

Rate Schedule "85"

INTERRUPTIBLE TRANSPORTATION GAS SERVICE

**DEFINITIONS**

"Contract Amount" means the maximum amount of Transport Gas a Customer may transport through the gas distribution system facilities of Gibson County Utility District on any Day as established by a Transportation Service Agreement.

"Customer" means a person or entity contracting with or otherwise receiving services from Gibson County Utility District for firm transportation service under Rate Schedule "80".

"Daily Amount" means the amount of Transport Gas approved by Gibson County Utility District from time to time to be Delivered by a Customer and Redelivered by Gibson County Utility District on a daily basis.

"Day" means a period of twenty-four ("24") consecutive hours, beginning and ending as outlined in the tariffs approved by the Federal Energy Regulatory Authority for the interstate transporters of Gibson County Utility District.

"Delivery" means the delivery of Transport Gas to Gibson County Utility District. "Deliver" shall mean the act of Delivery.

"Determination Period" means the twelve-month period beginning April 1 and ending March 31.

"Notice of Interruption" means the notice given by Gibson County Utility District to a Customer that a Period of Interruption has commenced or will commence.

"Period of Interruption" means any period of time during which Gibson County Utility District shall interrupt or curtail the transportation of Transport Gas.

"Redelivery" means the delivery of Transport Gas to a Customer by Gibson County Utility District. "Redeliver" shall mean the act of Redelivery.

"Transport Gas" means the gas purchased from a supplier other than Gibson County Utility District that Customer has arranged to have delivered via any connected interstate natural gas pipeline to one or more delivery points of Gibson County Utility District for Redelivery to the Customer.

"Transportation Service Agreement" means the contract between Gibson County Utility District and Customer whereby Gibson County Utility District agrees to provide firm transportation service, on its system only, to the Customer.

"Unauthorized Gas" means the quantity of gas (a) taken by Customer exceeding the Contract Amount, or (b) taken by Customer exceeding that permitted during a Period of Interruption.

"Winter Period" means the five-month period from November 1 to and including March 31 included in the Determination Period.

**AVAILABILITY**

Service under Rate Schedule "85" is available to any commercial or industrial customer provided:

- (a) The Customer is located within the service area of Gibson County Utility District; and

- (b) The Customer used more than 15,000 Therms in any one month of the previous Determination Period; and
- (c) The Customer's annual gas usage, on an actual or projected basis, is not less than 180,000 Therms; and
- (d) The Customer must have alternate fuel facilities of sufficient capacity capable of providing 100 percent of the Customer's Interruptible Transportation service requirements during periods of gas interruption or curtailment. Customer shall maintain such facilities ready for operation at any time. Interruption or curtailment shall be immediately effective on verbal notification by Gibson County Utility District, and Customer shall refrain from increasing or using gas until permitted to do so by Gibson County Utility District. It is understood and agreed that Gibson County Utility District will have the right to cut off gas service without further notice to the Customer in the event Customer fails to curtail the use of gas in accordance with the verbal notice of interruption or curtailment given by Gibson County Utility District; and
- (e) The Customer meets the following definition of a commercial or industrial customer:  

Commercial customers are businesses primarily engaged in the sale of goods or services, including institutions and governmental agencies. Industrial customers are engaged primarily in a process that creates or changes raw or unfinished materials into another form or product including the generation of electric power; and
- (f) The Customer must execute a Transportation Service Agreement.

In the event Customer shall fail to continue to meet the conditions (a) through (f) during the previous Determination Period, service under Rate Schedule "85" shall no longer be available. Customer shall be reclassified to the appropriate rate schedule effective May 1 of each year.

**CHARACTER OF SERVICE**

Pursuant to a Transportation Service Agreement and Rate Schedule 85, Gibson County Utility District shall deliver up to the Contract Amount of Transport Gas received from one or more connected pipelines for Customer's account.

Gas transported under Rate Schedule "85" shall be used only by the Customer at its facilities and shall be redelivered to no more than two meters at each facility located within the service area of Gibson County Utility District and shall not be resold by the Customer.

