

**RESOLUTION**

**BE IT RESOLVED** by the Council of the City of Memphis and sitting as a **Ratemaking Board** pursuant to Chapter 381 of the Private Acts of 1939, that the application of the Memphis Light, Gas and Water Division to change its schedule of electric, gas and water rates effective as follows:

<b>Electric – Overall Revenue (Temporary)</b>	<b>-3.1%</b>
<b>Residential</b>	<b>-4.4%</b>
<b>Small and Large General Service</b>	<b>-2.8%</b>
<b>Gas – Overall Revenue</b>	<b>6.8%</b>
<b>Residential</b>	<b>7.5%</b>
<b>Small and Large General Service</b>	<b>5.6%</b>
<b>Large General Service Interruptible &amp; Interruptible Prime</b>	<b>6.9%</b>
<b>Interruptible Transportation</b>	<b>5.6%</b>
<b>Water – Overall Revenue</b>	<b>14.9%</b>
<b>Residential</b>	<b>14.9%</b>
<b>General Service</b>	<b>15.0%</b>
<b>Resale</b>	<b>15.3%</b>
<b>Fire Protection</b>	<b>15.2%</b>

**in accordance with correspondence and exhibits filed herewith including the resolution of the Board of Light, Gas and Water Commissioners establishing said rates to be and the same is hereby approved.**

**STATEMENT OF DANA J. JEANES  
CONTROLLER  
MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
October 18, 2007  
\*\*\*\*\***

**My name is Dana J. Jeanes and I reside at 11523 Metz Place in Eads, Tennessee. I hold the position of Controller at Memphis Light, Gas and Water Division, and it is my duty to make recommendations concerning the schedule of rates to the Board of Commissioners. I have recommended and the Board of Commissioners has approved, pursuant to Section 680 of the Charter of the City of Memphis, a schedule of rates as will enable the Memphis Light, Gas and Water Division pursuant to said Charter requirements to pay operating expenses, interest, sinking funds reserve, working capital, renewal and replacements, casualties, and other fixed charges including necessary capital improvements and payments in lieu of taxes to the City of Memphis.**

**On October 18, 2007, I recommended to the Board that gas and water rate increases be implemented due to the effects of inflation on general operating expenses, reduced cash balances, and capital expenditures for system improvements. I also recommended a one-year temporary rate decrease in the Electric Division primarily due to recent abnormally hot weather which has generated additional sales revenues. I recommend that gas rates be increased by an overall 6.8%, water rates be increased an overall 14.9%, and electric rates be temporarily decreased 3.1% for one year.**

The total proposed revenue increases on an annual basis are estimated to be \$29,172,000 for gas and \$10,206,000 for water; the proposed revenue decrease for electric is \$32,134,000 during the calendar year 2008.

Rate tariff percentage changes for electric, gas and water customers are approximately as follows:

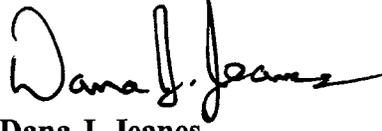
<b>Electric – Overall Revenue</b>	<b>-3.1%</b>
<b>Residential</b>	<b>-4.4%</b>
<b>Small and Large General Service</b>	<b>-2.8%</b>
<b>Gas – Overall Revenue</b>	<b>6.8%</b>
<b>Residential</b>	<b>7.5%</b>
<b>Small and Large General Service</b>	<b>5.6%</b>
<b>Large General Service Interruptible &amp; Interruptible Prime</b>	<b>6.9%</b>
<b>Interruptible Transportation</b>	<b>5.6%</b>
<b>Water – Overall Revenue</b>	<b>14.9%</b>
<b>Residential</b>	<b>14.9%</b>
<b>General Service</b>	<b>15.0%</b>
<b>Resale</b>	<b>15.3%</b>
<b>Fire Protection</b>	<b>15.2%</b>

I have further advised the Board of certain factors and details outlining the necessity of these rate tariff changes and file herewith exhibits of these factors for your consideration and discussion of the public hearing to be held on November 20, 2007.

As Controller of Memphis Light, Gas and Water Division, it is my opinion that the rates requested by the Division will produce sufficient revenues to meet the obligations of Memphis Light, Gas and Water under the Charter and Covenants in Bond Resolutions.

For the reasons set out above, I recommend that the Memphis City Council, pursuant to Chapter 381 of the Private Acts of 1939, as amended, approve these revisions at the public hearing to be held on November 20, 2007.

RESPECTFULLY SUBMITTED



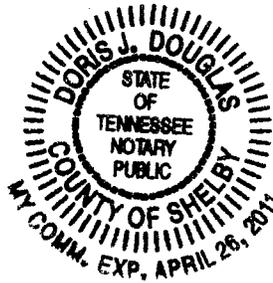
Dana J. Jeanes  
Controller  
Memphis Light, Gas and Water Division

Sworn to and subscribed before me the undersigned this 16th day of October, 2007.



Notary Public

My commission expires:  
April 26, 2011



**E X C E R P T**  
from  
**MINUTES OF MEETING**  
of  
**BOARD OF LIGHT GAS AND WATER COMMISSIONERS, CITY OF MEMPHIS**  
held  
October 18, 2007

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The Controller presented the 2008 budgets of the Electric, Gas and Water Divisions for 2008 operation and maintenance expenses and the 2008 capital expenditures to the Board of Light, Gas and Water Commissioners for adoption.

Basic Bond Resolutions adopted by the City of Memphis for the Water Division July 15, 1958, May 10, 1983, June 18, 1985, and May 29, 1986, for the Electric Division October 14, 1976, July 2, 2002, and October 21, 2003, and for the Gas Division May 1, 1984 require the Electric, Gas and Water Divisions to prepare and file in the office of the Trustee a Budget of operating expenses and capital improvements for the succeeding fiscal year. Such annual budgets will include only the applicable revenues, expenses and capital improvements for each system. These budgets have been filed with Regions Bank which currently serves as Trustee under the aforementioned Board resolutions. These budgets have been reviewed by the Budget Review Committee, the applicable management staff, and the Board.

The Controller also recommends that the Board approve the adoption and revisions to Electric Rate Schedule ETWC (Electric Temporary Weather Credit) and Gas Rate Schedules G-1 & G-3, G-7, G-8 & G-9, G-10 & G-12, IT-Prime, IT-1, IT-2 and PGA and Water Rate Schedules W-1, W-2, W-5, W-6, W-7, W-8, W-9, W-10, W-11, W-51, W-53, W-57, FP-1 and FP-2 proposed to become effective with Cycle 1 meter readings for the January 2008 revenue month on a non-prorated basis. In addition, the Controller proposes to retire the Large

**General Service Seasonal Off-Peak G-17 rate schedule. This retirement would not affect any existing customers. The proposed rate increases of approximately 6.8% for gas and 14.9% for water are estimated to produce an annual increase in revenues of \$29,172,000 for gas and \$10,206,000 for water during the calendar year 2008. The proposed temporary electric rate decrease of approximately 3.1% is estimated to produce an annual decrease in revenues of \$32,134,000 during the calendar year 2008.**

**Increases by class of electric, gas and water customers are approximately as follows:**

<b>Electric – Overall Revenue</b>	<b>-3.1%</b>
<b>Residential</b>	<b>-4.4%</b>
<b>Small and Large General Service</b>	<b>-2.8%</b>
<b>Gas – Overall Revenue</b>	<b>6.8%</b>
<b>Residential</b>	<b>7.5%</b>
<b>Small and Large General Service</b>	<b>5.6%</b>
<b>Large General Service Interruptible &amp; Interruptible Prime</b>	<b>6.9%</b>
<b>Interruptible Transportation</b>	<b>5.6%</b>
<b>Water – Overall Revenue</b>	<b>14.9%</b>
<b>Residential</b>	<b>14.9%</b>
<b>General Service</b>	<b>15.0%</b>
<b>Resale</b>	<b>15.3%</b>
<b>Fire Protection</b>	<b>15.2%</b>

**The temporary rate decrease in the Electric Division is primarily due to recent abnormally hot weather which has generated additional sales revenues.**

**The rate increases in the Gas and Water Divisions are due to the effects of inflation on general operating expenses, reduced cash balances, and capital expenditures for system improvements.**

**After discussion, the Board of Memphis Light, Gas and Water Commissioners determined that, in their opinion, the proposed new rates are**

necessary in order to keep the Division financially sound, and that they are in compliance with Chapter 381 of Private Acts 1939, as amended, creating the Division.

It was moved by **Commissioner Clark**, seconded  
by **Commissioner Taylor**

, and unanimously carried:

- (1) THAT, the Budgets for the Electric, Gas and Water Divisions for the 2008 operation and maintenance expenses and the 2008 capital expenditures, as presented by the Controller, subject to the consent and approval of the Council of the City of Memphis, be adopted and be in effect for the fiscal year 2008; and
- (2) THAT, the Board of Light, Gas and Water Commissioners approve the attached Electric, Gas and Water Rate Schedules as described in the foregoing preamble to this resolution subject to the consent and approval of the Council of the City of Memphis, be adopted to become effective with Cycle 1 meter readings for the January 2008 revenue month on a non-prorated basis.

I hereby certify that the foregoing is a true copy of a resolution adopted by the Board of Light, Gas and Water Commissioners at a ~~regular~~ special meeting held on 18th day of October, 2007, at which a quorum was present.

  
Secretary-Treasurer

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS**

**ELECTRIC SERVICE**

**SCHEDULE ETWC  
ELECTRIC TEMPORARY WEATHER CREDIT**

**AVAILABILITY**

This rate schedule rider provides for a temporary weather credit for MLGW customers receiving electric service. The temporary weather credit rider is effective for billing for service rendered during the MLGW billing months of January through December 2008. A billing credit for each kWh of electricity consumed will be applied as shown below.

**MONTHLY CREDITS**

RS:           \$0.00338 per kWh  
GSA:          \$0.00209 per kWh

**RULES AND REGULATIONS**

Service is subject to the Rules and Regulations of the Division

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-1**

**RESIDENTIAL RATE**

**AVAILABILITY**

This schedule is available for water service within the corporate limits of the City of Memphis for domestic uses to residential customers in individual private residences or other individual dwelling units. It is not applicable to recognized boarding or rooming houses or to establishments of a commercial or industrial nature.

Water supplied under this schedule is for the exclusive use of the customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

ALL WATER CONSUMED: \$1.31 per Ccf per month

**MINIMUM BILL**

The Minimum Monthly Bill shall be determined by the size of the meter installed, as follows:

5/8" meter \$ 5.54	1-1/2" meter \$31.91
3/4" meter \$ 7.99	2" meter \$56.72
1" meter \$14.18	

Residential customers shall be served through a single meter not larger than 2" in size.

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date of the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-2**

**RESIDENTIAL RATE**

**AVAILABILITY**

This schedule is available for water service outside the corporate limits of the City of Memphis and outside the area that was served by the Shelby County Water Distribution System at the time of its acquisition by Memphis Light, Gas and Water Division on June 30, 1999, for domestic uses to residential customers in individual private residences or other individual dwelling units. It is not applicable to recognized boarding or rooming houses or to establishments of a commercial or industrial nature.

Water supplied under this schedule is for the exclusive use of the customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

ALL WATER CONSUMED \$2.04 per Ccf per month

**MINIMUM BILL**

The Minimum Monthly Bill shall be determined by the size of the meter installed, as follows:

5/8" meter \$ 7.71	1-1/2" meter \$ 44.39
3/4" meter \$ 11.09	2" meter \$ 78.91
1" meter \$ 19.74	

Residential customers shall be served through a single meter not larger than 2" in size.

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date of the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-5**

**TEMPORARY**

**AVAILABILITY**

This schedule is available for temporary water service to all customers using water through a metered fire hydrant connection within the corporate limits of the City of Memphis. Such temporary service shall include, but not necessarily be limited to construction, carnivals and festivals, replacement of supplies due to failure or interruption of customer's own water system, or any service whose duration is expected to be six months or less.

**RATE FOR CONSUMPTION DURING PERMIT PERIOD (Ccf equals 100 cubic feet)**

When meter is returned bill will be calculated as follows:

First	200 Ccf	\$2.36 per Ccf
Next	400 Ccf	\$1.58 per Ccf
Excess over	600 Ccf	\$0.79 per Ccf

**MINIMUM BILL AND REFUNDABLE DEPOSIT**

Refer to Rules and Regulations of MLGW Service Policy Manual.

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date of the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**CONTRACT REQUIREMENT**

Customers receiving service under this rate schedule will be required to execute a Temporary Water Permit for a period of not more than six (6) months. Such permits may be renewed at customer's request after payment for consumption during initial permit. MLGW may deny renewal at its discretion.

**SINGLE POINT DELIVERY**

The above rates apply to consumption through each meter. If customer has more than one meter the consumption will not be combined for calculation of bill.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-6**

**TEMPORARY**

**AVAILABILITY**

This schedule is available for temporary water service to all customers using water through a metered fire hydrant connection outside the corporate limits of the City of Memphis and outside the area that was served by the Shelby County Water Distribution System at the time of its acquisition by Memphis Light, Gas and Water Division on June 30, 1999. Such temporary service shall include, but not necessarily be limited to construction, carnivals and festivals, replacement of supplies due to failure or interruption of customer's own water system, or any service whose duration is expected to be six months or less.

**RATE FOR CONSUMPTION DURING PERMIT PERIOD (Ccf equals 100 cubic feet)**

**When meter is returned, bill will be calculated as follows:**

First	200 Ccf	\$3.54 per Ccf
Next	400 Ccf	\$2.37 per Ccf
Excess over	600 Ccf	\$1.18 per Ccf

**MINIMUM BILL AND REFUNDABLE DEPOSIT**

Refer to Rules and Regulations of MLGW Service Policy Manual.

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date of the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**CONTRACT REQUIREMENT**

Customers receiving service under this rate schedule will be required to execute a Temporary Water Permit for a period of not more than six (6) months. Such permits may be renewed at customer's request after payment for consumption during initial permit. MLGW may deny renewal at its discretion.

**SINGLE POINT DELIVERY**

The above rates apply to consumption through each meter. If customer has more than one meter the consumption will not be combined for calculation of bill.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-7**

**GENERAL SERVICE RATE**

**AVAILABILITY**

This schedule is available for water service to all customers within the corporate limits of the City of Memphis, except residential customers using service exclusively for domestic use.

