

SCHEDULE “2”
Terms and Conditions
Southern Bundled T Contract

1 UPSTREAM TRANSPORTATION COSTS

Where the Company is receiving Gas from Customer at a Point of Receipt upstream of the Company’s system, Customer shall be responsible to the Company for all direct and indirect upstream transportation costs including Compressor Fuel from the Point of Receipt to the Company’s system, whether Gas is received by the Company or not, for any reason including Force Majeure. Where actual quantities and costs are not available by the date when the Company performs its billing, the Company's reasonable estimate will be used and the appropriate reconciliation will be done in the following Month.

2 OBLIGATIONS TO DELIVER AND RECEIVE

Subject to the provisions of this Contract, the Company agrees to receive the Obligated DCQ parameters in Schedule 1 each Day. Customer accepts the obligation to deliver the Obligated DCQ parameters in Schedule 1 to the Company on a Firm basis. On days when an Authorization Notice is given, the DCQ parameters are as defined in the Authorization Notice.

For all Gas to be received by the Company at the Upstream Point of Receipt, Customer shall, in addition to the DCQ, supply on each Day sufficient Compressor Fuel as determined by the Transporter.

3 BANKED GAS ACCOUNT

The Banked Gas Account ("BGA") will be used to accumulate the daily differences between the total quantities of Gas received by the Company (excluding fuel) from the Customer, and the total quantities of Gas distributed by the Company to the End Use locations listed in Schedule 3, plus any BGA transactions permitted by Authorization Notice. Where the cumulative quantities received by the Company exceed the cumulative quantities distributed by the Company, the resulting BGA balance shall be positive. Where the cumulative quantities distributed by the Company exceed the cumulative quantities received by the Company, the resulting BGA balance shall be negative.

Customer shall plan and operate in a manner that will achieve a BGA balance of zero at the end of each Contract Year. In addition, Customer is expected to take balancing actions early in the summer to ensure that the BGA balance does not exceed the Fall Checkpoint Quantity as of the Fall Checkpoint Date. Customer is also expected to take balancing actions early in the winter to ensure that the BGA balance is not less than the Winter Checkpoint Quantity as of the Winter Checkpoint Date. The checkpoint quantities and dates are identified in Section 4 of Schedule 1.

Customer’s ability to manage the BGA balance through changes in its supply arrangements shall require authorization from the Company. Customer’s request for a change does not require or obligate the Company to accept a request which the Company, acting reasonably, determines it cannot accommodate. If the Company cannot accommodate such request, Customer shall not be relieved from its obligations for the Fall Checkpoint Date or the Winter Checkpoint Date, or any BGA Balancing Period Date.

Provided this Contract is in place for a subsequent Contract Year, that portion, if any, of the BGA balance not outside of the Maximum Positive Variance or the Maximum Negative Variance identified in Schedule 1 shall be carried forward into the BGA of the subsequent Contract Year.

3.01 Service under the Utility Determined Balancing Option

Where Schedule 1 identifies the balancing option as “Utility Determined Balancing Option”, Section 3.01 of this Schedule 2 shall apply and Section 3.02 shall not apply.

Under the Utility Determined Balancing Option, the Company will determine and advise Customer of the incremental quantity of Gas that must be supplied by Customer for the BGA balance to be greater than or equal to the Winter Checkpoint Quantity as of the Winter Checkpoint Date, and the quantity of Gas that must be disposed of for the BGA balance to be less than or equal to the Fall Checkpoint Quantity as of the Fall Checkpoint Date. Customer is obligated to supply and to dispose of the quantities of Gas as determined by the Company.

Winter Checkpoint

Periodically during the winter, the Company will estimate what the BGA balance will be as of the Winter Checkpoint Date (“Winter BGA Balance”) using recent third party weather forecasts and Customer’s monthly consumption forecast. The BGA estimate will include estimated consumption, whether billed or unbilled, to and including the Winter Checkpoint Date. This information will be provided to Customer for information purposes only, and in no way limits or qualifies Customer’s obligation to ensure that the actual BGA balance is greater than or equal to the Winter Checkpoint Quantity on the Winter Checkpoint Date. As the Winter BGA Balance is comprised of third party weather forecasts and Customer’s consumption forecast, the Company cannot make any representation or warranty as to the accuracy of the Winter BGA Balance.

