



1. **Definitions** (continued)

- 1.20 **Daily Index Cost of Gas** - The wellhead price of Gas per Dth available for delivery to a Relevant Pipeline on a particular Day which, unless the Commission directs otherwise, shall be the price for Gas delivered into the Relevant Pipeline on such Day, as determined below from the "Daily Price Survey" set forth in Gas Daily, published by Pasha Publications Inc., in the first issue of such publication following the date of the transaction. For Transco, this price is found under the heading "Louisiana - Onshore South," in the row entitled "Transco Z3 St. 50, 62, 65," and the column entitled "Midpoint." For Tennessee Pipeline, this price is found under the heading "Louisiana - Onshore South," in the row entitled "Tennessee 500 leg," and the column entitled "Midpoint." For Southern, this price is found under the heading "Louisiana - Onshore South," in the row entitled "Sonat" and the column entitled "Midpoint." If any of the above publications ceases to be published, or ceases to be published in the format described herein, the Company shall notify the Commission and designate an alternative publication or format, and upon such notice to the Commission, the alternative designated shall be effective for the purposes hereof unless the Commission directs otherwise.
- 1.21 **Daily Supply Requirement (DSR)** - The minimum Gas supply a Marketer must tender via one or more interstate pipeline companies to a Primary Pool to satisfy such Marketer's share of the Firm requirements in such Primary Pool.
- 1.22 **Day** - The period of 24 consecutive hours beginning at 10:00 a.m., ~~Standard-Eastern Clock~~ time.
- 1.23 **Dekatherm (Dt or Dth)** - 10 Therms or one million Btus (1MMBtus).
- 1.24 **Designated Design Day Capability** - The physical delivery capability of the Company's intrastate facilities.
- 1.25 **Dedicated Design Day Capacity** - The maximum Firm daily delivery capacity of the Company dedicated to particular Premises.

13. Allocation, Assignment and Sale of Capacity and Supply Assets
(continued)

13.6.1 The Company shall release fifty (50%) percent of each of the Company's Long Term Net Available Interstate Services initially for seven Months and thereafter for the twelve (12) Month period or until the date the underlying interstate contract expires, or the Long Term Released Capacity is recalled pursuant to Section 13.16, whichever is earlier pursuant to the allocation procedures set forth in Subsection 13.5.1, above.

13.6.2 The Company shall release the remaining percentage of each of the Company's Net Available Interstate Services on a monthly basis pursuant to the allocation procedures set forth in Subsection 13.5.2, above.

13.7 Allocation of Interstate Storage Inventory

13.7.1 Allocation of Storage Inventory related to Assignment of Storage Assets

The Company will allocate to each Marketer the storage inventory associated with the total capacity of the portion of each interstate storage service allocated to a Marketer pursuant to Subsection 13.5 above. The allocations of inventory for an interstate storage service will be determined monthly by the Company based on a Marketer's Market Share for each Primary Pool until all of the capacity of the interstate storage service, other than the amount retained by the Company, has been allocated to Marketers pursuant to Subsection 13.5 above. The Company will post on the EBB each allocation of interstate storage inventory to a Marketer for viewing only by such Marketer.

13.7.2 Allocation of CSS Inventory Above Targeted Volumes

Each Marketer shall be entitled to an allocation of CSS inventory in the event such inventory level is above the following percentages on the following dates:

13. Allocation, Assignment and Sale of Capacity and Supply Assets
(continued)

<u>November 15</u>	<u>85%</u>
<u>November 30</u>	<u>80%</u>
<u>December 15</u>	<u>77%</u>
<u>December 31</u>	<u>74%</u>
<u>January 15</u>	<u>70%</u>
<u>January 31</u>	<u>66%</u>
<u>February 15</u>	<u>63%</u>
<u>February 28</u>	<u>60%</u>
<u>March 15</u>	<u>45%</u>
<u>March 31</u>	<u>30%</u>

The allocations of inventory above the targeted volumes will be determined twice a month by the Company based on the Marketer's market share of AGLC released CSS storage capacity on SNG for the Month. Three days prior to the specified dates above the Company will post on the EBB an estimated allocation of available inventory that may be available to a Marketer for viewing only by such Marketer. On the specified dates above the Company will post on the EBB the allocation of available inventory that is available to a Marketer for viewing only by such Marketer.