Water supplied under this schedule is for the exclusive use of the customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

First	30	Ccf of water consumed per month	@ \$1.67 per Ccf
Next	70	Ccf of water consumed per month	@ \$1.42 per Ccf
Next	100	Ccf of water consumed per month	@ \$1.08 per Ccf
Next	400	Ccf of water consumed per month	@ \$0.90 per Ccf
Next	5,400	Ccf of water consumed per month	@ \$0.70 per Ccf
Excess over	6,000	Ccf of water consumed per month	@ \$0.73 per Ccf

**MINIMUM BILL**

The Minimum Monthly Bill shall be determined by the size of the meter installed, as follows:

5/8" meter \$10.62	2" meter \$ 88.45	8" meter \$ 404.63
3/4" meter \$12.37	3" meter \$176.84	10" meter \$ 838.18
1" meter \$21.21	4" meter \$264.45	12" meter \$1,169.54
1-1/2" meter \$42.44	6" meter \$334.53	14" meter \$1,608.13

Battery of 2 - 2" meters \$176.84

Battery of 3 - 2" meters \$264.45

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date of the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-8**

**GENERAL SERVICE RATE**

**AVAILABILITY**

This schedule is available for water service to all customers outside the corporate limits of the City of Memphis and outside the area that was served by the Shelby County Water Distribution System at the time of its acquisition by Memphis Light, Gas and Water Division on June 30, 1999 (except residential customers using service exclusively for domestic use).

Water supplied under this schedule is for the exclusive use of the customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

First	30	Ccf of water consumed per month	@ \$2.51 per Ccf
Next	70	Ccf of water consumed per month	@ \$2.11 per Ccf
Next	100	Ccf of water consumed per month	@ \$1.61 per Ccf
Next	400	Ccf of water consumed per month	@ \$1.35 per Ccf
Next	5,400	Ccf of water consumed per month	@ \$1.06 per Ccf
Excess over	6,000	Ccf of water consumed per month	@ \$1.10 per Ccf

**MINIMUM BILL**

The Minimum Monthly Bill shall be determined by the size of the meter installed, as follows:

5/8" meter \$16.22	2" meter \$135.18	8" meter \$ 618.30
3/4" meter \$18.93	3" meter \$270.39	10" meter \$1,280.82
1" meter \$32.45	4" meter \$404.09	12" meter \$1,787.17
1-1/2" meter \$64.88	6" meter \$511.20	14" meter \$2,455.69

Battery of 2 - 2" meters \$270.39  
Battery of 3 - 2" meters \$404.09

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date shown on the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-9**

**RESALE**

**AVAILABILITY**

This schedule is available for water service to utility districts, created, organized and existing pursuant to the Utility District Act of 1937, as amended, under the laws of the State of Tennessee, or to incorporated towns, for resale within the service areas of said utility districts or incorporated towns within Shelby County and not for resale except to individual consumers; said availability being limited to a maximum quantity of water as may be determined by the Board of Light, Gas and Water Commissioners and agreed on by contract.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

\$1.14 per Ccf for all water received by customer at the point or points of delivery.

**MINIMUM BILL**

The Minimum Monthly Bill shall be determined in the definitive contract.

**PAYMENT**

The above rates are net and all amounts shall be due on the fifteenth (15th) of the month following the month in which the water was used or five (5) days after receipt of bill from Division whichever is the later. To any amount remaining unpaid on the first day of the calendar month following the due date, there shall be added a penalty of one (1) percent and an additional one (1) percent shall be added on the first day of each succeeding month until the amount is paid in full.

**CONTRACT REQUIREMENT**

Service under this schedule will be rendered only when the Division has adequate facilities in its distribution system to render such service without any additions thereto and the contract shall be for a period of not less than three (3) years. Other conditions for rendering service shall be as mutually agreed under a definitive contract.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed, or as provided in the definitive contract.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-10**

**LARGE GENERAL SERVICE RATE**

**AVAILABILITY**

This schedule is available for water service to all customers within the corporate limits of the City of Memphis (except residential customers using service exclusively for domestic use), contracting for not less than 6,000 Ccf of monthly water consumption.

Water supplied under this schedule is for the exclusive use of the customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

First	30	Ccf of water consumed per month @ \$1.67 per Ccf
Next	70	Ccf of water consumed per month @ \$1.42 per Ccf
Next	100	Ccf of water consumed per month @ \$1.08 per Ccf
Next	400	Ccf of water consumed per month @ \$0.90 per Ccf
Excess over	600	Ccf of water consumed per month @ \$0.70 per Ccf

**MINIMUM BILL**

The Minimum Monthly Bill shall be determined by the size of the meter installed, as follows:

5/8" meter \$10.62	2" meter \$ 88.45	8" meter \$ 404.63
3/4" meter \$12.37	3" meter \$176.84	10" meter \$ 838.18
1" meter \$21.21	4" meter \$264.45	12" meter \$1,169.54
1-1/2" meter \$42.44	6" meter \$334.53	14" meter \$1,608.13

Battery of 2 - 2" meters \$176.84

Battery of 3 - 2" meters \$264.45

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date of the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-11**

**GENERAL SERVICE RATE**

**AVAILABILITY**

This schedule is available for water service to all customers outside the corporate limits of the City of Memphis (except residential customers using service exclusively for domestic use), contracting for not less than 6,000 Ccf of monthly water consumption.

Water supplied under this schedule is for the exclusive use of the customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

First	30	Ccf of water consumed per month	@ \$2.51 per Ccf
Next	70	Ccf of water consumed per month	@ \$2.11 per Ccf
Next	100	Ccf of water consumed per month	@ \$1.61 per Ccf
Next	400	Ccf of water consumed per month	@ \$1.35 per Ccf
Excess over	600	Ccf of water consumed per month	@ \$1.06 per Ccf

**MINIMUM BILL**

The Minimum Monthly Bill shall be determined by the size of the meter installed, as follows:

5/8" meter \$16.22	2" meter \$135.18	8" meter \$ 618.30
3/4" meter \$18.93	3" meter \$270.39	10" meter \$1,280.82
1" meter \$32.45	4" meter \$404.09	12" meter \$1,787.17
1-1/2" meter \$64.88	6" meter \$511.20	14" meter \$2,455.69

Battery of 2 - 2" meters \$270.39  
Battery of 3 - 2" meters \$404.09

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date shown on the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-51**

**RESIDENTIAL RATE**

**AVAILABILITY**

This schedule is available for water service within the area served by the Shelby County Water Distribution System at the time of its acquisition by Memphis Light, Gas and Water Division on June 30, 1999 for domestic uses to residential customers in individual private residences or other individual dwelling units. It is not applicable to recognized boarding or rooming houses or to establishments of a commercial or industrial nature.

Water supplied under this schedule is for the exclusive use of the customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

ALL WATER CONSUMED \$2.04 per Ccf per month

**MINIMUM BILL**

The Minimum Monthly Bill shall be determined by the size of the meter installed, as follows:

5/8" meter \$ 7.71	1-1/2" meter \$44.39
3/4" meter \$11.09	2" meter \$78.91
1" meter \$19.74	

Residential customers shall be served through a single meter not larger than 2" in size.

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date of the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-53**

**CONSTRUCTION SERVICE - TEMPORARY**

**AVAILABILITY**

This schedule is available for temporary water service to all customers using water through a metered fire hydrant connection outside the corporate city limits of the City of Memphis, within the area that was served by the Shelby County Water Distribution System at the time of its acquisition by Memphis Light, Gas, and Water Division on June 30, 1999. Such temporary service shall include, but not necessarily be limited to construction, carnivals, and festivals, replacement of supplies due to failure or interruption of customer's own water system, or any service whose duration is expected to be six months or less.

Water supplied under this rate is for the exclusive use of the customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

**When meter is returned, bill will be calculated as follows:**

First	200 Ccf	\$3.54 per Ccf
Next	400 Ccf	\$2.37 per Ccf
Excess over	600 Ccf	\$1.18 per Ccf

**MINIMUM BILL**

Refer to Rules and Regulations of MLGW Service Policy Manual.

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date of the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**CONTRACT REQUIREMENT**

Customers receiving service under this rate schedule will be required to execute a Temporary Water Permit for a period of not more than six (6) months. Such permits may be renewed at customer's request after payment of consumption during initial permit. MLGW may deny renewal at its discretion.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE W-57**

**GENERAL SERVICE RATE**

**AVAILABILITY**

This schedule is available for water service within the area served by the Shelby County Water Distribution System at the time of its acquisition by Memphis Light, Gas and Water Division on June 30, 1999 for all customers except residential customers using service exclusively for domestic use.

Water supplied under this schedule is for the exclusive use of the customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 cubic feet)**

First	30	Ccf of water consumed per month	@ \$2.51 per Ccf
Next	70	Ccf of water consumed per month	@ \$2.11 per Ccf
Next	100	Ccf of water consumed per month	@ \$1.61 per Ccf
Next	400	Ccf of water consumed per month	@ \$1.35 per Ccf
Next	5,400	Ccf of water consumed per month	@ \$1.06 per Ccf
Excess over	6,000	Ccf of water consumed per month	@ \$1.10 per Ccf

**MINIMUM BILL**

The Minimum Monthly Bill shall be determined by the size of the meter installed, as follows:

5/8" meter \$16.22	2" meter \$135.18	8" meter \$ 618.30
3/4" meter \$18.93	3" meter \$270.39	10" meter \$1,280.82
1" meter \$32.45	4" meter \$404.09	12" meter \$1,787.17
1-1/2" meter \$64.88	6" meter \$511.20	14" meter \$2,455.69

**PAYMENT**

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date shown on the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the customer's premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS**

Service under this classification is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE FP-1**

**FIRE PROTECTION**

**AVAILABILITY**

This schedule is available for fire protection service to all customers within the corporate limits of the City of Memphis.

Water supplied under this schedule shall be used only for fire extinguishing purposes.

**ANNUAL RATE**

**SPRINKLER SYSTEMS**

Each 4-inch connection, or smaller, with 600 sprinkler heads, or less, \$302.37 per annum; plus \$0.0835 per sprinkler head for all sprinkler heads in excess of 600.

Each 6-inch connection, with 600 sprinkler heads or less, \$383.17 per annum; plus \$0.0835 per sprinkler head for all sprinkler heads in excess of 600.

Each 8-inch connection, with 600 sprinkler heads or less, \$802.62 per annum; plus \$0.0835 per sprinkler head for all sprinkler heads in excess of 600.

Each 10-inch connection, with 600 sprinkler heads or less, \$987.91 per annum; plus \$0.0835 per sprinkler head for all sprinkler heads in excess of 600.

Each 12-inch connection, with 600 sprinkler heads or less, \$1,183.38 per annum; plus \$0.0835 per sprinkler head for all sprinkler heads in excess of 600.

Each 14-inch connection, with 600 sprinkler heads or less, \$1,381.49 per annum; plus \$0.0835 per sprinkler head for all sprinkler heads in excess of 600.

Each 16-inch connection, with 600 sprinkler heads or less \$1,576.95 per annum; plus \$0.0835 per sprinkler head for all sprinkler heads in excess of 600.

Whenever it becomes necessary to fill the tank connected to customer's sprinkler system, the Division must be notified, and the seals on the system broken in the presence of its inspector.

Charge for water so used shall be at metered rates in accordance with Rate Schedule W-7, except that the Minimum Charge shall be \$16.31.

**FIRE HYDRANTS**

Each hydrant with one 2-1/2 inch hose opening, \$190.27 per annum.

Each hydrant with two 2-1/2 inch hose openings, \$302.37 per annum.

If more hydrants are installed than can be supplied with water simultaneously through the connection provided, the Division will make a charge for only that

number of hydrants that Division determines can be supplied with water at the same time.

### STANDPIPES

Each 2-inch connection, \$190.27 per annum.

Each 4-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$301.53 per annum; plus \$0.1640 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 6-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$383.17 per annum; plus \$0.1640 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 8-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$800.21 per annum; plus \$0.1640 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 10-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$987.91 per annum; plus \$0.1640 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 12-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$1,183.38 per annum; plus \$0.1640 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 14-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$1,381.49 per annum; plus \$0.1640 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 16-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$1,576.95 per annum; plus \$0.1640 per 100 square feet for all area protected in excess of 50,000 square feet.

### PAYMENT

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date shown on the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full. Current monthly charge shall be 1/12th of the "ANNUAL RATE."

### CONTRACT REQUIREMENT

Service under this schedule shall be taken for a minimum term of one (1) year. Customers to whom this rate is applicable will be required to execute contracts.

### RULES AND REGULATIONS

Service under this schedule is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS  
WATER SERVICE SCHEDULE  
SCHEDULE FP-2**

**FIRE PROTECTION**

**AVAILABILITY**

This schedule is available for fire protection service to all customers outside the corporate limits of the City of Memphis.

Water supplied under this schedule shall be used only for fire extinguishing purposes.

**ANNUAL RATE**

**SPRINKLER SYSTEMS**

Each 4-inch connection, or smaller, with 600 sprinkler heads, or less, \$453.61 per annum; plus \$0.1302 per sprinkler head for all sprinkler heads in excess of 600.

Each 6-inch connection, with 600 sprinkler heads or less, \$576.11 per annum; plus \$0.1302 per sprinkler head for all sprinkler heads in excess of 600.

Each 8-inch connection, with 600 sprinkler heads or less, \$1,201.74 per annum; plus \$0.1302 per sprinkler head for all sprinkler heads in excess of 600.

Each 10-inch connection, with 600 sprinkler heads or less, \$1,483.36 per annum; plus \$0.1302 per sprinkler head for all sprinkler heads in excess of 600.

Each 12-inch connection, with 600 sprinkler heads or less, \$1,772.61 per annum; plus \$0.1302 per sprinkler head for all sprinkler heads in excess of 600.

Each 14-inch connection, with 600 sprinkler heads or less, \$2,072.40 per annum; plus \$0.1302 per sprinkler head for all sprinkler heads in excess of 600.

Each 16-inch connection, with 600 sprinkler heads or less \$2,372.17 per annum; plus \$0.1302 per sprinkler head for all sprinkler heads in excess of 600.

Whenever it becomes necessary to fill the tank connected to customer's sprinkler system, the Division must be notified, and the seals on the system broken in the presence of its inspector.

Charge for water so used shall be at metered rates in accordance with Rate Schedule W-7, except that the Minimum Charge shall be \$24.49.

