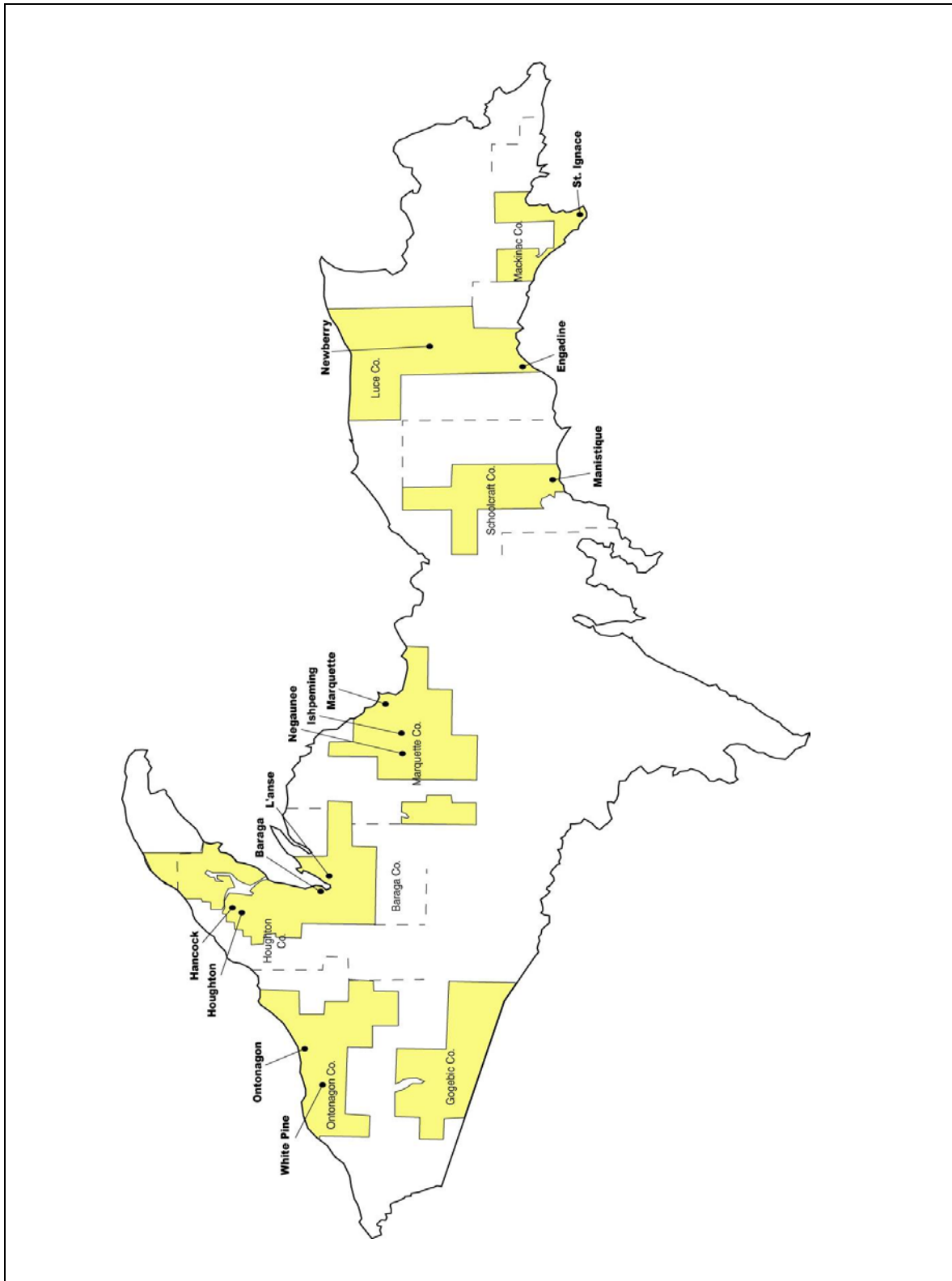


Sheet No. A-21.00



Continued From Sheet No. B-43.00

In case the actual service used during any equal payment period exceeds the bills as rendered on the Equal Payment Plan, the amount of such excess shall be paid not later than the third billing month following such equal payment period, except that if the customer discontinues service with the Company under the Equal Payment Plan, any such excess not yet paid shall become payable immediately. In case the actual service used during the equal payment period is less than the amount paid under the Equal Payment Plan during such period, the amount of such overpayment shall, at the option of the Company, be either refunded or credited to the customer at the end of the period.

If a customer fails to pay bills as rendered on the Equal Payment Plan, the Company shall have the right to withdraw the plan with respect to such customer and to restore the customer to billing as provided for in the applicable tariffs, in addition to any other rights which the Company may have under such tariffs in case of arrearage in payment of bills.

