement.

**8. AUTHORIZATION, RATES, TERMS AND CHANGES**

- (a) The FTS Agreement and the respective obligations of the parties hereunder, are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for Petal to provide the transportation service contemplated hereby and to construct and operate the facilities necessary to provide such transportation service.
- (b) Petal shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and this rate schedule shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same; provided however, that any negotiated rates between Petal and Customer(s) shall remain in effect during the term of the FTS Agreement(s).

9. CURTAILMENT

If, due to any cause whatsoever, Petal's capability to receive, transport, or deliver volumes is impaired so that Petal is unable to receive, transport, or deliver the volumes provided for in its FTS Agreements with Customers, then receipts, transportation capacity, and/or deliveries will be allocated according to the priority of service as set forth in Section 6.12[1] of the General Terms and Conditions of this FERC Gas Tariff.

10. RIGHT OF FIRST REFUSAL AND PREGRANTED ABANDONMENT

Customer may exercise a right of first refusal and/or pregranted abandonment in accordance with Section 6.10 of the General Terms and Conditions of this Tariff.

11. BALANCING

Balancing is governed by Section 6.14 of the General Terms and Conditions of this Tariff.

12. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this FTS Rate Schedule and shall apply to service rendered.

## ITS Rate Schedule Interruptible Transportation Service

### 1. AVAILABILITY

This Rate Schedule is available to any Customer for the purchase of interruptible transportation of gas by Petal, provided that:

- (a) Petal determines that it has sufficient available capacity to perform the service requested by Customer;
- (b) Any construction, acquisition, or expansion of facilities necessary to commence and provide the interruptible transportation service has been completed;
- (c) Customer satisfies the creditworthiness criteria in accordance with Section 6.5 of the General Terms and Conditions; and
- (d) (i) Customer and Petal have executed an Interruptible Transportation Service Agreement (ITS Agreement) and a Storage Service agreement, or (ii) Customer has executed a ITS Agreement only and agrees to comply with the balancing provisions contained in Section 6.14[3] of this Tariff.

### 2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This rate schedule shall apply to all interruptible transportation service rendered by Petal to Customer pursuant to an executed interruptible transportation service agreement.
- (b) Transportation service hereunder, through all or any portion of Petal's System, shall be interruptible, subject to the availability of capacity and Petal's operating conditions and System requirements, to the provisions of an executed ITS Agreement, and to the General Terms and Conditions of this Tariff incorporated herein by reference.
- (c) (i) Transportation service hereunder shall consist of the acceptance by Petal of gas tendered for the account of Customer for transportation from the Receipt Point(s) as nominated by Customer, the transportation of that gas through Petal's system, and the delivery of that gas, after appropriate reductions for the account of Customer at the Delivery Point(s) as nominated by Customer.  
  
(ii) As nearly as practicable, Customer shall deliver and receive gas in uniform hourly quantities during any day. Subject to Petal's operating conditions, during any given day Petal, in its sole discretion, may allow Customer to deliver or receive gas at an hourly rate that exceeds 1/24 of Customer's scheduled quantities.
- (d) Transportation service provided under this Rate Schedule shall be limited to Customer's Maximum Daily Transportation Quantity specified in an executed ITS Agreement and Petal shall not be obligated to provide transportation service hereunder in excess of the Maximum Daily Transportation Quantity so specified.
- (e) Petal shall not be obligated to enter into a ITS Agreement at less than maximum rate for service under this rate schedule.

3. OVERRUN TRANSPORTATION SERVICE

Customer may request Petal to transport quantities greater than Customer's Maximum Daily Transportation Quantity. If Petal has capacity available, and operationally can provide the service requested without adversely affecting the firm services provided to other customers, Petal shall transport such quantities, and Customer shall pay Petal for such transportation at the Overrun Transportation Rate under this rate schedule. Petal shall have the right to interrupt all or part of the overrun quantity nominated as the operation of its transportation facilities may require, in which event Petal shall notify Customer.

4. RATES AND CHARGES

- (a) The rates and charges paid by Customer for interruptible transportation service under this rate schedule shall include the applicable transportation rate components set forth in Section 4.5 of this Tariff and as described below:
- (i) Usage Charge. An amount determined as the product of the total quantity of gas in Dths delivered by Petal for the account of Customer during the billing month and the Usage Rate(s) per Dth set forth in this FERC Gas Tariff.
  - (ii) Overrun Charge. Customer may request Petal to transport quantities greater than Customer's Maximum Daily Transportation Quantity. If Petal has capacity available, Petal shall transport such quantities, and Customer shall pay Petal for such transportation at the Overrun Transportation Rate under this rate schedule.
  - (iii) Fuel Reimbursement Charge. A monthly charge for fuel and losses associated with providing transportation services for Customer equal to the applicable Fuel Reimbursement Calculation.
  - (iv) ACA Charge. An Amount determined as the product of the total quantity of gas in Dth delivered by Petal for the account of Customer during the billing month and the ACA rate per Dth set forth in this FERC Gas Tariff. The ACA is applicable to Petal's Rate Schedule ITS, if not collected under Petal's Rate Schedule FSS, FSS-1 or ISS.
  - (v) Regulatory Fees, Taxes, and Surcharges. Customer shall reimburse Petal for all applicable taxes as may be assessed Petal for the transportation of Customer's gas. In addition, Customer shall reimburse Petal for Customer's pro rata portion of all ad valorem taxes, property taxes and/or other similar taxes. Customer shall also reimburse Petal for all fees, taxes, and surcharges, as required by regulatory authorities, that are related to the service provided under this Agreement.
  - (vi) Any other charges authorized from time to time under the provisions of this FERC Gas Tariff.
- (b) Discounted Rates And Charges. In accordance with Section 6.9, Petal may from time to time and at any time agree to charge any Customer for service under this Rate Schedule a Usage Charge predicated upon a Usage Rate that is less than the Maximum Usage Rate set forth in this FERC Gas Tariff provided, that the Usage Rate may not be less than the Minimum Usage Rate set forth in this FERC Gas Tariff. Petal shall file with the FERC any and all reports as required by the FERC's regulations setting forth the

applicable discounted Usage Rate and Customers affected along with any other information that may be required.

- (c) **Negotiated Rates And Charges.** In accordance with Section 6.9, Customer and Petal may agree to a Negotiated Rate with respect to the Usage charge identified in this rate schedule that may be less than, equal to or greater than the Maximum Usage Rate; shall not be less than the Minimum Usage Rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity, production dedication or other form of consideration. Such Negotiated Rate shall be set forth on Appendix 1 of the executed ITS Agreement and shall be filed at the FERC. The Maximum Usage Rate shall be available to any Customer that does not choose a Negotiated Rate. Customers paying a Negotiated Usage Rate that exceeds the Maximum Usage Rate will be considered to be paying the Maximum Usage Rate for purposes of scheduling, curtailment and interruption, and calculating the economic value of a request for interruptible transportation service.

**5. MONTHLY BILL**

The monthly bill for interruptible transportation service shall reflect the applicable charges set forth under Section 5.6[4] of this rate schedule.

**6. TERM**

The term for service under this rate schedule shall be as set forth in the executed ITS Agreement.

**7. AUTHORIZATION, RATES, TERMS AND CHANGES**

- (a) The ITS Agreement and the respective obligations of the parties hereunder, are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for Petal to provide the transportation service contemplated hereby and to construct and operate the facilities necessary to provide such transportation service.
- (b) Petal shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and this rate schedule shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same; provided however, that any negotiated rates between Petal and Customer(s) shall remain in effect during the term of the ITS Agreement(s).

**8. CURTAILMENT**

If, due to any cause whatsoever, Petal's capability to receive, transport, or deliver volumes is impaired so that Petal is unable to receive, transport, or deliver the volumes provided for in its ITS Agreements with Customers, then receipts, transportation capacity, and/or deliveries will be allocated according to the priority of service as set forth in Section 6.12[1] of the General Terms and Conditions of this FERC Gas Tariff.

**9. BALANCING**

Balancing is governed by Section 6.14 of the General Terms and Conditions of this Tariff.

10. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this ITS Rate Schedule and shall apply to service rendered.



## PKS Rate Schedule Parking Service

### 1. AVAILABILITY

This rate schedule is available to any customer for the purchase of natural gas storage service from Petal, provided that Customer satisfies the creditworthiness criteria in accordance with Section 6.5 of the General Terms and Conditions, when Customer and Petal have executed a Service Agreement under this Rate Schedule.

### 2. APPLICABILITY AND CHARACTER OF SERVICE

This rate schedule shall apply to Parking Service performed by Petal. Gas may be parked (delivered to storage) for a mutually agreeable period, and such period may be extended with Petal's permission. The service is interruptible in nature. Parking Service shall be provided to the extent Petal operationally can provide the service and the provision of such service does not impair Petal from meeting all of its firm and interruptible storage service obligations. Parking service rendered by Petal to Customer under this Rate Schedule shall consist of the receipt, injection, storage, and withdrawal and delivery of Customer's Gas, on an interruptible basis, by Petal. Parking Service shall be offered in accordance with the provisions established in the General Terms and Conditions of this Tariff and the terms of this Rate Schedule.

Parking Service rendered by Petal under this Rate Schedule shall consist of:

- (a) The receipt of gas on behalf of Customer at the Receipt Point(s) on the storage facilities or at the Petal Paper Pooling Points, a quantity of gas nominated by Customer.
- (b) The delivery of gas to or for the account of Customer at the Delivery Point(s), which shall be the same as the Receipt Point(s) on the storage facilities or at the Petal Paper Pooling Points, for the redelivery of Gas previously parked by Customer.
- (c) Petal and Customer will agree to a redelivery (return of parked Gas) schedule setting out the daily quantities of Gas that Customer will withdraw from Petal to reduce Customer's Parking Account Balance to zero.
- (d) Petal shall give service priority for service under Rate Schedule PKS based upon the highest unit rate paid for such service. Service will be allocated on a pro-rata basis among Customers willing to pay the same unit rate for such service.
- (e) Customer may be required, upon notification from Petal, to cease or reduce deliveries to, or receipts from, Petal hereunder within eight (8) hours consistent with Petal's operational requirements. Petal shall issue notice to the affected Customer via e-mail or EDI/EDM, at the affected Customer's election, provided that Customer has provided Petal with an Internet e-mail address for such notices. In addition, Petal shall notify the affected Customer via telephone. All notices shall be subsequently posted on Petal's Internet website.
- (f) Petal may require Customer to withdraw all, or any portion, of Gas quantities parked within five (5) Days of Petal's notice to Customer. If Customer fails to withdraw the quantities specified by Petal in its notice, when capacity is available for the withdrawal of Gas under the Parking Service Agreement, Customer shall pay a penalty of \$25 per MMBtu for each MMBtu which Customer fails to withdraw or cause to be withdrawn from

storage within the five (5) Days. Petal shall issue notice to the affected Customer via e-mail or EDI/EDM, at the affected Customer's election, provided that Customer has provided Petal with an Internet e-mail address for such notices. In addition, Petal shall notify the affected Customer via telephone. All notices shall be subsequently posted on Petal's Internet website.

- (g) Within five (5) Days after the termination of the Service Agreement executed by Customer under this Rate Schedule, Petal will notify Customer of its Parking Account Balance. If there is a balance remaining, Customer will nominate for withdrawal of such quantities within five (5) Days of the date of Petal's notice. If Customer fails to withdraw the quantities specified by Petal in its notice, when capacity is available for the withdrawal of Gas under its Parking Service Agreement, Customer shall pay a penalty of \$25 per MMBtu for each MMBtu which Customer fails to withdraw or cause to be withdrawn from storage within the five (5) Days.
- (h) Service rendered under this Rate Schedule shall be provided for a minimum of a one (1) Day term. The term shall be set forth on the Agreement executed between Customer and Petal. Petal is not obligated to redeliver parked Gas on the same Day the gas is parked.

### 3. RATES AND CHARGES

The rates and charges paid by Customer for Parking Service under this rate schedule shall include the applicable parking rate components set forth below:

- (a) **Parking Charge.** A charge for each Dth of Gas parked by Customer per day, up to Customer's Maximum Parking Quantity as specified in Exhibit A of Customer's Agreement.
- (b) **Parking Withdrawal Charge.** A charge for each Dth withdrawn from Petal's facilities pursuant to this rate schedule.
- (c) **Parking Injection Charge.** A charge for each Dth injected into Petal's facilities pursuant to this rate schedule.
- (d) **Fuel Reimbursement.** A monthly charge for fuel and losses associated with providing parking services for Customer equal to the applicable Fuel Reimbursement Calculation.
- (e) **Regulatory Fees, Taxes, and Surcharges.** Customer shall reimburse Petal for all applicable taxes as may be assessed Petal for the receipt, injection, storage, withdrawal and/or delivery of Customer's gas. In addition, Customer shall reimburse Petal for Customer's pro rata portion of all ad valorem taxes, property taxes and/or other similar taxes. Customer shall also reimburse Petal for all fees, taxes, and surcharges, as required by regulatory authorities, that are related to service provided under this rate schedule.
- (f) **ACA Charge.** An Amount determined as the product of the total quantity of gas in Dth delivered by Petal for the account of Customer during the billing month and the ACA rate per Dth set forth in this FERC Gas Tariff. The ACA is applicable to Petal's Rate Schedule PKS, if not collected under Petal's Rate Schedule FTS or ITS.

### 4. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff, as such provisions may be amended from time

to time, are hereby incorporated by reference and made a part of this PKS Rate Schedule and shall apply to service rendered.

**This section contains the General Terms and Conditions of Petal's tariff.**

## North American Energy Standards Board (NAESB)

Compliance with 18 CFR, Section 284.12

Petal has adopted the Business Practices and Electronic Communications Standards, NAESB Version 2.0, which are required by the Commission in 18 CFR, Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

### **Standards not Incorporated by Reference and their Location in the Tariff:**

| <b><u>NAESB Standard</u></b> | <b><u>Tariff Record</u></b>  |
|------------------------------|--|
| 1.2.4                        | Section 6.12, Noms/Confirmations/Scheduling/Priority & Interruption of Ser |
| 1.3.2(i)-(v)                 | Section 6.12, Noms/Confirmations/Scheduling/Priority & Interruption of Ser |
| 1.3.5                        | Section 6.12, Noms/Confirmations/Scheduling/Priority & Interruption of Ser |
| 1.3.6                        | Section 6.12, Noms/Confirmations/Scheduling/Priority & Interruption of Ser |
| 1.3.7                        | Section 6.12, Noms/Confirmations/Scheduling/Priority & Interruption of Ser |
| 1.3.9                        | Section 6.12, Noms/Confirmations/Scheduling/Priority & Interruption of Ser |
| 1.3.13                       | Section 6.12, Noms/Confirmations/Scheduling/Priority & Interruption of Ser |
| 1.3.19                       | Section 6.12, Noms/Confirmations/Scheduling/Priority & Interruption of Ser |
| 5.3.2                        | Section 6.16, GT&C-Capacity Release, Version 1.0.0                         |

### **Standards Incorporated by Reference:**

#### **Additional Standards:**

##### **General:**

Standards: 0.3.1, 0.3.2, 0.3.16, 0.3.17

##### **Creditworthiness:**

Standards: 0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10

##### **Gas/Electric Operational Communications:**

Definitions: 0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards: 0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

##### **Operating Capacity and Unsubscribed:**

Standards: 0.3.18, 0.3.19, 0.3.20, 0.3.21, 0.3.22

Datasets: 0.4.2, 0.4.3

##### **Storage Information:**

Data Sets: 0.4.1

**Nominations Related Standards:**

Definitions: 1.2.1, 1.2.2, 1.2.3, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards: 1.3.1, 1.3.2(vi), 1.3.3, 1.3.4, 1.3.8, 1.3.11, 1.3.14, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.47, 1.3.48, 1.3.49, 1.3.50, 1.3.51, 1.3.52, 1.3.53, 1.3.54, 1.3.55, 1.3.56, 1.3.57, 1.3.58, 1.3.59, 1.3.60, 1.3.61, 1.3.62, 1.3.63, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80

Data Sets: 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

**Flowing Gas Related Standards:**

Definitions: 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards: 2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.14, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.26, 2.3.27, 2.3.28, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.33, 2.3.34, 2.3.35, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.49, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65

Data Sets: 2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.12, 2.4.13, 2.4.14, 2.4.15, 2.4.16, 2.4.17, 2.4.18

**Invoicing Related Standards:**

Definition: 3.2.1

Standards: 3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.15, 3.3.16, 3.3.17, 3.3.18, 3.3.19, 3.3.20, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26

Data Sets: 3.4.1, 3.4.2, 3.4.3, 3.4.4

**Quadrant Electronic Delivery Mechanism Related Standards:**

Definitions: 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

Standards: 4.3.1, 4.3.2, 4.3.3, 4.3.5, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.29, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.39, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.51, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.56, 4.3.57, 4.3.58, 4.3.59, 4.3.60, 4.3.61, 4.3.62, 4.3.65, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.73, 4.3.74, 4.3.75, 4.3.76, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102

**Capacity Release Standards:**

Definitions: 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5

Standards: 5.3.1, 5.3.3, 5.3.4, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.13, 5.3.14, 5.3.15, 5.3.16, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 5.3.26, 5.3.27, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.44, 5.3.45, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.55, 5.3.56, 5.3.57, 5.3.58, 5.3.59, 5.3.60, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72

Data Sets: 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

**Internet Electronic Transport Related Standards:**

Definitions: 10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38

Standards: 10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27

**Standards for which Waiver or Extension of Time to Comply have been granted:**

| <b><u>NAESB Standard</u></b> | <b><u>Waiver or Extension of Time</u></b> |
|------------------------------|---|
| 0.4.1                        | Extension of Time                         |
| 1.4.1                        | Extension of Time                         |
| 1.4.2                        | Extension of Time                         |
| 1.4.3                        | Extension of Time                         |
| 1.4.4                        | Extension of Time                         |
| 1.4.6                        | Extension of Time                         |
| 1.4.7                        | Extension of Time                         |
| 2.4.1                        | Extension of Time                         |
| 2.4.2                        | Extension of Time                         |
| 2.4.3                        | Extension of Time                         |
| 2.4.5                        | Extension of Time                         |
| 2.4.6                        | Extension of Time                         |
| 2.4.7                        | Extension of Time                         |
| 2.4.8                        | Extension of Time                         |
| 2.4.18                       | Extension of Time                         |
| 3.4.1                        | Extension of Time                         |
| 3.4.2                        | Extension of Time                         |
| 3.4.3                        | Extension of Time                         |
| 3.4.4                        | Extension of Time                         |
| 5.4.16                       | Extension of Time                         |
| 5.4.23                       | Extension of Time                         |
| 5.4.27                       | Extension of Time                         |

## **Definitions**

“Available Capacity” means the quantitative ability of Petal's existing system to provide gas transportation service up to its certificated capacity. The ability of Petal's System to provide gas transportation service may be limited by changes in prevailing operating pressures, temperatures, gas flow rates and gas flow directions within any portion(s) of Petal's System, including any receipt point(s) or delivery point(s); physical capacity limitations of compressors, regulators, valves, pipelines or pipeline segments, measuring facilities or appurtenances to Petal's System; necessary testing, maintenance, repair, overhaul, alteration, modification, replacement, enlargement, or construction of pipelines, compressors, metering, regulating, and other transmission facilities and equipment appurtenant to Petal's System.

“Bcf” means one billion (1,000,000,000) cubic feet.

“Btu” means one British Thermal Unit, and the amount of heat required to raise the temperature of one (1) pound of water one degree Fahrenheit at sixty degrees Fahrenheit (Btu is measured on a dry basis at 14.73 dry psia).

“Bump” means the displacement of a scheduled interruptible service resulting from the scheduling of increased firm nominations during a cycle.

“Business Day” means Monday through Friday, excluding Federal Banking Holidays for transactions in the United States, and similar holidays for transactions occurring in Canada and Mexico.

“Central Clock Time” means Central standard time throughout the year, as adjusted for daylight savings time. Any reference to Central Time is Central Clock Time.

“Contract Year” shall mean the twelve (12) month period beginning on the date service under a storage or transportation service agreement commences and each subsequent twelve month period thereafter during the term of the agreement.

A cubic foot of gas equals the volume of gas that occupies one cubic foot at a temperature of 60 degrees Fahrenheit and a pressure of 14.73 dry psia. “Mcf” means one thousand (1,000) cubic feet and “Mmcf” means one million (1,000,000) cubic feet.

“Customer” or “Service Requester” means the party that holds all lawful right and title to the natural gas that is being stored or transported and who executes the storage or transportation service agreement, or the purchaser of natural gas from Petal who executes the sales service agreement.

