

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Operating Statement of
The Peoples Gas Light and Coke Company
under 18 C.F.R. Section 284.224

This Operating Statement describes how The Peoples Gas Light and Coke Company (“Peoples Gas” or “Transporter”), an intrastate natural gas distribution company, shall provide: firm and interruptible transportation and storage services; and interruptible parking and loaning service; on a non-discriminatory basis under Section 284.224 of the Federal Energy Regulatory Commission’s (“Commission”) rules and regulations (18 C.F.R. §284.224).

Peoples Gas is an intrastate natural gas distribution company engaged in the business of purchasing and storing natural gas for and distributing and selling natural gas to approximately 840,000 retail customers in the City of Chicago, Illinois. Peoples Gas owns and operates a transmission and distribution system, a storage field and an LNG facility. Peoples Gas is directly interconnected with nine interstate pipelines. Peoples Gas is a public utility within the meaning of the Public Utilities Act of Illinois, and its rates and tariffs are subject to regulation by the Illinois Commerce Commission.

Peoples Gas filed an application for a blanket certificate of public convenience and necessity to provide interstate transportation services under Section 284.224 of the Commission’s rules and regulations (Docket CP98-84), for approval of rates for transportation services (Docket PR98-1) and for approval for rates for storage and parking and loaning services (Docket PR98-13). The Commission issued the blanket certificate by order dated March 2, 1998 (82 FERC ¶62,145), approved the transportation rates by order dated March 11, 1998 (82 FERC ¶61,239) and approved the storage and parking and loaning rates by order dated March 3, 1999 (86 FERC ¶61,226). As directed by the Commission in these and subsequent orders, Peoples Gas has filed certain cost and throughput data and applications for rate approval that the Commission approved. See 94 FERC ¶61,402 (2001); 107 FERC ¶61,125 (2004); 118 FERC ¶61,203 (2007); letter order, dated February 16, 2010, in Docket PR10-1; Docket No. PR15-2-000; and Docket No. PR19-6. Peoples Gas reserves the right not to offer or commence service or to discontinue any interruptible service when, in Peoples Gas’ sole discretion, any impairment of its firm services, including its ability to use storage to support firm services and gas purchases for firm services, would or may result. Peoples Gas also reserves the right to file to modify this Operating Statement as it may deem necessary and appropriate at any time in the future.

GENERAL TERMS AND CONDITIONS OF SERVICE

SECTION 1. DEFINITIONS

- 1.1 “Authorized Overrun” means a quantity of Gas in excess of Shipper’s applicable contract maximum limitations that Transporter agrees, under Section 9.3, to schedule on any Day.
- 1.2 “Btu” means British thermal unit.
- 1.3 “Business Day” means any day except Saturdays, Sundays and holidays recognized by Intercontinental Exchange, Inc., and each such Business Day shall commence at 8:00 a.m. Central Clock Time and end at 5:00 p.m. Central Clock Time.
- 1.4 “Central Clock Time” means the prevailing time in Chicago, Illinois.
- 1.5 “Commission” means the Federal Energy Regulatory Commission or any successor to that agency.
- 1.6 “Critical Day” means a Day declared by Transporter, prior to the Day, whenever one or more of the following five conditions occurs or is anticipated to occur: (a) when Transporter experiences failure of transmission, distribution or Gas storage; (b) when transmission system pressures or other unusual conditions jeopardize the operation of Transporter’s System; (c) when Transporter’s transmission, storage and supply resources are being used at or near their maximum rated deliverability; (d) when any of Transporter’s transporters or suppliers call the equivalent of a Critical Day; and (e) when Transporter is unable to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of Transporter’s System. Transporter shall designate each Critical Day as a Supply Surplus Day or a Supply Shortage Day.
- 1.7 “Daily Price” means the Chicago City Gate Midpoint price as published in Platts Gas Daily or an acceptable successor publication.
- 1.8 “Day” means the period from 9:00 a.m. Central Clock Time to 9:00 a.m. Central Clock Time on the next succeeding calendar day. The date of a Day shall be that of its beginning.
- 1.9 “Delivery Point” means the point or points on Transporter’s System where Transporter shall deliver Gas to Shipper. Each Delivery Point may be a Primary Delivery Point or a Secondary Delivery Point, as specified in Shipper’s Service Agreement. All Delivery Points not identified as Primary Delivery Points shall be deemed Secondary Delivery Point(s).
- 1.10 “Firm” means that Transporter shall not interrupt its performance except for reason of *force majeure* or non-performance by Shipper.
- 1.11 “February 28/29” means the last Day of February.
- 1.12 “Gas” means any mixture of hydrocarbons or of hydrocarbons and non-combustible gases, in a gaseous state, consisting essentially of methane.
- 1.13 “GLU” means fuel and Gas lost and unaccounted for.
- 1.14 “Illinois Commission” means the Illinois Commerce Commission or any successor to that agency.

- 1.15 “Illinois Tariff” means Transporter’s rates and tariffs, as they may be revised from time to time, on file with the Illinois Commission, and any agreements entered into under the rates and tariffs.
- 1.16 “Interruptible” means that Transporter may interrupt its performance for any reason under the terms of this Operating Statement.
- 1.17 “Loaning” or “Loan” means the component of a Parking and Loaning transaction under which Transporter delivers Gas to Shipper under a Confirmed Service Request, as defined in Section 6. Loaning shall not include services offered by Transporter under its Illinois Tariff.
- 1.18 “Maximum Daily Injection Quantity” or “MDIQ” means the maximum quantity of Gas that Shipper may nominate for injection into its Storage Account on a Day and, if confirmed, that Transporter must accept at a Receipt Point for injection, on a Firm or Interruptible basis, on such Day. The MDIQ shall be one twenty-fifth (1/25) of the MSQ.
- 1.19 “Maximum Daily Quantity” or “MDQ” means the maximum quantity of Gas that Shipper may nominate under a Transportation Service Agreement on a Day and, if confirmed, that Transporter must deliver, on a Firm or Interruptible basis, on such Day.
- 1.20 “Maximum Daily Withdrawal Quantity” or “MDWQ” means the maximum quantity of Gas that Shipper may nominate for withdrawal from its Storage Account on a Day and, if confirmed, that Transporter must deliver from Shipper’s Storage Account to a Delivery Point, on a Firm or Interruptible basis, on such Day. Except as provided in Section 5, the MDWQ shall be one twenty-fifth (1/25) of the MSQ.
- 1.21 “Maximum Storage Quantity” or “MSQ” means the maximum quantity of Gas that Shipper may have in its Storage Account on any Day. The MSQ shall be twenty-five (25) times the MDWQ.
- 1.22 “MMBtu” means one million Btu.
- 1.23 “Month” means a period beginning on the first Day of a calendar Month and extending until the first Day of the next succeeding calendar Month.
- 1.24 “Non-Critical Day” means any Day that is not a Critical Day.
- 1.25 “Parking” or “Park” means the component of a Parking and Loaning transaction under which Shipper delivers Gas to Transporter under a Confirmed Service Request, as defined in Section 6. Parking shall not include services offered by Transporter under its Illinois Tariff.
- 1.26 “Parking and Loaning” means the service described in Section 6.
- 1.27 “Parking and Loaning Account” means, for accounting purposes, the account maintained by Transporter into which Shipper nominates Gas for Parking or from which Shipper nominates Gas for Loaning under a Service Agreement for Parking and Loaning service. The Parking and Loaning Account may have a negative balance.
- 1.28 “Person” means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

