

GENERAL TERMS AND CONDITIONS (Index to Provisions)

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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

- 1.1 The term “Agreement” shall mean the Service Agreement executed by the Customer and Seller and any exhibits, attachments and/or amendments thereto.
- 1.2 The term “Average Monthly Storage Volume” shall mean the sum of Customer's Working Storage Gas at the end of each Day of the Month divided by number of Days in the Month.
- 1.3 The term “BTU” shall mean one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water one degree (1) Fahrenheit at sixty degrees (60) Fahrenheit. (BTU is measured on a dry basis at 14.73 psia.)
- 1.4 The term “Business Day” shall mean every Monday, Tuesday, Wednesday, Thursday or Friday, excluding all federal banking holidays for transactions in the United States.
- 1.5 The term “Clock Time” shall mean Central Standard Time except for that period when daylight savings is in effect. During this period, Clock Time shall mean Central Daylight Time.
- 1.6 The term “Commission” and “FERC” shall mean the Federal Energy Regulatory Commission or any successor regulatory authority having jurisdiction.
- 1.7 The term “Contract Term” shall mean the period beginning on the date storage service under a storage agreement commences and ending on the day the term of the agreement terminates.
- 1.8 The term “Customer” shall mean any person, corporation, partnership or any other party that executes a valid Service Agreement with Honeoye Storage Corporation for the Storage of Gas, or other services under the terms and conditions of Seller's FERC Gas Tariff Original Volume No. 1A.
- 1.9 The term “Day” shall mean a period of consecutive hours, beginning at 9:00 a.m. Clock Time and ending on the following 9:00 a.m. Clock Time as adjusted, when appropriate, for changes from Standard to Daylight Savings Time and vice versa.
- 1.10 The term “Dekatherm” (Dth) shall mean the quantity of heat energy which is equivalent to one (1) million (1,000,000) BTU; thus the term MDth shall mean one (1) thousand Dth.
- 1.11 The determination of quantities deemed to be delivered for purposes of use of the term “Each Dekatherm Of Gas Which Is Delivered” shall be the pro rata

allocation of the quantities of Gas nominated, after adjustments for Seller's Use and pursuant to Section 4.3 hereof, for injection into storage or for withdrawal from storage.

- 1.12 The term “EBB” shall mean Honeoye Storage Corporation’s electronic bulletin board set forth in Section 13 of General Terms and Conditions of this FERC Gas Tariff.
- 1.13 The term “EDM” shall mean Honeoye Storage Corporation’s electronic delivery mechanism.
- 1.14 The term “Equivalent Quantities” shall mean a quantity of Gas containing an amount of Dths equal to the amount of Dths received by Seller for the account of Customer at the Point of Injection /Withdrawal reduced by the Dths removed for Seller's Injection and/or Withdrawal Fuel Use as attributable to the Storage of Customer's Gas.
- 1.15 The term “Gas” means natural gas in its natural state, produced from wells, including casinghead gas produced with crude oil, natural gas from gas wells, and residue gas resulting from processing both casinghead gas and gas well gas.
- 1.16 The term “Interruptible” shall mean that the storage, parking, or lending service is subject to interruption at any time by Seller. An interruptible Customer may be required to withdraw gas from interruptible Storage Capacity or return gas received as Storage Overrun Quantity, should such capacity or gas be required by a firm customer or by another interruptible Customer willing to pay a higher interruptible Storage rate.
- 1.17 The term “Maximum Storage Quantity” shall mean the greatest number of Dths that Seller is obligated to store on behalf of Customer on any Day excluding Storage Overrun Quantity, if applicable.
- 1.18 The term “Month” shall mean the period beginning at 9:00 a.m. Central Time on the first Day of a calendar month and ending at 9: 00 a.m. Central Time on the first Day of the next succeeding calendar month.
- 1.19 The term “North American Energy Standards Board” (“NAESB”) shall mean that accredited organization established to set standards for certain natural gas industry business practices and procedures.
- 1.20 The term “NAESB Standards” shall mean the relevant standardized business practices, procedures and criteria which have been adopted and published by the NAESB and which have been adopted by reference by the Commission.
- 1.21 The term “OBA” shall mean a contract between two parties which specifies the

procedures to manage operating variances at an interconnect.

- 1.22 The term “OFO” shall mean an order issued to deviate conditions which threaten or could threaten the safe operations or system integrity of Seller’s system or to maintain operations required to provide efficient and reliable firm service. Whenever Seller experiences these conditions, any pertinent order will be referred to as an OFO.
- 1.23 The term “Point of Injection/Withdrawal” shall mean the point of interconnection between Seller’s Honeoye Storage Project and third party transporter’s facilities located in Ontario County, New York or such other location as may be designated by Seller and its Customer.
- 1.24 The term “Psig” shall mean pounds per square inch gauge.
- 1.25 The term “Releasing Customer” shall mean any Customer who has agreed to release capacity under Section 7 of Rate Schedule FSS.
- 1.26 The term “Replacement Customer” shall mean any Customer to which capacity is released under Section 7 of Rate Schedule FSS.
- 1.27 The term “Seller” shall mean Honeoye Storage Corporation.
- 1.28 The term “Seller’s Injection Use” shall mean the applicable percentage stated in Seller’s Rate Schedules multiplied by the quantity of Gas injected into storage for the account of Customer.
- 1.29 The term “Seller’s Use” shall mean the sum of the Seller’s Injection Use and the Seller’s Withdrawal Use.
- 1.30 The term “Seller’s Withdrawal Use” shall mean the applicable percentage stated in Seller’s Rate Schedules multiplied by the quantity of Gas withdrawn from storage for the account of Customer.
- 1.31 The term “Service Day” shall mean the Day during which Customer receives storage service pursuant to a nomination in accordance with Section 4 of the General Terms and Conditions of this FERC Gas Tariff.
- 1.32 The term “Storage” or “Storage Service” shall mean the storage, parking or lending of Gas.
- 1.33 The term “Storage Overrun Quantity” shall mean the number of Dths that Seller provides and stores on behalf of Customer on any day in excess of Customer’s Maximum Storage Quantity pursuant to Rate Schedule ISS and Rate Schedule PNFSS.

- 1.34 The terms “Tender,” “Tender Gas” and “Tender of Gas” shall mean that the delivering party is able and willing, and offers, to deliver gas to or for the account of the receiving party at the Point of Injection/Withdrawal; provided, however that an uncapitalized “tender” is not defined by this paragraph.
- 1.35 The term “Transporter” means the Customer’s Transporter designated to deliver gas to the Point of Injection/Withdrawal or Customer’s Transporter designated to receive gas from the Point of Injection/Withdrawal.
- 1.36 The term “Usage Charges” shall mean all variable charges associated with the injection/withdrawal of Gas by Seller.
- 1.37 The term “Wire Transfer” shall mean payments made/effected by wire transfer, Automated Clearinghouse, or any other recognized electronic or automated payment mechanism that is agreed upon by Seller in the future.
- 1.38 The term “Working Storage Gas” shall mean the quantity of Gas held in storage at any given time, by Seller, for the account of Customer.

2. REQUESTS FOR SERVICE

- 2.1 Requests. To seek to qualify for Storage Service pursuant to Rate Schedules FSS, PNFSS, ISS, or PAL a potential Customer shall submit a request for such service in writing to the Seller. Seller, as applicable, shall evaluate and respond to such requests as soon as is reasonably possible, and shall begin service as soon as is reasonably possible, after execution of the Agreement or upon the date set forth in the Agreement. Such a request shall be considered acceptable only if the information specified in Section 2.2 below is provided in writing, but Seller may waive all or any portion of such information in individual instances, when the information is already in possession of Seller. Seller on a non-discriminatory basis may require that each request for service under Rate Schedule FSS by or on behalf of each proposed Customer be accompanied by refundable earnest money in the form of either wire transfer or a check payable to Honeoye Storage Company in the amount of the lesser of ten thousand (\$10,000) or the aggregate reservation charges which would be due for two months of service for such requested service, which amount shall be applied, until fully used, against the first amounts due by Customer to Seller as reservation charges; provided, however, that if the request is not accepted by Seller or if service is not otherwise offered, Seller will refund earnest money thirty (30) days after notice to potential Customer that Seller is not accepting offer.

