

FT RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on a firm basis by USG Pipeline Company (hereinafter called Transporter) for any Shipper:

- (a) that completes a valid request for service and executes a Firm Transportation Agreement (“FT Agreement”), wherein Transporter agrees to transport and deliver at designated delivery points on behalf of Shipper, natural gas up to a specified volume, which will be designated as the Transportation Quantity. Each FT Agreement will specify the Primary Receipt and Delivery Points available for use under the FT Agreement and the Maximum Daily Quantity (“MDQ”) at each Primary Delivery and Receipt Point; and
- (b) provided that uncommitted firm capacity is available on all portions of Transporter’s system necessary to provide the service.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 The service rendered shall be the transportation of natural gas up to the maximum daily entitlement (“Transportation Quantity”) set out in the FT Agreement performed under Subparts B and G of Part 284 of the Commission’s Regulations. Firm transportation service under this Rate Schedule shall be provided, to the extent Transporter determines firm capacity is available, to any Shipper in the order in which each Shipper has fulfilled the requirements of Section 5 of the General Terms and Conditions of Transporter’s Tariff; provided, however, Transporter shall not commence service until Transporter and Shipper have executed an FT Agreement. Transporter shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule except as provided in Section 4.2.
- 2.2 Service shall be provided on a firm basis. However, service may be curtailed pursuant to Section 9.4 of Transporter’s General Terms and Conditions or whenever necessary to maintain gas quality or the integrity of Transporter’s system.

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3. DELIVERIES AND RECEIPTS

- 3.1 Receipt Points: The Primary Receipt Point(s) for all gas transported by Transporter under this Rate Schedule shall be at the mutually agreeable interconnection(s) between Transporter's system and the connecting facilities shown on Exhibit A to the FT Agreement. Transporter shall not be required under any circumstances to receive gas at any Receipt Point where (1) the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received or (2) Shipper has failed to make and properly implement all necessary arrangements on upstream pipelines. The total quantity specified at all of Shipper's Primary Receipt Point(s) must equal the Transportation Quantity stated in the FT Agreement.
- 3.2 Delivery Points: The Primary Delivery Point(s) for all gas transported by Transporter under this Rate Schedule shall be at the mutually agreeable interconnection(s) between Transporter's system and the facilities shown on Exhibit A to the FT Agreement. Transporter shall not be required under any circumstances to deliver gas at any Delivery Point where (1) the total quantity of gas scheduled for delivery on any day is less than that required for the accurate measurement of quantities to be delivered or (2) Shipper has failed to make and properly implement all necessary arrangements on downstream pipelines. The total quantity specified at all of Shipper's Primary Delivery Point(s) must equal the Transportation Quantity stated in the FT Agreement, less Retainage, if any.
- 3.3 Changing Primary Receipt and Delivery Points: Subject to availability of firm capacity, Shipper may change the Primary Receipt or Delivery Points under its FT Agreement (including redistributing the Maximum Daily Quantity among points) by an amendment of Exhibit A to the FT Agreement. Such amendment shall be reflected in an executed revision of Exhibit A submitted to Transporter by the twentieth of the month preceding the month for which the change is desired. Primary Receipt and Delivery Point amendments pursuant to this section shall be given priority over all interruptible service requested through such points. Shipper shall lose its priority at previously designated Primary Receipt and Delivery Points to the extent that the amendment reduces the Maximum Daily Quantity at any point.

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- 3.4 Secondary Receipt and Delivery Points: Shipper may use as a Secondary Receipt or Delivery Point any other receipt or delivery point on Transporter's system by notifying Transporter in Shipper's nomination. A Shipper may also use a Primary Receipt or Delivery Point as a Secondary Point to the extent that Shipper nominates quantities at the Primary Point in excess of the Shipper's Maximum Daily Quantity for that Primary Point, but less than or equal to the Transportation Quantity under the FT Agreement. A firm shipper's rights to use a Secondary Receipt or Delivery Point shall be superior to all interruptible shippers' use of that point, but inferior to the rights of all firm shippers using that point as a Primary Delivery or Receipt Point. Shipper's total receipts or deliveries on any day shall not exceed the Transportation Quantity stated in the FT Agreement (as adjusted for Retainage, if any) , and, if the capacity at a Secondary Receipt or Delivery Point is insufficient to serve all shippers requesting the point, the receipt or delivery quantities for that point shall be allocated in accordance with Section 9 of the General Terms and Conditions.