- 1.29 “Receipt Point” means the designated point or points on Transporter’s System where Transporter shall receive Gas from Shipper. Each Receipt Point may be a Primary Receipt Point or a Secondary Receipt Point. All Receipt Points not identified as Primary Receipt Points shall be deemed Secondary Receipt Point(s).
- 1.30 “Scheduled Daily Quantity” means the quantity of Gas nominated by Shipper and confirmed by Transporter for flow in accordance with Section 9.
- 1.31 “Security” means each of the types of assurances set forth in Sections 21.4.1 and 21.4.2.
- 1.32 “Service Agreement” means the agreement by and between Transporter and Shipper to enter into Transportation, Storage, and Parking and Loaning transactions under this Operating Statement, and such Service Agreement shall be substantially in the form prescribed by this Operating Statement. Each Service Agreement shall incorporate this Operating Statement and applicable Commission rules and regulations by reference.
- 1.33 “Shipper” means any eligible party who contracts for any of the services offered by Transporter under this Operating Statement.
- 1.34 “Storage” means Transporter’s scheduled receipt of Gas from Shipper and scheduled delivery of a like quantity of Gas to Shipper. Storage may be Firm or Interruptible. Storage shall not include services offered by Transporter under its Illinois Tariff.
- 1.35 “Storage Account” means, for accounting purposes, the account maintained by Transporter into which Shipper nominates Gas for injection and from which Shipper nominates Gas for withdrawal under a Service Agreement for Storage service. The Storage Account may not have a negative balance.
- 1.36 “Supply Shortage Day” means a Critical Day when Transporter anticipates its requirements in excess of its supplies.
- 1.37 “Supply Surplus Day” means a Critical Day when Transporter anticipates its supplies in excess of its requirements.
- 1.38 “Taxes” means any tax (other than *ad valorem*, unless levied on a transaction under this Operating Statement, income or excess profits), license, fee or charge not included in the costs of service used to derive the maximum rates under this Operating Statement and that is levied, assessed or made by any governmental authority on the Gas itself or on the act, right or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering Gas under this Operating Statement.
- 1.39 “Title Transfer Point” means a paper point deemed to be on Transporter’s System. It shall be a Secondary Receipt Point and a Secondary Delivery Point in each Shipper’s Service Agreement.
- 1.40 “Transportation” means Transporter’s receipt of Gas from Shipper at a Receipt Point and its delivery of a like quantity, adjusted for GLU, of Gas to Shipper at a Delivery Point on a coincidental time basis. Transportation

may be Firm or Interruptible. Transportation shall not include services offered by Transporter under its Illinois Tariff.

- 1.41 “Transporter” means The Peoples Gas Light and Coke Company.
- 1.42 “Transporter’s System” or “System” means Transporter’s local distribution system, storage field, transmission pipeline and other facilities owned and operated by Transporter and subject to regulation by the Illinois Commission.
- 1.43 “Unauthorized Overrun” means a quantity of Gas in excess of Shipper’s applicable contract maximum limitations that Transporter does not agree, under Section 9.3, to schedule on any Day.

SECTION 2. INTERRUPTIBLE TRANSPORTATION SERVICE

- 2.1 Subject to Transporter having available capacity, Transporter shall offer Interruptible Transportation service to Shippers on a non-discriminatory basis in accordance with this Operating Statement.
- 2.2 Transporter shall transport the Scheduled Daily Quantity from the Receipt Point to the Delivery Point on behalf of Shipper.
- 2.3 Once Interruptible Transportation service is nominated and scheduled for a Day, Transporter may interrupt such service on four (4) hours’ prior notice to Shipper.
- 2.4 Shipper shall be responsible for contracting and paying for any necessary transportation service at and upstream of the Receipt Point and at and downstream of the Delivery Point.
- 2.5 If, on any Day, Shipper shall fail to transport or cause to be transported the Scheduled Daily Quantity away from the Delivery Point, Shipper shall be liable for Unauthorized Overrun charges for such Day, and Transporter shall cash out the quantity not taken away from the Delivery Point in accordance with Section 10.5.
- 2.6 The daily rate for Interruptible Transportation service shall consist of a commodity charge per MMBtu of Gas transported by Transporter on Shipper’s behalf. If the Delivery Point for a transaction is for purposes of a Storage withdrawal, then there shall be no commodity charge and GLU shall not apply to that transaction.

SECTION 3. FIRM TRANSPORTATION SERVICE

- 3.1 If Transporter determines that it has available capacity and the ability to offer defined amounts of Firm Transportation service, Transporter shall offer Firm Transportation service to Shippers on a non-discriminatory basis in accordance with this Operating Statement.
- 3.2 Transporter shall transport the Scheduled Daily Quantity from the Receipt Point to the Delivery Point on behalf of Shipper.
- 3.3 Shipper shall be responsible for contracting and paying for any necessary transportation service at and upstream of the Receipt Point and at and downstream of the Delivery Point.

- 3.4 If, on any Day, Shipper shall fail to transport or cause to be transported the Scheduled Daily Quantity away from the Delivery Point, Shipper shall be liable for Unauthorized Overrun charges for such Day, and Transporter shall cash out the quantity not taken away from the Delivery Point in accordance with Section 10.5.
- 3.5 The monthly rate for Firm Transportation service shall consist of a reservation charge per MMBtu of MDQ and a commodity charge per MMBtu of Gas transported by Transporter on Shipper's behalf. If the Delivery Point for a transaction is for purposes of a Storage withdrawal, then there shall be no commodity charge and GLU shall not apply to that transaction.

SECTION 4. INTERRUPTIBLE STORAGE SERVICE

- 4.1 Subject to Transporter having available capacity, Transporter shall offer Interruptible Storage service to Shippers on a non-discriminatory basis in accordance with this Operating Statement.
- 4.2 A Shipper contracting for Interruptible Storage service must contract or have contracted with Transporter for no less than a corresponding quantity of Interruptible or Firm Transportation service.
- 4.3 Once Interruptible Storage service is nominated and scheduled for a Day, Transporter may interrupt such service on four (4) hours' prior notice to Shipper.
- 4.4 Transporter shall account for Gas stored on Shipper's behalf in Shipper's Storage Account up to the MSQ.
- 4.5 Transporter shall, on any Day, accept the Scheduled Daily Quantity at the Receipt Point for injection into Shipper's Storage Account.
- 4.6 Transporter shall, on any Day, deliver the Scheduled Daily Quantity to the Delivery Point for withdrawal from Shipper's Storage Account.
- 4.7 Shipper shall be responsible for contracting and paying for any necessary transportation service at and upstream of the Receipt Point and at and downstream of the Delivery Point.
- 4.8 If, on any Day, Shipper shall fail to transport or cause to be transported the Scheduled Daily Quantity away from the Delivery Point, Shipper shall be liable for Unauthorized Overrun charges for such Day, and Transporter shall cash out the quantity not taken away from the Delivery Point in accordance with Section 10.5.
- 4.9 Transporter may require Shipper to withdraw Gas held in Shipper's Storage Account on three (3) hours' notice, by telephone, facsimile or electronic mail, prior to the nomination deadlines specified in Section 9. Pursuant to such notice, Shipper shall accept Gas at an agreed upon point in an amount equal to Shipper's MDWQ on consecutive Days until Shipper's Storage Account balance is zero (0). If Shipper fails to comply with such notice, Shipper shall be liable for Unauthorized Overrun charges for such Day for Gas not withdrawn in a timely manner. Provided, however, that if Shipper's failure to withdraw Gas results from Transporter's failure to schedule nominated Transportation service, then

Shipper's obligation to withdraw Gas shall be extended by one (1) Day for each Day that Transporter does not schedule nominated Transportation service.

- 4.10 The daily rate for Interruptible Storage service shall consist of a commodity charge per MMBtu of Gas accounted for by Transporter as inventory on each Day in Shipper's Storage Account.

SECTION 5. FIRM STORAGE SERVICE

- 5.1 Each year, no later than February 1, Transporter may determine that it has available capacity and the ability to offer defined amounts of Firm Storage service. If such capacity is available, Transporter shall offer Firm Storage service to Shippers on a non-discriminatory basis in accordance with this Operating Statement.
- 5.2 The Service Agreement for Firm Storage service shall be for a term of at least one (1) year and shall commence March 1 and end on February 28/29, inclusive of the commencement and ending Days.
- 5.3 A Shipper contracting for Firm Storage service must contract or have contracted with Transporter for no less than a corresponding quantity of Firm Transportation service.
- 5.4 Transporter shall account for Gas stored on Shipper's behalf in Shipper's Storage Account up to the MSQ. If, on December 1, the quantity of Gas in Shipper's Storage Account is less than 80% of Shipper's MSQ, then Shipper's MDWQ shall be reduced to 80% of the otherwise effective MDWQ.
- 5.5 Transporter shall, on any Day during the period March 1 through November 30, accept the Scheduled Daily Quantity at the Receipt Point for injection into Shipper's Storage Account.
- 5.6 Transporter shall, on any Day during the period December 1 through February 28/29, deliver the Scheduled Daily Quantity to the Delivery Point for withdrawal from Shipper's Storage Account.
- 5.7 Shipper shall be responsible for contracting and paying for any necessary transportation service at and upstream of the Receipt Point and at and downstream of the Delivery Point.
- 5.8 If, on any Day, Shipper shall fail to transport or cause to be transported the Scheduled Daily Quantity away from the Delivery Point, Shipper shall be liable for Unauthorized Overrun charges for such Day, and Transporter shall cash out the quantity not taken away from the Delivery Point in accordance with Section 10.5.
- 5.9 Shipper's Storage Account balance on each February 28/29 must be no more than 20% of its MSQ ("Cycling Requirement"). If Shipper fails to satisfy the Cycling Requirement, then Transporter will reduce Shipper's Storage Account balance by an amount equal to the GLU factor per MMBtu in Shipper's Storage Account in excess of the Cycling Requirement.