Requests for service shall be sent to:
Honeoye Storage Company
4511 Egypt Road
Canandaigua, NY 14424
Attention: Manager of Marketing and Compliance

2.2 Form of Request for Storage Service

- (a) Each request, to be considered as an acceptable and valid request, must furnish the applicable portion of the information set forth in paragraphs (b)-(j) below. The “Honeoye Storage Corporation Service Request Form” is set forth in this FERC Gas Tariff and may be changed from time to time and reissued by Seller.
- (b) Requestor's Identification: Name, address, representative, telephone number of party requesting service.
- (c) Customer's Identification: (Note: The “Customer” is the party which proposes to execute the Agreement).
- (1) Name, address, representative and telephone number of Customer;
 - (2) A statement of whether Customer is a local distribution company, an intrastate pipeline, an interstate pipeline, marketer/broker,

producer, end user or other type of entity (which shall be described);

- (3) A statement of whether Customer is acting for itself or as agent for someone else (who must be named); and
 - (4) A statement of whether Customer is a Replacement Customer and the contract number under which Replacement Customer is requesting service.
- (d) Type of Service(s) Category(ies) Requested: Specify which Volume No. 1A Rate Schedule service is desired.
- (e) Quantity: (stated in Dekatherms)
- (1) Maximum Storage Quantity, which shall not be less than 25,000 Dekatherms, except for volumes under Section 7 of Rate Schedule FSS.
 - (2) Maximum Daily Injection Quantity, which shall be determined in accordance with Seller's Rate Schedules.
 - (3) Maximum Daily Withdrawal Quantity, which shall be determined in accordance with Seller's Rate Schedules
 - (4) Storage Overrun Quantity, if applicable.
- (f) Term of Service:
- (1) Date service is requested to commence.
 - (2) Date service is requested to terminate (Agreements for FSS shall terminate on March 31 and shall be for a minimum length of twelve months, unless otherwise agreed to by Seller).
- (g) Point of Injection.
- (h) Point of Withdrawal.
- (i) Certified Statement: A certified statement by the Customer that it has, or will have, by the time of execution of an Agreement with Seller, title to, or the legal right to cause to be delivered to Seller, for Storage, the Gas which is to be delivered to Seller and facilities or contractual rights which will cause such Gas to be delivered to and received from Seller.
- (j) Credit Evaluation:

- (1) Customer should submit year end audited financial statements of Customer (if available) together with the latest quarterly report. If audited financial statements are not available, Customer should furnish unaudited financial statements; provided however, that in such event, Seller may request additional credit information.
- (2) Customer's Affiliates, including parent, subsidiaries of parent and of such subsidiaries, and subsidiaries of Customer.
- (3) In the event proceedings have been commenced by or against such Customer for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension; or in the event a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of such Customer, or of a substantial part of its property, or for the winding up or liquidation of its affairs, shall have been entered, or any substantial part of the property of such Customer shall be sequestered or attached and shall not be returned to the possession of such Customer or released from such attachment within thirty (30) Days thereafter; or in the event such Customer shall make a general assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or in the event that any financial institution has refused to extend credit to Customer within the past year or any rating agency has downgraded the Customer's securities or issued publicly available material giving an opinion that Customer's credit quality or standing has declined, Customer shall be required to fully disclose any and all actions regarding the above described proceedings against Customer or related parties defined in (2) above, in its request for service.
- (4) Any other information requested by Seller pursuant to Section 11.5 of the General Terms and Conditions.

2.3 Subsequent Information

- (a) If any of the events or actions described in 2.2j(3) above, shall be initiated or imposed during the term of service hereunder, Customer shall provide notification thereof to Seller within two (2) Business Days of any such initiated or imposed event or action. Customer shall also provide, forthwith, such additional Customer credit information as may be reasonably required by Seller, at any time during the term of service hereunder, to determine Customer's creditworthiness.

(b) After receipt of a request for Storage Service hereunder, Seller may require that Customer furnish additional information as a prerequisite to Seller offering to execute an Agreement with Customer. Such information may include proof of Customer's title to the Gas involved and/or its legal right to cause the Gas to be delivered to Seller for Storage and of Customer's contractual and/or physical ability to cause such Gas to be delivered to and received from Seller.

2.4 Request Validity. Customer's request for Storage Service shall be considered null and void if Seller had tendered an Agreement for execution to Customer and Customer fails to execute the Agreement for FSS either within ten (10) Days if the Agreement is identical to Customer's request for service or fifteen (15) days if the Agreement differs from Customer's request for service thereafter or within five (5) days thereafter for PNFSS, ISS, or PAL. Seller will not execute an Agreement under these Rate Schedules FSS, PNFSS, ISS, or PAL for which it does not have sufficient available capacity. If sufficient capacity is available, but Customer does not desire to or cannot begin Storage Service within thirty (30) days after the date the request is made pursuant to Section 2.2 of these General Terms and Conditions of this Tariff, or such other period as the parties may agree to in writing, then such request shall be considered null and void.

2.5 Customer's Performance. If a Customer that has executed an Agreement for service under Rate Schedule PNFSS or ISS, on the date service is to commence, fails to nominate, pursuant to Section 4.1 of these General Terms and Conditions, a quantity of Gas for Storage, or, having nominated a quantity of Gas and Seller having scheduled the quantity for Storage, pursuant to Section 4.3 of these General Terms and Conditions, fails to Tender such Gas for Storage on the date it is scheduled, the Seller may terminate Customer's Agreement and the Customer's request for service shall be deemed null and void; provided, however, that the Customer's Agreement shall not be terminated nor shall the Customer's request for service be deemed null and void if the Customer's failure to nominate or Tender is caused by an event of force majeure on Seller's system, as defined in Section 9 of these General Terms and Conditions.

2.6 Complaints: In the event that a Customer or potential Customer has a complaint relative to service under this FERC Tariff, the Customer shall:

(a) Provide a description of the complaint, verbally or in writing, including the identification of the storage request (if applicable), and communicate it to:

Honeoye Storage Company
Attn: Manager of Marketing and Compliance
4511 Egypt Road
Canandaigua, NY 14424

Phone: (585) 229-5161

- (b) Within forty-eight (48) hours, or two Business Days, whichever is later from the day of receipt of a complaint, Seller will respond initially to the complaint and Seller shall respond in writing within thirty (30) days advising Customer or potential Customer of the disposition of the complaint.

2.7 Information: Any person may request information on the pricing or other terms of Storage Service and/or capacity availability by contacting Seller at the following:

Honeoye Storage Company
Attn: Manager of Marketing and Compliance
4511 Egypt Road
Canandaigua, NY 14424
(585) 229-5161

2.8 Relationship with Marketing Affiliates:

- (a) Seller has affiliates that engage in marketing functions as defined in Part 358 of the Federal Energy Regulatory Commission's regulations.
- (b) Seller is not a transmission provider as defined in Part 358 of the Commissions regulations.
- (c) Seller is exempt from the Standards of Conduct under Part 358 of the Commission's Regulations.

2.9 Informational Postings Website:

- (a) Seller will maintain an interactive informational postings website for the use of its Customers and prospective Customers interested in obtaining information about available storage service. Seller's website will provide all information required to be posted thereon under regulations of the FERC, together with such additional information as Seller considers appropriate.
- (b) Information posted on Seller's website will include the following:
 - (1) Firm and interruptible storage, parking and lending service currently available from Seller.
 - (2) Injection and withdrawal capacity currently available.
 - (3) Firm and recallable capacity released by FSS Customers or Replacement Customers pursuant to Section 4 of the General

Terms and Conditions and currently available for allocation.

- (4) Firm capacity that is currently available or will become available by reason of the termination of an FSS service agreement
 - (5) Currently operative offers to purchase capacity tendered pursuant to Section 4 of the General Terms and Conditions.
- (c) With respect to each category of information posted on Seller's website, Seller shall also include relevant information pertaining to the minimum rate at which capacity is offered to Customers and Replacement Customers, any restrictions, terms, or condition imposed on the reallocation of released capacity by the Customer or Replacement Customer releasing that capacity (including the name of any Replacement Customer designated by the Releasing Customer), and the terms and conditions upon which offers to purchase capacity have been tendered.

3. STORAGE SERVICE

- 3.1 Treatment of Gas. Seller may subject or permit the subjection of Gas stored hereunder to compression, cooling, cleaning, or other processes to such extent as may be required in Seller's sole opinion.

4. NOMINATIONS, SCHEDULING AND ALLOCATION

4.1

- (a) **Nominations.** Seller will accept nominations for storage service as provided herein. A valid nomination is a data set which contains, at a minimum, the mandatory data elements included in the NAESB Standards related to nominations, and any additional Seller-required data elements. All Standard and Intra-Day Nominations for service shall be made via Seller's EDM as approved by the Commission. Seller will accept nominations via mail, fax, courier service or personal delivery. Seller will support the receipt of nominations, via the methods listed above, and EDM in a manner designed to enable Customers to submit nominations seven days a week, twenty-four hours a day.

Each nomination shall indicate whether it is being submitted as a Standard or Intra-Day Nomination. The standard quantity for nominations, for confirmations and scheduling, in the United States, shall be dekatherms per Day.

Customer may use an agent to provide all or a portion of its nomination data, provided that Seller is so advised in advance in writing. A Customer that uses an agent for such nomination purposes shall hold Seller harmless for all actions or inactions of its agent.

- (b) **Standard Nominations.** A "Standard Nomination" is a nomination for storage service for any Day. The Standard Nomination shall include a begin date and end date, which must be within the term of the Customer's service agreement. Each day within a date range nomination is considered an original nomination. Subsequent nominations for one or more days within the range supersede only the days specified. The days outside the range of the subsequent nominations are unaffected. Nominations have a prospective effect only, provided that Seller and Customer may agree to permit nominations to have a retroactive affect only if operating conditions permit Seller to permit such nominations without adversely affecting other Customers or Seller. Seller shall process all new or revised nominations that are submitted by 11:30 a.m. Central Clock Time and received by 11:45 a.m. Central Clock Time on the Day before the applicable Service Day. Customer may nominate zero (0) for a daily quantity, but in the event Customer nominates a daily quantity in excess of zero (0), such daily quantity shall not be less than five-hundred (500) Dth. Customer shall also inform Seller in advance of each Month of the desired order of priority of injections and withdrawals under each Agreement and Seller may rely thereon (or in the absence of such information, upon Seller's judgment) if allocation under such Agreement is required.

- (c) Standard Nominations Timetable. The timetable for a Standard Nomination shall be as follows on the Day before a Service Day, Central Clock Time

1:00 p.m. for nominations leaving control of Customer;

1:15 p.m. for receipt of nominations by Seller;

1:30 p.m. for Seller to send quick response for nominations submitted via EDM;

4:30 p.m. for Seller to receive completed confirmations from connected parties;

5:00 p.m. for Customer and Operators to receive scheduled volume information from Seller.