B6.9 Nonpayment of Bills:

All bills are due and payable by the customer as specified in the tariff applicable to his service. The word "month" as used herein and in the tariffs is hereby defined to be the elapsed time between two successive meter readings approximately 30 days apart.

B6.10 NSF Checks and on Premise Collections:**A Charge for Nonsufficient Funds (NSF) Check**

A charge of \$18.00 will be levied upon a customer for each ~~time a~~ check ~~that has been presented as the customer issues the Company in~~ payment for a gas bill ~~when the check~~ is returned to the Company marked NSF or closed account by the financial institution upon which the check is drawn. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto. If the check was written to avoid shutoff, the Company may shutoff after one final contact is attempted.

B Charge for On-Premises Collection

A charge of \$11.50 will be levied upon a customer whenever it is necessary for the Company to send an employee to the premises of the customer in order to collect that customer's bill. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.

B6.11 Discontinuance of Service:

The customer is responsible for the payment of bills until service is ordered discontinued and the Company has had reasonable time for securing a final reading. If any bill for gas service rendered by the Company to a customer remains unpaid for a period of five (5) days after the due date, the Company shall have the right to issue a notice in writing of its intent to discontinue service and to discontinue such service ten (10) days after such notice has been given. If the bill in question is paid under protest, in order to secure continuity of service, and it is later shown the bill was in error, the customer shall be entitled to a refund.

Continued From Sheet No. B-44.00

The Company may discontinue service without notice other than personal notice at the time of discontinuance, if the meter or piping on the customer's premises is tampered with in any manner to allow unmetered gas to be used.

The Company will discontinue service to any customer upon request by the customer. However, if reconnection is requested by the same customer on the same premises within one (1) year after discontinuance, the customer shall be charged a turn-on charge.

B6.12 Turn-On Charges:

Transfers of service, where service at a premise is transferred from one customer to a subsequent customer, and where the transfer does not require the dispatch of a Company employee to the premise, shall be made with a charge of \$5.00 to the customer moving in (transferee). A premise with a Landlord Agreement shall not be exempt from this charge. Where a service turn-on requires the dispatch of a Company employee to the premise, the following turn-on charges shall apply:

- A. In the case of the same customer requesting turn-off and turn-on on the same premise within one year, the customer shall be charged \$75.00.
- B. In all other circumstances where a service turn-on requires the dispatch of a Company employee, a single service turn-on charge of \$50.00 will be collected. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.
- C. If customer requests turn-on after normal business hours and the request can be accommodated, after hour charges may be applied.

Continued On Sheet No. B-46.00

Continued From Sheet No. B- 54.00

B10. GAS COST RECOVERY CLAUSE:

B10.1 Applicability of Clause:

All rates for gas service, unless otherwise provided in the applicable rate schedule, shall include a Gas Cost Recovery Factor to allow the Company to recover the booked cost of gas sold by the Company if incurred under reasonable and prudent policies and practices.

B10.2 Booked Cost of Gas Sold:

- A. Booked cost of gas sold as used in this rule includes the following as expensed on the books of the Company:
1. Interstate Purchases: Cost of gas service.
 2. Intrastate Purchases: Cost of gas service incurred pursuant to all contracts on file with the Michigan Public Service Commission.
 3. Company Produced Natural Gas: Cost which vary with volume produced.
 4. Company Produced Substitute Natural Gas: Cost for feedstock used to produce substitute natural gas.
 5. Liquefied Petroleum Air Gas: Cost for propane used to produce a propane-air gas mixture.
 6. Storage Gas: Net costs of gas injected and withdrawn from underground storage facilities.
 7. Purchases From Other Michigan Utilities: Costs for gas service pursuant to contracts approved by the appropriate regulatory body.
 8. Supplier Refunds And Credits: Refunds and credits from suppliers in the period realized.
 9. Lost and unaccounted for gas, Company Use gas, and Gas in Kind at the annual average booked cost of gas sold.
- B. Booked cost of gas sold as used in this rule specifically excludes the following items:
1. ~~Gas used by the Company, at the annual average booked cost of gas sold.~~
 2. ~~Lost and unaccounted for gas, at the annual average booked cost of gas sold.~~
 3. ~~1.~~ Gas Sold at a price which does not include a gas cost recovery factor, at the incremental cost from the Company's supplier.
 4. ~~2.~~ Contract, tariff and other penalties, unless the customers of the Company benefit as a result of payment of such penalties.