- 5.10 If, at the end of Shipper's Storage Service Agreement, Shipper has a positive Storage Account balance, then in addition to the charge specified in Section 5.9, such balance shall be treated as follows.
- 5.10.1 If such positive Storage Account Balance is not the result of non-performance by Transporter or *force majeure*, and Shipper does not enter into a new Firm Storage Service Agreement with Transporter or enter into a new or have an existing Interruptible Storage Service Agreement with Transporter, then, as liquidated damages and not as a penalty, Transporter shall purchase from Shipper the Gas in Shipper's Storage Account, free and clear of any adverse claims, at 50% of the cashout charge defined in Section 10.5 per MMBtu of such Gas.
- 5.10.2 If such positive Storage Account balance is the result of non-performance by Transporter or *force majeure*, and Shipper does not enter into a new Firm Storage Service Agreement with Transporter or enter into a new or have an existing Interruptible Storage Service Agreement with Transporter, then Transporter shall purchase from Shipper, as liquidated damages and not as a penalty, the Gas in Shipper's Storage Account, free and clear of any adverse claims, at 100% of the cashout charge defined in Section 10.5 per MMBtu of such Gas.
- 5.10.3 If Shipper has a positive Storage Account balance and Shipper does enter into a new Firm Storage Service Agreement with Transporter or does enter into a new or have an existing Interruptible Storage Service Agreement with Transporter, then Transporter shall credit the Gas remaining in Shipper's Storage Account to Shipper's new Storage Account under the successor Firm or Interruptible Storage Service Agreement or the existing Interruptible Storage Service Agreement, up to the MSQ in the successor agreement.
- 5.11 The rate for Firm Storage service shall consist of: a monthly reservation charge per MMBtu of MDWQ; a monthly capacity charge per MMBtu of MSQ; and a daily commodity charge per MMBtu of Gas injected by Transporter into Shipper's Storage Account.

SECTION 6. PARKING AND LOANING SERVICE

- 6.1 Subject to Transporter having available capacity, Transporter shall offer Parking and Loaning service to Shippers on a non-discriminatory basis in accordance with this Operating Statement.
- 6.2 A request for service shall specify the following information: (a) Day or Days on which Shipper wishes to Park Gas on Transporter's System or deliver a quantity of Gas equal to the quantity previously loaned to Shipper by Transporter, as adjusted for GLU; (b) Day or Days on which Shipper wishes to take delivery from Transporter of a quantity of Gas equal to the quantity, as adjusted for GLU, previously parked on Transporter's System or take delivery from Transporter of Gas being loaned by Transporter; (c)

- Delivery Point(s) and Receipt Point(s) for each transaction described in subparts (a) and (b); and (d) quantity of Gas on each Day to be parked, loaned or delivered as described in subparts (a) and (b). If a Person submits a request for service and such Person is not a party to a Parking and Loaning Service Agreement, such request shall be treated as a request to enter into such a Service Agreement.
- 6.3 For scheduling purposes, Parking and Loaning service shall, upon Transporter's acceptance of a request for service ("Confirmed Service Request"), have equal scheduling priority with all Interruptible and Parking and Loaning Services offered by Transporter under this Operating Statement and under its Illinois Tariff. Notwithstanding the foregoing, on any Critical Day, Transporter may, by two (2) hours' notice, by telephone, facsimile or electronic mail, prior to the nomination deadline, decline to schedule the service under a Confirmed Service Request. A "Confirmed Service Request" may also be documented as a "Transaction Confirmation," and a Transaction Confirmation shall be deemed accepted if the Shipper signs the Transaction Confirmation or does not object to the terms and conditions within two (2) Business Days of its receipt.
- 6.4 Subject to Transporter's right to decline to schedule Parking and Loaning service on a Critical Day, Transporter shall, under a Confirmed Service Request, accept the Scheduled Daily Quantity at the Receipt Point for Parking in Shipper's Parking and Loaning Account.
- 6.5 Subject to Transporter's right to decline to schedule Parking and Loaning service on a Critical Day, Transporter shall, under a Confirmed Service Request, deliver the Scheduled Daily Quantity to the Delivery Point for Loaning from Shipper's Parking and Loaning Account.
- 6.6 Shipper shall be responsible for contracting and paying for any necessary transportation service at and upstream of the Receipt Point and at and downstream of the Delivery Point.
- 6.7 If, on any Day, Shipper shall fail to transport or cause to be transported the Scheduled Daily Quantity away from the Delivery Point or to the Receipt Point, Shipper shall be liable for Unauthorized Overrun charges for such Day.
- 6.8 If, at the end of the Parking and Loaning Service Agreement term or the end of any Confirmed Service Request, Shipper has a positive Parking and Loaning Account balance, as liquidated damages and not as a penalty, such balance shall be forfeited to Transporter, free and clear of any adverse claims. If, at the end of the Parking and Loaning Service Agreement term or the end of any Confirmed Service Request, Shipper has a negative Parking and Loaning Account balance, Shipper shall purchase, as liquidated damages and not as a penalty, such balance at 150% of the cashout charge defined in Section 10.5 per MMBtu of Gas constituting such negative Parking and Loaning Account balance. Notwithstanding the foregoing, if at the end of the Parking and Loaning Service Agreement term or the end of any Confirmed Service Request, Shipper's positive or negative Parking and Loaning Account balance is

attributable to Transporter's decision not to schedule Gas on a Critical Day under Section 6.3, then Shipper shall have the right to make an amended service request to schedule deliveries or receipts to eliminate the positive or negative balance over some reasonable time period. Upon Transporter's agreement to a schedule for the amended request, a Confirmed Service Request under Section 6 shall be in effect. If Shipper elects not to make such an amended request, then the positive or negative balance shall be forfeited or purchased in accordance with this Section 6.8.

- 6.9 The daily rate for Parking and Loaning service shall consist of a commodity charge per MMBtu of the absolute value of the Gas accounted for by Transporter as inventory on each Day in Shipper's Parking and Loaning Account. GLU shall not apply to deliveries to Shipper.

SECTION 7. OPERATIONAL PURCHASES AND SALES

- 7.1 Transporter shall, from time to time, make operational purchases and sales under Sections 5.10 and 6.8. The terms of such purchases and sales shall be under the applicable sections of this Operating Statement. Transporter is not providing a supply service under this Operating Statement, and nothing in this Operating Statement shall impose on Transporter an obligation to provide a supply function to any Shipper.
- 7.2 Transporter shall confirm each purchase and sale under this Operating Statement by written notice to Shipper.

SECTION 8. REQUESTS FOR SERVICE

- 8.1 A Person wishing to take service under this Operating Statement shall submit to Transporter a Request for Service. A Request for Service shall be valid if it specifies: (a) exact legal name of the Person requesting service; (b) type of service requested; (c) proposed MDQ or MSQ; (d) proposed rate; (e) proposed term of the Service Agreement; and (f) for Firm Transportation service, proposed Primary Receipt Point(s) and Primary Delivery Point(s). A Person may submit a Request for Service by any reasonable means, including first class mail, overnight courier service, messenger, electronic mail, facsimile, instant messaging and recorded telephone conversations; provided, however, Transporter may require, on a non-discriminatory basis, that a Request for Service be submitted or confirmed in a written document that is substantially identical to the Request for Service forms included in this Operating Statement.
- 8.2 A Request for Service shall not be valid and Transporter shall not be required to grant any such Request for Service if: (a) Transporter determines, based on its credit analysis, that the Person does not possess sufficient financial stability to make it reasonably likely that said Person shall pay for the service provided under this Operating Statement on a timely basis; (b) the service requested would require the construction,

modification, expansion or acquisition of any facilities; (c) the service requested would not comply with this Operating Statement; (d) for Firm service requests, Transporter lacks capacity adequate to perform the requested service; or (e) the service requested is at less than the applicable maximum rate; provided, however, that Transporter may agree to provide service under this Operating Statement at less than the applicable maximum rate.

- 8.3 Transporter shall tender a Service Agreement upon its acceptance of the Person's Request for Service. For Firm Transportation or Firm Storage service for which Transporter is unable to accept, in full, the Request for Service, Transporter shall tender a Service Agreement reflecting the maximum contract quantities that Transporter is able to accommodate. If more than one such Request for Service is received on the same Business Day, then Transporter shall tender Service Agreements in order of highest rates proposed to be paid by Persons making such Requests for Service. If Transporter is unable to accept, in full, Requests for Service in which Persons requesting service have proposed to pay the same rate, then Transporter shall tender Service Agreements reflecting each Person's *pro rata* share of the capacity requested on such Business Day. If Transporter does not accept any Person's Request for Service, it shall advise the Person orally, confirmed in writing, which writing may be by facsimile or electronic mail, of the non-acceptance and the reason therefor as soon as practicable after Transporter's receipt of the Request for Service. The Request for Service shall be invalid if the Person fails to execute the Service Agreement within ten (10) days after Transporter tenders the Service Agreement for execution.