During February, if the Company determines that the estimated BGA will be less than the Winter Checkpoint Quantity then the Company will advise Customer on or about the 10th Business Day of February of the additional quantity of Gas that must be delivered. Customer must, by the 15th Business Day of February, request approval for a balancing transaction to deliver the additional Gas. If Customer does not make a request by the 15th Business Day, or if the Company has approved a balancing transaction and the Gas is not delivered in accordance with the approved balancing transaction, then the Company will sell to Customer, and Customer will accept, that quantity of Gas at the Banked Gas Purchase commodity charge from the R1 Rate Schedule.

Fall Checkpoint

During September, the Company will determine and advise Customer on or about the 10th Business Day of September of the quantity of Gas that must be disposed of in advance of the Fall Checkpoint Date (“Checkpoint Variance”). Once the Company has advised Customer of the Checkpoint Variance, then the Company, at any time prior to the Fall Checkpoint Date, upon three business days notification, shall have the right to refuse receipt of Gas until the BGA has been reduced by an amount equal to the Checkpoint Variance. The Company shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

If, by the Fall Checkpoint Date, a quantity of Gas greater than or equal to the Checkpoint Variance has not been disposed of, then Customer shall incur a charge equivalent to the difference between the Checkpoint Variance and the actual quantity disposed of by Customer after being notified of the Checkpoint Variance (“Utility Determined Excess Quantity”)

multiplied by the Unauthorized Storage Space Overrun rate in the Company's T1 Rate Schedule. The Unauthorized Storage Space Overrun rate will be applied to the remaining the Company Determined Excess Quantity each month until the Utility Determined Excess Quantity is reduced to zero.

In addition, Customer shall take immediate steps to dispose of the Utility Determined Excess Quantity. On the first business day of October, or at any time afterwards, upon three business days notification, the Company may refuse receipt of Gas until the BGA has been reduced by an amount equal to the Utility Determined Excess Quantity. The Company shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

3.02 Service under the Customer Determined Balancing Option

Where Schedule 1 identifies the balancing option as “Customer Determined Balancing Option”, Section 3.02 of this Schedule 2 shall apply and Section 3.01 shall not apply.

Under the Customer Determined Balancing Option, Customer is responsible for determining the quantity of Gas that must be supplied and executing the actions required to ensure that the actual BGA balance is greater than or equal to the Winter Checkpoint Quantity as of the Winter Checkpoint Date, and determining the quantity of Gas that must be disposed of and executing the actions required to ensure that the actual BGA balance is less than or equal to the Fall Checkpoint Quantity as of the Fall Checkpoint Date.

Winter Checkpoint

Periodically during the winter, the Company will estimate what the BGA balance will be as of the Winter Checkpoint Date (“Winter BGA Balance”) using recent third party weather forecasts, if applicable, and Customer’s monthly consumption forecast. The BGA estimate will include estimated consumption, whether billed or unbilled, to and including the Winter Checkpoint Date. This information will be provided to Customer for information purposes only, and in no way limits or qualifies Customer’s obligation to ensure that the actual BGA balance is greater than or equal to the Winter Checkpoint Quantity on the Winter Checkpoint Date. As the Winter BGA Balance is comprised of third party weather forecasts and Customer’s consumption forecast, the Company cannot make any representation or warranty as to the accuracy of the Winter BGA Balance.

If Customer determines that it requires a change in its supply arrangements to meet its Winter Checkpoint Quantity as of the Winter Checkpoint Date, Customer must, by the 15th Business Day of February, request approval for a balancing transaction to deliver the additional Gas. If Customer does not make a request by the 15th Business Day of February then the Company is not obligated to accept the request if it cannot be reasonably accommodated or exposes the Company to incremental costs.

If the actual BGA balance is less than the Winter Checkpoint Quantity on the Winter Checkpoint Date then the Company will sell to Customer, and Customer will accept, a quantity of Gas equal to the difference between the actual BGA balance and the Winter Checkpoint Quantity, at the Banked Gas Purchase commodity charge in the R1 Rate Schedule.