In addition, at the end of each Day, Seller shall provide Customer the final scheduled quantities for the just completed Day. Seller will send an end of Day Scheduled Quantity document. Recipients of the end of Day Scheduled Quantity document can waive the obligation of Seller to send the Scheduled Quantity document.

Seller, as receiver of nominations, initiates the confirmation process. The party receiving a request for confirmation or an unsolicited confirmation response may waive the obligation of the Seller to send. The sending party will adhere to nomination, confirmation and scheduling deadlines. The party receiving the communication shall have the right to waive any deadline, on a non-discriminatory basis.

- (d) Other Nominations. Seller may, at its option, accept nominations which are not timely as described above. In that event, Seller shall not be required to comply with the Standard Nomination timeline set out above.

4.2

- (a) Intra-Day Nominations. Any nomination submitted after the standard nomination deadline, by eligible Customers, shall be an "Intra-Day Nomination." An Intra-Day Nomination shall be effective for one (1) Day only. Intra-Day Nominations may be used to nominate new injection or withdrawals. The nomination process set forth in Section 4.1(a) shall apply to the Intra-Day nominations. An Intra-Day quantity shall be a revised daily quantity.

- (1) Timetables for Intra-Day Nominations shall be as follows:

(a) Evening Nomination Cycle: shall be as follows on the Day before a Service Day, Central Clock Time:

6:00 p.m. for nominations leaving control of Customer;

6:15 p.m. for receipt of nominations by Seller,

6:30 p.m. for Seller to send quick response for nominations submitted via EDM;

8:30 p.m. for Seller to receive completed confirmations from connected parties;

9:00 p.m. for Customer and operators to receive scheduled volume information from Seller and to provide scheduled quantities to bumped parties (notice to bumped parties).

9:00 a.m. for flow of gas.

(b) Intra-Day 1 Nomination Cycle: shall be as follows on the Service Day, Central Clock Time:

10:00 a.m. for nominations leaving control of Customer;

10:15 a.m. for receipt of nominations by Seller;

10:30 a.m. for Seller to send quick response for nominations submitted via EDM;

12:30 p.m. for Seller to receive completed confirmations from connected parties;

1:00 p.m. for Customer and operators to receive scheduled volume information from Seller and to provide scheduled quantities to bumped parties (notice to bumped parties);

2:00 p.m. for flow of gas.

(c) Intra-Day 2 Nomination Cycle: shall be as follows on the Service Day, Central Clock Time:

2:30 p.m. for nominations leaving control of Customer;

2:45 p.m. for receipt of nominations by Seller;

3:00 p.m. for Seller to send quick response for nominations

submitted via EDM;

5:00 p.m. for Seller to receive completed confirmations from connected parties;

5:30 p.m. for Customer and operators to receive scheduled volume information from Seller and to provide notice to bumped parties;

6:00 p.m. for flow of gas.

- (d) Intra-Day 3 Nomination Cycle: shall be as follows on the Service Day, Central Clock Time:

7:00 p.m. for nominations leaving control of Customer;

7:15 p.m. for receipt of nominations by Seller;

7:30 p.m. for Seller to send quick response for nominations submitted via EDM;

9:30 p.m. for Seller to receive completed confirmations from connected parties;

10:00 p.m. for flow of gas. Bumping is not allowed during the Intraday 3 Nomination Cycle.

10:00 p.m. for Customer and operators to receive scheduled volume information from Seller and to provide notice to bumped parties;

- (e) For purposes of Section 4.2(a)(1)(a), (b), (c) and (d) "provide" shall mean, for transmittals pursuant to NAESB Standards, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

An Intra-Day Nomination is subject to operator's confirmations and Seller's operating conditions. If operator confirmation is not received, the Intra-Day Nomination will not be accepted. Seller will not accept a reduced Intra-Day Nomination for any quantity deemed already delivered based on an average hourly flow, provided that Seller and Customer may permit such reduced intra-day nominations only if operating conditions permit Seller to permit such nominations without adversely affecting other Customers or Seller.

- (b) For purposes of providing notice of any nomination changes to a Customer and/or Customer's agent, Seller shall contact either party by telephone or other instant communication device. With respect to changes initiated by Seller, if a Customer so elects, such Customer may provide a telephone number and Seller will contact Customer at such phone number to alert Customer that a change has been made; provided that where an interruptible Customer's nomination is bumped by a firm Customer's Intra-Day Nomination, Seller shall provide notice of such bump to the interruptible Customer in the same manner that Seller uses to notify Customers of OFOs.

4.3 Scheduling of Storage and Allocation of Service. For each Day, Seller will schedule injections and withdrawals of Gas, on the basis of: storage nominations made by Customers (which Seller is hereby authorized to rely upon in its scheduling); storage capacity available on Seller's system in light of nominations and requests; and overall operating conditions from time to time. If, on any Day, Seller determines that the capacity of its system is insufficient to serve all storage nominations scheduled for such Day, or to accept the quantities of Gas Tendered, capacity shall be allocated to provide service in the following order:

- (a) In scheduling deliveries of firm storage nominations on any Day when capacity is constrained, Seller shall allocate service on a pro rata basis to those Customers nominating volumes on such Day based upon such Customer's contracted daily injection or withdrawal volumes as a fraction of the contracted daily injection or withdrawal volumes of all Customers nominating volumes on such Day.
- (b) In scheduling nominated quantities for Priority Non-Firm or Interruptible Storage Services hereunder, after providing for Firm Storage Service, Seller shall utilize the priorities established in Section 10 of these General Terms and Conditions, provided however that no Priority Non-Firm or Interruptible Customer shall have a claim of priority on any Day to quantities in excess of the lesser of (1) such Customer's Maximum Daily Injection Quantity or Maximum Daily Withdrawal Quantity as applicable or (2) such Customer's nomination.

4.4 Delivery of Gas. Seller, subject to the other provisions hereof, shall make daily delivery, to the extent practicable, of Equivalent Quantities of Gas at the Point of Injection/Withdrawal in accordance with Seller's scheduled deliveries.

- 4.5 Hourly Variation. Injections and withdrawals shall be made at uniform hourly rates to the extent practicable.
- 4.6 Limitation on obligation. Should the quantities of Gas received from Customer(s) by Seller at the Point of Injection/Withdrawal exceed the Maximum Daily Injection Quantity plus the Seller's Injection Use, Seller shall notify Customer(s) of such fact within a reasonable time after such becomes known, and Customer(s) shall seek to reduce deliveries to Seller forthwith. In the event any such excess delivery would jeopardize the safety of Seller's operations and/or its ability to meet its contract commitments to others, such decisions being solely within the judgment and discretion of Seller, Seller shall have the right to refuse to accept, without any liability to Customer, or any other person, all or such part of said excess delivery as Seller deems necessary, and shall notify Customer accordingly.
- 4.7 Reduction in Maximum Storage Quantity. In the event that Customer nominates or utilizes less than 50% of its Maximum Storage Quantity under Rate Schedule ISS for a period of one (1) year, Seller may reduce Customer's Maximum Storage Quantity to 125% of the average utilization during such year, which new Maximum Storage Quantity, as applicable, shall be effective on the first Day of the Month following the Month in which Seller gives Customer notice of such reduction.

5. PRESSURE AT POINT OF INJECTION/ WITHDRAWAL

- 5.1 Pressure at Point of Injection/Withdrawal. Unless otherwise agreed to by the parties as set forth in the Service Agreement, Customer shall cause the Gas to be delivered at the Point of Injection/Withdrawal at a pressure sufficient to allow the Gas to enter Seller's system at the varying pressures that may exist in such system from time to time; provided, however, that such pressure of the Gas delivered or caused to be delivered by Customer shall not exceed the Maximum Allowable Operating Pressure ("MAOP") which Seller specifies for the Point of Injection/Withdrawal. In the event the MAOP of Seller's system, at the Point of Injection/Withdrawal hereunder, is from time to time increased or decreased, then the MAOP of the Gas delivered or caused to be delivered by Customer to Seller at the Point of Injection/Withdrawal shall be correspondingly increased or decreased upon notification by Seller to Customer.

Unless otherwise agreed to by the parties as set forth in the Service Agreement, Seller shall Tender the Gas to or for the account of Customer at the Point of Injection/Withdrawal hereunder at such pressure as may be necessary to deliver the natural gas at the prevailing line pressure of Transporter provided that Seller shall not be obligated to deliver gas at pressure in excess of 750 pounds per square inch gauge.

6. MEASUREMENT AND MEASUREMENT EQUIPMENT

6.1 Unit of Volume:

- (a) The unit of volume for measurement hereunder shall be one thousand cubic foot of gas at a temperature of sixty degrees (60°) Fahrenheit and an absolute pressure of fourteen and seventy-three hundredths pounds per square inch, dry, (14.73 psia) having an average Total Heating Value per Cubic Foot of one thousand (1,000) Btus.
- (b) The Total Heating Value per Cubic Foot of the gas delivered and redelivered hereunder shall be determined by a recording calorimeter of standard manufacture or other method mutually acceptable to both Seller and Transporter, on Customer's behalf, and installed so that it may properly record the gross heat content of the gas at the Point of Injection/Withdrawal. Where a calorimeter is used, the arithmetical average of the hourly gross heat content recording each day shall be deemed to be the heat content of the gas for that day. Such Calorimeter shall be checked at least once each month to assure its proper operation and accuracy. An appropriate certified gas sample of known heat content shall be used to check the calorimeter accuracy.

6.2 Computations of volume from Meter Readings and Registrations: The volume of gas delivered or redelivered hereunder shall be determined in the manner specified in AGA Gas Measurement Committee report No. 3 ("AGA report No. 3") published in 1978, as such publication may be revised from time to time, or of other reports and publications which are mutually acceptable to Seller and Transporter, on Customer's behalf.

