Great Lakes Gas Transmission Limited Partnership
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November 1, 2024

Ms. Debbie-Anne Reese, Acting Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Great Lakes Gas Transmission Limited Partnership
Change in FERC Gas Tariff
Docket No. RP25-_____-000

Dear Ms. Reese:

Pursuant to Section 4 of the Natural Gas Act ("NGA") and Part 154 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations,[1] Great Lakes Gas Transmission Limited Partnership ("Great Lakes") submits for filing revised tariff sections[2] to be part of Great Lakes' FERC Gas Tariff, Third Revised Volume No. 1 ("Tariff"). Great Lakes is proposing to update the creditworthiness provisions and modify the bid evaluation methodology within its Tariff, as further described below. Great Lakes respectfully requests that the Commission accept the revised tariff sections, included herein as in Appendix A, to become effective December 1, 2024.

Correspondence

The names, titles and mailing address of the persons to whom correspondence and communications concerning this filing should be directed are as follows:

[1] 18 C.F.R. Part 154 (2024).
[2] Tariff sections are listed in Appendix A, attached hereto.

John P. Ryan* Senior Legal Counsel Great Lakes Gas Transmission Limited Partnership 700 Louisiana Street, Suite 1300 Houston, Texas 77002-2700 Tel. (832) 320-5879 E-mail: john_ryan@tcenergy.com	Sorana Linder Director, Rates, Tariffs & Modernization Jonathan Scullion* Manager, Tariffs Great Lakes Gas Transmission Limited Partnership 700 Louisiana Street, Suite 1300 Houston, Texas 77002-2700 Tel. (832) 320-5520 E-mail: jonathan_scullion@tcenergy.com

* Persons designated for official service pursuant to Rule 2010.

Statement of Nature, Reasons and Basis for Filing

Overview

Great Lakes is proposing to update the creditworthiness provisions in Sections 6.26 (Creditworthiness of Shipper) and Section 6.9.4 (Failure to Pay) of its Tariff to make credit-related modifications as further described below. The proposed revisions will mutually serve both Great Lakes and its Shippers through the implementation of clear and concise creditworthiness requirements that will assist in streamlining the evaluation of creditworthiness for a new and existing Shippers. Further, Great Lakes' proposed changes are consistent with the Commission's June 16, 2005 Creditworthiness Policy Statement issued under Docket Nos. PL05-8-000 and RM04-4-000.[3]

The proposed creditworthiness modifications: 1) modify the creditworthiness standard to an unenhanced senior unsecured debt rating of either BBB- by S&P Global Market Intelligence LLC ("S&P") or Baa3 by Moody's Investors Service, Inc. ("Moody's"); 2) remove the rating agency verification, tangible net worth, and acceptable outlook opinion requirements; 3) modify the other information Great Lakes may consider in making its creditworthiness determination; 4) update financial assurance descriptions and requirements and present such requirements for all services in an organized table format; 5) update and clarify the notice provisions for a shipper's failure to

[3] *Creditworthiness Standards for Interstate Nat. Gas Pipelines; Policy Statement on Creditworthiness Issues for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding*, 111 FERC ¶ 61,412 (2005) ("Creditworthiness Policy Statement").

meet creditworthiness; and 6) clarify and/or modify certain provisions and references affected by the foregoing creditworthiness proposal.

Great Lakes respectfully requests that the Commission accept the tariff sections included herein as Appendix A to become effective December 1, 2024.

Section 6.26.1 – Creditworthiness of Shipper

Great Lakes' current creditworthiness requirements are primarily set forth in Section 6.26. In the instant filing, Great Lakes proposes to modify the language within Section 6.26 with consistent application of the objective criteria across all affiliate pipeline assets. Each proposed subsection is described in greater detail below.

Criteria for Creditworthiness Determination

Consistent with the Creditworthiness Policy Statement, which reaffirms the Commission's policy that *"...pipelines must establish and use objective criteria for determining creditworthiness*,"[4] Great Lakes proposes to modify the current objective standard for determining a shipper's creditworthiness within subparagraph (B) of Section 6.26.1 based upon a minimum investment grade rating of a Shipper's unenhanced senior unsecured debt of BBB- by S&P or Baa3 by Moody's.[5] In the event a split rating occurs between the rating agencies, Great Lakes will rely upon the lower of the ratings. The use of S&P and Moody's ratings is consistently approved by the Commission in other pipeline tariffs.[6]

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[4] Creditworthiness Policy Statement, P 10.

[5] *Destin Pipeline, L.L.C*., 177 FERC ¶ 61,126 at P 14 (2021) (finding a protest concerning the use of the lower of the two credit agencies' ratings to be without merit since the Commission has provided pipelines with discretion to use the criteria they feel are most appropriate in their particular circumstances and the pipeline provided an objective criterion as required by the Commission's Policy Statement).

[6] *Columbia Gas Transmission, LLC*, FERC Gas Tariff Fourth revised Volume No. 1, Part VII.9, Section 9.6, Creditworthiness of Shipper; *ANR Pipeline Company*, FERC Gas Tariff Third revised Volume No. 1, Section 6.18.5 GT&C, Creditworthiness; *ANR Storage Company,* FERC Gas Tariff First revised Volume No. 1, Section 6.11.5 GT&C, Creditworthiness; *Vector Pipeline L.P*., FERC Gas Tariff First Revised Volume No. 1, Original Sheet No. 156 – Creditworthiness; *Northern Natural Gas Company,* FERC Gas Tariff Sixth Revised Volume No. 1, Original Sheet No. 284 – Section 46 (Credit Worthiness); *Alliance Pipeline L.P.,* FERC Gas Tariff Volume No. 1, Substitute Original Sheet No. 239 – Section 22.1 Credit Requirements; *Cameron Interstate Pipeline, LLC,* FERC Gas Tariff First Revised Volume No. 1, Section 8.2.5 – Creditworthiness; *Carolina Gas Transmission Corporation,* FERC Gas Tariff First Revised Volume No. 1, Section 3.2 – Creditworthiness Determination; and *Transwestern Pipeline Company, LLC,* FERC NGA Gas Tariff Fourth Revised Volume No. 1, Section 13 – Creditworthiness.

If a Shipper does not meet the objective creditworthiness standard proposed in Section 6.26.1(B)(3)(i), or if Great Lakes determines that further evaluation is required, proposed subparagraph (C) of Section 6.26.1 provides Great Lakes the ability to further evaluate a Shipper's creditworthiness based upon additional information deemed relevant by Great Lakes to its determination. Great Lakes proposes to list the seven factors[7] that it may use in its further evaluation, as set forth in subparagraph (C)(i) – (vii),[8] which also incorporates certain evaluation provisions similar to those currently included in Section 6.26.1(B). The proposed evaluation flexibility provisions are applicable to any requested service, regardless of whether the request is from a potential or existing Shipper. The key element to this overall flexibility is the evaluation of creditworthiness whereby Great Lakes shall apply "*…consistent evaluation practices to all similarly situated Shippers…*" that are "*…based upon the level of Shipper's current and requested service(s) with [Great Lakes] relative to Shipper's current and future ability to meet its obligations."* The ability for such further evaluation and determination of creditworthiness is consistent with the Creditworthiness Policy Statement[9] as well as other FERC orders.[10]

[7] *Great Lakes Gas Transmission Limited Partnership*, 108 FERC ¶ 61,308 at P 12, *order directing compliance*, 107 FERC ¶ 61,309, at P 11 (2004) (clarifying that the requirement for a pipeline to use objective criteria "does not impose restrictions on its ability to evaluate all factors relevant to a shipper's creditworthiness."); *see also Gulf S. Pipeline Co.*, 107 FERC ¶ 61,273, at P 13 (2004) (discussing relevant factors that a pipeline can take into account in evaluating whether a shipper should be deemed creditworthy, should an LDC fail to meet stated credit rating requirements).

[8] The seven factors are summarized as follows: 1) S&P, Moody's or other credit reporting agencies' information; 2) Shipper's financial reports; 3) the nature of Shipper's business and the effect on that business of economic conditions; 4) whether Shipper is operating under any chapter of the bankruptcy laws; 5) whether Shipper is subject to any lawsuits or outstanding judgments; 6) whether Shipper has had any delinquent balances outstanding for services provided by Great Lakes; and 7) any other information relevant to Shipper's current and future financial strength.

[9] The Creditworthiness Policy Statement at P. 10 (stating that although the Commission's policy requires pipelines to "…establish and use objective criteria…" for determining a Shipper's creditworthiness, it recognizes that there "…may not be a defined set of criteria for evaluating the circumstances facing each Shipper, and that pipelines need to take into account the individual circumstances and complexities of different Shipper relationships in making their determinations.").

[10] In recent orders, the Commission has approved a range of criteria for determining creditworthiness which it considers clear and objective, while allowing a service provider to exercise discretion in its determination. *See, e.g. Columbia Gas Transmission,* LLC, 184 FERC ¶ 61,133 at P 13 (2023); (ANR *Storage Company,* 173 FERC¶ 61,068 at P 11 (2020); *Gulf South Pipeline Co.,* 107 FERC¶ 61,273 at P 20 (2004); *Tennessee Gas Pipeline Co.*, 103 FERC ¶ 61,275; *Great Lakes Gas Transmission Limited Partnership*, 108 FERC¶ 61,308 at P 12 (2004); *Gas Transmission Northwest LLC*, Docket No. RP12-980-000 (September 21, 2012) (unpublished Director's letter order) and *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014).

Failure to Establish or Maintain Creditworthiness

Proposed Section 6.26.2 sets forth the financial assurance arrangements a Shipper who fails to establish or maintain creditworthiness may provide to receive or continue service. Specifically, such Shipper may provide a guarantee, cash security deposit, irrevocable letter of credit, or any other financial assurance agreed upon by Great Lakes and the Shipper. The requirement for each type of financial assurance is summarized in the Financial Assurance Requirement Table in proposed Section 6.26.2(C) ("Financial Assurance Requirement Table").

As discussed below, proposed Section 6.26.2 updates the description and associated elements of acceptable financial assurances, reflects the Creditworthiness Policy Statement regarding the provision of interest on cash collateral, addresses the return of Shipper's financial assurance, and delineates a guarantee financial assurance from a collateral financial assurance *(i.e.*, letter of credit, cash security deposit).

The Commission's policy regarding collateral "…permit(s) pipelines to require shippers that fail to meet the pipeline's creditworthiness requirements for pipeline service to put up collateral equal to three months' worth of reservation charges."[11] Thus, the proposed Financial Assurance Requirement Table appropriately reflects the Commission's collateral policy for existing capacity. The Commission has also held that "[a] guarantee by a parent or third party of the contractual obligation of a shipper is an alternative to the provision of collateral... the guarantee is in lieu of providing the collateral. Thus, Great Lakes can require that a guarantee cover the full extent of the shipper's obligation."[12] This policy has been reiterated in other creditworthiness orders.[13] Therefore, as set forth in the proposed Financial Assurance Requirement Table, the Commission's policy regarding guarantees is appropriately reflected as non-discounted contractual obligation.[14]

[11] Creditworthiness Policy Statement at P 11.

[12] *PG&E Gas Transmission, Northwest Corporation,* 105 FERC ¶ 61.382 (2003) at P 80.

[13] See *Texas Gas Transmission, LLC,* 135 FERC ¶ 61,132 (2011) at P 35 (explaining that "... in the case of a guarantee, the parent or third party is guaranteeing that in the event of a default by the shipper, the guarantor will pay the applicable charges, not just the collateral."); *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014) at P 22 (stating that "Commission policy permits the guarantee to cover the full contractual obligations of the shipper, as they become due, for the life of the contract.").

[14] *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,026 (2014) at P 25 (explaining that "In providing a guarantee, a guarantor provides no funds to the pipeline, it merely undertakes the obligation to continue the same stream of payments owed by the original shipper. Because other factors, such as mitigation, affect the current value

The following describes each financial assurance, as enhanced, and their related requirements set forth in proposed Section 6.26.2:

- Guarantee. Great Lakes proposes to clearly articulate the requirements of a guarantee in subsection (A)(1) from the current provision which states "*an unconditional, irrevocable guarantee from a party that meets Transporter's standards…*" to a guarantee "*in a form satisfactory and acceptable to Transporter and for the term of the Agreement(s)…*"[15] The requirements for a guarantee are set forth in Column A of the Financial Assurance Requirement Table.
- Cash Security Deposit. Proposed Section 6.26.2(A)(2) adds a "Cash Security Deposit" option for a shipper failing to establish or maintain creditworthiness, with Column B of the Financial Assurance Requirement Table listing the amount required. In accordance with the Creditworthiness Policy Statement, Section 6.26.2(A)(2) affirms that Great Lakes will continue paying interest on cash security deposits.[16]
- Letter of Credit ("LC"). The LC option is updated in Section 6.26.2(A)(3) to provide that an LC must be in a form acceptable to Great Lakes and issued by a bank or financial institution deemed acceptable by Great Lakes. Similar provisions have routinely been approved by the Commission.[17] The amount required for this collateral-type of financial assurance is set forth in Column B of the Financial Assurance Requirement Table.

of a guarantee, and the value of guarantee is determined through litigation, a tariff provision determining the present value of the guarantee is confusing and unnecessary.").

[15] *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014) at P 18 (stating, "We find just and reasonable, and consistent with Commission precedent, Portland's proposal that a guarantee cover 'the term of the agreement.' Under Commission policy, providing a guarantee covering payment of all applicable contract charges, when they become due, is an alternative to providing collateral.").

[16] Creditworthiness Policy Statement at P 22.

