

SMALL VOLUME FIRM/INTERRUPTIBLE TRANSPORTATION SERVICE**Availability**

Available to any firm customer whose peak day requirements are less than 2,000 therms for the delivery of gas owned by the customer from a CenterPoint Energy Town Border Station(s) to a meter location on the customer's premise.

Rate

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Less than 120,000 Therms	\$155.50		
Firm Volumes		\$0.15354	\$0.07984
Interruptible Volumes		\$0.12421	\$0.00000
Greater than or equal to 120,000 Therms	\$ 188.50		
Firm Volumes		\$0.15354	\$0.07984
Interruptible Volumes		\$0.11497	\$0.00000

Special Conditions

- 1) Customer must elect this service for a minimum period of one year.
- 2) Customer will provide CenterPoint Energy's Transportation Services Department in writing (or by electronic communication) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.
- 3) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing transportation services to the customer. This investment shall remain the property of CenterPoint Energy.
- 4) If customer is an existing customer, taking services under the firm sales service tariff, the customer is responsible for stranded Cost of Gas Demand Charge shown above. However, CenterPoint Energy would forego the Cost of Gas Demand Charge as set forth above, provided that CenterPoint Energy can either utilize or reduce its transportation obligations such that there will be no stranded cost for the remaining firm service customers.

Therm Factor Adjustment

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

SMALL VOLUME FIRM/INTERRUPTIBLE TRANSPORTATION SERVICE (CONTINUED)**Special Conditions Firm Volumes:**

1. Customer will initially elect a base level of daily firm service and may request changes on or before September 1 of each year. This base level becomes effective with the subsequent November billing month and remains in effect for one year. The minimum base level of daily firm service will be 25 therms.
2. The first volume through the meter, on a daily basis, are firm volumes until the base level of firm is reached. All volumes used after the base level is reached are interruptible volumes.

Special Conditions Interruptible Volumes:

1. Customer must have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or customer further agrees to curtail the use of interruptible gas on one (1) hour's notice when requested by CenterPoint Energy.
2. If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:
 - a) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus \$1.00 per therm.
 - b) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus \$2.00 per therm.
 - c) Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Nomination:

Customer requesting volumes to flow on the first day of any month must directly advise CenterPoint Energy's Transportation Services Department in writing (by facsimile or email), by 9:00 a.m. Central Standard Time, five (5) working days prior to the end of the preceding month, of the initial daily volumes to be delivered on its behalf from the Town Border Station to the customer's premise.

Customer requesting changes to scheduled deliveries commencing at 9:00 a.m. Central Clock Time (CCT), must directly advise CenterPoint Energy's Transportation Services Department in writing (by facsimile), by 9:00 a.m. CCT, on the preceding day (24 hours in advance), of the volumes to be delivered on its behalf from the Town Border Station to the customer's premise. CenterPoint Energy will utilize reasonable efforts to accommodate changes requested after the deadline.

Customer will provide CenterPoint Energy's Transportation Services Department with a concurrent copy of all nominations made to the transporting pipeline for deliveries nominated to CenterPoint Energy's Town Border Station(s).

SMALL VOLUME FIRM/INTERRUPTIBLE TRANSPORTATION SERVICE (CONTINUED)**Balancing:**

To maintain the operational integrity of CenterPoint Energy's distribution system, the customer is responsible for:

- 1) Scheduling deliveries which accurately reflect customer's expected total daily consumption; and
- 2) Balancing deliveries to CenterPoint Energy's system with volumes consumed at the delivery point.

Daily Balancing:

When daily volumes of natural gas delivered on behalf of customer to CenterPoint Energy's Town Border Station receipt points or natural gas received at customer's designated delivery point differ, above or below daily scheduled volumes, the customer is out-of-balance. It is the customer's sole responsibility to maintain balance between nominated volumes and actual use, however, CenterPoint Energy reserves the right to adjust or refuse nominations to maintain balance.

