

MIDDLE TENNESSEE NATURAL GAS UTILITY DISTRICT
TERMS AND CONDITIONS
SALE OF NATURAL GAS

GENERAL OFFICE
P. O. BOX 670
SMITHVILLE, TN 37166

RATE 80 (Page 1 of 3)

INTERRUPTIBLE POOL PROGRAM

AVAILABILITY:

- (1) Customer's purchase requirements must have a minimum usage when not on curtailment in excess of 500 therms per day or 15,000 therms per month.
- (2) Customer's facilities must be located in an area of the District where the customer's daily volumes can be served. Each application for service under this class will be reviewed individually. Each service, at a specific address will be considered a separate customer.
- (3) Customer must execute an Interruptible Pool Program Contract with Middle Tennessee Natural Gas Utility District for an initial term of thirty-six (36) months which provides for the recovery of the cost of facilities provided by the District. Contract will be renewable on a rolling 12 months basis.
- (4) Service under this rate schedule cannot be converted to service under other rate schedules except as follows: With 60 days advance notice from buyer of requested change, service under this rate schedule may be converted to service under other applicable interruptible sales or transportation schedules on the anniversary date of initial service under this schedule only.
- (5) Customer must have and maintain a full requirements alternative fuel system for use during natural gas curtailments.

The District will purchase natural gas at the best available rates and pay pipeline transportation charges to move this gas to the District's receipt points or customer may elect other pricing options that are provided herein.

RATE:

The sum of the District's monthly commodity weighted average unit cost of gas including pipeline commodity transportation and pipeline fuel retainage plus:

Customer Charge	\$120.00	Month
First 60,000 therms	0.085	per therm
Next 100,000 therms	0.055	per therm
Over 160,000 therms	0.015	per therm

Unauthorized Overrun Penalty = All daily volumes taken by customer in excess of curtailment directives (either complete or partial curtailment), of MTNG will be considered "Unauthorized Overrun Volumes". Unauthorized Overrun Volumes will be billed at \$1.50 per therm plus applicable rate schedule charges plus the daily cost of gas as quoted in "Gas Daily", plus applicable pipeline commodity and fuel charges assuming delivery from Tennessee Gas Pipeline Zone 1, 500 leg.

Payment Date = 15th of Month following month of delivery

Payment Means = All payments under this rate schedule shall be made by ACH or Bank Draft

Delayed Payment Charge = 5% if payment is made after Payment Date

Effective Date = January 1, 2015

Turn On and/or Reconnect Charge = \$500.00

MEASUREMENT AND BILLING:

- (1) The unit of volume for the purpose of measurement shall be by cubic foot.
- (2) The unit of volume for the purpose of billing shall be by therm.
- (3) The number of therms delivered by the District during any month at the point of service shall be determined by multiplying the number of measured cubic feet of natural gas delivered to the customer during said month by the "Unit Total Heating Value" of each cubic foot and then dividing the total by 100,000.

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INTERRUPTIBLE POOL PROGRAM PRICING OPTIONS

AVAILABILITY:

- (1) Available to customers purchasing natural gas under and meeting all requirements of Middle Tennessee Natural Gas Rate 80; provided, that customer's contract with Middle Tennessee Natural Gas extends past the utilization date of the gas purchased using pricing options, or that customer waives the termination rights in the contract while pricing options are in effect.
- (2) Customer must have a minimum usage of 100,000 therms per month for NYMEX contract locks.

GENERAL:

- (1) Customer may elect to lock-in prices on certain volumes or elect gas pricing at monthly NYMEX settle. Customer may elect only one pricing option effective for any one month.
- (2) All lock-in pricing must be in NYMEX contract quantities of 100,000 therms per month per contract.
- (3) Subject to availability (If the District's supply capacity is limited or already committed, pricing options by customer may not be available).
- (4) Customer's total monthly price locked volumes cannot exceed 90% of customer's average monthly usage for the past 12 months.
- (5) Customer's choice of electing pricing options will have no impact on curtailments required by the District.
- (6) Customer will pay any penalties imposed on District by pipelines or suppliers resulting from customer's price lock related actions (such as not taking price locked volumes). District will use all reasonable efforts to avoid penalty situations.
- (7) Customer may elect gas pricing at the monthly NYMEX settle [NYMEX_last day_Henry Hub] for one to twelve months into the future..

MECHANISM:

- (1) Customers that meet the availability requirements may lock in future natural gas prices on the NYMEX for one to twelve months into the future or may elect monthly NYMEX settle pricing for one to twelve months into the future.
- (2) Pricing option requests must be faxed or electronically mailed (with a confirming telephone call to 615-597-4300) to Middle Tennessee Natural Gas at least ten (10) business days before the month of gas flow.
- (3) All locks are NYMEX priced.
- (4) Locked in volumes will be billed by replacing the District's "monthly commodity weighted average unit cost of gas" with the price of the locked gas; plus 3¢/Dth, plus the cost of pipeline commodity charges, less fuel volumes retained by the pipelines. Pipeline commodity charges and fuel will be based on delivery from Tennessee Gas Pipeline Zone 1,500 leg.
- (5) NYMEX settle volumes will be billed by replacing the District's "monthly commodity weighted average unit cost of gas" with the price of the NYMEX settle price; plus 1/2¢/Dth, plus the cost of pipeline commodity charges, less fuel volumes retained by the pipelines. Pipeline commodity charges and fuel will be based on delivery from Tennessee Gas Pipeline Zone 1,500 leg.
- (6) Customer will pay the full cost of all price locked volumes.

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INTERRUPTIBLE POOL PROGRAM PRICING OPTIONS

- (7) Gas quantities price locked but not used by customer during the month will be purchased by the District from customer as follows:

<u>Purchase Percentages*</u>	<u>Price (Lower Of)</u>
0 to 2%	Locked Price or 100% of Low Daily Price
2% to 10%	Locked Price or 85 % of Low Daily Price
10% to 20%	Locked Price or 70% of Low Daily Price
Over 20%	Locked Price or 50% of Low Daily Price

*Percent of total locked volumes for the month

Daily Price = Price published each day of the month in "Gas Daily" for Tennessee Gas Pipeline Zone 1, 500 leg. "Low Daily Price" = The lowest daily price published during the month. In the even that "Gas Daily" ceases to be published, MTNG and Customer shall mutually agree on a substitute pricing mechanism for the cash out volumes.

- (8) Customer will be responsible for interstate pipeline commodity charges only for volumes taken.
- (9) All volumes taken by customer during a month over and above price locked quantities will be billed at the normal pool program rates. Monthly NYMEX settle purchases will be for the full volume taken by customer during the month.