[17] *See e.g., Northern Natural Gas Company,* 131 FERC ¶ 61,041 (2010), *Rockies Express Pipeline LLC*, 121 FERC ¶ 61,130 (2007); *Gas Transmission Northwest LLC*, Docket No. RP12-980-000 (September 21, 2012) (unpublished Director's letter order) and *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014).

- Other Financial Assurances. Proposed Section 6.26.2(A)(4) provides for any other financial assurance mutually agreed upon by Great Lakes and the Shipper.

Additionally, for interruptible and volumetric services, the proposed Financial Assurance Requirement Table provides for a financial assurance amount applicable to a Shipper's highest monthly bill for interruptible service, over the previous twelve (12) months multiplied by three (3). In addition, the Financial Assurance Requirement Table provides that the initial financial assurance requirement for interruptible service will be based upon a Shipper's anticipated usage for a three (3) month period as determined by the Shipper and Great Lakes.[18] Such initial financial assurance requirement amount will remain in place until such historical billing amounts becomes available.

Loaned/Imbalance Gas Owed to Transporter

Proposed Section 6.26.2(D) provides Great Lakes the right to seek a financial assurance for the value of gas loaned by Great Lakes pursuant to its Parking and Loan ("PAL") service or for imbalance gas owed to Great Lakes. As related to PAL lending service, the financial assurance amount is based on the quantity of gas loaned multiplied by the Emerson, Viking GL price as published in "Platts Gas Daily" (or any successor publication thereto) for the month the quantity of gas is loaned.

The inclusion of loaned or imbalance gas within Great Lakes' proposed creditworthiness provisions is consistent with Commission precedent, which has indicated "*…that a pipeline's*

[18] *See Columbia Gas Transmission,* LLC tariff Section 9.6(c)(3) filed on August 1, 2023 in Docket No. RP23-949-000; *ANR Pipeline Company* tariff Section 6.18.5(B)(3) filed on June 17, 2022 in Docket No. RP22-406-000; *ANR Storage Company* tariff Section 6.11.5.3 filed on September 18, 2020 in Docket No. RP20-1199-000; *Gas Transmission Northwest LLC* tariff Section 6.18.4.2 filed on August 31, 2012 in Docket No.RP12-980-000 and *Portland Natural Gas Transmission System* ("PNGTS") tariff Section 6.3 filed on February 28, 2014, in Docket No. RP14-556, *et al. GTN*, Docket No. RP12-980-000 (September 21, 2012) (unpublished Director's letter order) and *PNGTS*, 146 FERC ¶ 61,243 (2014).

desire to cover the value of its gas is reasonable"[19] and is also consistent with tariff provisions previously approved by the Commission for use in other pipeline tariffs.[20]

Collateral Requirements for Lateral Facilities and/or Expansion Capacity

The Creditworthiness Policy Statement states that "[i]ssues relating to collateral for construction projects should be determined in the precedent agreements at the certificate stage, and collateral requirements for new construction projects should not ordinarily be included in the pipeline's tariff."[21] With respect to lateral lines, the Creditworthiness Policy Statement states "…the Commission will allow pipelines to require collateral up to the full cost of the project" and "Because lateral line construction policies are part of a pipeline's tariff, collateral requirements for such projects should be included in the pipeline's tariff."[22] In accordance with the Creditworthiness Policy Statement, Great Lakes is proposing in the instant filing the addition of Section 6.26.3, which sets forth its collateral requirements for lateral facilities consistent with the Creditworthiness Policy Statement. Again, similar collateral requirements have been approved by the Commission for inclusion into other pipeline tariffs.[23]

[19] *Creditworthiness Standards for Interstate Natural Gas Pipelines*, 106 FERC ¶ 61,123 (2004) Notice of Proposed Rulemaking at P 32-37 (citing to *Gulf South Pipeline Co., LP*, 103 FERC ¶ 61,129 at P 45-46 (2003) (Gulf South); *North Baja Pipeline, LLC*, 102 FERC ¶ 61,239 at P 11, order on reh'g, 105 FERC ¶ 61,374 at P 36-37 (2003) (North Baja); and *PG&E Gas Transmission, Northwest Corp.*, 103 FERC ¶ 61,137 at P 42-44, order on reh'g, 105 FERC ¶ 61,382 at P 65-70 (2003) (GTN), as examples of the Commission permitting pipelines to impose collateral requirements for borrowed gas through imbalances (Gulf South) or lending services such as park and loan (North Baja and GTN)).

[20] *Northern Natural Gas Company*, FERC Gas Tariff Sixth Revised Volume No. 1, Original Sheet No. 285A – Creditworthiness, Interruptible Service Agreement and First Revised Sheet No. 264 – OBA General Terms and Conditions; *Portland Natural Gas Transmission System*, FERC Gas Tariff Third Revised Volume No. 1, Section 6.3 – Credit Requirements for Loaned/Imbalance Gas Owed To Transporter; *Gas Transmission Northwest LLC*, FERC Gas Tariff Fourth Revised Volume No. 1-A, Section 6,18.4.5 – Credit Requirements for Loaned Gas and Section 6.18.4.6 – Credit Requirements for Imbalance Gas Owed to GTN; *Gulf South Pipeline Company, LP*, FERC NGA Gas Tariff seventh Revised Volume No. 1, Section 6.5 – Creditworthiness, Security Requirements; *Texas Gas Transmission*, FERC NGA Gas Tariff Fourth Revised Volume No. 1, Section 6.5 – Creditworthiness, Imbalance & Loaned Gas and *Texas Eastern Transmission*, LP, FERC Gas Tariff Eighth Revised Volume No. 1, Section 3.3(B) – Credit Evaluation.

[21] Creditworthiness Policy Statement at P 18.

[22] *Id* at P 20.

[23] *ANR Pipeline Company,* Docket No. RP22-406-001 (July 5, 2022) (unpublished Director's letter order); *Gas Transmission Northwest Corporation,* 106 FERC ¶ 61,320 (2004) at P20; *North Baja Pipeline, LLC,* Docket No. RP08-118-000 (January 8, 2008) (unpublished Director's letter order) and *Portland Natural Gas Transmission System*, 146 FERC ¶ 61,243 (2014).

Notification of Failure to Meet Creditworthiness

Current Section 6.26.2 provides that upon notice by Great Lakes of a Shipper's failure to meet Great Lakes's creditworthiness requirements, such Shipper may continue to receive service if within five (5) business days such Shipper provides a deposit or good and sufficient security equal to one (1) month of service under Shipper's Service Agreement(s) to continue service. Shipper must within thirty (30) days, provide an acceptable financial assurance, as set forth in Section 6.26.2.D.(2). Section 6.26.2 further provides that if such payment on account or payment security is not received within such thirty (30) day period, Great Lakes may suspend service immediately, where after such period, Great Lakes is no longer obligated to continue to provide service to Shipper. As revised, proposed Section 6.26.4 affords a Shipper five (5) business days to provide advance payment for one month's service and at least thirty (30) days to provide an acceptable financial assurance, consistent with Commission policy and the Creditworthiness Policy Statement. Proposed Section 6.26.4 further established that Great Lakes will provide the Shipper, the Commission and any replacement shipper with thirty (30) days' notice prior to terminating the Shipper's contract.[24]

Other Credit-Related Modifications[25]

To comport with the proposed revisions discussed above, Great Lakes proposes additional updates and modifications to certain tariff sections, as further discussed below:

Section 6.9.4 - Failure to Pay. Great Lakes proposes to add language in GT&C Section 6.9.4 that would allow Great Lakes to remarket capacity that is associated with an Agreement(s) that has been suspended. In the event that Great Lakes suspends service to a Shipper because the Shipper, for example, has ceased making payments under its Agreement(s), Great Lakes is currently unable to remarket the capacity that is subject to the suspension. Rather, Great Lakes must keep the capacity reserved for the Shipper whose service has been suspended, even though that Shipper is no longer paying for the capacity and, in accordance with Great Lakes' Tariff, the Shipper is suspended from using the capacity or remarketing it, resulting in the suspended capacity being

[24] Creditworthiness Policy Statement at PP 23 –28.

[25] All section names referenced in this "Other Credit-Related Modifications" reflect the currently effective section names.

completely removed from the marketplace.[26] Section 6.9.4 is also updated to conform to the creditworthiness revisions proposed above concerning financial assurances.

Additionally, Great Lakes is proposing to include a provision in Section 6.2.1(i) (Requests) and Section 6.16.5(d) (Best Bid(s) for Matching Purposes) to permit Great Lakes to consider using a shipper's credit quality when evaluating bids and awarding capacity in an open season for long-term firm capacity by applying an additional probability of default factor.[27] The new factor will define a bidder's probability of default based upon the applicable bid term and the credit rating of the shipper. Using creditworthiness in evaluating bids aligns with the Commissions Creditworthiness Policy Statement,[28] and will allow Great Lakes to attract and retain more creditworthy customers while protecting the financial stability of its pipeline.[29]

Effective Date

Great Lakes respectfully requests that the Commission accept the proposed tariff sections, included as Appendix A, to become effective December 1, 2024.

Other Filings Which May Affect This Proceeding

There are no other filings before the Commission that may significantly affect the changes proposed herein.

Contents of Filing

In accordance with Section 154.7 of the Commission's regulations, Great Lakes is submitting the following via its electronic tariff filing:

1. This transmittal letter;
2. Clean tariff sections (Appendix A); and
3. Marked tariff sections (Appendix B).

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[26] *Rockies Express Pipeline, LLC*, Notice of Filing Taking Effect by Operation of Law, RP21-217-000 (2020).

[27] *Gas Transmission Northwest Corp.* 117 FERC ¶ 61,315 (2006).

[28] *Creditworthiness Policy Statement* at P 15 (stating that a pipeline is generally permitted to allocate capacity to the highest valued bidder.37 The Commission also stated that a shipper's credit status may be a relevant factor in assessing the value of its bid as compared with bids by more creditworthy shippers

[29] *Algonquin Gas Transmission, LLC,* 120 FERC ¶ 61,072 at P 20 (2007).

Certificate of Service

As required by Sections 154.7(b) and 154.208 of the Commission's regulations, a copy of this filing is being served upon all of Great Lakes's existing customers and interested state regulatory agencies. A copy of this letter, together with any attachments, is available during regular business hours for public inspection at Great Lakes's principal place of business.

Pursuant to Section 385.2005 of the Commission's regulations, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of her knowledge and belief. Additionally, the undersigned possesses full power and authority to sign such filing.

Any questions regarding this filing may be directed to Jonathan Scullion at (832) 320-5520.

Respectfully submitted,

Great Lakes Gas Transmission, LLC

Sorana Linder
Director, Rates, Tariffs, & Modernization

Enclosures

Appendix A

Great Lakes Gas Transmission Limited Partnership
FERC Gas Tariff, Third Revised Volume No. 1

Clean Tariff Sections

Tariff Section	Version
6.2.1 - GT&C, Requests	4.0.0
6.9.4 - GT&C,Failure to Pay	2.0.0
6.9.7 - GT&C,Prepayment of Reservation Fees	2.0.0
6.15.12 - GT&C, Permanent Releases	3.0.0
6.15.14 - GT&C, Procedure for Biddable Capacity Releases	6.0.0
6.16.5 - GT&C, Best Bid(s) for Matching Purposes	2.0.0
6.26.1 - GT&C, Creditworthiness of Shipper	2.0.0
6.26.2 - GT&C, Failure to Establish or Maintain Creditworthiness	3.0.0
6.26.3 - GT&C, Collateral Req for Lateral Facilities / Expansion Capacity	2.0.0
6.26.4 - GT&C, Notification of Failure to Meet Creditworthiness	3.0.0

6.2.1 Requests.

(a) Any Shipper or prospective shipper desiring service on Transporter's system must fully complete the request for service available through Transporter's Internet Website.

(b) In circumstances where Transporter already possesses the static information, e.g., address, contacts, etc., for a Shipper and where the variable information, e.g., MDQ, term, etc., is provided through other reliable sources, e.g., a bid for Transportation Service, Shipper shall not be required to provide all or a portion of the information included in such Request. It will, however, be the responsibility of Shipper to notify Transporter of any changes to the information already in Transporter's possession.

(c) Transporter will begin processing Shipper's request for service, but Transporter does not guarantee that service will be available. Transporter will not provide service until Shipper has executed a service agreement. Shipper also shall be required to meet other provisions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1, including the credit requirements set out in Section 6.26 of this Tariff. Standard form Service Agreements for each service offered by Transporter are set out in the Form of Service Agreement portion of this Tariff.

Shipper shall not be entitled to receive transportation service under this FERC Gas Tariff, Third Revised Volume No. 1 if Shipper is not current in its payments to Transporter for any charge, rate or fee authorized by the Commission for transportation service; provided, however, if the amount not current pertains to a bona fide dispute, including but not limited to force majeure claims relating to this FERC Gas Tariff, Shipper shall be entitled to receive or continue to receive transportation service if it complies with Section 6.9.4.

(d) Transporter's acceptance of a Request is subject to Shipper satisfying Transporter's creditworthiness requirements of Section 6.26.

(e) The applicable Commission filing fees relative to service under Rate Schedules FT, EFT, LFT, and IT shall be paid by the Shipper pursuant to Section 5.1.5 paragraph 1 of Rate Schedule FT, Section 5.2.5 paragraph 1 of Rate Schedule EFT, Section 5.3.5 paragraph 1 of Rate Schedule LFT, and Section 5.4.5 paragraph 1 of Rate Schedule IT in this FERC Gas Tariff, Third Revised Volume No. 1.