Continued On Sheet No. B-56.00

Sheet E-2.00

SECTION E
GAS SALES SERVICE
SURCHARGES

Monthly per Customer Surcharge
~~\$ / Mcf~~
~~\$0.00~~

	<u>LAUF</u>	<u>Uncollectibles</u>	<u>Conservation</u>	<u>APR</u>	<u>Total</u>
Residential	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GS-1	\$0.00	\$0.00		\$0.00	\$0.00
GS-2	\$0.00	\$0.00		\$0.00	\$0.00
GS-3	\$0.00	\$0.00		\$0.00	\$0.00

RESIDENTIAL SERVICE RATE

Availability:

Subject to restrictions contained in the Rules and Regulations of the Company, service is available under this Rate Schedule to any customer in the Company's Service Territory to meet residential gas requirements, as defined in Rule B3.7.

Characteristics of Service:

Continuous service, except as may be limited by the effective Rules and Regulations of the Company.

Non-Gas Charges:

~~Customer Service~~ Charge per meter: \$ ~~9.50~~24.04 per month

~~Distribution Charge: \$ 1.2230 per Mcf~~

Gas Cost Recovery Charges:

This rate is subject to the Gas Cost Recovery charges set forth on Sheet No. E-3.00.

Surcharges and Credits:

Gas service under this rate may be subject to surcharges and/or credits as indicated on Sheet No. E-2.00.

Terms of Payment:

A late payment charge of two percent (2%) of the delinquent balance shall be added to any bill which is not paid on or before the due date shown thereon. The late payment charge is not applicable to customers participating in the Winter Protection Plan set forth in Order U-4240.

Continued On Sheet No. E-5.00

GENERAL SERVICE (GS) RATE

Availability:

Subject to restrictions contained in the Rules and Regulations of the Company, service is available under this Rate Schedule to any commercial or industrial customer in the Company's Service Territory, for any purpose, including multiple family dwellings.

Characteristics of Service:

Continuous service, except as may be limited by the effective Rules and Regulations of the Company.

Non-Gas Charges:

Service Category	Customer Charge Per Meter	Distribution Charge
GS-1	\$9.50 <u>12.00</u> per month	\$1. 3972 <u>7930</u> per Mcf
GS-2	\$29 <u>50.00</u> per month	\$1. 4054 <u>2000</u> per Mcf
GS-3	\$75 <u>100.00</u> per month	\$0.8858 <u>1.0438</u> per Mcf

Customers may choose the Service Category under which they take service, consistent with the restrictions of Rule B5.1. When customers are selecting their initial service category, the Company must advise them that the economic break even point between GS-1 and GS-2 is ~~804~~769 Mcf per year, and the economic break even point between GS-2 and GS-3 is ~~2,5173.842~~ Mcf per year. After the initial selection has been made, then it is the customer's responsibility to determine when it is appropriate to switch rates, as permitted by Rule B5.1.

Gas Cost Recovery Charges

This rate is subject to the Gas Cost Recovery charges set forth on Sheet No. E-3.00.

Customer Charge Billing Option:

At the customer's option, the customer may contract with the Company to be billed the annual sum of the 12 monthly Customer Charges, evenly divided, over whichever billing months during the year shall be mutually agreeable between the Company and the customer.

Surcharges and Credits:

Gas service under this rate may be subject to surcharges and/or credits as indicated on Sheet No. E-2.00.

Continued on Sheet No. E-6.00

Continued from Sheet No. E-5.00

Unmetered Service:

When service is rendered under a contract with the Company, where the entire gas usage is a fixed hourly volume such that no meter is required, such service shall be treated as a GS-1 Service Category for billing purposes, ~~except that no Customer Charge shall be applied.~~

Terms of Payment:

A late payment charge of three percent (3%) of the delinquent balance shall be added to any bill which is not paid on or before the due date shown thereon.

Sheet F-20.00

Continued From Sheet No. F-19.10

- C. The facility designated as the master account shall be subject to and billed the provisions of its transportation tariff. The FBT for the aggregation shall be based on fourteen percent (14%) of the master account normalized average daily usage. Facilities designated as subsidiary accounts shall be subject to all the terms and conditions of the master account tariff, including remote metering, except that the subsidiary accounts will pay the customer charge and distribution charge in effect for its designated sales rate rather than the customer charge and transportation charge in effect for the master account. Each year, for billing purposes, the designated per Mcf sales rate for the subsidiary account shall be converted to a per Dth rate by application of the system average BTU calculated for the prior year.

