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 145, 160 and 170. Therefore, for purposes of this Appendix E only, the term "Pool Operator", "Pool Customer" and "Pool" when used in the provisions below shall also mean "non-Pooling Transportation Customer."

NOMINATION PROVISIONS

The Pool Operator shall be obligated to notify Company of the exact daily quantity of its nomination to the delivering pipeline of Pool Operator-Delivered gas to be delivered to Company at pipeline delivery points agreeable to Company (Daily Pipeline Nomination).

Company may require Pool Operator 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. Company may decline to accept Pool Operator's Daily Pipeline Nominations or deliveries that do not comply with these city-gate allocation percentage requirements.

Pool Operator must provide the notice specified above prior to each change in Pool Operator's 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. Company may accept nominations submitted after the deadlines specified above within its reasonable discretion. Until Pool Operator submits the required nomination, Pool Operator's nominations of daily quantities shall be zero. The nomination shall include information as required in Company's EBB. Unless otherwise permitted by Company, the Nomination Period shall not exceed thirty-one days.

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

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

Pool Operator shall be assessed a City-Gate Allocation Non-Compliance Charge of $1.00 per Dekatherm on the quantity difference if the Pool Operator's Daily Transportation 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 the Pool Operator's Daily Transportation Nomination.

Effective: August 1, 2007
APPENDIX E

NOMINATION AND BALANCING PROVISIONS

BALANCING PROVISIONS

Pool Operator shall be obligated to balance its Pool Customers' total usage with the total deliveries of Pool Operator-Delivered Gas. An Imbalance Quantity shall exist when the Pool Operator's Pool’s total usage is greater than or less than its total deliveries on a daily basis and/or a monthly basis. Amounts paid by Company to Pool Operator in cashing out Imbalance Quantities shall be eligible for recovery in the Gas Cost Adjustment. Amounts received by Company from Pool Operator 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 reported in *Gas Daily*, in the table "Daily Price Survey" for delivery to:

1. Texas Gas, Zone SL; or
2. Chicago City-Gates.

**Monthly Index Price:** The monthly index price per Dekatherm reported in *Inside FERC's Gas Market Report*, in the table "Prices of Spot Gas Delivered to Interstate Pipelines" for delivery to:

1. Texas Gas Transmission Corp., Zone SL; or

**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.

Effective: August 1, 2007
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NOMINATION AND BALANCING PROVISIONS

DAILY BALANCING PROVISIONS
Pool Operator shall be obligated to balance its Pool Customers' total usage ("Total Daily Usage") with the aggregated total daily deliveries of Pool Operator-Owned Gas by the pipeline, as adjusted to reflect Company's system line loss 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 Pool Operator's Total Daily Deliveries.

Daily Under-Delivery Imbalance: If Pool Operator's Total Daily Deliveries are less than its Pool Customers' Total Daily Usage, the gas shortfall shall be considered Daily Under-Delivery Imbalance Quantities. Daily Under-Delivery Imbalance Quantities up to and including 10% of Total Daily Usage shall be carried over to month-end; all quantities over 10% shall be Cashed out with the Company. Pool Operator shall pay Company for Daily Under-Delivery Gas Quantities greater than 10% of Total Daily Usage pursuant to the following:

1) 1.1 times the Daily Under-Delivery Charge for each Dekatherm of Under-Delivery Imbalance Quantity that is greater than 10%, up to and including 20% of Total Daily Usage; plus
2) 1.2 times the Daily Under-Delivery Charge for each Dekatherm of Daily Under-Delivery Imbalance Quantity that is greater than 20%, up to and including 30% of Total Daily Usage; plus
3) 1.4 times the Daily Under-Delivery Charge for each Dekatherm of Daily Under-Delivery Imbalance Quantity that is greater than 30% of Total Daily Usage; plus
4) Applicable taxes.