(f) Transporter shall tender an Agreement identifying all subsequent information that is required before Transporter will execute the agreement, within thirty (30) Days after a Request is deemed valid; provided, however, that Transporter is not required to tender an Agreement for service pursuant to any Request seeking firm Transportation Service under Rate Schedule FT, expedited firm Transportation Service under Rate Schedule EFT, or limited firm Transportation Service under Rate Schedule LFT of this FERC Gas Tariff, Third Revised Volume No. 1, if: (1) Transporter does not have sufficient capacity to render additional firm, expedited firm, or limited firm service, or (2) Transporter has capacity to render the requested firm, expedited firm, or limited firm service, but Shipper cannot commence service the first Day of the Month following the Shipper's execution of the Agreement, or on such later date as is mutually agreeable, or (3) the creditworthiness requirements as specified in Section 6.26 have not been satisfied. Shipper shall have thirty (30) Days from the date request is approved in which to execute the Agreement and to provide the required subsequent information or the Request shall be deemed null and void. Within thirty (30) Days of the receipt by Transporter of the executed Agreement, and all satisfactory subsequent information from the Shipper, the Transporter will execute the Agreement.

(g) Transporter may conduct an open season for available capacity that is not otherwise subject to a pending request for transportation services. If Transporter conducts such an open season it will post a notice of the open season on Transporter’s Internet Website to afford all potential shippers an opportunity to acquire the capacity. Any award of capacity through an open season is subject to the requirements for service to commence as set forth in this FERC Gas Tariff, Third Revised Volume No. 1, including Transporter's creditworthiness requirements. Any potential shipper wishing to purchase the capacity in an open season may participate in the open season. Transporter will use nondiscriminatory and objective posting, bidding, and evaluation criteria, which evaluation criteria will be specified in the notice of open season, along with the details of what constitutes a valid bid request. The successful bidder(s), if any, will be identified in the transactional reports area on Transporter's Internet Website within twenty-four (24) hours of the close of the open season. Once an open season commences, all requests for service for the capacity available through the open season will be treated under this open season process.

(h) If Transporter is willing to consider offers for available or unsubscribed capacity containing Reduction Options, Transporter shall so state in its notice of such capacity. Such notice may include specific criteria of the acceptable terms for any Reduction Option. Transporter, in its determination of the value of a request for service containing a Reduction Option, will only consider the minimum incremental revenue guaranteed under the Service Agreement (i.e. the least possible revenue resulting from the transaction) if the option is or is not exercised, including any exit payment that the Shipper proposes to pay at the exercise of its option.

(i) If specified in an open season posting, Transporter will take into account bidder’s probability of default when evaluating bids for long-term firm capacity with terms of three (3) years or more. Within such open season, bidder’s (or bidder’s guarantor) unenhanced senior unsecured debt rating will be determined by Transporter in accordance with Section 6.26. If bidder’s (or bidder’s guarantor) unenhanced senior unsecured debt rating is determined by Transporter to have met the minimum investment grade rating standard set forth below, its NPV shall not be subject to a probability of default adjustment. If bidder's (or bidder's guarantor) debt rating is determined by Transporter to have not met such minimum investment grade rating standard, Transporter shall make an adjustment to reduce bidder's (or bidder's guarantor) NPV to take into account bidder's (or bidder's guarantor) probability of default ("PD"), as defined below.

Transporter will use data from S&P Global Market Intelligence LLC's most recent "Global Corporate Average Cumulative Default Rates By Rating Modifier" table, published on their website, as extrapolated to reflect the maximum bid term to be used for evaluation purposes, to quantify bidder's PD.

The specific bid evaluation methodology to be used will be included as part of Transporter's open season posting with sufficient specificity to allow a prospective shipper to calculate the value of its bid and duplicate Transporter's results. The following formula, which may be used in an open season, illustrates the application of PD in bid valuation:

$$NPV = \sum[R*(1 / (1+i)^n)] *(1-PD)$$

Where:

$\sum$ = Summation of months 1 through n

n = term in months

R = Incremental monthly revenue of all services and paths in bid

i = Monthly Discount Factor (current FERC annual interest rate divided by 12)

PD = For an investment grade bidder (or bidder's investment grade guarantor, if applicable) PD shall be equal to zero. For non-investment grade bidders (or bidder's non-investment grade guarantor), PD shall be equal to bidder's probability of default (%) for the applicable bid term minus the probability of default (%) associated with a BBB- rating and the same bid term.

A non-investment grade bidder may elect to increase the NPV of its bid by posting collateral (Voluntary Collateral), whereby the amount of Voluntary Collateral provided to Transporter will increase the bidder's NPV dollar for dollar. For bid evaluation purposes, a non-investment grade bidder's Voluntary Collateral shall be limited to an amount no greater than such bidder's PD times the revenue component of the NPV formula excluding PD [$PD * (\sum[R*(1 / (1+i)^n))]$]. Should a bidder desire to enhance its bid through Voluntary Collateral, such collateral must be received by Transporter no later than the close of the open season. Voluntary Collateral shall be in addition to that as required pursuant to Section 6.26.

If bidder wishes to use a guarantor, such guarantor's rating may be substituted for NPV purposes if bidder indicates such on its bid form; provided, however, such guarantee financial assurance is acceptable to Transporter and provided to Transporter prior to the close of the open season. If bidder (or bidder's guarantor, if applicable) does not have an unenhanced senior unsecured debt rating, Transporter will assign an equivalent rating. If bidder's guarantor is not creditworthy pursuant to Section 6.26, Transporter may request a financial assurance as outlined in Section 6.26.2.

Irrespective of whether a bid(s) has the highest NPV of the bids received, Transporter may reject bids for service that (i) may detrimentally impact the operational integrity of Transporter's system; (ii) do not satisfy all the terms of the specified open season posting; or (iii) contain terms and conditions other than those set forth in Transporter's FERC Gas Tariff.

In the event bidder posts Voluntary Collateral and/or a guarantee as described above, and bidder's bid is rejected, Transporter shall return the Voluntary Collateral and/or guarantee. In the event Voluntary Collateral and/or guarantee is/are posted and bidder's awarded capacity is pro-rated, the Voluntary Collateral and guarantee shall be pro-rated accordingly and the excess returned to bidder. Furthermore, any Voluntary Collateral and guarantee held will be returned over time in proportion to the initial term of the firm service agreement.

6.9.4 Failure to Pay.

Suspension or Termination for Nonpayment. If Shipper fails to pay Transporter the entire amount due on or before the payment due date, Transporter may suspend service under Shipper's Agreement(s) upon ten (10) Days' notice of a Shipper's first instance of non-payment or five (5) Days' notice to Shipper for any subsequent instances of non-payment occurring within the last six (6) months and shall have the right to seek termination of the Agreement(s) provided, however, Transporter may only suspend service to the extent the capacity is not subject to a capacity release at the time of suspension. In the event Transporter suspends service under Shipper's Agreement(s), Shipper shall not be responsible for reservation charges during such suspension period. At all times prior to suspension, Shipper has the right to cure such nonpayment by providing payment of the past due amounts plus accrued interest or by providing financial assurance equivalent to the amounts past due.

In the event that service to a Shipper is suspended, Transporter shall have the right to remarket the capacity that is subject to suspension on a month-to-month basis with terms not to exceed thirty-one (31) Days ("Interim Capacity Arrangement"). Any capacity sold pursuant this Section 6.9.4 shall be made available on a nondiscriminatory basis and will not be assigned on the basis of a period determined pursuant to the open season of the capacity release provisions set forth in Section 6.15 of the General Terms and Conditions. Capacity sold pursuant to this Section 6.9.4 shall not have a right of first refusal. If the Shipper whose service has been suspended remedies the deficiency that gave rise to the suspension after the capacity has been remarketed to another Shipper as part of an Interim Capacity Arrangement, service to the Shipper whose service has been suspended will resume on the first (1st) Day following expiration of the Interim Capacity Arrangement. To the extent Transporter seeks to terminate a Shipper's Agreement(s), Transporter will provide written notice to Shipper, the Commission, and any Replacement Shipper(s) that has obtained temporary release capacity from Shipper, that if Shipper fails to make payment within thirty (30) Days of such notice, Transporter will terminate Shipper's Agreement(s) and may exercise any other remedy available to Transporter hereunder, at law or equity. At all times prior to termination, Shipper has the right to cure such non-payment by providing payment of the past due amounts plus interest or by providing financial assurances equivalent to the amount past due. However, if Shipper in good faith disputes the amount of any bill or part thereof by providing written notice of its dispute including documentation identifying the basis of the dispute and 1) promptly pays to Transporter the undisputed amount, when due, and 2) on or before the due date of such bill, furnishes to Transporter a financial assurance acceptable to Transporter for the disputed amount then Transporter shall not be entitled to suspend or terminate service under the Agreement(s) unless and until a default is made in the conditions of the financial assurance; provided further that should Shipper prevail on the dispute, Transporter shall reimburse Shipper up to the reasonable and customary cost of the financial assurance.

6.9.7 Prepayment of Reservation Fees.

Transporter may, from time to time in a manner not unduly discriminatory, agree to accept a Shipper's prepayment of its Reservation Fees obligation under an existing or new firm Agreement. The amount of the prepayment shall be equivalent to Shipper's unpaid Reservation Fees obligation for the remainder of the term of an existing firm Agreement or the entire term of a new firm Agreement, as applicable. A prepayment received by Transporter or an offer of a prepayment to be made under this section will not be used in the determination of the net present value of a bid during Transporter's evaluation process to award capacity.

The prepayment shall be credited to Shipper's Agreement under the ordinary course of Transporter's billing process. Shipper shall not be allowed to withdraw all or part of its prepayment.

Neither this provision nor any solicitation or negotiation by Transporter under this provision shall obligate Transporter to accept any request for prepayment.

A Shipper's Reservation Fees will be subject to adjustments when Transporter's recourse rates are changed pursuant to NGA section 4 or 5 during the period for which Shipper has prepaid for service and Shipper shall understand that any prepayment does not absolve it of such future adjustments to the recourse rates. For capacity release and posting requirements, the rate to be charged will be the rate specified in the applicable firm Agreement.

Prepayment of a Reservation Fees obligation received by Transporter under this section shall not qualify as either a cash security deposit under Section 6.26.2(A)(2) or a prepayment under Section 6.26.2(A)(4) of these General Terms and Conditions for purposes of creditworthiness, nor shall a cash security deposit under Section 6.26.2(A)(2) or a prepayment under Section 6.26.2(A)(4) of these General Terms and Conditions for purposes of creditworthiness be considered as a prepayment of a Reservation Fees obligation under this section.

6.15.12 Permanent Releases. A Shipper may offer to permanently release all or part of its capacity pursuant to the procedures of Sections 6.15.13 or 6.15.14 of this FERC Gas Tariff, Third Revised Volume No. 1. However, a permanent release must be for the entire remaining term of the Releasing Shipper's Transportation Service Agreement and may not utilize a volumetric rate form otherwise permitted under Section 6.15.6. Any potential Replacement Shipper under this Section 6.15.12 must meet the creditworthiness standards stated in Section 6.26 of the General Terms and Conditions. Transporter may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied by Transporter, Transporter shall notify Shipper via email and shall include in the notification the reason for such denial. Upon the consent of Transporter and the execution of a Transportation Service Agreement with the Replacement Shipper, Transporter will release Releasing Shipper from all of its obligations arising from service provided pursuant to the Transportation Service Agreement prospectively from the date of permanent assignment. However, Releasing Shipper will remain obligated for any fees, surcharges, or other obligations related to service provided under Releasing Shipper's Transportation Service Agreement prior to the date of its permanent assignment. Transporter may require that the Replacement Shipper agree to a rate and/or term equal to those in the Releasing Shipper's Transportation Service Agreement, or to any other provision in Releasing Shipper's Transportation Service Agreement. Transporter's consent to allow a permanent release shall not be unreasonably withheld, and shall be applied on a non-discriminatory basis.

6.15.14 Procedure For Biddable Capacity Releases.

(A) Releasing Shipper either shall post on Transporter's Customer Activities Website or provide to Transporter a written notification containing the following information:

(1) Name and address of Releasing Shipper, including the name, address, telephone number, and e-mail address of the person to be responsible for the release and assignment transaction and if there is a pre-arranged Replacement Shipper, the same information for that Replacement Shipper. The Dun & Bradstreet Number of both the Releasing Shipper and the Replacement Shipper must also be provided to Transporter.

(2) The amount of Releasing Shipper's Capacity to be released and assigned, and an indication of whether or not Releasing Shipper will accept bids for less than the full quantity being released. If Releasing Shipper will accept bids for less than the full quantity being released, Releasing Shipper must indicate the minimum acceptable quantity it is willing to accept, and whether or not this minimum acceptable quantity should be displayed in the offer.

(3) The term of the proposed release and assignment of Releasing Shipper's Capacity, including commencement and termination dates, which can be any Day of the Month. Releasing Shipper shall also indicate if it will accept bids for less than the full term being offered. If Releasing Shipper will accept bids for less than the full term, Releasing Shipper must indicate the minimum acceptable term it is willing to accept and whether or not this minimum acceptable term should be displayed in the offer. Releasing Shipper shall also indicate whether the capacity release transaction is of a temporary or permanent nature.

(4) An indication of whether or not the capacity may be recalled by the Releasing Shipper and, if applicable, the objectively stated, non-discriminatory criteria under which the capacity may be recalled. If recallable, the Releasing Shipper shall specify, as a condition of the capacity offer, which of the recall notification periods stated in Section 6.15.3(A) pertain, and whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day.

(5) An indication of whether or not capacity recalled by the Releasing Shipper may be reput back to the Replacement Shipper and, if applicable, the objectively stated, non-discriminatory criteria under which the capacity recalled by the Releasing Shipper may be reput back to the Replacement Shipper.

(6) The Primary Receipt Point(s) of the Capacity to be released and assigned by Releasing Shipper.