6.3 Flowing Temperature: The flowing temperature of gas delivered and redelivered hereunder shall be determined by means of a standard recording thermometer or other instrument of standard manufacture accepted in the industry. The flowing temperature used in determining the flowing temperature factor for each meter chart shall be the arithmetical average of the temperature shown by the recording instrument during the period of time when gas is passing through the meter.

6.4 Specific Gravity: The specific gravity of the gas delivered and redelivered hereunder shall be determined by a recording specific gravity instrument of standard manufacture or other method mutually acceptable to Seller and Transporter, on Customer's behalf, and installed so that it may properly record the specific gravity of the gas at the point of delivery. The arithmetical average of the hourly specific gravity recording each day shall be deemed to be the specific gravity of the gas for that day. Such instrument shall be checked by the use of an Edwards Balance, or by any other method, at intervals mutually agreed to by Seller and Transporter, on Customer's behalf.

- 6.5 Supercompressibility: Adjustment for the effect of supercompressibility for gas delivered and redelivered hereunder shall be made according to the provisions of AGA Report NX-19 as such publication may be revised from time to time, or of other reports and publications which are mutually acceptable to Seller and Transporter, on Customer's behalf, for the average conditions of pressure, flowing temperature and specific gravity at which the gas was measured during the period under consideration and with the proportionate values of carbon dioxide and nitrogen in the gas delivered and redelivered included in the computation of the applicable supercompressibility factors. Customer shall cause Transporter to exercise due diligence in obtaining initial carbon dioxide and nitrogen fraction values and to obtain subsequent value of these components quarterly or at other intervals mutually agreeable to Seller and Transporter, on Customer's behalf.
- 6.6 Assumed Atmospheric Pressure: The average absolute atmospheric (barometric) pressure shall be assumed to be fourteen and four-tenths pounds per square inch (14.4 psia) irrespective of actual elevation or location of the point of delivery above sea level or variations in actual barometric pressure from time to time.
- 6.7 Measuring Equipment: Unless otherwise agreed among Customer, Transporter, and Seller, the gas which Customer delivers or causes Transporter to deliver to Seller for storage hereunder and which Seller redelivers to Transporter for the account of Customer shall be measured by measuring equipment which Customer shall cause Transporter to own, install and operate at the Point of Injection/Withdrawal. Customer shall cause the measuring equipment to be of one-way flow design and of a type and kind generally accepted by the natural gas industry for the measurement of natural gas in accordance with the provisions of this Article hereof at the rates of flow and pressures expected to exist at the Point of Injection/Withdrawal. When orifice meters are used, they shall be of a type specified and recommended in AGA Report No. 3 as such publication may be revised from time to time or of other reports and publications which are mutually agreeable to Seller and Transporter, on Customer's behalf, and the construction and installation shall be in accordance with the recommendations and specifications set forth in said agreed to report.
- 6.8 Access to Measuring Equipment, Tests and Charts: Unless otherwise agreed among Customer, Transporter, and Seller, Customer shall cause Transporter to provide Seller with access to all measuring equipment at all reasonable hours, but the reading, calibrating and adjusting hereof and the changing of charts or such other measuring equipment shall be done by Transporter on behalf of Customer. Further, Customer shall cause Transporter to provide Seller the right to be present at the time of any installing, testing, reading, cleaning, changing, repairing, inspecting, calibrating or adjusting done in connection with the measuring equipment used in determining the volumes of deliveries and redeliveries hereunder, and to provide Seller with reasonable notice thereof in order that it may be present. The records and charts from such measuring equipment shall remain the property of Transporter but Customer shall cause Transporter to

provide, upon request, to Seller such records and charts, or reproductions thereof, together with calculations therefrom for inspection and verification. Original records or charts so submitted will be returned within thirty (30) days after receipt thereof. Additionally, Customer shall cause Transporter to give Seller the option to install at any time and at its own expense, such ancillary materials and equipment which will access measurement data on a real time basis and transmit such data to its operating location.

- 6.9 Check Measuring Equipment: Unless otherwise agreed among Customer, Transporter, and Seller, Customer shall cause Transporter to allow Seller to install, maintain and operate, at its own expense, such check measuring equipment as it shall desire at the Point of Injection/Withdrawal, and further cause Transporter to provide a suitable site therefore and allow Seller free access to and use of the site; provided that such equipment shall be so installed, maintained and operated as not to interfere with the operation or maintenance of Transporter's measuring equipment at the Point of Injection/Withdrawal. Customer or Transporter shall have free access to the check measuring equipment at all reasonable hours. The reading, calibrating and adjusting thereof and the changing of charts shall be done by Seller, but Customer or Transporter shall be given reasonable notice thereof. Customer shall cause Transporter to allow Seller to remove any of Seller's equipment at any time. It is expressly agreed that Customer or Transporter shall not be responsible or liable for the care or maintenance or for damage, unless due to the negligence of Customer and/or Transporter, to or regarding such check measuring equipment installed by or on behalf of Seller.
- 6.10 Failure of Measuring Equipment: Seller and Customer agree that if for any reason Transporter's measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered during the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available, using the first of the following methods which is feasible:
- (a) by using the registration of any check meter or meters if installed and accurately registering; or
 - (b) by using the registration of any storage field meter(s) if installed and accurately registering; or
 - (c) by correcting the error if the percentage or error is ascertainable by calibration, test or mathematical calculation; or
 - (d) by estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the measuring equipment was registering accurately.

- 6.11 Reasonable care shall be exercised in the installation, maintenance and operation of the measuring equipment so as to avoid any inaccuracy in the determination of the volume of Gas injected and withdrawn. The accuracy of all measuring equipment shall be verified by operator at reasonable intervals, and if requested, in the presence of representatives of the other party, but neither Seller nor Customer shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) Day period.

If either party at any time desires a special test of any measuring equipment, it will promptly notify the other party and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment. Transportation and related expenses involved in the testing of meters shall be borne by the party incurring such expenses.

The operator, for purposes of this section, shall be the owner of the equipment referenced herein, or the agent of such owner, or such other person as the parties may agree in writing.

- 6.12 Correction of Measuring Equipment Errors: unless otherwise agreed among Customer, Transporter, and Seller, Seller and Customer agree that if upon any test, Transporter's measuring equipment is found to be not more than two percent (2.0%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas, but such equipment shall be adjusted properly at once to record accurately. Seller and Customer further agree that if upon any test, Transporter's measuring equipment shall be found to be inaccurate by any amount exceeding two percent (2.0%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but if the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test.
- 6.13 The parties agree to preserve for a period of at least three (3) years or such longer period as may be required by public authority, all test data, charts, if any, and other similar records.
- 6.14 In accordance with the provisions of this Section 6 of the General Terms and Conditions, Seller will use the best information available to make its allocation of quantities upon the close of a service Month. For the purposes of this Section 6, "close" shall mean five (5) Business Days after the applicable service Month. To the extent that adjustments are made after the date of such close, such adjustments ("Prior Period Adjustments" or "PPA") shall be treated under this Section 6.14. If the PPA are due to the correction of measurement data or reallocation of volumes, such adjustments should be processed within six (6) Months of the applicable service Month. If the affected party disputes the as-adjusted quantity it is entitled to rebut the basis for the PPA, but only if it does so within three (3) Months of the processing of the as-adjusted quantity. Notwithstanding the above specified

deadlines for processing/rebutting PPA, such deadlines shall not apply in the case of deliberate omission or misrepresentation or mutual mistake or fact. Parties' other statutory or contractual rights shall not be diminished by this standard.

- 6.15 Improvements in Gas Measuring Techniques: If, at any time during the term hereof, a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, such new method or technique may be substituted upon mutual agreement of Seller and Transporter on Customer's behalf.

7. QUALITY

- 7.1 Heat Content. Heat content shall mean the gross heating value per cubic foot of Gas received or delivered hereunder. Such Gas shall have a heat content not less than 967 BTU per cubic foot nor more than 1100 BTU when determined on a dry basis. Seller shall have the right to waive such BTU content limits if, in Seller's sole opinion, Seller is able to accept Gas with a BTU content outside such limits without affecting Seller's operations.

For the purpose of calculating injections and withdrawals, the heat content of the Gas so determined at each such point shall be deemed to remain constant at such point until the next determination. The unit of quantity for the purpose of determining total heating value shall be one (1) cubic foot of anhydrous Gas at a temperature of sixty degrees (60) Fahrenheit and an absolute pressure of 14.73 psia, dry.

- 7.2 Freedom from Objectionable Matter. The Gas injected and withdrawn hereunder:
- (a) shall be commercially free, at prevailing pressure and temperature in Seller's equipment and facilities, from objectionable odors, dust or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters and other equipment and facilities of Seller.
 - (b) shall not contain more than twenty (.20) grains of hydrogen sulfide per one hundred (100) cubic feet of Gas, as determined by methods prescribed in Standards of Gas Service, Circular of the National Bureau of Standards, No. 405, page 134 (1934 edition), and shall be considered free from hydrogen sulfide (H₂S) if a strip, of white filter paper, moistened with a solution containing five percent (5%) by weight of lead acetate, is not distinctly darker than a second paper freshly moistened with the same solution, after the first paper has been exposed to the Gas for one and one-half (1-1/2) minutes in an apparatus of approved form, through which the Gas is flowing at the rate of approximately five (5) cubic feet per hour, the Gas from the jet not impinging directly upon the test paper; or the H₂S content may be determined by an instrument of approved type and by approved methods agreeable to the parties;
 - (c) shall not contain more than twenty (20) grains of total sulfur (including the sulfur in any hydrogen sulfide and mercaptans) per one hundred (100) cubic feet of Gas;
 - (d) shall not at any time have an oxygen content in excess of two-tenths of one percent (0.20%) by volume and every reasonable effort to keep the Gas free of oxygen;

- (e) shall not contain more than four percent (4%) by volume of a combined total of carbon dioxide and nitrogen components; provided, however, that the total carbon dioxide content shall not exceed three (3%) by volume.
- (f) shall have a temperature of not more than one hundred twenty degrees (120°) Fahrenheit;
- (g) shall have been dehydrated for removal of entrained water present therein in a vapor state, and in no event contain more than seven (7) pounds of entrained water per million cubic feet, at a pressure base of fourteen and seventy three hundredths (14.73) pounds per square inch and a temperature of sixty degrees (60°) Fahrenheit as determined by dew-point apparatus approved by the Bureau of Mines or such other apparatus as may be mutually agreed upon.
- (h) shall not contain polychlorinated biphenyls.

