

GENERAL TERMS AND CONDITIONS

12. BILLINGS AND PAYMENTS

12.1 Transportation Invoice.

(a) Transporter shall render a Transportation invoice in accordance with the measurements, computations and charges provided in this Tariff and the Transportation Service agreement between Transporter and Shipper.

(b) The imbalance statement should be rendered prior to or with the invoice, and the Transportation invoice should be prepared on or before the ninth Business Day after the end of the production Month. Rendered is defined as postmarked or time-stamped, and delivered to the designated site.

12.2 Monthly Payment.

(a) Shipper shall pay Transporter, at a bank designated by Transporter or as otherwise directed by Transporter, so that payment is received and Transporter has available funds therefrom on or before the 10<sup>th</sup> calendar day following receipt of Transporter's invoice, the full amount billed by Transporter to Shipper under Section 12.1 of the General Terms and Conditions of this Tariff for the immediately preceding Month.

(b) Shipper shall identify all invoice number(s) on all payments.

12.3 Estimated Statement. In the event that Transporter fails to render a statement to Shipper on or before the ninth Business Day of a Month and such failure is not due to the fault of Shipper, Shipper's payment date shall be extended one day for each day Transporter's statement is late; provided, however, that if for any reason Transporter is unable to render a statement on or before the ninth Business Day of a Month, Transporter may at its option render an estimated statement to Shipper, which statement shall contain Transporter's best estimate of the total amount payable to Transporter by Shipper under the Transportation Service agreement(s) between Transporter and Shipper for the preceding Month. Shipper shall pay to Transporter the full amount of such estimated statement within 10 calendar days of its receipt; provided, however, that Transporter shall render to Shipper a final statement no later than the 15<sup>th</sup> day of the Month in which such estimated statement is rendered, unless Transporter's failure to do so is the fault of Shipper, in which case Transporter shall render to Shipper a final statement as such time as Transporter is able to do so. Any difference between the estimated statement and the final statement shall be added to or deducted from, as appropriate, Transporter's next succeeding monthly statement to Shipper.

12.4 Disputed Billing

(a) If an invoice is in dispute, Shipper shall pay that portion not in dispute and provide documentation identifying the basis for dispute.

(b) Within 30 days after a demand made by Transporter, Shipper shall furnish good and sufficient surety bond, guaranteeing payment to Transporter of the amount ultimately found due upon bills after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Transporter shall not be entitled to seek to suspend further delivery of Gas nor terminate the Transportation Service Agreement as outlined above unless and until default be made in the conditions of such bond.

12.5 Prior Period Adjustment.

(a) Prior period adjustment time limits should be six (6) Month from date of the initial Transportation invoice and seven (7) Months from date of initial sales invoices with a three (3) Month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

12.6 Remedies For Nonpayment.

(a) Charge for Late Payment: Should Shipper fail to pay any or all of the amount of any bill as herein provided when such amount is due, Shipper shall pay a Charge for Late Payment which shall be included by Transporter on the next regular monthly bill rendered to Shipper.

Such charge for Late Payment shall be determined by multiplying (a) the unpaid portion of the bill by, (b) the ratio of the number of days from the due date to the date of actual payment

to 365, by (c) the applicable rate of interest calculated in accordance with Section 154.67 of the Commission's Regulations or any successor regulation.

(b) Suspension of Service: If such failure to pay continues for 30 days after payment is due, Transporter, in addition to any other remedy it may have under the Transportation Service Agreement, may suspend further Transportation of Gas until such amount is paid; provided, however, that Transporter shall notify Shipper in writing 20 days prior to such suspension that continued failure to pay will result in suspension of service.

(c) Termination of Contract: If such default continues for 30 days following the suspension of service Transporter may thereafter, in addition to any other remedy it may have under the Transportation Service Agreement, terminate said contract; provided, however, that Transporter shall notify Shipper in writing 20 days prior to such action that continued failure to pay will result in termination of said contract.

(d) Adjustment of Underpayment and/or Overpayment: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Transportation Service Agreement and Shipper shall have actually paid the bill containing such overcharge or undercharge, then within 30 days after the final determination thereof, Transporter shall refund the amount of any such overcharge, and Shipper shall pay the amount of any such undercharge; provided, however, that interest calculated in accordance with Section 12.6(a) of the General Terms and Conditions of this Tariff shall apply to any undercharge not paid and to any overcharge not returned within 30 days from the date of Transporter's notification to Shipper of the amount of the undercharge or overcharge. In the event an error is discovered by Shipper in the amount billed in any statement rendered by Transporter, such error shall be adjusted within 30 days of the final determination.

#### 12.7 Annual Charge Adjustment Charge

(a) Purpose. The purpose of this Section 12.7 is to establish an Annual Charge Adjustment ("ACA") as permitted by Section 154.402 of the Commission's Regulations or any successor regulation to permit Transporter to recover from its Shippers all Total Annual Charge annual charges assessed it by the Commission under Part 382 of the Commission's regulations or any successor regulation.

(b) Applicable Rate Schedules: The ACA is applicable to all the Transporter's Rate Schedules.

(c) Filing Procedure. The ACA charge amount for the Transporter that posted on the Commission's website is incorporated by reference in this Tariff. Transporter's ACA charge shall be adjusted annually, effective October 1 of each year, to reflect changes, if any, in the ACA charge posted on the Commission's website for the Transporter.

(d) Basics of the Annual Charge Adjustment. The Rate Schedules specified in Section 12.7(b) of the General Terms and Conditions of this Tariff, shall include an increment for an Annual Charge Adjustment for costs specified in Section 12.7(a) of the General Terms and Conditions of this Tariff. Such adjustment shall be in the billable charge factor.

(e) Other Order No. 776 Requirements: The Transporter will not recover any ACA charges recorded in FERC Account 928 in a proceeding under subpart D of the Commission's regulations.

12.8 Right of Examination: Both Transporter and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart, or computation made under or pursuant to the provisions of this Tariff or the Transportation Service agreement between Transporter and Shipper.