

GENERAL INFORMATION

21. SYSTEM ALERTS (SAs) AND OPERATIONAL FLOW ORDERS (OFOs):

A. Description and Applicability

- (1) In response to a Critical Period, the Company may, at its sole discretion, take protective action through the issuance of a SA to Pool Operators and Aggregation Pool Operators. In response to more extreme circumstances (Critical Day(s)) the Company may, at its sole discretion, take protective action through the issuance of an OFO to Pool Operators and Aggregation Pool Operators. The Company will endeavor to provide Pool Operators and Aggregation Pool Operators the opportunity to take corrective action, prior to the issuance of an OFO, by issuing a SA. However, the Company shall not be obligated to issue a SA prior to the issuance of an OFO.
- (2) When issued, a SA will set forth the voluntary corrective actions being requested at that time, as well as the corrective actions that may be mandated if the voluntary response to the System Alert is inadequate. However, the System Alert will in no way act to limit the corrective actions that may ultimately be mandated by the Company through an OFO. Pool Operators and Aggregation Pool Operators shall respond to a SA by providing notification of their intended actions. In the event that voluntary actions taken in response to a SA are inadequate, or in circumstances where the Company considers a SA inadequate to respond to impending conditions that threaten the integrity of the Company's system, the Company, at its sole discretion, shall have the right to issue an OFO to Pool Operator(s) and Aggregation Pool Operator(s).

B. Notification and Issuance

- (1) The Company will use best efforts to provide at least twenty-four (24) hours notice prior to invoking an OFO through issuance of an SA. Pool Operators will be notified via electronic mail or website posting. An OFO may be invoked twenty-four (24) hours after the issuance of the SA. In such event, the Company will provide a minimum of eight (8) hours notice that the SA is being converted to an OFO.
- (2) The Company may issue an OFO, effective on less notice than set forth above, during periods of extraordinary operational stress.

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21. SYSTEM ALERTS (SAs) AND OPERATIONAL FLOW ORDERS (OFOS): (CONT'D)

C. Implementation

- (1) The Company shall issue a SA or OFO as localized as is reasonably practicable based on the Company's good faith and reasonable judgement concerning the situations requiring remediation such that a SA or OFO will be directed:
 - (a) first to Pool Operator(s) and Aggregation Pool Operator(s) causing the operational problem necessitating the SA or OFO, or to the Pool Operator(s) and Aggregation Pool Operator(s) in the Pooling Area in which there is an operational problem necessitating the SA or OFO; and
 - (b) second to Pool Operator(s) and Aggregation Pool Operator(s) in a Pooling Area of the system where action is required to correct the operational problem.
- (2) System Alerts or Operation Flow Orders may take, but are not limited to the following forms:
 - (a) Limitation on Pool Operator(s)/Aggregation Pool Operator(s) to deliver to specific points, as determined by the Company.
 - (b) Directing a Pool Operator to correct Imbalances or operate within specified tolerance levels of +2% for positive imbalances or -2% for negative imbalances on an hourly and/or daily basis, as determined by the Company. The Company will use best efforts to limit initial tolerance reductions to +5% for positive imbalances or -5% for negative imbalances on an hourly and/or daily basis. However, the Company may immediately reduce tolerance levels to +2% for positive imbalances or -2% for negative imbalances on an hourly and/or daily basis if such action is warranted to maintain the integrity of the system. The Company will not issue an OFO simultaneously for under deliveries and over deliveries.
- (3) Upon issuance of an OFO notice, the Company will make authorized personnel available on a twenty-four (24) hour basis to facilitate compliance by Pool Operators/Aggregation Pool Operators.
- (4) The Company's Gas Transportation Operating Procedures Manual contains the SA and OFO notification forms.

D. Charges and Penalties

- (1) Pool Operator(s) and Aggregation Pool Operator(s) who fail to comply with the OFO may be subject to:
 - (a) Charges as provided in General Information Section 9 of this Schedule; and

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21. SYSTEM ALERTS (SAs) AND OPERATIONAL FLOW ORDERS (OFOS): (CONT'D)

D. Charges and Penalties (Cont'd)

- (1) Pool Operator(s) and Aggregation Pool Operator(s) who fail to comply with the OFO may be subject to:
(Cont'd)
 - (b) The Non-Performance provisions of General Information Rule 20.A. of this Schedule; and
 - (c) A penalty of \$2.50 per therm for all quantities determined to be in non-compliance with the OFO requirements.
- (2) During an OFO, General Information Rule 4.G. tolerances shall be adjusted in a manner such that all quantities between the OFO stated tolerance level and 15% shall be assessed the same cash out charges as are now applicable to quantities between 10% and 15% deviation. Quantities exceeding 15% deviation shall continue to be cashed out in accordance with General Information Rule 4.G.
 - (a) If, during an OFO, the ESCO has been notified by the Company of a curtailment, the customer(s) of the ESCO shall be curtailed. The ESCO must continue to deliver gas for the customer(s) to the city gate in accordance with Rule 8 of this Schedule.
 - (b) Daily imbalances shall be cashed-out as follows:
 - (i) Deficiency imbalances shall be cashed-out by calculating the higher of: (a) \$2.50 per therm, or (b) three times the Daily Cash-out Price to determine the charge for under deliveries. The market price during a curtailment is defined for respective pooling areas for under deliveries as defined in Rule 8.A.(6) of this Schedule.
 - (ii) Surplus imbalances shall be cashed-out by calculating the over delivery for the respective pooling area as defined in Rule 8.A.(6) of this Schedule plus pipeline demand charges at 100% load factor.
- (3) Pool Operator(s)/Aggregation Pool Operator(s) shall not be subject to the penalty provisions if their behavior provides relief for the operational problem for which the OFO was issued and the Company authorizes the behavior.

22. CREDITWORTHINESS:

A. Applicability: See UBP Addendum

The credit worthiness rules in accordance with the UBP Addendum shall apply.