In the event Transporter is granted authority by the FERC to change the quality specifications set forth in its transportation tariff in a manner which materially differs from the quality specifications set forth in this tariff, then Seller agrees to waive the affected quality specifications of this tariff and to apply the approved quality specifications of the Transporter's tariff in substitution thereof. Customer shall notify Seller, in writing, within ten (10) days of approval by the FERC of any such changes to Transporters tariff.

- 7.3 Failure to Meet Specifications. Should any Gas Tendered for injection or withdrawal hereunder fail at any time to conform to any of the specifications of this Article, the affected party shall notify the other party of any such failure and the affected party may at its option suspend all or a portion of the receipt of any such Gas, and shall be relieved of obligations hereunder for the duration of such time as the Gas does not meet such specifications.
- 7.4 Notwithstanding anything herein contained to the contrary, if the gas delivered or redelivered hereunder fails at any time to conform to any of the specifications of this Article, including, but not limited to, failure at any time to have a Total Heating Value per Cubic Foot of at least nine hundred and sixty-seven (967) Btus, the party to whom such gas is being delivered or redelivered may notify the other party of such failure and may, at its option, reject further deliveries or redeliveries until the condition is corrected. Customer therefore authorizes Seller to refuse to accept deliveries from Transporter which do not conform to the specifications of this Article unless and until said deliveries are, in Seller's sole opinion, conformed to said standard. After receiving a notice hereunder, the party responsible for such failure shall immediately take all necessary steps to correct the condition and, upon completion thereof, shall resume deliveries and redeliveries in accordance with the terms and conditions of this Agreement. The remedies herein provided are in addition to any and all other remedies to which

either party may be entitled.

- 7.5 Commingling. It is recognized that Gas delivered to Seller by Customer will be commingled with other Gas stored hereunder by Seller. Accordingly, the Gas of Customer shall be subject to such changes in heat content as may result from such commingling and Seller shall, notwithstanding any other provision herein, be under no obligation to withdraw for Customer's account, Gas of a heat content identical to that caused to be delivered by Customer to Seller.

8. BILLING AND PAYMENT:

8.1 Billing. On or before the ninth (9th) Business Day following each Month, Seller shall render, (for purposes of this Section 8 1, "render" shall mean (a) postmarked or (b) time stamped and electronically transmitted via EDM to the designated site, whichever is applicable) an invoice to Customer setting forth the amount due for such Month under the applicable Rate Schedule(s). Seller's invoice shall be based on actuals (if available) or best available data. Quantities at points where OBAs exist shall be invoiced based on scheduled quantities. Seller may utilize estimates of the quantity of Gas received for injection from or Tendered to or for account of Customer during a Month, in place of actual quantities when actual quantities are not reasonably available; provided that adjustments shall be made in later invoices for differences between such estimated and actual quantities. Such invoice shall include credits for capacity assignment required by Section 7 of Rate Schedule FSS, if any.

When information necessary for invoicing purposes is in the control of Customer, Customer shall furnish such information to Seller on or before the third (3rd) Day following the Month.

Both Seller and Customer have the right to examine at reasonable times, books, records and charts of the other to the extent necessary to verify the accuracy of any invoice, charge or computation made under or pursuant to any of the provisions hereof.

8.2 Payment. Customer shall pay any invoice, on or before the tenth (10th) Day after the date of the invoice. Payments by Customer to Seller shall be made in the form of Wire Transfer directed to a bank account designated by Seller, unless otherwise agreed to by the parties. Customer shall identify the invoice number specified by Seller to which the payment relates. If Customer submits payment different from the invoiced amount, remittance detail must be provided with payment.

If rendition of an invoice by Seller is delayed after the ninth (9th) Business Day following the Month, then the time of payment shall be extended accordingly unless Customer is responsible for such delay. Should Customer fail to pay all of the amount of any invoice as herein provided when such amount is due, interest on the unpaid portion of the invoice shall accrue from the due date until the date of payment at a rate of interest equal to the prime rate plus two percent (2%) charged by Bank of New York Mellon, or any such successor bank as may result from a purchase or merger of Bank of New York Mellon, to responsible commercial and industrial borrowers, but which in no event shall be higher than the maximum rate permitted by applicable law. If such failure to pay continues for a period of thirty (30) days from the date of the original invoice, then Seller shall have the right to temporarily suspend service, then following thirty (30) Days prior written notice from Seller of its intent to abandon service under the Agreement, Customer shall be deemed to have consented to such abandonment of

service, unless within the thirty (30) Day period Customer pays to Seller the entire balance due with interest, and Seller, in addition to any other remedy it may have hereunder, may suspend further injection or withdrawal of Gas for Customer and may enter into Agreements to provide service to others using Customer's capacity and deliverability; provided, however, that if Customer in good faith shall dispute the amount of any such invoice or part thereof and shall pay to Seller such amounts not in dispute, accompanied by documentation supporting the basis for the dispute and, at any time thereafter within thirty (30) Days of a demand made by Seller, shall furnish a good and sufficient surety bond in an amount and with surety satisfactory to Seller or other assurance acceptable to Seller, guaranteeing payment to Seller of the amount ultimately found due upon such invoice after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Seller shall not be entitled to suspend further service or to terminate or abandon service under the Agreement unless and until default be made in the conditions of such bond. The foregoing shall be in addition to any other remedies Seller may have, at law or in equity, with respect to Customer's failure to pay the amount of any invoice, including, but not limited to, the imposition of carrier liens on gas stored by Honeoye, provided such imposition of carrier liens is permitted under the laws of New York.

- 8.3 Adjustment of Invoicing Errors. Subject to the provisions of Section 6 of these General Terms and Conditions, if it shall be found that at any time or times Customer has been overcharged or undercharged and Customer shall have actually paid the invoice containing such charges, then within thirty (30) Days after the final determination thereof, either Seller shall refund the amount of any such overcharge or Customer shall pay the amount of any such undercharge. In the event an error is discovered in the amount invoiced in any invoice rendered by Seller, such error shall be adjusted within thirty (30) Days of the determination thereof, provided that claim therefor shall have been made within thirty (30) Days from the date of discovery of such error, but in any event within six (6) Months from the date of such invoice. The party receiving such request for adjustment shall have three (3) Months to rebut such claim; otherwise the invoice shall be adjusted as requested. The preceding time limits do not apply to deliberate omission or misrepresentation or mutual mistake of fact or government required rate changes. The parties' statutory or contractual rights shall not otherwise be diminished by this Section. If the parties are unable to agree on the adjustment of any claimed error, any resort by either of the parties to legal proceedings shall be commenced within fifteen (15) Months after the supposed cause of action is alleged to have arisen, or shall thereafter be forever barred.

8.4 BILLING ADJUSTMENT FOR RATE SCHEDULE WITHDRAWAL PENALTY AND/OR SALE OF WORKING STORAGE GAS.

- (a) Billing Adjustment. A billing adjustment shall be made to non-offending Customers' bills crediting all revenues collected by Seller, net of costs, as a result of gas left in storage after termination of FSS, PNFSS, ISS, or

PAL storage service agreements and or Late Withdrawal Rate collected pursuant to FSS, PNFSS, ISS, or PAL storage service agreements. A pro rata allocation pursuant to this Section 8.4 of such revenue will be credited to each non-offending Customer, and will appear on the invoice for the next Month's business following actual receipt by Seller of such revenues. Seller shall have ninety (90) Days from the end of the Month, in which such Penalty Gas was retained, to sell the Penalty Gas or, if authorized to purchase the Penalty Gas for use as cushion gas. The Penalty Gas shall be sold as near as practical to the market rate existing at the time the Penalty Gas is sold. If sale of Penalty Gas is made to an affiliate of Seller or purchased by Seller, Seller shall sell or purchase such Penalty Gas at no less than the Niagara spot market price on the Day of such sale.

- (b) Allocation Base. Customers will receive a pro rata allocation of net penalty revenue, based upon the following allocation base:
- (1) Non-offending Rate Schedule FSS or PNFSS Customers: The Maximum Storage Quantity such Customers had a right to store in the Month Withdrawal Penalty invoked; and
 - (2) Non-offending Rate Schedule ISS or PAL Customers: The Average Monthly Storage Volume the Customer stored in the Month Withdrawal Penalty invoked.
- (c) Monthly Credit. Each Customer will receive a Monthly Credit based upon the formula

$X (Y / Z)$, where:

- X = Total net Penalties collected by Seller in a Month
Y = The Customer's allocation base derived in accordance with Section 8.4(b) above; and
Z = The Sum of all of Customers' allocation bases derived in accordance with Section 8.4(b) above.