The 2005 system average BTU factor : 1,012 BTUs per cubic foot

The GS-1 rate for 2006 is: \$1.3806 per Dth

The GS-2 rate for 2006 is: \$1.0920 per Dth

The GS-3 rate for 2006 is: \$0.8753 per Dth

Rates

Subject to such modifications as may be imposed and/or authorized by the Michigan Public Service Commission (MPSC), each Month Shipper shall, where applicable, pay the Company the following amounts:

Monthly Charges:	Service Category		
	TR-1	TR-2	TR-3
Customer Charge	\$ 375 <u>200</u> .00 per meter	\$ 950 <u>1000</u> .00 per meter	\$ 3,000.00 per meter
Remote Meter Charge	\$ 75.00 per meter	\$ 75.00 per meter	\$ —75.00 per meter
Transportation Rates:			
Peak (November to March)	\$ 0. 6936 <u>7828</u> per Dth	\$ 0. 5613 <u>6914</u> per Dth	\$ 0.4870 per Dth
Off-Peak (April to October)	\$ 0. 5436 <u>6328</u> per Dth	\$ 0. 4113 <u>5414</u> per Dth	\$ 0.3370 per Dth

Continued On Sheet No. F-21.00

Continued From Sheet No. F-20.00

Selection of Service Category

Customers may choose the Service Category under which they take service, consistent with the restrictions of Rule B5.1. When Customers are selecting their initial Service Category, the Company must advise them that the economic break even point between TR-1 and TR-2 is ~~49,193~~91,579 Dth per year, ~~and the economic break even point between TR-2 and TR-3 is 313,090 Dth per year.~~ After the initial selection has been made, then it is the customer's responsibility to determine when it is appropriate to switch rates, as permitted by Rule B5.1.

Customer Charge and Remote Meter Charge

Shipper shall pay the designated Customer Charge and Remote Meter Charge per Month for each meter through which Shipper's deliveries of Gas are designated as a Point(s) of Delivery on Shipper's Transportation Service Agreement, regardless of whether Gas was delivered through such meter during the Month, except as provided for in Rule B4.3 of the Company's Rules and Regulations.

Transportation Rate

Shipper shall pay the appropriate Transportation Rate multiplied by the quantity of Gas in Dth which the Company delivered to the Shipper at the Point(s) of Delivery during the Month. Peak Transportation Rates are applicable during the billing months of November through March and Off-Peak Transportation Rates are applicable during the billing months of April through October. For purposes of applying the Transportation Rates, the "billing month" shall correspond as close as practicable to the calendar month.

If the Gas to be transported is an incremental load which will be used to displace coal or coal derived fuels and will be delivered during a time when the Company has sufficient capacity, then the Transportation Rate for such incremental load shall be a rate, as negotiated between the Company and the Shipper, between a floor of \$0.05 per Dth and a ceiling price equal to the full rate shown on the applicable rate schedule. The Shipper shall also pay all applicable surcharges for all gas delivered and all applicable BRCs for all Dth of Daily Imbalance created by the shipper. The minimum charge for such coal displacement service shall be the monthly Customer Charge and Remote Meter Charge. All coal displacement volumes are interruptible by the Company. Coal displacement volumes are excluded for purposes of determining a Shipper's MDQ and FBT.

Gas in Kind

The Company shall retain 1.1~~2~~7% of all gas received at the Point(s) of Receipt to compensate for Company use and lost and unaccounted for gas on the Company's system. This volume shall not be included in the quantity available for delivery to the Shipper.

Continued On Sheet No. F-22.00

Sheet F-27.00

INTERRUPTIBLE TRANSPORTATION SERVICE - (ITS)**Availability**

This Rate Schedule is available, solely at the discretion of SEMCO Gas, to any person, corporation, partnership or any other party (hereinafter referred to as "Shipper") for the transportation of gas within the Company's Service Territory, when:

- A. Shipper is located in an area of SEMCO Gas's service territory that has experienced or is likely to experience a system constraint.
- B. Shipper has met the conditions specified in Section F of the Company's Rules and Regulations for Transportation Service; and
- C. Shipper has agreed to provide a dedicated telephone line, a 110 volt electrical outlet at the meter site and such other facilities as may be required for the specialized metering equipment needed to be installed by the Company. Shipper has also agreed to provide 24 hour per day access to the specialized metering equipment located on the Shipper's premises. Upon request, the Company will make available to the Shipper the daily volumetric data collected from the specialized metering equipment within two hours following the end of the Gas Day. Upon request, and at Shipper's expense, the Company will permit the Shipper or an Authorized Agent to install such additional equipment as may be necessary to allow remote monitoring of gas flow by Shipper or the Authorized Agent.
- D. Shipper and Company have executed an Interruptible Transportation Service Agreement for service under this Rate Schedule.
- E. Shipper has demonstrated the ability to switch from natural gas to an alternative fuel source for an extended period of time, and Shipper's alternative fuel equipment must be in good operating condition with all required environmental and other permits.

Shipper must contract for a specific Point(s) of Receipt where Shipper will deliver Gas to the Company and a specific Point(s) of Delivery where the Gas will exit the Company's system.

Definitions

As used in this rate schedule:

"Interruptible" means all gas flowing under this rate schedule to the shipper may be interrupted for a period of time.

Characteristics of Service

Service is subject to interruption when, in the Company's sole discretion, the integrity of the natural gas distribution system in the area where the Shipper is served is experiencing, or is likely to experience a system constraint, which would impact the ability of the Company to deliver adequate supplies of natural gas to its customers.