(7) The Primary Delivery Point(s) of the Capacity to be released and assigned by Releasing Shipper.

(8) Transporter's contract identification number.

(9) Pursuant to Section 6.15.6, the Releasing Shipper must indicate whether the rate to be charged is Reservation Fee based or volumetrically based, denominated in dollars and cents or as a percentage of the maximum tariff rate for non-index based releases, or based on an index formula as detailed in the capacity release offer.

The Releasing Shipper must also indicate the minimum Reservation fee per Dth, the minimum volumetric rate, the minimum percentage of the maximum tariff rate, or the Rate Floor for index-based capacity release transactions acceptable to the Releasing Shipper. If no minimum is specified, the minimum will be deemed to be $0.000per Dth for the Reservation Fee or for the index-based rate, $0.00000 per Dth for the 100% Volumetric Rate, or no minimum percentage of the maximum tariff rate, as appropriate.
Releasing Shipper shall indicate whether the minimum acceptable Reservation fee per Dth, the minimum acceptable index-based rate, the minimum acceptable volumetric rate, or the minimum acceptable percentage of the maximum tariff rate is to be displayed in the offer.

(10) Releasing Shipper's selection of one of the methods provided in Section 6.15.14(F)(3) for use in Transporter's determination of the best bid. If no method of evaluation is chosen or provided by the Releasing Shipper, Transporter shall evaluate bids utilizing the net revenue method of Section 6.15.14(F)(3)(b).

(11) Releasing Shipper's selection of a tie-breaking method which may be by pro rata allocation, or first come, first served, or some other non-discriminatory method.

(12) The information required under Section 6.15.14(I) for any pre-arranged Replacement Shipper.

(13) The specific non-discriminatory, objective criteria under which contingent bids would be accepted. Releasing Shipper must specify whether and, if so, for what time period, the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder exercise its option not to take

the capacity.

(14) Subject to the timeline established in Section 6.15.14(B), the date on which the open season is to begin and end if greater than the minimums provided for in the timeline.

(15) A minimum volumetric commitment for capacity release transactions where the rate to be charged is on a volumetric basis. Releasing Shipper may state the minimum volumetric basis as either a quantity in Dth or as a percentage of the maximum total quantity that could be transported under the terms of the capacity release transaction. If no minimum volumetric commitment is provided, the minimum shall be deemed to be zero (0).

(16) An indication of whether or not the offer is stand-alone. If the offer is not stand-alone, the Releasing Shipper must specify the applicable terms and conditions.

(17) Any other objectively stated, non-discriminatory criteria applicable to all bidders related to the release such as, but not limited to: the release being part of an integrated transportation path.

(B) If all of the information provided pursuant to Section 6.15.14(A) is valid, the Replacement Shipper has been determined to be creditworthy pursuant to Section 6.26, the bid evaluation method is consistent with Section 6.15.14(F)(3)(a)-(c), and for index-based capacity release transactions, the Releasing Shipper has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline and there are no special terms or conditions to the release, then, pursuant to Standards 5.3.1 and 5.3.2 of the latest version of the Standards promulgated by the North American Energy Standards Board (NAESB), the following timelines, in C.C.T., shall apply.

(1) For biddable releases (1 year or less):

(a) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(b) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.

(c) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(d) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(e) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(f) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(g) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(2) For biddable releases (more than 1 year):

(a) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(b) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

(c) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(d) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(e) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(f) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(g) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper.

Offers that do not utilize one of the bid evaluation methods of Section 6.15.14(F)(3)(a)-(c) must be received by Transporter by 8:00 a.m. (C.C.T.) in order to allow Transporter sufficient time to evaluate the bid evaluation method.

Further, Transporter may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g., designation of an index not supported by Transporter).

(C) The posting of a notice is an offer by Releasing Shipper to entertain bids on the Capacity proposed to be released and assigned, but is not an offer by Transporter. Offers shall be binding until notice of withdrawal is received by Transporter on Transporter’s Customer Activities Website. Such offer may be withdrawn by the Releasing Shipper where unanticipated circumstances justify and no bid meeting the minimum bid criteria set forth by the Releasing Shipper in Section 6.15.14(A) above has been received. After a bid meeting those minimum requirements is received, such offer shall remain open until the priority bidder becomes an FT, EFT, or LFT Shipper pursuant to Section 6.15.14(G) below. Releasing Shipper's Section 6.15.14(A) notice authorizes Transporter to accept bids for the Capacity.

(D) All bids will be open for viewing through Transporter’s Internet Website except that the identity of the bidder will remain confidential during the open season. To be considered under this subsection, bids must be: (1) received during an open season; (2) in writing, posted to Transporter’s Customer Activities Website, or submitted through EDI; and (3) must conform with the provisions of Section 6.2 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 and the Releasing Shipper's Section 6.15.14(A) requirements set forth in the capacity release notice. Additionally, the potential Replacement Shipper must provide Transporter with its Dun & Bradstreet Number.

(E) Bids shall be binding until notice of withdrawal is received by Transporter on Transporter’s Customer Activities Website. Bids, however, cannot be withdrawn once the bid period ends.

(F) At the close of the open season, one of the following will occur:

(1) A request by Releasing Shipper to solicit additional bids, which shall be treated as a new request under Section 6.15.14(A).

(2) If one bid is received (bids must meet Section 6.15.14(A) requirements in order to be valid), then Transporter will contract with the bidder if the bidder complies with Section 6.15.10 and will implement the capacity release pursuant to Section 6.15.14(B) above. Transporter shall so notify Releasing Shipper.

(3) If more than one bid is received, Transporter shall utilize the following criteria to determine the "best bid":

(a) highest rate;

(b) net revenue;
(c) present value; or
(d) any other non-discriminatory method specified by the Releasing Shipper in its notice of Section 6.15.14(A).

For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology.

(4) In the event that more than one bid qualifies as the "best bid," then priority shall be allocated based on the method specified by the Releasing Shipper in its notice of Section 6.15.14(A). Priority bidders are not required to accept any quantity of gas less than the full quantity bid, unless the bidder has indicated that it would be willing to accept a lesser quantity. Transporter will contract with the bidder(s) receiving priority that complies with Section 6.15.10 and will implement the capacity release pursuant to Section 6.15.14(B) above. Transporter shall so notify Releasing Shipper.

(G) A successful bidder under Section 6.15.14(F) shall contract with Transporter under Rate Schedule FT, Rate Schedule EFT, or Rate Schedule LFT, as provided for in this section, for the Capacity pursuant to the terms of its bid and shall become a Replacement Shipper under this tariff. Notwithstanding any provision of Rate Schedule FT, Rate Schedule EFT, or Rate Schedule LFT, the Replacement Shipper's rights under the release and assignment shall not be superior to those of the Releasing Shipper.

(H) A bid is an offer by the bidder to accept from Transporter the Capacity posted on Transporter’s Internet Website pursuant to Section 6.15.14(C). The bid may be withdrawn or adjusted upward but not downward during the open season, and at the close of the open season shall remain open until the priority bidder becomes an FT, EFT, or LFT Shipper pursuant to Section 6.15.14(G) above. Contingent bids that meet the criteria set forth by the Releasing Shipper in Section 6.15.14(A)(13) above will be allowed. If the bid is not accepted or if the bidder fails to satisfy the applicable provisions of Transporter's Rate Schedule FT, Rate Schedule EFT, or Rate Schedule LFT, as appropriate, and become a Replacement Shipper, then Transporter will refund any payment made pursuant to Section 6.26 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1.

(I) Releasing Shipper may provide to Transporter, at the time of submission of the written notice required by Section 6.15.14(A), the name and bid terms of a pre-arranged Replacement Shipper. Transporter shall post the pre-arranged Replacement Shipper's bid on Transporter’s Internet Website at the same time that the Section 6.15.14(A) notice is posted. At the conclusion of the open season, if the pre-arranged Replacement Shipper is not the priority bidder under Section 6.15.14(F), then the pre-arranged Replacement Shipper shall have until 11:30 p.m. (C.C.T.) on the same day the open season ended in which to match the bid of the priority bidder under Sections 6.15.14(F)(3) or 6.15.14(F)(4). In the event that the pre-arranged Replacement Shipper matches the bid of the priority bidder, then the pre-arranged Replacement Shipper shall become the priority bidder under Sections 6.15.14(F)(3) or 6.15.14(F)(4).

6.16.5 Best Bid(s) for Matching Purposes.

(a) At the close of the bidding period, Transporter shall review all bids that met the bid requirements and that were not rejected by Transporter pursuant to Section 6.16.4. Such bids ("valid bids") shall be evaluated on the basis of the Net Present Value of the proposed reservation rate (or any other proposed form of revenue guarantee) and the associated proposed term ("NPV per unit"). As used in this Section 6.16.5, revenue guarantee shall include, but not be limited to, revenue based on any minimum through-put commitment proposed in a bid.

(b) The NPV per unit shall be determined utilizing the FERC approved interest rate as the discount rate, except that any bid rate higher than the maximum applicable tariff rate shall be deemed to be equal to the maximum applicable tariff rate.

(c) Transporter shall rank the bids in order of the highest to the lowest NPV per unit. From those ranked bids, Transporter will determine which bid(s) is the "Best Bid(s) for Matching Purposes" ("BBMP(s)"). The BBMP(s) shall be the bid(s), in order of ranking, which aggregate to a total quantity not greater than the capacity posted for bids under Section 6.16.2.

(d) If specified in its open season posting, when evaluating bids for long-term firm capacity with terms of three (3) years or more, Transporter shall adjust the NPV of the shippers that have not met the creditworthiness criteria in Section 6.26 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 by applying an additional factor: Shipper's probability of default for the applicable bid term.

6.26.1 Creditworthiness of Shipper.

(A) Subject to the provisions of paragraphs (B) and (C) below, Transporter shall not be required to provide or to continue to provide service on behalf of any Shipper that fails, in Transporter's reasonable judgment, to demonstrate minimal creditworthiness for all or any part of the service requested, based upon Transporter's consideration of available credit data concerning Shipper and Shipper's past payment history, financial statements, and credit reports. If Shipper has multiple Agreements with Transporter, the total of potential fees and charges of all such Agreements shall be considered in determining creditworthiness.

(B) Criteria for Creditworthiness Determination:

(1) Acceptance of a Shipper’s request for service and the continuance of service are contingent upon the Shipper satisfying on an on-going basis, a credit appraisal by Transporter.

(2) Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper’s financial ability to satisfy the payment obligations due to Transporter over the term of the requested Agreement(s).

(3) A Shipper will establish creditworthiness if:

(i) its unenhanced senior unsecured debt securities are rated at least BBB- by S&P Global Market Intelligence LLC or its successor (“S&P”) or Baa3 by Moody’s Investors Service, Inc. or its successor ("Moody's"); provided however, that in the event a split rating occurs between rating agencies, Transporter will rely upon the lower of the ratings. Nothing herein shall limit Transporter’s ability to evaluate any factors set forth in Section 6.26 C (i) – (vii) below where Shipper’s creditworthiness is established by a rating agency if such factor(s) would alter Transporter’s evaluation of Shipper. If Shipper has multiple Agreements with Transporter, then the total of potential fees and charges of all such Agreement(s) shall be considered in determining creditworthiness

Transporter reserves the right to determine in its reasonable discretion, that a Shipper who requests new service is not creditworthy to receive that service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or past Agreement(s) and Shipper has defaulted on those payments per the terms of the General Terms and Conditions; provided, however, this provision shall not affect amounts disputed by Shipper in good faith.

(C) If Shipper does not meet the creditworthiness standard described in Section B 3(i) above, then, Shipper may have the Transporter evaluate its creditworthiness based upon the level of Shipper's current and requested service(s) with Transporter relative to Shipper's current and future ability to meet its obligations. Such creditworthiness evaluation shall be based upon any or all of the following requested information in (i) through (vii) below:

(i) S&P, Moody's and other credit reporting agencies opinions, watch alerts, outlooks, and rating actions will be considered in determining creditworthiness.

(ii) Consistent financial statement analysis will be applied by Transporter to determine the acceptability of Shipper's current and future financial strength. Shipper's balance sheets, income statements, cash flow statements, and auditor's notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency, and profitability.

(iii) The nature of Shipper's business and the effect on that business of economic conditions, including Shipper's ability to recover the cost of Transporter's service through filings with regulatory agencies or otherwise to pass on such costs to its customers.

(iv) Shipper is not operating under any chapter of the United States Bankruptcy Code and is not subject to liquidation or debt reduction procedures under state laws and no petition for involuntary bankruptcy against Shipper is pending. Transporter may give consideration for a Shipper who is a debtor in possession operating under Chapter 11 of the United States Bankruptcy Code, if Transporter is adequately assured the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future to make payment.

(v) Whether Shipper is subject to any lawsuits or outstanding judgements which could materially impact its ability to remain solvent.

(vi) Whether Shipper has or has had any delinquent balances outstanding for service provided previously by Transporter and whether Shipper is paying or has paid its account balances according to the terms established in its Agreement(s) (excluding amounts as to which there is a good faith dispute).

(vii) Any other information including any information provided by Shipper, that Transporter deems relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of its Agreement(s).

6.26.2 Failure to Establish or Maintain Creditworthiness.

(A) If Shipper fails to establish or maintain creditworthiness as described in Section 6.26.1, Shipper has the option of receiving or continuing service under this Tariff by providing and maintaining one of the following financial assurances in accordance with the requirements as set forth below:

(1) Guarantee: Shipper may provide a guarantee of financial performance in a form satisfactory to Transporter and for the term of the Agreement(s) from a person or entity which meets the creditworthiness standards outlined in Section 6.26.1 (guarantor).