13.8 Sale and Purchase of Interstate Storage Inventory**13.8.1 Sale and Purchase of Storage Inventory related to Assignment of Storage Assets**

The Company will sell, and each Marketer will purchase, the storage inventory allocated to the Marketer pursuant to Subsection 13.7 above. The billing for any such sales will be included in the Company's statement to the Marketer for Firm Distribution Service for the Month in which the inventory was sold to the Marketer. Payment is due on the same date that payment is due for the Firm Distribution Service. The price for the inventory shall be the weighted average cost to the Company of the inventory on the date that the storage capacity associated with the inventory is assigned to the Marketer. Since, under Subsection 13.6 above, such assignments must become effective on the first Day of a Month, such weighted average cost shall be deemed to be the same as such cost on the last Day of the preceding Month.

13. Allocation, Assignment and Sale of Capacity and Supply Assets
(continued)

13.8.2 Sale and Purchase of CSS Inventory Above Targeted Volumes

The Company will sell, and each Marketer will have the option to purchase, all or a portion of the storage inventory allocated to the Marketer pursuant to Subsection 13.7.2 above. The Marketer must inform the Company within three (3) days of the estimated posting what volumes if any it wishes to purchase. The billing for any such sales will be included in the Company's statement to the Marketer for Firm Distribution Service for the Month in which the inventory was sold to the Marketer. Although a Marketer may pre-pay for such amount, payment is due on the same date that payment is due for the Firm Distribution Service. The price for the inventory shall be the Company's weighted average cost of Gas in the Company's retained storage for the designated Month. The Company will transfer to each Marketer the inventory it indicated it will purchase using SNG's SONET Premier and the Marketer will accept said transfer using the same.

15. Marketer's Daily Requirement

15.1 Estimated Firm Demand Requirements

The Company will be responsible for estimating the requirements of Firm Retail Customers in each Primary Pool on a daily basis.

15.1.1 Marketer Firm Obligation (MFO)

The Company will calculate a Marketer's MFO by multiplying the total estimated Firm requirements for a Primary Pool by a Marketer's Demand Share for that Primary Pool unless such product results in an obligation that is greater than a Marketer's total allocated assets for such Primary Pool, in such case the Marketer's Market Share will be used. By 10:00 a.m. ~~Standard Eastern Clock~~ time each Day, the Company will post on the EBB each Marketer's MFO for the next three Days. In the event of unexpected weather conditions, the Company may revise such MFOs at any time, including revisions during the actual Day of Gas flow by posting the revised MFO on the EBB. In the event the Company revises such MFOs after 10:00 a.m. ~~Standard Eastern Clock~~ time for the actual Day of Gas flow, the Marketer will not be billed for its failure to deliver its DSR for the deficient volumes with respect to the revised MFO.

15.1.2 Daily Supply Requirement (DSR)

A Marketer's DSR will be determined for each Day based on its MFO, PCA and PPS for that Day. If a Marketer's MFO is less than or equal to its PCA, the Marketer's DSR shall be equal to its MFO (if $MFO \leq PCA$, $DSR = MFO$). If a Marketer's MFO is greater than its PCA but less than its total required MARS, the Marketer's DSR shall be equal to its PCA (if $MFO > PCA$ but $<$ required MARS, $DSR = PCA$). If a Marketer's MFO is greater than its PCA and its total required MARS, the Marketer's DSR shall be equal to its PCA plus its needed PPS (if $MFO > PCA$ and $>$ required MARS, $DSR = PCA + \text{needed PPS}$). A Marketer's DSR will be limited to the sum of its PCA and PPS unless MARS has hit a ratchet, its maximum Company Peaking inventory is less than its MDQ, its BPPSS Peaking Gas is less than its BPPSS Daily Deliverability, or a Marketer has obtained third party Peaking Service. For such circumstances DSR shall equal PCA plus PPS plus MARS shortfall, third party peaking (up to MDWQ), the difference between its maximum Company Peaking