SECTION 9. NOMINATIONS AND SCHEDULING

- 9.1 Shipper shall submit nominations for service to Transporter electronically no later than the deadlines specified in this Section 9.1.
- 9.1.1 Timely nominations are due no later than 1:00 p.m. Central Clock Time of the Day prior to Gas flow. Transporter shall notify Shipper, by telephone, facsimile or electronic mail, no later than 4:30 p.m. Central Clock Time of the Day prior to flow, if its nomination for service shall be scheduled. Service shall commence at 9:00 a.m. Central Clock Time on the next Day.
- 9.1.2 Evening nominations are due no later than 6:00 p.m. Central Clock Time of the Day prior to Gas flow. Transporter shall notify Shipper, by telephone, facsimile or electronic mail, no later than 10:00 p.m. Central Clock Time of the Day prior to flow, if its nomination for service shall be scheduled. Service shall commence at 9:00 a.m. Central Clock Time on the next Day.
- 9.1.3 Intra-Day 1 nominations are due no later than 10:00 a.m. Central Clock Time of the Day of Gas flow. Transporter shall notify Shipper, by telephone, facsimile or electronic mail, no later than 2:00 p.m. Central Clock Time of the Day of flow, if its nomination for

service shall be scheduled. Service shall commence at 5:00 p.m. Central Clock Time on that Day.

- 9.1.4 Intra-Day 2 nominations are due no later than 2:30 p.m. Central Clock Time of the Day of Gas flow. Transporter shall notify Shipper, by telephone, facsimile or electronic mail, no later than 9:00 p.m. Central Clock Time of the Day of flow, if its nomination for service shall be scheduled. Service shall commence at 9:00 p.m. Central Clock Time on that Day.
- 9.2 Such nominations shall specify: (a) the Service Agreement identification number under which service is requested; (b) the proposed Scheduled Daily Quantity; (c) identification of the upstream and downstream transporters; (d) Delivery Point(s) and Receipt Point(s); and (e) the Day or Days for which the nomination is to be effective.
- 9.3 Any nomination submitted after the deadline or for a Scheduled Daily Quantity in excess of the applicable limits specified in Shipper's Service Agreement or this Operating Statement shall be invalid. Notwithstanding the foregoing, Transporter may, on a non-discriminatory basis, accept late nominations for service or provide service in excess of the applicable limits specified in Shipper's Service Agreement or this Operating Statement. Any service that Transporter agrees to provide in excess of applicable contract limits or this Operating Statement shall be Authorized Overrun service and shall be scheduled in the same manner and with the same priorities as Interruptible service.
- 9.4 Firm service shall be scheduled prior to Interruptible service under this Operating Statement and interruptible services offered by Transporter under its Illinois Tariff. All Firm service offered by Transporter under this Operating Statement and under its Illinois Tariff shall have equal scheduling priority.
- 9.5 Transporter shall schedule nominations for Firm service using Primary Delivery Point(s) and Primary Receipt Point(s), subject to confirmation by the upstream and downstream transporters and the terms and conditions of this Operating Statement. In the event that Transporter cannot schedule all timely nominations for Firm service using Primary Delivery Point(s) and Primary Receipt Point(s), such service shall be scheduled on a *pro rata* basis.
- 9.6 Transporter shall schedule nominations for Firm service using Secondary Delivery Point(s) and/or Secondary Receipt Point(s), subject to confirmation by the upstream and downstream transporters and the terms and conditions of this Operating Statement, except on a Critical Day or on any Day when Transporter has declared, prior to the Day, that Secondary Point(s) have been curtailed. In the event that Transporter cannot schedule all timely nominations for Firm service using Secondary Delivery Point(s) and/or Secondary Receipt Point(s), such service shall be scheduled on a *pro rata* basis.
- 9.7 Transporter shall schedule nominations for Interruptible Storage service, Interruptible Transportation service and Authorized Overrun service,

subject to confirmation by the upstream and downstream transporters and the terms and conditions of this Operating Statement, on a non-discriminatory basis based on Transporter's available capacity. In the event Transporter cannot schedule all timely nominations for Interruptible and Authorized Oerrun service, Interruptible and Authorized Oerrun services shall be scheduled in order of highest rates agreed to be paid under Shipper's Service Agreement, and, for Shippers paying the same rate, on a *pro rata* basis. Transporter shall schedule Interruptible or Authorized Oerrun service only if, based on Transporter's reasonable operating judgment and discretion, such service would not be expected to prevent Transporter from meeting its Firm obligations under this Operating Statement and under its Illinois Tariff.

- 9.8 Transporter shall schedule Confirmed Service Requests for Parking and Loaning service in accordance with Section 6.

SECTION 10. RATES

- 10.1 For service to or from any Receipt Point or Delivery Point for which a rate is not specified, the rate shall be the maximum rate. Transporter may periodically offer non-discriminatory discounting of maximum rates. Such discounted rates shall not exceed the applicable maximum rates, if any, or be less than the minimum rates, if any, approved by the Commission from time to time for the type of service rendered.
- 10.2 Shipper shall provide GLU in kind. The in kind GLU rate shall be 2.43% (.0243). GLU is assessed only on the transportation component of transactions.
- 10.3 Transporter reserves the right to seek authorization from the Commission to increase, decrease or restructure the maximum rates charged under this Operating Statement, including the GLU rate and charge, to assure Transporter's right to charge and collect fair and equitable rates under the Commission's applicable rules and regulations. Nothing herein shall be construed to deny any Shipper any rights that it may have under the Commission's rules and regulations to participate fully in rate or certificate proceedings to contest any proposed change in rates charged or this Operating Statement.
- 10.4 In the event of any unauthorized receipt or delivery of Gas quantities on any Day under this Operating Statement, Shipper causing such unauthorized use of service shall be charged the greater of: (1) any applicable pipeline charges or penalties incurred by Transporter as a result of Shipper's unauthorized use, or (2) (a) five dollars (\$5.00) per MMBtu on any (i) Non-Critical Day; (ii) Supply Surplus Day on which Shipper takes unauthorized receipts from Transporter's System; and (iii) Supply Shortage Day on which Shipper makes unauthorized deliveries to Transporter's System, or (b) sixty dollars (\$60.00) per MMBtu on any (i) Supply Surplus Day on which Shipper makes unauthorized deliveries to Transporter's System; and (ii) Supply Shortage Day on which Shipper takes unauthorized receipts from Transporter's System. Nothing shall

- prevent Transporter from waiving the Unauthorized Overrun charge or any portion of the charge on a non-discriminatory basis.
- 10.5 If Shipper taking Firm or Interruptible Transportation receives Gas from Transporter in excess of (overage quantity) or less than (underage quantity) the amount that Shipper delivered or caused to be delivered to Transporter, then Shipper shall pay Transporter 110% of the cashout charge for the overage quantity or Transporter shall pay Shipper 90% of the cashout charge for the underage quantity. The cashout charge shall be the arithmetic average of the daily prices published for the Month in which the deliveries occurred. The daily price shall be the price published in "Gas Daily" under the headings Daily Price Survey, Citygates, Chicago city-gates, Midpoint (average price in the Common range), or any successor to that index. On any Day that the index is unavailable, Transporter shall compute the cashout charge using the remaining Days.

SECTION 11. REGULATORY REQUIREMENTS

- 11.1 Service transactions under this Operating Statement must be interstate service eligible under, and shall be fully subject to, the applicable requirements of Section 284.224 of the Commission's rules and regulations, as they may be revised from time to time. Shipper's Request for Service shall constitute its warranty that Shipper satisfies such requirements, and Transporter shall have the right to request information from Shipper to verify its eligibility.

SECTION 12. PRESSURES

- 12.1 Transporter shall operate its System at pressures that shall normally permit the receipt and delivery of Gas scheduled for service under this Operating Statement. However, Transporter may, in its sole discretion, elect to effectuate such receipts and deliveries through the nomination and scheduling of Gas at the interconnection of its System with an interstate pipeline. Transporter shall have no obligation to receive or deliver Gas at pressures exceeding the maximum allowable operating pressures of its System or prescribed under any applicable governmental rules and regulations. Transporter shall have no obligation to make any physical receipts or deliveries that its System cannot accommodate.

SECTION 13. MEASUREMENT

- 13.1 All registrations and readings with respect to daily receipts and deliveries shall be as for the times nominated and recorded by the Gas measuring equipment of the applicable interstate pipeline to determine thermally equivalent volumes relating to the service supplied under this Operating Statement.