(2) Cash Security Deposit: Shipper may provide a cash security deposit for service. Transporter shall accrue simple interest on cash security deposits at the "Federal Funds (effective)" rate published in the Federal Reserve Statistical Report H.15. Upon Shipper's request, provided Shipper is not in default under any obligation to Transporter, Transporter will remit the balance of the interest to Shipper within thirty (30) Days, provided, however that Transporter shall not be required to remit interest to Shipper more often than every thirty (30) Days.

(3) Letter of Credit: Shipper may post an irrevocable standby letter of credit in a form acceptable to Transporter and issued by a bank or financial institution deemed acceptable by Transporter.

(4) Any other financial assurance mutually agreed upon by Transporter and Shipper. Such other financial assurance shall be accepted on a nondiscriminatory basis and may include, as related to interruptible service, a prepayment equal to an amount defined by Transporter. Such defined prepayment will remain in place until Shipper exhausts its prepaid balance by utilizing interruptible transportation service. At the point Shipper's prepayment is exhausted, Transporter may suspend further interruptible service. Shipper will not earn interest on defined balance prepayments, as further discussed in Section 6.9.7 (Prepayment of Reservation Fees).

(B) Transporter may deny subsequent requests to substitute financial assurances on a not unduly discriminatory basis and will provide Shipper with a written explanation of any denial of a request to substitute financial assurances.

Within five (5) Business Days of Transporter's notification to Shipper that Shipper has returned to creditworthiness in accordance with Section 6.26.2 herein, Transporter will return Shipper's financial assurance held by Transporter along with any applicable interest and interest calculation reconciliations.

Upon performance in full of all Shipper's obligations under its Agreement(s), Transporter will return Shipper's financial assurance associated with undisputed invoice amounts within five (5) Business Days of Shipper performing all obligations in full. Any remaining financial assurance will be returned after resolving all disputed invoice amounts under the expired Agreement(s). In either case, Transporter will pay applicable interest and provide Shipper final billing reconciliations detailing interest calculations

(C) Financial Assurance Requirement Table:

Service	Column A: Guarantee Requirement	Column B: Cash Security or Letter of Credit Amount
Firm Service	Shipper's contractual obligation under its firm service Agreement(s) with Transporter	Up to the value of three (3) months reservation charges
Interruptible/Volumetric Service	Shipper's highest monthly bill for interruptible and volumetric based service over the previous rolling twelve (12) months multiplied by three (3). Initial requirement based upon Shipper's anticipated usage for three (3) month period as determined by Shipper and Transporter	Same under Column A
Park and Loan	The lesser of the transaction term or three (3) months value based on the transaction quantities multiplied by the rate for such transaction plus the value of loaned gas.	Same under Column A
Imbalance Gas	In accordance with Section 6.3.3.	Same Under Column A

Unless otherwise agreed, the financial assurance must at all times maintain a value specified above equal to the highest estimated charges during the term of the Agreement(s). Financial assurances are held for security, provided that any financial assurance may be applied or set off by Transporter to satisfy any and all delinquent account(s) or other obligations

(D) Loaned/Imbalance Gas Owed to Transporter.

For lending services PAL Rate Schedule Transporter shall have the right to seek financial assurance for the value of gas loaned by Transporter the amount of such financial assurance will be based on the quantity of gas loaned and the location where the loan/imbalance occurred. For loan/imbalance, the amount of financial assurance will be based on the quantity of gas loaned multiplied by the Emerson, Viking GL price located under the “Platts Gas Daily” (or any successor publication thereto) for the month the quantity of gas is loaned. Transporter shall have no obligation to lend any quantity of gas beyond the financial assurance amount provided by Shipper to Transporter.

Transporter has the right to seek additional financial assurance to cover the value of any imbalance owed Transporter by a non-creditworthy Shipper. The imbalances shall be valued at the “Spot Market Price” which shall be defined, for each Dth on each applicable Day on which gas is owed, as the “Emerson, Viking GL” price index as published in Gas Daily Price Survey, or any successor publication. Furthermore, Transporter has the right to seek security to cover the estimated value of a future monthly imbalance for non-creditworthy Shippers as follows: For a non-creditworthy new Shipper, a security amount equal to 10% of such Shipper’s estimated monthly usage multiplied by the Estimated Imbalance Rate as described below. For a non-creditworthy existing Shipper, a security amount equal to such Shipper’s largest monthly imbalance owed to Transporter over the most recent 12- month period multiplied by the Estimated Imbalance Rate. The term “Estimated Imbalance Rate” shall equal the average of the NYMEX future prices for the available 12-month period as such prices close on the day the Estimated Imbalance Rate is determined.

6.26.3 Collateral Requirements for Lateral Facilities and/or Expansion Capacity.

Notwithstanding the foregoing requirements, if Transporter constructs new facilities to accommodate a Shipper, Transporter may require financial assurance in an amount up to Shipper’s proportionate share of the cost of the new facilities. This financial assurance may be requested at any time before or after the in-service date of the facilities, to the extent mutually agreed to as a condition of the construction. Financial assurance requirements for expansion capacity will be separately identified within Transporters’ nondiscriminatory project precedent agreement and/or credit support agreement. As Transporter recovers the cost of these facilities through its rates the financial assurance required will be reduced accordingly. Specifically, any financial assurance provided by a Shipper related to new facilities shall be returned to that Shipper in equal monthly amounts over the term of its Agreement(s) for service related to the new facilities or as otherwise mutually agreed by Transporter and Shipper. The requirement is in addition to and shall not supersede or replace any other rights that Transporter may have regarding the construction of and reimbursement for facilities.

If Shipper defaults and Transporter terminates service to Shipper, then Transporter shall draw upon and retain such financial assurance necessary to reimburse Transporter for the unamortized cost of the facilities constructed for Shipper. The capacity underlying any terminated Agreement(s) shall be made available pursuant to Section 6.9 of these General Terms and Conditions. Within sixty (60) Days of the capacity being made available, to the extent such capacity has been awarded, the financial assurance retained by Transporter from the original Shipper shall be reduced to an amount equal to the net present value of that portion of the future reservation charge revenues of the original Shipper that would have been attributed to the cost of those facilities less the net present value of that portion of the future reservation charge revenues of the newly awarded Shipper that may be attributed to the cost of the facilities

6.26.4 Notification of Failure to Meet Creditworthiness.

Transporter shall have the right, on an ongoing basis, to review Shipper's creditworthiness and acceptability of any financial assurance, and upon Transporter's request, Shipper shall provide within three (3) Business Days, or such later date acceptable to Transporter, information in order to facilitate such review. If Shipper is found by Transporter to be non-creditworthy, Transporter will, upon request, inform Shipper in writing as to the reasons. Upon notification by Transporter of Shipper's non-creditworthy status, Shipper must, within five (5) Business Days after receipt of such notification, submit advanced payment to Transporter equal to one (1) month of service under Shipper's Agreement(s) to continue service. Shipper must, within thirty (30) Days, provide an acceptable financial assurance, as set forth in Section 6.26.2. For Shippers utilizing lateral facilities or expansion capacity, the financial assurance that must be provided within thirty (30) Days shall be in accordance with Section 6.26.2. If Shipper fails to provide one of the financial assurances within these time periods, Transporter may suspend service immediately (Shippers are not responsible for reservation charges after service is suspended) and may provide simultaneous written notice to Shipper, the Commission, and any Replacement Shipper(s) that service will be terminated in thirty (30) Days. Transporter also may exercise any other remedy available to it hereunder, at law or in equity. At all times prior to termination under this Section 6.26.4, as applicable, Shipper may avoid such termination by providing the advance payment and financial assurance described herein. Regardless of whether Shipper is insolvent, has lost its creditworthiness status or does not desire to continue service with Transporter, Shipper shall continue to be liable for all charges due under its Agreement(s) and associated rate schedule. If Shipper desires to continue service with Transporter, Transporter will require Shipper to pay any outstanding balances due Transporter for services rendered and provide adequate financial assurances in accordance with Section 6.26.2 above.

Appendix B

Great Lakes Gas Transmission Limited Partnership
FERC Gas Tariff, Third Revised Volume No. 1

Marked Tariff Sections

Tariff Section	Version
6.2.1 - GT&C, Requests	4.0.0
6.9.4 - GT&C,Failure to Pay	2.0.0
6.9.7 - GT&C,Prepayment of Reservation Fees	2.0.0
6.15.12 - GT&C, Permanent Releases	3.0.0
6.15.14 - GT&C, Procedure for Biddable Capacity Releases	6.0.0
6.16.5 - GT&C, Best Bid(s) for Matching Purposes	2.0.0
6.26.1 - GT&C, Creditworthiness of Shipper	2.0.0
6.26.2 - GT&C, Failure to Establish or Maintain Creditworthiness	3.0.0
6.26.3 - GT&C, Collateral Req for Lateral Facilities / Expansion Capacity	2.0.0
6.26.4 - GT&C, Notification of Failure to Meet Creditworthiness	3.0.0

6.2.1 Requests.

(a) Any Shipper or prospective shipper desiring service on Transporter's system must fully complete the request for service available through Transporter's Internet Website.

(b) In circumstances where Transporter already possesses the static information, e.g., address, contacts, etc., for a Shipper and where the variable information, e.g., MDQ, term, etc., is provided through other reliable sources, e.g., a bid for Transportation Service, Shipper shall not be required to provide all or a portion of the information included in such Request. It will, however, be the responsibility of Shipper to notify Transporter of any changes to the information already in Transporter's possession.

(c) Transporter will begin processing Shipper's request for service, but Transporter does not guarantee that service will be available. Transporter will not provide service until Shipper has executed a service agreement. Shipper also shall be required to meet other provisions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1, including the credit requirements set out in Section 6.26 of this Tariff. Standard form Service Agreements for each service offered by Transporter are set out in the Form of Service Agreement portion of this Tariff.

Shipper shall not be entitled to receive transportation service under this FERC Gas Tariff, Third Revised Volume No. 1 if Shipper is not current in its payments to Transporter for any charge, rate or fee authorized by the Commission for transportation service; provided, however, if the amount not current pertains to a bona fide dispute, including but not limited to force majeure claims relating to this FERC Gas Tariff, Shipper shall be entitled to receive or continue to receive transportation service if it complies with Section 6.9.4.

(d) Transporter's acceptance of a Request is subject to Shipper satisfying Transporter's creditworthiness requirements of Section 6.26.

(e) The applicable Commission filing fees relative to service under Rate Schedules FT, EFT, LFT, and IT shall be paid by the Shipper pursuant to Section 5.1.5 paragraph 1 of Rate Schedule FT, Section 5.2.5 paragraph 1 of Rate Schedule EFT, Section 5.3.5 paragraph 1 of Rate Schedule LFT, and Section 5.4.5 paragraph 1 of Rate Schedule IT in this FERC Gas Tariff, Third Revised Volume No. 1.

(f) Transporter shall tender an Agreement identifying all subsequent information that is required before Transporter will execute the agreement, within thirty (30) Days after a Request is deemed valid; provided, however, that Transporter is not required to tender an Agreement for service pursuant to any Request seeking firm Transportation Service under Rate Schedule FT, expedited firm Transportation Service under Rate Schedule EFT, or limited firm Transportation Service under Rate Schedule LFT of this FERC Gas Tariff, Third Revised Volume No. 1, if: (1) Transporter does not have sufficient capacity to render additional firm, expedited firm, or limited firm service, or (2) Transporter has capacity to render the requested firm, expedited firm, or limited firm service, but Shipper cannot commence service the first Day of the Month following the Shipper's execution of the Agreement, or on such later date as is mutually agreeable, or (3) the creditworthiness requirements as specified in Section 6.26 have not been satisfied. Shipper shall have thirty (30) Days from the date request is approved in which to execute the Agreement and to provide the required subsequent information or the Request shall be deemed null and void. Within thirty (30) Days of the receipt by Transporter of the executed Agreement, and all satisfactory subsequent information from the Shipper, the Transporter will execute the Agreement.

(g) Transporter may conduct an open season for available capacity that is not otherwise subject to a pending request for transportation services. If Transporter conducts such an open season it will post a notice of the open season on Transporter's Internet Website to afford all potential shippers an opportunity to acquire the capacity. Any award of capacity through an open season is subject to the requirements for service to commence as set forth in this FERC Gas Tariff, Third Revised Volume No. 1, including Transporter's creditworthiness requirements. Any potential shipper wishing to purchase the capacity in an open season may participate in the open season. Transporter will use nondiscriminatory and objective posting, bidding, and evaluation criteria, which evaluation criteria will be specified in the notice of open season, along with the details of what constitutes a valid bid request. The successful bidder(s), if any, will be identified in the transactional reports area on Transporter's Internet Website within twenty-four (24) hours of the close of the open season. Once an open season commences, all requests for service for the capacity available through the open season will be treated under this open season process.

(h) If Transporter is willing to consider offers for available or unsubscribed capacity containing Reduction Options, Transporter shall so state in its notice of such capacity. Such notice may include specific criteria of the acceptable terms for any Reduction Option. Transporter, in its determination of the value of a request for service containing a Reduction Option, will only consider the minimum incremental revenue guaranteed under the Service Agreement (i.e. the least possible revenue resulting from the transaction) if the option is or is not exercised, including any exit payment that the Shipper proposes to pay at the exercise of its option.

(i) If specified in an open season posting, Transporter will take into account bidder's probability of default when evaluating bids for long-term firm capacity with terms of three (3) years or more. Within such open season, bidder's (or bidder's guarantor) unenhanced senior unsecured debt rating will be determined by Transporter in accordance with Section 6.26. If bidder's (or bidder's guarantor) unenhanced senior unsecured debt rating is determined by Transporter to have met the minimum investment grade rating standard set forth below, its NPV shall not be subject to a probability of default adjustment. If bidder's (or bidder's guarantor) debt rating is determined by Transporter to have not met such minimum investment grade rating standard, Transporter shall make an adjustment to reduce bidder's (or bidder's guarantor) NPV to take into account bidder's (or bidder's guarantor) probability of default ("PD"), as defined below.