**FIRE HYDRANTS**

Each hydrant with one 2-1/2 inch hose opening, \$286.73 per annum.

Each hydrant with two 2-1/2 inch hose openings, \$453.60 per annum.

If more hydrants are installed than can be supplied with water simultaneously through the connection provided, the Division will make a charge for only that

number of hydrants that Division determines can be supplied with water at the same time.

### STANDPIPES

Each 2-inch connection, \$286.73 per annum.

Each 4-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$453.61 per annum; plus \$0.2609 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 6-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$576.11 per annum; plus \$0.2609 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 8-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$1,201.74 per annum; plus \$0.2609 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 10-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$1,483.36 per annum; plus \$0.2609 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 12-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$1,772.61 per annum; plus \$0.2609 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 14-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$2,072.40 per annum; plus \$0.2609 per 100 square feet for all area protected in excess of 50,000 square feet.

Each 16-inch connection, in lieu of sprinkler system, with 50,000 square feet or less of area protected, \$2,372.17 per annum; plus \$0.2609 per 100 square feet for all area protected in excess of 50,000 square feet.

### PAYMENT

The above rates are net, the gross rate being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rate shall apply. To any amount remaining unpaid 30 days after the delinquent date shown on the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full. Current monthly charge shall be 1/12th of the "ANNUAL RATE."

### CONTRACT REQUIREMENT

Service under this schedule shall be taken for a minimum term of one (1) year. Customers to whom this rate is applicable will be required to execute contracts.

### RULES AND REGULATIONS

Service under this schedule is subject to the Rules and Regulations of Memphis Light, Gas and Water Division.

MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS

GAS SERVICE

SCHEDULE G-1 & G-3  
RESIDENTIAL RATE

**AVAILABILITY**

Schedule G-1 is available for domestic use to residential Customers in individual private residences or other individual dwelling units situated within the corporate limits of the City of Memphis, Tennessee. Schedule G-3 is available for domestic use to residential Customers in individual private residences or other individual dwelling units situated outside the corporate limits of the City of Memphis, Tennessee. Private dwellings in which space is occasionally used for the conduct of business by a person residing therein will be served under this rate schedule. Where a portion of the dwelling is used regularly for the conduct of business, the gas consumed in that portion so used will be separately metered and billed under another appropriate gas rate. If separate piping which permits separate metering is not provided by the Customer, the entire premises shall be classified as non-residential and billed accordingly. The Residential Rate Schedule shall not apply to service to multiple dwelling units or to institutions such as clubs, fraternities, orphanages or homes, recognized rooming or boarding houses, the space in an apartment or other residential building primarily devoted to use as an office or studio, or for professional or other gainful purposes.

Availability of gas under this rate schedule is subject to curtailment in the event of any curtailment of the Division's supply of gas.

Gas supplied under this rate schedule is for the exclusive use of the Customer and shall not be resold or shared with others.

**MONTHLY RATE** (Ccf equals 100 cubic feet)

**SERVICE CHARGE:** \$10.00 per month plus,

**FOR GAS CONSUMED:**

First 100 ccf per month @ \$1.081 per ccf  
Excess over 100 ccf per month @ \$0.991 per ccf, plus

**PURCHASED GAS ADJUSTMENT RIDER**

The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.

**MINIMUM BILL**

\$10.00 per meter for each month service is connected.

**PAYMENT**

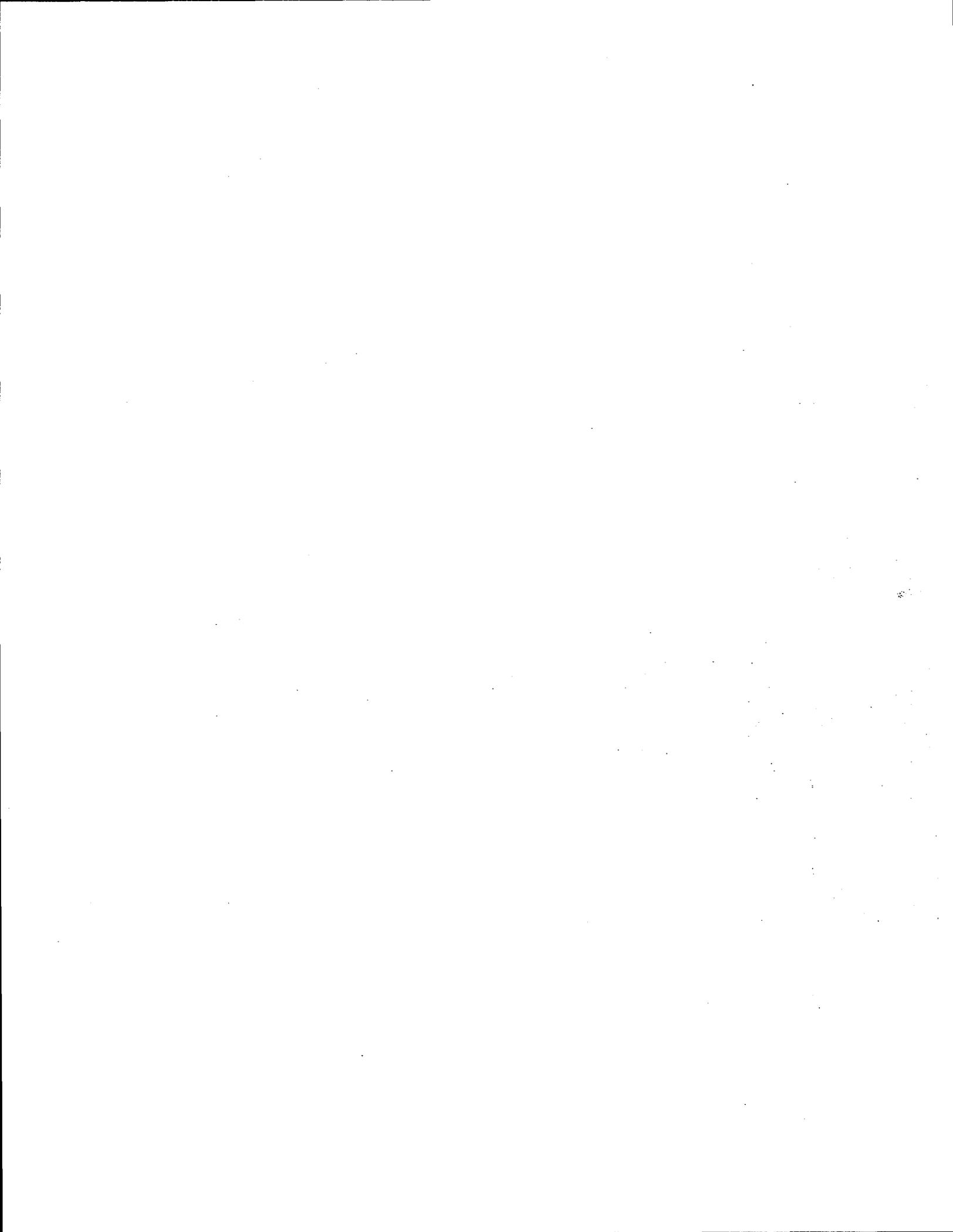
The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross shall apply.

**SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the Customer's premises through a single delivery and metering point, and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

**RULES AND REGULATIONS**

Service is subject to the Rules and Regulations of the Division.



**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS**

**GAS SERVICE**

**SCHEDULE G-7  
SMALL GENERAL SERVICE**

**AVAILABILITY**

This rate schedule is available for gas service to all gas Customers except to a residential Customer for use in an individual residence or other individual dwelling units.

Availability of gas under this rate schedule is subject to curtailment in the event of any curtailment of the Division's supply of gas.

Gas supplied under this rate schedule is for the exclusive use of the Customer and shall not be resold.

**MONTHLY RATE (Ccf equals 100 Cubic Feet)**

**SERVICE CHARGE:**

For 0 to 250 cf meter, \$25.00  
Over 250 to 1,000 cf meter, \$50.00  
Over 1,000 cf meter, \$100.00  
per month plus,

**ALL GAS CONSUMED:** \$1.021 per Ccf per month plus,

**PURCHASED GAS ADJUSTMENT RIDER**

The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.

**MINIMUM BILL**

The minimum bill shall be \$0.654 for each Ccf of the higher of: (1) The Maximum Daily Demand during the preceding eleven (11) months, or (2) the Daily Contract Demand, but in no case less than the Service Charge listed above.

**MAXIMUM DAILY DEMAND**

The Maximum Daily Demand shall be defined as the maximum twenty-four (24) hours' use of gas during the current month. The Maximum Daily Demand shall be determined at the option of the Division according to one of the following methods:

1. By estimate -- one-twentieth (1/20) of the current monthly consumption
2. By actual test
3. By demand meter

## **PAYMENT**

The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rates shall apply.

## **CONTRACT REQUIREMENT**

Customers taking service under this rate schedule and having a Daily Demand of 500 Ccf or greater shall be required to execute written contracts.

## **SINGLE POINT DELIVERY**

The above rates are based upon the supply of service to the Customer's premises through a single delivery and metering point, and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

## **VOLUMETRIC RESTRICTIONS**

The Division reserves the right to require a new contract from any Customer whose Maximum Daily Demand is less than his Contract Demand, and further reserves the right to prohibit the addition of any loads in excess of present loads or present Contract Demands without prior Division approval. Any Customer who violates these restrictions may be required to remove the excess load requirements or have full service discontinued.

## **RULES AND REGULATIONS**

Service is subject to the Rules and Regulations of the Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS**

**GAS SERVICE**

**SCHEDULES G-8 & G-9  
LARGE GENERAL SERVICE  
ON-PEAK**

**AVAILABILITY**

This rate schedule is available for gas service to all Customers contracting for not less than 100 Ccf of Maximum Daily Demand.

Availability of gas under this rate schedule is subject to curtailment in the event of any curtailment of the Division's supply of gas. Gas supplied under this rate schedule is for the exclusive use of the Customer and shall not be resold.

Gas sold under this rate schedule shall be termed "On-Peak Gas" and shall be interrupted only after gas sold under other rate schedules, having a lower priority than gas sold under this rate schedule, has been curtailed. The Division shall, however, have the right to curtail all gas sold under this rate schedule when, in its judgment, conditions are such as to require curtailment of the schedule.

**MONTHLY RATE** (Ccf equals 100 cubic feet)

**DEMAND CHARGE:** \$0.251 per Ccf per month of contract demand or maximum daily demand during the twelve (12) months ending with the billing month, whichever is higher, plus

**FOR GAS CONSUMED:**

First 200,000 ccf per month @ \$0.978 per ccf  
Excess over 200,000 ccf per month @ \$0.864 per ccf, plus

**PURCHASED GAS ADJUSTMENT RIDER**

The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.

**MINIMUM BILL**

The minimum bill shall be \$0.904 for each Ccf of the higher of: (1) The Maximum Daily Demand during the twelve (12) months ending with the billing month, or (2) the Daily Contract Demand.

**PAYMENT**

The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rates shall apply.

## **CONTRACT REQUIREMENT**

Customer taking service under this rate schedule shall be required to execute written contracts for a period of not less than one (1) year.

## **MAXIMUM DAILY DEMAND**

The Maximum Daily Demand shall be defined as the maximum twenty-four (24) hours' use of gas during the current month. The Maximum Daily Demand shall be determined at the option of the Division according to one of the following methods:

1. By estimate -- one-twentieth (1/20) of the current monthly consumption
2. By actual test
3. By demand meter

## **SINGLE POINT DELIVERY AND JOINT SERVICE THROUGH ONE METER**

The above rates are based upon the supply of service to the Customer's premises through a single delivery and metering point and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

The customer shall install and maintain at its expense any equipment deemed necessary to provide service under this rate including, but not limited to, telephone lines and power outlets.

For customers receiving service under more than one rate schedule through one meter, the volumes delivered under each rate schedule will be determined as provided by the Rules and Regulations of the Division.

## **VOLUMETRIC RESTRICTIONS**

The Division reserves the right to require a new contract from any Customer whose Maximum Daily Demand is less than his Contract Demand, and further reserves the right to prohibit the addition of any loads in excess of present loads or present Contract Demands without prior Division approval. Any Customer who violates these restrictions may be required to remove the excess load requirements or have full service discontinued.

## **RULES AND REGULATIONS**

Service is subject to the Rules and Regulations of the Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS**

**GAS SERVICE**

**SCHEDULE G-10 & G-12  
LARGE GENERAL SERVICE - INTERRUPTIBLE  
OFF-PEAK**

**AVAILABILITY**

This rate schedule is available for gas service to all Customers contracting for not less than 1500 Ccf of Maximum Daily Demand and providing oil or other alternate fuel facilities approved by the Division as being adequate in design and capacity.

Availability of gas under this rate schedule is subject to curtailment in the event of any curtailment of the Division's supply of gas.

Gas supplied under this rate schedule is for the exclusive use of the Customer and shall not be resold.

Gas sold under this rate schedule shall be termed "Off-Peak Gas" and shall be interrupted whenever, in the opinion of the Division, the interruption is necessary. Customers receiving gas service under this rate schedule shall at no time take gas during any "Period of Curtailment."

**MONTHLY RATE** (Ccf equals 100 cubic feet)

**SERVICE CHARGE:** \$500.00 per month, plus

**FOR GAS CONSUMED:**

First 200,000 ccf per month @ \$0.948 per ccf  
Excess over 200,000 ccf per month @ \$0.864 per ccf, plus

**PURCHASED GAS ADJUSTMENT RIDER**

The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.

**ADDITIONAL CHARGE FOR GAS TAKEN DURING "PERIOD OF CURTAILMENT"**

"Period of Curtailment" is defined as that period of time beginning one (1) hour after notice by the Division's dispatcher that the "Period of Curtailment" has begun and ending when notice is received from Division's dispatcher that the "Period of Curtailment" has ended. Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice.

If, for any reason, Customer taking service under this rate schedule continues to take gas during any "Period of Curtailment" there shall become due and payable to the Division, not as a penalty but as liquidated damages, an amount equal to \$2.50 per Ccf for all gas taken. An additional charge of \$10.00 per Ccf shall be applied to all gas taken in excess of 10% of the daily contract demand during any "Period of Curtailment." This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken during the "Period of Curtailment" and all other amounts billed in accordance with this rate schedule.

