

## **NOMINATION AND BALANCING PROVISIONS** **(LARGE TRANSPORTATION SERVICE)**

### **APPLICABILITY**

The following provisions shall apply to each Pool Operator serving Customers under Rate 345 or Rate 360, and Pool Operators participating in Company's Large Gas Transportation Pooling Program.

### **NOMINATION PROVISIONS**

Pool Operator shall notify Company of the exact daily quantity of gas nominated to be delivered to Company at Company's pipeline city gates agreeable to Company (Daily Pipeline Nomination). Company may require Pool Operator to allocate its Daily Pipeline Nomination to specified city gate pipeline delivery points based on minimum and maximum allocation percentages (City Gate Allocations), which Company may revise based on operational considerations, provided that, in the absence of exceptional circumstances, at least 24 hours advance notice is given to Pool Operator. Company may, based on operational considerations, require modification of Pool Operator's Daily Pipeline Nominations or deliveries that do not comply with these City Gate Allocations percentage requirements. Some Pool Operators, based on Company's operational capability to serve Large Transportation Customer, may be limited to one (1) or more specific pipelines and/or city gate which may change from time to time.

By 1:00 p.m. Central Clock Time ("CCT") each day, and in any intra-day nominations thereafter, Pool Operator shall nominate to Company via Company's GTS the quantity of gas that is has scheduled for delivery at Company's city gates for its Pool(s) the following gas day. If the following gas day is a weekend or a day Company is not open for business, nominations must be submitted through the next subsequent Company business day. Pool Operator agrees to adhere to the nominating guidelines set out in the FERC approved tariff of the applicable interstate pipeline and company with any Company operating and/or interstate pipeline restrictions communicated by Company or pipeline. The nomination shall include information as required in Company's GTS. Notwithstanding the above, Company may accept nominations submitted after the deadline specified above in accordance with the pipeline's intra-day nomination schedules within its reasonable discretion. Intra-day nominations must be approved in advanced by Company. Until Pool Operator submits the required nomination to Company, Pool Operator's nominations of daily quantities shall be considered zero. Unless otherwise permitted by Company in writing, the nomination period shall not exceed thirty-one (31) consecutive calendar days.

Pool Operator shall be responsible for verifying and, if necessary, correcting its Daily Pipeline Nomination so that it matches Pool Operator's confirmed pipeline deliveries and is compliant with the City Gate Allocations percentage requirements.

Pool Operator shall pay a Nomination Error Charge of \$0.50 per Dth on the difference between Pool Operator's daily pipeline nomination volume submitted to Company on its GTS and the pipeline daily confirmed volume delivered to Company, for each Dth and day of difference. The charge also applies to the differences in volumes arising from failures to nominate including nominations indicating incorrect information, such as an incorrect pipeline, city gate or contract number. The charge will not be assessed if differences are due to the reduction of pipeline deliveries by pipeline, or volumes allocated to Pool Operator(s) by an interstate pipeline when no balancing agreement is in place between pipeline and Company. Pool Operator is responsible for identifying and correcting all nomination errors, or changes to pipeline nominations.

## **NOMINATION AND BALANCING PROVISIONS** **(LARGE TRANSPORTATION SERVICE)**

### **NOMINATION PROVISIONS (Continued)**

Pool Operator shall be assessed a City Gate Allocation Non-Compliance Charge of \$1.00 per Dth on the difference if the Pool Operator's Daily Pipeline Nomination is less than the minimum or greater than the maximum City Gate Allocations percentage, which are calculated as the minimum or maximum City Gate Allocations percentage multiplied by the Pool Operator's Daily Pipeline Nomination.

### **BALANCING PROVISIONS**

Pool Operator shall be obligated to balance on a daily and monthly basis its Pool's total usage, adjusted to Dth, with its Pool's total confirmed city gate deliveries as adjusted to reflect Company's Unaccounted for Gas Percentage. An Imbalance Quantity shall exist when the Pool Operator's total usage is greater than or less than Pool Operators' total Dth deliveries on a daily or monthly basis.

The following definitions shall apply:

**Daily Index Price:** The Daily Midpoint Price per Dth reported in Platts Gas Daily, in the table "Daily Price Survey" for delivery to: Appalachia: Columbia Gas, Appalachia.

**Monthly Index Price:** The average of the Daily Index Prices for each day during the month.

**Daily Under-Delivery Charge:** The Daily Under-Delivery Charge shall be the sum of the Daily Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges.

