

RATE SCHEDULE FSS  
FIRM STORAGE SERVICE

1. AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Customer") for the purchase of natural gas storage service from Honeoye Storage Corporation (hereinafter referred to a "Seller"), when:

- (a) Seller has determined that it has sufficient available and uncommitted storage capacity or capacity released in accordance with Section 7 of this Rate Schedule FSS to perform service requested by Customer (Seller is not required to provide any requested services for which it does not have such available capacity); and
- (b) Customer and Seller have executed a Service Agreement under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Storage Service that is rendered by Seller for Customer pursuant to an executed Agreement under this Rate Schedule.

Storage Service rendered by Seller under this Rate Schedule shall consist of:

- (a) The receipt of Gas on behalf of Customer at the Point of Injection/Withdrawal at daily quantities up to the Maximum Daily Injection Quantity plus Seller's Injection Use;
- (b) The Storage of Gas in quantities not to exceed the Maximum Storage Quantity, except as provided for in Section 6 of this Rate Schedule; and
- (c) The Tender of Gas for redelivery by Seller to or for the account of Customer at the Point of Injection/Withdrawal at a quantity not to exceed Customer's Working Storage Gas at daily quantities up to the Maximum Daily Withdrawal Quantity reduced by Seller's Withdrawal Use.
- (d) The receipt of Gas on behalf of Customer and redelivery of Gas for the account of Customer in excess of its applicable Maximum Daily Injection Quantity and Maximum Daily Withdrawal Quantity on a reasonable efforts basis by Seller when required to allow Customer full utilization of its Maximum Storage Quantity.
- (e) Firm Storage Service under this Rate Schedule shall be firm up to the Maximum Storage Quantity and firm up to the Maximum Daily Withdrawal Quantity and Maximum Daily Injection Quantity on any day. The Maximum Storage Quantity, the Maximum Daily Injection Quantity and the Maximum Daily

Withdrawal Quantity shall be specified in the executed Agreement. Notwithstanding the foregoing, Seller will use reasonable efforts to permit Customer to inject or withdraw Gas pursuant to Section 6 of this Rate Schedule FSS.

### 3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Volume No. 1A FERC Gas Tariff are applicable to this Rate Schedule, and are specifically incorporated herein by reference.

### 4. RATES AND CHARGES

The amounts which shall be paid by Customer to Seller for each Month during the period of service hereunder shall include the sum of the charges due under the subsections of this Section 4 and charges under Section 5 that are applicable to Customer for such Month, computed by use of the applicable rates set forth in this Rate Schedule FSS and in the Customer's Agreement which are effective during such Month or portions thereof. Customer's Agreement will reflect the rates agreed to by Seller and Customer and may or may not include each of the billing components set forth below.

Each total rate computed for a specific transaction shall be rounded to the nearest one tenth of a cent. If, at initiation of service, service is provided for only a portion of a Month, any applicable reservation fee shall be prorated for the number of days that service is provided.

4.1 Unless otherwise agreed to by Seller and Customer, the following Storage Charges will apply:

(a) Reservation Charges:

- (1) The FSS Deliverability Reservation Rate shall be paid each Month of the term of the service agreement for each Dekatherm of Customer's Maximum Daily Withdrawal Quantity;
- (2) The FSS Capacity Reservation Rate shall be paid each Month of the term of the service agreement for each Dekatherm of Customer's Maximum Storage Quantity.
- (3) If, due to Seller's scheduling of necessary maintenance of pipeline facilities, events of force majeure, necessary maintenance of compression facilities and/or facility outages for tie-in of new facilities, Seller fails to Tender for redelivery or accept for storage injection at the Point of Injection/Withdrawal for the account of Customer during any Day the quantity of Gas that Customer has so nominated for such day up to a Customer's Maximum Daily Injection Quantity or Maximum Daily Withdrawal Quantity, as

applicable, then subject to the provisions of the General Terms and Conditions, Customer's Monthly bill shall be reduced by an amount equal to the product of

(a):

$$((A \times B)/C + D)/E$$

Where:

A = Deliverability Reservation Rate

B = Maximum Daily Withdrawal Quantity

C = Maximum Storage Quantity

D = Capacity Reservation Rate

E = The Number of Days in the Month

and

(b): the difference between such quantity of Gas nominated for injection or withdrawal up to the Maximum Daily Injection Quantity or Maximum Daily Withdrawal Quantity, as applicable, and the applicable quantity actually injected or withdrawn by Seller for the account of Customer during such Day. Such reductions of Seller's Reservation Charges shall not be applicable if Seller and Customer agree upon and place into effect the makeup of such injection deficiency or withdrawal deficiency under mutually acceptable terms.

(b) Commodity Charge:

The Injection/Withdrawal Rate shall be paid each Month for each Dekatherm of Gas which is delivered by Seller to or for the account of Customer and each Dekatherm of Gas Customer delivers or causes to be delivered at the Point of Injection/Withdrawal during the Month. Such charges shall be applicable both on injection and on withdrawal.

4.2 Overrun Service Charge: An Overrun Service Charge shall be paid for each Dekatherm of service provided on behalf of Customer pursuant to Section 6 of this Rate Schedule. As set forth in the Customer's Agreement, the Overrun Service Charge shall consist of the Overrun Injection Rate for each Dekatherm of Gas the Customer delivers or causes to be delivered at the Point of Injection/Withdrawal in excess of the Customer's Maximum Daily Injection Quantity and the Overrun Withdrawal Rate for each Dekatherm of Gas which is delivered to or for the account of the Customer in excess of the Customer's Maximum Daily Withdrawal Quantity.

- 4.3 Seller's Fuel Use Charge: Seller will bill Customer each month for gas lost or unaccounted for in Seller's operations at the rate of (1) one percent (1.0%) of the gas injected on Customer's behalf in the preceding month, and (2) one percent (1.0%) of the gas withdrawn on Customer's behalf in the preceding month.
- 4.4 Regulatory Fees and Charges. Customer shall reimburse Seller for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, including, but not limited to, the Commission's Annual Charge Adjustment (ACA).

## 5. ADDITIONAL CHARGES

- 5.1 Commission and Other Regulatory Fees: Customer shall reimburse Seller for its allocable share of all fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule including, but not limited to, filing, reporting and application fees.
- 5.2 Other Charges: Customer shall pay its allocable share of any other charges applicable to service hereunder authorized by the Commission or any other successor agency having jurisdiction.