SECTION 14. QUALITY

- 14.1 All Gas received into or delivered from Transporter's System shall be pipeline quality Gas and shall meet the quality specifications, including hydrocarbon dewpoint and interchangeability, as required from time to time, of the interstate pipeline transporting such Gas to or from Transporter's System and any quality specifications required or authorized by the Illinois Commission for Transporter's System.

SECTION 15. BILLING, PAYMENT, ACCOUNTING, TAXES AND REPORTS

- 15.1 No later than the tenth (10th) day of each Month, Transporter shall issue an invoice to any Shipper taking service hereunder during the preceding Month. Such invoice shall specify the actual daily quantity of Gas associated with each such service transaction. In the event that actual quantities are not available to allow the timely issuing of such invoice, Transporter shall base the invoice on estimated quantities. Estimated quantities shall be subject to correction on the next monthly invoice.
- 15.2 On or before the twentieth (20th) day of any Month in which an invoice is issued, Shipper shall pay Transporter, in immediately available U.S. funds by wire transfer or automated clearinghouse as specified on Transporter's invoice, the amount due Transporter for service. However, for any delay in issuance of the invoice beyond the tenth (10th) day of the Month, Shipper shall have a corresponding number of days beyond the twentieth (20th) day of the Month to make such payment.
- 15.3 If Shipper fails to pay the amount of any invoice, in whole or in part, by the prescribed due date, then interest on the unpaid portion shall accrue at the lesser of the maximum lawful interest rate or the interest rate prescribed under the Commission's rules and regulations.
- 15.4 If Shipper shall in good faith dispute the amount of any invoice, Shipper shall pay the amount not in dispute and provide Transporter with documentation specifically describing the basis for its dispute. If, upon resolution of the dispute, it is determined that Shipper owes Transporter all or part of the disputed amount, Shipper shall pay, within ten (10) days of the resolution of the dispute, the amount found due and owing plus interest accrued from the due date determined at the rate specified in Section 15.3. Nothing in this Section 15.4 shall prevent Transporter from terminating service to Shipper for non-payment of the undisputed amounts of invoices rendered hereunder.
- 15.5 All invoices and payments, other than those related to Taxes, shall be final unless questioned within twelve (12) months from the date of such invoice or payment. Any error discovered as a result of a timely claim shall be corrected within thirty (30) days of the determination of such error.
- 15.6 Shipper shall reimburse Transporter for all Taxes that may be levied upon and/or paid by Transporter with respect to the service performed under this Operating Statement. Shipper shall be responsible for establishing

any exemption from Taxes and shall provide satisfactory evidence of such exemption to Transporter.

- 15.7 Shipper shall reimburse Transporter for any and all filing fees or related charges incurred by Transporter for the filing of any report or reports with any governmental agency or other body, including the Commission, with respect to the nature and timing of any service specifically provided to Shipper.

SECTION 16. CONTROL AND POSSESSION

- 16.1 Shipper shall be in exclusive control and possession of all Gas, and responsible for any damage, loss or injury caused thereby, before and at its delivery to Transporter at the Receipt Point and at and after its delivery by Transporter at the Delivery Point. After Transporter's receipt of Gas at the Receipt Point and until its delivery of Gas at the Delivery Point, Transporter shall be in exclusive control and possession of Gas and responsible for any damage, loss or injury caused thereby except for damage, loss or injury caused by Shipper's delivery of Gas to Transporter that does not meet the quality specifications set forth in Section 14.
- 16.2 Shipper shall indemnify and hold Transporter harmless from all suits, claims, damages, costs, including court costs and reasonable attorneys' fees, losses, expenses and encumbrances of whatever nature brought by any Person against Transporter with respect to Gas transported or scheduled to be stored and transported under this Operating Statement.

SECTION 17. WARRANTY OF TITLE

- 17.1 Shipper warrants that it shall have and maintain good and merchantable title or the right to deliver Gas for a third party owning good and merchantable title to all Gas tendered for service under this Operating Statement, including transfer of ownership and title to another Shipper, and that all such Gas shall be free and clear of all liens, encumbrances and adverse claims.
- 17.2 Shipper agrees with respect to the Gas delivered by it to Transporter to indemnify and hold Transporter harmless from all suits, claims, damages, costs, including court costs and reasonable attorneys' fees, losses, expenses and encumbrances of whatever nature brought by any Person against Transporter arising from or out of any adverse claims of any and all persons to or against such Gas.
- 17.3 At no time shall title transfer from Shipper to Transporter, except under an operational purchase by Transporter, as identified in Section 7.1.

SECTION 18. GOVERNMENT REGULATION

- 18.1 All of the provisions of this Operating Statement are expressly made subject to all present and future applicable federal, state or local laws, regulations, rules and orders of governmental authorities having

- jurisdiction. Except as otherwise provided, in the event any provision of this Operating Statement is found to be inconsistent with or contrary to any such federal, state or local laws, regulations, rules and orders, the latter shall be deemed to control and this Operating Statement, to the extent possible, shall be deemed modified accordingly and as so modified shall continue in full force and effect.
- 18.2 Shipper and Transporter recognize that Transporter has entered into transactions hereunder based on its good faith understanding that all acts, obligations and services performed or to be performed under this Operating Statement and the charges therefor, are exempt from the Commission's regulation, except as otherwise provided by Section 284.224 of the Commission's rules and regulations. If any governmental authority shall take any action that is, with respect to or as a result of this Operating Statement, designed to subject or otherwise subjects either party or any of its transmission, distribution or related facilities to any greater or different regulation or jurisdiction than that existing on the date any Service Agreement between the parties was entered into (or thereafter as such regulation or jurisdiction may have changed and been accepted by such party), then upon written notice to the other, the affected party may cancel and terminate such Service Agreement effective one (1) Day prior to the effective date of such governmental action without further obligation to the other party except (a) Shipper's obligation to pay amounts due and owing or to become due and owing for services rendered under the Service Agreement, and (b) to correct any Gas imbalance existing on the date of such cancellation and termination.

SECTION 19. FORCE MAJEURE

- 19.1 In the event that either Transporter or Shipper is rendered unable by reason of an event of *force majeure* to perform, in whole or in part, any obligation or commitment set forth in this Operating Statement, then upon such party giving notice and full particulars of such event as soon as practicable, by telephone followed by written confirmation, after the occurrence of the event, the obligations of both parties, except for unpaid financial obligations arising prior to such event of *force majeure*, shall be suspended to the extent and for the period of such *force majeure* condition.
- 19.2 The term "*force majeure*" as used in this Operating Statement means any causes not due to the fault of the party claiming *force majeure* beyond such party's reasonable control, including acts of God or a public enemy, strikes, riots, injunctions, or other interference through legal proceeding, breakage or accident to machinery or pipelines, interruptions or failures of any upstream or downstream pipelines relied upon to effectuate any service under this Operating Statement, washouts, earthquakes, storms, freezing of lines or wells, blowouts, or the compliance with applicable federal, state or local laws, regulations, rules and orders of governmental authorities having jurisdiction. The term "*force majeure*" shall not include

- (a) the failure or inability to obtain Gas; (b) for a Firm Transportation service, the curtailment or interruption of interruptible transportation by Shipper's upstream or downstream transporter; (c) the loss of Shipper's markets or Shipper's inability economically to use or resell Gas to be received by it under a Service Agreement; or (d) Transporter's ability to sell service to another Shipper at a more advantageous price.
- 19.3 Neither Transporter nor Shipper shall be entitled to the benefit of the provisions of this Section 19 to the extent that the failure was caused by the party claiming suspension having failed to remedy the condition by taking all reasonable acts or having failed to resume performance of such commitments or obligations with all reasonable dispatch. Nothing in this Section 19.3 shall require a party to engage in litigation to remedy an event of *force majeure*.
- 19.4 Settlement of strikes and lockouts shall be entirely within the discretion of the affected party. The requirement that any event of *force majeure* be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of those directly or indirectly involved in such strikes or lockouts.

SECTION 20. NOTICES

- 20.1 Except as otherwise provided in this Operating Statement, any communication, notice, request, demand, statement or invoice that any party may desire to give to the other party shall be in writing with the signature of an authorized representative and mailed by first class mail, sent by messenger, sent by reputable overnight courier or transmitted by facsimile to the address or facsimile number specified by the receiving party in the Service Agreement, as it may be changed from time to time by written notice to the other party.
- 20.2 Notice shall be deemed given when received on a Business Day by the receiving party. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission; if the day on which such facsimile is received is not a Business Day or is after 5:00 p.m. in the time zone of the receiving party on a Business Day, then such facsimile shall be deemed to have been received on the next Business Day. Notice by overnight courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice sent by first class mail shall be considered received three (3) Business Days after mailing. Notice sent by electronic mail, when permitted by this Operating Statement, shall be considered received upon the sending party's receipt of a delivery or read confirmation.