**MINIMUM BILL**

The minimum monthly bill shall be \$0.350 for each Ccf of the higher of: (1) the Maximum Daily Demand during the twelve (12) months ending with the billing month, or (2) the Daily Contract Demand, but in no event less than \$500.00.

## **PAYMENT**

The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rates shall apply.

## **CONTRACT REQUIREMENT**

Customers taking service under this rate schedule shall be required to execute written contracts for a period of not less than one (1) year.

## **MAXIMUM DAILY DEMAND**

The Maximum Daily Demand shall be defined as the maximum twenty-four (24) hours' use of gas during the current month but shall not be less than 80% of the maximum twenty-four (24) hours' use of gas during the preceding eleven (11) months, except gas used during the months of May through September shall be excluded when determining the 80% of the Maximum twenty-four (24) hours' use of gas during the preceding eleven (11) months. The Maximum Daily Demand shall be determined at the option of the Division according to one of the following methods:

1. By estimate -- one-twentieth (1/20) of the current monthly consumption
2. By actual test
3. By demand meter

## **SINGLE POINT DELIVERY AND JOINT SERVICE THROUGH ONE METER**

The above rates are based upon the supply of service to the Customer's premises through a single delivery and metering point, and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

The customer shall install and maintain at its expense any equipment deemed necessary to provide service under this rate including, but not limited to, telephone lines and power outlets.

For customers receiving service under more than one rate schedule through one meter, the volumes delivered under each rate schedule will be determined as provided by the Rules and Regulations of the Division.

Customers who receive service under more than one rate schedule through one meter, and who take gas during a "Period of Curtailment", are subject to have full service (including any firm deliveries) through the one meter discontinued.

## **VOLUMETRIC RESTRICTIONS**

The Division reserves the right to require a new contract from any Customer whose Maximum Daily Demand is less than his Contract Demand, and further reserves the right to prohibit the addition of any loads in excess of present loads or present Contract Demands without prior Division approval. Any Customer who violates these restrictions may be required to remove the excess load requirements or have full service discontinued.

## **RULES AND REGULATIONS**

Service is subject to the Rules and Regulations of the Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS**

**GAS SERVICE**

**SCHEDULE IT-PRIME  
LARGE GENERAL SERVICE - INTERRUPTIBLE  
OFF-PEAK**

**AVAILABILITY**

This rate schedule is available for gas service to all Customers contracting for not less than 1500 Ccf of Maximum Daily Demand and providing oil or other alternate fuel facilities approved by the Division as being adequate in design and capacity.

Availability of gas under this rate schedule is subject to curtailment in the event of any curtailment of the Division's supply of gas.

Gas supplied under this rate schedule is for the exclusive use of the Customer and shall not be resold.

Gas sold under this rate schedule shall be termed "Off-Peak Gas" and shall be interrupted whenever, in the opinion of the Division, the interruption is necessary. Customers receiving gas service under this rate schedule shall at no time take gas during any "Period of Curtailment."

**MONTHLY RATE** (Ccf equals 100 cubic feet)

**SERVICE CHARGE:** \$500.00 per month, plus

**FOR GAS CONSUMED:**

First 200,000 ccf per month @ \$0.089 per ccf  
Excess over 200,000 ccf per month @ \$0.005 per ccf, plus

**GAS COST**

Customer will be financially responsible for all gas purchased on their behalf. Gas purchases will be made at a rate determined monthly by the Division.

**ADDITIONAL CHARGE FOR GAS TAKEN DURING "PERIOD OF CURTAILMENT"**

"Period of Curtailment" is defined as that period of time beginning one (1) hour after notice by the Division's dispatcher that the "Period of Curtailment" has begun and ending when notice is received from Division's dispatcher that the "Period of Curtailment" has ended. Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice.

If, for any reason, Customer taking service under this rate schedule continues to take gas during any "Period of Curtailment" there shall become due and payable to the Division, not as a penalty but as liquidated damages, an amount equal to \$2.50 per Ccf for all gas taken. An additional charge of \$10.00 per Ccf shall be applied to all gas taken in excess of 10% of the daily contract demand during any "Period of Curtailment." This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken during the "Period of Curtailment" and all other amounts billed in accordance with this rate schedule.

**MINIMUM BILL**

The minimum monthly bill shall be \$0.350 for each Ccf of the higher of: (1) the Maximum Daily Demand during the twelve (12) months ending with the billing month, or (2) the Daily Contract Demand, but in no event less than \$500.00.

## **PAYMENT**

The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rates shall apply.

## **CONTRACT REQUIREMENT**

Customers taking service under this rate schedule shall be required to execute written contracts for a period of not less than one (1) year.

## **MAXIMUM DAILY DEMAND**

The Maximum Daily Demand shall be defined as the maximum twenty-four (24) hours' use of gas during the current month but shall not be less than 80% of the maximum twenty-four (24) hours' use of gas during the preceding eleven (11) months, except gas used during the months of May through September shall be excluded when determining the 80% of the Maximum twenty-four (24) hours' use of gas during the preceding eleven (11) months. The Maximum Daily Demand shall be determined at the option of the Division according to one of the following methods:

1. By estimate -- one-twentieth (1/20) of the current monthly consumption
2. By actual test
3. By demand meter

## **SINGLE POINT DELIVERY AND JOINT SERVICE THROUGH ONE METER**

The above rates are based upon the supply of service to the Customer's premises through a single delivery and metering point, and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

The customer shall install and maintain at its expense any equipment deemed necessary to provide service under this rate including, but not limited to, telephone lines and power outlets.

For customers receiving service under more than one rate schedule through one meter, the volumes delivered under each rate schedule will be determined as provided by the Rules and Regulations of the Division.

Customers who receive service under more than one rate schedule through one meter, and who take gas during a "Period of Curtailment", are subject to have full service (including any firm deliveries) through the one meter discontinued.

## **VOLUMETRIC RESTRICTIONS**

The Division reserves the right to require a new contract from any Customer whose Maximum Daily Demand is less than his Contract Demand, and further reserves the right to prohibit the addition of any loads in excess of present loads or present Contract Demands without prior Division approval. Any Customer who violates these restrictions may be required to remove the excess load requirements or have full service discontinued.

## **RULES AND REGULATIONS**

Service is subject to the Rules and Regulations of the Division.

MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS

GAS SERVICE

SCHEDULE IT-1  
INTERRUPTIBLE TRANSPORTATION OF CUSTOMER-SECURED GAS  
GENERAL SERVICE

1. AVAILABILITY

- 1.1 This rate schedule is available for the transportation of natural gas by MLGW for any Customer which will deliver, or cause to be delivered, natural gas to MLGW for redelivery by MLGW to Customer, and which has executed a Transportation Service Agreement with MLGW for service under this Rate Schedule, and which provides oil or other alternate fuel facilities approved by the Division as being adequate in design and capacity, and who has executed a Service Agreement specifying volumes in excess of 1,500 Ccf of gas per day.
- 1.2 Gas transported under this schedule is restricted to the exclusive use of Customer in Customer's facilities located within the Division's service area and shall not be resold, redelivered, or reallocated by the Customer or his Agent.
- 1.3 Customer and third-party transporters have obtained, as appropriate, or will obtain, all State and Federal approvals for services to be provided by third-party transporters related to those services rendered under this Rate Schedule.
- 1.4 MLGW shall not be required to construct facilities (except, and limited to, minor taps) to perform service under this Rate Schedule in the event capacity necessary to render the requested service does not exist at the time the request is made pursuant to Section 11 hereof; provided, however, MLGW may, at its option, add facilities, or expand capacity to provide such transportation service. Customer will pay, or cause MLGW to be paid, for the installed cost of all such facilities.
- 1.5 MLGW shall not be required to perform service under this Rate Schedule, subject to the obtaining of any necessary approvals, on behalf of any Customer that fails to comply with any and all of the terms of this Rate Schedule and with the terms of Customer's Gas Transportation Service Agreement with MLGW.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to all transportation services performed by MLGW for Customer under each Transportation Service Agreement for service under this Rate Schedule during the term identified in the Gas Transportation Service Agreement. The transportation service rendered shall be on an interruptible basis.

Such Service shall apply to all gas transported by MLGW for Customer under this Rate Schedule up to the Maximum Daily Volume set forth in the Gas Transportation Service Agreement.

Transportation service rendered hereunder which is interruptible in character will be performed provided MLGW has capacity sufficient to perform the service.

If, pursuant to any and all of MLGW's transportation rate schedules, the total quantity nominated by Customers for transportation through a particular point of receipt into the

MLGW system exceeds the total capacity available at that receipt point, quantities scheduled for receipt will be allocated among Customers as determined by MLGW.

Interruptible service provided under this Rate Schedule shall, in addition to the reasons provided in the Gas Transportation Service Agreement, be interruptible when MLGW, in its reasonable discretion, deems such interruption necessary, including, without limitation, interruptions due to insufficient capacity in MLGW's system to render firm sales service, and service to MLGW firm transportation Customers. Interruption of service includes decreasing, suspending, or discontinuing both the receipt and delivery of gas. MLGW shall not be liable in damages or otherwise to Customer for any such curtailment or interruption.

- 2.2. Provided MLGW's prior consent is obtained, Customer may tender quantities of gas in excess of the Maximum Daily Volume on any day if such tender and transportation of such gas can be accomplished by MLGW without detriment to any other customer under any of MLGW's sales or transportation rate schedules, if such transportation is compatible to MLGW's system operation requirements. Subject to the foregoing restrictions, MLGW's consent shall not be unreasonably withheld.

### 3. DEFINITIONS

Interruptible transportation volumes shall mean the Daily Volume of gas set forth in the executed Gas Transportation Service Agreement which MLGW will deliver to Customer on a best efforts basis provided that the delivery of said volumes from the delivering pipeline to MLGW is not interrupted. Customer may not exceed its Maximum Daily Volumes without prior approval of MLGW.

### 4. MONTHLY RATE (Ccf equals 100 cubic feet)

**SERVICE CHARGE:** \$1,500.00 per month, plus

**ALL GAS TRANSPORTED:**

First 200,000 ccf per month @ \$0.063 per ccf  
Excess over 200,000 ccf per month @ \$0.005 per ccf,

Plus all other appropriate charges invoiced to MLGW by the delivering pipeline in connection with the transportation of gas on behalf of Customer.

### **ADDITIONAL CHARGE FOR GAS TAKEN DURING "PERIOD OF CURTAILMENT"**

"Period of Curtailment" is defined as that period of time beginning one (1) hour after notice by the Division's dispatcher that the "Period of Curtailment" has begun and ending when notice is received from Division's dispatcher that the "Period of Curtailment" has ended. Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice.

If, for any reason, Customer taking service under this rate schedule continues to take gas during any "Period of Curtailment" there shall become due and payable to the Division, not as a penalty but as liquidated damages, an amount equal to \$1.50 per Ccf for all gas taken. An additional charge of \$6.00 per Ccf shall be applied to all gas taken in excess of 110% of any amount authorized by MLGW under the "Period of Curtailment." This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken during the "Period of Curtailment" and all other amounts billed in accordance with this rate schedule.

## 5. MINIMUM BILL

The minimum monthly bill shall be \$1,500.00.

## 6. PAYMENT

The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before the delinquent date shown on the bill, the gross rates shall apply.

## 7. SINGLE POINT DELIVERY AND JOINT SERVICE THROUGH ONE METER

The above rates are based upon the supply of service to the Customers premises through a single delivery and metering point and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

Customer shall install and maintain at its expense any equipment deemed necessary by MLGW to provide service under this rate, including, but not limited to, telephone lines and power outlets.

For Customers receiving service under more than one rate schedule through one meter, the volumes delivered under each rate schedule will be determined as provided in the Rules and Regulations of the Division.

Customers who receive service under more than one rate schedule through one meter, and who take gas during a "Period of Curtailment" or take gas in violation of an Operational Flow Order (see Section 10 below), are subject to have full service (including any firm deliveries) through the one meter discontinued.

## 8. RECEIPT AND DELIVERY POINTS

- 8.1 The Receipt Point(s) for all gas transported by MLGW under this Rate Schedule shall be at a mutually agreeable interconnection between MLGW facilities and the facilities of the pipeline(s) delivering gas to MLGW. MLGW shall not be required to receive gas at any Receipt Point where the total scheduled quantity for receipt on any day is less or more than that required for the accurate measurement of quantities to be received.

MLGW shall have the right to terminate service under this Rate Schedule if total deliveries of gas to MLGW at the Point(s) of

Receipt fall below an average daily quantity of two hundred fifty (250) Ccf per day for any 30 days. MLGW also shall have the right to abandon any Point of Delivery where total deliveries at such point fall below an average daily quantity of fifty (50) Ccf for any 30 days or to seek reimbursement for MLGW's out-of-pocket expenses associated with operation and maintenance of such Point of Delivery. In the event of a capacity limitation on MLGW's system at any of the Point(s) of Receipt, MLGW has the right, in its reasonable discretion to curtail deliveries at such Points of Receipt. Customer then has the option to nominate and receive quantities of gas at the remaining Point(s) of Receipt.

Should Customer's nominations at a particular Point or Points of Receipt exceed the quantity of gas available for receipt at such Point of Receipt, it is the responsibility of Customer and its suppliers to allocate the quantities actually available for receipt at that point.

Customer agrees to indemnify and hold harmless MLGW from any and all claims, suits, damages, or actions arising from the failure of MLGW to receive quantities of gas actually nominated by Customer at a particular Point or Points of Receipt, resulting specifically from the situations described above.

- 8.2 The Delivery Point(s) for all gas transported by MLGW under this Rate Schedule shall be a mutually agreeable interconnection between MLGW's facilities and the facilities of Customer in MLGW's service area.
- 8.3 Customer shall deliver and receive gas in uniform quantities during any month and in uniform hourly quantities during any day with no significant fluctuation.

## 9. NOMINATIONS AND SCHEDULING

- 9.1 Customer agrees to provide MLGW in writing, no later than ten (10) days prior to the beginning of each calendar month, a schedule showing the daily nominated volumes it desires to have transported by MLGW that month unless otherwise agreed to in the Gas Transportation Service Agreement. Such schedule will show the quantities of gas at Points of Receipt into MLGW's system. The total quantity delivered to MLGW shall not exceed the Maximum Daily Demand unless advance agreement is obtained from MLGW.
- 9.2 Customer may not alter the schedule of daily volumes during the calendar month, unless prior authorization is received from MLGW for such alteration.
- 9.3 It is the intent that gas delivered or caused to be delivered to MLGW by Customer shall be as nearly as possible at uniform hourly rates. Departures from the scheduled deliveries at the Point of Receipt into the MLGW system shall be kept to the minimum permitted by operating conditions.

