APPENDIX E

NOMINATION AND BALANCING PROVISIONS

APPLICABILITY

The following Provisions shall apply to Pool Operators and to Non-Pooling Transportation Customers being provided Gas Service under Rates 245, 260 and 270. Therefore, for purposes of this Appendix E only, the term "Transporter", when used in the provisions below, shall mean “Pool Operator” or "Non-Pooling Transportation Customer."

NOMINATION PROVISIONS

Transporter shall be obligated to notify Company of the exact daily quantity of its nomination to the delivering pipeline of Transporter’s gas to be delivered to Company at pipeline delivery points agreeable to Company (Daily Pipeline Nomination).

Company may require Transporter to allocate its Daily Pipeline Nomination to specified city-gate pipeline delivery points based on minimum and maximum allocation percentages, which Company may revise from time to time, based on operational considerations. Transporter may obtain alternate city-gate allocations through an Alternate Delivery Plan submitted in advance by Transporter and approved by Company. Company may decline to accept Daily Pipeline Nominations or deliveries that do not comply with these city-gate allocation percentage requirements.

Transporter must provide the notice specified above prior to each change in its Daily Pipeline Nomination by submitting to Company the nomination, via the Company’s EBB, by no later than 11:30 AM Central Clock Time (“CCT”) of the workday previous to the start date of the Daily Pipeline Nomination. The nomination shall include the information as specified in the Company’s EBB. Company may accept nominations submitted after the deadlines specified above within its reasonable discretion. Until Transporter submits the required nomination, Transporter's nominations of daily quantities shall be zero. Unless otherwise permitted by Company, the Nomination Period shall not exceed thirty-one days.

Transporter shall cause the shipper to provide Company with a written statement detailing Transporter's actual deliveries under its Daily Pipeline Nomination during each Nomination Period by no later than one day following the end of the billing month.

Transporter shall pay a Nomination Error Charge of $.50 per Dekatherm on the quantity difference between its Daily Pipeline Nomination and the confirmed deliveries under its Daily Pipeline Nomination for each day such difference occurs.

Transporter shall be assessed a City-Gate Allocation Non-Compliance Charge of $1.00 per Dekatherm on the quantity difference if its Daily Pipeline Nomination is less than the minimum or greater than the maximum city gate allocation requirements, which are calculated as the minimum or maximum city gate allocation percentages multiplied by Transporter's Daily Pipeline Nomination.

Effective: February 14, 2008
APPENDIX E

NOMINATION AND BALANCING PROVISIONS

BALANCING PROVISIONS

Transporter shall be obligated to balance its total usage with the total deliveries for Transporter's account by the pipelines. An Imbalance Quantity shall exist when the Transporter's total usage is greater than or less than its total deliveries on a daily basis and/or a monthly basis. Amounts paid by the Company to Transporter in cashing out Imbalance Quantities shall be recovered in the Gas Cost Adjustment. Amounts received by Company from Transporter in cashing out Imbalance Quantities shall be credited against gas costs in the Gas Cost Adjustment. The following definitions shall apply:

Daily Index Price: The Daily Midpoint Prices per Dekatherm as reported in Gas Daily in the table “Daily Price Survey”, for delivery to:
1) Texas Gas, Zone SL, or
2) ANR, La; or
3) Texas Eastern, ELA, or
4) Panhandle, Tx-Okla; or
5) Chicago City-Gates.

Monthly Index Price: The average of the Daily Midpoint Prices per Dekatherm for each day of the month as reported in Gas Daily in the table “Daily Price Survey”, for delivery to:
1) Texas Gas, Zone SL, or
2) ANR, La; or
3) Texas Eastern, ELA, or
4) Panhandle, Tx-Okla; or
5) Chicago City-Gates.

The following Charges shall be computed based on each Operating System’s Price Indices:

Daily Under-Delivery Charge: The Daily Under-Delivery Charge shall be the highest of the sums of each Daily Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Daily Index Price.