“Customer's stored gas or gas stored” means the quantity of gas stored by Petal for Customer's account.

“Day” means a period beginning at 9:00 a.m. Central Clock Time, and ending on the following 9:00 a.m. Central Clock Time.

“Dekatherm (Dth)” means one million Btus and shall be the standard unit for purposes of nominations, scheduling, confirmations, allocations, invoicing and balancing.

“Delivery Point(s)” means any point on Petal's System where quantities of gas may be delivered by Petal for the account of Customer.

“FERC” or “Commission” shall mean the Federal Energy Regulatory Commission or any successor agency.

The term “firm” in the context of storage service means service under either Rate Schedule FSS or Rate



Schedule FSS-1.

The term "gas" means natural gas in its natural state, produced from wells, including casinghead gas produced with crude oil, natural gas from gas wells and residue gas resulting from processing both casinghead gas and gas well gas.

"Heating Value" shall mean the number of British thermal units produced by complete combustion at constant pressure of the amount of gas that would occupy a volume of one (1) cubic foot at a temperature of sixty degrees Fahrenheit (60°F), and under a pressure equivalent to that of thirty inches of mercury (30" Hg) at thirty-two degrees Fahrenheit (32°F), and under gravitational force acceleration (980.665 cm. per sec. per sec.), with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, when the water formed by combustion is condensed to the liquid state, and corrected for any water vapor in excess of seven pounds per million cubic feet of gas (7 lbs/MMcf). Heating value determined by calculation from composition analysis according to GPA Publication 2172-84, as amended or revised, shall be converted to figures that reflect the actual condition of the gas on receipt or delivery and adjusted for temperature, pressure, water content or compressibility.

"Interconnecting Pipeline" or "connected party" shall mean the third party transporter designated by Customer to deliver gas to the Point of Receipt or to receive gas from the Point of Delivery.

The term "interruptible" means that the storage or transportation service is subject to interruption at any time by Petal. An interruptible storage Customer may be required to withdraw gas from interruptible capacity, should such capacity be required by a firm customer or by another interruptible Customer willing to pay a higher rate than the weighted average of the Standby Capacity Charge and Standby Deliverability Charge being paid by the interruptible storage Customer.

"Maximum Advancing Quantity" means the total volume of gas specified in Customer's advancing service agreement that Customer may nominate and that Petal shall, subject to Section 5.4[2] of Rate Schedule AVS, withdraw from storage and tender to Customer at a Point of Delivery.

"Maximum Daily Injection Quantity" or "MDIQ" means the maximum quantity of gas specified in Customer's storage service agreement that Customer may nominate and deliver and that Petal shall, subject to Section 5.1[2(a)], 5.2[2(a)], or 5.3[2(a)] of Rate Schedule FSS, FSS-1, or ISS, respectively, receive at a Point of Receipt for injection into storage each Day at constant hourly rates of flow over the course of such Day (excluding Fuel Reimbursement).

"Maximum Daily Transportation Quantity" or "MDTQ" means the maximum daily transportation quantity of gas that Petal is obligated to receive and deliver for the account of Customer as specified in Exhibit A of an executed Transportation Service Agreement between Customer and Petal.

"Maximum Daily Withdrawal Quantity" or "MDWQ" means the maximum daily withdrawal quantity of gas specified in Customer's storage service agreement that Customer may nominate and that Petal shall, subject to Section 5.1[2(c)], 5.2[2(c)], or 5.3[2(c)] of Rate Schedule FSS, FSS-1, or ISS, respectively, withdraw from storage and tender to Customer at a Point of Delivery each Day at constant hourly rates of flow over the course of such Day.

"Maximum Parking Quantity" means the total quantity of gas specified in Customer's parking service agreement that Customer may nominate and that Petal shall, subject to Section 5.7[2] of Rate Schedule PKS, receive on behalf of Customer at a Point of Receipt and inject into storage.

"Mcf" means one thousand (1,000) cubic feet of natural gas.

“MMBtu” means one million (1,000,000) British thermal units. (MMBtu is measured on a dry basis at 14.73 psia and 60 degrees Fahrenheit.)

“Month” means the period beginning at 9:00 a.m. Central Clock Time on the first day of a Calendar month and ending at 9:00 a.m. Central Clock Time on the first day of the next succeeding Calendar month.

“NAESB” means the North American Energy Standards Board.

“NAESB WGQ Standards” shall mean those business and electronic communication standards promulgated by NAESB and adopted, to the extent codified, by the FERC in Section 284.12 or elsewhere in its regulations.

“Operational Flow Order (OFO)” means an order issued to alleviate conditions, among other things, that threaten or could threaten the safe operations or system integrity of Petal's system or to maintain operations required to provide efficient and reliable firm service.

“Pad gas” means the gas required to remain in the storage cavern connected to Petal's facilities sufficient to protect the cavern's integrity.

“Petal Paper Pooling Points” means the transfer points between the Petal pipeline and Petal storage located at the terminus of the 5.5 mile storage header.

“Point(s) of Delivery” means the points specified in Customer's storage or transportation service agreement at which Petal shall tender gas withdrawn from storage, or transported, to Customer.

“Point(s) of Receipt” means the points specified in Customer's storage or transportation service agreement at which Petal shall receive gas from Customer for Fuel Reimbursement and for injection into storage or transportation.

“Point Operator” means any individual, firm, or corporation, or its agent, assignee, or other legal representative, that owns natural gas production, or owns and/or operates gas production, processing or upstream or downstream pipeline facilities that are directly connected to Petal's System, and who is responsible for the confirmation, scheduling, receipt or delivery, and the allocation of gas through such interconnecting facility.

“Primary Delivery Point(s)” means the point(s) on Petal's System, specified in Exhibit A of an executed Firm Service Agreement, where quantities of gas may be delivered by Petal for the account of Customer on a Primary basis.

“Primary Receipt Point(s)” means the point(s) on Petal's System, specified in Exhibit A of an executed Firm Service Agreement, where quantities of gas may be received by Petal for the account of Customer on a Primary basis.

“Psia” means pounds per square inch absolute.

“Psig” means pounds per square inch gauge.

“Receipt Point(s)” means any point on Petal's System where quantities of gas may be received by Petal for the account of Customer.

“Releasing Customer” shall mean a Customer who has agreed to release some or all of its rights under its firm storage or transportation service agreement pursuant to Section 6.16 of the General Terms and Conditions of this Tariff.

“Replacement Customer” means a Customer who has assumed any released rights to capacity of a Releasing Customer, and who executes a service agreement with Petal under Petal's Rate Schedule FSS, FSS-1 or FTS.

“Secondary Delivery Point(s)” means the point(s) on Petal's System where quantities of gas may be delivered by Petal for the account of Customer under an executed Firm Service Agreement, as nominated by Customer on a secondary basis.

“Secondary Receipt Point(s)” means the point(s) on Petal's System where quantities of gas may be received by Petal for the account of Customer under an executed Firm Service Agreement, as nominated by Customer on a secondary basis.

“Shipper's Path” means the pipeline path, up to the Maximum Daily Transportation Quantity under Shipper's firm transportation contract, from Shipper's Primary Receipt Point(s) to Shipper's Primary Delivery Point(s).

“Standard Cubic Foot” means the standard unit of volume for the purpose of measurement equal to the amount of gas contained in one (1) cubic foot of space when the gas is at a temperature of sixty degrees Fahrenheit (60°F) and at an absolute pressure of fourteen and seventy-three hundredths pounds per square inch (14.73 psia). Scf shall mean one standard cubic foot. Mcf shall mean one thousand standard cubic feet. MMcf shall mean one million standard cubic feet.

“Storage Capacity” shall mean the volume of capacity in Petal's facilities Customer has available for its use pursuant to its Storage Service Agreement with Petal.

“Storage Service Agreement” means an agreement for storage under Rate Schedules FSS, FSS-1 or ISS.

“System” means the storage facilities, pipeline, pipeline laterals, measurement, compression and related facilities owned, leased, or operated by or for Petal.

“Therm” means one-hundred thousand (100,000) British thermal units (Btus).

“Total Maximum Daily Injection Quantity” or “TMDIQ” means the total MDIQs for all Interconnecting Pipelines specified in Customer's storage service agreement.

“Total Maximum Daily Withdrawal Quantity” or “TMDWQ” means the total MDWQs for all Interconnecting Pipelines specified in Customer's storage service agreement.

“Transportation Service Agreement” means an agreement for transportation under Rate Schedules FTS or ITS.

“Transportation Service Provider” or “transporter” means Petal Gas Storage, L.L.C.

“Unaccounted For Volumes” mean the difference between the sum of all receipts of gas into Petal's System and the sum of all deliveries of gas out of Petal's System including gas for company use, leakage or actual losses, discrepancies due to meter inaccuracies, variations of temperature, pressure and composition, and other variants.

## Quality

1. Specifications. The gas delivered by either party to the other hereunder shall meet the quality specifications of the transporting pipeline which receives or delivers such gas at the Point(s) of Receipt or Delivery, as applicable, and shall in all events be of such quality that it shall meet at least the following specifications:
  - (a) Be commercially free from objectionable odors, dirt, dust, iron particles, gums, gum-forming constituents, gasoline, PCB's, and other solid and/or liquid matter, including but not limited to water, gas treating chemicals and well completion fluids and debris, which may become separated from the gas during the transportation thereof.
  - (b) Contain not more than one fourth (1/4) of one grain of hydrogen sulphide per one hundred (100) cubic feet, as determined by the cadmium sulfate quantitative test, nor more than twenty (20) grains of total sulphur per one hundred (100) cubic feet.
  - (c) The gas delivered hereunder shall not contain more than two-tenths of one percent (0.2%) by volume of oxygen, shall not contain more than three percent (3%) by volume of carbon dioxide, shall not contain more than three (3%) by volume of nitrogen, and shall not contain a combined total of carbon dioxide and nitrogen components of more than four (4%) by volume.
  - (d) Have a heating value of not less than nine hundred and sixty-seven (967) BTU's per cubic feet and not more than eleven hundred (1100) BTU's per cubic feet.
  - (e) Have a temperature of not more than one hundred twenty degrees Fahrenheit (120 degrees F), nor less than forty degrees Fahrenheit (40 degrees F).
  - (f) Have been dehydrated by the tendering party, by any method other than the use of a calcium chloride as desiccant, for removal of entrained water in excess of seven (7) pounds of water per million (1,000,000) cubic feet of gas as determined by dew-point apparatus approved by the Bureau of Mines or such other apparatus as may be mutually agreed upon.
2. Rejection of Gas. Either party shall be entitled to reject any gas tendered to it by the other party which does not meet the minimum specifications of Section 6.3[1]. Acceptance of such gas does not constitute any waiver of either party's right to refuse to accept similarly nonconforming gas.

## **Measurement**

1. The unit of volume for measurement of all quantities of gas in terms of Mcf's and Btu's transported or delivered to and received from storage hereunder shall be one (1) cubic foot of gas at a base temperature of sixty degrees Fahrenheit (60 degrees F) and at an absolute pressure of (14.73) pounds per square inch. All fundamental constants, observations, records, and procedures involved in determining and/or verifying the quantity and other characteristics of gas delivered hereunder shall, unless otherwise specified herein, be in accordance with the standards prescribed in Report No. 3 of the American Gas Association, as now and from time to time amended or supplemented. All measurements of gas shall be determined by calculation into terms of such unit. All quantities given herein, unless expressly stated otherwise, are in terms of such unit. Notwithstanding the foregoing, it is agreed that, for all purposes, the dth content of the gas received and delivered by Petal hereunder shall be measured on an "as delivered" basis rather than a fully saturated or "wet" basis.
2. Petal shall install, maintain and operate, or cause to be installed, maintained and operated, the measurement facilities required hereunder. Said measurement facilities shall be so equipped with orifice meters, recording gauges, or other types of meters of standard make and design commonly acceptable in the industry, as to accomplish the accurate measurement of gas delivered hereunder. The retrieval of data, calibrating and adjustment of meters shall be done by Petal or its agent.

## **Creditworthiness**

Evidence of creditworthiness. Acceptance of a storage or transportation service request is contingent upon a satisfactory credit appraisal by Petal. Such credit appraisal must meet the following criteria:

1. Customer shall provide (a) current financial statements, annual reports, 10-K reports or other filings with regulatory agencies, (b) a list of all corporate affiliates, parent companies and subsidiaries, and (c) any reports from credit reporting agencies which are available. Petal shall apply consistent evaluation practices to determine the acceptability of the Customer's overall financial condition, working capital, and profitability trends.
2. A bank reference and at least two trade references must be provided by Customer. The results of reference checks and any credit reports must show that Customer's obligations are being paid on a prompt basis.
3. Customer must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under the state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. An exception can be made for a Customer who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurances that billings will be paid promptly as cost of administration under the federal court's jurisdiction.
4. Customer must not be subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or which could impair the ability of the Customer to continue to exist as an ongoing business entity.
5. If Customer has an ongoing business relationship with Petal, no delinquent balances shall be consistently outstanding for natural gas storage and transportation services provided previously by Petal. Customer shall have paid its account for past periods according to established contract terms, not having made deductions or withheld payment not authorized by contract.
6. No significant collection lawsuits or judgments shall be outstanding which would seriously reflect upon the business entity's ability to remain solvent.

## **Points of Service**

1. **Point(s) of Receipt.** Customer shall tender all gas for transportation or injection into storage to Petal at the Point(s) of Receipt as specified in Customer's transportation or storage service agreement. The quantity of gas tendered by Customer to Petal for injection into storage or transportation shall (i) not exceed at each Point of Receipt the MDIQ or Maximum Daily Receipt Quantity for such Point plus the applicable in-kind Fuel Reimbursement in effect from time to time, or (ii) not exceed at all Point(s) of Receipt the TMDIQ or Maximum Daily Transportation Quantity plus applicable Fuel Reimbursement in effect from time to time, without the consent of Petal.
2. **Point(s) of Delivery.** Petal shall tender all gas transported or withdrawn from storage to Customer at the Point(s) of Delivery as specified in Customer's transportation or storage service agreement. The quantity of gas delivered to Customer shall (i) not exceed at each Point of Delivery the MDWQ or Maximum Daily Delivery Quantity for such Point in effect from time to time, or (ii) not exceed the TMDWQ or Maximum Daily Transportation Quantity at all Point(s) of Delivery in effect from time to time, without the consent of Petal.
3. **Interruptible and Firm Secondary Receipt and Delivery Points.** All customers using interruptible transportation service or firm transportation service on a secondary basis shall have access to the Paper Pooling Points and all the locations on the Petal pipeline north of the 5.5 mile storage header. A list of those locations will be posted on the Petal Internet website.
4. **Interconnecting Pipeline Guidelines.** The Interconnecting Pipelines' rules, guidelines, operational procedures and policies, as they may be changed from time to time, shall define and control the manner in which gas is delivered and received at the Point(s) of Delivery and Receipt. Petal and Customer each agree to provide to the other, in as prompt a manner as reasonable, all information necessary to permit scheduling pursuant to such requirements. In addition, Petal will not be required to begin injections or withdrawals, or transportation, for a Customer's account unless and until the data required for nominations, provided for in Section 6.12[1], have been confirmed by the applicable Interconnecting Pipeline to Petal Gas Dispatcher.
5. **Measurement.** Customer and Petal agree that the volumes of gas delivered hereunder shall be measured by Petal in accordance with the Interconnecting Pipeline's pipeline tariff, and, as such, may be allowed to fluctuate within the applicable measurement or flow tolerances on a daily and monthly basis.
6. **Costs and Penalties.** Customer and Petal shall hold each other harmless for all costs and penalties which may be assessed under their agreements with the Interconnecting Pipelines. Customer and Petal shall cooperate with each other and with the Interconnecting Pipelines to verify delivery and receipt of the volumes of gas delivered hereunder on a timely basis.
7. **Downstream and Upstream Transportation.** Customer shall be responsible for transportation from the Point(s) of Delivery and payment of all transportation charges relating thereto. Customer shall be responsible for transportation to the Point(s) of Receipt and payment of all transportation charges relating thereto.

## Operating Conditions

1. Operating Provisions For Storage Operations
  - (a) Customer shall tender or cause to be tendered to Petal at the Point(s) of Receipt any gas which Customer desires to have injected into storage plus applicable in-kind Fuel Reimbursement volumes. Customer shall also receive or cause to be received gas requested to be withdrawn from storage at the Point(s) of Delivery upon tender for delivery by Petal.
  - (b) Subject to the operating conditions of the Interconnecting Pipelines, Petal shall receive gas for injection from Customer at the Point(s) of Receipt and deliver gas to Customer at the Point(s) of Delivery as scheduled by Customer from time to time; provided that Petal shall not be obligated to receive for injection any quantity of gas if the injection of the same would cause the quantity of gas stored for Customer's account to exceed Customer's Storage Capacity; nor shall Petal be obligated at any time to deliver more gas to Customer than Customer has stored in its Storage Capacity.
  - (c) Due to certain limitations of Petal's facilities, Petal shall not be obligated to receive on a firm basis, at any Point of Receipt for injection, or deliver on a firm basis, at any Point of Delivery, any quantity of gas when the quantity of gas tendered for delivery to Petal or requested by Customer to be delivered, together with all other volumes of gas tendered for delivery to Petal at any such Point of Receipt or requested for delivery at such Point of Delivery, results in a net metered flow which is less than or equal to 5,000 MMBtu per day.
  - (d) In the event that batch flowing nominated volumes less than 5,000 MMBtu per day is deemed operationally impractical by Interconnecting Pipeline or Petal, and should Petal receive nominations for the injection or withdrawal of gas, which after aggregation with other nominations commencing at the same time and same meter, results in a net metered volume less than or equal to 5,000 MMBtu per day, Petal will attempt to schedule such nominations on a "best efforts" basis. However, if any single or combination of nominations is scheduled such that the aggregated nominated volumes result in a net metered volume less than or equal to 5,000 MMBtu per day, all nominations may be curtailed on a pro-rata basis such that the net metered volume will be zero. Petal will verbally notify the affected Customer(s) within four (4) hours of being notified of changes to nominations which would result in curtailment as provided herein.
2. Operating Provisions For Firm Transportation Service
  - (a) Customer Request for Firm Service. Requests for firm transportation service hereunder shall be made by providing the specific information in Section 6.8 of the General Terms and Conditions. Requests for Service shall be submitted to the Petal representative as designated in Section 6.8[2(c)] of the General Terms and Conditions of this Tariff. Petal shall consider all complete requests in the order received and will notify Customer in writing of the acceptance of a complete request.
  - (b) Receipt And Delivery Point Designations. Each Receipt Point and each Delivery Point specified by a Customer requesting firm transportation service shall be considered as Primary Receipt Points and Primary Delivery Points for firm transportation service under an executed FTS Agreement. On a scheduled basis, each Customer's Maximum Daily



Transportation Quantity must be allocated among the Primary Receipt Points and Primary Delivery points such that the Maximum Daily Transportation Quantity is not exceeded. A Customer may amend its FTS Agreement to add Primary Receipt Points or Primary Delivery Points, delete Primary Receipt points or Primary Delivery Points or modify Primary Receipt Point or Primary Delivery Point maximum quantities provided capacity is available to provide firm service at such points. The Maximum Daily Transportation Quantity must be allocated such that the Maximum Daily Transportation Quantity is not exceeded for an amended FTS Agreement.

- (c) **Secondary Points.** All System points, including Primary Receipt Points or Primary Delivery Points where capacity exists in excess of capacity allocated to provide Primary Receipt Point or Primary Delivery Point firm transportation service, will be available for scheduling as Secondary Receipt Points or Secondary Delivery Points. Petal shall not limit the number of Primary and Secondary Receipt or Delivery points that a firm Customer may request to utilize, as long as the sum of nominated volumes at Customer's Primary and Secondary Receipt or Delivery Points does not exceed Customer's Maximum Daily Transportation Quantity. Any discounted reservation rate for firm transportation service between Primary Receipt and Delivery Points will not automatically transfer to service using Secondary Receipt or Delivery Points, unless Petal directs Customer to use a secondary point for operational reasons, pursuant to Section 6.18 of the General Terms and Conditions.
  - (d) **Requests For Operating Data.** Upon request by Petal, Customer shall submit estimates of daily, monthly and annual quantities of gas to be transported, including peak day requirements, together with the estimated amounts thereof applicable to each Primary Receipt Point and Primary Delivery Point. Petal shall use such information and operating data to determine its System's Available Capacity, to evaluate potential System capacity needs, to plan its maintenance and repair operations, and to assure adequate service to its Customers.
  - (e) **Available Capacity.** Petal will make capacity available for firm service to the extent that Petal determines it is operationally feasible. If operating conditions ever limit Petal's ability to provide firm service, then Petal shall provide such service on the basis described in Section 6.7 of the General Terms and Conditions.
  - (f) **Additional Facilities.** Petal shall not be required to construct additional facilities, modify or expand facilities or acquire facilities to provide firm transportation service.
3. **Operating Provisions For Interruptible Transportation Service**
- (a) **Availability of Interruptible Service.** Interruptible service under this FERC Gas Tariff shall be provided when, and to the extent that, Petal determines that capacity is available in Petal's existing System, which capacity is not subject to a prior claim by another Customer. Available interruptible capacity shall be allocated by Petal by rate; the interruptible service priority shall be determined in accordance with Section 6.12[2] of the General Terms and Conditions.
  - (b) **Customer Requests for Interruptible Service.** Requests for interruptible service hereunder shall be made by providing the specific information in Section 6.8 of the General Terms and Conditions. Requests for Service shall be submitted to Petal representative designated in Section 6.8[2(c)] of the General Terms and Conditions of

this Tariff. Petal shall consider all complete requests in the order received and will notify Customer in writing of the acceptance of a complete request.