## 6. STORAGE OVERRUN SERVICE

- 6.1 Customer may request Seller to inject quantities greater than Customer's Maximum Daily Injection Quantity. If Seller has injection capacity available, and can do so without adverse affect on Seller's operations or its ability to meet its higher priority obligations as specified in paragraph 10 of the General Terms and Conditions of this tariff, Seller may inject such quantities and Customer shall pay Seller for such injections at the Overrun Injection Charge set forth in Customer's Agreement.
- 6.2 Customer may request Seller to withdraw quantities greater than Customer's Maximum Daily Withdrawal Quantity. If Seller has withdrawal capacity available, and can do so without adverse affect on Seller's operations or its ability to meet its higher priority obligations as specified in paragraph 10 of the General Terms and Conditions of this tariff, Seller may withdraw such quantities and Customer shall pay Seller for such withdrawals at the Overrun Withdrawal Charge set forth in Customer's Agreement.
- 6.3 Customer may not inject gas into storage pursuant to this rate schedule if the quantity of Customer's Gas in storage equals Customer's Maximum Storage Capacity.
- 6.4 Customer may not withdraw gas from storage in excess of the quantity of

Customer's Gas that is actually in storage at any given time.

- 6.5 Seller 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 4 of the General Terms and Conditions of this FERC Gas Tariff in which event Seller shall notify Customer.

## 7. CAPACITY RELEASE

Any Customer or Replacement Customer under Rate Schedule FSS shall be entitled to release all or a portion of its capacity to Seller for resale. Additionally, Customer may release its capacity on a volumetric basis.

Any Customer or Replacement Customer releasing capacity will be designated a Releasing Customer. Any person purchasing released capacity shall be designated a Replacement Customer. Any Customer that wants to release capacity must notify Seller that it wants to release capacity and the terms and conditions of such release.

### 7.1. BIDDABLE CAPACITY RELEASES.

- (a) Unless a proposed release is exempt from bidding as set forth in Section 7.2 hereof, Releasing Customer shall communicate its offer to release notice through Seller's EBB. The Releasing Customer shall submit the following information, objectively stated and applicable to all potential Customers on a non-discriminatory basis:
- (1) the pricing provisions of the offer to release; any maximum/minimum rates specified by the Releasing Customer should include all demand charges as a total number or as stated separately. For releases of one year or less, that will take effect on or before one year from such release notice, the maximum and/or minimum rates may exceed the maximum rate the Releasing Customer is contractually obligated to pay, and such rates shall not be subject to refund;
  - (2) the specific quantity to be released expressed in Dth; the basis for the released quantity should be per day for storage injection/withdrawal, and a per-release quantity for storage capacity and total release period quantity (Releasing Customer in establishing terms for capacity release shall not be limited to the service categories set forth in Section 9; Releasing Customer may release quantities up to the Maximum Daily Injection Quantity, Maximum Daily Withdrawal Quantity, and Maximum Storage Quantity set forth in Releasing Customer's Agreement);
  - (3) the duration of release or term including any right to recall;
  - (4) the terms and conditions of any recall rights. Unless another recall notice

deadline is set forth in a prearranged release to an asset manager (as defined in Section 284.8(h) of the Commission's regulations) and such deadline is no earlier than 8 a.m. of the prior weekday, Releasing customers may, to the extent permitted as a condition of the capacity release, recall released capacity in accordance with the following timeline:

- (i) Timely Recall Notification
  - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the Seller and the first Replacement Shipper not later than 8:00 a.m. on the day that Timely Nominations are due;
  - (b) The Seller should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that timely Nominations are due (Central Clock Time);
  
- (ii) Early Evening Recall Notification:
  - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the Seller and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;
  - (b) The Seller should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due (Central Clock Time);
  
- (iii) Evening Recall Notification:
  - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the Seller and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;
  - (b) The Seller should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due (Central Clock Time);
  
- (iv) Intraday 1 Recall Notification:
  - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the Seller and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;
  - (b) The Seller should provide notification of such recall to all

affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due (Central Clock Time); and

- (v) Intraday 2 Recall Notification:
  - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the Seller and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;
  - (b) The Seller should provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due (Central Clock Time).
  
- (vi) Intraday 3 Recall Notification:
  - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the Seller and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;
  - (b) The Seller should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due (Central Clock Time).

For recall notification provided to the Seller prior to the recall notification deadline specified above and received between 7:00 a.m. and 5:00 p.m., the Seller should provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification.

For recall notification provided to the Seller after 5:00 p.m. and prior to 7:00 a.m., Seller shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (Central Clock Time)

Such notices will state whether penalties will apply for the gas day for which quantities are reduced due to a capacity recall.

A Releasing Customer may only recall such released capacity that Replacement Shipper has not filled. The Releasing Customer shall make such recall by notifying seller in writing of such recall and by submitting a nomination change to Seller, pursuant to Section 4.1 of the General Terms

and Conditions of the FERC Gas tariff. The Releasing Shipper shall provide this capacity recall notification to its affected Replacement Shipper(s) at the same time it provides notification to the Seller. For the recall notification provided to the Seller, the quantity should be expressed in terms of

- a) total released capacity entitlements or
- b) adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity (“EPC”).

In the event of an intra-day capacity recall, the Seller shall determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the EPC. Variations to the use of EPC may be necessary to reflect the nature of the TSP’s tariff, services, and/or operational characteristics.

The amount of capacity allocated to the Replacement Shipper(s) shall equal the original released capacity less the recalled capacity that is adjusted based upon the EPC. Under no circumstances is Seller obligated to deliver in excess of the total daily contract quantity of the release.

- (5) whether the release is on a permanent or temporary basis;
- (6) the length of time the offer to release should be posted for bidding on Seller’s EBB and informational postings website;
- (7) whether there are any reput rights;
- (8) any other conditions or contingencies of the offer to release, including nondiscriminatory provisions necessary to evaluate bids; and the tie breaking criteria, provided, however, that bid evaluations will be limited to highest rate, net revenue and present value;
- (9) the legal name of the Replacement Customer that is designated in any Pre-Arranged Release (“Designated Replacement Customer”) and whether such Replacement Customer is an affiliate of the Releasing Customer;
- (10) any requirements that Replacement Customer take title to any gas in the released storage capacity and/or that Replacement Customer return the capacity to Releasing Customer (at the end of the release or upon exercise of a recall right) with a specified amount of gas in storage, and, if so, the specified amount, and any other conditions related to the commodity portion of the offer; and
- (11) for volumetric releases, any minimum volumetric commitment.