15. Marketer's Daily Requirement (continued)

MDQ and its Company Peaking inventory and the difference between its BPPSS Peaking Gas and its BPPSS Daily Deliverability respectively By 10:00 a.m. ~~Standard Eastern Clock~~ time each Day the Company will post on the EBB each Marketer's DSR for the next three Days. In addition, the Company will post on the EBB by 9:00 a.m. Eastern Clock time each Marketers' Next Day Elba Capacity requirements. In the event of unexpected weather conditions, the Company may revise such DSRs at any time, including revisions during the actual Day of Gas flow by posting the revised DSR on the EBB. The Company will verify that each Marketer nominates or has available FTNN volumes equal to or greater than its DSR in each Primary Pool. The Company will only require Marketers to deliver Gas using the FT the Company has under contract with Southern with an Elba receipt point (the "Elba Capacity"), by including such requirement in the Marketers' DSR no more than five (5) Days in any given December through February period (exclusive of required segmentation volumes) for any given Year. Any requirement of less than the fully allocated Elba Capacity shall be considered a Day.

If a Marketer fails to nominate its DSR or have available FTNN volumes to satisfy its DSR or cause such volumes to be scheduled, the Marketer 1) will be billed a charge of \$30.00 per Dth for the deficient volumes, and 2) the deficient volumes will be treated as a negative imbalance subject to the cashout provisions in Subsection 20.3 herein, provided, however, that the Company has posted on the EBB the revised DSR prior to the start of the Day. In the event a Marketer provides the Company with a notarized affidavit in a form and substance reasonably acceptable to the Company from a duly authorized officer of the Marketer stating that the Marketer has contracted for Gas its full design day allocation equal to its winter Elba Capacity requirements, the Company will reduce the \$30.00/Dth charge provided above to \$10.00/Dth for volumes required to be delivered to meet the Company's daily Firm requirements from the Elba Capacity (exclusive of required segmentation volumes). The option to reduce the charge will expire on November 1, 2010.

15. Marketer's Daily Requirement (continued)

In addition, the Company will notify the Commission of any Marketer who fails to nominate or have available FTNN volumes to satisfy its DSR in order that the Commission may take such action as it deems appropriate under the circumstances.

In the event a Marketer nominates its DSR on any given Day on an interstate pipeline's EBB and on the Company's EBB and such volume is not scheduled by the interstate pipeline and said Marketer's allocated Firm demand is less than or equal to the Designated Firm Volumes at the Aggregate Pool level, then no charge for deficient volumes of DSR shall be assessed on said volumes for such Day. Otherwise, the DSR charge set forth above will apply.

15.1.3 Liquefaction Supply Requirement (LSR)

Prior to the 25th of the preceding Month, the Company will notify Marketers which pipeline the liquefaction process will use, the target start date and the target number of Days to liquefy during the upcoming month. This information is subject to change if operational issues arise. A Marketer's LSR shall be determined for each Day based on its inventory level in its assigned Peaking Service. Additionally, the Company may notify a Marketer that certain minimum DSR volumes must be scheduled on a specific pipeline to facilitate the liquefaction injection transaction as well as the discretionary pipeline DSR. Such notice will be provided by 10:00 a.m. standard Eastern Clock time each Day during the months April through October. A Marketer's failure to meet LSR or DSR obligations with

15. Marketer's Daily Requirement (continued)

regard to LNG liquefaction is subject to the same deficiency charge as failure to satisfy its DSR set forth in Section 15.1.2. A Marketer may utilize available FTNN volumes to satisfy its LSR and/or DSR obligations with regard to LNG liquefaction.