## 10. BALANCING AND PENALTIES

### 10.1 General

MLGW reserves the right, at any time, to require Customer to modify nominated volumes for transportation to correct any imbalance if in MLGW's sole judgment, conditions warrant such a change. Customer shall be solely responsible for any imbalance penalties occurring on the delivering pipeline system.

### 10.2 Operational Flow Orders

MLGW shall have the right to issue Operational Flow Orders (OFO) as specified in this Section which require actions in order to alleviate conditions which threaten the integrity of MLGW's system, to maintain system operations at the pressures required to provide an efficient and reliable service, to have adequate gas supplies in the system, to maintain service to Customers, to maintain proper storage inventory levels, to maintain the system balance, or other considerations deemed necessary in MLGW's sole judgment.

Notice of an OFO shall identify the time the OFO will become effective and state the estimated duration of the OFO (or, if unknown, that the OFO is indefinite). Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice of an OFO.

All quantities tendered to MLGW and/or taken by the Customer in violation of OFO's shall constitute unauthorized receipts or deliveries for which a charge of \$1.50 per Ccf shall be assessed. An additional charge of \$6.00 per Ccf shall be applied to all gas taken in excess of 110% of any amount authorized by MLGW under the OFO. This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken in violation of the OFO.

10.3 Daily Balancing

The Daily scheduling variance is defined as the difference between scheduled daily volumes to the Receipt Point(s) on behalf of a transporting customer and actual daily volumes taken by the Customer at the Delivery Point(s). When the daily scheduling variance is within + or - 10% of the daily scheduled volumes, there shall be no daily balancing penalties. On each day where the daily scheduling variance exceeds + or -10% of daily scheduled volumes, a charge of \$0.0167 per Ccf shall be assessed on all volumes in excess of the + or -10% tolerance.

10.4 Monthly Balancing

A Customer shall have the responsibility to maintain a concurrent balance between scheduled quantities of gas and quantities of gas actually taken by the Customer each month. If the Customer does not maintain a concurrent balance between quantities of gas scheduled and quantities of gas taken, the resulting imbalance shall be cashed out to eliminate imbalances accumulated during the month and to provide added incentives to Customers to comply with their monthly balancing responsibilities.

For monthly imbalances where quantities taken by the Customer exceed scheduled deliveries to the Receipt Point(s) on behalf of the Customer, Customer shall pay MLGW based on the accumulated sum of the results of the formulas listed below:

<u>Imbalance Level</u>	<u>Factor</u>	<u>Results</u>
0% - <= 5%	1.00	price x quantity <= 5%
> 5% - <= 10%	1.10	price x quantity > 5% and <= 10%
>10% - <= 15%	1.20	price x quantity >10% and <= 15%
>15% - <= 20%	1.30	price x quantity >15% and <= 20%
>20% - <= 25%	1.40	price x quantity >20% and <= 25%
>25%	1.50	price x quantity >25%

The amount due to MLGW for each imbalance level shall be determined by multiplying the corresponding imbalance level factor by the monthly Spot Index Price as determined in Section 10.5 below times the quantity within each imbalance level. In addition, the Customer shall pay to MLGW transportation charges equal to the total imbalance volume multiplied by the currently effective maximum transportation rates specified in the Texas Gas Transmission Rate Schedule FT (Zone SL receipt, Zone 1 delivery) stated at the 100% load factor equivalent, including all fuel, Gas Research Institute (GRI), Annual Charge Adjustment (ACA), and other applicable charges, or such lesser amount as MLGW shall determine.

For monthly imbalances where scheduled receipts to the Receipt Point(s) on behalf of the Customer exceed quantities taken by the Customer, MLGW shall purchase from the Customer the excess receipts. MLGW shall pay the Customer based on the accumulated sum of the results of the formulas listed below:

<u>Imbalance Level</u>	<u>Factor</u>	<u>Results</u>
0% - <= 5%	1.00	price x quantity <= 5%
> 5% - <= 10%	0.90	price x quantity > 5% and <= 10%
>10% - <= 15%	0.80	price x quantity >10% and <= 15%
>15% - <= 20%	0.70	price x quantity >15% and <= 20%
>20% - <= 25%	0.60	price x quantity >20% and <= 25%
>25%	0.50	price x quantity >25%

The amount due to the Customer for each imbalance level shall be determined by multiplying the corresponding imbalance level factor by the monthly Spot Index Price as determined in Section 10.5 below times the quantity within each imbalance level. In addition, MLGW shall pay to the Customer transportation charges equal to the total imbalance volume multiplied by the currently effective maximum transportation commodity rates specified in the Texas Gas Transmission Rate Schedule FT (Zone SL receipt, Zone 1 delivery), including all fuel, GRI, ACA, and other applicable charges.

10.5 Spot Index Price

Each month, Spot Index Prices will be derived based on prices reported in natural gas trade publications. The price used for charging customers taking quantities in excess of deliveries may be higher than the price used for reimbursing customers whose gas deliveries exceed quantities taken.

**11. DATA REQUIRED FOR VALID REQUEST FOR TRANSPORTATION**

Requests for transportation hereunder shall be valid only upon providing the following information in writing to MLGW:

- (a) Gas quantities - The Transportation quantity which will represent MLGW's maximum daily transportation obligation and a statement of the estimated transportation quantities stated individually in Ccf's for each point of receipt and each point of delivery. MLGW shall not be obligated to accept requests under which the requested Transportation Quantity is less than 1500 Ccf per day.
- (b) Point of Receipt - The point(s) of entry into MLGW's system.
- (c) Destination of gas - The Point(s) of Delivery by MLGW to Customer.
- (d) Term of Service -
  - (i) Date the service is requested to commence.
  - (ii) Duration of service requested.
- (e) Statement that -
  - (i) Customer has title to the gas, or has a current contractual right to deliver, or cause to be delivered, such gas to MLGW for transportation and has entered into or will enter into those arrangements necessary to assure all upstream transportation will be in place prior to the commencement of transportation through MLGW's system; and
- (f) If the transportation agreement is to be signed with a party acting as agent for a principal, then a copy of the Agency Agreement must be provided.

**12. CREDIT WORTHINESS**

Customer shall furnish MLGW with all reasonable data (such as audited financial statements) necessary to establish Customer's credit worthiness.

MLGW may discontinue service under this Rate Schedule for any Customer who, at any time, fails to demonstrate credit worthiness in MLGW's reasonable determination; provided, however, Customer may receive or continue to receive service if Customer prepays for the

service or furnishes good and sufficient security, such as a letter of credit satisfactory to MLGW in an amount sufficient to cover the cost of the transportation service for the remaining term of the transportation agreement, or 90 days, whichever is less, at a 100% load factor level.

### 13. RULES AND REGULATIONS

Service is subject to the Rules and Regulations of the Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS**

**GAS SERVICE**

**SCHEDULE IT-2  
INTERRUPTIBLE TRANSPORTATION OF CUSTOMER-SECURED GAS  
GENERAL SERVICE**

**1. AVAILABILITY**

- 1.1 This rate schedule is available, at the sole discretion of MLGW, only to any Customer that has, or has the ability to obtain, natural gas service by means other than by utilization of the facilities of MLGW.
- 1.2 This rate schedule is available for the transportation of natural gas by MLGW for any Customer which will deliver, or cause to be delivered, natural gas to MLGW for redelivery by MLGW to Customer and which has executed a Gas Transportation Service Agreement with MLGW for service under this Rate Schedule, and either (i) provides oil or other alternate fuel facilities approved by the Division as being adequate in design and capacity, or (ii) uses gas as curtailable feedstock.
- 1.3 Gas transported under this schedule is restricted to the exclusive use of Customer in Customer's facilities located within the Division's service area and shall not be resold, redelivered, or reallocated by the Customer or his Agent.
- 1.4 Customer and third-party transporters have obtained, as appropriate, or will obtain, all State and Federal approvals for services to be provided by third-party transporters related to those services rendered under this Rate Schedule.
- 1.5 MLGW shall not be required to construct facilities (except, and limited to, minor taps) to perform service under this Rate Schedule in the event capacity necessary to render the requested service does not exist at the time the request is made pursuant to Section 11 hereof; provided, however, MLGW may, at its option, add facilities, or expand capacity to provide such transportation service. Customer will pay, or cause MLGW to be paid, for the installed cost of all such facilities, unless otherwise agreed to in the Gas Transportation Service Agreement.
- 1.6 MLGW shall not be required to perform service under this Rate Schedule, subject to the obtaining of any necessary approvals, on behalf of any Customer that fails to comply with any and all of the terms of this Rate Schedule and with the terms of Customer's Gas Transportation Service Agreement with MLGW.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

- 2.1 This Rate Schedule shall apply to all transportation services performed by MLGW for Customer under each Transportation Service Agreement for service under this Rate Schedule during the term identified in the Gas Transportation Service Agreement. The transportation service rendered shall be on an interruptible basis.

Such Service shall apply to all gas transported by MLGW for Customer under this Rate Schedule up to the Maximum Daily Volume set forth in the Gas Transportation Service Agreement.

Transportation service rendered hereunder which is interruptible in character will be performed provided MLGW has capacity sufficient to perform the service.

If, pursuant to any and all of MLGW's transportation rate schedules, the total quantity nominated by Customers for transportation through a particular point of receipt into the MLGW system exceeds the total capacity available at that receipt point, quantities scheduled for receipt will be allocated among Customers as determined by MLGW.

Interruptible service provided under this Rate Schedule shall, in addition to the reasons provided in the Gas Transportation Service Agreement, be interruptible when MLGW, in its reasonable discretion, deems such interruption necessary, including, without limitation, interruptions due to insufficient capacity in MLGW's system to render firm sales service, and service to MLGW firm transportation Customers. Interruption of service includes decreasing, suspending, or discontinuing both the receipt and delivery of gas. MLGW shall not be liable in damages or otherwise to Customer for any such curtailment or interruption.

- 2.2. Provided MLGW's prior consent is obtained, Customer may tender quantities of gas in excess of the Maximum Daily Volume on any day if such tender and transportation of such gas can be accomplished by MLGW without detriment to any other customer under any of MLGW's sales or transportation rate schedules, if such transportation is compatible to MLGW's system operation requirements. Subject to the foregoing restrictions, MLGW's consent shall not be unreasonably withheld.

### 3. DEFINITIONS

Interruptible transportation volumes shall mean the Daily Volume of gas set forth in the executed Gas Transportation Service Agreement which MLGW will deliver to Customer on a best efforts basis provided that the delivery of said volumes from the delivering pipeline to MLGW is not interrupted. Customer may not exceed its Maximum Daily Volumes without prior approval of MLGW.

### 4. MONTHLY RATE (Ccf equals 100 cubic feet)

**SERVICE CHARGE:** \$1,500.00 per month, plus

The rate for service under this rate schedule shall be negotiated between the parties at the time the Gas Transportation Service Agreement for service hereunder is executed and shall be set forth in said Agreement, plus all other appropriate charges invoiced to MLGW by the delivering pipeline in connection with the transportation of gas on behalf of Customer.

#### **ADDITIONAL CHARGE FOR GAS TAKEN DURING "PERIOD OF CURTAILMENT"**

"Period of Curtailment" is defined as that period of time beginning one (1) hour after notice by the Division's dispatcher that the "Period of Curtailment" has begun and ending when

notice is received from Division's dispatcher that the "Period of Curtailment" has ended. Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice.

If, for any reason, Customer taking service under this rate schedule continues to take gas during any "Period of Curtailment" there shall become due and payable to the Division, not as a penalty but as liquidated damages, an amount equal to \$1.50 per Ccf for all gas taken. An additional charge of \$6.00 per Ccf shall be applied to all gas taken in excess of 110% of any amount authorized by MLGW under the "Period of Curtailment." This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken during the "Period of Curtailment", and all other amounts billed in accordance with this rate schedule.

## 5. MINIMUM BILL

The minimum monthly bill shall be \$1,500.00

## 6. PAYMENT

The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before the delinquent date shown on the bill, the gross rates shall apply.

## 7. SINGLE POINT DELIVERY AND JOINT SERVICE THROUGH ONE METER

The above rates are based upon the supply of service to the Customers premises through a single delivery and metering point and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

Customer shall install and maintain at its expense any equipment deemed necessary by MLGW to provide service under this rate, including, but not limited to, telephone lines and power outlets.

For Customers receiving service under more than one rate schedule through one meter, the volumes delivered under each rate schedule will be determined as provided in the Rules and Regulations of the Division.

Customers who receive service under more than one rate schedule through one meter, and who take gas during a "Period of Curtailment" or take gas in violation of an Operational Flow Order (see Section 10 below), are subject to have full service (including any firm deliveries) through the one meter discontinued.

## 8. RECEIPT AND DELIVERY POINTS

- 8.1 The Receipt Point(s) for all gas transported by MLGW under this Rate Schedule shall be at a mutually agreeable interconnection between MLGW facilities and the facilities of the pipeline(s) delivering gas to MLGW. MLGW shall not be required to receive gas at any Receipt Point where the total scheduled quantity for receipt on any day is less or more than that required for the accurate measurement of quantities to be received.

MLGW shall have the right to terminate service under this Rate Schedule if total deliveries of gas to MLGW at the Point(s) of Receipt fall below an average daily quantity of two hundred fifty (250) Ccf per day for any 30 days. MLGW also shall have the right to abandon any Point of Delivery where total deliveries at such point fall below an average daily quantity of fifty (50) Ccf for any 30 days or to seek reimbursement for MLGW's out-of-pocket expenses associated with operation and maintenance of such Point of Delivery.

In the event of a capacity limitation on MLGW's system at any of the Point(s) of Receipt, MLGW has the right, in its reasonable discretion to curtail deliveries at such Points of Receipt. Customer then has the option to nominate and receive quantities of gas at the remaining Point(s) of Receipt.

Should Customer's nominations at a particular Point or Points of Receipt exceed the quantity of gas available for receipt at such Point of Receipt, it is the responsibility of Customer and its suppliers to allocate the quantities actually available for receipt at that point.

Customer agrees to indemnify and hold harmless MLGW from any and all claims, suits, damages, or actions arising from the failure of MLGW to receive quantities of gas actually nominated by Customer at a particular Point or Points of Receipt, resulting specifically from the

situations described above.