8.5 INVOICING OF PRODUCER CERTIFIED GAS CUSTOMERS.

- (a) Producer Certified Gas ("PCG") Invoicing Option. This PCG Invoicing Option is available to Customers who are customers of Tennessee Gas Pipeline Company, L.L.C.'s ("Tennessee") and have met the requirements as determined by Tennessee to utilize the Producer Certified Gas Pooling Service Option under Tennessee's Rate Schedule SA (each such Customer a "Tennessee PCG Customer").
- (b) Creation, Tracking of PCG Account. To utilize the PCG Invoicing Option, a Tennessee PCG Customer who has provided notice pursuant to paragraph (d) below may notify Seller through Seller's EBB or other

agreed upon method that with respect to a scheduled and confirmed injection into Seller's facilities that all or a portion of such injection is Gas that has been certified pursuant to Tennessee's Rate Schedule SA ("PCG Designated Gas"). Seller will maintain records of amounts in Dekatherms of such PCG Designated Gas held in storage for each Customer. A Customer's PCG Designated Gas amount may not exceed its Maximum Storage Quantity, and a Customer may not credit its account of PCG Designated Gas on a Day by amounts beyond its scheduled and confirmed injection quantities pursuant to its Agreement for such Day. A Tennessee PCG Customer with a positive PCG Designated Gas account balance may notify Seller pursuant to this Section 8.5 that with respect to a scheduled and confirmed withdrawal from Seller's facilities on a Day, that all or a portion of such withdrawal shall be debited against amounts of PCG Designated Gas credited on its behalf. A Customer may not maintain a negative balance of PCG Designated Gas, and a Customer may not debit its account of PCG Designated Gas on a Day by amounts beyond its scheduled and confirmed withdrawal quantities pursuant to its Agreement for such Day. With respect to a scheduled and confirmed flows on a given Day, Tennessee PCG Customer shall provide notice to Seller of amounts of PCG Designated Gas by 9:00 a.m. Central Clock Time at the end of the Gas Day.

- (c) Fuel and Other Charges; Effect on Obligations. The invoicing herein of PCG Designated Gas shall not relieve Tennessee PCG Customer of any obligations, including without limitation fuel charges, use charges, or other charges in the Agreement. Thus, it is Customer's obligation to schedule and store sufficient Gas to maintain its accounting of PCG Designated Gas. The invoicing of PCG Designated Gas shall not have any effect on a Tennessee PCG Customer's contract, or its contract quantities under its Agreement, nor shall it impose any obligation of service upon Seller beyond invoicing of PCG Designated Gas as described in this Section 8.5. Tennessee PCG Customer indemnifies and holds Seller harmless for any claims related to or arising from the transfer or certification of PCG Designated Gas.
- (d) Invoicing. Upon written notice by a Tennessee PCG Customer that it desires to utilize the PCG Invoicing Option, Seller will include in such customer's invoice rendered pursuant to Section 8.1 of these General Terms and Conditions a statement of the amounts of PCG Designated Gas held in storage for such customer for each Month thereafter, including new credits and debits for the Month.
- (e) Records. Records related to accounting and invoicing under the PCG Invoicing Option will be maintained in a manner consistent with other Customer billing records.

9. FORCE MAJEURE

- 9.1 Definition. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to tornadoes or tornado warnings), crevasses, floods, washouts; arrests and restraints of the government, either Federal or State, civil or military or civil disturbances. Relative to Seller's service and solely to the operation of its system, force majeure shall also mean shutdowns for purposes of necessary repairs, relocation, or construction of facilities; breakage or accident to machinery, wells or lines of pipe or casings; testing (as required by governmental authority or as deemed necessary by Seller for the safe operation of the underground storage reservoir and facilities required to perform the service hereunder), the necessity of making repairs or alterations to machinery or lines of pipe; failure of wells, surface equipment or pipe lines, well or line freeze ups; accidents, breakdowns, inability to obtain necessary materials, or supplies or permits, or labor or land rights to perform or comply with any obligation or condition of this Agreement; and any other causes, whether of the kind herein enumerated or otherwise which are not reasonably in Seller's control. It is understood and agreed that the settlement of strikes or lockouts or controversies with landowners involving rights of way shall be entirely within Seller's discretion and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts or controversies with landowners involving rights of way by acceding to the demands of the opposing party when such course is inadvisable in the discretion of Seller.
- 9.2 Force Majeure. If by reason of force majeure either party hereto is rendered unable, wholly or in part, to carry out its obligations under this Agreement, it is agreed that on such party giving notice in full particulars of such force majeure in writing to the other party within a reasonable time after the occurrence of the cause relied on, the party giving such notice, so far as and to the extent that it is affected by such force majeure, shall not be liable in damages during the continuance of any inability so caused, but for no longer period, and such cause shall so far as possible be remedied with all reasonable dispatch.
- 9.3 Limitations. Such force majeure affecting the performance hereunder by either Seller or Customer, however, shall not relieve such party of liability in the event of concurring negligence or a failure to use due diligence to remedy the force majeure situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve Customer, in whole or in part from its obligations to pay the monthly charges provided for in Section 8 of these General Terms and Conditions.

10. PRIORITY OF SERVICE REQUESTS AND SERVICE AGREEMENTS

10.1 Open Season.

- (a) Notice of open season. Prior to or upon the initial availability of FSS, PNFSS, ISS, and PAL services, Seller shall post notice of the open season on its EBB and informational postings website, at least one (1) day prior to the commencement of the open season. Such notice shall set forth when the open season begins and ends, where interested parties may submit requests for firm or interruptible services, the minimum rates Seller will accept for the available service, and how interested parties may obtain forms for requesting service and additional details about the open season. Upon the termination of FSS, PNFSS, ISS and/or PAL agreements Seller shall make further postings on its EBB and informational postings website of the available storage services.
- (b) Duration. The open season shall commence at the time and day specified and for the term indicated in the notice of open season. If, subsequent to an open season any firm capacity remains unsubscribed, Seller shall be permitted to enter into a service agreement with a qualified customer without the need to commence another open season. During this time Seller will accept requests for the service that is available.
- (c) Execution of agreements. A Customer allocated service in an open season shall be required to execute service agreement(s) for firm service within fifteen (15) days following the close of the open season if the Agreement differs from Customer's request for service, or within ten (10) days if the agreement is identical to Customer's request for service, or forfeit the service that has been allocated to it.

10.2 Firm Storage

- (a) This section sets forth the procedure for allocating firm storage capacity that becomes available other than through Section 10.1, the Right of First Refusal procedure set forth in Section 10.2(b), or the capacity release provisions of Rate Schedule FSS. Firm storage capacity subject to the allocation procedure set forth herein includes any firm storage service that becomes available on Seller's system, now or in the future, including firm storage service performed under Part 157 for which abandonment authority has been sought or obtained. In the event that firm storage capacity becomes available on Seller's system, Seller shall post on its EBB and informational postings website all relevant terms and conditions pertaining to such capacity and will solicit bids for at least ten (10) business days. Seller shall evaluate and determine the best bid in a non-discriminatory manner designed to allocate the capacity to the customer who values it the most over the term selected by Seller. Notwithstanding

the foregoing, nothing herein shall require Seller to provide service at any rate that does not, in Seller's sole judgment, yield an acceptable return to Seller. Moreover, Seller shall not be required to enter into Service Agreements with terms of more than one year unless Customer has a long-term debt rating of at least Baa3 according to Moody's Investor Service or BBB- according to Standard & Poor's Corporation or unless all obligations to Seller are guaranteed by a person with a long term debt rating equal to or greater than that stated above. In the event two or more bids with equal economic values are received for combined capacity in excess of the quantity of available firm capacity, the capacity will be allocated ratably on the basis of the quantities bid.

b) Right of First Refusal:

Contractual Right of First Refusal at End of Contract Term. Seller may discontinue service to Customer at the end of a primary term of an FSS Agreement with a primary term beginning after April 1, 2007, unless (i) Seller and Customer mutually agree to a contractual right of first refusal, which shall be negotiated on a not unduly discriminatory basis, and (ii) Customer exercises its contractual right of first refusal for the capacity covered by the FSS Agreement by matching the terms offered to Seller for such capacity by any qualified prospective successor customer during an open season conducted in accordance with the General Terms and Conditions of Seller's currently effective tariff.

c) Exercise of Right of First Refusal

- (i) Not less than three (3) months prior to the termination or expiration of an FSS Agreement subject to a negotiated right of first refusal an open season will be held for the purpose of awarding the capacity that is to become available upon such FSS Agreement's termination or expiration. This open season will be conducted pursuant to the terms and conditions set forth in the General Terms and Conditions of Seller's currently effective tariff.
- (ii) Bids from qualified successor customers who desire, in whole or in part, the capacity to be made available upon the expiration or termination of such FSS Agreement must be received by Seller no later than thirty (30) days after commencement of the open season. Upon expiration of the open season, Seller will select the highest acceptable bid received from a qualified successor customer and, within three (3) Business Days of such selection, communicate the terms of the highest acceptable bid to the current capacity holder, who may elect, within ten (10) Business Days or such greater time as Seller may specify, to execute a renewal FSS Agreement upon the same terms, whether for a part or the entirety of the capacity

subject to the current holder's right of first refusal. The current capacity holder's right of first refusal under this Section shall attach irrespective of which party provides written notice of termination of the current capacity holder's existing Service Agreement. In determining which bid for the capacity is the highest, Seller will use the evaluation method specified in the notice of the open season posted on its Internet Website.