15.2 Supplying Firm Demand Above PCA But Less Than PPS

If a Marketer's MFO is greater than the Marketer's PCA but less than the Marketer's PPS, the Company will undertake to make available to the Marketer the following supplies:

15.2.1 Marketer Accessible Retained Storage (MARS)

On a Day when a Marketer's MFO exceeds its PCA in a Primary Pool and the Marketer has nominated volumes equal to its PCA for delivery to such Pool, the Company will undertake to make available to such Marketer its pro rata share of MARS based on the Marketer's Market Share in such Pool. By 10:00 a.m. ~~Standard Eastern Clock~~ time each Day, the Company will post on the EBB the amount of MARS required by Marketers to serve their Firm Retail Customers based on the respective MFOs for the next three Days. The availability of MARS is subject to volume and inventory restrictions relating to the Company's retained storage services from interstate pipeline companies. The net volumes of MARS purchased or sold by a Marketer during a month will be billed at the Company's weighted average cost of Gas in the Company's retained storage, as of the last Day of the preceding Month.

15.2.2 Company Peaking

On a Day when there is a deficiency between a Marketer's MFO and the sum of its PCA and its pro rata share of MARS in a Pool, and the Marketer has nominated volumes equal to its PCA for deliveries to such Pool, the Company will undertake to make Company Peaking available under the Peaking Rate Schedule for such deficiency up to a Marketer's MDWQ or remaining inventory if below MDWQ.

16. Capacity Trading (continued)

- (b) The quantity of FD-1 Service capacity that the Trading Marketer desires to trade; and
- (c) The proposed term of the Capacity Trade.
- (d) Any recall rights.

16.5 Notice to Company of Capacity Trade

In the event that a Trading Marketer and an Acquiring Pooler agree to a Capacity Trade, both the Trading Marketer and the Acquiring Pooler shall notify the Company of the same no later than 10:00 a.m. ~~Standard Eastern Clock~~ time on its effective Day. The notice from each shall include the FD contract number of the Trading Marketer, the quantity and the term of the Capacity Trade.

16.6 Notice to Recall Capacity

In order for any recall of capacity by a Marketer to be effective for a given Day, notice of the recall must be given by the Trading Marketer to the Company and the Acquiring Marketer prior to the nomination deadline for same Day nominations. The Company's EBB shall automatically recall FD capacity if a Marketer does not have enough FD to cover the MFO.

16.7 Liability for Payments

The Trading Marketer shall remain solely liable to the Company for payment of FD demand charges associated with a Capacity Trade. The Acquiring Pooler shall be responsible to the Company for variable and any other charges from the Company associated with the Acquiring Poolers' use of the Capacity Trade.

16.8 Posting of Confirmed Trades

Trading Marketers must post Capacity Trades on the Company's EBB. The Company shall provide on its EBB a place for Trading Marketers to post as soon as possible, but no later than forty-eight (48) hours after the effective date of such Capacity Trade, the following information: 1) Trading Marketer, 2) Acquiring Pooler, 3) term, and 4) price. This information may be viewed by all Poolers. The Company provides no warranty with respect to information posted by Trading Marketers on the EBB.

19. Nominations, Confirmation, and Scheduling

19.1 Procedures for Nominations to the Company by Poolers

All nominations shall be submitted via the EBB. The deadlines for nominations, including the deadline for intra-day nominations, shall be the same as the respective deadlines for parallel nominations on the Relevant Pipeline. A nomination must be submitted separately for service to both Firm and Interruptible Customers in each Primary Pool. A nomination shall specify separately the volumes to be delivered to Firm and those delivered to Interruptible Customers at each Delivery Point on the Relevant Pipeline. In addition, the Marketer must specify a predetermined allocation order, to be used by the Company to rank nominated volumes above the Marketer's DSR between Firm and Interruptible Customers.

19.2 FINSS Nominations

Nominations for FINSS shall conform to the procedures set forth in Subsection 19.1 above.

19.3 BPPSS Nominations

~~For the Month of March~~ All discretionary nominations for BPPSS shall conform to the procedures set forth in Subsection 19.1 above.

19.4 Confirmation

The Company will confirm nominations in accordance with the order of service priority set forth in Subsection 14.2 of these Terms of Service. The Company reserves the right not to confirm a nomination in whole or in part if, in the sole judgment of the Company, confirmation of the nomination might threaten the operational integrity of its system. If any nomination by a Pooler to the Company does not match the corresponding nomination of the Pooler to the Relevant Pipeline, the Company may change the nomination to match that to the Relevant Pipeline and shall post any such change on the EBB.