- (c) **Request Invalidation.** Requests for interruptible service under this FERC Gas Tariff, will be invalid and will not be considered if service is requested to commence later than six (6) months after the information specified in Section 6.8 of the General Terms and Conditions of this FERC Gas Tariff is provided to Petal.
- (d) **Execution of Service Agreement.** Customer must execute an ITS Agreement in the form contained in this FERC Gas Tariff, within thirty (30) days from the date Petal tenders an ITS Agreement for execution. If a Customer fails to execute an ITS Agreement within thirty (30) days, the request for interruptible service shall be deemed a nullity for all present and future purposes.
- (e) **Requests For Operating Data.** Upon request of Petal, Customer shall submit estimates of daily, monthly and annual quantities of gas to be transported, including peak day requirements, together with the estimated amounts thereof applicable to each Receipt Point and Delivery Point. Petal shall use such information and operating data to determine to the extent practicable its System's Available Capacity, to evaluate potential System capacity needs, to plan its maintenance and repair operations, and to assure adequate service to its Customers.
- (f) **Receipt and Delivery Points.** Each Receipt Point and each Delivery Point on Petal's System is available for interruptible transportation service subject to the allocation of capacity at such points first to firm transportation service and second to interruptible transportation service with a higher priority in accordance with Section 6.12[2] of the General Terms and Conditions. Subject to the availability of capacity, a Customer may utilize, on an interruptible basis, any Receipt or Delivery Point up to the lesser of the daily transportation quantities at each Receipt or Delivery Point or the Maximum Transportation Quantity set forth in its ITS Agreement with Petal. All Receipt Point(s) and Delivery Points(s) as changed from time to time shall be deemed to be included in all ITS Agreements.
- (g) **Interruption of Service.** Petal retains all rights at any and all times during the term of an executed ITS Agreement to decrease or temporarily suspend receipt and/or delivery of gas if such capacity is required to render service of a higher priority. If Petal exercises such rights, Customer shall hold Petal harmless from any loss, claim, damage or expense that such Customer or other party may incur by reason of such decrease or suspension. Petal shall provide Customer as much advance notice of any interruption as practicable under the circumstances. Such notice shall state the reduced volumes of gas that Petal estimates it will be able to transport for Customer and the estimated duration of the interruption. Petal shall provide Customer such notice by telephone and/or facsimile.
- (h) **Failure to Use Service.** If within three (3) months after the execution of an ITS Agreement Customer has not commenced service under the provisions of such executed ITS Agreement, or if Customer has commenced service but fails to use service during a consecutive twelve (12) month period after commencement, Petal may, on a non-discriminatory basis, terminate the ITS Agreement and Customer's request for interruptible service shall be deemed a nullity for all present and future purposes. Petal shall give Customer written notice thirty (30) days in advance of termination of an executed ITS Agreement. Customer may retain the ITS Agreement by notifying Petal in writing of its intent to retain such Service Agreement; however, if Customer fails to use service during a consecutive twelve (12) month period after notice of its intent to retain

such service, the ITS Agreement and Customer's request for interruptible service shall be automatically terminated and abandoned.

- (i) Overbooking of Available Capacity. Petal may contract to transport gas, on an interruptible basis, in excess of Available Capacity. If such overbooking should ever limit Petal's ability to provide interruptible service, then Petal shall provide such service on the basis described in Section 6.7[7] of the General Terms and Conditions.
- (j) Additional Facilities. Petal shall not be required to construct additional facilities, modify or expand facilities or acquire facilities to provide interruptible transportation service.

#### 4. Pressure And Injection/Withdrawal Rates

- (a) Delivery Pressures. Petal shall deliver gas to Customer at pressures sufficient to enter the pipeline facilities at the Point(s) of Delivery against the operating pressures maintained by Interconnecting Pipeline(s). Petal shall not be required to deliver gas at pressures in excess of those required by Interconnecting Pipeline(s) or in excess of Interconnecting Pipeline(s) maximum allowable operating pressure (MAOP), not to exceed 950 psig. Customer shall deliver or cause to be delivered to Petal all gas for injection for storage or for transportation on the pipeline at the Point(s) of Receipt at such pressures as may exist from time to time in the Interconnecting Pipeline's facilities at such points, but in no event shall Petal be obligated to accept gas at a pressure in excess of the MAOP of Petal's facilities at the Point(s) of Receipt or below pressures necessary to operate Petal facilities.
- (b) Injection and Withdrawal Rates. Petal has designed the facilities required to inject and withdraw gas from the storage cavern based on "normal" operating pressures maintained by the Interconnecting Pipeline(s) at the Point(s) of Receipt/Delivery with allowances for reasonable fluctuations. In the event that conditions on the transporting pipeline(s) vary substantially from this "normal" design condition coincident with high levels of customer injection or withdrawal activity, Petal's capability to receive or deliver the volumes set forth in its storage service agreements may be impaired, triggering an interruption in service. If this happens, capacity and deliverability will be allocated pursuant to Section 6.12. Details regarding the conditions under which such a potential interruption could occur and the estimated impact on operations are available for review by Customers and potential customers upon request. Customer agrees to indemnify and hold Petal harmless for any loss caused by any such interruption in service.

## Requests For Service

1. Open season.
  - (a) Notice of open season. At the expiration of any long-term FSS, FSS-1 or FTS Agreement with a Customer desiring to exercise its rights pursuant to Sections 5.1[10], 5.2[10], and 5.5[10] of Rate Schedules FSS, FSS-1, or FTS, respectively, Petal shall post notice of the open season on its Internet website, at least ten (10) days prior to commencement of the open season. Such notice shall set forth when the open season begins and ends, where interested parties may submit requests for firm service, and how interested parties may obtain forms for requesting service and additional details about the mechanics of the open season.
  - (b) Duration. The open season shall commence at the time and day specified and for the term indicated in the notice of open season. During this time Petal will accept requests for the expiring firm capacity in its storage or transportation facilities.
  - (c) Execution of agreements. Customers allocated storage or transportation capacity in an open season shall be required to execute service agreements for firm service no later than 30 consecutive days following the close of the open season or forfeit the capacity that has been allocated to them, unless otherwise agreed by Petal.
2. Requests. Any potential Customer wishing to obtain capacity from Petal under Rate Schedules FSS, FSS-1, ISS, FTS, or ITS after an open season, shall submit in writing to Petal a request for service setting forth all relevant information called for in the applicable FSS, FSS-1, ISS, FTS, or ITS Form of Service Agreement. Such request may be delivered in person or submitted by United States mail, overnight courier service, electronic mail or facsimile transmission (fax).
  - (a) Petal shall evaluate and respond to Customer's request under Rate Schedule FSS or FSS-1 within five Business Days of its receipt. If Petal and Customer mutually agree to the rates Customer will pay for service under Rate Schedule FSS or FSS-1, Petal shall, subject to execution of a service agreement, endeavor to provide service within the time specified in the written request. Customer's request for service shall be considered complete only if the information specified in Sections 6.3[4 – 6] is provided in writing.
  - (b) If the request is for Rate Schedule FTS service at maximum rates, is at a fixed MDQ for the requested term, and it is operationally feasible for Petal to provide the requested service, then Petal shall be obligated to grant such requests for service that are made within the time periods set forth below:
    - (i) For service for a term of one year or longer, requests made within six (6) months of the requested service commencement date;
    - (ii) For service for a term of less than one (1) year but equal to or greater than six (6) months, requests made within thirty (30) days of the requested service commencement date;
    - (iii) for service for a term of less than six (6) months, but equal to or greater than thirty (30) days, requests made within ten (10) days of the requested service commencement date; and
    - (iv) For service for a term of less than thirty (30) days, requests made within five (5) Business Days of the requested service commencement date.

- (c) Requests for service may be sent as directed on the Request for Service form.
3. Request Fee. Unless otherwise waived for good cause, all requests for firm service under Rate Schedule FSS or FSS-1 shall be accompanied by the lesser of \$10,000 or one month's Capacity and Deliverability Charges as earnest money for the requested service. Unless otherwise waived for good cause, all requests for firm service under Rate Schedule FTS shall be accompanied by the lesser of \$10,000 or one month's Reservation Charge as earnest money for the requested service. These amounts shall be applied toward the Charges first due from Customer. If a firm service request is not granted by Petal, the fee submitted with the request for service will be refunded to Customer.
4. Information Requirements. Each request shall include the following information:
- (a) Customer's name, address, representative and telephone number.
  - (b) A statement of whether Customer is a local natural gas distribution company (LDC), an intrastate pipeline company, an interstate pipeline company, marketer/broker, producer, end user or other type of entity (which other entity must be described).
  - (c) Type of service requested, whether firm or interruptible.
  - (d) Volume requested:
    - (i) For requests for firm storage service under Rate Schedule FSS or FSS-1,
      - a. Storage Capacity (stated in MMBtu or Dth)
      - b. Maximum Daily Withdrawal Quantity (MDWQ) (stated in MMBtu/day or Dth/day), at which Point(s) of Delivery, and any lower FSS-1 withdrawal priority that Customer is willing to accept. If withdrawn gas is to be transported under Petal's Rate Schedule FTS or ITS after withdrawal from storage, the Point of Delivery for the firm storage service shall be Petal's Withdrawal Paper Pooling Point at the terminus of Petal's approximately 5.5 mile storage header system.
      - c. Maximum Daily Injection Quantity (MDIQ) (stated in MMBtu/day or Dth/day), at which Point(s) of Receipt, and any lower FSS-1 injection priority that Customer is willing to accept. If injected gas is to be transported under Petal's Rate Schedule FTS or ITS before being injected, the Point of Receipt for the firm storage service shall be Petal's Injection Paper Pooling Point at the terminus of Petal's approximately 5.5 mile storage header system.
    - (ii) For requests for firm transportation service under Rate Schedule FTS,
      - a. Maximum Daily Transportation Quantity (stated in MMBtu/day or Dth/day).
      - b. Maximum Daily Transportation Quantity (stated in MMBtu/day or Dth/day) and at which Primary Receipt Points. If transported gas is to be stored under Petal's Rate Schedule FSS, FSS-1 or ISS before transportation, the Point of Receipt for the firm transportation service

shall be Petal's Withdrawal Paper Pooling Point at the terminus of Petal's approximately 5.5 mile storage header system.

- c. Maximum Daily Transportation Quantity (stated in MMBtu/day or Dth/day) and at which Primary Delivery Points. If transported gas is to be stored under Petal's Rate Schedule FSS, FSS-1 or ISS after transportation, the Point of Delivery for the firm transportation service shall be Petal's Injection Paper Pooling Point at the terminus of Petal's approximately 5.5 mile storage header system.
- (e) Term of service, including the date service is requested to commence and the date service is requested to terminate.
- (f) Evidence of creditworthiness. Acceptance of a storage or transportation service request is contingent upon a satisfactory credit appraisal by Petal. Such credit appraisal must meet the following criteria:
  - (i) Customer shall provide (a) current financial statements, annual reports, 10-K reports or other filings with regulatory agencies, (b) a list of all corporate affiliates, parent companies and subsidiaries, and (c) any reports from credit reporting agencies which are available. Petal shall apply consistent evaluation practices to determine the acceptability of the Customer's overall financial condition, working capital, and profitability trends.
  - (ii) A bank reference and at least two trade references must be provided by Customer. The results of reference checks and any credit reports must show that Customer's obligations are being paid on a prompt basis.
  - (iii) Customer must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under the state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. An exception can be made for a Customer who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurances that billings will be paid promptly as cost of administration under the federal court's jurisdiction.
  - (iv) Customer must not be subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or which could impair the ability of the Customer to continue to exist as an ongoing business entity.
  - (v) If Customer has an ongoing business relationship with Petal, no delinquent balances shall be consistently outstanding for natural gas storage and transportation services provided previously by Petal. Customer shall have paid its account for past periods according to established contract terms, not having made deductions or withheld payment not authorized by contract.
  - (vi) No significant collection lawsuits or judgments shall be outstanding which would seriously reflect upon the business entity's ability to remain solvent.
- (g) Petal may monitor Customer's creditworthiness on an ongoing basis throughout the term of Customer's service agreement(s), including monitoring Customer's compliance with Section 6.8[4(iii) through (vi)] above. Petal shall not be required to perform or continue

service under any Rate Schedule on behalf of any Customer who is or has become insolvent or who fails to demonstrate creditworthiness within a reasonable period of time. At any time during the term of Customer's service agreement, Petal may, upon reasonable notice, require that Customer provide additional credit information, including updates of the materials described in Section 6.8[4(f)(i), (ii) and (iii)]. If a Customer fails to demonstrate creditworthiness at the time Customer makes its service request, or at any time during the term of Customer's service agreement, such Customer may still obtain or continue to receive service hereof if it provides to Petal one of the following: (i) a standby irrevocable letter of credit drawn upon a bank acceptable to Petal, in an amount acceptable to Petal; (ii) a security interest in collateral provided by the Customer found to be satisfactory to Petal; or (iii) guarantee of performance of all Petal's obligations by a person or entity which does satisfy the credit appraisal.

5. Subsequent Information

- (a) If any of the events or actions described in Sections 6.3[4(f)(i), (ii) and (iii)] above, shall be initiated or imposed during the term of service under a storage or transportation service agreement, Customer shall provide notification to Petal within two working days of any such initiated or imposed event or action. Customer shall also promptly provide such additional Customer credit information as may be reasonably required by Petal, at any time during the term of service under a storage or transportation service agreement, to determine Customer's creditworthiness.
- (b) After receipt of a request for service, Petal may require that Customer furnish additional information as a prerequisite to Petal offering to execute a storage or transportation service agreement with Customer. Such information may include proof of Customer's lawful right and title to cause the gas to be delivered to Petal for storage or transportation and of Customer's contractual or physical ability to cause such gas to be delivered to and received from Petal.
- (c) Petal will communicate with the customer in accordance with the NAESB WGQ Standards for creditworthiness.

6. Request Validity. If Petal has tendered a storage or transportation service agreement for execution to Customer and Customer fails to execute the agreement as tendered within 30 consecutive days from the date the agreement is received by Customer, Petal may consider Customer's service request void. For service under Rate Schedule FSS, FSS-1, or FTS, Petal will not be required to tender an agreement to Customer for execution that relates to requests for service for which Petal does not have sufficient available firm capacity.

7. Customer's Performance. Customer is required to provide to Petal any information required for Petal to comply with any FERC reporting or other requirements.

8. Complaints. In the event that a Customer or potential Customer has a complaint relative to storage and transportation service under this Volume No. 1, the Customer shall provide a description of the complaint, verbally or in writing, including the identification of the service request (if applicable), and communicate it to:

Petal Gas Storage, L.L.C.  
Attn: General Counsel  
P. O. Box 1478  
Houston, TX 77251-1478

Petal will verbally respond initially within 48 hours, or two (2) Business Days, whichever is later, from the day of receipt of a complaint. Petal shall respond in writing within 30 days of receipt of the complaint advising Customer or a potential Customer of the disposition of the complaint.

9. Information.

- (a) Any person may request information on pricing, terms of service or capacity availability by contacting Petal at the following:

Petal Gas Storage, L.L.C.  
Attn: Customer Service Department  
P. O. Box 1478  
Houston, TX 77251-1478  
Fax: (713) 479-1020

- (b) Each Customer will be provided with a list of phone numbers for Petal's gas dispatch and control personnel, who are on-call 24-hours a day.

10. Internet Website.

- (a) Petal will maintain an Internet website for the use of its Customers and prospective Customers interested in obtaining information about storage or transportation capacity available. Petal's Internet website will provide all information required to be posted thereon under regulations of the FERC, together with such additional information as Petal considers appropriate.

- (b) Information posted on Petal's Internet website will include the following:

- (i) Firm and interruptible storage and transportation capacity currently available from Petal.
- (ii) Injection and withdrawal capacity (or deliverability) currently available.
- (iii) Firm and recallable capacity released by FSS, FSS-1 and FTS Customers or Replacement Customers pursuant to Section 6.16 of the General Terms and Conditions of this Tariff and currently available for allocation.
- (iv) Firm capacity which is currently available or will become available by reason of the termination of an Agreement under Section 6.16 of the General Terms and Conditions of this Tariff and is or will be subject to an Open Season.
- (v) Currently operative offers to purchase capacity tendered pursuant to Section 6.16 of the General Terms and Conditions of this Tariff.

- (c) With respect to each category of information posted on Petal's Internet website, Petal also includes relevant information pertaining to the minimum rates at which capacity is offered to Customers and Replacement Customers, any restrictions, terms, or conditions imposed on the reallocation of released capacity by the Customer or Replacement Customer releasing that capacity (including the name of any Replacement Customer designated by the releasing Customer), and the terms and conditions upon which offers to purchase capacity have been tendered.

- (d) Petal shall maintain daily backups of all transactions and archive them for a period of



three (3) years pursuant to Commission regulations, and shall allow any Customer access to such historical information, for a reasonable fee, within a reasonable period of any such request.

- (e) Publicly available information can be found on Petal's internet website. In order to obtain access to Customer-specific information, parties shall contact Quantum Technical Support at (713) 479-8215 or (800) 999-8475 to have a Customer account created. Mail inquiries to:

Petal Gas Storage, L.L.C.  
Attn: Quantum Technical Support  
P. O. Box 1478  
Houston, TX 77251-1478

- 11. Construction of Facilities. Petal shall not be required to provide any requested service under any Rate Schedule which would require construction or acquisition by Petal of new facilities, or expansion of existing facilities.

## Fuel, Discounting, Negotiated Rates, and Annual Charge Adjustment (ACA)

### 1. Fuel

- (a) Categories of Fuel Usage. The two general categories of fuel usage are: (1) Direct Fuel Usage, consisting of (a) compression fuel, including electric power associated with compression, (b) dehydration fuel, and (c) line heating fuel; and (2) Indirect Fuel Usage, which shall include lost and unaccounted for volumes.
- (b) Fuel Reimbursement Calculation. The amount charged monthly for Fuel Reimbursement shall reflect the actual fuel used. Petal shall use reasonable efforts to minimize fuel usage. The results of all calculations shall be rounded to the nearest dekatherm or kilowatt hour. For storage service (including advancing and parking service), the total actual fuel charged to Customer shall be pro rata based on Customer's injected volumes. For transportation service requiring compression, the total actual fuel charged to Customer shall be pro rata based on Customer's transported volumes.

Customer shall have the option, by providing prior written notice to Petal, to elect to reimburse Petal in cash for Fuel reimbursement instead of providing such gas in-kind. Such election must be exercised in writing prior to the effective date of the applicable service agreement or before the first day of the month, if such service agreement is in effect. A Customer providing such notice shall pay cash for its pro rata share of the total actual fuel used based upon the total quantities of gas injected into the storage facilities and/or transported during each month at a cost of gas equal to the arithmetic average of the index prices published for the four points listed below, at the prices published in the first publication of the month of *Inside FERC's Gas Market Report*:

- Tennessee, Louisiana, 500 Leg
- Transco, Zone 4 (T85)
- Southern Natural, Louisiana
- Texas Eastern, M-1 30-inch (Kosi)

When a Customer elects to reimburse Petal in cash for fuel, the charge for Customer's fuel shall be set forth as a separate line item in the monthly invoice from Petal to Customer.

The charge for electric power included in the Fuel Reimbursement Calculations shall be set forth as a separate line item in the monthly invoice from Petal to Customer, and shall include all charges for electric power associated with compression.