- (iii) If the current capacity holder does not elect to match the terms of such highest acceptable bid or the current capacity holder and Seller do not agree on terms of service pursuant to Section 8.3 below, then its FSS Agreement will expire at the conclusion of its term and Seller will be deemed to have all necessary abandonment authorization under the NGA with respect to such service. Seller may enter into a new FSS Agreement with the qualified successor customer who submitted the highest acceptable bid.
 - (iv) Seller shall retain the right to require a minimum rate, which shall be market-based, for bids during any such open season.
- d) If during the open season, Seller receives no bids or rejects all bids, Seller will post the capacity as unsubscribed capacity and Seller and the current capacity holder may negotiate for continuation of service under mutually satisfactory rates, terms, and conditions. During such negotiations with the current capacity holder, or in the event that the current capacity holder declines to negotiate for continuation or service, Seller may also enter into negotiations with other potential Customers for services to commence upon the effective date of the termination of the current capacity holder's FSS Agreement. In no event, however, may the current capacity holder retain capacity subject to the right of first refusal at a rate lower than the highest rate contained in a bid, if any, that has been submitted for such capacity by a qualified prospective successor Customer during the open season but rejected pursuant to Section 10.2(c)(ii) of the General Terms and Conditions of Seller's currently effective tariff.
- (e) Priority of Firm Storage Under Agreements: All firm Storage Service Agreements under Rate Schedule FSS shall have equal priority as to service, and shall have priority over Priority Non-Firm and Interruptible Storage Services under Rate Schedules PNFSS, ISS or PAL. Service under FSS, PNFSS, ISS, and PAL shall have priority over Overrun Service.

10.3 Priority Non-Firm, Interruptible and Overrun Storage

- (a) Priority of Nominations For Priority Non-Firm and Interruptible Service: Seller, in determining the allocation of interruptible service capacity on any Day among Customers which have nominated quantities of service

desired on such Day under Rate Schedules PNFSS, ISS or PAL shall be assigned the order of priority of such service on the basis that the highest rate offered for such service shall be accorded the highest priority. If more than one nomination or request for Priority Non-Firm or Interruptible Storage Services under Rate Schedules PNFSS, ISS or PAL on a Day includes an offer of the same rate, then the order of priority as among such nominations or requests shall be the same, and if the available capacity is insufficient to provide the full level of service proposed in such nominations or requests, the service provided shall be allocated among such Customers pro rata based on the quantities nominated or requested.

- (b) A Customer desiring service under Rate Schedules PNFSS, ISS or PAL shall submit to Seller, at least one (1) business Day prior to the start of such service, the rate that such Customer is willing to pay for such service. The rate submitted by Customer pursuant to the above provision shall be used to determine priority among nominations on each Day. Once Customer's nomination is accepted, and priority is assigned thereto pursuant to this section, such priority shall not be changed by the execution of new PNFSS, ISS or PAL Agreements during the day for service under Rate Schedules PNFSS, ISS or PAL.
- (c) Notwithstanding the provisions of this Section 10.3, if a Customer under Rate Schedules PNFSS, ISS or PAL fails to submit a timely nomination for service for a Day, pursuant to the schedule for Standard Nominations under Section 4.1(c) of these General Terms and Conditions, for such service, then such Customer's priority for such service for that Day, shall be changed to a ranking below that of all other Customers who have made such timely nominations for service.

10.4 Overrun Service

All requests for overrun Service under Rate Schedules FSS, PNFSS, ISS or PAL shall rank in priority below requests for service that are within the Customers' respective Maximum Storage Quantities. If some, but not all, overrun service requests can be satisfied, the service shall be allocated pro rata to the Maximum Storage Quantities of the Customers requesting the overrun service.

10.5 Communications

In offering service from time to time pursuant to this Section 10, to a Customer under an Agreement, Seller may deem any offer made by telephone or other instant communication method to have been refused if acceptance thereof is not communicated to Seller within six (6) normal working hours after such offer, or as otherwise agreed to by the parties.

10.6 Extension of Service Agreements

Prior to the expiration of the term of a Service Agreement and prior to Honeoye posting the availability of capacity under this Section 10, Honeoye and Customer may mutually agree to an extension of the term of the Service Agreement (the exact length and terms of which is to be negotiated on a case-by-case basis, in a not unduly discriminatory manner).

10.7 Early Termination of Service Agreements

Honeoye may, in a not unduly discriminatory manner, agree with Customer to terminate its Service Agreement prior to the expiration date if Customer and Honeoye enter into a financial settlement to pay an exit fee that is sufficient, taking into account the remaining term of the Service Agreement and the value and liquidity of the capacity subscribed under the Service Agreement being terminated or reduced, to make the termination or reduction financially beneficial in Honeoye's reasonable judgment.

An agreement to terminate a Service Agreement hereunder shall not constitute a material deviation from the applicable form of service agreement.

11. MISCELLANEOUS

- 11.1 Responsibility for Gas. Upon receipt of Gas to be stored Seller shall be in exclusive control and possession of such Gas, until the Equivalent Quantities of Gas have been delivered for the account of Customer after which Customer shall be in exclusive control and possession of such Gas.
- 11.2 Warranty. Customer or Replacement Customer warrants for itself, its successors, and assigns, that it has, or will have, at the time of delivery of the Gas for injection hereunder good title to such Gas and/or good right to cause the Gas to be delivered to Seller for Storage. Customer or Replacement Customer warrants for itself, its successors, and assigns, that the Gas it warrants hereunder shall be free and clear of all liens, encumbrances or claims, that it will indemnify and save Seller harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are directly applicable to such delivery of Gas and that it will indemnify and save Seller harmless from all taxes or assessments which may be directly levied and assessed upon such delivery and which are by law payable and the obligation of the party making such delivery.
- 11.3 Waivers. No waiver by either Seller or Customer of any one or more defaults by the other in the performance of any provisions hereunder shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character. Seller shall retain the right to waive, with respect to Customer, any Section of these General Terms and Conditions and Rate Schedules FSS, PNFSS, ISS, and PAL if Seller does so in a non-discriminatory manner.
- 11.4 Assignments. Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of Customer or of Seller, as the case may be, shall if eligible be entitled to the rights and shall be subject to the obligations of its predecessor in title under the service agreement(s) between Seller and Customer. Either Seller or Customer may assign any of its rights or obligations under its service agreement(s) to a financially responsible corporation with which it is affiliated at the time of such assignment. Furthermore, Seller may, as security for its indebtedness, assign, mortgage or pledge any of its rights or obligations under its service agreement(s), including its rights to receive payments, to any other entity, and Customer will execute any consent agreement with such entity and provide such certificates and other documents as Seller may reasonably request in connection with any such assignment. Customer also may assign or pledge its service agreements under the provisions of any mortgage, deed of trust, indenture or similar instrument which it has executed or may hereafter execute covering substantially all of its properties. Otherwise, except as provided in Section 7 of Rate Schedule FSS, or except as mandated by Section 284.242 of the Regulations of the Commission, neither party shall assign its service agreement(s) or any of its rights thereunder unless it first

shall have obtained the consent thereto in writing of the other party.

11.5 Creditworthiness. Seller shall not be required to commence service or, subject to the following provisions, to continue to provide service and may terminate a Agreement with any Customer under Rate Schedule FSS and/or Service Agreements under Rate Schedules PNFSS, ISS, or PAL if:

- (1) Customer is or has become insolvent;
- (2) Customer has applied for bankruptcy under Chapter 11 of the Bankruptcy Code, or a similar state bankruptcy statute;
- (3) Customer, when requested by Seller to demonstrate creditworthiness, fails to do so in Seller's reasonable judgment, in light of previous payment experience and changes thereto and the prudent credit analysis of information available; provided, however, that any such Customer that is receiving service shall continue to receive service for a period of fifteen (15) Days after written notice by Seller of any such circumstance, and shall continue thereafter to receive service if, within such fifteen (15) Day notice period, such Customer:
 - (i) deposits with Seller and maintains, on account, an amount which would be due for three (3) Months service at the full contract quantities set forth in the Service Agreement; or
 - (ii) furnishes good and sufficient security, which may include an acceptable standby letter of credit, or monthly prepayment agreement or other security as reasonably determined by Seller, of a continuing nature and in an amount equal to such amounts which would be due for service. If such payment on account or payment security is not received within such fifteen (15) Day notice period, Seller may, without waiving any rights or remedies it may have, suspend further service for a period of ten (10) Days. If such payment on account or a payment security is not received within such ten (10) Day suspension period, then Seller shall no longer be obligated to continue to provide service to such Customer.

Seller shall not be required to commence service, or subject to the following provisions, to continue to provide service and may terminate a Service Agreement with any Customer under Rate Schedule FSS having a term of more than one year if Customer, or its guarantor, fails to maintain a long-term debt rating issued by either Moody's Investors Service, or Standard and Poor's Corporation, or Customer's, or its guarantor's, long-term debt rating issued by Moody's Investors Service or Standard and Poor's Corporation falls below a rating of at least Baa3 according to Moody's Investors Service or BBB- according to Standard & Poor's Corporation; provided, however, that any such Customer that is receiving service

shall continue to receive service for a period of thirty (30) days during which Customer shall have the ability to:

- (1) attain minimum long-term debt ratings as described above; or
- (2) secure a guarantee by a person with a minimum long-term debt rating as described above, provided further, if Customer should fail to meet the requirements set forth within the thirty (30) day period, Seller shall have the right to market the capacity underlying the Service Agreement(s) in question to other customers meeting the requirements as set forth herein.