- (b) Seller's creditworthiness standards shall apply to any potential Replacement Customer and Releasing Customer shall not establish its own creditworthiness standards for bidding customer.
- (c) Releasing Customer may withdraw any existing offer to release, if a valid and acceptable bid has not been received. Releasing Customer shall be subject to the provisions of Section 8 of this Rate Schedule prior to the commencement of the Agreement with Replacement Customer. Releasing Customer may withdraw its offer to release any time prior to the close of the bidding period via the EBB or Electronic Delivery Mechanism ("EDM") as approved by the Commission, where unanticipated circumstances justify such withdrawal or when no bid has been received which meets the Releasing Customer's minimum conditions. Releasing Customer shall have the option to accept contingent bids that extend beyond the close of the bidding period. Releasing Customer cannot extend the original bid period or the pre-arranged deal Matching Period without posting a new release. Re-release of Released Capacity shall be allowed on the same terms and basis as the primary release (except for volumetric releases which may not be re-released).
- (d) CAPACITY RELEASE TIMELINE. The "Capacity Release Timeline" set forth below is applicable to all parties of the Capacity Release process; however it is only applicable if: (1) all information provided by parties to the transaction is valid and Replacement Customer has been determined to be creditworthy before the capacity release bid is tendered, (2) for index-based capacity release transactions, the Releasing Customer has provided the Company with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and (3) the release contains no special terms or conditions of the release.

For biddable releases (less than 1 year):

- offers should be tendered by 9:00 .M. on a Business Day;
- open season ends no later than 10:00 A.M. on a Business Day (evaluation period begins at 10:00 A.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 11:00 A.M.;
- match or award is communicated by 11:00 A.M.;
- match response by 11:30 A.M.;
- where match required, award posting by 12:00 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 (1 year or more):

- offers should be tendered by 9:00 A.M. four Business Days before award;
- open season ends no later than 10:00 A.M. on the Business Day before timely nominations are due (open season is three Business Days);
- evaluation period begins at 10:00 A.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 11:00 A.M.;
- match or award is communicated by 11:00 A.M.;
- match response by 11:30 A.M.;
- where match required, award posting by 12:00 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 12:00 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).

### 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 1:30 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 3 Cycle

- posting of prearranged deals not subject to bid are due by 6:00 P.M.;
- contract issued with one hour of award posting (with a new contract number, when applicable); nomination possible at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

- (e) **COMPETITIVE BIDDING PROCEDURE.** Bids may be submitted by potential Replacement Customers via the EBB during the posting period. Seller shall post the terms of each complete bid, but will not post the identity of the bidder. Posted bids will be accessible via EDM. Seller will also require all information set forth in Section 2 of the General Terms and Conditions of this FERC Gas tariff. Upon expiration of the offer, Seller shall remove such offer of release from its EBB and informational postings website.

Potential Replacement Customers may withdraw their posted bids at any time during the bidding period via the EBB or EDM. Bids posted by potential Replacement Customers are binding until written or electronic notice of withdrawal is received by Seller. Potential Replacement Customers cannot withdraw bids after the bidding period ends. Such potential Replacement Customers may not post another bid for the same capacity lower than their previous bid.

- (f) **Matching Rights.** A Pre-Arranged Replacement Customer shall have the right of first refusal for a time period as negotiated by the Releasing Customer and the Pre-Arranged Replacement Customer ("Matching Period). If no Matching Period has been negotiated, the Matching Period will be deemed to be one (1) hour following the time the Pre-Arranged Replacement Customer has been notified of the winning bid. In the event a bid is received that more closely meets the criteria specified by the Releasing Customer, Seller shall provide the Pre-Arranged Replacement Customer an opportunity during the Matching Period to match or exceed the bid that more closely meets the criteria specified by the Releasing Customer. No later than 2:00 p.m. Central Clock Time, the Pre-Arranged Replacement Customer shall receive notification on the EBB of the terms and conditions of the prevailing bid and shall have the Matching Period to respond via the EBB. No later than 3:00 p.m. Central Clock Time, the Replacement Customer shall post on the EBB its match response. Absent a response, the capacity shall be awarded to the prevailing bidder no later than 4:00 p.m. Central Clock Time.
- (g) Released Capacity will be awarded to the Replacement Customer which otherwise satisfies the requirements of this FERC Gas Tariff and also meets all of the conditions of the offer to release capacity. In the case of multiple bid winners, the highest ranking bid will receive the entire maximum amount of capacity bid. The next highest ranking bidder will receive the remainder of the offered capacity

provided that the amount remaining is above the bidder's minimum acceptable quantity. Any remaining capacity will be awarded to the next highest bidder under the same provisions as above. This process will repeat until either all of the offered capacity is awarded or the remaining capacity falls below either the Releasing Customer's minimum quantity or all of the remaining bidder's acceptable quantities. Seller shall not be required to contract with parties submitting bids that do not meet the conditions of the offer to release capacity, however, subject to approval of Releasing Customer, Seller may accept bids offering a price or term less than that set forth in the release. Bids will be evaluated by the criteria provided by the Releasing Customer. If no criteria are provided by the Releasing Customer, bids will be accepted in the order of priority based upon the highest economic value offered by the competing bids as defined in Section 10 of the General Terms and Conditions of this FERC Gas Tariff. The ultimate awarding of the capacity will be posted subsequently on Seller's EBB and informational postings website by 3:00 p.m. Central Clock Time, unless bidder was a contingent bidder and the contingency did not occur. Seller will tender a numbered Agreement to the winning bidder within one hour of posting an award and the winning bidder shall enter into an Agreement with Seller pursuant to Section 7.2. Seller is required to meet the Capacity Release Timeline for processing capacity releases only if the Releasing Customer's best bid methodology is either: (1) highest rate, (2) highest net revenue, or (3) greatest net present value. For index-based capacity release transactions, the Releasing Customer should provide the necessary information and instructions to support the chosen methodology. In all cases, Replacement Customers will be subject to all requirements of this Tariff. Storage Service to the Replacement Customer may commence, prior to the posting of the winning bid, if capacity has been awarded and a contract executed.

- (h) Recall Reput Rights
  - (i) A Releasing Customer cannot in any way modify recall rights as specified by a previous Releasing Customer, but may specify its own recall rights, subject to any recall rights specified by a previous Releasing Customer. A potential Replacement Customer is responsible for obtaining from the Releasing Customer with whom it is negotiating for released capacity any information concerning recall rights specified by a previous Releasing Customer. A Releasing Customer specifying recall conditions shall be the only party that can exercise and administer such recall rights. In the event of any conflict, the instructions and communications of the Releasing Customer specifying the recall conditions shall govern. The party recalling the capacity shall be subject to Seller's nomination procedures in accordance with Section 4 of the General Terms and Conditions of this FERC Gas Tariff. If the release specifies that the Releasing Customer has reput rights and the recall ends prior to the end of the release term at the end of the recall period, capacity shall revert back to the Replacement Customer, if applicable, subject to Seller's nomination procedures. When

capacity is recalled it may not be reup for the same day. The deadline for notifying the Seller of a reup is 8:00 a.m. to allow for timely nominations to flow on the next gas day.

