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GENERAL INFORMATION

4. BALANCING RECEIPTS AND DELIVERIES: (CONT'D)

C. Monthly Balancing For Daily Metered Customers: (Cont'd)

- (b) A positive imbalance exists when the Pool has consumption in a given month that is less than the Pool's deliveries of gas to the Company. For positive imbalance cash-outs, the cash-out mechanism will work as follows:
 - (i) Excess gas delivered to the city gate will be purchased from the Pool Operator at the following rates: One hundred percent (100%) of the monthly average of the Minimum Daily Gas Index for the applicable month per therm for all quantities between zero percent (0%) and ten percent (10%) deviation, plus eighty percent (80%) of the monthly average of the Minimum Daily Gas Index for the applicable month per therm for all quantities between ten percent (10%) and fifteen percent (15%) deviation, plus seventy percent (70%) of the monthly average of the Minimum Daily Gas Index for the applicable month per therm for all quantities between fifteen percent (15%) and twenty percent (20%) deviation, plus sixty percent (60%) of the monthly average of the Minimum Daily Gas Index for the applicable month per therm for all quantities in excess of twenty percent (20%) deviation from delivery, plus;
 - (ii) For each therm, the Pool Operator will pay for the variable cost of pipeline storage injections as set forth in each applicable pipeline's FERC tariff, for gas subject to the cash-out which has been over-delivered.
- (2) Monthly balancing shall not apply during periods of interruption and when Operational Flow Orders ("OFOs") are in effect. During OFO's, all customers will be required to daily balance.

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