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 Pool Operator's Total Daily Deliveries are greater than its Pool Customers' Total Daily Usage, the excess gas shall be considered Daily Over-Delivery Imbalance Quantities. Daily Over-Delivery Imbalance Quantities up to and including 10% of Total Daily Usage shall be carried over to month-end. If the Company or the pipeline would experience any operating difficulties as a result of Daily Over-Delivery Imbalance Quantity of Customer's gas exceeding 10% of Total Daily Usage, Company may decline to accept delivery of the excess quantities. If Company does receive the excess quantities, they shall be Cashed out with the Company. Company shall pay Pool Operator for such Daily Over-Delivery Imbalance Quantities greater than 10% of Total Daily Usage pursuant to the following:

1) 0.9 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 10%, up to and including 20% of Total Daily Usage, plus
2) 0.8 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 20%, up to and including 30% of Total Daily Usage; plus.
3) 0.6 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 30% of Total Daily Usage.

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: August 1, 2007
MONTHLY BALANCING PROVISIONS

Pool Operator shall be obligated to balance its Pool Customers' total monthly usage ("Total Monthly Usage") with the actual monthly deliveries of Pool Operator-Delivered Gas by the pipeline, as adjusted to reflect (1) Company's unaccounted for gas 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 Pool Operator or Monthly Under-Delivery Imbalance Quantities made up by Pool Operator, (collectively, "Total Monthly Deliveries"). A Monthly Imbalance Quantity shall exist when the Total Monthly Usage is greater than or less than the Pool Operator's Total Monthly Deliveries.

Monthly Under-Delivery Imbalance: If the Total Monthly Deliveries for Pool Operator's account at the end of the month are less than its Pool Customers' Total Monthly Usage, the gas shortfall shall be considered Monthly Under-Delivery Imbalance Quantities. Monthly Under-Delivery Imbalance Quantities up to and including 5% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 5% shall be cashed out with the Company. Pool Operator shall pay Company for Monthly Under-Delivery Imbalance Quantities greater than 5% 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 Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus
2. 1.2 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Monthly Usage; plus,
3. 1.4 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 25% of Total Monthly Usage; plus
4. Applicable taxes.

Monthly Over-Delivery Imbalance: If the Total Monthly Deliveries for Pool Operator's account at the end of the month are greater than its Pool Customer's Total Monthly Usage, the gas excess shall be considered Monthly Over-Delivery Imbalance Quantities. Monthly Over-Delivery Imbalance Quantities up to and including 5% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 5% shall be cashed out with the Company. Company shall pay Pool Operator for Monthly Over-Delivery Imbalance Quantities greater than 5% 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 Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus:
2. 0.8 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Monthly Usage; plus
3. 0.6 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance that is greater than 25% of Total Monthly Usage.

Effective: August 1, 2007
**APPENDIX E**

**NOMINATION AND BALANCING PROVISIONS**

**OPERATIONAL FLOW ORDERS**

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

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

If Pool Operator's Daily Under-Delivery Imbalance Quantity is greater than 3% of Total Daily Usage, the shortfall quantities shall be Cashed-out with the Company. Pool Operator shall pay Company the following:

1. For each Dekatherm of Daily Under-Delivery Imbalance Quantities greater than three (3) percent of Total Daily Usage, the greater of the highest incremental 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 Pool Operator's Daily Under-Delivery Imbalance Quantity, 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 Quantity that is greater than three (3) percent of Total Daily Usage; plus
4. Applicable taxes.

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

If Pool Operator's Daily Over-Delivery Imbalance Quantity is greater than 3% of its 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 the Company. Company shall pay the Pool Operator for each Dekatherm of Daily Over-Delivery Imbalance Quantities greater than three (3) percent of Total Daily Usage, the lesser of the lowest incremental gas cost paid by Company on the date of non-compliance or the Daily Over-Delivery Charge. Pool Operator shall pay Company the following:

1. The payment of all charges incurred by Company and attributable to the Pool Operator's Daily Over-Delivery Imbalance Quantity; 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 Quantity that is greater than three (3) percent of Total Daily Usage; plus
3. Applicable taxes.

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NOMINATION AND BALANCING PROVISIONS

IMBALANCE TRADING
Pool Operator may trade daily and monthly imbalance quantities with other Pool Operators or Non-Pooling Transportation Customers 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 Pool Operator within ten (10) business days following the end of the month.
   b. Pool Operator 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 Pool Operator 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. Pool Operator 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 $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, Pool Operator(s) 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 parties themselves.
(6) Trading of imbalances will not be permitted across operational 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 Pool Operator pursuant to this Appendix E, provided, however, that the waiver of such Charge shall be exercised on a non-discriminatory basis. Requests for waivers must be submitted in writing to the Company.