- (ii) Seller shall have no liability to any party in relying on the recall instructions and conditions specified by the Releasing Customer, except to the extent that such party establishes that Seller has incorrectly applied such instructions as a result of the negligent action or willful misconduct of Seller.
- (iii) **Partial Day Release Quantity**  
The daily contractual entitlement that can be released by a Releasing Customer for a partial day release is limited to the lesser of:
  - (i) the quantity contained in the Customer Notice submitted by the Releasing Customer, or
  - (ii) a quantity equal to the difference between the MDWQ or MDIQ, as applicable, for the contract to be released by the Releasing Customer and the amount scheduled for that period of the day prior to the release of the capacity, based upon the elapsed-prorated-scheduled quantity.

This allocated daily contractual entitlement shall be used for purposes of nominations, billing, and if applicable for overrun calculations.

## 7.2 NON-BIDDABLE CAPACITY RELEASES.

- (a) Releasing Customer shall have the right to release capacity without posting for bidding pursuant to Section 7.1 hereof if (i) prompt notice of the release is provided to Seller for posting on the EBB and informational postings website prior to the first nomination containing the information set forth in Section 7.1(a) applicable to such release and (ii) such release is for any period of 31 days or less, is a release of capacity for more than one year at the maximum rate the Releasing Customer is obligated to pay, or is a release to an “asset manager” or to a “marketer participating in a state-regulated retail access program” as defined in the Commission’s regulations as set forth in Section 284.8(h);
- (b) The notice provided to Seller for posting on its EBB and informational postings website must identify such asset manager or marketer. If the release is to an asset manager, the notice to Seller also must include the volumetric level of the asset manager’s delivery or purchase obligation, and the time period during which that obligation is in effect. In addition, such notice shall specify any deadlines applicable to capacity recalls by the Releasing Customer.

## 7.3 EXECUTION OF SERVICE AGREEMENT. Service Agreements for Biddable and non-biddable prearranged capacity releases will be tendered within one hour

after Seller awards capacity or Seller is notified of the deal.

- 7.4 BILLING ADJUSTMENT. Releasing Customer shall remain fully obligated under the terms of its Service Agreement with Seller during any capacity release except for usage charges incurred by any Replacement Customer that has purchased capacity released by the Releasing Customer. Seller shall credit the invoice of Releasing Customer each Month for the charges and volumetric rates invoiced, by Seller to Replacement Customer provided, however, that such credit:
- (a) shall not include any charges billed to the Replacement Customer under Section 5 of this Rate Schedule or Rate Schedule ISS, and
  - (b) shall be reduced by the amount of any marketing fee Seller is entitled to collect pursuant to Section 7.5 of this Rate Schedule.

If a Replacement Customer fails to pay all or any part of its charges under the Deliverability Reservation Rate and Capacity Reservation Rate which have been credited to Releasing Customer within fifteen (15) days of the due date, such unpaid amount, with applicable interest accruing from the date Replacement Customer's payment was due, will be charged to the Releasing Customer's next monthly bill and will be due and payable by Releasing Customer, unless Replacement Customer in good faith shall dispute the billed charges in accordance with the provisions set forth in Section 8.2 of the General Terms and Conditions of this FERC Gas Tariff. If such failure to pay continues for thirty (30) days after payment is due, and the Replacement Customer has not disputed billings in accordance with Section 8.2 of the General Terms and Conditions of this FERC Gas Tariff, then Seller may, in addition to any other remedies it may have hereunder, terminate its Agreement with the Replacement Customer, and the Replacement Customer shall be deemed to have consented to abandonment of service under the Agreement. If the Agreement with the Replacement Customer is so terminated and service abandoned, the capacity will revert to the Releasing Customer, and will be governed by the terms and conditions of its existing Agreement with Seller. If Releasing Customer pays delinquent amounts owed by Replacement Customer and Seller subsequently receives payment from Replacement Customer of some or all of such amounts, Seller will credit the amounts received from the Replacement Customer in Seller's next monthly bill to the Releasing Customer.

- 7.5 MARKETING FEE. Seller may negotiate with Releasing Customer to market all or a portion of the released capacity to potential Replacement Customers who, as a result of such marketing activity, bid for such capacity during the competitive bidding procedure. If Seller, contracts with a Replacement Customer found by Seller, Seller, with the agreement of Releasing Customer, shall be entitled to a marketing fee which will be negotiated between Seller and Releasing Customer. The basis and method of assessing such fee shall be subject to negotiations between Seller and Releasing Customer. Each Replacement Customer found by Seller, pursuant to Seller's agreement with Releasing Customer concerning a marketing fee, shall submit with its bid a statement attesting to Seller's marketing

efforts, which efforts shall consist of more than the simple posting of a notice on Seller's EBB and informational postings website, in connection with such Replacement Customer's decision to purchase released capacity. Such statement shall constitute conclusive evidence of Seller's proactive marketing effort entitling Seller to a marketing fee.

- 7.6 TERM. Any release under this Section 7 for service under Rate Schedule FSS shall be for a maximum term not longer than the remaining term of the underlying FSS Service Agreement. If capacity is released and the Replacement Customer takes service under Rate Schedule FSS, the minimum term shall be one month.
- 7.7 RELEASING CUSTOMER'S INJECTION/WITHDRAWAL CHARGES. Releasing Customers' pricing provisions of any offer to release pursuant to Section 7.1 hereof must include Releasing customers' currently effective Injection Rate, Withdrawal Rate, Overrun Injection Rate and Overrun Withdrawal Rate and Fuel Use/Loss Charge.
- 7.8 VOLUMETRIC RELEASE. Customer may release capacity on a volumetric basis, provided that:
- (a) all requirements and conditions of the release be specified by the Releasing Customer in the release notice, including any minimum storage volume requirement, and
  - (b) the requirements and conditions specified by Releasing Customer must meet all of the requirements and conditions of Seller's Volume No. 1A FERC Gas Tariff and,
  - (c) Seller will bill the Volumetric Rate for Release for volumes actually injected into storage by Seller for the account of Replacement Customer or the minimum storage volume requirement if actual injected volumes are less than the required minimum storage requirement and,
  - (d) Replacement Customer shall remain fully responsible for all Usage Charges incurred.
- 7.9 PRE-PAYMENT. Prior to the commencement of service pursuant to any release request, the Replacement Customer shall submit to Seller, in accordance with Section 2.1 of the General Terms and Conditions of this FERC Gas Tariff, a check in an amount equal to the lesser of \$10,000 or the aggregate reservation charges which would be due for two months of released service.
- 7.10 ROLLOVER RESTRICTION. Releases of a period of 31 Days or less may not roll-over, extend, or continue in any way to the same Replacement Customer using the 31 days or less bidding exemption until twenty eight (28) Days after the first release period has ended. The 28-day hiatus does not apply to any re-release to the same Replacement Customer that is posted for bidding under Section 7.1

hereof or that qualifies for any of the other exemptions from bidding under Section 7.2 hereof.