Service under this Rate Schedule shall consist of:

- A. The Company shall receive Gas for the account of the Shipper at the Point(s) of Receipt and redeliver equivalent quantities, less Gas in Kind reimbursement retained by the Company, to the Shipper for the account of the Shipper at the Point(s) of Delivery;
- B. Any rates, terms and conditions not covered by this tariff shall be as contained in the Company's Interruptible Transportation Agreement.

Continued on Sheet F-28.00

Sheet F-28.00

Continued From Sheet No. F-27.00

All gas received by the Company at its Point(s) of Receipt on behalf of Shipper, less Gas in Kind, shall be delivered to Shipper, subject to curtailment and/or interruption, up to Shipper's Maximum Daily Quantity (MDQ) on any Day.

Maximum Daily Quantity (MDQ)

An MDQ constitutes the maximum quantity of gas that the Company is obligated to deliver to a Shipper on a daily basis. The MDQ shall be specified in the Interruptible Transportation Service Agreement between the Shipper and the Company as determined by the Company.

The Company may, at its discretion, deliver to Shipper volumes in excess of its MDQ, subject to restrictions under Rule B4.3 curtailment provisions.

Nominations

Nominations requirements shall be the same as listed on Sheet F-12.00.

Balancing Requirements

Balancing Requirements shall be those as listed on Sheets F-12.00 through F-18.00, with the following exceptions:

- Firm Balancing Tolerance is not available for this Rate Schedule.
- Supplemental Firm Balancing Tolerance is not available for this Rate Schedule.
- Shippers selecting this Rate Schedule are not eligible to join a balancing pool.

Rates

A Shipper shall pay to the Company a monthly fee comprised of the sum of:

- A. a Customer Charge of \$3,000 and
- B. a Remote Meter Charge as shown on Sheet F-20.00, and
- C. a commodity charge, not to be less than:
 - On peak (November to March) \$0.3398 per Dth
 - Off peak (April to October) \$0.1898 per Dth

Gas in Kind

This amount shall be the same as that found on Sheet F-21.00.

Except as noted above, service supplied under this rate schedule is subject to all of the provisions found in the Transportation Service section.

Sheet F-34.00

Continued From Sheet No. F-33.00

All gas received by the Company at its Point(s) of Receipt on behalf of Shipper, less Gas in Kind, shall be delivered to Shipper on a firm basis, subject to curtailment, up to Shipper's Maximum Daily Quantity (MDQ) on any Day.

Maximum Daily Quantity (MDQ)

An MDQ constitutes the maximum quantity of gas that the Company is obligated to deliver to a Shipper on a daily basis. The MDQ shall be specified in the Off System Transportation Service Agreement between the Shipper and the Company as determined by the Company.

The Company may, at its discretion, deliver to a Shipper volumes in excess of its MDQ, subject to restrictions under Rule B4.3 curtailment provisions.

Nominations

At the Company's discretion, the Company may require the daily nomination of all transported gas.

Balancing Requirements

The Company and Shipper shall work to keep the gas flow in balance at all times. If at any time the volumes of gas received by the Company at the Point(s) of Receipt are greater or lesser than the gas delivered at the Point(s) of Delivery, the Company may refuse, increase or decrease deliveries to correct the imbalances. If, upon termination of a contract between a Shipper and the Company, the Shipper has not delivered to the Company quantities of gas that are equal to those the Shipper has taken at the Point(s) of Delivery, the Shipper must deliver deficient volumes to the Company, within 60 days of the termination of the contract, at a mutually agreeable rate of delivery. If, then, the Shipper fails to correct the imbalance within the 60 days period, then the Shipper shall pay an unauthorized usage charge to the Company at a rate of \$10.00 per Mcf, plus the currently effective Gas Cost Recovery Factor at that time for all such deficient volumes.

Rates

A Shipper shall pay to the Company a monthly fee comprised of the sum of:

- A. a Monthly Administrative Fee of \$300; and
- B. a Remote Meter Charge of \$75 per meter per month, and
- C. a charge, not to exceed \$0.150 per Mcf, consisting of a demand portion and commodity portion.

The demand rate and the commodity rate shall be negotiated between the Shipper and the Company in the Off System Transportation Agreement entered into between the Shipper and the Company.

Gas in Kind

The Company shall retain 1.1~~27~~% of all gas received at the Point(s) of Receipt to compensate for Company use and lost and unaccounted for gas on the Company's system. This volume shall not be included in the quantity available for delivery to the Shipper.

