

GENERAL TERMS AND CONDITIONS

3. REQUESTS FOR SERVICE

3.1 Qualifications for Service. All Shippers requesting Transportation Service must provide the information required by this Section 3 of the General Terms and Conditions and must complete a Service Request Form as described in this Tariff. A Service Request Form is included as part of this Tariff. No request for service will be entered on Transporter's log, as required by Section 284.13 of the Commission's Regulations or any successor regulation, until a completed Service Request Form has been provided to and validated by Transporter, Shipper has provided the information specified in this Section 3 of the General Terms and Conditions, and Shipper has provided a prepayment equal to one Month's Reservation Charge (in the case of service under Rate Schedule FT) or 30 times the Maximum Daily Quantity requested times the maximum rate (in the case of service under Rate Schedule IT). No service shall be rendered until the availability provisions of the applicable rate schedule have been satisfied.

3.2 Information to be Included in Request for Service. Any request shall include the following:

- (a) Type of Service. A statement that Shipper is requesting firm reserved Transportation Service under Rate Schedule FT or interruptible Transportation Service under Rate Schedule IT as those services are defined in Section 2 of the General Terms and Conditions of this Tariff and in the applicable rate schedules.
- (b) Receipt/Delivery Point(s). In the case of service under Rate schedule FT, the Primary Receipt Point(s) and Primary Delivery Point(s) for the requested Transportation Service.
- (c) Gas Quantities. In the case of firm service, the Maximum Input Quantity for which Shipper requests Transportation Service at each Receipt Point(s) and the Maximum Equivalent Quantity for which Shipper requests Transportation Service at each Delivery Point(s), stated in MMBtu's per Gas Day. In the case of both firm and interruptible service, the Maximum Transportation Quantity and the estimated total quantities for which Shipper is requesting Transportation over the term of the Transportation Service Agreement stated in Dekatherms.
- (d) Term. The proposed commencement and termination dates of service.
- (e) Facilities. Identification and location of any facilities to be constructed or installed by any party which are necessary for receipt of Gas by Transporter or for delivery to or utilization of Gas by Shipper or direct or indirect customers of Shipper.

3.3 Credit Evaluation. In addition to the information outlined above, a prospective Shipper must provide the following information for credit evaluation:

- (a) a copy of Shipper's most recent audited financial statement;
- (b) a copy of Shipper's most recent 12 Month audited financial statement or Annual Report and, if applicable, 10-K form;
- (c) a list of Shipper's affiliates, including parents and subsidiaries, if applicable; and
- (d) such other information as Transporter may reasonably require to assess Shipper's creditworthiness including, but not limited to, Shipper's credit history with other providers of Natural Gas service.

In the event Shipper cannot provide the information specified in this Section, Shipper shall, if applicable, provide the requested information for its parent company. A prospective Shipper need not provide the information requested in this Section if the Shipper prepays for service, posts a letter of credit, or obtains a guarantee in accordance with Section 3.5 of the General Terms and Conditions of this Tariff.

3.4 Shipper's Creditworthiness. A Shipper will be considered creditworthy if it meets

the following conditions:

- (a) Shipper's long-term unsecured debt securities, at the time it enters into a Transportation Service Agreement (or a precedent agreement therefore) and throughout the term thereof, are rated BBB or better by Standard & Poor's Corporation or Baa2 by Moody's Investor Service; or
- (b) For a Shipper requesting service under Rate Schedule FT, the Shipper prepays for service or provides a letter of credit or surety bond for an amount equal to the sum of the Reservation Charge for a 12 Month period and the Commodity Charge applicable to the proposed Transportation Service (assuming 100 percent load factor usage) for a three Month period or for the duration of the contract, whichever is shorter, such letter of credit to be issued by a commercial bank or financial institution located in the United States whose long-term unsecured debt securities are rated A or better by Standard & Poor's Corporation, A or better by Dominion Bond Rating Service, or A2 or better by Moody's Investor Service, Inc.; or
- (c) For a Shipper requesting service under Rate schedule IT, the Shipper prepays for service or provides a letter of credit for an amount equal to the Commodity Charge applicable to the proposed Transportation Service multiplied by the Maximum Daily Quantity requested for a three Month period, such letter of credit to be issued by a commercial bank or financial institution located in the United States whose long-term unsecured debt securities are rated A or better by Standard & Poor's Corporation, A or better by Dominion Bond Rating Service, or A2 or better by Moody's Investor Service, Inc.; or
- (d) For a Shipper requesting service pursuant to Rate Schedule FT, the Shipper provides a guarantee or other form of security to secure payment of an amount equal to the sum of the Reservation Charge applicable to the proposed Transportation Service for a 12 Month period and the Commodity Charge applicable to the proposed Transportation Service (assuming 100 percent load factor usage) for a three Month period, such guarantee or other security to be provided by an entity which meets the creditworthiness standards set forth in (a) above; or
- (e) For a Shipper requesting service pursuant to Rate Schedule IT, the Shipper provides a guarantee or other form of security to secure payment of an amount equal to the Commodity Charge applicable to the proposed Transportation Service multiplied by the Maximum Daily Quantity requested for a three Month period, such guarantee or other security to be provided by an entity which meets the creditworthiness standards set forth in (a) above; or
- (f) Transporter determines, in its sole discretion reasonably exercised, that, based upon factors such as the quantity and character of service requested, Shipper's credit history with other providers of Natural Gas service, and any other factors that a reasonable party in Transporter's position might consider, Shipper represents a reasonable credit risk.