- 11.6 Interpretation of Laws. Any Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New York.
- 11.7 Regulations. Any Agreement, and all terms and provisions herein, and the respective obligations of the parties thereunder are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.
- 11.8 No Third-Party Beneficiary. It is expressly agreed that there is no Third-Party Beneficiary to any Agreement, and that the provisions of any Agreement and these General Terms and Conditions do not impart enforceable rights in anyone who is not a party or successor or assignee of any party to an Agreement herein.
- 11.9 Liability. Except as otherwise provided elsewhere in this tariff, neither Seller nor Customer shall in any event be liable to the other for any special, punitive, incidental, consequential (including loss of profits), or indirect damages, whether arising in contract, or tort; provided, however, that the foregoing shall not limit Seller's liability, if any, to Buyer, nor Buyer's liability, if any, to Seller, arising out of gross negligence, willful misconduct, or bad faith actions; and provided further that nothing in this paragraph shall limit Seller's liability, if any, to Buyer, nor Buyer's liability, if any, to Seller, for direct damages.
- 11.10 Counterparts. Any Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.
- 11.11 Heading. The headings contained in any Agreement are for reference purposes only and shall not affect the meaning or interpretation of any Agreement.
- 11.12 Seller has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.2, which are required by the Commission in 18 C.F.R. Section 284.12 (a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

Standards not Incorporated by Reference and their Location in Tariff:

<u>NAESB Standard</u>	<u>Tariff record</u>
1.3.2(i-vi)	12-GT&C Sec. 4 Nominations, Scheduling & Allocation
5.3.2	6-Rate Schedule FSS
5.3.44	6-Rate Schedule FSS

Standards Incorporated by Reference:

Additional Standards:

General:

Definitions:

0.2.5

Standards:

0.3.1, 0.3.2, 0.3.16, 0.3.17

Creditworthiness:

Standards:

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

Operating Capacity and Unsubscribed

Standards:

0.3.18, 0.3.20, 0.3.21, 0.3.22

Data Sets:

0.4.2; 0.4.3

Gas/Electric Operational Communications:

Definitions:

0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:

0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Location Data Download:

Standards:

0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Data Set:

0.4.4

Storage Information

Data Sets:
0.4.1

Nominations Related Standards:

Definitions:
1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards:
1.3.1, 1.3.3, 1.3.4, 1.3.5, 1.3.6, 1.3.7, 1.3.8, 1.3.9, 1.3.11, 1.3.13, 1.3.14, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.19, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.48, 1.3.51, 1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

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

Flowing Gas Related Standards:

Principles (Optional):
2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6

Definitions:
2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards:
2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.14, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.26, 2.3.27, 2.3.28, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

Data Sets:
2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17, 2.4.18

Invoicing Related Standards:

Definition:
3.2.1

Standards:
3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.15, 3.3.16, 3.3.17, 3.3.18, 3.3.19, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.3.27

Data Sets:
3.4.1, 3.4.2, 3.4.3, 3.4.4

Quadrant Electronic Delivery Mechanism Related Standards:

Definitions:

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

Standards:

4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.109, 4.3.110

Capacity Release Standards:

Definitions:

5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5

Standards:

5.3.1, 5.3.3, 5.3.4, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.13, 5.3.14, 5.3.15, 5.3.16, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 5.3.26, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.45, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.55, 5.3.56, 5.3.57, 5.3.58, 5.3.59, 5.3.60, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

Data Sets:

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

Internet Electronic Transport Related Standards:

Definitions:

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38, 10.2.39

Standards:

10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27, 10.3.28, 10.3.29

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

NAESB Standard

Waiver or Extension of Time

None

None

12. FACILITIES:

Unless otherwise agreed to by the parties, Seller shall not be required to own, construct and install any additional facilities to perform the service requested by Customer. In the event Seller agrees to own, construct and install additional facilities to perform the service requested by Customer including, but not limited to, hot tap, processing, measurement, injection/withdrawal wells, gathering system pipe line looping and/or compression facilities, Customer shall reimburse Seller for all Seller's costs associated therewith either on a lump sum or incremental fee basis as agreed to by the parties.

13. ELECTRONIC BULLETIN BOARD

Seller has established an EBB that will be available through subscription, to any existing or potential Customer on Seller's system. The EBB shall contain information relevant to the availability of capacity on Seller's system. The EBB will be provided via Internet at "www.honeoyestorage.com". Access is available to any party upon execution of an EBB Subscription Form; copies of the EBB Subscription Form are available on request by telephoning (585) 229-5161. Seller shall notify Customer of any change to its EBB procedures. Seller may also charge a fee to users of the EBB to recover variable costs associated with the EBB.

Seller shall maintain daily backups of all storage transactional files and archive them for a period of three (3) years pursuant to Commission regulations, and shall allow any customer access to such historical information, for a reasonable fee, within a reasonable period of any such request.

14. RESPONSIBILITY FOR ASSOCIATED TRANSPORTATION

The transportation of quantities to be stored hereunder to and from the Point of Injection/Withdrawal is solely the Customer's responsibility.

15. TITLE TRANSFERS OF GAS IN STORAGE

15.1 A Customer may transfer Working Storage Gas to any other Customer under a Rate Schedule either firm or interruptible, if:

- (a) Both purchaser and seller of the Working Storage Gas provides Seller with verification of the transfer in writing; and
- (b) The transfer does not cause either Customer to exceed its Maximum Storage Quantity, as specified in the respective Customer's Service Agreement, and
- (c) The transfer does not impair Seller's current or future operations or cause Seller to curtail any current or future service to firm Customers or have an adverse financial impact on Seller.

15.2 Seller will recognize the transfer for purposes of computing available Working Storage Gas and applicable Injection and Withdrawal Quantities on a prospective basis within twenty-four (24) hours after receiving the written verification required by Section 15.1(a).

16. OPERATIONAL FLOW ORDER (“OFO”)

16.1 General. Seller, in its discretion, shall have the right to issue OFO’s when in its judgement it is necessary to maintain or restore the operational integrity of Seller’s storage system. Seller will not be required to issue an OFO:

- (a) to redeliver Gas to any Customer that has not nominated and delivered equivalent quantities of gas to Seller’s storage system; or
- (b) to any other pipeline in order to obtain access to quantities of Gas, except to the extent that such quantities of Gas are being transported by such pipeline for the account of a Customer.

Seller shall not be required to respond to any OFO that it receives from an interstate pipeline that is not currently providing equivalent quantities and pressures of Gas to Seller.

16.2 Forms of OFO’s. An OFO may:

- (a) enable Seller to take or require any other actions as may be deemed necessary by Seller in its judgement in order to maintain the operational integrity of Seller’s storage system.

16.3 OFO Operations Conditions. OFO’s may be issued in any of the following circumstances:

- (a) to alleviate conditions that threaten the operational integrity of Seller’s storage system; or
- (b) to maintain minimum necessary pressures for storage operations.

The OFO will remain in effect until the operational condition requiring its issuance has been remedied.

16.4 OFO NOTICE, CONTENTS AND PROCEDURES. Seller shall issue an OFO as expeditiously as is reasonably practicable in the circumstances, utilizing electronic communication, (information transmitted via Seller’s EBB, electronic delivery mechanism prescribed by NAESB or other mutually agreed communication methodologies used to transmit and receive information, including communication by telephone). Seller shall post and provide Customers with updated information concerning the status of operational variables related to the OFO as soon as it is available. Each OFO will contain the following provisions:

- (a) time and date of issuance;

- (b) time that the OFO is considered to be effective (if no time is specified, the OFO shall be effective immediately);
- (c) duration of the OFO (if none is specified, the OFO will be effective until further notice);
- (d) the party or parties receiving the OFO;
- (e) the quantity of Gas required to remedy the operational condition requiring the issuance of the OFO; and
- (e) any other terms Seller may reasonably require to ensure the effectiveness of the OFO.

16.5 Failure to Comply with OFO. If Customer or agent fails to comply with the terms of an OFO, for any reason other than force majeure on an upstream or downstream pipeline, such Customer shall be: (a) liable for any damages including, but not limited to direct, consequential, and exemplary or punitive damages incurred by Seller or any other affected party as a result of such failure. Notwithstanding anything to the contrary in this Section 16.5, if Customer is required to make a nomination pursuant to an OFO, unless critical circumstances dictate otherwise, no damages and/or penalties will be assessed unless Customer is given the opportunity to correct the circumstances giving rise to the OFO.

16.6 Seller's Liability for OFO's. Seller shall not be liable to any person for any costs, damages or other liability associated with the issuance of, or the failure to issue, any OFO's, provided, however, Seller shall be liable for acts of negligence or undue discrimination, such standards to be judged in light of the emergency conditions under which OFO's are issued.

17. System Inventory Management

In the event that Seller is required to buy or sell natural gas in order to manage its system, Seller may post its need to buy or sell gas on its informational postings website and EBB. Included in such posting shall be:

- (a) the quantity of gas to be sold or purchased;
- (b) any minimum quantity for bidding;
- (c) the date and time when all bids shall be due;
- (d) the date(s) when such gas shall be sold or purchased;
- (e) any minimum or maximum daily quantity to be sold or purchased;
- (f) the point where the gas will be sold or purchased; and
- (g) the criteria to be used by Seller in evaluating and selecting bids.

18. OFF-SYSTEM PIPELINE CAPACITY

From time to time, Seller may enter into transportation and/or storage agreements with other interstate or intrastate pipeline or storage companies (“off-system pipelines”). In the event that Seller acquires capacity on an off-system pipeline, Seller will use such capacity for operational reasons or to render service for its Customers. In the event that Seller uses off-system pipeline capacity to render service for its Customers, it will only render service to Customers on the acquired capacity pursuant to Seller’s FERC Gas Tariff and subject to Seller’s approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this Section 18, the “shipper-must-have-title” requirement is waived.