7.11 REQUESTS TO PURCHASE CAPACITY. Any party desiring to acquire firm capacity pursuant to the capacity release procedures of this Section 7 must submit the following information to Seller via e-mail.

- (a) the Replacement Customer's name and contact information;
- (b) the Maximum Daily Storage Quantity desired;
- (c) the Maximum Daily Injection Quantity desired;
- (d) the Maximum Daily Withdrawal Quantity desired;
- (e) the desired commencement date and term of service;
- (f) the maximum rate(s) that Replacement Customer will pay for the service;
- (g) whether Replacement Customer will accept a release with recall rights, and if so, what recall rights would be acceptable; and
- (h) whether Replacement Customer's request is contingent, and if so, the basis for the contingency.

Seller shall post information concerning offers to purchase released capacity on the EBB and informational postings website for a period of ninety days or until a transaction is effected, whichever is shorter.

8. GAS IN STORAGE AFTER TERMINATION OF AGREEMENT. If a Customer which has not renewed its FSS Agreement for the next Storage Contract Year fails to withdraw all of its Working Storage Gas by the end of the Storage Contract Year in which such FSS Agreement terminates, then, at Seller's option, and upon forty-eight (48) hours notice, Customer will be deemed to have agreed to the Storage of such remaining Working Storage Gas under Rate Schedule ISS and shall pay a Late Withdrawal Charge of one dollar per Dth per day, or at Seller's option, Seller may retain any remaining quantities of Working Storage Gas free and clear of any adverse claims; provided however, that Seller will notify Customer in writing prior to November 1 of the Contract Year in which the term of its FSS Agreement will expire of the quantity of Storage Volumes being held by Seller for Customer's account and the above options available to Seller in the event Customer fails to withdraw all of its Working Storage Gas by the end of said Storage Year. Seller may, at its sole option on a non-discriminatory basis, grant Buyer an extended time in which to withdraw or transfer such remaining Working Storage Gas. In the event Seller is unable to withdraw Customer's properly nominated volumes, up to the Customer's Maximum Daily Withdrawal Quantity, on any Day during



the last Storage Year prior to the expiration of the Agreement, then the term of the Agreement shall be extended by the number of days Seller is unable to Tender quantities of Gas for redelivery.

In the event that a Customer does not renew its FSS agreement and fails to withdraw all of its Working Storage Gas as provided above then the Customer will incur a Late Withdrawal Charge or forfeit remaining quantities of Working Storage Gas. In that event, Seller will credit the Late Withdrawal Charge or the value of the gas retained by Seller to its existing customers in the manner set forth in Section 8.4 of the general terms and conditions of the tariff.

## 9. DEFINITIONS

- 9.1 The term Elapsed Prorata Capacity ("EPC") shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.
- 9.2 The term "Maximum Daily Injection Quantity" shall mean: the quantity set forth in the Customer's FSS Service Agreement.
- 9.3 The term "Maximum Daily Withdrawal Quantity" shall mean the quantity set forth in the Customer's FSS Service Agreement:
- 9.4 The term "Permanent Capacity Release" shall mean the release of capacity by the Customer for the remaining term of its Agreement with Seller. If (i) the terms and conditions of the new Service Agreement with the Replacement Customer are at least as favorable to Seller as the Agreement between Seller and the Releasing Customer, and (ii) the Replacement Customer is at least as creditworthy as the Releasing Customer. Releasing Customer shall not be liable for any charges incurred by the Replacement Customer after the Permanent Capacity Release. Replacement Customer shall be subject to all terms of this FERC Gas Tariff.
- 9.5 The term "Storage Contract Year" shall mean the period from April 1 of a calendar year through March 31 of the following calendar year.

RATE SCHEDULE PNFSS  
INTERRUPTIBLE STORAGE SERVICE

1. AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Customer") for the purchase of natural gas storage service from Honeoye Storage Corporation (hereinafter referred to as "Seller"), when Seller has determined on a non-discriminatory basis, that capacity is available to provide service under the Rate Schedule and when Customer and Seller have executed a Service Agreement under this Rate Schedule. Capacity committed to higher priority services will not be deemed available to provide service under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Priority Non-Firm Storage Service that is rendered by Seller for Customer pursuant to an executed Agreement under this Rate Schedule

(a) Storage Service rendered by Seller under this Rate Schedule shall consist of:

- (i) The receipt of Gas on behalf of Customer at the Point of Injection/Withdrawal up to the Maximum Storage Quantity or Customer's Storage Overrun Quantity plus Seller's injection Fuel Use at daily quantities up to the Maximum Daily Injection Quantity plus Seller's Injection Use;
- (ii) The Storage of Gas in quantities not to exceed the Maximum Storage Quantity or Customer's Storage Overrun Quantity; and
- (iii) The Tender of Gas to or for the account of Customer at the Point of Injection/Withdrawal at a quantity not to exceed Customer's Working Storage Gas or Storage Overrun Quantity reduced by Seller's withdrawal Fuel Use at daily quantities up to the Maximum Daily Withdrawal Quantity reduced by Seller's Withdrawal Use.

(b) Storage Service rendered under this Rate Schedule shall be priority non-firm as described below, and shall be available only when capacity is not being used for injection, storage and withdrawal of higher priority services. Such priority non-firm service shall be offered in accordance with the provisions established in the General Terms and Conditions of this Tariff. Seller may, if storage capacity is required by Customers having a higher priority, require Customer to withdraw quantities held in storage by Seller for or on behalf of Customer under Rate Schedule

PNFSS within thirty (30) days of the date notice is provided to Customer by Seller. Customer indemnifies and holds Seller harmless from and against any and all losses, damages or expenses of any kind that Customer may suffer or be liable for a result of any reduction or interruption in service pursuant to this Rate Schedule.

- (c) From time-to-time, Seller may determine that it is able to make available to Customer a quantity of storage capacity that will have a higher priority than fully interruptible service but a lower priority than Storage Service provided under any of Seller's Firm rate schedules. Such quantities shall be referred to as Priority Non-Firm Storage Service and shall be available under this Rate Schedule. Customer shall have access to its full Maximum Storage Quantity during the term of its PNFSS Service Agreement. A payment of Priority Non-Firm Storage Quantity Rate creates no priority rights to inject gas into or withdraw gas from Seller's facilities under this PNFSS Rate Schedule.

### 3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Volume No. 1A FERC Gas Tariff are applicable to this Rate Schedule and are specifically incorporated herein by reference.

### 4. RATES AND CHARGES

The amounts that shall be paid by Customer to Seller for each Month during the period of service hereunder shall include the sum of the amounts due under the subsections of this Section 4 and charges under Section 5 that are applicable to Customer for such Month, computed by use of the applicable rates set forth in the Customer's Agreement which are effective during such Month or portions thereof. Each total rate computed for a specific transaction shall be rounded to the nearest one tenth of a cent.