Transporter will use data from S&P Global Market Intelligence LLC's most recent "Global Corporate Average Cumulative Default Rates By Rating Modifier" table, published on their website, as extrapolated to reflect the maximum bid term to be used for evaluation purposes, to quantify bidder's PD.

The specific bid evaluation methodology to be used will be included as part of Transporter's open season posting with sufficient specificity to allow a prospective shipper to calculate the value of its bid and duplicate Transporter's results. The following formula, which may be used in an open season, illustrates the application of PD in bid valuation:

$$NPV = \sum[R*(1 / (1+i)^n)] *(1-PD)$$

Where:

$\sum$ = Summation of months 1 through n

n = term in months

R = Incremental monthly revenue of all services and paths in bid

i = Monthly Discount Factor (current FERC annual interest rate divided by 12)

PD = For an investment grade bidder (or bidder's investment grade guarantor, if applicable) PD shall be equal to zero. For non-investment grade bidders (or bidder's non-investment grade guarantor), PD shall be equal to bidder's probability of default (%) for the applicable bid term minus the probability of default (%) associated with a BBB- rating and the same bid term.

A non-investment grade bidder may elect to increase the NPV of its bid by posting collateral (Voluntary Collateral), whereby the amount of Voluntary Collateral provided to Transporter will increase the bidder's NPV dollar for dollar. For bid evaluation purposes, a non-investment grade bidder's Voluntary Collateral shall be limited to an amount no greater than such bidder's PD times the revenue component of the NPV formula excluding PD [PD * ($\sum$[R*(1 / (1+i)^n))]. Should a bidder desire to enhance its bid through Voluntary Collateral, such collateral must be received by Transporter no later than the close of the open season. Voluntary Collateral shall be in addition to that as required pursuant to Section 6.26.

If bidder wishes to use a guarantor, such guarantor's rating may be substituted for NPV purposes if bidder indicates such on its bid form; provided, however, such guarantee financial assurance is acceptable to Transporter and provided to Transporter prior to the close of the open season. If bidder (or bidder's guarantor, if applicable) does not have an unenhanced senior unsecured debt rating, Transporter will assign an equivalent rating. If bidder's guarantor is not creditworthy pursuant to Section 6.26, Transporter may request a financial assurance as outlined in Section 6.26.2.

Irrespective of whether a bid(s) has the highest NPV of the bids received, Transporter may reject bids for service that (i) may detrimentally impact the operational integrity of Transporter's system; (ii) do not satisfy all the terms of the specified open season posting; or (iii) contain terms and conditions other than those set forth in Transporter's FERC Gas Tariff.

In the event bidder posts Voluntary Collateral and/or a guarantee as described above, and bidder's bid is rejected, Transporter shall return the Voluntary Collateral and/or guarantee. In the event Voluntary Collateral and/or guarantee is/are posted and bidder's awarded capacity is pro-rated, the Voluntary Collateral and guarantee shall be pro-rated accordingly and the excess returned to bidder. Furthermore, any Voluntary Collateral and guarantee held will be returned over time in proportion to the initial term of the firm service agreement.

6.9.4 Failure to Pay.

~~Should Shipper fail to pay all of the amount of any statement as herein provided when that amount is due, interest on the unpaid portion of the bill shall accrue at the rate set forth in Section 154.501 of the Commission's Regulations, from the due date until the date of payment. Transporter may, on a not unduly discriminatory basis, exercise its right to waive accrual of interest on any unpaid portion. Transporter shall have the right, pursuant to Section 6.26.2(E) of the General Terms and Conditions of this FERC Gas Tariff, Third Revised Volume No. 1, to suspend or terminate service to Shipper in addition to any other remedy Transporter may have hereunder. However, if Shipper, in good faith, disputes the amount of any bill or part thereof and: (i) promptly pays to Transporter the undisputed amount, and (ii) furnishes to Transporter a good and sufficient surety bond in an amount, and with surety satisfactory to Transporter, or provides other assurance acceptable to Transporter guaranteeing payment to Transporter of the amount ultimately found due upon the bill after a final determination that may be reached either by agreement or by judgment of the courts, as may be the case, then Transporter shall not be entitled to automatically suspend service under the Agreement unless and until default be made in the conditions of the bond or other assurance. If: (i) it is determined that Transporter is incorrect and also at fault with regard to the billing dispute and (ii) the Shipper has furnished a surety bond to avoid the suspension of service under the Agreement, then Transporter shall reimburse Shipper up to the reasonable and customary cost of the surety bond provided.~~
Suspension or Termination for Nonpayment. If Shipper fails to pay Transporter the entire amount due on or before the payment due date, Transporter may suspend service under Shipper's Agreement(s) upon ten (10) Days' notice of a Shipper's first instance of non-payment or five (5) Days' notice to Shipper for any subsequent instances of non-payment occurring within the last six (6) months and shall have the right to seek termination of the Agreement(s) provided, however, Transporter may only suspend service to the extent the capacity is not subject to a capacity release at the time of suspension. In the event Transporter suspends service under Shipper's Agreement(s), Shipper shall not be responsible for reservation charges during such suspension period. At all times prior to suspension, Shipper has the right to cure such nonpayment by providing payment of the past due amounts plus accrued interest or by providing financial assurance equivalent to the amounts past due.

In the event that service to a Shipper is suspended, Transporter shall have the right to remarket the capacity that is subject to suspension on a month-to-month basis with terms not to exceed thirty-one (31) Days ("Interim Capacity Arrangement"). Any capacity sold pursuant this Section 6.9.4 shall be made available on a nondiscriminatory basis and will not be assigned on the basis of a period determined pursuant to the open season of the capacity release provisions set forth in Section 6.15 of the General Terms and Conditions. Capacity sold pursuant to this Section 6.9.4 shall not have a right of first refusal. If the Shipper whose service has been suspended remedies the deficiency that gave rise to the suspension after the capacity has been remarketed to another Shipper as part of an Interim

Capacity Arrangement, service to the Shipper whose service has been suspended will resume on the first (1st) Day following expiration of the Interim Capacity Arrangement. To the extent Transporter seeks to terminate a Shipper's Agreement(s), Transporter will provide written notice to Shipper, the Commission, and any Replacement Shipper(s) that has obtained temporary release capacity from Shipper, that if Shipper fails to make payment within thirty (30) Days of such notice, Transporter will terminate Shipper's Agreement(s) and may exercise any other remedy available to Transporter hereunder, at law or equity. At all times prior to termination, Shipper has the right to cure such non-payment by providing payment of the past due amounts plus interest or by providing financial assurances equivalent to the amount past due. However, if Shipper in good faith disputes the amount of any bill or part thereof by providing written notice of its dispute including documentation identifying the basis of the dispute and 1) promptly pays to Transporter the undisputed amount, when due, and 2) on or before the due date of such bill, furnishes to Transporter a financial assurance acceptable to Transporter for the disputed amount then Transporter shall not be entitled to suspend or terminate service under the Agreement(s) unless and until a default is made in the conditions of the financial assurance; provided further that should Shipper prevail on the dispute, Transporter shall reimburse Shipper up to the reasonable and customary cost of the financial assurance.

6.9.7 Prepayment of Reservation Fees.

Transporter may, from time to time in a manner not unduly discriminatory, agree to accept a Shipper's prepayment of its Reservation Fees obligation under an existing or new firm Agreement. The amount of the prepayment shall be equivalent to Shipper's unpaid Reservation Fees obligation for the remainder of the term of an existing firm Agreement or the entire term of a new firm Agreement, as applicable. A prepayment received by Transporter or an offer of a prepayment to be made under this section will not be used in the determination of the net present value of a bid during Transporter's evaluation process to award capacity.

The prepayment shall be credited to Shipper's Agreement under the ordinary course of Transporter's billing process. Shipper shall not be allowed to withdraw all or part of its prepayment.

Neither this provision nor any solicitation or negotiation by Transporter under this provision shall obligate Transporter to accept any request for prepayment.

A Shipper's Reservation Fees will be subject to adjustments when Transporter's recourse rates are changed pursuant to NGA section 4 or 5 during the period for which Shipper has prepaid for service and Shipper shall understand that any prepayment does not absolve it of such future adjustments to the recourse rates. For capacity release and posting requirements, the rate to be charged will be the rate specified in the applicable firm Agreement.

Prepayment of a Reservation Fees obligation received by Transporter under this section shall not qualify as either a cash security deposit under Section 6.26.2(A)(2) or a prepayment under Section 6.26.2(~~B~~A)(4) of these General Terms and Conditions for purposes of creditworthiness, nor shall a cash security deposit under Section 6.26.2(A)(2) or a prepayment under Section 6.26.2(~~B~~A)(4) of these General Terms and Conditions for purposes of creditworthiness be considered as a prepayment of a Reservation Fees obligation under this section.

6.15.12 Permanent Releases. A Shipper may offer to permanently release all or part of its capacity pursuant to the procedures of Sections 6.15.13 or 6.15.14 of this FERC Gas Tariff, Third Revised Volume No. 1. However, a permanent release must be for the entire remaining term of the Releasing Shipper's Transportation Service Agreement and may not utilize a volumetric rate form otherwise permitted under Section 6.15.6. Any potential Replacement Shipper under this Section 6.15.12 must meet the creditworthiness standards stated in Section 6.26 of the General Terms and Conditions. Transporter may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied by Transporter, Transporter shall notify Shipper via email and shall include in the notification the reason for such denial. Upon the consent of Transporter and the execution of a Transportation Service Agreement with the Replacement Shipper, Transporter will release Releasing Shipper from all of its obligations arising from service provided pursuant to the Transportation Service Agreement prospectively from the date of permanent assignment. However, Releasing Shipper will remain obligated for any fees, surcharges, or other obligations related to service provided under Releasing Shipper's Transportation Service Agreement prior to the date of its permanent assignment. Transporter may require that the Replacement Shipper agree to a rate and/or term equal to those in the Releasing Shipper's Transportation Service Agreement, or to any other provision in Releasing Shipper's Transportation Service Agreement. Transporter's consent to allow a permanent release shall not be unreasonably withheld, and shall be applied on a non-discriminatory basis.

6.15.14 Procedure For Biddable Capacity Releases.

(A) Releasing Shipper either shall post on Transporter's Customer Activities Website or provide to Transporter a written notification containing the following information:

(1) Name and address of Releasing Shipper, including the name, address, telephone number, and e-mail address of the person to be responsible for the release and assignment transaction and if there is a pre-arranged Replacement Shipper, the same information for that Replacement Shipper. The Dun & Bradstreet Number of both the Releasing Shipper and the Replacement Shipper must also be provided to Transporter.

(2) The amount of Releasing Shipper's Capacity to be released and assigned, and an indication of whether or not Releasing Shipper will accept bids for less than the full quantity being released. If Releasing Shipper will accept bids for less than the full quantity being released, Releasing Shipper must indicate the minimum acceptable quantity it is willing to accept, and whether or not this minimum acceptable quantity should be displayed in the offer.

(3) The term of the proposed release and assignment of Releasing Shipper's Capacity, including commencement and termination dates, which can be any Day of the Month. Releasing Shipper shall also indicate if it will accept bids for less than the full term being offered. If Releasing Shipper will accept bids for less than the full term, Releasing Shipper must indicate the minimum acceptable term it is willing to accept and whether or not this minimum acceptable term should be displayed in the offer. Releasing Shipper shall also indicate whether the capacity release transaction is of a temporary or permanent nature.

(4) An indication of whether or not the capacity may be recalled by the Releasing Shipper and, if applicable, the objectively stated, non-discriminatory criteria under which the capacity may be recalled. If recallable, the Releasing Shipper shall specify, as a condition of the capacity offer, which of the recall notification periods stated in Section 6.15.3(A) pertain, and whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day.

(5) An indication of whether or not capacity recalled by the Releasing Shipper may be reput back to the Replacement Shipper and, if applicable, the objectively stated, non-discriminatory criteria under which the capacity recalled by the Releasing Shipper may be reput back to the Replacement Shipper.

(6) The Primary Receipt Point(s) of the Capacity to be released and assigned by Releasing Shipper.

(7) The Primary Delivery Point(s) of the Capacity to be released and assigned by Releasing Shipper.

(8) Transporter's contract identification number.

(9) Pursuant to Section 6.15.6, the Releasing Shipper must indicate whether the rate to be charged is Reservation Fee based or volumetrically based, denominated in dollars and cents or as a percentage of the maximum tariff rate for non-index based releases, or based on an index formula as detailed in the capacity release offer.

The Releasing Shipper must also indicate the minimum Reservation fee per Dth, the minimum volumetric rate, the minimum percentage of the maximum tariff rate, or the Rate Floor for index-based capacity release transactions acceptable to the Releasing Shipper. If no minimum is specified, the minimum will be deemed to be $0.000per Dth for the Reservation Fee or for the index-based rate, $0.00000 per Dth for the 100% Volumetric Rate, or no minimum percentage of the maximum tariff rate, as appropriate.
Releasing Shipper shall indicate whether the minimum acceptable Reservation fee per Dth, the minimum acceptable index-based rate, the minimum acceptable volumetric rate, or the minimum acceptable percentage of the maximum tariff rate is to be displayed in the offer.

