

APPENDIX D NOMINATION AND BALANCING PROVISIONS

The following Provisions shall apply to: (1) individual Customers being provided Transportation Service under Rate STS-School Transportation Service; (2) pooled School Corporation Customers who elect to act jointly to aggregate purchases of natural commodity supply from a natural gas commodity seller, collectively "Transporter," under Rate STS-School Transportation Service; (3) individual Customers being provided Transportation Service under Rate FT-Firm Transportation Service; and (4) pooled Firm Transportation Customers who elect to act jointly to aggregate purchases of natural commodity supply from a natural gas commodity seller, collectively "Transporter," under Rate FT-Firm Transportation Service.

NOMINATION PROVISIONS

Transporter shall be obligated to notify Company of the exact daily quantity of its nomination to the delivering pipeline of Transporter-owned gas to be delivered to Company at pipeline delivery points agreeable to Company (Daily Pipeline Nomination). Transporter must provide the notice specified above prior to each change in Transporter's Daily Pipeline Nomination by submitting to Company the nomination via email or other means acceptable to Company, by no later than 10:00 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 Transporter submits the required nomination, Transporter's nominations of daily quantities shall be zero.

The nomination form shall include the following information:

1. Start and end dates of nomination (Nomination Period);
2. Daily quantity, in dekatherms, of Transporter's Daily Pipeline Nomination (Daily Transportation Nomination) along with;
 - a. Delivering pipeline;
 - b. Shipper on the delivering pipeline;
 - c. Transportation contract number;
 - d. The pipeline delivery points and quantities; and
 - e. Any other information reasonably required by company to properly identify and apply Transporter's Daily Transportation Nomination.

Unless otherwise permitted by Company, the Nomination Period shall not exceed thirty-one days. When Transporter is not the shipper on a pipeline, Transporter shall cause the shipper to provide Company with a written statement detailing Transporter's actual deliveries under Transporter's 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 \$0.50 per dekatherm on the quantity difference between its Daily Pipeline Nomination and the actual deliveries under its Daily Pipeline Nomination for each day such difference occurs.

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MONTHLY BALANCING PROVISIONS

Transporter shall be obligated to balance its total monthly usage with the total monthly deliveries of Transporter-owned gas by the pipeline. A Monthly Imbalance Quantity shall exist when the Transporter's total monthly usage is greater than or less than its total monthly deliveries.

Amounts paid by the Company to the Transporter in cashing out Monthly Imbalance Quantities shall be recovered in the Gas Cost Adjustment. Amounts received by Company from Transporter in cashing out

Monthly Imbalance Quantities shall be credited against gas costs in the Gas Cost Adjustment. For purposes of applying the Balancing Provisions, the following definitions shall apply:

Monthly Under-Delivery Charge: The Monthly Under-Delivery Charge shall be the sum of the Company's highest per unit commodity cost of gas during the month and the highest interruptible pipeline transportation rate, including fuel and all surcharges.

Monthly Over-Delivery Charge: The Monthly Over-Delivery Charge shall be the sum of the Company's lowest per unit commodity cost of gas during the month and the lowest firm transportation commodity rate, including fuel and all surcharges.

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 shall be cashed out with the Company. Transporter shall pay Company for Monthly Under-Delivery Imbalance Quantities pursuant to the following:

- (1) 1.0 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantities that is greater than 0%, up to and including 10% of Total Monthly Usage, plus
- (2) 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
- (3) 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
- (4) 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
- (5) 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 shall be cashed out with the Company. Company shall pay Transporter for Monthly Over-Delivery Imbalance Quantities pursuant to the following:

- (1) 1.0 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantities that is greater than 0%, up to and including 10% of Total Monthly Usage; plus
- (2) 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

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- (3) 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
- (4) 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.

OPERATIONAL FLOW ORDERS (DAILY BALANCING PROVISIONS)

Transporter is obligated, when requested by Company through an Operational Flow Order ("OFO"), to nominate and deliver gas supply to Company's city gate 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.

Amounts paid by the Company to the Transporter in cashing out Daily Imbalance Quantities shall be recovered in the Gas Cost Adjustment. Amounts received by Company from Transporter in cashing out Daily Imbalance Quantities shall be credited against gas costs in the Gas Cost Adjustment.

During an OFO 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. A Daily Imbalance Quantity shall exist when the Total Daily Usage is greater than or less than the Transporter's Total Daily Deliveries. Daily Imbalance Quantities shall be carried to month-end. For purposes of applying the Operational Flow Orders, the following definitions shall apply:

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 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.

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

- (1) An OFO Imbalance Charge of \$10.00 per dekatherm on the portion of the Daily Under-Delivery Imbalance Quantities that is greater than 5% of Total Daily Usage; 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) 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, Transporter shall pay Company the following:

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- (1) 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
 - (2) 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; plus
 - (3) Applicable taxes.

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Customer pursuant to this Appendix D, provided, however, that the waiver of such Charge shall be exercised on a non-discriminatory basis.

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