

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

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

RATE 81 (Page 1 of 2)
INTERRUPTIBLE
TRANSPORTATION SERVICE

AVAILABILITY:

- (1) Available on a best efforts basis only to end-use industrial customers. For use of Middle Tennessee Natural Gas Utility District (MTNG) facilities to transport gas not owned by MTNG.
- (2) Customer's purchase/transportation requirements must have a minimum usage when not on curtailment in excess of 1,500 therms per day or 45,000 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 class will be reviewed individually. Each service at a specific address will be considered a separate customer.
- (4) Customer must execute an Interruptible Transportation 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.
- (5) Service under this rate schedule cannot be converted to service under other rate schedules except as follows: With 60 days advance notice from buyer/transporter of requested change, service under this rate schedule may be converted to service under other interruptible transportation or sales schedules on the anniversary date of initial service under this schedule only.
- (6) Customer must have and maintain a full requirements alternative fuel system for use during natural gas curtailments.

RATE:

Customer Charge		\$400.00	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 Gas Penalty

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(1) All gas volumes taken by customer in excess of MTNG issued Operational Flow Orders or curtailment directives (either complete or partial curtailment), will be considered "Unauthorized Gas". Unauthorized Gas taken above the Tolerance referenced in (3) herein, will be calculated daily. The daily Unauthorized Gas Penalty will equal the "Unauthorized Gas" volume above the tolerance times the sum of \$1.50 per therm plus the daily cost of gas as quoted in "Gas Daily" (if Gas Daily is no longer published, in a comparable reliable source for natural gas prices) of the higher of Tennessee Gas Pipeline Zone 1 500 leg or Transco Zone 5 Del.

(2) Operational Flow Orders may be issued by MTNG to limit the amount of gas delivered to MTNG for customer's account (generally but not exclusively during periods of excess gas on the piping system). Gas delivered to MTNG in excess of customer's daily usage during these Operational Flow Orders, and in excess of the Tolerance referenced in (3) herein, will be billed as an Unauthorized Gas Penalty equal to the Unauthorized Gas delivered to MTNG above the tolerance times \$1.50 per therm.

(3) MTNG will allow a tolerance of 250 therms per day or 5% of daily quantities delivered, whichever is more, before billing Unauthorized Gas Penalty charges to customer.

(4) Unauthorized Gas Penalties will not affect gas purchases or the cash out mechanism herein.

(5) MTNG reserves the right to waive penalties in a non-discriminatory manner.

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MECHANISM:

- (1) Customer shall deliver or cause to be delivered daily volumes 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.
- (2) If daily volumes are not delivered to MTNG for Customer's account, MTNG will have no responsibility to deliver volumes to Customer and may issue Operational Flow Orders and bill volumes as "Unauthorized Gas" as defined herein.

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. All "Cash Out" volumes for the month will be billed at one price (example if customer's "Cash Out" percent positive is 15%, all of customer's "Cash Out" gas that month will be priced at 140% of High Daily Price.)

<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 = April 1, 2016

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.