(10) Releasing Shipper's selection of one of the methods provided in Section 6.15.14(F)(3) for use in Transporter's determination of the best bid. If no method of evaluation is chosen or provided by the Releasing Shipper, Transporter shall evaluate bids utilizing the net revenue method of Section 6.15.14(F)(3)(b).

(11) Releasing Shipper's selection of a tie-breaking method which may be by pro rata allocation, or first come, first served, or some other non-discriminatory method.

(12) The information required under Section 6.15.14(I) for any pre-arranged Replacement Shipper.

(13) The specific non-discriminatory, objective criteria under which contingent bids would be accepted. Releasing Shipper must specify whether and, if so, for what time period, the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder exercise its option not to take

the capacity.

(14) Subject to the timeline established in Section 6.15.14(B), the date on which the open season is to begin and end if greater than the minimums provided for in the timeline.

(15) A minimum volumetric commitment for capacity release transactions where the rate to be charged is on a volumetric basis. Releasing Shipper may state the minimum volumetric basis as either a quantity in Dth or as a percentage of the maximum total quantity that could be transported under the terms of the capacity release transaction. If no minimum volumetric commitment is provided, the minimum shall be deemed to be zero (0).

(16) An indication of whether or not the offer is stand-alone. If the offer is not stand-alone, the Releasing Shipper must specify the applicable terms and conditions.

(17) Any other objectively stated, non-discriminatory criteria applicable to all bidders related to the release such as, but not limited to: the release being part of an integrated transportation path.

(B) If all of the information provided pursuant to Section 6.15.14(A) is valid, the Replacement Shipper has been determined to be creditworthy pursuant to Section 6.26~~.15.10~~, the bid evaluation method is consistent with Section 6.15.14(F)(3)(a)-(c), and for index-based capacity release transactions, the Releasing Shipper has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline and there are no special terms or conditions to the release, then, pursuant to Standards 5.3.1 and 5.3.2 of the latest version of the Standards promulgated by the North American Energy Standards Board (NAESB), the following timelines, in C.C.T., shall apply.

(1) For biddable releases (1 year or less):

(a) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(b) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.

(c) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(d) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(e) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(f) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(g) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(2) For biddable releases (more than 1 year):

(a) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(b) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

(c) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(d) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(e) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(f) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(g) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper.

Offers that do not utilize one of the bid evaluation methods of Section 6.15.14(F)(3)(a)-(c) must be received by Transporter by 8:00 a.m. (C.C.T.) in order to allow Transporter sufficient time to evaluate the bid evaluation method.

Further, Transporter may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g., designation of an index not supported by Transporter).

(C) The posting of a notice is an offer by Releasing Shipper to entertain bids on the Capacity proposed to be released and assigned, but is not an offer by Transporter. Offers shall be binding until notice of withdrawal is received by Transporter on Transporter's Customer Activities Website. Such offer may be withdrawn by the Releasing Shipper where unanticipated circumstances justify and no bid meeting the minimum bid criteria set forth by the Releasing Shipper in Section 6.15.14(A) above has been received. After a bid meeting those minimum requirements is received, such offer shall remain open until the priority bidder becomes an FT, EFT, or LFT Shipper pursuant to Section 6.15.14(G) below. Releasing Shipper's Section 6.15.14(A) notice authorizes Transporter to accept bids for the Capacity.

(D) All bids will be open for viewing through Transporter's Internet Website except that the identity of the bidder will remain confidential during the open season. To be considered under this subsection, bids must be: (1) received during an open season; (2) in writing, posted to Transporter's Customer Activities Website, or submitted through EDI; and (3) must conform with the provisions of Section 6.2 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 and the Releasing Shipper's Section 6.15.14(A) requirements set forth in the capacity release notice. Additionally, the potential Replacement Shipper must provide Transporter with its Dun & Bradstreet Number.

(E) Bids shall be binding until notice of withdrawal is received by Transporter on Transporter's Customer Activities Website. Bids, however, cannot be withdrawn once the bid period ends.

(F) At the close of the open season, one of the following will occur:

(1) A request by Releasing Shipper to solicit additional bids, which shall be treated as a new request under Section 6.15.14(A).

(2) If one bid is received (bids must meet Section 6.15.14(A) requirements in order to be valid), then Transporter will contract with the bidder if the bidder complies with Section 6.15.10 and will implement the capacity release pursuant to Section 6.15.14(B) above. Transporter shall so notify Releasing Shipper.

(3) If more than one bid is received, Transporter shall utilize the following criteria to determine the "best bid":

(a) highest rate;

(b) net revenue;
(c) present value; or
(d) any other non-discriminatory method specified by the Releasing Shipper in its notice of Section 6.15.14(A).

For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology.

(4) In the event that more than one bid qualifies as the "best bid," then priority shall be allocated based on the method specified by the Releasing Shipper in its notice of Section 6.15.14(A). Priority bidders are not required to accept any quantity of gas less than the full quantity bid, unless the bidder has indicated that it would be willing to accept a lesser quantity. Transporter will contract with the bidder(s) receiving priority that complies with Section 6.15.10 and will implement the capacity release pursuant to Section 6.15.14(B) above. Transporter shall so notify Releasing Shipper.

(G) A successful bidder under Section 6.15.14(F) shall contract with Transporter under Rate Schedule FT, Rate Schedule EFT, or Rate Schedule LFT, as provided for in this section, for the Capacity pursuant to the terms of its bid and shall become a Replacement Shipper under this tariff. Notwithstanding any provision of Rate Schedule FT, Rate Schedule EFT, or Rate Schedule LFT, the Replacement Shipper's rights under the release and assignment shall not be superior to those of the Releasing Shipper.

(H) A bid is an offer by the bidder to accept from Transporter the Capacity posted on Transporter’s Internet Website pursuant to Section 6.15.14(C). The bid may be withdrawn or adjusted upward but not downward during the open season, and at the close of the open season shall remain open until the priority bidder becomes an FT, EFT, or LFT Shipper pursuant to Section 6.15.14(G) above. Contingent bids that meet the criteria set forth by the Releasing Shipper in Section 6.15.14(A)(13) above will be allowed. If the bid is not accepted or if the bidder fails to satisfy the applicable provisions of Transporter's Rate Schedule FT, Rate Schedule EFT, or Rate Schedule LFT, as appropriate, and become a Replacement Shipper, then Transporter will refund any payment made pursuant to Section 6.26 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1.

(I) Releasing Shipper may provide to Transporter, at the time of submission of the written notice required by Section 6.15.14(A), the name and bid terms of a pre-arranged Replacement Shipper. Transporter shall post the pre-arranged Replacement Shipper's bid on Transporter’s Internet Website at the same time that the Section 6.15.14(A) notice is posted. At the conclusion of the open season, if the pre-arranged Replacement Shipper is not the priority bidder under Section 6.15.14(F), then the pre-arranged Replacement Shipper shall have until 11:30 p.m. (C.C.T.) on the same day the open season ended in which to match the bid of the priority bidder under Sections 6.15.14(F)(3) or 6.15.14(F)(4). In the event that the pre-arranged Replacement Shipper matches the bid of the priority bidder, then the pre-arranged Replacement Shipper shall become the priority bidder under Sections 6.15.14(F)(3) or 6.15.14(F)(4).

6.16.5 Best Bid(s) for Matching Purposes.

(a) At the close of the bidding period, Transporter shall review all bids that met the bid requirements and that were not rejected by Transporter pursuant to Section 6.16.4. Such bids ("valid bids") shall be evaluated on the basis of the Net Present Value of the proposed reservation rate (or any other proposed form of revenue guarantee) and the associated proposed term ("NPV per unit"). As used in this Section 6.16.5, revenue guarantee shall include, but not be limited to, revenue based on any minimum through-put commitment proposed in a bid.

(b) The NPV per unit shall be determined utilizing the FERC approved interest rate as the discount rate, except that any bid rate higher than the maximum applicable tariff rate shall be deemed to be equal to the maximum applicable tariff rate.

(c) Transporter shall rank the bids in order of the highest to the lowest NPV per unit. From those ranked bids, Transporter will determine which bid(s) is the "Best Bid(s) for Matching Purposes" ("BBMP(s)"). The BBMP(s) shall be the bid(s), in order of ranking, which aggregate to a total quantity not greater than the capacity posted for bids under Section 6.16.2.

(d) If specified in its open season posting, when evaluating bids for long-term firm capacity with terms of three (3) years or more, Transporter shall adjust the NPV of the shippers that have not met the creditworthiness criteria in Section 6.26 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 by applying an additional factor: Shipper's probability of default for the applicable bid term.

6.26.1 ~~Determination of~~ Creditworthiness of Shipper.

(A) ~~For purposes herein, the determination of Shipper's creditworthiness will be based upon Shipper's credit/financial history and outlook, along with a comparison of the request for credit (defined as the sum of the reservation fees, utilization fees, and other applicable fees and amounts calculated for three months of service or the effective period of Shipper's service, whichever is shorter) to the Shipper's adjusted tangible net worth as defined in Section 6.26.1(B)(2). If the Shipper has multiple Agreements with Transporter, the exposure generated by the total of all such Agreements shall be considered in determining creditworthiness.~~Subject to the provisions of paragraphs (B) and (C) below, Transporter shall not be required to provide or to continue to provide service on behalf of any Shipper that fails, in Transporter's reasonable judgment, to demonstrate minimal creditworthiness for all or any part of the service requested, based upon Transporter's consideration of available credit data concerning Shipper and Shipper's past payment history, financial statements, and credit reports. If Shipper has multiple Agreements with Transporter, the total of potential fees and charges of all such Agreements shall be considered in determining creditworthiness.

(B) ~~Shipper will be deemed creditworthy (on a standalone basis) if~~Criteria for Creditworthiness Determination:

(1) ~~the Shipper provides verification that the lower of its senior unsecured debt rating or issuer rating is investment grade or better from each of the major rating agencies (if applicable), including, but not limited to, Moody's, Standard & Poor's, Fitch, and Dominion Bond Rating Service; and~~Acceptance of a Shipper’s request for service and the continuance of service are contingent upon the Shipper satisfying on an on-going basis, a credit appraisal by Transporter.

(2) ~~the request for credit is less than fifteen percent (15%) of the Shipper's tangible net worth, as adjusted. "Tangible net worth" is defined as Shipper's total assets, less total liabilities, less intangible assets, less off balance sheet obligations. The fifteen percent (15%) referenced herein will be adjusted as appropriate by the use of key ratios to reflect issues and trends regarding Shipper's liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency, and profitability; and~~Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper’s financial ability to satisfy the payment obligations due to Transporter over the term of the requested Agreement(s).

(3) ~~the Shipper's credit/financial history and outlook is determined to be acceptable by Transporter. Such determination shall be based upon Transporter's evaluation of (a) Shipper's financial statements and auditor's notes, Shipper's~~

~~annual report to stakeholders, and Shipper's annual report to regulators; (b) whether Shipper has been placed on credit watch and/or there has been a change in Shipper's credit rating; (c) bank and trade references or other information obtained that is relevant to Shipper's current and future financial strength and its ability to pay its obligations in a timely manner; (d) Shipper's payment history to Transporter for services provided under this FERC Gas Tariff, Third Revised Volume No. 1; (e) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures; and (f) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper's business prospects~~A Shipper will establish creditworthiness if:~~.~~

(i) its unenhanced senior unsecured debt securities are rated at least BBB- by S&P Global Market Intelligence LLC or its successor (“S&P”) or Baa3 by Moody’s Investors Service, Inc. or its successor ("Moody's"); provided however, that in the event a split rating occurs between rating agencies, Transporter will rely upon the lower of the ratings. Nothing herein shall limit Transporter’s ability to evaluate any factors set forth in Section 6.26 C (i) – (vii) below where Shipper’s creditworthiness is established by a rating agency if such factor(s) would alter Transporter’s evaluation of Shipper. If Shipper has multiple Agreements with Transporter, then the total of potential fees and charges of all such Agreement(s) shall be considered in determining creditworthiness

Transporter reserves the right to determine in its reasonable discretion, that a Shipper who requests new service is not creditworthy to receive that service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or past Agreement(s) and Shipper has defaulted on those payments per the terms of the General Terms and Conditions; provided, however, this provision shall not affect amounts disputed by Shipper in good faith.

(C) If Shipper does not meet the creditworthiness standard described in Section B 3(i) above, then, Shipper may have the Transporter evaluate its creditworthiness based upon the level of Shipper’s current and requested service(s) with Transporter relative to Shipper’s current and future ability to meet its obligations. Such creditworthiness evaluation shall be based upon any or all of the following requested information in (i) through (vii) below:

(i) S&P, Moody’s and other credit reporting agencies opinions, watch alerts, outlooks, and rating actions will be considered in determining creditworthiness.

(ii) Consistent financial statement analysis will be applied by Transporter to determine the acceptability of Shipper's current and future financial strength. Shipper's balance sheets, income statements, cash flow statements, and auditor's notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency, and profitability.

(iii) The nature of Shipper's business and the effect on that business of economic conditions, including Shipper's ability to recover the cost of Transporter's service through filings with regulatory agencies or otherwise to pass on such costs to its customers.

(iv) Shipper is not operating under any chapter of the United States Bankruptcy Code and is not subject to liquidation or debt reduction procedures under state laws and no petition for involuntary bankruptcy against Shipper is pending. Transporter may give consideration for a Shipper who is a debtor in possession operating under Chapter 11 of the United States Bankruptcy Code, if Transporter is adequately assured the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future to make payment.

(v) Whether Shipper is subject to any lawsuits or outstanding judgements which could materially impact its ability to remain solvent.

(vi) Whether Shipper has or has had any delinquent balances outstanding for service provided previously by Transporter and whether Shipper is paying or has paid its account balances according to the terms established in its Agreement(s) (excluding amounts as to which there is a good faith dispute).

