

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

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

RATE 82 (Page 1 of 2)

LDC \ MUNICIPAL POOL \ TRANSPORTATION SERVICE
(With MTNG Flow Control Installed)

AVAILABILITY:

- (1) Available on a best efforts basis only to LDC's \ Municipal customers. For use of MTNG facilities to sell gas owned by MTNG and to transport any gas volumes over 60,000 therms per month not owned by MTNG.
- (2) Customer's purchase/transportation requirements must have a minimum usage for the months of November through March in excess of 1,000 therms per day or 30,000 therms per month.
- (3) 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 rate schedule will be reviewed individually.
- (4) All delivery meters used under this rate schedule must have full flow control which allows MTNG to adjust flows at each meter.
- (5) Customer must execute a Class 82 Contract with MTNG 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 twelve (12) month basis.
- (6) Service under this rate schedule cannot be converted to service under other rate schedules.
- (7) Customer's daily usage estimates must be faxed or electronically mailed (with a confirming telephone call to 615-597-4300) to MTNG at least ten (10) business days before the month of gas flow.

RATE:

The first 60,000 therms per month delivered for Customer under this rate schedule will be gas owned by MTNG and delivered to Customer at the following rates:

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

Customer Charge	\$120.00	per month
All Gas Up to 60,000 therms	0.095 /	per therm

All gas delivered to customer above 60,000 therms per month is customer-owned gas that MTNG will transport to Customer at the following rates:

Next 100,000 therms of gas transported to Customer (after 60,000 therms of sales gas)	0.055 /	per therm
All Gas Over 160,000 therms per month transported to Customer	0.015 /	per therm

Unauthorized Gas = (1) MTNG will have flow control at the meters used under this contract, therefore there will be no unauthorized gas for volumes purchased from MTNG.

(2) For customer-owned gas transported by MTNG for customer, gas requested and taken by customer from MTNG above or below the quantity of gas delivered to MTNG for customer's account will be cashed out under the Monthly "Cash Out" Balancing provision in this rate schedule.

MECHANISM:

- (1) MTNG shall sell and deliver the first 60,000 therms per month to customer. There is no cashout for any volume under 60,000 therms. All volumes over 60,000 therms per month will be transportation volumes and will be cashed out at the end of each month.
- (2) Customer shall deliver or cause to be delivered daily volumes over 2,000 therms of natural gas to the MTNG City Gate Station connected to East Tennessee Natural Gas which is nearest to the customer's physical delivery location. MTNG will accept delivered gas on a daily basis and redeliver the gas to Customer at Customer's MTNG meter.
- (3) If daily volumes over 2,000 therms per day taken by customer are not delivered to MTNG for Customer's account, MTNG will have no responsibility to deliver these volumes to Customer.

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Monthly "Cash Out" Balancing = Positive "Cash Out" volumes are cumulative monthly volumes taken by Customer in excess of volumes actually delivered to MTNG for Customer's account. Percent positive "Cash Out" for a month equals the positive "Cash Out" volume for the month divided by the total volumes actually delivered to MTNG for Customer's account for that same month. Negative "Cash Out" volumes are cumulative monthly volumes delivered to MTNG for Customer's account that are not taken by Customer. Percent negative "Cash Out" volume for a month equals the negative "Cash Out" volume for the month divided by the total volumes actually delivered to MTNG for Customer's account.

<u>Cash Out Percentages</u>	<u>Cash Out Charges</u>	
	<u>Positive *</u>	<u>Negative</u>
0 to 2%	100% of High Daily Price	100% of Low Daily Price
2% to 10%	115% of High Daily Price	85% of Low Daily Price
10% to 20%	140% of High Daily Price	70% of Low Daily Price
Over 20%	150% of High Daily Price	50% of Low Daily Price

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

* Customer will also be responsible for pipeline fuel and commodity charges on Positive Cash Out volumes, assuming gas delivery from Tennessee Gas Pipeline Zone 1, 500 leg.

Payment Means = All payments under this schedule shall be made by ACH or bank draft.
Delayed Payment Charge = 5%
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.