### 2. Discounting

Petal and Customer may agree that a specified discounted rate will apply: (a) to Rate Schedules FTS and ITS; (b) only if specified quantity levels are actually achieved under Customer's service agreement (with higher rates, charges, and fees applicable to all quantities above those levels, or to all quantities under Customer's service agreement if the specified levels are not achieved); (c) only during specified time periods; or (d) only to specified Points of Receipt, Points of Delivery, transportation paths, or defined geographical areas; provided, however, that any such discounted rates set forth above shall be between the minimum and maximum rates applicable to the service provided under Petal's Tariff.

Such forms of discounts shall not be considered a material deviation from Petal's pro forma

service agreements as a result of such discounts and Petal shall not be required to file such agreements with the Commission as a non-conforming agreement because of such discounts.

In addition, the discount agreement may include a provision that if one rate component that was at or below the applicable Maximum Rate at the time the discount agreement was executed subsequently exceeds the applicable Maximum Rate due to a change in Petal's Maximum Rates so that such rate component must be adjusted downward to equal the new applicable Maximum Rate, then other rate components may be adjusted upward to achieve the agreed overall rate, as long as none of the resulting rate components exceeds the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission Order accepts revised tariff sheet rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates that ultimately are found to be just and reasonable.

Petal and Customer shall execute a Discounted Rate Letter Agreement for discounts provided pursuant to Rate Schedule ITS which extend for a term of six months or more, unless such discount offer is posted on Petal's Internet website.

### 3. Negotiated Rates

- (a) Customer and Petal may agree to a Negotiated Rate with respect to the charges identified in Rate Schedule FTS or ITS that may be less than, equal to or greater than the Maximum Rate; shall not be less than the Minimum Rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity, production dedication or other form of consideration. Such Negotiated Rate shall be set forth on Appendix 1 of the executed FTS or ITS Agreement. The Maximum Rate shall be available to any Customer that does not choose a Negotiated Rate. Customers paying a Negotiated Rate that exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of scheduling, curtailment and interruption, and calculating the economic value of a request for unsubscribed firm capacity or interruptible transportation service. Replacement Customers may not bid or pay a rate greater than the Maximum Rate and are not eligible for Negotiated Rates for the FTS Agreement.
- (b) Such Negotiated Rate shall be filed with the Commission no later than the Business Day on which Petal commences service at a negotiated rate (or if the Day on which Petal commences such service is not a Business Day, then the next Business Day after Petal commences such service), Petal shall file all negotiated rate service agreements with the Commission, and an affirmation that the negotiated rate agreement does not deviate in any material aspect from the applicable form of service agreement in Petal's Tariff.

### 4. Annual Charge Adjustment (ACA)

#### (a) Purpose

Annual charges are assessed by the FERC under 18 C.F.R. Part 382 of the FERC's Regulations prior to each fiscal year in order to cover the cost of the operation of the FERC. For the purpose of recovering annual charges assessed Petal by the FERC, this Section 6.9[4] establishes, pursuant to Section 154.402 of the FERC's Regulations, an ACA unit charge applicable to quantities transported and delivered under all Petal's rate schedules, as applicable. This ACA unit charge is in addition to any amounts otherwise payable to Petal under its rate schedules. Petal does not intend to recover any annual charges recorded in

FERC Account No. 928 in a Section 4 rate case while this Section 6.9[4] is in effect. Petal, however, reserves the right to cancel this Section 6.9[4] and change to the Section 4 rate case recovery method at a future date.

(b) Basis of the Annual Charge Adjustment

Petal's FERC ACA unit charge shall be established by the FERC for each fiscal year beginning October 1 through September 30, and adjusted to Petal's pressure base and heating value if required, upon payment by Petal of the annual assessment as reflected on the notice entitled "Payment Status of Pipeline Billings – FY [Year]" issued by the FERC on the last business day of each fiscal year ending September 30, and updated as necessary. The ACA unit charge as specified in the annual notice issued by the FERC entitled "FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge" shall be incorporated herein by reference. The publicly available notice documents are located on the Annual Charges page of the Natural Gas section of the FERC's website at <http://www.ferc.gov>.

## Pre-granted Abandonment, Right of First Refusal, and Contract Term Extensions

- (1) Right of First Refusal under Rate Schedules FSS and FSS-1
  - (a) Right of First Refusal at End of Contract Term. Petal may discontinue service to a Customer at the end of the primary term or any renewed term of the Customer's FSS or FSS-1 Agreement unless (i) the Customer exercises any applicable renewal right in the FSS or FSS-1 Agreement; or (ii) in the case of a long term FSS or FSS-1 Agreement, the Customer exercised its right of first refusal for the capacity covered by the FSS or FSS-1 Agreement by matching the terms offered to Petal during an open season for such capacity by any qualified prospective successor customer. Petal shall retain its right to require a minimum rate for bids during any such open season. In determining which bid for the capacity is the highest, Petal will use the present value formula set forth in Section 6.12[2] of the General Terms and Conditions of Petal's Tariff. A "long term FSS or FSS-1 Agreement," as that term is used in this Section is an FSS or FSS-1 Agreement having a primary term greater than or equal to five (5) years. A prospective successor customer is "qualified," within the meaning of this section, if such prospective successor customer meets the creditworthiness criteria set forth in Section 6.5 of the General Terms and Conditions of this Tariff.
  - (b) Exercise of Right of First Refusal. Upon expiration of the open season, Petal will communicate the terms of the highest bid received from a qualified successor customer to the current capacity holder, who may elect, within ten (10) Business Days or such greater time as Petal may specify, to execute a renewal FSS or FSS-1 Agreement upon the same terms. If the current capacity holder does not elect to match the terms of such highest bid, its FSS or FSS-1 Agreement will expire at the conclusion of its term, and Petal may enter into a new FSS or FSS-1 Agreement with the qualified successor customer who submitted the bid.
  - (c) Continuation of Service. If, during the open season, Petal receives no bids or rejects all bids, Petal and the current capacity holder may negotiate for continuation of service under mutually satisfactory rates, terms, and conditions. In no event, however, will such continued service be provided at a rate lower than the highest rate bid by a qualified prospective successor customer during the open season.
2. Right Of First Refusal And Pregranted Abandonment under Rate Schedule FTS
  - (a) Applicability
    - (1) Any Customer receiving firm transportation service under an executed FTS Agreement that has a primary term of one (1) year or more, and that does not have an evergreen provision, may exercise its right of first refusal in order to retain firm transportation service at the expiration of the primary term. Any Customer receiving firm transportation under a FTS Agreement that has a primary term of one (1) year or more, and that has an evergreen provision, may exercise its right of first refusal in order to retain continued firm transportation in the event that Petal provides notice, as allowed by such Service Agreement, that it will terminate the FTS Agreement at the expiration of the primary term or any roll-over term.

- (2) Any Customer receiving transportation service provided under a FTS Agreement that has a primary term of less than one (1) year, and that may or may not have an evergreen provision, does not have the right of first refusal to retain its firm transportation service at the expiration of a primary term or any subsequent roll-over term.
- (b) **Posting of Capacity.** At least thirty (30) days prior to the effective termination date of a FTS Agreement with a primary term of one (1) year or more, whether such date is specified in the FTS Agreement or Petal's notice of termination as allowed by such FTS Agreement, Petal shall post on its Internet website the capacity that will be available upon the termination of a Customer's FTS Agreement and whether such capacity is subject to an existing Customer's right of first refusal. The capacity will be posted for not less than five (5) business days.
- (c) **Bidding On Capacity.** Upon posting of available capacity, Petal shall receive bids in writing from eligible bidders who have executed a FTS Form of Service Agreement. Bids must be submitted on Petal's Internet website or in writing and must be received by Petal no later than the bid deadline. Petal will post the relevant terms of all eligible bids, other than the bidder's name, upon receipt of each bid received by Petal. Petal will determine the best bid in accordance with the criteria set forth in Section 6.12[2] of the General Terms and Conditions of this Tariff.
- (d) **Right of First Refusal.** If the right of first refusal applies, Petal will notify an existing Customer of the best bid, if any, received that Petal is willing to accept. Customer must provide Petal written notification, which may be transmitted by fax or other similar electronic means, that it intends to exercise its right of first refusal. Customer shall have a specified time, but not less than five (5) business days, within which Customer must match the best bid. In order to match the best bid, Customer must agree to pay a rate up to the maximum rate, for an agreement term, not to exceed five (5) years, that will provide Petal at least the same net present value. If Customer matches the best bid, Petal and Customer will enter into a new FTS Agreement, or modify the existing FTS Agreement, reflecting the terms of the best bid. If Customer fails to match the best bid within the time allowed by Petal, Customer's existing FTS Agreement will be abandoned upon the termination of the FTS Agreement and Petal will enter into a new FTS Agreement with the Customer offering the best acceptable bid. The highest rate that Customer must match through the bidding process if it wishes to continue such service is the maximum rate.
- (e) **Negotiated Rate.** Customers requesting service at a Negotiated Rate that exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of determining the economic value of request(s) for service rights.
- (f) **Acceptable Bids.** In the event Petal does not receive any bids for Customer's capacity or any bids that are acceptable to Petal, Customer shall have the right to retain its firm capacity at the maximum rate applicable thereto, or any negotiated discount agreed to by Petal, for an additional term as requested by Customer. If Customer refuses to renew its existing FTS Agreement at the maximum rate, absent an agreement by Petal to discount, such FTS Agreement shall be subject to abandonment upon its termination.
- (g) **Abandonment.** Petal shall be relieved of its transportation service obligations for any FTS Agreement with a primary term of less than one (1) year, regardless of any subsequent roll-over term provided by an evergreen provision, upon the expiration or

termination of such FTS Agreement. Petal shall be relieved of its transportation service obligations for any FTS Agreement with a primary term of one (1) year or more upon the expiration of such FTS Agreement, provided that Customer gives notice to terminate its FTS Agreement pursuant to the provisions contained therein, or Customer fails to match the best bid under its right of first refusal option as described in Section 6.12[2] of the General Terms and Conditions, or Customer fails to submit a bid acceptable to Petal.

## Bidding

1. During an open season, Petal will accept requests for firm storage or transportation service from potential customers. For customers seeking firm storage service, capacity will be allocated to those customers offering to pay the highest rates. Specifically, storage capacity will be allocated to those customers offering to pay the highest present value of the weighted average per unit Capacity and Deliverability Charges over the terms of each agreement. For customers seeking firm transportation service, capacity will be allocated to those customers offering to pay the highest rate, regardless of whether that rate is negotiated or the maximum recourse rate. For purposes of determining priority for firm transportation service, negotiated rate bids higher than the maximum recourse rate will be valued as if they are at the maximum recourse rate. Transportation capacity will be allocated to those customers offering to pay the highest present value of the weighted average per unit of firm transportation capacity over the term of each agreement. Such present value of the Capacity and Deliverability Charges and transportation capacity shall be calculated in accordance with the following formula:

$$(\text{Monthly Charges Per Unit of Storage or Transportation Capacity}) \times [1 - ((1 + i)^{-n})] / i$$
$$\times ((1 + i)^{-t}) = \text{Present Value Per Unit of Storage or Transportation Capacity}$$

Where:  $i$  = The prime rate as published by the Wall Street Journal on the first day of the open season plus five percent (5%) (or 500 basis points). The sum of which is then divided by twelve (12).

$n$  = The term of the agreement, in months.

$t$  = Month of contract start (example: May = 5) minus the first month capacity is available (Feb = 2), not to exceed 3 months.

For example, a bid of \$.08/dth (storage capacity charge) and \$1.45/dth (storage deliverability charge) would equal a weighted per unit charge of \$.225/dth/month,  $([(\$0.08 \times 100,000) + (\$1.45 \times 10,000)]/100,000)$ . A bid equal to \$.225/dth/month for five years (60 months) starting in May, assuming capacity is available in February and using a 7% prime rate, yields a present value per unit of \$9.82.

2. During the allocation process of an open season, should requests for storage or transportation capacity exceed available capacity, capacity will first be allocated to the highest present value bids received. When remaining unallocated capacity is not sufficient to meet the next highest present value bidder's capacity requirements, that next highest bidder has the option of declining the remaining capacity. Petal will then offer the remaining capacity to the next highest bidder, until all the remaining capacity is allocated.
3. Should the next highest present value bid in 6.4[2(b)] above be submitted by two or more Customers (e.g., tied bids) and there is insufficient remaining capacity available to serve such Customers, then capacity will be allocated to the Customer submitting the earliest tied bid, until the remaining unallocated capacity is insufficient to serve the next tied Customer's capacity requirements. That next tied Customer has the option of declining the remaining capacity. However, should the last of the tied bidders decline the remaining capacity, then Petal will offer the remaining capacity to the next highest bidder, until all the remaining capacity is allocated.
4. Petal will accept requests for firm service for any storage or transportation capacity remaining available after an open season. The remaining capacity shall be allocated on a first-come, first-



served basis. That is, the first customer offering to pay a rate for storage or transportation that Petal finds acceptable shall be allocated capacity.

## Nominations, Confirmations, Scheduling, and Priority and Interruption of Service

### 1. Nominations, Confirmations, and Scheduling

- (a) Petal shall accept nominations 24 hours a Day during any day when Customer desires Petal to (i) receive and inject gas into, or to withdraw and deliver gas from storage, or (ii) transport gas for Customer. Customer shall submit a nomination via fax or Petal's Internet website, that includes but is not limited to the following information: daily volume, flow period (Customer defined begin dates and end dates), upstream transportation contract number(s) (for injections and transportation), downstream transportation contract number(s) (for withdrawals and transportation), customer name and contract number, the customer's authorized employee name and telephone number, the type of service desired, for injections or transportation, the State of the source of gas, and for customers obtaining released capacity from a capacity holder other than Petal, the name of that capacity holder. All nominations should include shipper defined begin dates and end dates. All nominations excluding intra-day nominations should have roll-over options. Specifically, shippers should have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of shipper's contract (NAESB WGQ Standard No. 1.3.5, V2.0). All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only (NAESB WGQ Standard No. 1.3.7, V2.0). Overrun quantities should be requested on a separate transaction (NAESB WGQ Standard No. 1.3.19, V2.0).

Although Petal shall accept nominations 24 hours a Day, Customer may elect to utilize the following standard nomination timeline, as stated in NAESB WGQ Standard No. 1.3.2, V2.0.

All Transportation Service Providers should support the following standard nomination cycles:

- (i) The Timely Nomination Cycle: 11:30 a.m. for nominations leaving control of the nominating party; 11:45 a.m. for receipt of nominations by the transporter (including from Title Transfer Tracking Service Providers (TTTSPs)); noon to send Quick Response; 3:30 p.m. for receipt of completed confirmations by transporter from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by shipper and point operator (central clock time on the day prior to flow).
- (ii) The Evening Nomination Cycle: 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by the transporter (including from TTTSPs); 6:30 p.m. to send Quick Response; 9:00 p.m. for receipt of completed confirmations by transporter from upstream and downstream connected parties; 10:00 p.m. for Transportation Service Provider to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the day prior to flow).

Scheduled quantities resulting from an Evening Nomination that do not cause another Service Requester on the subject Transportation Service Provider to receive notice that it is being bumped should be effective at 9:00 a.m. on gas day; and when an Evening Nomination causes another Service Requester on the subject Transportation Service Provider to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. on gas day.

- (iii) The Intraday 1 Nomination Cycle: 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by the transporter (including from TTTSPs); 10:30 a.m. to send Quick Response; 1:00 p.m. for receipt of completed confirmations by transporter from upstream and downstream connected parties; 2:00 p.m. for Transportation Service Provider to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the gas day). Scheduled quantities resulting from Intraday 1 Nominations should be effective at 5:00 p.m. on gas day.
  - (iv) The Intraday 2 Nomination Cycle: 5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by the transporter (including from TTTSPs); 5:30 p.m. to send Quick Response; 8:00 p.m. for receipt of completed confirmations by transporter from upstream and downstream connected parties; 9:00 p.m. for Transportation Service Provider to provide scheduled quantities to affected shippers and point operators (central clock time on the gas day). Scheduled quantities resulting from Intraday 2 Nominations should be effective at 9:00 p.m. on gas day. Bumping is not allowed during the Intraday 2 Nomination Cycle.
  - (v) For purposes of NAESB WGQ Standard No. 1.3.2ii, iii, and iv, V2.0, "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.
- (b) Customer shall make available and tender any gas to be injected or transported hereunder and receive and accept delivery, upon tender by Petal, any gas requested to be withdrawn from storage or transported. The quantity of gas stored for the account of Customer shall be increased or decreased upon injection or withdrawal of gas from storage, as applicable. Customer shall not (unless otherwise agreed by Petal) tender for injection, nor shall Petal be obligated to receive gas for injection, or to withdraw and deliver gas from storage, on an hourly basis at rates of flow in excess of 1/24 of Customer's TMDIQ or TMDWQ, respectively. Petal shall not be obligated to receive, confirm, or deliver gas to an Interconnecting Pipeline other than gas belonging to a Customer with an executed FSS, FSS-1, ISS, FTS, or ITS contract with Petal.
- (c) Intraday Nominations. An intra-day nomination is a nomination submitted after the deadline whose effective time is no earlier than the beginning of the gas day and runs through the end of that gas day (NAESB WGQ Standard No. 1.2.4, V2.0). All nominations, including intra-day nominations, should be based on a daily quantity; thus, an intraday nominator need not submit an hourly nomination. Intra-day nominations should include an effective date and time. The interconnected parties should agree on the hourly flows of the intra-day nomination, if not otherwise addressed in transporter's contract or tariff (NAESB WGQ Standard No. 1.3.9, V2.0). Furthermore, an intra-day nomination should include the daily quantity to be injected or withdrawn from storage or transported. Petal shall not be obligated to inject or withdraw from storage an hourly

amount greater than one-twenty-fourth of Customer's TMDIQ or TMDWQ. An intra-day nomination may be utilized to request increases or decreases in gas flow and/or changes to receipt and/or delivery points of scheduled gas and/or to nominate new supply or market. Intra-day nominations do not rollover (i.e. intra-day nominations span one day only). Intra-day nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if intra-day nomination modifies existing nomination (NAESB WGQ Standard No. 1.3.13, V2.0).

- (d) (1) Nominations will be processed for scheduling in the order in which they were received, by priority level as described in Section 6.12[1] of the General Terms and Conditions of this Tariff. Nominations received after nomination deadline should be scheduled after the nominations received before the nomination deadline (NAESB WGQ Standard No. 1.3.6, V2.0).
- (2) Notices provided in this Section 6.12 must be submitted in writing via fax or Petal's Internet website. Customer shall provide notice of any changes in deliveries to or receipt from Petal to all applicable Interconnecting Pipelines and shall be responsible for, and shall hold Petal harmless from, any and all liabilities and expense resulting from any such changes.
- (3) Nominations to schedule gas for the first day of a prospective month must be submitted no later than the date and time allowed by the upstream Interconnecting Pipeline for injections and transportation, and downstream Interconnecting Pipeline for withdrawals and transportation, as indicated in the Interconnecting Pipeline's respective tariffs. Nominations received after these dates and times will be deemed "late" and will require that the capacity holder renominate for service to commence at a time accepted by Interconnecting Pipeline.