4. RATES AND CHARGES

4.1 Transportation Rates:

The applicable rates for service under this FT Rate Schedule are the applicable maximum Reservation and Commodity Rates shown on the effective Tariff Sheet No. 4, unless a discount or negotiated rate is agreed to by Transporter and Shipper. Transporter has the right at any time to file with the Commission to adjust the Reservation and Commodity Rates applicable to any service.

In the event Transporter and Shipper agree to establish a negotiated or discounted rate, including a fixed rate to be charged for the duration of the transportation service, said rate will be set forth in the applicable FT Agreement.

Reservation charge adjustments, if any, for curtailments of firm service will be made in accordance with Section 15.2 of Transporter's General Terms and Conditions.

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- 4.2 New Facilities: In addition to the charges pursuant to Section 4.1 of this Rate Schedule, if Transporter agrees to construct facilities for service requested by Shipper, Transporter shall charge Shipper an amount to advance 100% of the estimated cost (including a gross-up for the income tax effects of reimbursement) of facilities constructed at the Shipper's request in order to provide transportation service under this Rate Schedule. Further, Transporter shall charge Shipper an amount to advance 100% of the estimated costs (including a gross-up for the income tax effects of reimbursement) to be incurred by Transporter for appurtenant facilities and equipment, including but not limited to electronic custody transfer equipment, metering facilities, gravimeters, calorimeters, flow controllers or other measurement or metering facilities. Such estimated advance payments shall be subject to true-up to actual costs incurred by Transporter for the construction of transportation and appurtenant facilities within 30 days following completion of construction of such facilities.
- 4.3 Incidental Charges: In addition to the charges pursuant to Sections 4.1 and 4.2 of this Rate Schedule, Transporter may charge Shipper an amount to reimburse Transporter 100% for any filing or similar fees and, if applicable, sales or use tax that have not been previously paid by Shipper, which Transporter incurs in establishing or rendering service.
- 4.4 Authorized Overrun Charge: If Shipper, upon receiving the advance approval of Transporter, should on any day take under this Rate Schedule a quantity of natural gas in excess of that which Shipper is authorized to take under Shipper's FT Agreement, then such quantity shall constitute an authorized overrun quantity. All Shipper requests for Authorized Overruns must be nominated via facsimile to Transporter. For all such authorized overrun volumes, Shipper shall pay Transporter a rate equal to the volumetric derivative of the maximum FT rate designed on a 100% load factor basis times the excess quantities delivered to Shipper, unless the parties mutually agree otherwise.

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- 4.5 Notwithstanding any provision of Transporter's effective FERC Gas Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges or credits for service under this Rate Schedule that differ from those rates, rate components, charges or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such differing rates, rate components, charges or credits ("Negotiated Rates") then the Negotiated Rate(s) shall be effective only for the period agreed upon by Transporter. During such period, the Negotiated Rate shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge or credit, which the parties have agreed to replace with the Negotiated Rate, shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper. Only those rates, rate components, charges or credits identified by Transporter and Shipper in writing as being superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated Rate is effective; all other rates, rate components, charges or credits prescribed, required, established or imposed by this Rate Schedule or Transporter's Tariff shall remain in effect. Transporter shall make any filings at the FERC necessary to effectuate a Negotiated Rate.

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5. MONTHLY BILL

The Monthly Bill for service shall be equal to:

- (a) Reservation Charge: A reservation rate determined under Section 4.1 of this Rate Schedule multiplied by the Transportation Quantity as specified in the FT Agreement;
- (b) Commodity Charge: The applicable Commodity Rate(s) under Section 4.1 of this Rate Schedule multiplied by the dekatherms of natural gas transported and delivered in the month pursuant to this Rate Schedule; and
- (c) If applicable, any other charges pursuant to Section 4 of this Rate Schedule.

6. WAIVER

Transporter may waive any rights hereunder or any obligations of Shipper hereunder on a basis that is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.

7. GENERAL TERMS AND CONDITIONS

- 7.1 Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulation, rule, and/or order by any duly authorized agency. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with the General Terms and Conditions of Transporter's Tariff, which are incorporated into this Rate Schedule.
- 7.2 In the event of a conflict between the provisions of this Rate Schedule and Transporter's General Terms and Conditions, the provisions of Transporter's General Terms and Conditions shall govern.