Volume differences between daily receipts and deliveries shall be accumulated and recorded in customer's account. CenterPoint Energy shall determine the imbalance quantity for each day on a therm basis. CenterPoint Energy shall then account for the imbalance volumes as follows:

- 1) Non-SUL/SOL/CRITICAL DAYS – When a customer's scheduled deliveries to the Company differ from daily consumption by more than 5%, the customer will be charged Northern Natural Gas Company's maximum TI rate per therm for each imbalance therm. The current maximum TI rate is:

November-March	\$0.06083 per therm
April-October	\$0.02504 per therm
- 2) SUL Days – On days in which Northern Natural Gas Company declares a System Under run Limitation (SUL), the 5% daily imbalance tolerance will be suspended and a daily charge of \$.10 per therm for each therm of consumption less than the confirmed nomination will be charged. If consumption is greater than the confirm nomination, there is no charge.
- 3) SOL days – On days in which Northern Natural Gas Company declares a System Overrun Limitation (SOL), the 5% of daily imbalance tolerance will be suspended and daily charges for each therm of consumption greater than the confirmed nomination will apply as follows:
 - a) For consumption up to 105% of confirmed nomination, \$.10 per therm.
 - b) For consumption greater than 105% of confirmed nomination, \$1.090 per therm. If consumption is less than the confirmed nomination, there is no charge.
- 4) Critical Days – On days in which Northern Natural Gas Company declares a Critical Day, a charge equal to the daily delivery variance charge (DDVC) of the pipeline will apply to those volumes in excess of the confirmed nomination level. Currently, this charge is as much as \$11.30 per therm.

Customers transporting into CenterPoint Energy's system on pipelines other than Northern Natural Gas will be subject to daily imbalance tolerances and fees as specified in those pipeline's FERC approved tariffs, in lieu of the tolerances and fees specified above. As Northern revises this rate schedule, the Company's rate will be adjusted accordingly after receiving Commission approval.

Monthly Balancing:

Volume differences between monthly receipts and deliveries shall be accumulated and recorded in customer's account. CenterPoint Energy shall determine the imbalance quantity for each month on a therm basis. CenterPoint Energy shall then account for the imbalance volumes as follows:

SMALL VOLUME FIRM/INTERRUPTIBLE TRANSPORTATION SERVICE (CONTINUED)

- 1) For negative imbalances on Northern Natural Gas Pipeline – when a customer's monthly consumption exceeds total deliveries to CenterPoint Energy for that customer by more than 2%, the excess usage will be billed to the customer at 120% of the monthly index price plus transportation charges. The monthly index price shall equal the average daily price reported in *Platts Gas Daily* for deliveries into Northern Natural Gas Pipeline at Ventura. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for interruptible transportation service. For negative imbalances less than or equal to 2%, the excess usage will be billed at 100% of the monthly index price plus transportation charges.
- 2) For positive imbalances on Northern Natural Gas Pipeline – when a customer's total monthly deliveries exceed customer's monthly consumption by more than 2%, the dollar value of the excess gas deliveries will be credited to the customer's account at 80% of the monthly index price plus transportation charges. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for firm transportation service. For positive imbalances less than or equal to 2%, the excess usage will be credited at 100% of the monthly index price plus transportation charges.
- 3) Customers transporting into CenterPoint Energy's system on Viking Pipeline will be subject to monthly imbalance tolerances and fees as specified in that pipeline's FERC approved tariffs, in lieu of the tolerances and fees specified above. The monthly index price shall equal the average daily price reported for deliveries into Emerson.

Failure of Transportation Supply:

If a customer or a customer's supplier notified CenterPoint Energy that it will be unable to deliver volumes to CenterPoint Energy's Town Border Station sufficient to meet daily consumption, CenterPoint Energy will use reasonable efforts to make gas available to the customer. Such gas will be charged to the customer at the highest incremental supply cost for the day plus the commodity cost of interruptible transportation plus applicable Daily Balancing Fees. If CenterPoint Energy is unable to obtain a replacement for the customer's transportation supply, the customer will be given the option to discontinue the use of gas or to incur the penalty associated with the unauthorized use of gas.

Penalty for Unauthorized Gas Use:

If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

- 1) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus \$1.00 per therm.
- 2) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus \$2.00 per therm.

For purposes of this provision, the gas year is the twelve-month period beginning November 1 each year. Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or \$1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is \$10.00 or less. All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

SMALL VOLUME FIRM/INTERRUPTIBLE TRANSPORTATION SERVICE (CONTINUED)**Gas Affordability Rider:**

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider, Section V, pages 25-25.b.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Adjustment Rider, Section V, page 13.

Revenue Decoupling Rider:

All customer bills under this rate are subject to the Revenue Decoupling Rider, Section V, pages 28-28.a.

Contract:

Customer must sign a separate contract for Transportation Service to each delivery point. The minimum contract for Firm Transportation Service is one (1) year.

Customer is obligated to provide a copy of all contracts used to procure and deliver natural gas to CenterPoint Energy's Town Border Station(s). Such contracts must be with suppliers who can demonstrate actual firm gas supplies under contract. Customer is not required to provide price information.