## 2. Priority of Service

- (a) Any Customer executing a service agreement with Petal shall be entitled to the injection, storage, and withdrawal of gas or the transportation of gas subject to the availability of storage capacity and deliverability and transportation capacity in the manner and priority prescribed by this Section 6.12[2]. Petal shall determine scheduling priority for storage and transportation separately as follows:
  - (1) Nominations for storage service shall be scheduled in the following order of declining priority:
    - (i) Rate Schedule FSS and Rate Schedule FSS-1 storage (unless FSS-1 Customer has agreed to a lower injection or withdrawal priority, as applicable) to Primary Delivery Point(s) or from Primary Receipt Point(s);
    - (ii) Rate Schedule FSS-1 storage (where Customer has agreed to a lower injection or withdrawal priority, as applicable) to Primary Delivery Points(s) or from Primary Receipt Point(s);
    - (iii) Rate Schedule FSS and Rate Schedule FSS-1 storage (unless FSS-1 Customer has agreed to a lower injection or withdrawal priority, as applicable) to Secondary Delivery Point(s) or from Secondary Receipt Point(s);

- (iv) Rate Schedule FSS-1 storage (where Customer has agreed to a lower injection or withdrawal priority, as applicable) to Secondary Delivery Point(s) or from Secondary Receipt Point(s);
  - (v) Interruptible and authorized overrun storage service pursuant to Section 6.12[2(c)] below, to Delivery Point(s) or from Receipt Point(s).
- (2) Nominations for transportation service shall be scheduled in the following order of declining priority:
- (i) Firm transportation service from Primary Receipt Point(s) to Primary Delivery Point(s);
  - (ii) Firm transportation service from a Primary Receipt Point(s) to Secondary Delivery Point(s) within the Shipper's Path, or from a Secondary Receipt Point(s) within the Shipper's Path to Primary Delivery Point(s);
  - (iii) Firm transportation service from Secondary Receipt Point(s) to Secondary Delivery Point(s) where the Secondary Points are both outside of Shipper's Path;
  - (iv) Make-up volumes to correct prior variances between (a) Interconnecting Pipeline and Petal under a balancing agreement, (b) Customer and Petal, and (c) Customer and Interconnecting Pipeline if the variance was due to Petal's failure to receive or deliver Customer's scheduled volumes;
  - (v) Interruptible and authorized overrun transportation service pursuant to Section 6.12[2(c)] below.
- (b) Firm Service.
- (1) During an open season, Petal will accept requests for firm storage or transportation service from potential customers. For customers seeking firm storage service, capacity will be allocated to those customers offering to pay the highest rates. Specifically, storage capacity will be allocated to those customers offering to pay the highest present value of the weighted average per unit Capacity and Deliverability Charges over the terms of each agreement. For customers seeking firm transportation service, capacity will be allocated to those customers offering to pay the highest rate, regardless of whether that rate is negotiated or the maximum recourse rate. For purposes of determining priority for firm transportation service, negotiated rate bids higher than the maximum recourse rate will be valued as if they are at the maximum recourse rate. Transportation capacity will be allocated to those customers offering to pay the highest present value of the weighted average per unit of firm transportation capacity over the term of each agreement. Such present value of the Capacity and Deliverability Charges and transportation capacity shall be calculated in accordance with the following formula:
- (Monthly Charges Per Unit of Storage or Transportation Capacity) X [1 - ((1 + i) to the -n power)/i] X ((1 + i) to the -t power) = Present Value Per Unit of Storage or Transportation Capacity

Where:  $i$  = The prime rate as published by the Wall Street Journal on the first day of the open season plus five percent (5%) (or 500 basis points). The sum of which is then divided by twelve (12).

$n$  = The term of the agreement, in months.

$t$  = Month of contract start (example: May = 5) minus the first month capacity is available (Feb = 2), not to exceed 3 months.

For example, a bid of \$.08/dth (storage capacity charge) and \$1.45/dth (storage deliverability charge) would equal a weighted per unit charge of \$.225/dth/month,  $([ ($.08 \times 100,000) + ($1.45 \times 10,000) ] / 100,000)$ . A bid equal to \$.225/dth/month for five years (60 months) starting in May, assuming capacity is available in February and using a 7% prime rate, yields a present value per unit of \$9.82.

- (2) During the allocation process of an open season, should requests for storage or transportation capacity exceed available capacity, capacity will first be allocated to the highest present value bids received. When remaining unallocated capacity is not sufficient to meet the next highest present value bidder's capacity requirements, that next highest bidder has the option of declining the remaining capacity. Petal will then offer the remaining capacity to the next highest bidder, until all the remaining capacity is allocated.
  - (3) Should the next highest present value bid in 6.12[(b)(2)] above be submitted by two or more Customers (e.g., tied bids) and there is insufficient remaining capacity available to serve such Customers, then capacity will be allocated to the Customer submitting the earliest tied bid, until the remaining unallocated capacity is insufficient to serve the next tied Customer's capacity requirements. That next tied Customer has the option of declining the remaining capacity. However, should the last of the tied bidders decline the remaining capacity, then Petal will offer the remaining capacity to the next highest bidder, until all the remaining capacity is allocated.
  - (4) Petal will accept requests for firm service for any storage or transportation capacity remaining available after an open season. The remaining capacity shall be allocated on a first-come, first-served basis. That is, the first customer offering to pay a rate for storage or transportation that Petal finds acceptable shall be allocated capacity.
- (c) Interruptible Service. Requests for interruptible service shall be awarded in accordance with the provisions of this section:
- (1) The order of priority relating to service requests under Rate Schedules ISS and AVS and PKS shall be determined by comparing the average daily Interruptible Storage Charge agreed to by Petal and Customer, with the highest charge calculated on a daily basis given highest priority.
  - (2) The order of priority relating to service requests under Rate Schedule ITS shall be determined as follows:
    - (i) The highest priority shall be given to IT services receiving gas from or delivering gas to Rate Schedule FSS or FSS-1 storage service (unless the FSS-1 Customer has agreed to a lower injection or withdrawal

priority, as applicable), with the highest transportation rate given the highest priority,

- (ii) The next priority shall be given to IT services receiving gas from or delivering gas to a Rate Schedule FSS-1 storage service (where the FSS-1 Customer has agreed to a lower injection or withdrawal priority, as applicable, with the highest transportation rate given the highest priority, and;
- (iii) The lowest priority shall be given to all other IT service, with the highest rate given the highest priority.

For purposes of determining transportation priority under this section (b), all negotiated Rates above Petal's Recourse Rate shall be deemed to be at Petal's Recourse Rate.

In the event of a tie in priority under Section 6.12[2(c)], Petal shall award capacity pro-rata.

### 3. Interruption.

- (a) If on any day, due to any cause whatsoever, Petal's capability to receive or deliver volumes is impaired so that Petal is unable to receive or deliver all the volumes which are scheduled, then interruption of storage or transportation service shall be made in the reverse order of priority set forth in Section 6.12[2(a)]. If firm service must be interrupted for one day or more, interruption of service to firm customers shall be pro rata based on the quantities of confirmed nominations for that day when service is required to be interrupted. Interruption of service to interruptible customers shall be in the reverse order of the priority scheduled in Section 6.12[2(c)]. Any ties shall be interrupted on a pro rata basis.
- (b) Petal shall provide Customer as much advance notice of any interruption as is practicable under the circumstances. Such notice shall state the reduced volumes of gas that Petal estimates it will be able to inject, withdraw, or transport for Customer and the estimated duration of the interruption. Petal shall provide Customer such notice by telephone, electronic mail, facsimile and/or Petal website notice.
- (c) If interruption is required, Petal and Customer shall cooperate to the extent possible in making adjustments to injections or withdrawals to minimize injury to any property or facilities.
- (d) Reservation Charge Credits for Transportation and Storage Services.
  - (1) If Petal fails to deliver, inject, or withdraw on any day under any Rate Schedule FTS, FSS, or FSS-1 service agreement, the Customer's confirmed nominated volume of gas, which Petal is obligated to deliver or withdraw at Primary Delivery Point(s) or inject at Primary Receipt Point(s), then the applicable Reservation Charge (which, for the purposes of this Section 6.12[(3)(d)], shall include any monthly charges under Rate Schedules FSS and FSS-1) shall be eliminated for the quantity of gas not delivered, injected, or withdrawn by Petal; provided, however, that these charges shall not be eliminated to the extent that the Customer uses Secondary Receipt or Delivery Point(s).

- (2) Petal shall not be obligated to adjust the Reservation Charge under any Rate Schedule FTS, FSS, or FSS-1 service agreement when Petal's failure to deliver, inject, or withdraw on any day:
  - (i) is the result of the conduct of Customer, the upstream operator of the facilities at the Primary Receipt Point(s), or the downstream operator of the facilities at the Primary Delivery Point(s); or
  - (ii) occurs either (a) within ten (10) days following a force majeure event as contemplated by Section 6.22.3[2] of the General Terms and Conditions of Petal's FERC gas tariff, or (b) prior to the date Petal has or should have, in the exercise of due diligence, overcome the force majeure event, whichever occurs first.
- (e) Interruption Liability. Petal shall not be liable for any loss or damage to any person or property caused by any interruption of service, except to the extent of direct damages caused, in whole or in part, by Petal's own negligence or willful misconduct.



**Reserved**

## Imbalance Resolution Procedures

1. Petal shall not be obligated to deliver gas quantities that it has not received from Customer. Customer shall be required to use its best efforts to minimize imbalances between gas quantities delivered to Petal at the Point(s) of Receipt for transportation, and gas quantities received from Petal at the transportation Point(s) of Delivery. When an imbalance exists between Petal and Customer, Petal shall have the right on any day to adjust receipts from Customer or deliveries to Customer to the extent necessary in order to protect the operational integrity of the system. Furthermore, Petal shall have the right at the end of any month to eliminate any imbalance, and to permit Customer to schedule make-up volumes to reduce or eliminate an imbalance.
2. All FTS Customers receiving gas from their Petal FSS, FSS-1 or ISS service at the Petal Paper Pooling Point shall have their imbalances eliminated through adjustment to the balance in their FSS, FSS-1 or ISS storage account. All FTS customers receiving gas from any other Point(s) of Receipt may acquire a balancing agreement under Rate Schedule ISS, AVS, and/or PKS with Petal, or a third-party balancing provider, which agreement Petal may rely upon to adjust the balances as necessary to eliminate Customer's imbalances. Customer must notify Petal of its election to utilize a third party to provide balancing services, and Petal shall approve the proposed third party service provider upon its demonstration that it has the ability to provide balancing on the same operational basis as Petal.
3. All ITS Customers receiving gas from their Petal FSS, FSS-1 or ISS service at the Petal Paper Pooling Point shall have their imbalances eliminated through adjustment to the balance in their FSS, FSS-1 or ISS storage account. All ITS customers receiving gas from any other Point(s) of Receipt may acquire a balancing agreement under Rate Schedules ISS, AVS, and/or PKS with Petal, or a third-party balancing provider, which agreement Petal may rely upon to adjust the balances as necessary to eliminate Customer's imbalances. Customer must notify Petal of its election to utilize a third party to provide balancing services, and Petal shall approve the proposed third party service provider upon its demonstration that it has the ability to provide balancing on the same operational basis as Petal.

## Billing And Payment

### 1. Billing by Petal

Petal shall render the imbalance statement prior to or with the invoice, and the transportation invoice shall be prepared on or before the ninth (9<sup>th</sup>) business day after the production month. Render, as used herein, shall mean the provision by Petal of a time-stamped imbalance statement and/or invoice on its Internet Website. Petal shall provide e-mail notification to Customer's Invoice Notification e-mail address, as specified pursuant to Section 6.8[4(a)], when imbalance statements and invoices are finalized and rendered. Further, Petal shall post a notice to its Internet Website when such documents are finalized.

### 2. Payment

Unless otherwise agreed upon by Petal and Customer, Customer shall be obligated to pay Petal monthly for all services provided. Customer shall pay Petal by electronic funds transfer or by check to a designated bank account. Payments by check shall be made to the remittance address indicated on Petal's invoice. Payment by wire transfer shall be to a bank account designated by Petal. The funds shall be collected and available to Petal no later than ten (10) calendar days from the date the invoice was rendered to Customer for service provided during the preceding month, and billed by Petal for that month. Payment shall not be considered overdue if the due date falls on a Saturday, Sunday, or Federal banking holiday in a given month, provided payment is received on the next business day. All payments shall be identified by invoice number.

### 3. Late Payment

In the event Customer shall fail to pay any amount due Petal when the same is due, then interest shall accrue at the current rate of interest on pipeline refunds established by the Commission from the date such amount is due until paid. Petal shall notify Customer of Customer's failure to timely pay and allow Customer five (5) business days from the day of such notice to pay Petal. Should Customer continue to fail to pay Petal the amount due, Petal may terminate service to Customer by providing at least thirty (30) days written notice to the Customer and the Commission of its intent to terminate any service agreement(s). Such notice may be provided contemporaneously with the initial notice of the need for payment for any unpaid, non-disputed obligations. If Customer has provided security for the amount due and fails to make payment, then Petal may exercise its rights under the security thirty (30) days following Petal's initial notice. In no event can Petal terminate a Customer's service agreement without providing that Customer with thirty (30) days written notice.

### 4. Prior Period Adjustments, Errors and Disputes in Bills

In the event Customer, in good faith, disputes the amount payable in any statement or invoice furnished, Customer shall pay the undisputed portion of the statement or invoice and shall provide documentation identifying the basis for the dispute. Petal and Customer shall in good faith endeavor to resolve the dispute expeditiously. To the extent Customer fails to pay any undisputed portion of the statement of invoice, the remedies available under Section 6.15[4] shall apply. In no event will any changes be made to any statement or invoice after twenty-four (24) months from the date of statements, billings or payment, based on actualized volumes, unless the parties mutually agree.

## Capacity Release

1. Right of Customers to Release Capacity
  - (a) Under Rate Schedule FSS or FSS-1: An FSS or FSS-1 Customer may release its right to capacity, in whole or in part, on a long or short term basis, and on a firm basis pursuant to Rate Schedule FSS or FSS-1 or on a recallable basis, and subject to any agreed-to FSS-1 injection or withdrawal priorities. However, an FSS or FSS-1 Customer may not release its right to capacity, and a Replacement Customer may not re-release such capacity, for a period extending beyond the term of the original FSS or FSS-1 Customer's FSS or FSS-1 Agreement. A Replacement Customer with firm capacity may re-release firm capacity on the same basis, and under the same terms, as apply to the original FSS or FSS-1 Customer. There is no limit on the number of times the same firm capacity may be released.
  - (b) Under Rate Schedule FTS: A FTS Customer may release its right to capacity, in whole or in part, on a long-term, short-term, or permanent basis, and on a firm or recallable basis. However, a FTS Customer may not release its right to capacity, and a Replacement Customer may not re-release such capacity, for a period extending beyond the term of the original FTS Customer's FTS Agreement. The Replacement Customer must contract for the Primary Receipt and Delivery Point(s) specifically set forth in a Releasing Customer's FTS Agreement, or a segmented portion of the capacity covered thereby pursuant to Section 6.17 of the General Terms and Conditions of this Tariff. A Replacement Customer with firm capacity may re-release firm capacity on the same basis, and under the same terms, as apply to the original FTS Customer. There is no limit on the number of times the same firm capacity may be released.
2. Obligations of Customers for Payment of Charges
  - (a) Under Rate Schedule FSS or FSS-1: A Customer (including a Replacement Customer), who releases its right to capacity on any basis for a period less than the remaining term of the original Customer's FSS or FSS-1 Agreement, remains responsible for compliance with all terms and conditions of such Agreement, which shall remain in effect, and for payment to Petal of the amount of any firm Storage Capacity and Deliverability Charge not paid by the Replacement Customer. A Customer (including a Replacement Customer) who releases its right to capacity for the full remaining term of such original Customer's FSS or FSS-1 Agreement, shall be released from its obligations under such Agreement subject to the following conditions: First, upon obtaining the consent of Petal, which consent shall not be unreasonably withheld, and second, upon receiving the approval of Petal's lenders/note holders.
  - (b) Under Rate Schedule FTS:
    - (1) A Customer (including a Replacement Customer), who releases its right to capacity on any basis for a period less than the remaining term of the original Customer's FTS Agreement, remains responsible for compliance with all terms and conditions of such Agreement, which shall remain in effect, and for payment to Petal of the amount of any Reservation Charge not paid by the Replacement Customer. A Customer (including a Replacement Customer) who releases its right to capacity for the full remaining term of the original Customer's FTS Agreement, shall be released from its obligations under such Agreement subject to the following conditions: First, upon obtaining the consent of Petal, which consent shall not be unreasonably withheld, and second, upon receiving the

approval of Petal's lenders/note holders.

- (2) The Replacement Customer shall pay a Reservation Rate and a Usage Rate for use of released capacity. A Replacement Customer will be billed by Petal and shall make payments to Petal in accordance with the terms of the FTS Agreement. For capacity releases other than a permanent release, Petal shall bill the Releasing Customer its reservation charge reflecting a credit of the reservation charge billed to the Replacement Customer. The Releasing Customer will receive credit for all revenue generated by a Replacement Customer's payment of reservation charges for the released capacity. In the event the Releasing Customer receives transportation service at a discounted rate that is less than the rate paid by the Replacement Customer, the Releasing Customer, at its option, will be entitled to receive an additional credit or a refund of the difference. Notwithstanding the above, the Releasing Customer shall remain liable for the reservation charge and Petal will bill the Releasing Customer for any reservation charges not paid by the Replacement Customer and any associated interest on late payments during the next billing cycle. The Replacement Customer shall be obligated to pay Petal the Usage Rate negotiated between the Releasing Customer and Replacement Customer, all associated volumetric surcharges applicable to the quantities Petal transports under the Replacement Customer's FTS Agreement, and any penalties assessed in connection with the Replacement Customer's use of the released capacity. Petal will retain the minimum Usage Rate, associated volumetric surcharges, and any penalty revenues.

3. Notification to Petal.

To release its capacity rights, a Customer must notify Petal in writing or via Petal's Internet website of the terms and conditions of the release. The notification must include:

- (a) The Releasing Customer's name, contract number, and phone number of the individual responsible for authorizing the release of capacity.
- (b) The effective date(s) of the release.
- (c) The volume(s) subject to release.
- (d)
  - (i) **For FSS and FSS-1 Customers:** The MDIQs, TMDIQ, MDWQs and TMDWQ subject to release, including any lower FSS-1 injection or withdrawal priorities set forth in the Customer's FSS-1 service agreement.
  - (ii) **For FTS Customers:** the Primary Receipt and Delivery Points subject to release.
- (e) The minimum acceptable rate(s).
- (f) Whether the capacity is offered on a permanent or temporary basis, and on a firm or recallable basis. If on a recallable basis, include the conditions, if any, upon which the Releasing Customer may recall the capacity.
- (g)
  - (i) **For FSS and FSS-1 Customers:** The criteria by which Petal shall evaluate the bids. A Releasing Customer may select: 1) the present-value formula specified in Section 6.12[2] of the General Terms and Conditions of this Tariff, 2) net

revenue, 3) highest rate, or 4) state its own nondiscriminatory criteria, subject to Petal's approval.

- (ii) **For FTS Customers:** The criteria by which Petal shall evaluate the bids. A Releasing Customer may select: 1) the present-value formula specified in Section 6.12[2] of the General Terms and Conditions of this Tariff, 2) net revenue, 3) highest rate, or 4) state its own nondiscriminatory criteria, subject to Petal's approval. For purposes of bid evaluation, any bid higher than Petal's Maximum Rate shall be deemed to have been bid at Petal's Maximum Rate.

If the net revenue method is chosen, Petal shall determine the bid or bids having the highest net revenue (NR) using the following formula:

$$\text{NR} = (\text{Bid Rate}) \times (\text{Bid Term}) \times (\text{Bid MDQ})$$

where

**Bid Rate** = the daily charge which the Bidder has agreed to pay; for reservation rate bids, the charge is calculated by dividing the bid rate received from the Bidder by 30.4 days per month (average days per month in a 365-day year).

**Bid Term** = the term proposed by the Bidder, in days.

**Bid MDQ** = the maximum daily transportation quantity (MDQ) stated in the Bid, measured in dekatherms or MMBtu.

- (h) The method by which capacity shall be awarded if tied bids are received. If no method for awarding capacity to tied bids is specified, the capacity will be awarded according to Section 6.12[2] of the General Terms and Conditions of this Tariff.
- (i) Any other conditions upon the release of the capacity. Such conditions must be reasonable and nondiscriminatory.
- (j) The identity of a Designated Replacement Customer, the terms and conditions of the agreement under which that Customer was designated, and the rates and charges the Designated Replacement Customer has agreed to pay.
- (k) Sufficient information about the Designated Replacement Customer to enable Petal to determine whether such Customer meets the creditworthiness criteria set forth in Section 6.5 of the General Terms and Conditions of Petal's Tariff.
- (l) Such other pertinent information as Petal may request.