All service under Rate Schedule "85" and all associated Transportation Service Agreements shall be for interruptible service. In the event of a Period of Interruption affecting gas transportation service, or if the Transport Gas cannot be Delivered to Gibson County Utility District by a supplier of the Customer for any reason, Customer shall be permitted to purchase gas in accordance with Rate Schedule "50" if capacity on the distribution system of Gibson County Utility District and the transporting pipeline is available and Rate Schedule "50" is not otherwise curtailed.

**NET RATE**

The net rate for service under Rate Schedule "85" for each monthly billing period shall be the sum of the Customer Charge, the Transportation Charge, and the Other Charges, each calculated as follows:

Customer Charge:	\$ 275.00
Transportation Charge:	\$0.2598 per Therm for the first 15,000 Therms;

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Other Charges:

plus  
\$0.2148 per Therm from 15,001 Therms to and including 30,000 Therms; plus  
\$0.1680 per Therm from 30,001 Therms to and including 50,000 Therms; plus  
\$0.1080 per Therm for the excess over 50,000 Therms.

The sum of Scheduling Penalties, Imbalance Charges, and Unauthorized Overrun Penalties, as herein defined; and any pipeline scheduling, balancing, transportation, unauthorized overrun penalties, or other similar charges incurred by Gibson County Utility District in connection with the transportation of gas on behalf of the Customer, as applicable.

#### **PURCHASED GAS ADJUSTMENT**

Rate Schedule "85" shall not be subject to the Purchased Gas Adjustment of Gibson County Utility District.

#### **MINIMUM BILL**

The minimum bill for each monthly billing period shall be the Customer Charge. The minimum bill will be billed for each monthly billing period beginning with the date of initial service and ending with the date service is terminated at the request of Customer, inclusive.

#### **PAYMENT TERMS**

Bills for service under Rate Schedule "85" are rendered monthly. Each bill rendered for service is due and payable on the date it is issued. The rates and charges under Rate Schedule "85" are net, the gross rate being ten percent ("10%") higher. In the event the current monthly bill is not paid on or before the last date for payment as specified on the bill, the gross rate shall apply to any unpaid amount of the bill.

#### **UNAUTHORIZED OVERRUN PENALTY**

No Customer shall take Unauthorized Gas. A Customer must immediately notify Gibson County Utility District if it has taken, or anticipates taking, Unauthorized Gas. If the Unauthorized Gas is the result of the Customer exceeding the Contract Amount, the Customer shall be charged the Commodity Charge, adjusted for the current Purchased Gas Adjustment, under Rate Schedule "50". If the Unauthorized Gas is the result of the Customer exceeding the amount permitted during a Period of Curtailment, the Customer shall be charged, in addition to the applicable Commodity Charge as described in the previous sentence, a penalty of \$1.50 per Therm for all such Unauthorized Gas taken. In addition, the Customer shall be charged for all penalties and charges assessed to Gibson County Utility District on behalf of Customer by the transporting pipeline(s).

In addition to the charges discussed in the previous paragraph, Gibson County Utility District may pursue any other remedy available to it under applicable law, including, but not limited to, suspension or termination of service and/or cancellation of the Customer's Transportation Service Agreement. The existence of a penalty shall not be construed to give any Customer the right to take Unauthorized Gas.

#### **SCHEDULING OF SERVICE**

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By noon central time on or before the last business day of each month, Customer shall inform Gibson County Utility District of its:

- (a) Nomination of the daily quantity of gas to be delivered for the succeeding month, and
- (b) Choice of pipeline for transportation for the succeeding month.

If Customer does not provide a timely nomination to transport gas provided by a party other than Gibson County Utility District, Customer will have nominated Rate Schedule "50", by default. Once Customer makes the monthly election and nominations set forth above, any further changes during a month will require prior permission of Gibson County Utility District.

As soon as practicable during the succeeding month, Customer shall provide Gibson County Utility District a copy of its supplier's written verification of actual quantities delivered during the preceding month.

### **BALANCING OF DELIVERIES**

Deliveries and Redeliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalance. Any imbalances shall be corrected by Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of Gibson County Utility District. Gibson County Utility District reserves the right to limit the amount of imbalances to avoid operating problems and to comply with balancing requirements of any pipeline transporting gas hereunder. Customer will be responsible for any imbalance charges assessed by the pipeline in connection with any gas transported by Gibson County Utility District under this Rate Schedule "85". Gibson County Utility District reserves the right to reduce nominations when, in the judgment of Gibson County Utility District, such action is necessary to reduce or eliminate operational problems. Gibson County Utility District will use its best efforts to notify Customer before proceeding with a unilateral reduction and will notify Customer of any reduction to Customer's nomination that has been instituted by Gibson County Utility District.