**Daily Over-Delivery Charge:** The Daily Over-Delivery Charge shall be the sum of the Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges.

**Monthly Under-Delivery Charge:** The Monthly Under-Delivery Charge shall be the sum of the Monthly Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges.

**Monthly Over-Delivery Charge:** The Monthly Over-Delivery Charge shall be the sum of the Monthly Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges.

**Nomination and Balancing Provisions Charges:** Any Charge assessable to Pool Operator pursuant to these Nomination and Balancing Provisions.

## **NOMINATION AND BALANCING PROVISIONS** **(LARGE TRANSPORTATION SERVICE)**

### **DAILY BALANCING PROVISIONS**

Pool Operator shall be obligated to balance its total daily usage adjusted to Dths ("Total Daily Usage") with the aggregated total daily deliveries of Pool Operator-Delivered Gas by the interstate pipeline, as reduced to reflect Company's Unaccounted for Gas Percentage as specified in Sheet No. 54 ("Total Daily Deliveries"). A Daily Imbalance Quantity shall exist when the Total Daily Usage is greater than or less than the Pool Operator's Total Daily Deliveries.

**Daily Under-Delivery Imbalance:** If Pool Operator's Total Daily Deliveries are less than its Total Daily Usage, the gas shortfall shall be considered Daily Under-Delivery Imbalance Quantities. Daily Under-Delivery Imbalance Quantities up to and including 15% of Total Daily Usage shall be carried to month-end; Daily Under-Delivery Imbalance Quantities over 15% shall be cashed out. Pool Operator shall pay for Daily Under-Delivery Gas Quantities greater than 15% of Total Daily Usage pursuant to the following:

- (1) 1.05 times the Daily Under-Delivery Charge for each Dth of Under-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Daily Usage; plus
- (2) 1.2 times the Daily Under-Delivery Charge for each Dth of Daily Under-Delivery Imbalance Quantity that is greater than 25% of Total Daily Usage; plus
- (3) Applicable taxes.

During a Cold Weather OFO, the aforementioned Daily Under-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Order Imbalance Provisions.

**Daily Over-Delivery Imbalance:** If Pool Operator's Total Daily Deliveries are greater than its Total Daily Usage, the excess gas shall be considered Daily Over-Delivery Imbalance Quantities. Daily Over-Delivery Imbalance Quantities up to and including 15% of Total Daily Usage shall be carried to month-end; Daily Over-Delivery Imbalance Quantities over 15% shall be cashed out. Pool Operator shall be paid for such Daily Over-Delivery Imbalance Quantities greater than 15% of Total Daily Usage pursuant to the following:

- (1) 0.9 times the Daily Over-Delivery Charge for each Dth of Daily Over-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Daily Usage; plus
- (2) 0.75 times the Daily Over-Delivery Charge for each Dth of Daily Over-Delivery Imbalance Quantity that is greater than 25% of Total Daily Usage.

During a Warm Weather OFO, the aforementioned Daily Over-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders Imbalance Provisions.

**Excess Daily Imbalance:** If Pool Operator exceeds the minimum Daily Imbalance percentage of 15% on more than 36 days during a twelve (12) consecutive month period, the Daily Over/Under-Delivery Charge multipliers for that Pool Operator will be as follows for the next twelve (12) month period:

Daily Under-Delivery Charge multipliers will be 1.20 and 1.35 (vs. 1.05 and 1.20)  
Daily Over-Delivery Charge multipliers will be 0.75 and 0.60 (vs. 0.90 and 0.75)

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### **MONTHLY BALANCING PROVISIONS**

Pool Operator shall be obligated to balance its total monthly usage adjusted to Dths ("Total Monthly Usage") with the actual monthly deliveries of Pool Operator-Delivered Gas by the pipeline, as adjusted to reflect (1) Company's Unaccounted for Gas Percentage as specified in Sheet No. 54, (2) the net effect of Daily Imbalance Quantities cashed out during the current month (collectively, "Total Monthly Deliveries"). A Monthly Imbalance Quantity shall exist when the Pool Operator's Total Monthly Usage is greater than or less than the Pool Operators' Total Monthly Deliveries.