- 4.1 Priority Non-firm Storage Service (PNFSS) Quantity Rate: A monthly Inventory Rate shall be paid for each Dekatherm of Maximum Storage Quantity which is made available to Customer during the Month. If at any time during the Month, Seller curtails Customer's access to any portion of the Maximum Storage Quantity, then Seller shall refund the portion of the monthly Priority Non-Firm Storage Quantity Rate associated with the quantity that was curtailed.
- 4.2 Priority Non-Firm Storage Service Injection Rate: An injection rate shall be paid for each Dekatherm that is injected for or on behalf of Customer during the month.
- 4.3 Priority Non-Firm Storage Service Withdrawal Rate: A withdrawal rate shall be paid for each Dekatherm which is withdrawn for or on behalf of

Customer during the month.

- 4.4 Seller's Fuel Use Charge: Seller will bill Customer each month for gas lost or unaccounted for in Seller's operations at the rate of (i) one percent (1.0%) of the gas injected on Customer's behalf in the preceding month and (ii) one percent (1.0%) of the gas withdrawn on Customer's behalf in the preceding month.
- 4.5 Regulatory Fees and Charges. Customer shall reimburse Seller for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this rate schedule, including, but not limited to, the Commission's Annual Charge Adjustment (ACA).
- 4.6 Overrun Service Charge: An Overrun Service Charge shall be paid for each Dekatherm of service provided on behalf of Customer pursuant to Section 6 of this Rate Schedule. As set forth in the Customer's Agreement, the Overrun Service Charge shall consist of the Overrun Injection Rate for each Dekatherm of Gas the Customer delivers or causes to be delivered at the Point of Injection/Withdrawal in excess of the Customer's Maximum Daily Injection Quantity, the Overrun Withdrawal Rate for each Dekatherm of Gas which is delivered to or for the account of the Customer in excess of the Customer's Maximum Daily Withdrawal Quantity, and the Overrun Storage Commodity Rate for each Dekatherm of the Daily Storage Volume which is stored of on behalf of Customer during the Month greater than the Customer's Maximum Storage Quantity.

## 5. ADDITIONAL CHARGES

Other Charges: Customer shall pay any other charges applicable to service hereunder authorized by the Commission or any successor agency having jurisdiction.

## 6. STORAGE OVERRUN SERVICE

Customer may request Seller to provide storage service under this Rate Schedule for quantities of gas in excess of Customer's Maximum Daily Injection Charge, Maximum Daily Withdrawal Charge, and/or Maximum Storage Quantity. Seller may provide such Overrun Service on an interruptible basis if, in Seller's judgment, it can provide the service without adverse effect on Seller's operations or on Seller's ability to meet higher priority obligations. Customer shall pay the Overrun Storage Service Charge pursuant to Section 4.6 of this Rate Schedule PNFSS for such overrun storage service.

## 7. LATE WITHDRAWAL RATE

If Customer fails to withdraw all Working Storage Gas quantities held in storage by Seller for or on behalf of Customer by the end of the applicable withdrawal

period set forth in Section 2 above, or by the date the PNFSS Service Agreement terminates, then Customer shall pay a Late Withdrawal Charge of \$1/Dekatherm/day for all Customer's gas remaining in inventory or, at Seller's sole option, Seller may retain such remaining quantities of Working Storage Gas free and clear of any adverse claims, unless such failure to withdraw was due to Seller's inability to withdraw the quantities nominated by Customer, in which event such applicable withdrawal period shall be extended by the number of days Seller is unable to Tender quantities of Gas for redelivery.

In the event that a Customer does not renew its PNFSS Service Agreement and fails to withdraw all of its Working Storage Gas as provided above then the Customer will incur a Late Withdrawal Charge or forfeit remaining quantities of Working Storage Gas. In that event Seller will credit the Late Withdrawal Charge or the value of the gas retained by Seller to its existing customers in the manner set forth in Section 8.4 of the General Terms and Conditions of the tariff.

8. The PNFSS Service Agreement shall have a mutually agreeable term which shall not be less than one day.

9. DEFINITIONS

9.1 The term "Maximum Daily Injection Quantity" shall be mutually agreed upon and set forth in Customer's PNFSS Service Agreement.

9.2 The term "Maximum Daily Withdrawal Quantity" shall be mutually agreed upon and set forth in Customer's PNFSS Service Agreement.

9.3 The term "Storage Overrun Quantity" shall be mutually agreed upon and set forth in Customer's PNFSS Service Agreement.

RATE SCHEDULE ISS  
INTERRUPTIBLE STORAGE SERVICE

1. AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Customer") for the purchase of natural gas storage service from Honeoye Storage Corporation (hereinafter referred to as "Seller"), when Seller has determined on a non-discriminatory basis, that capacity is available to provide service under the Rate Schedule and when Customer and Seller have executed a Service Agreement under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Interruptible Storage Service that is rendered by Seller for Customer pursuant to an executed Agreement under this Rate Schedule.

- (a) Storage Service rendered by Seller under this Rate Schedule shall consist of:
- (i) The receipt of Gas on behalf of Customer at the Point of Injection/Withdrawal up to the Maximum Storage Quantity or Customer's Storage Overrun Quantity plus Seller's injection Fuel Use at daily quantities up to the Maximum Daily Injection Quantity plus Seller's Injection Use;
  - (ii) The Storage of Gas in quantities not to exceed the Maximum Storage Quantity or Customer's Storage Overrun Quantity ; and
  - (iii) The Tender of Gas to or for the account of Customer at the Point of Injection/Withdrawal at a quantity not to exceed Customer's Working Storage Gas or Storage Overrun Quantity reduced by Seller's withdrawal Fuel Use at daily quantities up to the Maximum Daily Withdrawal Quantity reduced by Seller's Withdrawal Use.
- (b) Storage Service rendered under this Rate Schedule shall be interruptible, and shall be available only when capacity is not being used for injection, storage and withdrawal of higher priority services. Such interruptible service shall be offered in accordance with the provisions established in the General Terms and Conditions of this Tariff. Seller may, if storage capacity is required by Customers having a higher priority, require Customer to withdraw quantities held in storage by Seller for or on behalf of Customer under Rate Schedule ISS within three (3) days of the date notice is provided to Customer by Seller. Customer indemnifies and holds Seller harmless from and against any and all losses, damages or expenses of any kind which Customer may suffer or be liable for a result of any reduction or interruption in service pursuant to this Rate Schedule.

### 3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Volume No. 1A FERC Gas Tariff are applicable to this Rate Schedule and are specifically incorporated herein by reference.