Nature of Service

The customer will remain a customer of the Company. The Company will read the meter and render a bill to the customer for the monthly customer charge, distribution charge, other authorized charges or surcharges, and penalties and taxes. The authorized Supplier's Gas Commodity Charges will be billed as part of the Company's bill. Service is subject to all of the Company's "Schedule of Rates Governing the Sale of Natural Gas Service" as approved by the Commission. By requesting service on this rate, the customer gives consent to the Company to furnish to the customer's authorized Supplier pertinent customer sales or transportation data.

A Rate CC customer's return to sales service is subject to Rule B3, Controlled Service.

Monthly Rate**Non-Gas Charges:****Customer Charge or Service Charge**

As shown on the customer's applicable sales rate schedule.

~~Distribution Charge~~

~~As shown on the customer's applicable sales rate schedule.~~

Gas Charges:**Balancing Charge**

The customer shall pay a Balancing Charge of \$0.2500 per Mcf delivered by the Company to the customer during the month. This charge is set by the M.P.S.C.

Capacity Demand Charge

The customer shall pay a Capacity Demand Charge of \$0.3141 per Mcf delivered by the Company to the customer during the month. This charge is set by the M.P.S.C.

Gas Commodity Charge

The customer's cost of gas will be as communicated to the Company each month by the customer's Authorized Supplier. This charge is determined by contract between the customer and Marketer.

If a participating customer wishes to obtain gas supply from the Company after 12 months or more on a choice tariff, the customer shall be subject to the GCR rate. If a participating customer obtains gas supply from the Company as a result of its chosen Supplier becoming disqualified, or the customer otherwise returns to Company sales supply prior to the end of the 12 months period, subject to Rule B3, Controlled Service, the customer shall become subject to the higher of a market-based rate or the GCR rate for a period of up to three months.

The market-based rate shall consist of either the average (most recent 30 days that are available) of the MichCon city gasgate price or the average (most recent 30 days that are available) of the Consumers Energy city gate price as published in the Platts Gas Daily.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. E-1.00 and surcharges shown on Sheet No. E-2.00 and is also subject to charges, terms and conditions set forth in Section G.

Minimum Charge

The minimum charge shall be the customer charge or service charge included in the rate.

Due Date and Late Payment Charge

The due date of a residential customer's bill shall be 17 days from the date of transmittal. The due date of a nonresidential customer's bill shall be 21 days from the date of mailing. A 2% residential or 3% nonresidential late payment charge, not compounded, of the unpaid portion of the bill, net of taxes, shall be assessed to any bill that is delinquent.

Term and Form of Contract

Service under this rate shall require authorization in a manner specified by the Company.

Sheet F-1.00

SECTION F

TRANSPORTATION SERVICE

SURCHARGES

Transportation Service (TR-1, TR-2, ~~TR-3~~):\$ 0.0000 Per Dth

Continued On Sheet No. F-2.00

"Balancing Recovery Cost" (BRC) shall be defined as all charges billed for Firm Balancing, Interruptible Balancing, Excess Balancing, Imbalance Penalties and pipeline penalty pass-through costs which are billed as a result of either daily or monthly balancing provisions within the Transportation Service rules and regulations of this tariff.

"BTU Factor" shall mean the factor applied to a Shipper's volumetric (MCF) consumption to determine the Shipper's energy (DTH) consumption.

"Company" shall mean SEMCO ENERGY GAS COMPANY

"Customer" shall mean the end user of the gas.

"Day" shall mean a period of twenty-four (24) consecutive hours as defined by the Gas Industry Standards Board (GISB).

"Daily Balancing Tolerance" (DBT) shall mean a daily imbalance percentage, positive or negative, within which a Shipper will incur no Excess Balancing Charge or Imbalance Penalty. The DBT for Positive and Negative Imbalances is the sum of the Firm Balancing Tolerance (FBT) plus the Interruptible Balancing Tolerance (IBT) in effect for the Day.

"Daily Imbalances" shall mean the difference between the amount of Gas received by the Company on any given Day on behalf of a Shipper, less Gas In Kind, and the amount of Gas delivered to the Shipper that same day.

"Dekatherm" (Dth) shall mean the quantity of heat energy which is equivalent to one million BTU.

"Designated Sales Service Rate" shall mean the Company's existing gas sales rate designated in a Transportation Service Agreement pursuant to the Aggregation of Accounts Option.

"Equivalent Quantities" shall mean a quantity of gas containing an amount of Dths equal to the amount of Dths received by the Company for the account of Shipper at the Point(s) of Receipt.

"Excess Balancing" shall mean all daily imbalances (under Rate Schedule TR-1, or TR-2 ~~or TR-3~~) that exceed the DBT, but do not exceed twenty percent (20%) of MDQ, and shall apply to positive and negative imbalances that are not subject to an IBR Notice. During periods when an IBR Notice is in effect, Excess Balancing is eliminated in the direction restricted by the IBR Notice. Excess Balancing is subject to the Excess Balancing Charge.