Fall Checkpoint

During September, the Company will determine and advise Customer on or about the 10th Business Day of September of the quantity of Gas projected to be in excess of the Fall Checkpoint in advance of the Fall Checkpoint Date (“Checkpoint Variance”). Once the Company has advised Customer of the Checkpoint Variance, then the Company, at any time prior to the Fall Checkpoint Date, upon three business days notification, shall have the right to refuse receipt of Gas until the BGA has been reduced by an amount equal to the Checkpoint Variance. The Company shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

If the actual BGA balance is greater than the Fall Checkpoint Quantity on the Fall Checkpoint Date, Customer shall incur a charge equivalent to the difference between the actual BGA balance and the Fall Checkpoint Quantity (“Customer Determined Excess Quantity”) multiplied by the Unauthorized Storage Space Overrun rate in the Company's T1 Rate Schedule. The Unauthorized Storage Space Overrun rate will be applied to the remaining Customer Determined Excess Quantity each month until the Customer Determined Excess Quantity is reduced to zero.

In addition, Customer shall take immediate steps to dispose of the Customer Determined Excess Quantity. On the first business day of October, or at any time afterwards, upon three business days notification, the Company may refuse receipt of Gas until the BGA has been reduced by an amount equal to the Customer Determined Excess Quantity. The Company shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

3.03 Additional BGA Monitoring and Maintenance Obligations

In addition to meeting the Fall Checkpoint Quantity on the Fall Checkpoint Date and the Winter Checkpoint Quantity on the Winter Checkpoint Date above, Customer agrees to monitor its BGA balance on an ongoing basis, and shall maintain a BGA balance such that it does not exceed the Maximum Positive Variance or Maximum Negative Variance on the BGA Balancing Period Date(s) specified in Section 3 of Schedule 1. If Customer anticipates a BGA balance outside of any of these parameters then Customer shall promptly notify the Company.

If the Company forms the opinion that the BGA balance will exceed the Maximum Positive Variance at the end of a BGA Balancing Period Date as referenced in Section 3 of Schedule 1 then the Company, in its discretion, shall have the right to refuse receipt of Gas.

The Company's refusal to receive Gas under any circumstances described in this section does not relieve Customer of its obligation on any subsequent Day to deliver its Obligated DCQ to the Company should the Company require it. The Company agrees to act in a reasonable and responsible manner when interpreting the relevant data for determining the forecasted BGA balances. The Company shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

3.04 Positive BGA Implications

In addition to planning and operating to balance to zero at the end of the Contract Year, Customer must take all actions required to ensure that the Maximum Positive Variance is not exceeded. On any BGA Balancing Period Date identified in Section 3 of Schedule 1, if the actual BGA balance is in excess of the Maximum Positive Variance (“Positive Variance Excess”) then such excess shall incur a charge equivalent to the Unauthorized Storage Space Overrun rate in the Company's T1 Rate Schedule. The Unauthorized Storage Space Overrun rate will be applied to the remaining Positive Variance Excess each month until the Positive Variance Excess is

reduced to zero.

In addition, Customer shall take immediate steps to dispose of the Positive Variance Excess. On the first business day of the month following the BGA Balancing Period Date identified in Section 3 of Schedule 1, or at any time afterwards, upon three business days notification, the Company may refuse receipt of Gas until the BGA has been reduced by an amount equal to the Positive Variance Excess. The Company shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

3.05 Negative BGA Implications

In addition to planning and operating to balance to zero at the end of the Contract Year, Customer must take all actions required to ensure that the Maximum Negative Variance is not exceeded. On any BGA Balancing Period Date identified in Section 3 of Schedule 1, if the actual BGA balance is in excess of the Maximum Negative Variance then the excess shall be sold by the Company and purchased by Customer at the Banked Gas Purchase charge in the R1 Rate Schedule.

3.06 Energy Conversion

Balancing of receipt by the Company with distribution to Customer is calculated in energy. The distribution to Customer is converted from volume to energy using the Company's standard practices.