~~(i)~~(vii) Any other information including any information provided by Shipper, that Transporter deems relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of its Agreement(s).~~In the event that Transporter determines an existing Shipper or potential Shipper to be non-creditworthy, and upon request of such Shipper, Transporter shall provide within five (5) days of the request a written explanation of the basis for the non-creditworthy determination.~~

6.26.2 ~~Service to Non-creditworthy Shippers~~Failure to Establish or Maintain Creditworthiness.

(A) ~~Transporter shall not be required to execute or extend an Agreement under any Rate Schedule on behalf of any Shipper, or to commence or to continue service to any Shipper, who is not deemed creditworthy pursuant to Transporter's credit standard as set forth in Section 6.26.1. Any Shipper failing to meet the credit standard may still receive service if Shipper furnishes and maintains with Transporter one of the following credit enhancements, in an amount determined pursuant to Section 6.26.2(C), calculated for (3) three months of service or the effective period of Shipper's service, whichever is shorter~~If Shipper fails to establish or maintain creditworthiness as described in Section 6.26.1, Shipper has the option of receiving or continuing service under this Tariff by providing and maintaining one of the following financial assurances in accordance with the requirements as set forth below:

(1) ~~an unconditional, irrevocable guaranty executed from a party that meets Transporter's standards for creditworthiness as set forth in Section 6.26.1;~~ Guarantee: Shipper may provide a guarantee of financial performance in a form satisfactory to Transporter and for the term of the Agreement(s) from a person or entity which meets the creditworthiness standards outlined in Section 6.26.1 (guarantor).

(2) ~~a revolving irrevocable standby letter of credit from a creditworthy major U.S. or Canadian bank or finance company; or~~Cash Security Deposit: Shipper may provide a cash security deposit for service. Transporter shall accrue simple interest on cash security deposits at the “Federal Funds (effective)” rate published in the Federal Reserve Statistical Report H.15. Upon Shipper’s request, provided Shipper is not in default under any obligation to Transporter, Transporter will remit the balance of the interest to Shipper within thirty (30) Days, provided, however that Transporter shall not be required to remit interest to Shipper more often than every thirty (30) Days.

(3) ~~such other form of credit enhancement as may be acceptable to Transporter to assist the Shipper in meeting Transporter's standards for creditworthiness.~~ Letter of Credit: Shipper may post an irrevocable standby letter of credit in a form acceptable to Transporter and issued by a bank or financial institution deemed acceptable by Transporter.

(4) Any other financial assurance mutually agreed upon by Transporter and Shipper. Such other financial assurance shall be accepted on a nondiscriminatory basis and may include, as related to interruptible service, a prepayment equal to an amount defined by Transporter. Such defined prepayment will remain in place until Shipper exhausts its prepaid balance by utilizing interruptible transportation service. At the point Shipper’s prepayment

is exhausted, Transporter may suspend further interruptible service. Shipper will not earn interest on defined balance prepayments, as further discussed in Section 6.9.7 (Prepayment of Reservation Fees).

(B) ~~In lieu of credit enhancement, Transporter may agree to accept a prepayment for service.~~ Transporter may deny subsequent requests to substitute financial assurances on a not unduly discriminatory basis and will provide Shipper with a written explanation of any denial of a request to substitute financial assurances.

Within five (5) Business Days of Transporter's notification to Shipper that Shipper has returned to creditworthiness in accordance with Section 6.26.2 herein, Transporter will return Shipper's financial assurance held by Transporter along with any applicable interest and interest calculation reconciliations.

Upon performance in full of all Shipper's obligations under its Agreement(s), Transporter will return Shipper's financial assurance associated with undisputed invoice amounts within five (5) Business Days of Shipper performing all obligations in full. Any remaining financial assurance will be returned after resolving all disputed invoice amounts under the expired Agreement(s). In either case, Transporter will pay applicable interest and provide Shipper final billing reconciliations detailing interest calculations

(C) ~~The amount of credit enhancement or prepayment required to be provided by Shipper shall be determined by Transporter, giving consideration to, without limitation:~~ Financial Assurance Requirement Table:

Service	Column A: Guarantee Requirement	Column B: Cash Security or Letter of Credit Amount
Firm Service	Shipper's contractual obligation under its firm service Agreement(s) with Transporter	Up to the value of three (3) months reservation charges
Interruptible/Volumetric Service	Shipper's highest monthly bill for interruptible and volumetric based service over the previous rolling twelve (12) months multiplied by three (3). Initial requirement based upon Shipper's anticipated usage for three (3) month	Same under Column A

	period as determined by Shipper and Transporter	
Park and Loan	The lesser of the transaction term or three (3) months value based on the transaction quantities multiplied by the rate for such transaction plus the value of loaned gas.	Same under Column A
Imbalance Gas	In accordance with Section 6.3.3.	Same Under Column A

Unless otherwise agreed, the financial assurance must at all times maintain a value specified above equal to the highest estimated charges during the term of the Agreement(s). Financial assurances are held for security, provided that any financial assurance may be applied or set off by Transporter to satisfy any and all delinquent account(s) or other obligations

~~(1) the highest estimated charges that may be incurred by Shipper, including reservation, commodity, and any other applicable charges; and~~

~~(2) for loan transactions, the value of gas loaned, calculated as Shipper's Maximum Quantity as set forth on Appendix A of its PAL Agreement multiplied by the midpoint "Emerson, Viking GL" price applicable to the last day of the preceding month, as reported in Platts Gas Daily (Daily Price Survey) or any successor publication thereto. Transporter shall have no obligation to lend any quantity of gas beyond amounts for which Transporter holds security.~~

~~(D) Transporter shall provide written notice of its determination that an existing Shipper no longer qualifies for standalone credit. Such notice shall state the amount of security required by Transporter pursuant to this Section 6.26.2 in order for Shipper to continue to receive service. Further,~~

~~(1) Within five (5) business days of its receipt of Transporter's notice, Shipper shall:~~

~~(a) submit payment in full of any amounts which remain due and owing to Transporter for services already provided and invoiced to Shipper; and~~

~~(b) provide prepayment for one (1) month of service.~~

~~(2) Within thirty (30) days of its receipt of Transporter's notice, Shipper shall provide the form and amount of credit enhancement described in Sections 6.26.2(A)-(C) in order to continue to receive service.~~

(~~E~~D) ~~If Shipper should fail to provide 1) the required information pursuant to Section 6.26.4; 2) any payment required pursuant to Section 6.9.4 – Failure to Pay; or 3) any required credit enhancement and/or prepayment pursuant to this Section 6.26.2, Transporter may suspend or terminate service to Shipper. Transporter shall provide written notice to Shipper thirty (30) days prior to a termination of service and at least forty-eight (48) hours prior to a suspension of service. Shipper shall not be obligated to pay any reservation fees for suspended service attributable to the period when such service is suspended. Upon resolution of the deficiencies cited by Transporter in a notice of suspension, Transporter shall promptly reactivate service to Shipper and notify Shipper of such reactivation~~Loaned/Imbalance Gas Owed to Transporter.

For lending services PAL Rate Schedule Transporter shall have the right to seek financial assurance for the value of gas loaned by Transporter the amount of such financial assurance will be based on the quantity of gas loaned and the location where the loan/imbalance occurred. For loan/imbalance, the amount of financial assurance will be based on the quantity of gas loaned multiplied by the Emerson, Viking GL price located under the "Platts Gas Daily" (or any successor publication thereto) for the month the quantity of gas is loaned. Transporter shall have no obligation to lend any quantity of gas beyond the financial assurance amount provided by Shipper to Transporter.

Transporter has the right to seek additional financial assurance to cover the value of any imbalance owed Transporter by a non-creditworthy Shipper. The imbalances shall be valued at the "Spot Market Price" which shall be defined, for each Dth on each applicable Day on which gas is owed, as the "Emerson, Viking GL" price index as published in Gas Daily Price Survey, or any successor publication. Furthermore, Transporter has the right to seek security to cover the estimated value of a future monthly imbalance for non-creditworthy Shippers as follows: For a non-creditworthy new Shipper, a security amount equal to 10% of such Shipper's estimated monthly usage multiplied by the Estimated Imbalance Rate as described below. For a non-creditworthy existing Shipper, a security amount equal to such Shipper's largest monthly imbalance owed to Transporter over the most recent 12- month period multiplied by the Estimated Imbalance Rate. The term "Estimated Imbalance Rate" shall equal the average of the NYMEX future prices for the available 12-month period as such prices close on the day the Estimated Imbalance Rate is determined.

6.26.3 ~~Credit Requirements for Service Requiring New Non-Mainline Facilities~~Collateral Requirements for Lateral Facilities and/or Expansion Capacity.

~~Shippers that contract for service requiring new non-mainline facilities, such as laterals, meter stations, and other appurtenances, must be deemed creditworthy on a standalone basis, or provide such other forms of additional credit enhancement, in an amount agreeable to Transporter, for a period up to the termination date of Shipper's Agreement. In the case of a permanent release of such service, the Replacement Shipper must be deemed creditworthy on a standalone basis, or provide such other forms of additional credit enhancement, in an amount agreeable to Transporter, for a period up to the termination date of the Releasing Shipper's Agreement.~~Notwithstanding the foregoing requirements, if Transporter constructs new facilities to accommodate a Shipper, Transporter may require financial assurance in an amount up to Shipper's proportionate share of the cost of the new facilities. This financial assurance may be requested at any time before or after the in-service date of the facilities, to the extent mutually agreed to as a condition of the construction. Financial assurance requirements for expansion capacity will be separately identified within Transporters' nondiscriminatory project precedent agreement and/or credit support agreement. As Transporter recovers the cost of these facilities through its rates the financial assurance required will be reduced accordingly. Specifically, any financial assurance provided by a Shipper related to new facilities shall be returned to that Shipper in equal monthly amounts over the term of its Agreement(s) for service related to the new facilities or as otherwise mutually agreed by Transporter and Shipper. The requirement is in addition to and shall not supersede or replace any other rights that Transporter may have regarding the construction of and reimbursement for facilities.

If Shipper defaults and Transporter terminates service to Shipper, then Transporter shall draw upon and retain such financial assurance necessary to reimburse Transporter for the unamortized cost of the facilities constructed for Shipper. The capacity underlying any terminated Agreement(s) shall be made available pursuant to Section 6.9 of these General Terms and Conditions. Within sixty (60) Days of the capacity being made available, to the extent such capacity has been awarded, the financial assurance retained by Transporter from the original Shipper shall be reduced to an amount equal to the net present value of that portion of the future reservation charge revenues of the original Shipper that would have been attributed to the cost of those facilities less the net present value of that portion of the future reservation charge revenues of the newly awarded Shipper that may be attributed to the cost of the facilities

6.26.4 ~~Credit Information~~Notification of Failure to Meet Creditworthiness.

~~As part of an initial or subsequent Request for Service, Transporter may request from Shipper (or its guarantor) the following information, on an ongoing basis:~~

~~(a) a copy of Shipper's audited financial statements, annual reports and most recent interim financial statements with an attestation by its Chief Financial Officer, Controller, or equivalent that such statements constitute a true, correct and fair representation of the financial position and results of the company;~~

~~(b) statement of legal composition and a list of parent companies, subsidiaries, and affiliates;~~

~~(c) a statement of any proceedings having been commenced by or against such Shipper 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 extensions. In the event that a court decree or order shall have been entered for the appointment of a receiver, liquidator, trustee, assignee in bankruptcy or insolvency of Shipper, or of a substantial part of its property, or for the winding up or liquidation of its affairs, or in the event that any substantial part of the property of Shipper shall be sequestered or attached and shall not be returned to the possession of Shipper or released from attachment within thirty (30) days thereafter; or in the event that Shipper shall make a general assignment for the benefit of creditors or shall admit in writing its inability to then pay its debts generally as they become due, then Shipper shall fully disclose any and all actions regarding the above described proceedings against Shipper or any affiliated companies;~~

~~(d) other information as reasonably requested by Transporter, including information from credit rating agencies.~~

Transporter shall have the right, on an ongoing basis, to review Shipper's creditworthiness and acceptability of any financial assurance, and upon Transporter's request, Shipper shall provide within three (3) Business Days, or such later date acceptable to Transporter, information in order to facilitate such review. If Shipper is found by Transporter to be non-creditworthy, Transporter will, upon request, inform Shipper in writing as to the reasons. Upon notification by Transporter of Shipper's non-creditworthy status, Shipper must, within five (5) Business Days after receipt of such notification, submit advanced payment to Transporter equal to one (1) month of service under Shipper's Agreement(s) to continue service. Shipper must, within thirty (30) Days, provide an acceptable financial assurance, as set forth in Section 6.26.2. For Shippers utilizing lateral facilities or expansion capacity, the financial assurance that must be provided within thirty (30) Days shall be in accordance with Section 6.26.2. If Shipper fails to provide one of the financial assurances within these time periods, Transporter may suspend service immediately (Shippers are not responsible for reservation charges after service is suspended) and may provide simultaneous written notice to Shipper, the Commission, and any Replacement Shipper(s) that service will be terminated in thirty (30) Days. Transporter also may exercise any other remedy available to it hereunder, at law or in equity. At all times prior to termination under this Section 6.26.4, as applicable, Shipper may avoid such termination by providing the advance payment and financial assurance described herein. Regardless of whether Shipper is insolvent, has lost its creditworthiness status or does not desire to continue service with Transporter, Shipper shall continue to be liable for all charges due under its Agreement(s) and associated rate schedule. If Shipper desires to continue service with Transporter, Transporter will require Shipper to pay any outstanding balances due Transporter for services rendered and provide adequate financial assurances in accordance with Section 6.26.2 above.