It shall be the responsibility of Customer to maintain a daily and monthly balance with its transporting pipelines to avoid any assessment of penalties against Gibson County Utility District. If Gibson County Utility District is assessed a penalty by a Customer's transporting pipeline, Gibson County Utility District shall have the right to pass through all such penalties to Customer to the extent Customer is responsible for causing Gibson County Utility District to be assessed such penalties.

### **RESOLUTION OF MONTHLY IMBALANCES**

Any differences between the quantities delivered to the city gas stations of Gibson County Utility District for the account of Customer for the month and the quantities consumed by Customer as metered for the month, shall be the "Monthly Imbalance". Unless Gibson County Utility District and Customer agree to correct the Monthly Imbalance in kind, the Monthly Imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If Customer consumes more gas than it has delivered to Gibson County Utility District, Customer will be deemed to be "short" by the amount of the deficiency and Gibson County Utility District will sell gas to Customer in an amount equal to the deficiency and at a price equal to the highest weighted index price for any week beginning in the calendar month as published in *Inside FERC's Gas Market Report* plus the current commodity transportation rate of the primary pipeline transporter of Gibson County Utility District inclusive of all surcharges and fuel times the premium percentage corresponding to the percentage of the deficiency listed in the table below. If Customer

consumes less gas than it has delivered to Gibson County Utility District, Customer will be deemed "long" by the amount of the surplus and Gibson County Utility District will buy the amount of the surplus by paying Customer a price equal to the lowest weighted index price for any week beginning in the calendar month as published in *Inside FERC's Gas Market Report* plus the commodity transportation rate of the primary pipeline transporter of Gibson County Utility District inclusive of all surcharges and fuel times the discount percentage corresponding to the percentage of the surplus listed in the table below.

<u>Percentage of Imbalance</u>	<u>Short (Premium)</u>	<u>Long (Discount)</u>
Equal to or less than 10 percent	100%	100%
Over 10 percent and less than or equal to 15 percent	115%	85%
Over 15 percent and less than or equal to 20 percent	130%	70%
Over 20 percent	150%	50%

A Monthly Imbalance for any month that becomes apparent after the close of the month shall be treated as a Monthly Imbalance for the month in which the Monthly Imbalance is discovered.

#### **NOTICES**

To the extent possible, Gibson County Utility District shall give Customer at least a one-hour Notice of Interruption before a Period of Interruption begins. A Notice of Interruption may be written or oral and shall be sufficient if given by Gibson County Utility District via telephone or in person to the person or persons designated from time to time by the Customer as authorized to receive such notices, or by facsimile transmission to the telephone number designated from time to time by the Customer, or if mailed or hand-delivered in writing to the Customer's premises. If a Period of Interruption involves only a reduction in the amount of gas being transported, the Notice of Interruption shall state the daily and/or hourly quantity of gas that Customer may transport. A Period of Interruption shall continue in effect until Gibson County Utility District notifies Customer that the Period of Interruption has terminated or until the time specified in the Notice of Interruption expires.

#### **SERVICE AVAILABILITY**

All requests for new or additional service or the transfer of existing service to higher priority end use will be supplied based on the judgment of Gibson County Utility District as to the available gas supply, the load factor or use pattern of the Customer, end use priority as may be specified by the FERC, impact on the local economy, and laws of the State of Tennessee.

#### **CONTRACT FOR SERVICE**

Each Customer receiving service under Rate Schedule "85" shall execute a contract with Gibson County Utility District for at least one year to end on the May 1<sup>st</sup> specified in said contract. If Customer refuses to execute a contract with Gibson County Utility District, the net rate for service under Rate Schedule "85" shall be two cents per Therm higher with the exception of the Customer Charge which shall remain at \$200.

#### **RULES AND REGULATIONS**

All service provided hereunder is subject to the Rules and Regulations of Gibson County Utility District that may from time to time be in effect.

**SERVICE INTERRUPTION AND CURTAILMENT**

Gas service under Rate Schedule "85" is subject to curtailment provisions contained in the Rules and Regulations of Gibson County Utility District.