### 4. RATES AND CHARGES

The amounts which shall be paid by Customer to Seller for each Month during the period of service hereunder shall include the sum of the amounts due under the subsections of this Section 4 and charges under Section 5 that are applicable to Customer for such Month, computed by use of the applicable rates set forth in the Customer's Agreement which are effective during such Month or portions thereof. Each total rate computed for a specific transaction shall be rounded to the nearest one tenth of a cent.

- 4.1 Interruptible Storage Service (ISS) Injection Rate: An injection rate shall be paid for each Dekatherm, which is injected for or on behalf of Customer during the month.
- 4.2 Interruptible Storage Service (ISS) Withdrawal Rate: A withdrawal rate shall be paid for each Dekatherm which is withdrawn for or on behalf of Customer during the month.
- 4.3 Interruptible Storage Service (ISS) Inventory Rate: An Inventory Rate shall be paid for each Dekatherm of the Average Monthly Storage Volume which is stored for or on behalf of Customer during the Month.
- 4.4 Seller's Fuel Use Charge: Seller will bill Customer each month for gas lost or unaccounted for in Seller's operations at the rate of (i) one percent (1%) of the gas injected on Customer's behalf in the preceding month and (ii) one percent (1.0%) of the gas withdrawn on Customer's behalf in the preceding month.
- 4.5 Regulatory Fees and Charges. Customer shall reimburse Seller for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this rate schedule, including, but not limited to, the Commission's Annual Charge Adjustment (ACA).
- 4.6 Overrun Storage Commodity Rate: An Overrun Storage Commodity Rate shall be paid for each Dekatherm of service provided on behalf of Customer pursuant to Section 6 of this Rate Schedule. As set forth in the Customer's Agreement, the Overrun Storage Commodity Rate shall consist of the Storage Commodity Rate for each Dekatherm of the Daily Storage Volume which is stored for or on behalf of Customer during the Month greater than the Customer's Maximum Storage Quantity.

### 5. ADDITIONAL CHARGES

- 5.1 Commission and other Regulatory Fees: Customer shall reimburse Seller for all fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule including, but not limited to, filing, reporting and application fees.
- 5.2 Other Charges: Customer shall pay any other charges applicable to service hereunder authorized by the Commission or any successor agency having jurisdiction.

## 6. STORAGE OVERRUN SERVICE

Customer may request Seller to provide storage service under this Rate Schedule for quantities of gas in excess of Customer's Maximum Storage Quantity. Seller may provide such Overrun Service on an interruptible basis if, in Seller's judgment, it can provide the service without adverse effect on Seller's operations or on Seller's ability to meet higher priority obligations. Customer shall pay the Overrun Storage Commodity Rate pursuant to Section 4.6 of this Rate Schedule ISS for such overrun storage service.

## 7. LATE WITHDRAWAL RATE

If Customer fails to withdraw all Working Storage Gas quantities held in storage by Seller for or on behalf of Customer by the end of the applicable withdrawal period set forth in Section 2 above, or by the date the ISS Agreement terminates, then Customer shall pay a Late Withdrawal Charge of \$1/Dekatherm/day for all Customer's gas remaining in inventory or, at Seller's sole option, Seller may retain such remaining quantities of Working Storage Gas free and clear of any adverse claims, unless such failure to withdraw was due to Seller's inability to withdraw the quantities nominated by Customer, in which event such applicable withdrawal period shall be extended by the number of days Seller is unable to Tender quantities of Gas for redelivery.

In the event that a Customer does not renew its ISS Service Agreement and fails to withdraw all of its Working Storage Gas as provided above then the Customer will incur a Late Withdrawal Charge or forfeit remaining quantities of Working Storage Gas. In that event Seller will credit the Late Withdrawal Charge or the value of the gas retained by Seller to its existing customers in the manner set forth in Section 8.4 of the General Terms and Conditions of the tariff.

8. The Interruptible agreement shall have a mutually agreeable term which shall not be less than one day.

## 9. DEFINITIONS

- 9.1 The term "Maximum Daily Injection Quantity" shall be mutually agreed upon and set forth in Customer's ISS Service Agreement.
- 9.2 The term "Maximum Daily Withdrawal Quantity" shall be mutually agreed upon



and set forth in Customer's ISS Service Agreement.

- 9.3 The term "Storage Overrun Quantity" shall be mutually agreed upon and set forth in Customer's ISS Service Agreement.

RATE SCHEDULE PAL  
INTERRUPTIBLE PARKING AND LENDING SERVICE

1. AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Customer") for the purchase of parking and lending service from Honeoye Storage Corporation (hereinafter referred to as "Seller"), when Seller has determined, on a non-discriminatory basis, that it has the existing capacity and operational flexibility to provide service under this Rate Schedule and Customer and Seller have executed a PAL Service Agreement .

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to interruptible parking and/or lending service that is rendered by Seller for Customer pursuant to an executed Service Agreement under this Rate Schedule.

- (a) Interruptible parking service rendered by Seller to Customer under this Rate Schedule shall consist of:
- (i) The receipt at the Point of Injection/Withdrawal of Customer's Gas per Customer's nomination up to the Maximum Daily Injection Quantity ("MDIQ"), provided that all higher priority service nominations for injection have been satisfied, and that Customer's Park Balance is less than the Maximum Park Quantity set forth in Exhibit A of the Customer's PAL Service Agreement;
  - (ii) The parking of Gas in amounts up to Customer's Maximum Park Quantity provided that all higher priority service storage needs have been satisfied;
  - (iii) The daily withdrawal and redelivery of Customer's Gas per Customer's nomination to the Point of Injection/Withdrawal, up to Customer's Maximum Daily Withdrawal Quantity ("MDWQ"), provided that all higher priority service nominations or withdrawal have been satisfied, and that Customer has sufficient Gas stored in Customer's Park Balance; and
  - (iv) The withdrawal by Customer of sufficient quantities of Gas under Section 2(a)(iii) above to ensure that Customer's Park Balance equals zero (0) at the end of PAL Term.
- (b) Interruptible loan service rendered by Seller to Customer under this Rate Schedule shall consist of:
- (i) The advancement to Customer at the Point of Injection/Withdrawal of daily quantities of Gas up to Customer's Maximum Daily Withdrawal

Quantity (“MDWQ”), provided that all higher priority service nominations for withdrawal have been satisfied, that Customer agrees to replace the borrowed Gas at a time to be agreed upon as specified in Exhibit A to the PAL Service Agreement (“Loan Time”) and that Customer’s Loan Balance is less than the Maximum Loan Quantity as set forth in Exhibit A to Customer’s PAL Service Agreement;