**Monthly Under-Delivery Imbalance:** If the Total Monthly Deliveries for Pool Operator's account at the end of the month are less than the Total Monthly Usage, the gas shortfall shall be considered Monthly Under-Delivery Imbalance Quantities. Monthly Under-Delivery Imbalance Quantities greater than 0% shall be cashed out. Pool Operator shall pay for Monthly Under-Delivery Imbalance Quantities greater than 0% of Total Monthly Usage pursuant to the following:

- (1) 1.0 times the Monthly Over-Delivery Charge for each Dth of Monthly Under-Delivery Imbalance Quantity that is greater than 0%, up to and including 5% of Total Monthly Usage; plus
- (2) 1.05 times the Monthly Under-Delivery Charge for each Dth of Monthly Under-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus
- (3) 1.2 times the Monthly Under-Delivery Charge for each Dth of Monthly Under-Delivery Imbalance Quantity that is greater than 15% of Total Monthly Usage; plus
- (4) Applicable taxes.

Monthly Under-Delivery Imbalances shall be cashed out at 1.0 times the Monthly Under-Delivery Charge if an OFO limiting over-deliveries has been issued for more than ten (10) days in any given calendar month, or for three (3) or more days of the last seven (7) calendar days of the month or at Company's discretion.

**Monthly Over-Delivery Imbalance:** If the Total Monthly Deliveries for Pool Operator's account at the end of the month are greater than the Pool Operator's Total Monthly Usage, the gas excess shall be considered Monthly Over-Delivery Imbalance Quantities. Monthly Over-Delivery Imbalance Quantities greater than 0% shall be cashed out. Pool Operator shall be paid for Monthly Over-Delivery Imbalance Quantities greater than 0% of Total Monthly Usage pursuant to the following:

- (1) 1.0 times the Monthly Over-Delivery Charge for each Dth of Monthly Over-Delivery Imbalance Quantity that is greater than 0%, up to and including 5% of Total Monthly Usage; plus
- (2) 0.9 times the Monthly Over-Delivery Charge for each Dth of Monthly Over-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus
- (3) 0.75 times the Monthly Over-Delivery Charge for each Dth of Monthly Over-Delivery Imbalance Quantity that is greater than 15% of Total Monthly Usage

Monthly Over-Delivery Imbalances shall be cashed out at 1.0 times the Monthly Over-Delivery Charge if an OFO limiting under-deliveries has been issued for more than ten (10) days in any given calendar month, or for three (3) or more of the last seven (7) calendar days of the month or at Company's discretion.

## **NOMINATION AND BALANCING PROVISIONS** **(LARGE TRANSPORTATION SERVICE)**

### **OPERATIONAL FLOW ORDER IMBALANCE PROVISIONS**

In the event of a Company issued OFO pursuant to Operational Flow Orders section of Company's General Terms and Conditions, the following provisions will apply:

**Cold Weather OFO Day:** During a Cold Weather OFO, the Pool Operator shall be subject to the following Daily OFO Under-Delivery Imbalance provisions:

If Pool Operator's Daily Under-Delivery Imbalance Quantity is greater than 5% of its Pools' Total Daily Usage, the shortfall quantities shall be cashed-out. Pool Operator shall pay the following:

- (1) For each Dth of Daily Under-Delivery Imbalance Quantities greater than five (5) percent of Total Daily Usage, the Daily Under-Delivery Charge; plus
- (2) The higher of (a) all other charges incurred by Company and attributable to Pool Operator's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO shortfall quantities, or (b) an OFO Imbalance Charge of \$10.00 per Dth on the portion of the Daily Under-Delivery Imbalance Quantity that is greater than five (5) percent of Total Daily Usage; plus
- (3) Applicable taxes.

The Daily Over-Delivery Imbalance Quantity subject to being cashed-out shall increase to 25% during a Cold Weather OFO. Pool Operator shall be paid the following:

- (1) 0.9 times the Daily Over-Delivery Charge for each Dth of Daily Over-Delivery Imbalance Quantity that is greater than 25%, up to and including 35% of Total Daily Usage; plus
- (2) 0.75 times the Daily Over-Delivery Charge for each Dth of Daily Over-Delivery Imbalance Quantity that is greater than 35% of Total Daily Usage.

**Warm Weather OFO Day:** During a Warm Weather OFO, the Pool Operator shall be subject to the following Daily OFO Over-Delivery Imbalance provisions:

If Pool Operator's Daily Over-Delivery Imbalance Quantity is greater than 5% of its actual Total Daily Usage, the excess quantities shall be cashed out. Pool Operator shall be paid for each Dth of Daily Over-Delivery Imbalance Quantities greater than five (5) percent of Total Daily Usage, the Daily Over-Delivery Charge. Additionally, Pool Operator shall pay the following:

- (1) The higher of (a) all charges incurred by Company and attributable to Pool Operator's Daily Over-Delivery Imbalance Quantity; including pipeline penalty charges on the OFO excess quantities, or (b) an OFO Imbalance Charge of \$10.00 per Dth on the portion of the Daily Over-Delivery Imbalance Quantity that is greater than five (5) percent of Total Daily Usage; plus
- (2) Applicable taxes.