#### 4. Release Capacity Timeline.

- (a) For releases, NAESB WGQ Standard No. 5.3.2, V2.0 provides the following Bidding Periods:

For biddable releases (1 year or less):

- Offers should be tendered by 12:00 p.m. on a Business Day;
- open season ends no later than 1:00 p.m. on a Business Day (evaluation period begins at 1:00 p.m. during which contingency is eliminated, determination of

- best Bid is made, and ties are broken);
- evaluation period ends and Award posting if no match required at 2:00 p.m.;
- match or Award is communicated by 2:00 p.m.;
- match response by 2:30 p.m.;
- where match required, Award posting by 3:00 p.m.;
- contract issued within one hour of Award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

For biddable releases (more than 1 year):

- Offers should be tendered by 12:00 p.m. four Business Days before Award;
- open season ends no later than 1:00 p.m. on the Business Day before timely nominations are due (open season is three Business Days);
- evaluation period begins at 1:00 p.m. during which contingency is eliminated, determination of best Bid is made, and ties are broken;
- evaluation period ends and Award posting if no match required at 2:00 p.m.;
- match or Award is communicated by 2:00 p.m.;
- match response by 2:30 p.m.;
- where match required, Award posting by 3:00 p.m.;
- contract issued within one hour of Award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

For non-biddable releases:

Timely Cycle

- posting of prearranged deals not subject to bid are due by 10:30 a.m.;
- contract issued within one hour of Award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Evening Cycle

- posting of prearranged deals not subject to bid are due by 5:00 p.m.;
- contract issued within one hour of Award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Intraday 1 Cycle

- posting of prearranged deals not subject to bid are due by 9:00 a.m.;
- contract issued within one hour of Award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Intraday 2 Cycle

- posting of prearranged deals not subject to bid are due by 4:00 p.m.;
- contract issued within one hour of Award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

- (b) If more than one timely eligible bid is received, the released capacity will be allocated as follows:

- (i)
      - (1) **For FSS or FSS-1 Customers:** A designated Replacement Customer whose bid is the highest bid received shall be entitled to the released capacity.
      - (2) **For FTS Customers:** A designated Replacement Customer whose bid is the highest bid received shall be entitled to the released capacity, although 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 applicable currently effective tariff sheets, unless such release is for less than one year, in which case there shall be no maximum rate.
    - (ii) The bidder submitting the highest eligible bid shall be entitled to the released capacity if there is no designated Replacement Customer.
    - (iii) If the designated Replacement Customer's bid is not the highest eligible bid, the designated Replacement Customer shall be entitled to the released capacity if it matches or exceeds the highest eligible bid within at least thirty (30) minutes after notification thereof; otherwise the bidder who submitted the highest eligible bid shall be entitled to the released capacity.
    - (iv) Should two or more potential Replacement Customers make identical winning bids, as determined by Section 6.12[2] of the General Terms and Conditions of this Tariff or other nondiscriminatory methodology provided by Releasing Customer, capacity will be allocated according to the nondiscriminatory procedure specified by the Releasing Customer or, if the Releasing Customer did not specify a procedure, the capacity will be allocated to the Customer who submitted the earlier bid.
  - (c) Petal will post information regarding the released capacity according to NAESB requirements.
- 5. Evaluation of Bids.
  - (a) A Releasing Customer may specify the criteria for determining the winning bid. These criteria must be objectively stated, applicable to all potential bidders and nondiscriminatory. The Releasing Customer shall not be entitled to reject any eligible bid which meets its specified criteria.
  - (b) If a Releasing Customer does not specify the criteria for determining the winning bid, Petal shall apply the rules in Section 6.12[2] of the General Terms and Conditions of this Tariff. A bid is "eligible" and a Replacement Customer may be "designated" only if the person submitting the bid or the Replacement Customer meets the creditworthiness criteria set forth in Section 6.5 of the General Terms and Conditions of this Tariff.
- 6. Permanent Replacement Customers. A Customer may release all or any part of its capacity on a firm, permanent basis, provided that:
  - (a) a Replacement Customer has been identified which meets the creditworthiness criteria in Section 6.5 of the General Terms and Conditions of Petal's Tariff; and
  - (b) **For FSS or FSS-1 Customers:** the Replacement Customer is willing to execute an FSS or FSS-1 Agreement with Petal for a minimum term equal to the remaining term of the Releasing Customer at rates and terms identical to those in Releasing Customer's



Agreement or otherwise acceptable to Petal; and

**For FTS Customers:** the Replacement Customer is willing to execute a FTS Agreement with Petal for a minimum term equal to the remaining term of the Releasing Customer at terms identical to those in Releasing Customer's FTS Agreement or otherwise acceptable to Petal, at the rate bid by the Replacement Customer and accepted by the Releasing Customer up to the maximum rate and for the primary term set forth in the Releasing Customer's FTS Agreement with Petal (the Releasing Customer will remain obligated to pay the difference, if any, between the accepted bid and the applicable rate for the remainder of the existing FTS Agreement term); and

- (c) the Releasing Customer is willing to terminate or amend its FSS, FSS-1, or FTS Agreement with Petal to reflect the permanent release of capacity on the date that its Replacement Customer's FSS , FSS-1, or FTS Agreement takes effect.
7. Recall and Reput of Released Capacity. Releasing Customers may, to the extent permitted as a condition of the capacity release, recall and reput released capacity in accordance with NAESB WGQ Standards.
8. Offers to Purchase Released Capacity. Any party desiring to purchase capacity to be acquired through capacity release pursuant to this Section 6.16 may submit the terms and conditions of its offer to Petal for posting via e-mail to [bwppcontracts@bwppmlp.com](mailto:bwppcontracts@bwppmlp.com). Petal shall post such information as a notice on its Informational Postings Website under Notices/Request to Purchase Releasable Capacity. Such posting shall remain on the Website for at least thirty (30) days, unless notified otherwise by the requesting party.
9. **For FTS Customers:** Submittal of Bids. During the open season and bid submittal periods, all valid bids (excluding bidder's name) will be posted upon receipt. All bids will be binding until written or electronic notice of withdrawal is received by Petal. A bid may be withdrawn prior to the close of the bidding period, but the withdrawing bidder may not rebid on the same capacity at a lower rate.
10. **For FTS Customers:** Designated Replacement Customer. A Releasing Customer may designate its own Replacement Customer. If the release term is greater than 1 year, or, if the release term is 1 year or less and the release will take effect 1 year or more after the date the Releasing Customer notifies Petal of the release, and the Designated Replacement Customer agrees to pay the maximum reservation charge applicable to the Releasing Customer's service, for the full released quantity and term offered by the Releasing Customer, and the Designated Replacement Customer satisfies all of the requirements of this Section, the prearranged bid will be deemed the best bid. Petal shall thereafter post on its Internet website the identity of the Designated Replacement Customer, and the terms upon which the capacity was released.
11. Releases Not Subject to Bidding.
- (a) Thirty-one Days or Less. A Releasing Customer may release its firm capacity to a Designated Replacement Customer for a term of 31 days or less without prior posting or bidding for the released capacity. The Releasing Customer and its Designated Replacement Customer shall notify Petal of the terms of the prearranged release, and Designated Replacement Customer may nominate for next day gas flow upon receipt by Petal of notification of such release. Petal will tender a contract with a contract number within one hour of receipt by Petal of notification of the release. Petal will post on its Internet website an announcement of the release. The Designated Replacement

Customer must comply with the creditworthiness requirements of this FERC Gas Tariff. Once the term of the release hereunder has expired, the Releasing Customer cannot rollover or extend the release period, or re-release its capacity to the same Replacement Customer under this provision until twenty-eight (28) days or more have elapsed since the termination of the prior release, unless the Designated Replacement Customer is an asset manager as defined in 18 C.F.R. Section 284.8(h)(3) or a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. Section 284.8(h)(4). However, the Releasing Customer may release the capacity to the same Replacement Customer under the notification and bidding provisions in Sections 5.1[3 - 5].

- (b) **Maximum Rate.** A Releasing Customer may release its firm capacity to a Designated Replacement Customer for the maximum rate (for FSS and FSS-1 Customers, without prior posting or bidding) for the released capacity if the release term is greater than 1 year, or, if the release term is 1 year or less and the release will take effect 1 year or more after the date the Releasing Customer notifies Petal of the release. The Releasing Customer and its Designated Replacement Customer shall notify Petal of the terms of the prearranged release, and Designated Replacement Customer may nominate for next day gas flow upon receipt by Petal of notification of such release. Petal will tender a contract with a contract number within one hour of receipt by Petal of notification of the release. Petal will post on its Internet website an announcement of the release. The Designated Replacement Customer must comply with the creditworthiness requirements of the FERC Gas Tariff.
  - (c) **Asset Managers and Retail Access Programs.** A Releasing Customer may release its firm capacity without prior posting or bidding to a Designated Replacement Customer that is an asset manager as defined in 18 C.F.R. Section 284.8(h)(3) or a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. Section 284.8(h)(4). The Releasing Customer and its Designated Replacement Customer shall notify Petal of the terms of the prearranged release, and Designated Replacement Customer may nominate for next day gas flow upon receipt by Petal of notification of such release. Petal will tender a contract with a contract number within one hour of receipt by Petal of notification of the release. Petal will post on its Internet website an announcement of the release. The Designated Replacement Customer must comply with the creditworthiness requirements of the FERC Gas Tariff.
12. **Prequalification of Creditworthiness.** All parties desiring to bid on firm capacity offered by a Releasing Customer and all Prearranged Replacement Customers must meet Petal's creditworthiness requirements and be prequalified before bidding on any offer to release capacity. All parties desiring to bid on firm capacity offered by a Releasing Customer shall submit to Petal at least five (5) business days prior to the date on which bids for the firm capacity are to be received, credit information sufficient for Petal to determine the party's creditworthiness, unless Petal agrees it has already determined the bidder to be creditworthy or to have suitable credit on file with Petal. A bidder's creditworthiness shall be assessed in accordance with the terms of Section 6.5 of the General Terms and Conditions of this Tariff. If a bidder does not qualify under Petal's creditworthiness standards, the bidder shall either provide a letter of credit in a satisfactory form and from a financial institution acceptable to Petal, a guaranty from a party satisfying Petal's creditworthiness standards, or a cash deposit equal to the lesser of (i) the maximum charges (including reservation charge, usage charge and surcharges) payable for the term of the release, or (ii) the maximum charges (including reservation charge, usage charge and surcharges) payable for the first three full months of the release. A party that does not qualify as a creditworthy bidder is ineligible to bid on capacity.

In the case of releases not subject to bidding, the Designated Replacement Customer must

prequalify at least five (5) business days prior to Petal's nomination deadline for transportation using the released capacity. In all other respects, the terms and conditions applicable to bidders also apply to the Designated Replacement Customers who have not otherwise complied with the above requirements.

13. **Responsibilities of Releasing Customers.** The Releasing Customer shall remain fully liable under its existing FSS, FSS-1, or FTS Agreement with Petal for the payment of all reservation charges each month for the full contract quantity, whether or not such quantity has been released. A Customer may release all or part of its firm capacity on a permanent or temporary basis. The Releasing Customer will remain obligated to pay the difference, if any, between the accepted bid and the applicable rate for the remainder of the existing agreement term. A Releasing Customer shall be responsible for notifying, or causing to be notified, its Replacement Customer prior to exercising recall rights. Petal has the right to rely on a Releasing Customer's notice and a Releasing Customer shall defend and indemnify Petal against any claims, losses, liabilities or expenses resulting from claims by any Replacement Customer that firm capacity was not recalled in accordance with the recall rights specified by the Releasing Customer in its offer.
14. **Responsibilities of Replacement Customers.** A Replacement Customer awarded capacity shall execute a separate FSS, FSS-1, or FTS Agreement with Petal for the released capacity at the rate bid by the Replacement Customer and accepted by the Releasing Customer up to the Maximum Rate and for the term set forth in the release.
15. **Marketing Fees.** Petal may negotiate with a Releasing Customer and receive a mutually agreeable fee for taking action to market Releasing Customer's firm capacity so long as such actions constitute more than merely posting the Releasing Customer's Offer. Petal and the Releasing Customer will negotiate the level of activity to be undertaken by Petal to market the capacity and the fee to be paid by the Releasing Customer to Petal for such activity.
16. **Agreement For Multiple Capacity Release Transactions.** In lieu of execution of individual Agreement(s), Petal and Replacement Customer may execute a Master Service Agreement For Capacity Release Transactions to cover multiple capacity release transactions.

## **Segmentation**

1. Generally. Pursuant to the terms of this section, Customers may segment firm transportation capacity rights for release or their own use. Customers segmenting must specify (i) the specific segment as between valid Petal receipt and/or delivery points within the Shipper's Path, and (ii) all applicable changes to Customer's Maximum Daily Transportation Quantity at the Primary Receipt and/or Delivery Points and to Customers' Maximum Daily Transportation Quantity for the beginning point to the ending point of the segment and any other changes to Customer's Maximum Daily Transportation Quantity. Segmentation will be permitted where the transaction will not impede or adversely affect firm service to any other Customer. If nominations by a releasing customer and a replacement customer, or by a Customer segmenting its own capacity, overlap anywhere on Petal's system, the total nominations for the overlapping portion of the system are limited to the original Customer's firm entitlement level for that portion of the system. Notwithstanding the foregoing, Customers may conduct a simultaneous segmented transaction consisting of a forwardhaul up to Customer's Maximum Daily Transportation Quantity and a backhaul up to Customer's Maximum Daily Transportation Quantity at the same Receipt Point or at the same Delivery Point. In the event of such overlapping nominations, unless otherwise specified by releasing Customer, capacity will be allocated on a pro rata basis based on nominations.
2. Segmentation for Customer's Own Use. For Customers segmenting capacity for their own use in the nomination process, the tariff provisions contained in the applicable rate schedule and General Terms and Conditions which limit receipt and delivery quantities nominated to the Customer's Maximum Daily Transportation Quantity shall not apply.
3. Segmentation for Purposes of Release. For Customers segmenting capacity for purposes of release, the Releasing Customer's capacity will be reduced by an amount equal to the quantity released for the segment released. A Releasing Shipper is prohibited from re-releasing the released segment unless and until the Releasing Shipper recalls the released segment or the released segment reverts to the Releasing Shipper at the end of the release term. Replacement Shippers who desire to re-release the released segment may only release capacity within their acquired capacity segment. The sum of capacity released in any segment cannot exceed the Releasing Shipper's original capacity entitlements. Except for simultaneous forwardhauls and backhauls to the same Receipt or Delivery Point as provided in Section 6.17[1] above, in the event that the combined amount of volumes nominated by the Releasing Shipper and the Replacement Shipper exceed the Releasing Shipper's original capacity entitlements, Petal will accept nominations for volumes in excess of the original capacity entitlements in the overlapped portion of its system only where the Replacement Shipper or Releasing Shipper, as applicable, has nominated those excess volumes under a separate service such as authorized overrun or under Rate Schedule ITS.

## Operational Plans/Emergency Procedures

1. **Circumstances Warranting Issuance:** Petal shall have the right to issue Operational Flow Orders (OFOs) as specified in this Section that require actions by Customers in order (1) to alleviate conditions that threaten the integrity of the system; (2) to maintain pipeline operations at the pressures required to provide efficient and reliable transportation services; (3) to have adequate gas supplies in the system to deliver on demand; (4) to maintain service to all firm Customers; and (5) to maintain the system in balance for the foregoing purposes.
2. **Preliminary Notifications/Follow-up Reports:** Petal shall provide, via posting on its Internet website, prior notice to all Customers of upcoming system events such as anticipated weather patterns and operational problems that may necessitate the issuance of an OFO. On a quarterly basis, Petal will provide every Customer that was affected by an OFO during the previous quarter a written report that details the underlying causes that warranted the issuance and lifting of the OFO during the quarter and explains why the actions required by the OFO were necessary to alleviate the identified problems.
3. **OFO Levels.** If Petal determines that it is necessary to issue an OFO, Petal will classify the OFO within one of the following three levels of severity, with Level 1 representing the least severe operational condition on Petal's system and Level 3 representing the most severe operational condition:  
  
Level 1: Petal experiences any event covered by the provisions of this Section 6.18 that threatens Petal's ability to receive or deliver contracted firm storage or transportation quantities at a Receipt or Delivery Point.  
  
Level 2: Petal experiences any event covered by the provisions of this Section 6.18 that threatens Petal's ability to receive or deliver contracted firm storage or transportation quantities at multiple Receipt or Delivery Points.  
  
Level 3: Petal experiences any event covered by the provisions of this Section 6.18 that (a) threatens Petal's ability to receive or deliver contracted firm storage or firm transportation quantities at all Receipt or Delivery Points, (b) threatens Petal's ability to maintain minimum necessary pressures for storage or transportation operations, or (c) otherwise threatens the operational integrity of Petal's system.
4. **Applicability of OFO:** Petal shall make an OFO as narrow as is reasonably practicable based on Petal's good faith and reasonable judgment concerning the situations requiring remediation such that an OFO will be directed first, to the Customer(s) causing the problem necessitating the OFO or transporting gas in the area of the system in which there is an operational problem, and second, to those Customer(s) transporting gas in the area where action is required to correct the problem necessitating the OFO. Petal will tailor OFO to match the severity of the known or anticipated operational problem requiring remediation.
5. **Notice:** Petal shall provide notices in accordance with the NAESB WGQ Standards and as otherwise provided herein. Petal shall notify the affected Customer of issuance of an OFO via telephone. All OFO notices shall be subsequently posted on Petal's Internet website. The OFO will set forth (1) the time and date of issuance; (2) the actions Customer is required to take; (3) the time by which Customer must be in compliance with the OFO; (4) the anticipated duration of the OFO; and (5) any other terms that Petal may reasonably require to ensure the effectiveness of the OFO. Each Customer must designate one or more persons, but not more than 3 persons, for Petal to contact on operating matters at any time, on a 24-hour a day, 365-day a year basis.

Such contact persons must have adequate authority and expertise to deal with such operating matters. If Petal cannot contact any Customer because that party has failed to designate a contact person or Customer's contact person is unavailable, Petal shall not be responsible for any consequences that could have been prevented by communication. Petal, however, will make reasonable continuing efforts to notify the affected Customer.

6. **Customer Compliance:** A Customer must comply with an OFO within the time period set forth therein unless the Customer is able to demonstrate that such compliance (1) is not within the Customer's physical control or capability; (2) is prevented by operating conditions on a third party system that are beyond the Customer's control; (3) is precluded by contractual restrictions or the lack of any contract at all with persons other than Petal; and/or (4) is prevented due to a force majeure event as defined in Section 6.22.3 of Petal's General Terms and Conditions. The Customer shall make a good faith effort to comply with any such OFO, including seeking waivers of any contractual limits with third parties or modifications of operating conditions on third party systems. Customer shall notify Petal immediately if it believes that it is excused from compliance with the OFO for any of the above stated reasons and shall provide Petal with documentation sufficient to support its basis for non-compliance.
7. **Penalties:** If a Customer fails to comply with an OFO for any reason other than force majeure on an upstream or downstream pipeline, such Customer shall be: (a) liable for any damages, including, but not limited to direct, consequential, exemplary or punitive damages incurred by Petal or any other affected party as a result of such failure; and (b) subject to the following penalty for each MMBtu of gas associated with the quantity of gas that does not comply with such OFO:

|                      |                   |
|----------------------|-------------------|
| For OFO Level One:   | \$10 + spot price |
| For OFO Level Two:   | \$15 + spot price |
| For OFO Level Three: | \$25 + spot price |

For purposes of Section 6.18[7], "spot price" shall mean the highest daily spot price during the OFO period for the following location as published in Inside FERC, Spot Gas Prices:

Delivered to Pipeline: Transco Zone 4.

Notwithstanding anything to the contrary in this Section 6.18, if Customer is required to make a nomination pursuant to an OFO, unless critical circumstances dictate otherwise, no damages and/or penalties will be assessed unless Customer is given the opportunity to correct the circumstances giving rise to the OFO. A Customer shall not incur any charges or penalties if such charges or penalties would not have been incurred but for Customer's compliance with an OFO, including any preliminary action taken by Customer in response to a warning issued by Petal as a precondition to an OFO. A Customer shall not incur any penalties if the OFO was necessitated exclusively by Petal's negligence or willful misconduct. Petal will credit all revenues from OFO penalties in compliance with Section 6.19 of the General Terms and Conditions.

8. **Liability of Petal:** Petal shall not be liable for any costs incurred by any Customer in complying with an OFO. Petal shall not be responsible for any damages that result from any interruption in Customer's service that is a result of a Customer's failure to comply promptly and fully with an OFO, and the noncomplying Customer shall indemnify Petal against any claims of responsibility. However, Petal shall use reasonable efforts to minimize any such costs or damages, and nothing herein shall exempt Petal from liability in the event of Petal's negligence or willful misconduct.
9. **Unilateral Action:** In the event that (1) Customer does not respond to an OFO, or (2) the actions taken thereunder are insufficient to correct the system problem for which the OFO was issued, or

(3) there is insufficient time to carry out the procedures with respect to OFOs, Petal may periodically take unilateral action, including the curtailment of firm service, to maintain the operational integrity of Petal's system (or any portion thereof). For purposes of this section, the operational integrity of Petal's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of gas delivered.