SECTION 21. CREDITWORTHINESS

- 21.1 Prior to execution of a Service Agreement, Shipper shall be required to establish creditworthiness with Transporter. Transporter shall not be required to: (a) execute a Service Agreement with any Shipper who fails to meet Transporter's standards for creditworthiness; (b) initiate service to any Shipper who fails to meet Transporter's standards for creditworthiness; or (c) continue service on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness.
- 21.2 The determination of Shipper's creditworthiness shall be based upon the level of service requested by Shipper and Transporter's review of financial reports (annual and interim) whereby Transporter will apply consistent financial statement analysis to determine the acceptability of Shipper's current and future financial strength. Transporter will analyze Shipper's balance sheets, income statements, cash flow statements, notes to financial statements, and auditor's notes along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability, among other things. Shipper's inability to provide financial reports will cause Shipper to be non-creditworthy. Transporter will also consider Standard & Poor's ("S&P") and Moody's Investors Service, Inc.'s ("Moody's") opinions, outlooks, watch alerts and rating actions and other credit reporting agencies in determining creditworthiness. In addition, to establish creditworthiness, Shipper must confirm in writing that Shipper is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement.
- 21.3 If Transporter deems Shipper non-creditworthy under its own evaluation, Transporter shall provide Shipper written notice of the reasons it has been deemed non-creditworthy.
- 21.4 If Shipper fails to establish or maintain creditworthiness under this Section 21, Shipper may still receive service subject to the following:
- 21.4.1 Shipper furnishes and maintains for the term of any Firm Service Agreement: (a) a written guaranty in a form satisfactory to Transporter from a third party that is creditworthy as determined above; (b) an irrevocable standby letter of credit in an amount not to exceed three (3) Months of reservation charges under the Service Agreement; (c) a pre-payment in an amount not to exceed a rolling three (3) Months of reservation charges under the Service Agreement; or (d) other security acceptable to Transporter.
- 21.4.2 Shipper furnishes and maintains for the term of any Interruptible Service Agreement: (a) a written guaranty in a form satisfactory to Transporter from a third party that is creditworthy as determined above; (b) an irrevocable standby letter of credit in an amount not to exceed three (3) Months of estimated service charges, including the value of Gas related to Gas loaned under Section 6; (c) a pre-

payment in an amount not to exceed three (3) Months of estimated service charges, including the value of Gas related to Gas loaned under Section 6; or (d) other security acceptable to Transporter.

- 21.4.3 If Transporter constructs new facilities to accommodate Shipper, Transporter may require Security in an amount up to the cost of the facilities.
- 21.5 For purposes of Security under this Section 21, the value of Gas shall be based on the average Chicago citygate Midpoint price as published in Platts Gas Daily or an acceptable successor publication. If Shipper becomes non-creditworthy after the Loan of Gas under Section 6 but prior to the related Park of Gas under Section 6, Transporter shall use the Chicago City Gate price for the Park period for the purpose of establishing the value of the Loaned Gas. In addition, the value of Gas that may be included in Security shall be limited to: (a) the outstanding value of any Gas Loaned to Shipper; and/or (b) the value of the Gas to be Loaned for the upcoming Month. This means that Shipper shall provide such Security to Transporter for the value of Gas that has already been Loaned and/or one Month's value of Gas to be Loaned, prior to each Month.
- 21.6 To permit Transporter to conduct a creditworthiness review, Shipper shall submit to Transporter the most recent audited annual and interim financial statements within sixty (60) days after the end of its first three fiscal quarters of each fiscal year, prepared in accordance with generally accepted accounting principles. If Shipper elects to provide an approved irrevocable standby letter of credit or pre-payment, Transporter shall waive the financial statement requirement.
- 21.7 Transporter shall have the right to review Shipper's creditworthiness on an ongoing basis and Shipper shall provide updated financial statements, annual and interim, within sixty (60) days after the end of its first three fiscal quarters of each fiscal year, in order to determine Shipper's continuing creditworthiness. Shipper shall have at least three (3) Business Days to respond to Transporter's request for financial statements. Upon review of Shipper's financial statements, Transporter shall determine if Shipper is creditworthy. If Shipper is determined to be non-creditworthy, Transporter may require Security as set forth in this Section 21. If Shipper fails to provide the required Security within this time period, Transporter may suspend service immediately. In addition, Transporter shall provide at least thirty (30) Days' written notice to Shipper that it shall terminate service if Shipper fails to provide the required Security.
- 21.8 Shipper shall have the right to request that Transporter reevaluate its credit status at any time, but in no event more frequently than once per twelve (12) months. If the Security requirements are terminated, and Shipper previously had provided Transporter a pre-payment, Shipper may elect either a refund or an invoice credit of its pre-payment.
- 21.9 Transporter may determine that Shipper is no longer creditworthy if, in its reasonable judgment, Shipper or its guarantor suffers a material adverse

- change in its financial condition such that Shipper's ability to perform its obligations to Transporter is materially impaired. A "material adverse change" may include, without limitation, default on indebtedness, restatement of financials, non-payment, change in ownership, downgrade from investment grade to non-investment grade, or withdrawal of ratings. If Shipper is no longer creditworthy, Transporter may require financial statements and, when applicable, Security as set forth in this Section 21. Shipper shall have the right to demonstrate that the material adverse change has been remedied and request that Transporter reevaluate Shipper's creditworthiness to determine whether the Security requirements can be terminated.
- 21.10 If Shipper is unable to maintain creditworthiness and has not provided Security, Transporter may suspend or terminate any executed Service Agreement(s) in accordance with this Section 21.

SECTION 22. MISCELLANEOUS

- 22.1 The provisions of a Service Agreement shall extend to the parties to the Service Agreement and to their successors and assigns, but neither party shall assign any of its rights or obligations under a Service Agreement without the other party's prior written consent.
- 22.2 A waiver by either party of any one or more defaults by the other in the performance of any provisions of a Service Agreement shall not operate as a waiver of any future default or defaults, whether of a like or different character.
- 22.3 The Service Agreement contains the entire agreement between the parties, and except as stated in the Service Agreement, there are no promises, agreements, warranties, obligations, assurances, or conditions precedent or otherwise affecting it.
- 22.4 Any change, modification, or alteration of a Service Agreement shall be in writing, signed by the parties to the Service Agreement, and no course of dealing or course of performance between the parties shall be construed to alter the terms of the Service Agreement.
- 22.5 The captions and headings in this Operating Statement and in the Service Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of the Operating Statement or the Service Agreement.
- 22.6 Transporter and Shipper agree that there is no third party beneficiary of any Service Agreement and that the provisions of a Service Agreement do not impart enforceable rights to anyone who is not a party.
- 22.7 THE SERVICE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. THE FORUM OF ANY LITIGATION SHALL BE BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION OR IN A STATE OR FEDERAL COURT LOCATED IN COOK COUNTY, ILLINOIS.

- 22.8 The terms of any Service Agreement shall be kept confidential by the parties, except for any required disclosure to a regulatory body, governmental entity or agency having jurisdiction. In case of such disclosure, the disclosing party shall attempt to obtain an appropriate protective order or enter into an appropriate protective agreement.
- 22.9 IN NO EVENT SHALL TRANSPORTER OR SHIPPER BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING OUT OF SERVICE PROVIDED UNDER THIS OPERATING STATEMENT.
- 22.10 Transporter reserves the right at any time to assign or otherwise delegate to any independent third party or a duly authorized agent any or all of the administrative duties associated with the services provided under this Operating Statement. No such delegation shall relieve Transporter of its obligations to Shipper.

TRANSPORTATION SERVICE REQUEST FORM

This Request for Service is made under The Peoples Gas Light and Coke Company's ("Transporter's") General Terms and Conditions of its Operating Statement under Section 284.224 of the Federal Energy Regulatory Commission's Regulations.

1. Shipper (exact legal name): _____
2. type of service (check one):
 Firm Transportation Interruptible Transportation
3. requested Maximum Daily Quantity: _____ MMBtu
4. requested rate:
 \$ ____/MMBtu reservation charge (Firm Transportation only)
 \$ ____/MMBtu commodity charge
5. requested term of service:

6.	Name	Maximum Daily Quantity:
Delivery Point(s):		
Receipt Point(s):		

7. on behalf of entity (check one): LDC interstate pipeline
- If Transporter accepts this request in whole or in part, it shall tender a Service Agreement to Shipper. The Request for Service shall be invalid if Shipper fails to execute the Service Agreement within ten (10) days after Transporter tenders the Service Agreement for execution.