"Firm Balancing Tolerance" (FBT) shall be a Dth quantity of daily balancing service that the Company is obligated to provide to the Shipper on a firm basis. The FBT shall be stated in Shipper's Transportation Service Agreement. Shippers provided an FBT by the Company are subject to the Firm Balancing Charge.

Continued On Sheet No. F-4.00

"Gas" shall mean natural gas, manufactured gas or a combination of the two.

"Gas In Kind" shall mean the amount of Gas the Company shall retain of gas received at the Point(s) of Receipt to compensate for Company use and lost and unaccounted-for-gas on the Company's system. This volume shall not be included in the quantity available for delivery to the Shipper.

"Imbalance Penalty" shall mean all daily imbalances that exceed twenty percent (20%) of MDQ under Rate Schedule TR-1, or TR-2, ~~or TR-3~~. Where an IBR is in effect that reduces the DBT in one direction, the Imbalance Penalty shall also mean that gas received by the Company on Shipper's behalf or gas delivered by the Company to Shipper, where applicable, in excess of the reduced DBT.

"Interruptible Balancing Restriction Notice" (IBR Notice) shall mean a directive Issued by the Company to Shippers which shall restrict the Shippers' daily IBT on either positive or negative imbalances by reducing the tolerance in one direction to the level deemed necessary by the Company when the Company's ability to accommodate imbalances is restricted or impaired due to capacity constraints. Capacity constraints shall be considered valid for reasons of limited supply due to actions or circumstances beyond the Company's control, distribution system restrictions, or upstream firm transportation capacity limitations. The IBR Notice will indicate at its issuance the portions of the Company's system affected by the IBR Notice, the imbalance, either positive or negative, that the IBR Notice restricts, the amount that is restricted and the time period the IBR Notice is in effect.

"Interruptible Balancing Tolerance" (IBT) shall be a Dth quantity calculated as the lesser of twenty percent (20%) of Shipper's contract MDQ (in Dth) less the FBT volume or twenty percent (20%) of the daily nominated delivery to the Company on the Shipper's behalf less the FBT Volume but not less than zero. All or part of the IBT may be reduced pursuant to the issuance of an IBR Notice.

"Marketer" shall mean the seller or supplier of natural gas.

"Maximum Daily Quantity" (MDQ) shall mean the maximum quantity of gas, as measured in Mcf, converted to Dth, and listed in a Shipper's Transportation Service Agreement, that the Company is obligated to deliver to a Shipper on any given Day.

"Mcf" shall mean one thousand cubic feet of Gas at 14.65 psia.

"Month" shall mean the period beginning on the first Day of a calendar month and ending at the same hour on the first Day of the next succeeding calendar month, or at such time as may be mutually agreed upon.

Continued From Sheet No. F-5.00

"Shipper" shall mean any person, corporation, partnership or any other party requesting Transportation Service from the Company. A Shipper may also include an Authorized Agent where the context requires. The Shipper may also be referred to as the "Customer."

"Shipper's Transporter" shall mean the intrastate pipeline, interstate pipeline, or local distribution company transporting Gas to the Point(s) of Receipt.

"Shipper's Up-stream Capacity" shall mean the secured availability and rights of a Shipper to transport Gas on the intrastate pipeline, interstate pipeline, or local distribution company necessary for transporting Gas to the Point(s) of Receipt. (See "Shipper's Transporter")

"Transportation" shall mean the movement of gas from the Point(s) of Receipt to the Point(s) of Delivery. "Transportation" in a more generic form can also mean the movement of gas within the interconnected systems of interstate pipelines, intrastate pipelines and local distribution companies.

"Transportation Service Agreement" shall mean all written contracts executed by the Shipper and Company and any exhibits, attachments and/or amendments thereto for Transportation Service (TR-1; ~~or TR-2, and TR-3~~).

F3. TRANSPORTATION SERVICE

A. Balancing Tolerances

Shippers taking Transportation Service are expected to take delivery of the Gas received by the Company on their behalf on the Day it is received. It is recognized that Shippers may be unable to control exactly the quantities of Gas delivered by the Company hereunder on any Day, and that the actual quantities received by the Company on the Shipper's behalf may vary above or below the actual quantities delivered on any given Day. Such variations shall be considered imbalances and shall be kept to the minimum permitted by operating conditions in accordance with the Daily Balancing Tolerance and the Monthly Cash-Out provision.

B. Receipt and Delivery of Gas

The Company, at its discretion and subject to the other provisions hereof, shall allow alternate Points of Receipt when operationally feasible given distribution system constraints. Any restriction in Receipt Point(s) shall be Issued in a non-discriminatory manner.

The Company, subject to the other provisions of this tariff, shall deliver to the Shipper each day Equivalent Quantities of Gas less Gas in Kind at the Point(s) of Delivery up to the Maximum Daily Quantity (MDQ) agreed to in the Transportation Service Agreement with Shipper.