3.5 Commencement and Continuation of Service Subject to Creditworthiness. Transporter shall not be required to commence service on behalf of any Shipper who is insolvent unless the Shipper prepays or provides letters of credit or guarantees as provided in Sections 3.5(b) through (e) of the General Terms and Conditions of this Tariff. Transporter shall not be required to continue service to any person who has become insolvent (except where that term is used in reference to a Shipper against whom an involuntary petition in bankruptcy under 11 U.S.C. § 303 has been filed, but as to whom no order for relief has been entered), unless the Shipper provides adequate assurance of payment within 20 days of an event of insolvency, as that term is used in, and in the form prescribed by, 11 U.S.C. § 366, whether or not an order for relief has been entered under 11 U.S.C. § 301 or 303 and whether or not the Bankruptcy Act of 1978 applies to the Shipper.

For purposes of this Section 3, the insolvency of a Shipper shall be evidenced by any one or more of the following:

- (i) the publication or release of any financial statement showing current assets to be less than current liabilities;
- (ii) the filing of an involuntary petition in bankruptcy under 11 U.S.C. § 303;

- (iii) the entry of an order for relief under Title 11, United States Code;
  - (iv) the filing, by the Shipper, of any pleading before a court of competent jurisdiction seeking the arrangement, adjustment, or composition of the Shipper's debts, including an assignment for the benefit of creditors, or, in the alternative, the publication by the Shipper of a request for the composition of its debts or the assignment of its assets for the benefit of its creditors;
  - (v) the involuntary or voluntary appointment of a receiver, liquidator, assignee, or trustee for all or any substantial part of the Shipper's assets by a court of competent jurisdiction, or the sequestration of all or any substantial portion of the Shipper's assets (notwithstanding the foregoing, this subsection (v) shall not be operative unless the order or decree continues in effect, unstayed, for a period of 20 consecutive days); or
  - (vi) the filing of any pleading before a court of competent jurisdiction seeking the dissolution of the Shipper or the winding-up of its affairs or its liquidation.
- 3.6 Validation of Service Request. Transporter shall evaluate the information offered in support of a request for service to determine whether there is adequate capacity to fulfill the request for service (in the case of requests for service under Rate Schedule FT) and that the request for service is compatible with the operating conditions on Transporter's system. After validation of the information submitted by Shipper in support of a request for service, Transporter shall enter Shipper's request in Transporter's log, as required by Section 284.13 of the Commission's Regulations or any successor regulation.
- 3.7 Transportation Service Agreement to be Executed. Within 30 days after Transporter accepts and validates a completed request for service under Section 3.7 of the General Terms and Conditions of this Tariff, Transporter shall tender to Shipper a Transportation Service Agreement. In the event the Transportation Service Agreement is not executed by Shipper and returned within 30 days after Transporter tenders such contract to Shipper, Shipper's request for Transportation shall be null and void.
- 3.8 Disposition of Prepayment. In the event Shipper's request for service is rejected by Transporter or withdrawn by Shipper prior to Transporter having tendered a Transportation Service Agreement, Shipper's prepayment shall be refunded with interest at the rate prescribed by Section 154.67(c) of the Commission's Regulations or any successor regulation. In the event Shipper executes a Transportation Service Agreement, Shipper's prepayment shall be offset against the initial charges under the Transportation Service Agreement. In the event Shipper is tendered a Transportation Service Agreement and fails to execute and return it within 30 days, Transporter shall retain Shipper's prepayment.