The Daily Under-Delivery Imbalance Quantity subject to being cashed-out shall increase to 25% during a Warm Weather OFO. Pool Operator shall pay the following:

- (1) 1.05 times the Daily Under-Delivery Charge for each Dth of Under-Delivery Imbalance Quantity that is greater than 25%, up to and including 35% of Total Daily Usage; plus
- (2) 1.2 times the Daily Under-Delivery Charge for each Dth of Daily Under-Delivery Imbalance Quantity that is greater than 35% of Total Daily Usage.

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### **TRADING OF DELIVERED GAS**

Pool Operator may trade daily and monthly imbalance quantities with other Large Transportation Service Pool Operators in the same operating system, including those on OFO days, to reduce or eliminate its imbalances. Trading of delivered gas is subject to the following provisions:

- (1) The schedule for the trading of imbalances shall be as follows:
  - a. Company shall issue an initial imbalance statement of daily and monthly imbalances (i.e. prior to imbalance trades) to Pool Operator within ten (10) business days following the end of the month.
  - b. Pool Operator shall complete and submit its daily and monthly imbalance trades to Company within two (2) business days following the issuance of the initial imbalance statement.
  - c. Company shall issue a final imbalance statement of daily and monthly imbalances to Pool Operator within three (3) business days following the close of trading.
- (2) The quantity eligible for trading is 100% of the Pool's confirmed deliveries minus the applicable Unaccounted for Gas percentage.
- (3) Pool Operator shall not trade gas volumes beyond the applicable daily and/or monthly imbalance tolerance.
- (4) Company will bill the selling party to an Imbalance Trade a \$10.00 Imbalance Trading Charge for each transaction. For purposes of this charge, a transaction is each transfer of delivered gas for a specific gas day or month pursuant to an arrangement by, or between, Pool Operator(s) to purchase, sell, or trade gas imbalances.
- (5) Any dollar payments, receipts, or exchanges of other consideration agreed upon between the parties to a delivered gas trading transaction are outside the scope of this Tariff and must be completed between the parties themselves.

### **SYSTEM BENEFICIAL DELIVERIES**

Company may request Pool Operator(s) to voluntarily 1) vary its daily delivery from the nominated delivery quantities; 2) deliver to a different pipeline and/or city gate; and/or 3) make other changes to gas deliveries to ensure system integrity or mitigate the risk of pipeline penalties being assessed. If voluntary delivery charges are not adequate to rectify the situation, Company shall change its city-gate allocation delivery requirements applicable to all Pool Operators. Failure to comply will result in Pool Operators being assessed the City-Gate Allocation Non-Compliance Charge. Requirements under this provision are distinct from OFO requirements.

### **WAIVER OF CHARGES**

In its sole reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Pool Operator pursuant to these Nomination and Balancing Provisions, when such Charges result from situations which occur beyond the reasonable control of Pool Operator, including, without limitation, an unexpected production outage, equipment malfunction or upstream pipeline error. The waiver of such otherwise assessable Charge shall be exercised on a non-discriminatory basis. Requests for waivers must be submitted in writing to Company and be signed by an authorized representative of Pool Operator. Company will retain records of waiver requests received and their dispositions. Daily and Monthly Balancing Provisions, and Non-Compliance Charges may be waived or amended. Company may utilize historical and/or average daily usage to determine the impact of missing daily metered usage on the Pool's imbalances, if any, when considering a waiver request herein.

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### **DISPOSITION OF CHARGES**

The gas cost portion of all Cashouts relating to imbalances and all incremental gas costs and pipeline penalties will be recovered from or credited to Suppliers providing system balancing through Company-released storage based on their Capacity Release Percentage. The following charges will also be credited to the Suppliers: Nomination Error Charges, City Gate Allocation Non-Compliance Charges, Storage Non-Compliance Charges, DDQ Non-Compliance Charges, the non-gas portions of all imbalance Cashouts, Peaking Supply Charges, OFO Non-Compliance Charges, and Delivery Point Balancing Amount. Company will not retain amounts associated with Nomination and Balancing Provisions Charges, except as necessary to offset pipeline penalties.