- 8.2 The Delivery Point(s) for all gas transported by MLGW under this Rate Schedule shall be a mutually agreeable interconnection between MLGW's facilities and the facilities of Customer in MLGW's service area.
- 8.3 Customer shall deliver and receive gas in uniform quantities during any month and in uniform hourly quantities during any day with no significant fluctuation.

## 9. NOMINATIONS AND SCHEDULING

- 9.1 Customer agrees to provide MLGW in writing, no later than ten (10) days prior to the beginning of each calendar month, a schedule showing the daily nominated volumes it desires to have transported by MLGW that month unless otherwise agreed to in the Gas Transportation Service Agreement. Such schedule will show the quantities of gas at Points of Receipt into MLGW's system. The total quantity delivered to MLGW shall not exceed the Maximum Daily Demand unless advance agreement is obtained from MLGW.
- 9.2 Customer may not alter the schedule of daily volumes during the calendar month, unless prior authorization is received from MLGW for such alteration.
- 9.3 It is the intent that gas delivered or caused to be delivered to MLGW by Customer shall be as nearly as possible at uniform hourly rates. Departures from the scheduled deliveries at the Point of Receipt into the MLGW system shall be kept to the minimum permitted by operating conditions.

## 10. BALANCING AND PENALTIES

### 10.1 General

MLGW reserves the right, at any time, to require Customer to modify nominated volumes for transportation to correct any imbalance if, in MLGW's sole judgment, conditions warrant such a change. Customer shall be solely responsible for any imbalance penalties occurring on the delivering pipeline system.

### 10.2 Operational Flow Orders

MLGW shall have the right to issue Operational Flow Orders (OFO) as specified in this Section which require actions in order to alleviate conditions which threaten the integrity of MLGW's system, to maintain system operations at the pressures required to provide an efficient and reliable service, to have adequate gas supplies in the system, to maintain service to Customers, to maintain proper storage inventory levels, to maintain the system balance, or other considerations deemed necessary in MLGW's sole judgment.

Notice of an OFO shall identify the time the OFO will become effective and state the estimated duration of the OFO (or, if unknown, that the OFO is indefinite). Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice of an OFO.

All quantities tendered to MLGW and/or taken by the Customer in violation of OFO's shall constitute unauthorized receipts or deliveries for which a charge of \$1.50 per Ccf shall be assessed. An additional charge of \$6.00 per Ccf shall be applied to all gas taken in excess of 110% of any amount authorized by MLGW under the OFO. This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken in violation of the OFO.

10.3 Daily Balancing

The Daily scheduling variance is defined as the difference between scheduled daily volumes to the Receipt Point(s) on behalf of a transporting customer and actual daily volumes taken by the Customer at the Delivery Point(s). When the daily scheduling variance is within + or - 10% of the daily scheduled volumes, there shall be no daily balancing penalties. On each day where the daily scheduling variance exceeds + or -10% of daily scheduled volumes, a charge of \$0.0167 per Ccf shall be assessed on all volumes in excess of the + or -10% tolerance.

10.4 Monthly Balancing

A Customer shall have the responsibility to maintain a concurrent balance between scheduled quantities of gas and quantities of gas actually taken by the Customer each month. If the Customer does not maintain a concurrent balance between quantities of gas scheduled and quantities of gas taken, the resulting imbalance shall be cashed out to eliminate imbalances accumulated during the month and to provide added incentives to Customers to comply with their monthly balancing responsibilities.

For monthly imbalances where quantities taken by the Customer exceed scheduled deliveries to the Receipt Point(s) on behalf of the Customer, Customer shall pay MLGW based on the accumulated sum of the results of the formulas listed below:

<u>Imbalance Level</u>	<u>Factor</u>	<u>Results</u>
0% - <= 5%	1.00	price x quantity <= 5%
> 5% - <= 10%	1.10	price x quantity > 5% and <= 10%
>10% - <= 15%	1.20	price x quantity >10% and <= 15%
>15% - <= 20%	1.30	price x quantity >15% and <= 20%
>20% - <= 25%	1.40	price x quantity >20% and <= 25%
>25%	1.50	price x quantity >25%

The amount due to MLGW for each imbalance level shall be determined by multiplying the corresponding imbalance level factor by the monthly Spot Index Price as determined in Section 10.5 below times the quantity within each imbalance level. In addition, the Customer shall pay to MLGW transportation charges equal to the total imbalance volume multiplied by the currently effective maximum transportation rates specified in the Texas Gas Transmission Rate Schedule FT (Zone SL receipt, Zone 1 delivery) stated at the 100% load factor equivalent, including all fuel, Gas Research Institute (GRI), Annual Charge Adjustment (ACA), and other applicable charges, or such lesser amount as MLGW shall determine.

For monthly imbalances where scheduled receipts to the Receipt Point(s) on behalf of the Customer exceed quantities taken by the Customer, MLGW shall purchase from the Customer the excess receipts. MLGW shall pay the Customer based on the accumulated sum of the results of the formulas listed below:

<u>Imbalance Level</u>	<u>Factor</u>	<u>Results</u>
0% - <= 5%	1.00	price x quantity <= 5%
> 5% - <= 10%	0.90	price x quantity > 5% and <= 10%
>10% - <= 15%	0.80	price x quantity >10% and <= 15%
>15% - <= 20%	0.70	price x quantity >15% and <= 20%
>20% - <= 25%	0.60	price x quantity >20% and <= 25%
>25%	0.50	price x quantity >25%

The amount due to the Customer for each imbalance level shall be determined by multiplying the corresponding imbalance level factor by the monthly Spot Index Price as determined in Section 10.5 below times the quantity within each imbalance level. In addition, MLGW shall pay to the Customer transportation charges equal to the total imbalance volume multiplied by the currently effective maximum transportation commodity rates specified in the Texas Gas Transmission Rate Schedule FT (Zone SL receipt, Zone 1 delivery), including all fuel, GRI, ACA, and other applicable charges.

10.5 Spot Index Price

Each month, Spot Index Prices will be derived based on prices reported in natural gas trade publications. The price used for charging customers taking quantities in excess of deliveries may be higher than the price used for reimbursing customers whose gas deliveries exceed quantities taken.

**11. DATA REQUIRED FOR VALID REQUEST FOR TRANSPORTATION**

Requests for transportation hereunder shall be valid only upon providing the following information in writing to MLGW:

- (a) Gas quantities - The Transportation quantity which will represent MLGW's maximum daily transportation obligation and a statement of the estimated transportation quantities stated individually in Ccf's for each point of receipt and each point of delivery. MLGW shall not be obligated to accept requests under which the requested Transportation Quantity is less than 1500 Ccf per day.
- (b) Point of Receipt - The point(s) of entry into MLGW's system.
- (c) Destination of gas - The Point(s) of Delivery by MLGW to Customer.
- (d) Term of Service -
  - (i) Date the service is requested to commence.
  - (ii) Duration of service requested.
- (e) Statement that -
  - (i) Customer has title to the gas, or has a current contractual right to deliver, or cause to be delivered, such gas to MLGW for transportation and has entered into or will enter into those arrangements necessary to assure all upstream transportation will be in place prior to the commencement of transportation through MLGW's system; and
- (f) If the transportation agreement is to be signed with a party acting as agent for a principal, then a copy of the Agency Agreement must be provided.

**12. CREDIT WORTHINESS**

Customer shall furnish MLGW with all reasonable data (such as audited financial statements) necessary to establish Customer's credit worthiness.

MLGW may discontinue service under this Rate Schedule for any Customer who, at any time, fails to demonstrate credit worthiness in MLGW's reasonable determination; provided, however, Customer may receive or continue to receive service if Customer prepays for the

service or furnishes good and sufficient security, such as a letter of credit satisfactory to MLGW in an amount sufficient to cover the cost of the transportation service for the remaining term of the transportation agreement, or 90 days, whichever is less, at a 100% load factor level.

### 13. RULES AND REGULATIONS

Service is subject to the Rules and Regulations of the Division.



**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS**

**GAS SERVICE**

**SCHEDULE IT-PRIME  
LARGE GENERAL SERVICE - INTERRUPTIBLE  
OFF-PEAK**

**AVAILABILITY**

This rate schedule is available for gas service to all Customers contracting for not less than 1500 Ccf of Maximum Daily Demand and providing oil or other alternate fuel facilities approved by the Division as being adequate in design and capacity.

Availability of gas under this rate schedule is subject to curtailment in the event of any curtailment of the Division's supply of gas.

Gas supplied under this rate schedule is for the exclusive use of the Customer and shall not be resold.

Gas sold under this rate schedule shall be termed "Off-Peak Gas" and shall be interrupted whenever, in the opinion of the Division, the interruption is necessary. Customers receiving gas service under this rate schedule shall at no time take gas during any "Period of Curtailment."

**MONTHLY RATE** (Ccf equals 100 cubic feet)

**SERVICE CHARGE:** \$500.00 per month, plus

**FOR GAS CONSUMED:**

First 200,000 ccf per month @ \$0.089 per ccf  
Excess over 200,000 ccf per month @ \$0.005 per ccf, plus

**GAS COST**

Customer will be financially responsible for all gas purchased on their behalf. Gas purchases will be made at a rate determined monthly by the Division.

**ADDITIONAL CHARGE FOR GAS TAKEN DURING "PERIOD OF CURTAILMENT"**

"Period of Curtailment" is defined as that period of time beginning one (1) hour after notice by the Division's dispatcher that the "Period of Curtailment" has begun and ending when notice is received from Division's dispatcher that the "Period of Curtailment" has ended. Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice.

If, for any reason, Customer taking service under this rate schedule continues to take gas during any "Period of Curtailment" there shall become due and payable to the Division, not as a penalty but as liquidated damages, an amount equal to \$2.50 per Ccf for all gas taken. An additional charge of \$10.00 per Ccf shall be applied to all gas taken in excess of 10% of the daily contract demand during any "Period of Curtailment." This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken during the "Period of Curtailment" and all other amounts billed in accordance with this rate schedule.

**MINIMUM BILL**

The minimum monthly bill shall be \$0.350 for each Ccf of the higher of: (1) the Maximum Daily Demand during the twelve (12) months ending with the billing month, or (2) the Daily Contract Demand, but in no event less than \$500.00.

## **PAYMENT**

The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before delinquent date shown on the bill, the gross rates shall apply.

## **CONTRACT REQUIREMENT**

Customers taking service under this rate schedule shall be required to execute written contracts for a period of not less than one (1) year.

## **MAXIMUM DAILY DEMAND**

The Maximum Daily Demand shall be defined as the maximum twenty-four (24) hours' use of gas during the current month but shall not be less than 80% of the maximum twenty-four (24) hours' use of gas during the preceding eleven (11) months, except gas used during the months of May through September shall be excluded when determining the 80% of the Maximum twenty-four (24) hours' use of gas during the preceding eleven (11) months. The Maximum Daily Demand shall be determined at the option of the Division according to one of the following methods:

1. By estimate -- one-twentieth (1/20) of the current monthly consumption
2. By actual test
3. By demand meter

## **SINGLE POINT DELIVERY AND JOINT SERVICE THROUGH ONE METER**

The above rates are based upon the supply of service to the Customer's premises through a single delivery and metering point, and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

The customer shall install and maintain at its expense any equipment deemed necessary to provide service under this rate including, but not limited to, telephone lines and power outlets.

For customers receiving service under more than one rate schedule through one meter, the volumes delivered under each rate schedule will be determined as provided by the Rules and Regulations of the Division.

Customers who receive service under more than one rate schedule through one meter, and who take gas during a "Period of Curtailment", are subject to have full service (including any firm deliveries) through the one meter discontinued.

## **VOLUMETRIC RESTRICTIONS**

The Division reserves the right to require a new contract from any Customer whose Maximum Daily Demand is less than his Contract Demand, and further reserves the right to prohibit the addition of any loads in excess of present loads or present Contract Demands without prior Division approval. Any Customer who violates these restrictions may be required to remove the excess load requirements or have full service discontinued.

## **RULES AND REGULATIONS**

Service is subject to the Rules and Regulations of the Division.

**MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS**

**GAS SERVICE**

**SCHEDULE IT-1  
INTERRUPTIBLE TRANSPORTATION OF CUSTOMER-SECURED GAS  
GENERAL SERVICE**

**1. AVAILABILITY**

- 1.1 This rate schedule is available for the transportation of natural gas by MLGW for any Customer which will deliver, or cause to be delivered, natural gas to MLGW for redelivery by MLGW to Customer, and which has executed a Transportation Service Agreement with MLGW for service under this Rate Schedule, and which provides oil or other alternate fuel facilities approved by the Division as being adequate in design and capacity, and who has executed a Service Agreement specifying volumes in excess of 1,500 Ccf of gas per day.
- 1.2 Gas transported under this schedule is restricted to the exclusive use of Customer in Customer's facilities located within the Division's service area and shall not be resold, redelivered, or reallocated by the Customer or his Agent.
- 1.3 Customer and third-party transporters have obtained, as appropriate, or will obtain, all State and Federal approvals for services to be provided by third-party transporters related to those services rendered under this Rate Schedule.
- 1.4 MLGW shall not be required to construct facilities (except, and limited to, minor taps) to perform service under this Rate Schedule in the event capacity necessary to render the requested service does not exist at the time the request is made pursuant to Section 11 hereof; provided, however, MLGW may, at its option, add facilities, or expand capacity to provide such transportation service. Customer will pay, or cause MLGW to be paid, for the installed cost of all such facilities.
- 1.5 MLGW shall not be required to perform service under this Rate Schedule, subject to the obtaining of any necessary approvals, on behalf of any Customer that fails to comply with any and all of the terms of this Rate Schedule and with the terms of Customer's Gas Transportation Service Agreement with MLGW.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

- 2.1 This Rate Schedule shall apply to all transportation services performed by MLGW for Customer under each Transportation Service Agreement for service under this Rate Schedule during the term identified in the Gas Transportation Service Agreement. The transportation service rendered shall be on an interruptible basis.

Such Service shall apply to all gas transported by MLGW for Customer under this Rate Schedule up to the Maximum Daily Volume set forth in the Gas Transportation Service Agreement.

Transportation service rendered hereunder which is interruptible in character will be performed provided MLGW has capacity sufficient to perform the service.

