

**INTERRUPTIBLE SALES AND GAS DISTRIBUTION SERVICE TO  
 POWER GENERATORS - SCHEDULE PG-1**

**Balancing Service Charges (continued)**

Positive Daily Variance Charges: If the amount of gas used by a customer is more than the associated gas nomination amount, customer shall be charged an amount equal to the following for any day that is not a constraint day.

Daily Imbalance Percentages	Daily Variance Charge
First 10%	\$.0000 / therm
Next 15%	\$.0072 / therm
All remaining daily variances	\$.0400 / therm

On High Flow Constraint Days, the customer shall be charged an unauthorized use penalty for net daily variances above 5% of the customer nomination. See unauthorized use penalty provision (below).

**Monthly Gas Cashout Charges**

When the monthly actual usage of a customer is more than the customer’s monthly-confirmed natural gas nomination, the Company’s purchased natural gas supply is being utilized (overtake). In this case, the customer shall be assessed the Overtake Charges listed below. When the monthly actual usage of a customer is less than the customer’s monthly-confirmed natural gas nomination, the customer’s natural gas is left on the Company’s system (undertake). In this case, the customer shall receive the appropriate Undertake Credit as listed below.

The Cash-Out Price is the weighted average nominated cost of gas scheduled by the customer inclusive of all commodity and transportation charges.

Overtake Charges: The Overtake Charge shall be equal to the aggregated monthly Imbalance Volume within each Overtake Variance percentage bracket multiplied by the applicable percentage of the Cash-Out Price.

Overtake Variance Percentage	Percentage of Overtake Cash-Out Price Paid by Customer to Company
> 0% and up to 3.5%	100%
> 3.5% and up to 10%	115%
> 10% and up to 15%	130%
> 15% and up to 20%	140%
> 20%	150%

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**Monthly Gas Cashout Charges (continued)**

Undertake Credit: The Undertake Credit shall be equal to the monthly aggregated imbalance volume within each Undertake Variance percentage bracket multiplied by the applicable percentage of the Undertake Cash-Out Price.

Undertake Variance Percentage	Percentage of Undertake Cash-Out Price Credited to Customer to Company
> 0% and up to 3.5%	100%
> 3.5% and up to 10%	85%
> 10% and up to 15%	70%
> 15% and up to 20%	60%
> 20%	50%

**Supply Interruption Requirements**

Delivery of gas may be subject to supply restrictions when required for situations that include Company distribution system capacity constraints, and a reduction or interruption in customer nominated quantities being delivered to Company's distribution system. The Company shall provide notice of supply restrictions as far in advance as possible.

**Unauthorized Use Penalty Provision**

High-Flow Constraint Condition A High-Flow Constraint Condition is one in which the Company expects natural gas demand in an area or areas of its service territory to exceed the available delivered supply of gas. The condition can result from, but shall not be limited to, economic factors, extremely cold weather, pipeline regulator or compressor failure, main breaks, and other emergency situations.

When the Company determines that a High-Flow Constraint Condition exists, the Company shall declare a High-Flow Constraint Period in the affected area(s). During this period, the Company shall require customers to use no more than their daily confirmed, scheduled, and Company-accepted pipeline deliveries. The Company shall give customers as much advance notice of a High-Flow Constraint Condition as possible, normally not less than two hours. Notice of a High-Flow Constraint Condition may also be given after the start of a gas day. Availability of this charge does not preclude the Company from physically controlling customer's gas supply upon customer's failure to curtail or interrupt. The customer shall be assessed an unauthorized use penalty for net daily variances above 5% of the customer nomination as follows:

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**Unauthorized Use Penalty Provision (continued)**

1. During a curtailment or interruption when interstate pipeline capacity is not limited, the additional charge shall be the greater of incremental cost to the Company that results from a failure to curtail or interrupt, or \$2.50 per therm.
2. During a curtailment or interruption due to capacity limitations on interstate pipelines, the additional charge shall be the greater of incremental cost to the Company that results from a failure to curtail or interrupt, or \$10.00 per therm.

Interstate pipeline capacity shall be deemed to be limited when Operational Flow Orders (OFO), System Overrun Limitations (SOL), Critical Days, or other similar designations are in effect on one or more of the interstate pipelines that service the Company.

Incremental cost, as referenced above, shall include any interstate pipeline penalties incurred as a result of customers' failure to curtail or interrupt, as well as the total cost of incremental interstate pipeline capacity and/or gas commodity purchased to serve customers' load on the day(s) of curtailment or interruption. To the extent that gas commodity charges are assessed through this provision, the volume-assessed charges in this mechanism shall not be subject to cash out in the cash-out mechanism.

Low-Flow Constraint Condition A Low-Flow Constraint Condition is in effect when the Company anticipates that it may be subject to pipeline or supplier penalties if natural gas supplies delivered to the Company exceed demand. During the time of the Constraint Condition, the Company shall require customers to use no less than their daily-confirmed nominations to avoid incurring pipeline penalties. The Company shall give customers as much advance notice of a Low-Flow Constraint Condition as possible. Notice of a Low-Flow Constraint Condition may also be given after the start of a gas day. The customer shall be assessed an unauthorized use penalty for net daily variances below 5% of the customer nomination as follows:

During a Low-Flow Constraint Condition when the pipeline does assess under-run charges or penalties, the Imbalance Volumes for over-nominations shall be assessed the applicable pipeline penalty charges caused by the customer. The daily variance revenues received from balancing charges at rates higher than the 10% tier shall be netted against these pipeline charges or penalties assessed on the same day on each month's balancing service bill for affected customers.

<p style="text-align: center;"><b>INTERRUPTIBLE SALES AND GAS DISTRIBUTION SERVICE TO POWER GENERATORS - SCHEDULE PG-1</b></p>
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**Special Terms and Conditions**

1. The customer must take service for a minimum 12-month period under this Rate Schedule. This service shall automatically be extended for additional 12-month periods unless otherwise terminated.
2. Service under this Rate Schedule shall be terminated if the Company has received written notice of termination of service under this Rate Schedule to be effective at the end of the 12-month period at least 30 days prior to the end of a 12-month period.
3. The Company reserves the right, subject to regulatory requirements, to change the terms and conditions of this Rate Schedule resulting from changes made by any of the transporting interstate pipelines in their terms and conditions for transportation service.
4. Gas service supplied by the Company under any other rate schedule shall not be used as standby for this service, and no other gas service shall be interconnected in the same piping system with this service.