By:
 Name:
 Title:
 Date:

Date received by Transporter: _____

STORAGE SERVICE REQUEST FORM

This Request for Service is made under The Peoples Gas Light and Coke Company's ("Transporter's") General Terms and Conditions of its Operating Statement under Section 284.224 of the Federal Energy Regulatory Commission's Regulations.

1. Shipper (exact legal name): _____
2. type of service (check one):
___ Firm Storage ___ Interruptible Storage
3. requested Maximum Storage Quantity: _____ MMBtu, which shall be 25 times the desired Maximum Daily Withdrawal Quantity
4. requested rate:
\$/_____/MMBtu reservation charge (Firm Storage only)
\$/_____/MMBtu capacity charge (Firm Storage only)
\$/_____/MMBtu commodity charge
5. requested term of service:
6. on behalf of entity (check one): _____ LDC _____ interstate pipeline

If Transporter accepts this request in whole or in part, it shall tender a Service Agreement to Shipper. The Request for Service shall be invalid if Shipper fails to execute the Service Agreement within ten (10) days after Transporter tenders the Service Agreement for execution.

By:
Name:
Title:
Date:

Date received by Transporter: _____

PARKING AND LOANING SERVICE REQUEST FORM

This Request for Service is made under The Peoples Gas Light and Coke Company's ("Transporter's") General Terms and Conditions of its Operating Statement under Section 284.224 of the Federal Energy Regulatory Commission's Regulations.

1. Shipper (exact legal name): _____
2. Days on which Shipper requests to Park Gas on Transporter's system or redeliver Gas previously loaned to Shipper by Transporter, quantity of Gas applicable to each Day and Receipt Point(s) or Delivery Point(s), as applicable:

Day	Quantity (MMBtu)	Receipt (R) or Delivery (D) Point(s)

3. Days on which Shipper requests to take delivery from Transporter Gas previously Parked by Shipper or take delivery of Gas being loaned by Transporter, quantity of Gas applicable to each Day and Receipt Point(s) or Delivery Point(s), as applicable:

Day	Quantity (MMBtu)	Receipt (R) or Delivery (D) Point(s)

4. Requested rate: \$_____/MMBtu commodity charge

If Transporter accepts this request in whole or in part, it shall tender a Service Agreement or a Confirmed Service Request, as applicable, to Shipper. The Request for Service shall be invalid if Shipper fails to execute the Service Agreement within ten (10) days after Transporter tenders the Service Agreement for execution or fails to execute the Confirmed Service Request prior to the nomination deadline for the Day on which service is to commence.

By:
Name:
Title:
Date:

Date received by Transporter: _____

Confirmed by Transporter: ___ Yes ___ No



Current Date:
Transaction Date:
Transaction Number:
Transaction Type: Error! No document var supplied.
Service Type:
Service Number:

TRANSACTION CONFIRMATION FOR IMMEDIATE DELIVERY

This Transaction Confirmation is subject to the Operating Statement Agreement between Transporter and Shipper. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Operating Statement Agreement.

Transporter:
Error! No document variable supplied.
Trader:

Shipper:
Trader:

Attn: Fuel and Supply Accounting
Phone: Error! No document variable supplied.

Attn: Confirmation Department
Phone: Error! No document variable supplied.
Error! No document variable supplied. Error! No document variable supplied. Error! No document variable supplied.

Fax: Error! No document variable supplied.
Error! No document variable supplied.

Fax: Error! No document variable supplied. Error!
No document variable supplied.

Error! No document variable supplied. **Delivers To:**
Delivery Period:
Fixed Quantity:
Commodity Charge: Error! No document variable supplied. per Error! No document variable supplied., for a subtotal of !Syntax Error, ! Error! No document variable supplied..
Delivery Point: Error! No document variable supplied.
Service Level:

Error! No document variable supplied. **Delivers To:**
Delivery Period:
Fixed Quantity:
Commodity Charge: Error! No document variable supplied. per Error! No document variable supplied., for a subtotal of !Syntax Error, ! Error! No document variable supplied..
Delivery Point: Error! No document variable supplied.
Service Level:

Special Conditions:
The Commodity Charge is shown as a monthly charge that is derived from charges provided in the Operating Statement Agreement. Unless Shipper and Transporter have agreed to a discounted rate under Section 10.1 of the Operating Statement, Shipper agrees to and shall pay Transporter, for service under this Service Agreement all applicable maximum rates and charges provided for in the Statement of Currently Effective Rates, as effective from time to time and subject to Section 10.3 of the Operating Statement. In no event shall Transporter charge Shipper a Commodity Charge that exceeds the maximum or is less than the minimum Commodity Charge permitted under the Statement of Currently Effective Rates.
Error! No document variable supplied.
Error! No document variable supplied. The rate is (check one): _____ discount _____ maximum

Transporter:
Error! No document variable supplied.

Signed By:

Signed Name:

Date:

Shipper:

Signed By:

Signed Name:

Date:

ID No.
(for Transporter's use only)

FORM OF FIRM TRANSPORTATION SERVICE AGREEMENT

This Agreement, dated _____, is entered into between The Peoples Gas Light and Coke Company ("Transporter") and _____ ("Shipper").

Transporter agrees to provide Firm Transportation service to Shipper in accordance with this Agreement and Transporter's General Terms and Conditions of its Operating Statement under Section 284.224 of the Federal Energy Regulatory Commission's Regulations, as such General Terms and Conditions may be revised from time to time. Such General Terms and Conditions and applicable rules and regulations of the Federal Energy Regulatory Commission are incorporated in and made a part of this Agreement by reference.

This Agreement shall be effective for a term commencing _____, 20____, and terminating on _____, 20____ inclusive of the commencement and ending Days.

The Maximum Daily Quantity shall be _____ MMBtu.

The rate shall be: \$____/MMBtu reservation charge
\$0.00/MMBtu commodity charge

Unless Shipper and Transporter have agreed to a discounted rate under Section 10.1 of the Operating Statement, Shipper agrees to and shall pay Transporter, for service under this Service Agreement all applicable maximum rates and charges provided for in the Statement of Currently Effective Rates, as effective from time to time and subject to Section 10.3 of the Operating Statement. In no event shall Transporter charge Shipper a rate that exceeds the maximum or is less than the minimum rate permitted under the Statement of Currently Effective Rates.

The rate is (check one): _____ discount _____ maximum

	Name	Maximum Daily Quantity
Delivery Point(s)		
Receipt Point(s)		

Notices to Shipper (not a P.O. Box)
shall go to:

Correspondence (except invoices)		Invoices	
Attn.:		Attn.:	
Phone:		Phone:	
Fax:		Fax:	

Notices to Transporter shall go to:

	The Peoples Gas Light and Coke Company 200 E. Randolph St. 23rd Floor Chicago, Illinois 60601
Attn.:	Hub Services
Fax:	(312) 373-4075

Wherefore, the parties have caused a duly authorized representative to execute this Agreement in duplicate.

SHIPPER

THE PEOPLES GAS LIGHT AND
COKE COMPANY

By:

By:

Name:

Name:

Title:

Title:

ID No.
(for Transporter's use only)

FORM OF INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT

This Agreement, dated _____, is entered into between The Peoples Gas Light and Coke Company ("Transporter") and _____ ("Shipper").

Transporter agrees to provide Interruptible Transportation service to Shipper in accordance with this Agreement and Transporter's General Terms and Conditions of its Operating Statement under Section 284.224 of the Federal Energy Regulatory Commission's Regulations, as such General Terms and Conditions may be revised from time to time. Such General Terms and Conditions and applicable rules and regulations of the Federal Energy Regulatory Commission are incorporated in and made a part of this Agreement by reference.

THIS AGREEMENT SHALL BE EFFECTIVE FOR AN INITIAL TERM OF ONE (1) YEAR COMMENCING THE DATE FIRST ABOVE STATED AND FROM MONTH TO MONTH THEREAFTER UNLESS TERMINATED BY EITHER PARTY ON THIRTY (30) DAYS PRIOR WRITTEN NOTICE TO THE OTHER AT THE END OF THE INITIAL TERM OR ANY MONTH TO MONTH EXTENSION OF SUCH INITIAL TERM.

The Maximum Daily Quantity shall be _____ MMBtu.

The rate shall be: \$_____/MMBtu commodity charge

Unless Shipper and Transporter have agreed to a discounted rate under Section 10.1 of the Operating Statement, Shipper agrees to and shall pay Transporter, for service under this Service Agreement all applicable maximum rates and charges provided for in the Statement of Currently Effective Rates, as effective from time to time and subject to Section 10.3 of the Operating Statement. In no event shall Transporter charge Shipper a rate that exceeds the maximum or is less than the minimum rate permitted under the Statement of Currently Effective Rates.