If, pursuant to any and all of MLGW's transportation rate schedules, the total quantity nominated by Customers for transportation through a particular point of receipt into the

MLGW system exceeds the total capacity available at that receipt point, quantities scheduled for receipt will be allocated among Customers as determined by MLGW.

Interruptible service provided under this Rate Schedule shall, in addition to the reasons provided in the Gas Transportation Service Agreement, be interruptible when MLGW, in its reasonable discretion, deems such interruption necessary, including, without limitation, interruptions due to insufficient capacity in MLGW's system to render firm sales service, and service to MLGW firm transportation Customers. Interruption of service includes decreasing, suspending, or discontinuing both the receipt and delivery of gas. MLGW shall not be liable in damages or otherwise to Customer for any such curtailment or interruption.

- 2.2. Provided MLGW's prior consent is obtained, Customer may tender quantities of gas in excess of the Maximum Daily Volume on any day if such tender and transportation of such gas can be accomplished by MLGW without detriment to any other customer under any of MLGW's sales or transportation rate schedules, if such transportation is compatible to MLGW's system operation requirements. Subject to the foregoing restrictions, MLGW's consent shall not be unreasonably withheld.

### 3. DEFINITIONS

Interruptible transportation volumes shall mean the Daily Volume of gas set forth in the executed Gas Transportation Service Agreement which MLGW will deliver to Customer on a best efforts basis provided that the delivery of said volumes from the delivering pipeline to MLGW is not interrupted. Customer may not exceed its Maximum Daily Volumes without prior approval of MLGW.

### 4. MONTHLY RATE (Ccf equals 100 cubic feet)

**SERVICE CHARGE:** \$1,500.00 per month, plus

**ALL GAS TRANSPORTED:**

First 200,000 ccf per month @ \$0.063 per ccf  
Excess over 200,000 ccf per month @ \$0.005 per ccf,

Plus all other appropriate charges invoiced to MLGW by the delivering pipeline in connection with the transportation of gas on behalf of Customer.

### ADDITIONAL CHARGE FOR GAS TAKEN DURING "PERIOD OF CURTAILMENT"

"Period of Curtailment" is defined as that period of time beginning one (1) hour after notice by the Division's dispatcher that the "Period of Curtailment" has begun and ending when notice is received from Division's dispatcher that the "Period of Curtailment" has ended. Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice.

If, for any reason, Customer taking service under this rate schedule continues to take gas during any "Period of Curtailment" there shall become due and payable to the Division, not as a penalty but as liquidated damages, an amount equal to \$1.50 per Ccf for all gas taken. An additional charge of \$6.00 per Ccf shall be applied to all gas taken in excess of 110% of any amount authorized by MLGW under the "Period of Curtailment." This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken during the "Period of Curtailment" and all other amounts billed in accordance with this rate schedule.

## 5. MINIMUM BILL

The minimum monthly bill shall be \$1,500.00.

## 6. PAYMENT

The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before the delinquent date shown on the bill, the gross rates shall apply.

## 7. SINGLE POINT DELIVERY AND JOINT SERVICE THROUGH ONE METER

The above rates are based upon the supply of service to the Customers premises through a single delivery and metering point and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

Customer shall install and maintain at its expense any equipment deemed necessary by MLGW to provide service under this rate, including, but not limited to, telephone lines and power outlets.

For Customers receiving service under more than one rate schedule through one meter, the volumes delivered under each rate schedule will be determined as provided in the Rules and Regulations of the Division.

Customers who receive service under more than one rate schedule through one meter, and who take gas during a "Period of Curtailment" or take gas in violation of an Operational Flow Order (see Section 10 below), are subject to have full service (including any firm deliveries) through the one meter discontinued.

## 8. RECEIPT AND DELIVERY POINTS

- 8.1 The Receipt Point(s) for all gas transported by MLGW under this Rate Schedule shall be at a mutually agreeable interconnection between MLGW facilities and the facilities of the pipeline(s) delivering gas to MLGW. MLGW shall not be required to receive gas at any Receipt Point where the total scheduled quantity for receipt on any day is less or more than that required for the accurate measurement of quantities to be received.

MLGW shall have the right to terminate service under this Rate Schedule if total deliveries of gas to MLGW at the Point(s) of

Receipt fall below an average daily quantity of two hundred fifty (250) Ccf per day for any 30 days. MLGW also shall have the right to abandon any Point of Delivery where total deliveries at such point fall below an average daily quantity of fifty (50) Ccf for any 30 days or to seek reimbursement for MLGW's out-of-pocket expenses associated with operation and maintenance of such Point of Delivery. In the event of a capacity limitation on MLGW's system at any of the Point(s) of Receipt, MLGW has the right, in its reasonable discretion to curtail deliveries at such Points of Receipt. Customer then has the option to nominate and receive quantities of gas at the remaining Point(s) of Receipt.

Should Customer's nominations at a particular Point or Points of Receipt exceed the quantity of gas available for receipt at such Point of Receipt, it is the responsibility of Customer and its suppliers to allocate the quantities actually available for receipt at that point.

Customer agrees to indemnify and hold harmless MLGW from any and all claims, suits, damages, or actions arising from the failure of MLGW to receive quantities of gas actually nominated by Customer at a particular Point or Points of Receipt, resulting specifically from the situations described above.

- 8.2 The Delivery Point(s) for all gas transported by MLGW under this Rate Schedule shall be a mutually agreeable interconnection between MLGW's facilities and the facilities of Customer in MLGW's service area.
- 8.3 Customer shall deliver and receive gas in uniform quantities during any month and in uniform hourly quantities during any day with no significant fluctuation.

## 9. NOMINATIONS AND SCHEDULING

- 9.1 Customer agrees to provide MLGW in writing, no later than ten (10) days prior to the beginning of each calendar month, a schedule showing the daily nominated volumes it desires to have transported by MLGW that month unless otherwise agreed to in the Gas Transportation Service Agreement. Such schedule will show the quantities of gas at Points of Receipt into MLGW's system. The total quantity delivered to MLGW shall not exceed the Maximum Daily Demand unless advance agreement is obtained from MLGW.
- 9.2 Customer may not alter the schedule of daily volumes during the calendar month, unless prior authorization is received from MLGW for such alteration.
- 9.3 It is the intent that gas delivered or caused to be delivered to MLGW by Customer shall be as nearly as possible at uniform hourly rates. Departures from the scheduled deliveries at the Point of Receipt into the MLGW system shall be kept to the minimum permitted by operating conditions.

## 10. BALANCING AND PENALTIES

### 10.1 General

MLGW reserves the right, at any time, to require Customer to modify nominated volumes for transportation to correct any imbalance if in MLGW's sole judgment, conditions warrant such a change. Customer shall be solely responsible for any imbalance penalties occurring on the delivering pipeline system.

### 10.2 Operational Flow Orders

MLGW shall have the right to issue Operational Flow Orders (OFO) as specified in this Section which require actions in order to alleviate conditions which threaten the integrity of MLGW's system, to maintain system operations at the pressures required to provide an efficient and reliable service, to have adequate gas supplies in the system, to maintain service to Customers, to maintain proper storage inventory levels, to maintain the system balance, or other considerations deemed necessary in MLGW's sole judgment.

Notice of an OFO shall identify the time the OFO will become effective and state the estimated duration of the OFO (or, if unknown, that the OFO is indefinite). Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice of an OFO.

All quantities tendered to MLGW and/or taken by the Customer in violation of OFO's shall constitute unauthorized receipts or deliveries for which a charge of \$1.50 per Ccf shall be assessed. An additional charge of \$6.00 per Ccf shall be applied to all gas taken in excess of 110% of any amount authorized by MLGW under the OFO. This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken in violation of the OFO.

10.3 Daily Balancing

The Daily scheduling variance is defined as the difference between scheduled daily volumes to the Receipt Point(s) on behalf of a transporting customer and actual daily volumes taken by the Customer at the Delivery Point(s). When the daily scheduling variance is within + or - 10% of the daily scheduled volumes, there shall be no daily balancing penalties. On each day where the daily scheduling variance exceeds + or -10% of daily scheduled volumes, a charge of \$0.0167 per Ccf shall be assessed on all volumes in excess of the + or -10% tolerance.

10.4 Monthly Balancing

A Customer shall have the responsibility to maintain a concurrent balance between scheduled quantities of gas and quantities of gas actually taken by the Customer each month. If the Customer does not maintain a concurrent balance between quantities of gas scheduled and quantities of gas taken, the resulting imbalance shall be cashed out to eliminate imbalances accumulated during the month and to provide added incentives to Customers to comply with their monthly balancing responsibilities.

For monthly imbalances where quantities taken by the Customer exceed scheduled deliveries to the Receipt Point(s) on behalf of the Customer, Customer shall pay MLGW based on the accumulated sum of the results of the formulas listed below:

<u>Imbalance Level</u>	<u>Factor</u>	<u>Results</u>
0% - <= 5%	1.00	price x quantity <= 5%
> 5% - <= 10%	1.10	price x quantity > 5% and <= 10%
>10% - <= 15%	1.20	price x quantity >10% and <= 15%
>15% - <= 20%	1.30	price x quantity >15% and <= 20%
>20% - <= 25%	1.40	price x quantity >20% and <= 25%
>25%	1.50	price x quantity >25%

The amount due to MLGW for each imbalance level shall be determined by multiplying the corresponding imbalance level factor by the monthly Spot Index Price as determined in Section 10.5 below times the quantity within each imbalance level. In addition, the Customer shall pay to MLGW transportation charges equal to the total imbalance volume multiplied by the currently effective maximum transportation rates specified in the Texas Gas Transmission Rate Schedule FT (Zone SL receipt, Zone 1 delivery) stated at the 100% load factor equivalent, including all fuel, Gas Research Institute (GRI), Annual Charge Adjustment (ACA), and other applicable charges, or such lesser amount as MLGW shall determine.

For monthly imbalances where scheduled receipts to the Receipt Point(s) on behalf of the Customer exceed quantities taken by the Customer, MLGW shall purchase from the Customer the excess receipts. MLGW shall pay the Customer based on the accumulated sum of the results of the formulas listed below:

<u>Imbalance Level</u>	<u>Factor</u>	<u>Results</u>
0% - <= 5%	1.00	price x quantity <= 5%
> 5% - <= 10%	0.90	price x quantity > 5% and <= 10%
>10% - <= 15%	0.80	price x quantity >10% and <= 15%
>15% - <= 20%	0.70	price x quantity >15% and <= 20%
>20% - <= 25%	0.60	price x quantity >20% and <= 25%
>25%	0.50	price x quantity >25%

The amount due to the Customer for each imbalance level shall be determined by multiplying the corresponding imbalance level factor by the monthly Spot Index Price as determined in Section 10.5 below times the quantity within each imbalance level. In addition, MLGW shall pay to the Customer transportation charges equal to the total imbalance volume multiplied by the currently effective maximum transportation commodity rates specified in the Texas Gas Transmission Rate Schedule FT (Zone SL receipt, Zone 1 delivery), including all fuel, GRI, ACA, and other applicable charges.

10.5 Spot Index Price

Each month, Spot Index Prices will be derived based on prices reported in natural gas trade publications. The price used for charging customers taking quantities in excess of deliveries may be higher than the price used for reimbursing customers whose gas deliveries exceed quantities taken.

**11. DATA REQUIRED FOR VALID REQUEST FOR TRANSPORTATION**

Requests for transportation hereunder shall be valid only upon providing the following information in writing to MLGW:

- (a) Gas quantities - The Transportation quantity which will represent MLGW's maximum daily transportation obligation and a statement of the estimated transportation quantities stated individually in Ccf's for each point of receipt and each point of delivery. MLGW shall not be obligated to accept requests under which the requested Transportation Quantity is less than 1500 Ccf per day.
- (b) Point of Receipt - The point(s) of entry into MLGW's system.
- (c) Destination of gas - The Point(s) of Delivery by MLGW to Customer.
- (d) Term of Service -
  - (i) Date the service is requested to commence.
  - (ii) Duration of service requested.
- (e) Statement that -
  - (i) Customer has title to the gas, or has a current contractual right to deliver, or cause to be delivered, such gas to MLGW for transportation and has entered into or will enter into those arrangements necessary to assure all upstream transportation will be in place prior to the commencement of transportation through MLGW's system; and
- (f) If the transportation agreement is to be signed with a party acting as agent for a principal, then a copy of the Agency Agreement must be provided.

**12. CREDIT WORTHINESS**

Customer shall furnish MLGW with all reasonable data (such as audited financial statements) necessary to establish Customer's credit worthiness.

MLGW may discontinue service under this Rate Schedule for any Customer who, at any time, fails to demonstrate credit worthiness in MLGW's reasonable determination; provided, however, Customer may receive or continue to receive service if Customer prepays for the

service or furnishes good and sufficient security, such as a letter of credit satisfactory to MLGW in an amount sufficient to cover the cost of the transportation service for the remaining term of the transportation agreement, or 90 days, whichever is less, at a 100% load factor level.

### 13. RULES AND REGULATIONS

Service is subject to the Rules and Regulations of the Division.



MEMPHIS LIGHT, GAS AND WATER DIVISION  
CITY OF MEMPHIS

GAS SERVICE

SCHEDULE IT-2  
INTERRUPTIBLE TRANSPORTATION OF CUSTOMER-SECURED GAS  
GENERAL SERVICE

1. AVAILABILITY

- 1.1 This rate schedule is available, at the sole discretion of MLGW, only to any Customer that has, or has the ability to obtain, natural gas service by means other than by utilization of the facilities of MLGW.
- 1.2 This rate schedule is available for the transportation of natural gas by MLGW for any Customer which will deliver, or cause to be delivered, natural gas to MLGW for redelivery by MLGW to Customer and which has executed a Gas Transportation Service Agreement with MLGW for service under this Rate Schedule, and either (i) provides oil or other alternate fuel facilities approved by the Division as being adequate in design and capacity, or (ii) uses gas as curtailable feedstock.
- 1.3 Gas transported under this schedule is restricted to the exclusive use of Customer in Customer's facilities located within the Division's service area and shall not be resold, redelivered, or reallocated by the Customer or his Agent.
- 1.4 Customer and third-party transporters have obtained, as appropriate, or will obtain, all State and Federal approvals for services to be provided by third-party transporters related to those services rendered under this Rate Schedule.
- 1.5 MLGW shall not be required to construct facilities (except, and limited to, minor taps) to perform service under this Rate Schedule in the event capacity necessary to render the requested service does not exist at the time the request is made pursuant to Section 11 hereof; provided, however, MLGW may, at its option, add facilities, or expand capacity to provide such transportation service. Customer will pay, or cause MLGW to be paid, for the installed cost of all such facilities, unless otherwise agreed to in the Gas Transportation Service Agreement.
- 1.6 MLGW shall not be required to perform service under this Rate Schedule, subject to the obtaining of any necessary approvals, on behalf of any Customer that fails to comply with any and all of the terms of this Rate Schedule and with the terms of Customer's Gas Transportation Service Agreement with MLGW.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to all transportation services performed by MLGW for Customer under each Transportation Service Agreement for service under this Rate Schedule during the term identified in the Gas Transportation Service Agreement. The transportation service rendered shall be on an interruptible basis.