## Penalties

1. Billing Adjustment: As necessary, a billing adjustment will be made monthly to non-offending Customers' bills crediting all revenues from penalties collected by Petal, net of costs. A pro rata allocation of such revenue will be credited to each non-offending Customer, and will appear on the invoice for the next Month's business following actual receipt by Petal of such revenues.
2. Allocation Base. Customers will receive a pro rata allocation of a particular Month's net penalty revenue, based upon the following allocation base:
  - (a) Non-offending Rate Schedule FSS Customers: The Maximum Storage Quantity such Customer had a right to store in the Month the penalty revenues were received;
  - (b) Non-offending Rate Schedule FSS-1 Customers: The Maximum Storage Quantity such Customer had a right to store in the Month the penalty revenues were received;
  - (c) Non-offending Rate Schedule ISS Customers: The Average Monthly Storage Volume the Customer stored in the Month the penalty revenues were received;
  - (d) Non-offending Rate Schedule AVS Customers: The average Advancing Account Balance the Customer had in the Month the penalty revenues were received;
  - (e) Non-offending Rate Schedule PKS Customers: The average Parking Account Balance the Customer had in the Month the penalty revenues were received;
  - (f) Non-offending Rate Schedule FTS Customers: The Maximum Daily Transportation Quantity such Customer had a right to ship in the Month the penalty revenues were received; and
  - (g) Non-offending Rate Schedule ITS Customers: The Average Daily Transportation Volume the Customer shipped in the Month the penalty revenues were received.
3. Monthly Credit. Each Customer will receive a Monthly credit based upon the formula  
$$X (Y / Z), \text{ where:}$$

X = Total Net Penalties collected by Petal in a Month

Y = The Customer's allocation base derived in accordance with Section 6.19[2] above; and

Z = The Sum of all of Customers' allocation bases derived in accordance with Section 6.19[2] above.



## Capacity Reserved for Expansion Projects

1. Petal reserves the right, but shall not be obligated, to reserve for expansion projects capacity that is or will become available. Such available capacity shall consist of the following types of existing or potential unsubscribed capacity:
  - (i) Capacity currently posted on Petal's Internet Website under Informational Postings as unsubscribed, available capacity ("Unsubscribed Capacity");
  - (ii) Capacity that will be returned to Petal by an existing capacity holder at the expiration of that Shipper's contract term(s) pursuant to the provisions of Section 5.1[10], 5.2[10], and 5.5[10] of Rate Schedules FSS, FSS-1, and FTS, respectively, Right of First Refusal ("ROFR");
  - (iii) Capacity that is returned to Petal by an existing capacity holder at the expiration of that Shipper's capacity ("Expiring Capacity");
  - (iv) Capacity that is returned to Petal in response to a direct solicitation from Petal to existing capacity holders for permanent releases of capacity to serve an expansion project ("Turnback Capacity").
2. Hereinafter, any references to the term "capacity" in this Section 6.20 shall mean the four types of available capacity listed in Section 6.20[1(a)(i)-(iv)], collectively, unless noted otherwise.

Before any capacity can be reserved by Petal, it must first be posted on Petal's Internet Website under Informational Postings as Unsubscribed Capacity for at least five (5) Business Days. Such capacity will be awarded pursuant to this Tariff (see Section 6.12[2] of these General Terms and Conditions).

3. Any available capacity that remains unsubscribed following the five (5) Business Days posting can be reserved for an expansion project. Petal shall notify shippers of its reservation of capacity for an expansion project by making a "reservation posting" on its Internet Website. The reservation posting shall include, but not be limited to, the following information: (1) a description of the expansion project for which the capacity is being reserved; (2) the quantity of capacity being reserved; (3) the location of the reserved capacity on the pipeline system, specifying the affected pipeline locations and segments and associated quantities within those locations and segments; (4) the estimated in-service date of the expansion project; (5) the anticipated timing of the expansion open season; and (6) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a right of first refusal. Petal shall make reasonable efforts to update the reservation posting up to the in-service date of the expansion project to reflect any material changes in the scope of the expansion project.
4. Capacity may be reserved for an expansion project only during a 12-month period prior to Petal filing for certificated approval for construction of proposed expansion project and thereafter until all expansion facilities are placed into service. Petal may only reserve capacity for an expansion project for which an open season has been held or will be held within one (1) year of the date that Petal posts such capacity on its Internet Website under Informational Postings as being reserved. Petal shall make a non-binding solicitation for Turnback Capacity no later than 90 days after the close of the expansion project open season specifying the minimum time limit for a response to the solicitation. Capacity that has been reserved for a future expansion project that does not go forward will be reposted as generally available within 30 days of the

date that the capacity becomes available subject to the provisions of Sections 5.1[10], 5.2[10], and 5.5[10] of Rate Schedules FSS, FSS-1, and FTS, respectively.

5. Any Capacity reserved under this Section 6.20 shall be made available for Storage and Transportation Service pursuant to these General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). For such limited-term agreements, Petal reserves the right to limit any extension rights provided in the Service Agreement and pursuant to Section 5.1[10], 5.2[10]. And 5.5[10] of Rate Schedules FSS, FSS-1, and FTS, respectively, commensurate with the proposed in-service date of the expansion project, or the actual in-service date of the expansion project if the project has not been completed by the proposed in-service date. Petal will indicate any limitations on extension rights that will apply to such limited-term Storage and Transportation Service on Petal's Internet Website under Informational Postings listing Unsubscribed Capacity.

Reservation of capacity under this Section 6.20 shall not in any way modify or limit existing capacity holders' rights under Sections 5.1[10], 5.2[10], and 5.5[10] of Rate Schedules FSS, FSS-1, and FTS, respectively.

## Warranty Title to Gas

1. Title and Risk of Loss
  - (a) Title to the natural gas stored or transported by Petal and delivered to Customer hereunder shall, at all times, be held by Customer. Customer warrants for itself, its successors and assigns, that it will have at the time of delivery of gas for storage or transportation hereunder good title. Customer warrants for itself, its successors and assigns, that the gas it delivers hereunder shall be free and clear of all liens, encumbrances, or claims whatsoever; and that it will indemnify Petal and save it harmless from all claims, suits, actions, damages, costs and expenses arising directly or indirectly from or with respect to the title to gas tendered to Petal hereunder.
  - (b) As between Customer and Petal: Customer shall be in control and possession of the gas prior to delivery to Petal for injection at the Point(s) of Receipt and after redelivery by Petal to Customer at the Point(s) of Delivery, and shall indemnify and hold Petal harmless from any damage or injury caused thereby, except for damages and injuries caused by the negligent acts or omissions of Petal when the gas is in Petal's control and possession; and except for the damages and injuries resulting from Petal's failure to deliver gas complying with the quality and pressure specifications of this Tariff. Petal shall be in control and possession of the gas after the receipt of the same for injection at the Point(s) of Receipt and until redelivery by Petal to Customer at the Point(s) of Delivery, and shall indemnify and hold Customer harmless from any damage or injury caused thereby, except for damages and injuries caused by the negligent acts or omissions of Customer; and except for the damages and injuries resulting from Customer's failure to deliver, or cause to be delivered, gas complying with the quality and pressure specifications of this Tariff. The risk of loss for all gas injected into, stored in and withdrawn from storage, or transported, shall remain with Customer, and Petal shall not be liable to Customer for any loss of gas, except as may be occasioned due to the intentional or grossly negligent acts or omissions by Petal.
2. Title Transfers of Gas In Storage
  - (a) A Customer that has executed a storage service agreement under Rate Schedules FSS, FSS-1, ISS, AVS, or PKS may sell Working Storage Gas to any other Customer that has executed a storage service agreement under Rate Schedules FSS, FSS-1, ISS, AVS, or PKS if:
    - (1) Such transfer will not affect Petal's ability to meet its obligations to existing Customers or the operations of its storage facilities, including any effect resulting from differences between the withdrawal and injection entitlements and service profiles of the Customer transferor and transferee; or
    - (2) Customer selling Working Storage Gas provides Petal with verification of the transfer in writing; or
    - (3) The transfer does not cause either Customer's storage balance to go below zero or to exceed its Maximum Storage Quantity or Maximum Advancing Quantity, as specified in the Customer's Service Agreement.
  - (b) Petal may, in its reasonable discretion, reject the transfer of gas if (1) diminishes Petal's ability to meet all of Petal's other service obligations, (2) increases Petal's firm service

obligations, (3) is requested to have a retroactive effective date, or (4) causes Customer to exceed its Maximum Daily Injection Quantity or Maximum Daily Withdrawal Quantity.

- (c) Petal will recognize the transfer for purposes of computing available Working Storage Gas and applicable Injection and Withdrawal Quantities on a prospective basis within 24 hours after receiving the written verification.
- (d) Notwithstanding anything in this Section 6.21 to the contrary, Petal may not disallow an in-field title transfer of gas tied to a release of the associated storage capacity.

**This section contains miscellaneous provisions, as described.**

## **Taxes**

Customer shall reimburse Petal for all applicable taxes as may be assessed Petal for the receipt, injection, storage, transportation, withdrawal and/or delivery of Customer's gas. In addition, Customer shall reimburse Petal for Customer's pro rata portion of all ad valorem taxes, property taxes and/or other similar taxes. Customer shall reimburse Petal for all fees and charges, as required by regulatory authorities, that are related to the service provided under Customer's service agreement(s).

## **Insurance**

Customer shall be responsible for providing its own insurance coverage with respect to its gas in the Storage Facility.

### ***Force Majeure***

1. **Effect of *Force Majeure*.** In the event Petal or Customer is rendered unable, wholly or in part, by reason of an event of force majeure, as defined herein, to perform, wholly or in part, any obligation or commitment under Customer's storage or transportation service agreement, it is agreed that, upon Petal's or Customer giving notice and full particulars of such force majeure event in writing (and/or on its Internet website for Petal) to the other party within forty-eight (48) hours after the occurrence of the cause relied on, then the obligations of the notifying party shall be suspended to the extent that it is affected by such force majeure event and for the period of such force majeure condition, but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. An event of force majeure shall not excuse Customer's obligations to pay invoices in accordance with Section 6.15 of the General Terms and Conditions of this tariff.
  
2. **Nature of *Force Majeure*.** The term "*Force Majeure*" as employed in Customer's storage or transportation service agreement shall mean any cause whether of the kind enumerated herein or otherwise, not reasonably within the control of Petal or Customer, such as acts of God; strikes, lockouts and industrial disputes or disturbances; inability to secure or delays in obtaining labor, materials, supplies, permits, easements or rights-of-way, including inability to secure materials by reason of allocations promulgated by authorized governmental agencies; arrests and restraints of governments and people; interruptions by government or court orders; present and future valid orders, decisions or rulings of any government or regulatory entity having proper jurisdiction; acts of the public enemy; vandalism; wars; riots; civil disturbances; blockades; insurrections; epidemics; landslides; lightning; hurricanes; earthquakes; fires; storms; floods; washouts; weather which necessitates extraordinary measures and expense to maintain operations; explosions; breakage, accidents and/or maintenance to plant facilities including machinery, lines of pipe, freezing of wells or lines of pipe, or partial or entire failure of wells or cavern integrity; testing (as required by governmental authority or as deemed necessary by Petal for the safe operation of the underground storage reservoir and facilities required to perform the service hereunder); and the making of repairs or alterations to pipelines and plant facilities including Interconnecting Pipeline(s)' pipeline repairs. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the affected party, and that the above requirements that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of opposing party when such course is inadvisable in the discretion of the affected party.



## **Notices**

Any notice, request, demand, or statement, provided for in Customer's storage or transportation service agreement, except as otherwise herein provided, may be posted on Petal's Internet website, given in writing, delivered in person or by United States Mail. Any notice initially delivered by fax shall be confirmed by regular mail within one (1) week after transmission of the fax.

## **Electronic Information**

To the extent that Petal uses a numeric or other designation to represent information, an electronic cross-reference table between the numeric or other designation and the information represented shall be available at a cost not to exceed reasonable shipping and handling.

Petal shall maintain, for a period of three years, all information displayed and transactions conducted electronically under 18 C.F.R. 284.10 and be able to recover and regenerate all such electronic information and documents. Petal shall make this archived information available in electronic form for a reasonable fee.

### **Off-System Capacity**

From time to time, Petal may enter into transportation and/or storage agreements and/or other approved types of services (such as Park and Loan) with other interstate and intrastate pipeline and storage companies or other third party providers of such services ("off-system capacity"). In the event that Petal acquires off-system capacity, Petal will use such capacity for operational reasons or to render service for its Customers. In the event that Petal uses off-system capacity to render service for its Customers, it will only render service to Customers on the acquired off-system capacity pursuant to Petal's FERC Gas Tariff and subject to Petal's approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this Section 6.22.6, the "shipper must have title" requirement is waived.

## **Operational Sales**

1. Petal may sell gas from time to time to which it has retained or taken title pursuant to the provisions of the Tariff and which is excess to its operational requirements. Such operational sales may be made to the extent necessary: (i) to maintain cavern pressure; (ii) to balance fuel quantities under storage agreements; (iii) to manage storage imbalance quantities, and (iv) to perform other operational functions in connection with the storage services provided by Petal under the Tariff.
2. Operational Sales shall be subject to the Section 6.12[1] priority of service provisions of the General Terms and Conditions and shall be afforded the lowest service priority.
3. Petal shall file a report on or before May 1 of each year, outlining the source of the operational quantities sold, the date of such sales, the quantities, the sales price, the revenues from such operational sales, the reasons for the operational sales, and support that the sales are limited and incidental to the primary storage services Petal provides.
4. Petal will post its operational sales on its Internet website or alternatively will utilize a third party electronic bulletin board(s). Petal's posting on its Internet website shall include at a minimum; (1) the level of daily quantities and whether such sales quantities shall be made on a firm or interruptible basis; (2) the requested effective date and term of the sale; (3) the points of delivery of gas; (4) any additional information as may be required by Petal. Petal will request prospective bidders to place a bid on its Internet website or in writing (via fax or email), with such bid(s) containing the following information: (1) bidder's legal name and the name, title, address and phone number of the individual authorized to purchase gas; (2) bidder's price; (3) completed bid form addressing all criteria requested by Petal in its posting; and (4) any conditions on the prospective bidder's offer to purchase gas. Petal shall evaluate bids and shall award such sale of gas to the prospective bidder with the highest bid that otherwise matches all terms and conditions requested by Petal in its posting. Petal reserves the right, in its sole discretion, (1) to withdrawal its postings; (2) reject all bids due to operational changes; and (3) reject any bids which are not complete, which contain modifications to terms of the postings or which contain terms that are operationally unacceptable.

CROSS REFERENCE FOR TARIFF-PERMITTED PROVISIONS  
 IN SERVICE AND LETTER AGREEMENTS

See the actual section referenced for entire provision.

| Tariff Section No. | Applicable Rate Schedule(s) | Location (Rate Schedule and/or General Terms and Conditions) | Provision Topic               | Provision Summary   |
|--------------------|-----------------------------|--|-------------------------------|---|
| 5.6                | ITS                         | ITS Rate Schedule  | Special Termination Provision | Sets forth when parties may agree to an alternate termination provision.  |
| 6.8                | All Services                | General Terms and Conditions                                 | Requests for Service          | Sets forth the information related to the requests for service by a Customer, including contact and notice information. |
| 6.9.               | All Services                | General Terms and Conditions                                 | Discounting                   | Sets forth the terms and conditions applicable when Petal provides a discount.  |
| 6.9.               | All Services                | General Terms and Conditions                                 | Negotiated Rates              | Sets forth the terms and conditions applicable when Petal provides negotiated rate.                                     |
| 6.10               | Firm Services               | General Terms and Conditions                                 | Extension Rights              | Sets forth the terms and conditions applicable to Right of First Refusal  |

### **Transfer and Assignment**

Any individual or entity which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Petal or Customer, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the applicable Service Agreement. No assignment of the applicable Service Agreement by either party or any of the rights or obligations thereunder shall be made unless there first shall have been obtained the consent thereto in writing of the other party, which consent shall not be unreasonably delayed or withheld. Any release of Customer from its obligations under the applicable Service Agreement shall be conditioned on the approval of Petal's lenders/note holders.

It is agreed, however, that the restrictions on assignment contained in therein shall not in any way prevent either party to the applicable Service Agreement from pledging or mortgaging its rights thereunder as security for its indebtedness without the written consent of the other party. The applicable Service Agreement shall be binding upon and shall inure to the benefit of the respective authorized successors and assigns.

## Applicable Law and Authority

### 1. Applicable Law

This Tariff, including the Rate Schedules, the General Terms and Conditions, and the obligations under any Service Agreements under this Tariff, is subject to all valid laws, orders, rules, and regulations of any duly constituted authority having jurisdiction. The validity, construction, interpretation and effect of any Service Agreement covered by this Tariff shall be governed by the substantive laws of the state designated under such Service Agreement. If no state is designated under a Service Agreement, such Service Agreement shall be governed by the substantive laws of the State of Mississippi. The parties agree that neither Mississippi's nor Texas' choice of law rules may be used to direct or determine that some other States' law shall govern a dispute arising hereunder.

### 2. Duly Constituted Authorities

- (a) This Tariff and any Agreement executed with respect thereto, is expressly made subject to all present and future valid rules, laws, regulations, opinions, decisions or orders of any regulatory body having jurisdiction.
- (b) Customer shall provide Petal with all information required for Petal to comply with the FERC's reporting requirements.

### **List of Non-conforming Service Agreements**

Southern Company Services, Inc., Amended and Restated Firm Transportation Agreement dated June 18, 2002.

Southern Company Services, Inc., Amended and Restated Firm Storage Service Agreement dated June 18, 2002.

Atmos Energy Corporation, Firm Storage Service (FSS) Agreement dated September 9, 2009.

PSEG Energy Resources and Trade LLC, Firm Storage Service (FSS) Agreement dated March 29, 2013.



**This section contains Petal's Form(s) of Service Agreements.**

[The following may be inserted in the header of each page of the Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule [FSS, FSS-1]  
Agreement/Contract No.: \_\_\_\_\_

Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

This Agreement is entered into by and between Petal Gas Storage, L.L.C. ("Petal") and [CustomerName]("Customer"). [If this Agreement supersedes a previous agreement, the following may be inserted here: This Agreement supersedes and replaces in its entirety that certain \_\_\_\_\_ [insert type of agreement] by and between \_\_\_\_\_ and \_\_\_\_\_, dated \_\_\_\_\_ (Contract/Agreement No.: \_\_\_\_\_).]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Petal FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Petal's then-current Tariff, the language of the Tariff will control.

Injection and/or Withdrawal Point(s): Injection and/or Withdrawal Point information shall be listed on Exhibit A.

Maximum Contract Quantity: [Insert Maximum Storage Quantity, Maximum Daily Injection Quantity, and Maximum Daily Withdrawal Quantity, as permitted by Section [5.1[2], 5.2[2]] of Rate Schedule [FSS, FSS-1]. In lieu of inserting here, this information may be inserted on an exhibit.]

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term].

[To the extent a Contractual Right of First Refusal is agreed to, the following language shall be inserted, as well as any specific terms and conditions related to the contractual right of first refusal that are permitted by Section 6.10[1] of the General Terms and Conditions of the Tariff: At the end of this Agreement, Customer shall be granted a contractual right of first refusal to be exercised in accordance with Petal's Tariff.]

[To the extent a bilateral evergreen provision is agreed to, the parties shall mutually agree upon a notice period, and the following language shall be inserted: At the end of such primary term, or any subsequent rollover term, this Agreement shall automatically be extended for an additional term of \_\_\_\_\_, unless either party terminates this Agreement at the end of such primary or rollover term by giving the other party at least \_\_\_\_\_ advanced written notice prior to the expiration of such primary or rollover term.]

Rate: The rate(s) for service shall be specified on the applicable Exhibit.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:  
[Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only terms and conditions specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

This Agreement shall be governed by and construed under the laws of the State of [Texas or Mississippi], excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

Petal Gas Storage, L.L.C.                      Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
By:    Name: \_\_\_\_\_ Title: \_\_\_\_\_

[CustomerName]                                      Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

EXHIBIT A

[Identify Point and Rate information covered by the Agreement, which may include but need not be limited to Volume and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Point(s); and/or (ii) terms and conditions related to the Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]



EXHIBIT A

[Identify Point and Rate information covered by the Agreement, which may include but need not be limited to Volume and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Point(s); and/or (ii) terms and conditions related to the Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule AVS  
Agreement/Contract No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

This Agreement is entered into by and between Petal Gas Storage, L.L.C. ("Petal") and [CustomerName]("Customer"). [If this Agreement supersedes a previous agreement, the following may be inserted here: This Agreement supersedes and replaces in its entirety that certain \_\_\_\_\_ [insert type of agreement] by and between \_\_\_\_\_ and \_\_\_\_\_, dated \_\_\_\_\_ (Contract/Agreement No.: \_\_\_\_\_).]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Petal FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Petal's then-current Tariff, the language of the Tariff will control.