3.07 Disposition of Gas at Contract Termination

If this Contract terminates or expires and Customer does not have a contract for Storage Services with the Company then, except as authorized by the Company, no positive BGA balance shall be allowed. Unless otherwise agreed to by the Company, any positive BGA balance remaining in Customer's BGA as of such date of termination or expiry shall incur a charge equivalent to the Unauthorized Storage Space Overrun rate in the Company's T1 Rate Schedule. Customer shall incur such charge until the balance has been reduced to zero.

Unless otherwise agreed to by the Company, any negative BGA balance as of the date of termination shall be sold by the Company, and purchased by Customer, at the Banked Gas Purchase commodity charge in the R1 Rate Schedule.

3.08 BGA Carryover Limitation During Late Season Injection

If the current Contract Year ends during the period September 15 to November 15, the Company will provide Storage Services for a positive BGA balance on a reasonable efforts basis only. If in the Company's opinion such Service is not available, Customer, when requested by the Company, shall reduce deliveries to the Company to ensure that the positive balance is reduced to zero or to an amount specified by the Company. Such request by the Company shall release Customer from its Obligation to deliver during the period specified. Any Gas in excess of the amount specified by the Company shall incur a charge equivalent to the Unauthorized Storage Space Overrun rate in the Company's T1 Rate Schedule.

4 CHANGES TO CONTRACT PARAMETERS (SCHEDULE 1)

4.01 General Service Class

This Section 4.01 shall only apply to Contracts that do not have any end use locations served under rates M4, M5, M6, M7 or M9. Any changes to the list of End Use locations, consumption patterns, or upstream supply may have a corresponding change to the parameters in Schedule 1 as determined by the Company. If there is a change, Customer will receive a revised Schedule 1 from the Company prior to the effective date of the change. If Customer does not acknowledge and agree to the revised Schedule 1 in writing at least 25 days prior to the effective date of the change then the Contract will be terminated.

4.02 Contract Rate Classes

This Section 4.02 shall only apply to Contracts with one or more end use locations served under rates M4, M5, M6, M7 or M9. The monthly consumption estimates and the monthly Gas supply are used to determine the Fall and Winter Checkpoints. If Customer has not provided Notice for termination in accordance with the Notice provisions of the Contract, then the parameters in Schedule 1 shall apply to the next Contract Year. However, during the period prior to 25 days before the beginning of the next Contract Year, the Company and Customer agree to negotiate in good faith new Schedule 1 parameters reflecting Customer's expected consumption profile for the next Contract Year. If the parties cannot reach agreement, then the existing parameters shall apply.

5 CUSTOMER'S FAILURE TO DELIVER GAS

5.01 Customer's Failure To Deliver Obligated DCQ to the Company

If on any Day, for any reason, including an instance of Force Majeure, Customer fails to deliver the Obligated DCQ to the Company then such event shall constitute a "Failure to Deliver" and the Failure to Deliver rate in the R1 Rate Schedule shall apply to the quantity Customer fails to deliver. The upstream transportation costs (if any) (Section 1) shall also apply and be payable by Customer.

For Gas that should have been received, the Company may make reasonable attempts, but is not obligated to acquire an alternate supply of Gas. For greater certainty, payment of the Failure to Deliver charge is independent of and shall not in any way influence the calculation of the Company's costs and expenses associated with acquiring the said alternate supply of Gas.

In addition to any rights of interruption in the Gas Distribution Contract(s), the Company may immediately suspend distribution of Gas to the Consumption Points or the Company may direct Customer to immediately curtail or cease consumption of Gas at the Consumption Points.

Customer shall immediately comply with such direction. Such suspension or curtailment shall not constitute an Interruption under the Gas Distribution Contract(s).

The Company shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of the Company exercising its rights under this Section.

5.02 Notice Of Failure

Each Party shall advise the other by the most expeditious means available as soon as it becomes aware that such failure has occurred or is likely to occur. Such notice may be oral, provided it is followed by written Notice.

5.03 Customer Failure To Deliver Compressor Fuel

For Gas to be delivered by Customer to the Company at an Upstream Point of Receipt, if Customer fails to deliver sufficient Compressor Fuel then, in addition to any other remedy, the Company shall deem the first Gas received to be Compressor Fuel and Section 5.01 will apply.