Such Service shall apply to all gas transported by MLGW for Customer under this Rate Schedule up to the Maximum Daily Volume set forth in the Gas Transportation Service Agreement.

Transportation service rendered hereunder which is interruptible in character will be performed provided MLGW has capacity sufficient to perform the service.

If, pursuant to any and all of MLGW's transportation rate schedules, the total quantity nominated by Customers for transportation through a particular point of receipt into the MLGW system exceeds the total capacity available at that receipt point, quantities scheduled for receipt will be allocated among Customers as determined by MLGW.

Interruptible service provided under this Rate Schedule shall, in addition to the reasons provided in the Gas Transportation Service Agreement, be interruptible when MLGW, in its reasonable discretion, deems such interruption necessary, including, without limitation, interruptions due to insufficient capacity in MLGW's system to render firm sales service, and service to MLGW firm transportation Customers. Interruption of service includes decreasing, suspending, or discontinuing both the receipt and delivery of gas. MLGW shall not be liable in damages or otherwise to Customer for any such curtailment or interruption.

- 2.2. Provided MLGW's prior consent is obtained, Customer may tender quantities of gas in excess of the Maximum Daily Volume on any day if such tender and transportation of such gas can be accomplished by MLGW without detriment to any other customer under any of MLGW's sales or transportation rate schedules, if such transportation is compatible to MLGW's system operation requirements. Subject to the foregoing restrictions, MLGW's consent shall not be unreasonably withheld.

### 3. DEFINITIONS

Interruptible transportation volumes shall mean the Daily Volume of gas set forth in the executed Gas Transportation Service Agreement which MLGW will deliver to Customer on a best efforts basis provided that the delivery of said volumes from the delivering pipeline to MLGW is not interrupted. Customer may not exceed its Maximum Daily Volumes without prior approval of MLGW.

### 4. MONTHLY RATE (Ccf equals 100 cubic feet)

**SERVICE CHARGE:** \$1,500.00 per month, plus

The rate for service under this rate schedule shall be negotiated between the parties at the time the Gas Transportation Service Agreement for service hereunder is executed and shall be set forth in said Agreement, plus all other appropriate charges invoiced to MLGW by the delivering pipeline in connection with the transportation of gas on behalf of Customer.

#### **ADDITIONAL CHARGE FOR GAS TAKEN DURING "PERIOD OF CURTAILMENT"**

"Period of Curtailment" is defined as that period of time beginning one (1) hour after notice by the Division's dispatcher that the "Period of Curtailment" has begun and ending when

notice is received from Division's dispatcher that the "Period of Curtailment" has ended. Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice.

If, for any reason, Customer taking service under this rate schedule continues to take gas during any "Period of Curtailment" there shall become due and payable to the Division, not as a penalty but as liquidated damages, an amount equal to \$1.50 per Ccf for all gas taken. An additional charge of \$6.00 per Ccf shall be applied to all gas taken in excess of 110% of any amount authorized by MLGW under the "Period of Curtailment." This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken during the "Period of Curtailment", and all other amounts billed in accordance with this rate schedule.

## 5. MINIMUM BILL

The minimum monthly bill shall be \$1,500.00

## 6. PAYMENT

The above rates are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before the delinquent date shown on the bill, the gross rates shall apply.

## 7. SINGLE POINT DELIVERY AND JOINT SERVICE THROUGH ONE METER

The above rates are based upon the supply of service to the Customers premises through a single delivery and metering point and at a single pressure. Separate supply for the same Customer at other points of consumption, or at different pressures, shall be separately metered and billed.

Customer shall install and maintain at its expense any equipment deemed necessary by MLGW to provide service under this rate, including, but not limited to, telephone lines and power outlets.

For Customers receiving service under more than one rate schedule through one meter, the volumes delivered under each rate schedule will be determined as provided in the Rules and Regulations of the Division.

Customers who receive service under more than one rate schedule through one meter, and who take gas during a "Period of Curtailment" or take gas in violation of an Operational Flow Order (see Section 10 below), are subject to have full service (including any firm deliveries) through the one meter discontinued.

## 8. RECEIPT AND DELIVERY POINTS

- 8.1 The Receipt Point(s) for all gas transported by MLGW under this Rate Schedule shall be at a mutually agreeable interconnection between MLGW facilities and the facilities of the pipeline(s) delivering gas to MLGW. MLGW shall not be required to receive gas at any Receipt Point where the total scheduled quantity for receipt on any day is less or more than that required for the accurate measurement of quantities to be received.

MLGW shall have the right to terminate service under this Rate Schedule if total deliveries of gas to MLGW at the Point(s) of Receipt fall below an average daily quantity of two hundred fifty (250) Ccf per day for any 30 days. MLGW also shall have the right to abandon any Point of Delivery where total deliveries at such point fall below an average daily quantity of fifty (50) Ccf for any 30 days or to seek reimbursement for MLGW's out-of-pocket expenses associated with operation and maintenance of such Point of Delivery.

In the event of a capacity limitation on MLGW's system at any of the Point(s) of Receipt, MLGW has the right, in its reasonable discretion to curtail deliveries at such Points of Receipt. Customer then has the option to nominate and receive quantities of gas at the remaining Point(s) of Receipt.

Should Customer's nominations at a particular Point or Points of Receipt exceed the quantity of gas available for receipt at such Point of Receipt, it is the responsibility of Customer and its suppliers to allocate the quantities actually available for receipt at that point.

Customer agrees to indemnify and hold harmless MLGW from any and all claims, suits, damages, or actions arising from the failure of MLGW to receive quantities of gas actually nominated by Customer at a particular Point or Points of Receipt, resulting specifically from the

situations described above.

- 8.2 The Delivery Point(s) for all gas transported by MLGW under this Rate Schedule shall be a mutually agreeable interconnection between MLGW's facilities and the facilities of Customer in MLGW's service area.
- 8.3 Customer shall deliver and receive gas in uniform quantities during any month and in uniform hourly quantities during any day with no significant fluctuation.

## 9. NOMINATIONS AND SCHEDULING

- 9.1 Customer agrees to provide MLGW in writing, no later than ten (10) days prior to the beginning of each calendar month, a schedule showing the daily nominated volumes it desires to have transported by MLGW that month unless otherwise agreed to in the Gas Transportation Service Agreement. Such schedule will show the quantities of gas at Points of Receipt into MLGW's system. The total quantity delivered to MLGW shall not exceed the Maximum Daily Demand unless advance agreement is obtained from MLGW.
- 9.2 Customer may not alter the schedule of daily volumes during the calendar month, unless prior authorization is received from MLGW for such alteration.
- 9.3 It is the intent that gas delivered or caused to be delivered to MLGW by Customer shall be as nearly as possible at uniform hourly rates. Departures from the scheduled deliveries at the Point of Receipt into the MLGW system shall be kept to the minimum permitted by operating conditions.

## 10. BALANCING AND PENALTIES

### 10.1 General

MLGW reserves the right, at any time, to require Customer to modify nominated volumes for transportation to correct any imbalance if, in MLGW's sole judgment, conditions warrant such a change. Customer shall be solely responsible for any imbalance penalties occurring on the delivering pipeline system.

### 10.2 Operational Flow Orders

MLGW shall have the right to issue Operational Flow Orders (OFO) as specified in this Section which require actions in order to alleviate conditions which threaten the integrity of MLGW's system, to maintain system operations at the pressures required to provide an efficient and reliable service, to have adequate gas supplies in the system, to maintain service to Customers, to maintain proper storage inventory levels, to maintain the system balance, or other considerations deemed necessary in MLGW's sole judgment.

Notice of an OFO shall identify the time the OFO will become effective and state the estimated duration of the OFO (or, if unknown, that the OFO is indefinite). Verbal notice by telephone from the Division's dispatcher to the Customer or his authorized agent shall be deemed to be proper notice of an OFO.

All quantities tendered to MLGW and/or taken by the Customer in violation of OFO's shall constitute unauthorized receipts or deliveries for which a charge of \$1.50 per Ccf shall be assessed. An additional charge of \$6.00 per Ccf shall be applied to all gas taken in excess of 110% of any amount authorized by MLGW under the OFO. This amount is to be in addition to MLGW's incremental cost per Ccf for all gas taken in violation of the OFO.

### 10.3 Daily Balancing

The Daily scheduling variance is defined as the difference between scheduled daily volumes to the Receipt Point(s) on behalf of a transporting customer and actual daily volumes taken by the Customer at the Delivery Point(s). When the daily scheduling variance is within + or - 10% of the daily scheduled volumes, there shall be no daily balancing penalties. On each day where the daily scheduling variance exceeds + or -10% of daily scheduled volumes, a charge of \$0.0167 per Ccf shall be assessed on all volumes in excess of the + or -10% tolerance.

### 10.4 Monthly Balancing

A Customer shall have the responsibility to maintain a concurrent balance between scheduled quantities of gas and quantities of gas actually taken by the Customer each month. If the Customer does not maintain a concurrent balance between quantities of gas scheduled and quantities of gas taken, the resulting imbalance shall be cashed out to eliminate imbalances accumulated during the month and to provide added incentives to Customers to comply with their monthly balancing responsibilities.

For monthly imbalances where quantities taken by the Customer exceed scheduled deliveries to the Receipt Point(s) on behalf of the Customer, Customer shall pay MLGW based on the accumulated sum of the results of the formulas listed below:

<u>Imbalance Level</u>	<u>Factor</u>	<u>Results</u>
0% - <= 5%	1.00	price x quantity <= 5%
> 5% - <= 10%	1.10	price x quantity > 5% and <= 10%
>10% - <= 15%	1.20	price x quantity >10% and <= 15%
>15% - <= 20%	1.30	price x quantity >15% and <= 20%
>20% - <= 25%	1.40	price x quantity >20% and <= 25%
>25%	1.50	price x quantity >25%

The amount due to MLGW for each imbalance level shall be determined by multiplying the corresponding imbalance level factor by the monthly Spot Index Price as determined in Section 10.5 below times the quantity within each imbalance level. In addition, the Customer shall pay to MLGW transportation charges equal to the total imbalance volume multiplied by the currently effective maximum transportation rates specified in the Texas Gas Transmission Rate Schedule FT (Zone SL receipt, Zone 1 delivery) stated at the 100% load factor equivalent, including all fuel, Gas Research Institute (GRI), Annual Charge Adjustment (ACA), and other applicable charges, or such lesser amount as MLGW shall determine.

For monthly imbalances where scheduled receipts to the Receipt Point(s) on behalf of the Customer exceed quantities taken by the Customer, MLGW shall purchase from the Customer the excess receipts. MLGW shall pay the Customer based on the accumulated sum of the results of the formulas listed below:

<u>Imbalance Level</u>	<u>Factor</u>	<u>Results</u>
0% - <= 5%	1.00	price x quantity <= 5%
> 5% - <= 10%	0.90	price x quantity > 5% and <= 10%
>10% - <= 15%	0.80	price x quantity >10% and <= 15%
>15% - <= 20%	0.70	price x quantity >15% and <= 20%
>20% - <= 25%	0.60	price x quantity >20% and <= 25%
>25%	0.50	price x quantity >25%

The amount due to the Customer for each imbalance level shall be determined by multiplying the corresponding imbalance level factor by the monthly Spot Index Price as determined in Section 10.5 below times the quantity within each imbalance level. In addition, MLGW shall pay to the Customer transportation charges equal to the total imbalance volume multiplied by the currently effective maximum transportation commodity rates specified in the Texas Gas Transmission Rate Schedule FT (Zone SL receipt, Zone 1 delivery), including all fuel, GRI, ACA, and other applicable charges.

10.5 Spot Index Price

Each month, Spot Index Prices will be derived based on prices reported in natural gas trade publications. The price used for charging customers taking quantities in excess of deliveries may be higher than the price used for reimbursing customers whose gas deliveries exceed quantities taken.

**11. DATA REQUIRED FOR VALID REQUEST FOR TRANSPORTATION**

Requests for transportation hereunder shall be valid only upon providing the following information in writing to MLGW:

- (a) Gas quantities - The Transportation quantity which will represent MLGW's maximum daily transportation obligation and a statement of the estimated transportation quantities stated individually in Ccf's for each point of receipt and each point of delivery. MLGW shall not be obligated to accept requests under which the requested Transportation Quantity is less than 1500 Ccf per day.
- (b) Point of Receipt - The point(s) of entry into MLGW's system.
- (c) Destination of gas - The Point(s) of Delivery by MLGW to Customer.
- (d) Term of Service -
  - (i) Date the service is requested to commence.
  - (ii) Duration of service requested.
- (e) Statement that -
  - (i) Customer has title to the gas, or has a current contractual right to deliver, or cause to be delivered, such gas to MLGW for transportation and has entered into or will enter into those arrangements necessary to assure all upstream transportation will be in place prior to the commencement of transportation through MLGW's system; and
- (f) If the transportation agreement is to be signed with a party acting as agent for a principal, then a copy of the Agency Agreement must be provided.

**12. CREDIT WORTHINESS**

Customer shall furnish MLGW with all reasonable data (such as audited financial statements) necessary to establish Customer's credit worthiness.

MLGW may discontinue service under this Rate Schedule for any Customer who, at any time, fails to demonstrate credit worthiness in MLGW's reasonable determination; provided, however, Customer may receive or continue to receive service if Customer prepays for the

service or furnishes good and sufficient security, such as a letter of credit satisfactory to MLGW in an amount sufficient to cover the cost of the transportation service for the remaining term of the transportation agreement, or 90 days, whichever is less, at a 100% load factor level.

### 13. RULES AND REGULATIONS

Service is subject to the Rules and Regulations of the Division.