Continued On Sheet No. F-7.00

TRANSPORTATION SERVICE - (TR-1, ~~and~~ TR-2, ~~and~~ TR-3)**Availability**

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Shipper") for the transportation of gas within the Company's Service Territory, when:

- A. Shipper desires Transportation Service; and
- B. Shipper has met the conditions specified in Section F of the Company's Rules and Regulations for Transportation Service; and
- C. Shipper has agreed to provide a dedicated active telephone line, a 110 volt electrical outlet at the meter site and such other facilities as may be required for the specialized metering equipment needed to be installed by the Company. Failure to maintain the telephone line, electrical outlet and other facilities may result in discontinuation of transportation service, or the Company may dispatch service personnel to obtain physical meter reads at the Shipper's expense, for each occurrence.
- D. Shipper has also agreed to provide 24 hour per day access to the specialized metering equipment located on the Shipper's premises, and Shipper has agreed, at all times, to allow the Company to perform the work required to maintain the specialized metering equipment. Failure to provide such access may result in discontinuation of transport service. Upon request, the Company will make available to the Shipper the daily volumetric data collected from the specialized metering equipment within two hours following the end of the Gas Day. Upon request, and at Shipper's expense, the Company will permit the Shipper or an Authorized Agent to install such additional equipment as may be necessary to allow remote monitoring of gas flow by Shipper or the Authorized Agent.
- E. Shipper and Company have executed a Transportation Service Agreement for service under this Rate Schedule.

Shipper must contract for delivery of Gas to a specific Point(s) of Receipt where Shipper's Transporter will deliver Shipper's Gas to the Company and a specific Point(s) of Delivery where the Gas will be consumed. Gas delivered under the terms of this rate may not be resold.

Characteristics of Service

This Rate Schedule shall apply to all Transportation Service rendered by the Company for Shipper pursuant to the executed Transportation Service Agreement for service under this Rate Schedule.

Service under this Rate Schedule shall consist of:

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Sheet F-19.00

To create a Pool, Pooling Agents must obtain the signatures of the Pool members on a Pooling Agreement which shall set out the rules under which the Pool will operate, including the method for allocating balancing charges and penalties incurred by the Pool to the Pool members. Each Month that the membership in the Pool changes, the Pooling Agent must provide a copy of the Pooling Agreement, with the signatures of the current Pool members, to the Company at least **fifteen (15)** days prior to the first day of the Month. Submission may be by fax or other electronic means as approved by the Company.

When Shippers have joined in a Pool, the Pooling Agent shall become responsible for all Balancing Recovery Costs, as well as penalties as a result of curtailment in accordance with Rule B4.3 incorporated in the Company's tariffs, as allocable to the Pool or an individual Shipper within the Pool. The Company shall determine the net daily imbalance of the Pool, apply the appropriate charges (based on conditions in effect for the pool on that day) and render a bill for such charges to the Pooling Agent. The Pooling Agent may assess or allocate charges to members of the Pool in accordance with any terms of the Pooling Agreement. The Company will not assess individual Shippers within a pool any charges that are assessed to their Pooling Agent except in cases of nonpayment by the Shipper's Pooling Agent. The Company shall continue to render monthly billings to the individual Shippers in a Pool for services rendered excluding the items billed to the Pooling Agent.

A Pooling Agent shall be subject to the tariff provisions under Section B6 and Due Date and Late Payment Charge provisions of this tariff for charges and penalties allocated to the pool. In the event of non-payment by a Pooling Agent, Shippers in the Agent's pool may be held responsible for payments in lieu of suspending service, and the Pooling Agent may be immediately suspended from pooling on the Company's system. All Shippers will be pro-rated the Pool Agent's incurred charges less late fees based on each Shipper's individual usage for each month during the applicable time period(s) for which the Pool Agent has defaulted on payment(s).

A Pool may consist of no less than two Shippers. Shippers may change Pools each Month if the Company is provided with **fifteen (15)** days notice. In the event that a Shipper declares bankruptcy, the Pooling Agent may request, and the Company may grant, a waiver of the **15** day notice requirement. The Company will verify the reported bankruptcy of the Shipper prior to granting a waiver. If such waiver is granted, Pooling Agent must then provide seven (7) days notice to remove a Shipper from the pool. The Pooling Agent will be held responsible for all penalties and balancing charges for the Shipper until the Shipper is removed from the balancing pool.

Aggregation of Accounts Option

A customer receiving gas service at multiple facilities under common ownership may elect to aggregate the quantities of gas supplied to such facilities if the following conditions are met:

- A. The customer must designate one of the facilities as the master account. The master account must be a Transportation Service account (TR-1, or TR-2 ~~or TR-3~~).

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