Receipt and Delivery Point(s): Receipt and Delivery Point Information shall be listed on the applicable Exhibit.

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term].

Rate: The rate(s) for service shall be specified on Exhibit A.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement: [Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only terms and conditions specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

This Agreement shall be governed by and construed under the laws of the State of [Texas or Mississippi], excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

|                           |                  |              |
|---------------------------|------------------|--------------|
| Petal Gas Storage, L.L.C. | Signature: _____ | Date: _____  |
| By: _____                 | Name: _____      | Title: _____ |
| [CustomerName]            | Signature: _____ | Date: _____  |
|                           | Name: _____      | Title: _____ |

## **Exhibit A**

[Identify Point and Rate information covered by the Agreement, which may include but need not be limited to Volume and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Point(s); (ii) advancing quantities schedule; and/or (iii) terms and conditions related to the Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]



[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule FTS  
Agreement/Contract No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

This Agreement is entered into by and between Petal Gas Storage, L.L.C ("Petal") and \_\_\_\_\_, ("Customer"). [If this Agreement supersedes a previous agreement, the following may be inserted here: This Agreement supersedes and replaces in its entirety that certain \_\_\_\_\_ [insert type of agreement] by and between \_\_\_\_\_ and \_\_\_\_\_, dated \_\_\_\_\_ (Contract/Agreement No: \_\_\_\_\_).]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Petal FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Petal's then-current Tariff, the language of the Tariff will control.

Receipt and Delivery Points: Primary Receipt and Primary Delivery Points shall be listed on Exhibit "A". Customer may utilize receipt and delivery points on a secondary basis as provided for in Section 6.6[3] of the General Terms and Conditions of the Tariff.

Maximum Contract Quantity(ies): [Insert Maximum Daily Transportation Quantity(ies) (which may include MDTQ(s), as permitted by Section 5.5[2] of Rate Schedule FTS. In lieu of inserting here, MDTQ information may be inserted on an exhibit.]

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall continue in full force and effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term].

[To the extent a Contractual Right of First Refusal is agreed to, the following language shall be inserted, as well as any specific terms and conditions related to the contractual right of first refusal that are permitted by Section 6.10[2] of the General Terms and Conditions of the Tariff: At the end of this Agreement, Customer shall be granted a contractual right of first refusal to be exercised in accordance with Petal's Tariff.]

[To the extent a bilateral evergreen provision is agreed to, the parties shall mutually agree upon a notice period, and the following language shall be inserted: At the end of such primary term, or any subsequent rollover term, this Agreement shall automatically be extended for an additional term of \_\_\_\_\_, unless either party terminates this Agreement at the end of such primary or rollover term by giving the other party at least \_\_\_\_\_ advance written notice prior to the expiration of such primary or rollover term.]

Rate: The rate(s) for this Agreement shall be the maximum applicable rate (including all other applicable charges Petal is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted or negotiated rate letter agreement.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:

[Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only terms and conditions specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

This Agreement shall be governed by and construed under the laws of the State of [Texas or Mississippi], excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

|                           |                  |              |
|---------------------------|------------------|--------------|
| Petal Gas Storage, L.L.C. | Signature: _____ | Date: _____  |
| By:                       | Name: _____      | Title: _____ |

|                |                  |              |
|----------------|------------------|--------------|
| [CustomerName] | Signature: _____ | Date: _____  |
|                | Name: _____      | Title: _____ |

EXHIBIT A

Primary Point(s)

[Identify Primary Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Location No., Delivery Point Name, Delivery Location No., and Volume. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Primary Point(s); and/or (ii) terms and conditions related to the Primary Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]



[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule PKS  
Agreement/Contract No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

This Agreement is entered into by and between Petal Gas Storage, L.L.C. ("Petal") and [CustomerName]("Customer"). [If this Agreement supersedes a previous agreement, the following may be inserted here: This Agreement supersedes and replaces in its entirety that certain \_\_\_\_\_ [insert type of agreement] by and between \_\_\_\_\_ and \_\_\_\_\_, dated \_\_\_\_\_ (Contract/Agreement No.: \_\_\_\_\_).]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Petal FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Petal's then-current Tariff, the language of the Tariff will control.

Receipt and Delivery Point(s): Receipt and Delivery Point Information shall be listed on the applicable Exhibit.

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term].

Rate: The rate(s) for service shall be specified on Exhibit A.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement: [Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only terms and conditions specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

This Agreement shall be governed by and construed under the laws of the State of [Texas or Mississippi], excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

|                           |                  |              |
|---------------------------|------------------|--------------|
| Petal Gas Storage, L.L.C. | Signature: _____ | Date: _____  |
| By: _____                 | Name: _____      | Title: _____ |
| [CustomerName]            | Signature: _____ | Date: _____  |
|                           | Name: _____      | Title: _____ |

EXHIBIT A

[Identify Point and Rate information covered by the Agreement, which may include but need not be limited to Volume and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Point(s); (ii) parking quantities schedule; and/or (iii) terms and conditions related to the Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

Reserved

**Reserved**



[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule FTS  
Agreement/Contract No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[Date]

[Contact Name]  
[CustomerName]  
[Address]

Re: Discounted Rate Letter Agreement to  
FTS Service Agreement No. \_\_\_\_\_ between  
PETAL GAS STORAGE, L.L.C. and  
[CUSTOMERNAME]  
dated \_\_\_\_\_ [original service agreement date]

Dear \_\_\_\_\_:

This Discounted Rate Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced service agreement ("Contract") between Petal Gas Storage, L.L.C. ("Petal") and [CustomerName] ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Petal's FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Petal shall provide primary firm service under the Agreement from Receipt Point(s) to the Delivery Point(s) listed in the attached Exhibit A. The rates charged for this service also shall be set forth in Exhibit A.

(a) The Maximum Daily Transportation Quantity(ies)("MDTQ") for this Agreement shall be:

[Insert MDTQ (which may include MDTQ(s), as permitted by Section 5.5[2] of Rate Schedule FTS). In lieu of inserting here, MDTQ information may be inserted on an exhibit.]

(b) In addition to the rate(s) set forth in Exhibit A, Petal shall charge and Customer shall pay all other applicable charges Petal is authorized to charge pursuant to its Tariff.

[(c) If a specific requirement as set forth in the Tariff is the basis of the discount, then it will be inserted here, including the basis of any calculations contemplated by the Tariff.]

2. The rates in Exhibit A are applicable only for transportation service utilizing the Primary Point(s) specifically listed on Exhibit A, up to Customer's MDTQ. The rates associated with the Primary Point(s) listed in Exhibit B are applicable only if Customer elects to add such Primary Point(s) to Exhibit A, pursuant to the requirements of the Tariff and prior to nomination. If Customer utilizes any other receipt or delivery point, then the applicable maximum rate(s), including all other applicable charges Petal is authorized to charge pursuant to its Tariff, shall apply unless the parties amend Exhibits A and/or B in writing, pursuant to the requirements of the Tariff and prior to nomination, to include such transportation service.

3. This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall continue in full force and effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term].

[To the extent a Contractual Right of First Refusal is agreed to, the following language shall be inserted, as well as any specific terms and conditions related to the contractual right of first refusal that are permitted by Section 6.10[2] of the General Terms and Conditions of the Tariff: At the end of this Agreement, Customer shall be granted a contractual right of first refusal to be exercised in accordance with Petal's Tariff.]

[To the extent an evergreen provision is agreed to, the parties shall mutually agree upon a notice period, and the following language shall be inserted: Upon \_\_\_\_\_ written notice, this Agreement shall continue \_\_\_\_\_ [insert "through" or "for a term of"] \_\_\_\_\_ [insert end date of evergreen or length of evergreen term]. Customer shall specify in such notice the receipt and delivery point(s) and MDTQ associated with the evergreen term extension.]

4. All rates and services described in this Agreement are subject to the terms and conditions of Petal's Tariff. Petal shall have no obligation to make refunds to Customer unless the maximum rate ultimately established by the FERC for any service described herein is less than the rate paid by Customer under this Agreement. Petal shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in Petal's Tariff, including both the level and design of such rates, charges, and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal, or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms, or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF [TEXAS OR MISSISSIPPI], EXCLUDING ANY PROVISION WHICH WOULD DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

[If this Agreement supersedes a previous agreement, the following may be inserted here:

8. This Agreement supersedes and replaces in its entirety that certain \_\_\_\_\_ [insert type of agreement] by and between \_\_\_\_\_ and \_\_\_\_\_, dated \_\_\_\_\_ (Contract/Agreement No: \_\_\_\_\_).]

If Customer agrees with the terms and conditions, please so indicate by signing the duplicate originals in the appropriate spaces provided below and returning the originals to Petal.

Very truly yours,

PETAL GAS STORAGE, L.L.C.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ACCEPTED AND AGREED TO this \_\_\_\_ day of \_\_\_\_\_, XXXX.  
[CUSTOMERNAME]

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

EXHIBIT A

Primary Point(s)

[Identify Primary Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Location No., Delivery Point Name, Delivery Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Primary Point(s); and/or (ii) terms and conditions related to the Primary Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

EXHIBIT B

Eligible Primary Receipt Point(s)

[Identify Eligible Primary Receipt Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Primary Receipt Point(s); and/or (ii) terms and conditions related to the Eligible Primary Receipt Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

Eligible Primary Delivery Point(s)

[Identify Eligible Primary Delivery Point(s) covered by the Agreement, which may include but need not be limited to Delivery Point Name, Delivery Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Primary Delivery Point(s); and/or (ii) terms and conditions related to the Eligible Primary Delivery Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

**EXHIBIT C**

Eligible Secondary Receipt Point(s)

[Identify Eligible Secondary Receipt Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Secondary Receipt Point(s); and/or (ii) terms and conditions related to the Eligible Secondary Receipt Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

Eligible Secondary Delivery Point(s)

[Identify Eligible Secondary Delivery Point(s) covered by the Agreement, which may include but need not be limited to Delivery Point Name, Delivery Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Secondary Delivery Point(s); and/or (ii) terms and conditions related to the Eligible Secondary Delivery Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule ITS  
Agreement/Contract No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[Date]

[Contact Name]  
[CustomerName]  
[Address]

Re: Discounted Rate Letter Agreement to  
ITS Service Agreement No. \_\_\_\_\_

between

PETAL GAS STORAGE, L.L.C. and  
[CUSTOMERNAME]  
Dated \_\_\_\_\_

Dear :

This Discounted Rate Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced Interruptible Transportation Service Agreement ("Contract") between Petal Gas Storage, L.L.C. ("Petal") and [CustomerName] ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the ITS Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Petal's FERC NGA Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Petal shall provide service under the Agreement from Receipt Point(s) to the Delivery Point(s) listed in the attached Exhibit A. Customer shall pay the transportation and gathering rate(s) per Dth as indicated in Exhibit A. If a gathering rate is not specified for a gathered Meter Station, Petal shall charge and Customer shall pay the maximum gathering rate authorized pursuant to Petal's Tariff.

(a) In addition to the rate(s) set forth in Exhibit A, Petal shall charge and Customer shall pay all other applicable charges Petal is authorized to charge pursuant to its Tariff.

(b) Customer shall also pay for or provide through retainage the maximum applicable fuel that Petal is authorized to charge/collect under its Tariff for the volumes actually transported.

[(c) If a specific requirement as set forth in the Tariff is the basis of the discount, then it will be inserted here, including the basis of any calculations contemplated by the Tariff.]

2. The rates in Exhibit A are applicable only for transportation service utilizing the Point(s) specifically listed on Exhibit A. If Customer utilizes any other receipt or delivery point, then the applicable maximum rate(s), including all other applicable charges Petal is authorized to charge pursuant to its Tariff, shall apply unless the parties amend Exhibit A in writing, pursuant to the requirements of the Tariff and prior to nomination, to include such transportation service.

3. This Agreement shall be effective beginning [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall continue in full force and effect [insert "through" or "for a primary term of"] [insert end date of Agreement or length of primary term].

4. All rates and services described in this Agreement are subject to the terms and conditions of Petal's Tariff. Petal shall have no obligation to make refunds to Customer unless the maximum rate ultimately established by the FERC for any service described herein is less than the rate paid by Customer under this Agreement. Petal shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in Petal's Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF [TEXAS OR MISSISSIPPI], EXCLUDING ANY PROVISION WHICH WOULD DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

[If this Agreement supersedes a previous agreement, the following may be inserted here:

8. This Agreement supersedes and replaces in its entirety that certain [insert type of agreement] by and between Petal and \_\_\_\_\_, dated \_\_\_\_\_ (Contract/Agreement No: \_).]

If Customer agrees with the terms and conditions, please so indicate by signing the duplicate originals in the appropriate spaces provided below and returning the originals to Petal.

Very truly yours,

PETAL GAS STORAGE, L.L.C.

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



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

ACCEPTED AND AGREED TO this \_\_\_\_ day of \_\_\_\_\_, XXXX.  
[CUSTOMERNAME]

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

EXHIBIT A

Point(s)

[Identify Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point(s), Receipt Location No., Delivery Point(s), Delivery Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Point(s); and/or (ii) terms and conditions related to the Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

Reserved

**Reserved**

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule FTS  
Agreement/Contract No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[Date]

[Contact Name]  
[CustomerName]  
[Address]

Re: Negotiated Rate Letter Agreement to  
FTS Service Agreement No. \_\_\_\_\_ between  
PETAL GAS STORAGE, L.L.C. and  
[CUSTOMERNAME]  
dated \_\_\_\_\_

Dear \_\_\_\_\_:

This Negotiated Rate Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced service agreement ("Contract") between Petal Gas Storage, L.L.C. ("Petal") and [CustomerName] ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Petal's FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Petal shall provide primary firm service under the Agreement from Receipt Point(s) to the Delivery Point(s) listed in the attached Exhibit A. The rates charged for this service also shall be set forth in Exhibit A.

(a) The Maximum Daily Transportation Quantity(ies) ("MDTQ") for this Agreement shall be: [Insert MDTQ (as permitted by Section 5.5[2] of Rate Schedule FTS. In lieu of inserting here, MDTQ information may be inserted on an exhibit.]

(b) The negotiated rate(s) for each Primary Point is reflected on Exhibit A. In addition to the rate(s) set forth in Exhibit A, Petal shall charge and Customer shall pay all other applicable charges Petal is authorized to charge pursuant to its Tariff.

[The following Section 5 waiver provision shall be inserted only for shippers that agree to the language as part of this Agreement: (c) In consideration of the negotiated rate described above, during the term of this Agreement, Customer will not file, initiate, or support any action filed pursuant to Section 5 of the Natural Gas Act against Petal that would have the effect of reducing the specific rate(s) agreed to under this Agreement.]

2. The rates in Exhibit A are applicable only for transportation service utilizing the Primary Point(s) specifically listed on Exhibit A, up to Customer's MDTQ. The rates associated with the Primary Point(s) listed in Exhibit B are applicable only if Customer elects to add such Primary Point(s) to Exhibit A, pursuant to the requirements of the Tariff and prior to nomination. If Customer utilizes any other receipt or delivery point, then the applicable maximum rate(s), including all other applicable charges Petal is

authorized to charge pursuant to its Tariff, shall apply unless the parties amend Exhibits A and/or B in writing, pursuant to the requirements of the Tariff and prior to nomination, to include such transportation service.

3. This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall continue in full force and effect through \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term].

[Upon \_\_\_\_\_ written notice prior to the end of the Initial Term of the Firm Transportation Agreement, this Agreement shall continue as specified in such notice for an additional term of \_\_\_\_\_ at the applicable rates set forth on the Exhibit(s).]

[To the extent a Contractual Right of First Refusal is agreed to, the following language shall be inserted, as well as any specific terms and conditions related to the contractual right of first refusal that are permitted by Section 6.10[2] of the General Terms and Conditions of the Tariff: At the end of this Agreement, Customer shall be granted a contractual right of first refusal to be exercised in accordance with Petal's Tariff.]

[To the extent an evergreen provision is agreed to, the parties shall mutually agree upon a notice period, and the following language shall apply: Upon \_\_\_\_\_ written notice, this Agreement shall continue \_\_\_\_\_ [insert "through" or "for a term of"] \_\_\_\_\_ [insert end date of evergreen or length of evergreen term]. Customer shall specify in such notice the receipt and delivery point(s) and MDTQ associated with the evergreen term extension.]

4. The rates set forth in this Agreement shall stay in effect for the term of this Agreement without regard to any changes that may occur to Petal's maximum/minimum rates, fuel charges, or surcharges other than ACA. Petal shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in Petal's Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. This AGREEMENT shall be governed by and construed under the laws of the State of [Texas or Mississippi], excluding any provision which would direct the application of the laws of another jurisdiction.

[If this Agreement supersedes a previous agreement, the following may be inserted here:

8. This Agreement supersedes and replaces in its entirety that certain \_\_\_\_\_ [insert type of agreement] by and between \_\_\_\_\_ and \_\_\_\_\_, dated \_\_\_\_\_ (Contract/Agreement No: \_\_\_\_\_).]

If [CompanyName] agrees with the terms and conditions, please so indicate by signing the duplicate originals in the appropriate spaces provided below and returning the originals to Petal.

Very truly yours,

PETAL GAS STORAGE, L.L.C.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ACCEPTED AND AGREED TO this \_\_\_\_ day of \_\_\_\_\_, XXXX.  
[CUSTOMERNAME]

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

EXHIBIT A

Primary Point(s)

[Identify Primary Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Location No., Delivery Point Name, Delivery Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Primary Point(s); and/or (ii) terms and conditions related to the Primary Point(s)/Pair(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]



EXHIBIT B

Eligible Primary Receipt Point(s)

[Identify Eligible Primary Receipt Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Primary Receipt Point(s); and/or (ii) terms and conditions related to the Eligible Primary Receipt Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

Eligible Primary Delivery Point(s)

[Identify Eligible Primary Delivery Point(s) covered by the Agreement, which may include but need not be limited to Delivery Point Name, Delivery Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Primary Delivery Point(s); and/or (ii) terms and conditions related to the Eligible Primary Delivery Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

**EXHIBIT C**

Eligible Secondary Receipt Point(s)

[Identify Eligible Secondary Receipt Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Secondary Receipt Point(s); and/or (ii) terms and conditions related to the Eligible Secondary Receipt Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

Eligible Secondary Delivery Point(s)

[Identify Eligible Secondary Delivery Point(s) covered by the Agreement, which may include but need not be limited to Delivery Point Name, Delivery Location No., Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Secondary Delivery Point(s); and/or (ii) terms and conditions related to the Eligible Secondary Delivery Point(s) that are specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of the Tariff.]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Master Service Agreement for Capacity Release Transactions  
Agreement No.:  
Dated:

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

This Agreement is entered into by and between Petal Gas Storage, L.L.C. (Petal) and [CustomerName], ("Replacement Customer"). [If this Agreement supersedes a previous agreement, the following may be inserted here: This Agreement supersedes and replaces in its entirety that certain (insert type of agreement) by and between \_\_\_\_\_ and \_\_\_\_\_ dated \_\_\_\_\_ (Contract/Agreement No.:\_\_).]

Services under this Agreement are provided pursuant to Subpart B of Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Petal FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Petal's then-current Tariff, the language of the Tariff will control.

Operation of Master Service Agreement for Capacity Release Transactions: Certain terms and conditions of this Agreement will appear on one or more applicable capacity release awards. Replacement Customer recognizes that at any one time Replacement Customer may have several applicable capacity release awards in effect which, together with this Agreement, will each constitute a separate transportation contract with separate terms and conditions, and which will be administered as such.

Receipt and Delivery Point(s): Point Information shall be listed on the applicable capacity release award.

Quantity(s): Maximum Quantity(s) shall be listed on the applicable capacity release award and identified as "Awd Qty-K."

Term: This Agreement shall be effective beginning \_\_\_\_\_ and shall remain in effect until terminated by Petal or Customer upon at least thirty (30) days prior written notice; provided, however, that this Agreement shall not be terminated prior to the termination or expiration of all of Customer's applicable capacity release awards pursuant to the terms and conditions thereof.

Rate: The rate for service shall be the amount reflected on the applicable capacity release award (as well as all other applicable charges Petal is authorized to charge pursuant to its Tariff).

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement: [Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only (i) administrative information, and/or (ii) terms and conditions specifically permitted by a provision identified in Section 6.22.8 of the General Terms and Conditions of this Tariff.]

This Agreement shall be governed by and construed under the laws of the State of [Texas or Mississippi], excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

Petal Gas Storage, L.L.C.  
By:

Signature:  
Name:

\_\_\_\_\_  
\_\_\_\_\_

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

[CustomerName]

Signature:  
Name:

\_\_\_\_\_  
\_\_\_\_\_

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