- (ii) The redelivery to Seller on any Day during the Loan Time at the Point of Injection/Withdrawal and injection into storage of a portion of Customer’s Loan Balance per Customer’s nomination up to the Maximum Daily Injection Quantity (“MDIQ”), provided that all higher priority service nominations for injection have been satisfied and Customer’s total redeliveries do not exceed Customer’s Maximum Loan Quantity; and
  - (iii) The Tender by Customer of sufficient quantities of Gas under Section 2(b)(ii) above to ensure that Customer’s Loan Balance equals zero (0) at the end of PAL Term specified in Customer’s PAL Services Agreement.
- (c) Seller may, if storage capacity is required by Customers having a higher priority, require Customer to withdraw quantities held in storage by Seller for or on behalf of Customer under Rate Schedule PAL within ten (10) calendar days of the date notice is provided to Customer by Seller. If Customer fails to withdraw the balance of Gas parked within such time (or if Customer’s Park Balance is greater than zero at the end of the PAL term), Seller may in its sole judgment, either take, free and clear of any adverse claims, title to such Park Balance, or, in the alternative, assess, and Customer shall pay, a Late Withdrawal Rate of \$1 per Dekatherm per Day for all of Customer’s Gas remaining in inventory, provided however, that if Customer’s failure to withdraw is due to Seller’s inability to withdraw the quantities nominated by Customer, then the withdrawal period will be extended by the number of days Seller was unable to withdraw quantities of gas nominated by Customer.
- (d) To the extent Gas that Seller’s advances to Customer hereunder are needed to satisfy Seller’s obligations to higher priority services or to meet system needs, Seller may at its sole discretion and upon giving notice to Customer, interrupt the continuation of any or all services hereunder and require Customer to replace or replenish all, or any portion, of the Customer’s Loan Balance at a date specified by Seller which shall not be less than three (3) calendar days from the date of Seller’s notification unless Seller and Customer mutually agree to a different time frame. Customer shall indemnify and hold Seller harmless from and against any and all losses, damages or expenses of any kind that Customer may suffer or be liable for as a result of any reduction or interruption in service pursuant to this Rate Schedule.
- (e) If Customer fails to replace or replenish Gas advanced by Seller upon such notice to Customer (or if Customer’s Loan Balance is greater than zero at the end of the

PAL term), Seller may purchase replacement Gas and Customer shall pay one hundred and fifty percent (150%) of the actual cost of such replacement supplies and any other costs or penalties incurred by Seller or its other customers as a result of Customer's failure, including but not limited to third-party marketer fees and pipeline transportation costs.

### 3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Volume No. 1A FERC Gas Tariff are applicable to this Rate Schedule and are specifically incorporated herein by reference.

### 4. RATES AND CHARGES

The amounts that shall be paid by Customer to Seller for each Month during the period of service hereunder shall include the sum of the amounts due under the subsections of this Section 4 and charges under Section 5 that are applicable to Customer for such Month, computed by use of the applicable rates set forth in the Customer's Agreement which are effective during such Month or portions thereof. Each total rate computed for a specific transaction shall be rounded to the nearest one tenth of a cent.

4.1 Interruptible PAL Charge. A charge per Day for each Dth of Customer's Gas parked and/or loaned by Seller as specified in Exhibit A of Customer's executed PAL Service Agreement.

4.2 Interruptible PAL Injection Charge. A charge for each Dth of Customer's Gas Tendered for injection pursuant to Section 2 of this Rate Schedule during a given invoice period.

4.3 Interruptible PAL Withdrawal Charge. A charge for each Dth of Customer's Gas withdrawn pursuant to Section 2 of this Rate Schedule during a given invoice period.

4.4 Interruptible PAL Overrun Rate. A charge per day for each Dth of Customer's Gas parked and/or loaned by Seller as PAL Overrun Service in accordance with Customer's executed PAL Service Agreement.

### 5. ADDITIONAL CHARGES

5.1 Commission and other Regulatory Fees: Customer shall reimburse Seller for all fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule, including, but not limited to, filing, reporting and application fees, and the Commission's Annual Charge Adjustment (ACA).

5.2 Other Charges: Customer shall pay any other charges applicable to service hereunder authorized by the Commission or any successor agency having

jurisdiction.

6. TERM

The PAL Service Agreement shall have a mutually agreeable term that shall not be less than one day.

7. PAL OVERRUN SERVICE

Customer may request Seller to provide service under this Rate Schedule for quantities in excess of Customer's Maximum Loan Quantity or Maximum Park Quantity. Seller may provide such PAL Overrun Service on an interruptible basis if, in Seller's sole judgment, it can provide the services without adverse impact on Seller's ability to meet higher priority obligations. PAL Overrun Service shall be scheduled and confirmed only after all other services offered by Seller are scheduled and confirmed. Customer shall pay the PAL Overrun Rate pursuant to Section 4.4 of this Rate Schedule PAL for such overrun PAL service.

8. DEFINITIONS

8.1 "Customer's Gas" shall mean Customer's Park Balance and/or Customer's Loan Balance, as applicable, at any given time.

8.2 "Loan Balance" shall mean the quantity of gas, expressed in Dth, that Seller has loaned to Customer, provided that the Loan Balance shall never exceed Customer's MLQ specified in Exhibit A of Customer's PAL Services Agreement.

8.3 "Park Balance" shall mean the quantity of gas, expressed in Dth, that Seller has Parked with Customer, provided that the Park Balance shall never exceed Customer's MPQ specified in Exhibit A of Customer's PAL Services Agreement.

8.4 "PAL Term" means the period between the "begin date" and the "end date" specified in Exhibit A to Customer's executed PAL Service Agreement

8.5 "Maximum Daily Withdrawal Quantity" or "MDWQ" shall mean the maximum quantity of gas, expressed in Dths, specified in Customer's Service Agreement or Exhibit A of the PAL Service Agreement, as applicable, that Customer may nominate and withdraw and that Seller shall deliver at the Point of Injection/Withdrawal at constant hourly rates of flow over the course of such Day, provided that Seller may, in its sole and reasonable judgment, determine that the maximum quantity may be delivered at rates of flow which deviate from constant hourly rates over the course of such Day.

8.6 "Maximum Daily Injection Quantity" or "MDIQ" shall mean the maximum quantity of gas, expressed in Dths, specified in Customer's Service Agreement or

Exhibit A of the PAL Service Agreement, as applicable, that Customer may nominate and inject and that Seller shall receive at the Point of Injection/Withdrawal at constant hourly rates of flow over the course of such Day, provided that Seller may, in its sole and reasonable judgment, determine that the maximum quantity may be received at rates of flow which deviated from the constant hourly rates over the course of such Day.

- 8.7 “Maximum Loan Quantity” or “MLQ” shall mean the maximum quantity of gas, expressed in Dth, that Seller will loan to Customer , as specified in Exhibit A of Customer’s PAL Services Agreement.
- 8.8 “Maximum Park Quantity” (“MPQ”) shall mean the maximum quantity of gas, expressed in Dth, that Customer is permitted to have in storage in Seller's facilities, at any given time as specified in Exhibit A of Customer’s PAL Services Agreement.