Daily Over-Delivery Charge: The Daily Over-Delivery Charge shall be the lowest of the sums of each Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Daily Index Price.

Monthly Under-Delivery Charge: The Monthly Under-Delivery Charge shall be the greater of:
(1) Company’s average gas costs (demand and commodity), based on its gas purchases for the month; or
(2) The highest of the sums of each Monthly Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Monthly Index Price.

Monthly Over-Delivery Charge: The Monthly Over-Delivery Charge shall be the lower of:
(1) Company’s average gas cost (demand and commodity), based on its gas purchases for the month; or
(2) The lowest of the sums of each Monthly Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Monthly Index Price.

Monthly Average Index Charge: The Monthly Average Index Charge shall be the average of the sums of each Monthly Index Price and the average pipeline transportation commodity rate, including fuels and surcharges, applicable to each Monthly Index Price.
APPENDIX E
NOMINATION AND BALANCING PROVISIONS

DAILY BALANCING PROVISIONS (EFFECTIVE ON AND AFTER OCTOBER 1, 2005)
Transporter shall be obligated to balance its total usage ("Total Daily Usage") with the aggregated total daily deliveries for Transporter's account by the pipeline, as adjusted to reflect Company's unaccounted for gas percentage as specified in Appendix F ("Total Daily Deliveries"). A Daily Imbalance Quantity shall exist when the Total Daily Usage is greater than or less than the Transporter's Total Daily Deliveries.

Daily Under-Delivery Imbalance: If Transporter's Total Daily Deliveries are less than its Total Daily Usage, the gas shortfall shall be considered Daily Under-Delivery Imbalance Quantities. Daily Under-Delivery Imbalance Quantities shall either be carried to month-end or shall be cashed out with Company. Transporter shall pay Company for Daily Under-Delivery Imbalance Quantities, including applicable taxes, pursuant to the following:

<table>
<thead>
<tr>
<th>For Each Dth of Daily Under-Delivery Imbalance Quantities within the Following Percentage of Total Daily Usage Ranges:</th>
<th>Transporter Shall Pay The Company The Following Multiple of the Daily Under-Delivery Charge:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pool Operator Ranges</td>
<td>Non-Pooling Transportation Customer Ranges</td>
</tr>
<tr>
<td>&gt; 0% not &gt; 20%</td>
<td>&gt; 0% not &gt; 25%</td>
</tr>
<tr>
<td>&gt; 20% not &gt; 30%</td>
<td>&gt; 25% not &gt; 35%</td>
</tr>
<tr>
<td>&gt; 30% not &gt; 40%</td>
<td>&gt; 35% not &gt; 45%</td>
</tr>
<tr>
<td>&gt; 40%</td>
<td>&gt; 45%</td>
</tr>
</tbody>
</table>

During a Cold Weather OFO, the aforementioned Daily Under-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Warm Weather OFO, the Daily Under-Delivery Imbalance provisions shall not apply.

Daily Over-Delivery Imbalance: If Transporter's Total Daily Deliveries are greater than its Total Daily Usage, the excess gas shall be considered Daily Over-Delivery Imbalance Quantities. If Company or the pipeline would experience any operating difficulties as a result of Daily Over-Delivery Imbalance Quantities in excess of allowed tolerances, Company may decline to accept delivery of the excess quantities. If accepted, Daily Over-Delivery Imbalance Quantities shall either be carried to month-end or shall be cashed out with Company. Company shall pay Transporter for such Daily Over-Delivery Imbalance Quantities pursuant to the following:

<table>
<thead>
<tr>
<th>For Each Dth of Daily Over-Delivery Imbalance Quantities within the Following Percentage of Total Daily Usage Ranges:</th>
<th>Company Shall Pay Transporter The Following Multiple of the Daily Over-Delivery Charge:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pool Operator Ranges</td>
<td>Non-Pooling Transportation Customer Ranges</td>
</tr>
<tr>
<td>&gt; 0% not &gt; 20%</td>
<td>&gt; 0% not &gt; 25%</td>
</tr>
<tr>
<td>&gt; 20% not &gt; 30%</td>
<td>&gt; 25% not &gt; 35%</td>
</tr>
<tr>
<td>&gt; 30% not &gt; 40%</td>
<td>&gt; 35% not &gt; 45%</td>
</tr>
<tr>
<td>&gt; 40%</td>
<td>&gt; 45%</td>
</tr>
</tbody>
</table>

During a Warm Weather OFO, the aforementioned Daily Over-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Cold Weather OFO, the Daily Over-Delivery Imbalance provisions shall not apply.

Effective: February 14, 2008
APPENDIX E

NOMINATION AND BALANCING PROVISIONS

MONTHLY BALANCING PROVISIONS
Transporter shall be obligated to balance its total monthly usage ("Total Monthly Usage") with the actual monthly deliveries for Transporter's account by the pipeline, as adjusted to reflect (1) Company's system line loss percentage as specified in Appendix F, (2) the net effect of Daily Imbalance Quantities cashed out during the current month, and (3) prior month Monthly Over-Delivery Imbalance Quantities made available to Transporter or Monthly Under-Delivery Imbalance Quantities made up by Transporter, (collectively, "Total Monthly Deliveries"). A Monthly Imbalance Quantity shall exist when the Total Monthly Usage is greater than or less than the Transporter's Total Monthly Deliveries.

Monthly Under-Delivery Imbalance: If the Total Monthly Deliveries for Transporter's account at the end of the month are less than its Total Monthly Usage, the gas shortfall shall be considered Monthly Under-Delivery Imbalance Quantities. Monthly Under-Delivery Imbalance Quantities up to and including 10% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 10% shall be cashed out with the Company. Transporter shall pay Company for Monthly Under-Delivery Imbalance Quantities greater than 10% of Total Monthly Usage pursuant to the following:
(1) 1.1 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantities that is greater than 10%, up to and including 20% of Total Monthly Usage, plus
(2) 1.2 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantities that is greater than 20%, up to and including 30% of Total Monthly Usage, plus
(3) 1.4 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantities that is greater than 30% of Total Monthly Usage, plus
(4) Applicable taxes.

Monthly Over-Delivery Imbalance: If the Total Monthly Deliveries for Transporter's account at the end of the month are greater than its Total Monthly Usage, the gas excess shall be considered Monthly Over-Delivery Imbalance Quantities. Monthly Over-Delivery Imbalance Quantities up to and including 10% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 10% shall be cashed out with the Company. Company shall pay Transporter for Monthly Over-Delivery Imbalance Quantities greater than 10% of Total Monthly Usage pursuant to the following:
(1) 0.9 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantities that is greater than 10%, up to and including 20% of Total Monthly Usage; plus
(2) 0.8 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantities that is greater than 20%, up to and including 30% of Total Monthly Usage; plus
(3) 0.6 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantities that is greater than 30% of Total Monthly Usage.
APPENDIX E

NOMINATION AND BALANCING PROVISIONS

OPERATIONAL FLOW ORDERS
Transporter is obligated, when requested by the Company through an Operational Flow Order ("OFO"), to nominate and deliver gas supply to Company's city gates in the manner instructed by Company. Company may call a Cold Weather OFO or a Warm Weather OFO where such action is necessary, in Company's sole judgment, to (1) protect the reliability of Company's gas system; (2) comply with Company's Curtailment Procedures, and/or (3) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERC-approved tariffs. Company may call a Cold Weather OFO or a Warm Weather OFO for a specific Operating System or for Company's entire system.