The rate is (check one): _____ discount _____ maximum

	Name	Maximum Daily Quantity
Delivery Point(s)		
Receipt Point(s)		

Notices to Shipper (not a P.O. Box)
shall go to:

Correspondence (except invoices)		Invoices	
Attn.:		Attn.:	
Phone:		Phone:	
Fax:		Fax:	

Notices to Transporter shall go to:

	The Peoples Gas Light and Coke Company 200 E. Randolph St. 23rd Floor Chicago, Illinois 60601
Attn.:	Hub Services
Fax:	(312) 373-4075

Wherefore, the parties have caused a duly authorized representative to execute this Agreement in duplicate.

SHIPPER

THE PEOPLES GAS LIGHT AND
COKE COMPANY

By:

By:

Name:

Name:

Title:

Title:

ID No.
(for Transporter's use only)

FORM OF FIRM STORAGE SERVICE AGREEMENT

This Agreement, dated _____, is entered into between The Peoples Gas Light and Coke Company ("Transporter") and _____ ("Shipper").

Transporter agrees to provide Firm Storage service to Shipper in accordance with this Agreement and Transporter's General Terms and Conditions of its Operating Statement under Section 284.224 of the Federal Energy Regulatory Commission's Regulations, as such General Terms and Conditions may be revised from time to time. Such General Terms and Conditions and applicable rules and regulations of the Federal Energy Regulatory Commission are incorporated in and made a part of this Agreement by reference.

This Agreement shall be effective for a term commencing March 1, 20____, and terminating on February 28/29, 20____, inclusive of the commencement and ending Days.

The Maximum Storage Quantity shall be _____ MMBtu.

The rate shall be: \$____/MMBtu reservation charge

\$____/MMBtu capacity charge

\$____/MMBtu commodity charge

Unless Shipper and Transporter have agreed to a discounted rate under Section 10.1 of the Operating Statement, Shipper agrees to and shall pay Transporter, for service under this Service Agreement all applicable maximum rates and charges provided for in the Statement of Currently Effective Rates, as effective from time to time and subject to Section 10.3 of the Operating Statement. In no event shall Transporter charge Shipper a rate that exceeds the maximum or is less than the minimum rate permitted under the Statement of Currently Effective Rates.

The rate is (check one): _____ discount _____ maximum

Notices to Shipper (not a P.O. Box) shall go to:

Correspondence (except invoices)		Invoices	
Attn.:		Attn.:	

Phone:		Phone:	
Fax:		Fax:	

Notices to Transporter shall go to:

	The Peoples Gas Light and Coke Company 200 E. Randolph St. 23rd Floor Chicago, Illinois 60601
Attn.:	Hub Services
Fax:	(312) 373-4075

Wherefore, the parties have caused a duly authorized representative to execute this Agreement in duplicate.

SHIPPER

THE PEOPLES GAS LIGHT AND COKE
COMPANY

By:

By:

Name:

Name:

Title:

Title:

FORM OF INTERRUPTIBLE STORAGE SERVICE AGREEMENT

This Agreement, dated _____, is entered into between The Peoples Gas Light and Coke Company ("Transporter") and _____ ("Shipper").

Transporter agrees to provide Interruptible Storage service to Shipper in accordance with this Agreement and Transporter's General Terms and Conditions of its Operating Statement under Section 284.224 of the Federal Energy Regulatory Commission's Regulations, as such General Terms and Conditions may be revised from time to time. Such General Terms and Conditions and applicable rules and regulations of the Federal Energy Regulatory Commission are incorporated in and made a part of this Agreement by reference.

THIS AGREEMENT SHALL BE EFFECTIVE FOR AN INITIAL TERM OF ONE (1) YEAR COMMENCING THE DATE FIRST ABOVE STATED AND FROM MONTH TO MONTH THEREAFTER UNLESS TERMINATED BY EITHER PARTY ON THIRTY (30) DAYS PRIOR WRITTEN NOTICE TO THE OTHER AT THE END OF THE INITIAL TERM OR ANY MONTH TO MONTH EXTENSION OF SUCH INITIAL TERM.

The Maximum Storage Quantity shall be _____ MMBtu.

The rate shall be: \$____/MMBtu commodity charge

Unless Shipper and Transporter have agreed to a discounted rate under Section 10.1 of the Operating Statement, Shipper agrees to and shall pay Transporter, for service under this Service Agreement all applicable maximum rates and charges provided for in the Statement of Currently Effective Rates, as effective from time to time and subject to Section 10.3 of the Operating Statement. In no event shall Transporter charge Shipper a rate that exceeds the maximum or is less than the minimum rate permitted under the Statement of Currently Effective Rates.

The rate is (check one): _____ discount _____ maximum

Notices to Shipper (not a P.O. Box) shall go to:

Correspondence (except invoices)		Invoices	
Attn.:		Attn.:	
Phone:		Phone:	
Fax:		Fax:	

Notices to Transporter shall go to:

	The Peoples Gas Light and Coke Company 200 E. Randolph St. 23rd Floor Chicago, Illinois 60601
Attn.:	Hub Services
Fax:	(312) 373-4075

Wherefore, the parties have caused a duly authorized representative to execute this Agreement in duplicate.

SHIPPER

THE PEOPLES GAS LIGHT AND COKE
COMPANY

By:

By:

Name:

Name:

Title:

Title:

FORM OF PARKING AND LOANING SERVICE AGREEMENT

This Agreement, dated _____, is entered into between The Peoples Gas Light and Coke Company ("Transporter") and _____ ("Shipper").

Transporter agrees to provide Parking and Loaning service to Shipper in accordance with this Agreement, each Confirmed Service Request and Transporter's General Terms and Conditions of its Operating Statement under Section 284.224 of the Federal Energy Regulatory Commission's Regulations, as such General Terms and Conditions may be revised from time to time. Such General Terms and Conditions and applicable rules and regulations of the Federal Energy Regulatory Commission are incorporated in and made a part of this Agreement by reference.

THIS AGREEMENT SHALL BE EFFECTIVE FOR AN INITIAL TERM OF ONE (1) YEAR COMMENCING THE DATE FIRST ABOVE STATED AND FROM MONTH TO MONTH THEREAFTER UNLESS TERMINATED BY EITHER PARTY ON THIRTY (30) DAYS PRIOR WRITTEN NOTICE TO THE OTHER AT THE END OF THE INITIAL TERM OR ANY MONTH TO MONTH EXTENSION OF SUCH INITIAL TERM.

The rate, quantities of Gas, Days on which Parking and Loaning activity shall occur, Delivery Point(s) and Receipt Point(s) for each Parking and Loaning transaction shall be as stated in the Confirmed Service Request.

Notices to Shipper (not a P.O. Box) shall go to:

Correspondence (except invoices)		Invoices	
Attn.:		Attn.:	
Phone:		Phone:	
Fax:		Fax:	

Notices to Transporter shall go to:

	The Peoples Gas Light and Coke Company 200 E. Randolph St. 23rd Floor Chicago, Illinois 60601
Attn.:	Hub Services
Fax:	(312) 373-4075

Wherefore, the parties have caused a duly authorized representative to execute this Agreement in duplicate.

SHIPPER

THE PEOPLES GAS LIGHT AND COKE
COMPANY

By:

By:

Name:

Name:

Title:

Title:

The Peoples Gas Light and Coke Company
 General Terms and Conditions
Statement of Currently Effective Rates

Under Section 10 of these General Terms and Conditions, following is a statement of Transporter's currently effective maximum and minimum charges for service hereunder:

	<u>Maximum per MMBtu</u>	<u>Minimum per MMBtu</u>
<u>Interruptible Transportation Service:</u>		
commodity charge	\$0.1215	\$0.0000
<u>Firm Transportation Service:</u>		
reservation charge	\$3.6951 per month	\$0.0000
commodity charge	\$0.0000	\$0.0000
<u>Authorized Overrun Service:</u>		
commodity charge	\$0.1215	\$0.0000
<u>Interruptible Storage Service:</u>		
commodity charge	\$0.1157	\$0.0001
<u>Firm Storage Service:</u>		
reservation charge	\$3.4325 per month	\$0.0000
capacity charge	\$0.0823	\$0.0000
commodity charge	\$0.0470	\$0.0002
<u>Parking and Loaning Service:</u>		
commodity charge	\$0.2372	\$0.0002

The in kind GLU rate shall be 2.43% (.0243).

The charge for Unauthorized Overrun is determined in accordance with Section 10.4.