Cold Weather OFO Day: During a Cold Weather OFO, Transporter shall be subject to the following Daily OFO Under-Delivery Imbalance provisions:

If Transporter's Daily Under-Delivery Imbalance Quantities are greater than 5% of Total Daily Usage, the shortfall quantities shall be cashed out with the Company. Transporter shall pay Company the following:

1. For each Dekatherm of Daily Under-Delivery Imbalance Quantities greater than five (5) percent of Total Daily Usage, the greater of the highest per unit gas cost paid by Company on the date of noncompliance or the Daily Under-Delivery Charge; plus
2. The payment of all other charges incurred by Company and attributable to Transporter's Daily Under-Delivery Imbalance Quantities, including pipeline penalty charges on the OFO shortfall quantities; plus
3. An OFO Imbalance Charge of $10.00 per Dekatherm on the portion of the Daily Under-Delivery Imbalance Quantities that is greater than five (5) percent of Total Daily Usage; plus
4. Applicable taxes.

Warm Weather OFO Day: During a Warm Weather OFO, the Transporter shall be subject to the following Daily OFO Over-Delivery Imbalance provisions:

If Transporter's Daily Over-Delivery Imbalance Quantities are greater than 5% of its actual Total Daily Usage, Company may refuse to receive such excess quantities from the pipeline(s). If Company receives such excess quantities, they shall be cashed out with Company. Company shall pay Transporter for each Dekatherm of Daily Over-Delivery Imbalance Quantities greater than five (5) percent of Total Daily Usage, the lesser of the lowest per unit gas cost paid by Company on the date of non-compliance or the Daily Over-Delivery Charge. Transporter shall pay Company the following:

1. The payment of all charges incurred by Company and attributable to the Transporter's Daily Over-Delivery Imbalance Quantities; including pipeline penalty charges on the OFO excess quantities; and
2. An OFO Imbalance Charge of $10.00 per Dekatherm on the portion of the Daily Over-Delivery Imbalance Quantities that is greater than five (5) percent of Total Daily Usage; plus
3. Applicable taxes.

Effective: February 14, 2008
APPENDIX E

NOMINATION AND BALANCING PROVISIONS

IMBALANCE TRADING
Transporter may trade Daily and Monthly Imbalance Quantities to reduce or eliminate its imbalances. Imbalance Trading is subject to the following Terms and Conditions:
(1) Daily Imbalances incurred during Operational Flow Order periods are not eligible for trading.
(2) The schedule for the trading of imbalances shall be as follows:
   a. Company shall issue an initial statement of daily and monthly imbalances (i.e. prior to imbalance trades) to Transporter within ten (10) business days following the end of the month.
   b. Transporter shall complete and submit its daily and monthly imbalance trades to Company within two (2) business days following the issuance of the initial imbalance statement.
   c. Company shall issue a final imbalance statement of daily and monthly imbalances to Transporter within three (3) business days following the close of imbalance trading.
(3) The quantity eligible for trading is 100% of the calculated pre-trade daily or monthly imbalance quantities. Transporter may not trade to establish an imbalance in the opposite direction of the original imbalance.
(4) Company will bill both parties to an Imbalance Trade a ten dollar ($10.00) Imbalance Trading Charge for each transaction. For purposes of this charge, a transaction is each transfer of gas imbalance on a specific gas day pursuant to an arrangement by, or between, Transporters to purchase, sell, or trade gas imbalances.
(5) Any dollar payments, receipts, or exchanges of other consideration agreed upon between the parties to an Imbalance Trading transaction are outside the scope of this tariff and must be completed between the Transporters themselves.
(6) Trading of imbalances will not be permitted across Operating Systems, unless specifically approved in advance by Company.

WAIVER OF CHARGES
In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Transporter pursuant to this Appendix E, when such Charge results from imbalances which occur beyond the reasonable control of the Transporter, such as an unexpected production outage or equipment malfunction. The waiver of such Charge shall be exercised on a non-discriminatory basis. Requests for waivers must be submitted in writing to Company and signed by an authorized representative of Transporter.

Effective: February 14, 2008