

SCHEDULE “2”

Southern Unbundled Terms and Conditions

1 RECEIPT AND DISTRIBUTION SERVICES

Customer must nominate a quantity of Gas to be received by Union, quantities to be delivered by Union to the Points of Consumption, and quantities into or out of storage. Union is not obligated to receive or deliver any Gas not properly nominated.

Proper Nomination has defined time periods, and must be such that it does not exceed the maximum contract parameters (i.e. injection, withdrawal, space etc). A Nomination that has been accepted by Union and exceeds contract parameters does not constitute authorized overrun. Unless specifically authorized by Union in advance, Nominations exceeding contract parameters will be billed as unauthorized overrun.

1.01 Receipt Point Obligations

Union agrees to receive a quantity of Gas at the Points of Receipt identified in Schedule 1, provided Union is not obligated to accept quantities of Gas that exceed any of the following:

- a) the location specific Receipt Point DCQ;
- b) the amount properly nominated by Customer to Union for receipt by Union;
- c) an amount that would result in Customer exceeding the Standard Storage Space or the Standard Peaking Space;
- d) an amount that would result in Customer exceeding the Firm Injection Entitlement.

Customer may nominate more than the DCQ for a specific Receipt Point listed in Schedule 1 as long as the total amount of Gas nominated does not exceed Customer’s total DCQ listed in Schedule 1. Any amounts nominated in excess of the DCQ for a specific Receipt Point is interruptible. Subject to the Parkway Call, and provided Customer meets its daily consumption requirements, Customer may nominate less than the DCQ for a specific Receipt Point without authorization from Union.

1.02 Distribution of Gas

Union agrees to distribute a quantity of Gas to each Point of Consumption. In the case of Rates U5, U7 and U9 such quantity shall not exceed the Maximum Hourly Volume parameter or the sum of Firm Contract Demand and Interruptible Contract Demand, or the Firm Contract Demand only when an interruption is in effect.

2 PARKWAY CALL

Between November 1st and March 31st, Union has the right to require Customer to deliver all of the Parkway Call Quantity at Parkway for the number of days listed in Schedule 1. Customer will be notified on the Day immediately preceding the Day for which the Parkway Call is required. Customer, when notified by Union, shall nominate and deliver the Parkway Call Quantity and re-nominate to balance all of its Receipts and Storage with its Deliveries.

3 STORAGE SERVICES

Storage services are comprised of Standard Storage Service (SSS) and Standard Peaking Service (SPS). Standard Storage Service is available to all unbundled contracts. Standard Peaking Service is only available to Rate U2. SSS and SPS are independent services with their own contracted Space, Injection, and Withdrawal parameters.

On a daily basis Union shall adjust Customer's storage inventory by the sum of the injection and withdrawal quantities for which a commodity charge applies.

On a daily basis Union shall reduce Customer's storage inventory by the product derived from the sum of the injection and withdrawal quantities for which a commodity charge applies, multiplied by the Fuel Ratio specified in the Rate Schedule.

3.01 Storage Overrun

Unless Union specifically provides written authorization to exceed contracted storage parameters, any excess shall be unauthorized overrun and, in addition to any other remedies Union may pursue, Customer shall incur charges as referenced in the Rate Schedule. If on any day the Gas storage balance is less than zero, the negative balance Gas shall be deemed to be sold to Customer in storage, at a price equal to the Banked Gas Purchase rate in the R1 Rate Schedule.

3.02 SSS Injection

Union agrees to inject a quantity of Gas to storage, provided Union is not obligated to inject a quantity of Gas that exceeds the sum of Customer's SSS Firm Injection Entitlement plus Customer's Incremental Firm Injection Entitlement, or such a quantity that would result in Customer exceeding Customer's SSS Space.

The SSS Firm Injection Entitlement decreases as Customer's storage inventory balance increases. The parameters in Schedule 1 have been determined in accordance with the following table and rounded to the nearest whole number.

The SSS Incremental Firm Injection Entitlement remains constant and does not change with Customer's Inventory Balance.

Inventory Balance	Firm Injection Entitlement equals
≤ 80% of SSS Space	0.75% of SSS Space
> 80% of SSS Space	0.50% of SSS Space

3.03 SSS Withdrawal

Union agrees to withdraw a quantity of Gas from storage, provided Union is not obligated to withdraw a quantity of Gas that exceeds the sum of Customer's SSS Firm Withdrawal

Entitlement plus Customer's Incremental Firm Withdrawal Entitlement or exceeds the quantity of Gas remaining in Customer's SSS Space.

The SSS Firm Withdrawal Entitlement decreases as Customer's storage inventory balance decreases. The parameters in Schedule 1 have been determined in accordance with the following table and rounded to the nearest whole number.

The SSS Incremental Firm Withdrawal Entitlement remains constant and does not change with Customer's Inventory Balance.

Inventory Balance	Firm Withdrawal Entitlement equals
≥ 20% of SSS Space	1.2% of SSS Space
< 20% of SSS Space	0.8% of SSS Space

3.04 SPS Injection

Union agrees to inject a quantity of Gas to storage, provided Union is not obligated to inject a quantity of Gas that exceeds Customer's SPS Firm Injection Entitlement or such quantity that would result in Customer exceeding the SPS Firm Storage Space.

The SPS Firm Injection Entitlement decreases as Customer's storage inventory balance increases. The parameters in Schedule 1 have been determined in accordance with the following table and rounded to a whole number.

Time Period	Inventory Balance	Firm SPS Injection Entitlement equals
April 1 to October 31	≤ 80% of SPS Space	0.75% of SPS Space
April 1 to October 31	> 80% of SPS Space	0.5% of SPS Space
November 1 to March 31	Any balance in SPS Space	5% of SPS Space

3.05 SPS Withdrawal

Union agrees to withdraw a quantity of Gas from storage, provided Union is not obligated to withdraw a quantity of Gas that exceeds Customer's SPS Firm Withdrawal Entitlement or the quantity of Gas remaining in Customer's SPS space.

The SPS Firm Withdrawal Entitlement parameters in Schedule 1 have been determined in accordance with the following table and rounded to the nearest whole number.

SPS withdrawals are for the sole purpose of meeting the Market Required Nomination.

Time Period	Temperature	Inventory balance	Firm or Interruptible	Withdrawal Entitlement
November 1 to February 29	-4°C or colder	> 20% of SSS Space	Firm	10% of SPS Space
November 1 to February 29	-4°C or colder	≤ 20% of SSS Space	Not Available	Zero
November 1 to February 29	Warmer than -4°C	Any	Not Available	Zero
March 1-31	-4°C or colder	Any	Interruptible	10% of SPS Space
March 1-31	Warmer than -4°C	Any	Not Available	Zero

3.06 Significant Reduction in Points of Consumption

Notwithstanding Section 3 of the General Terms and Conditions, if all, or substantially all, of the Points of Consumption on this Contract are removed from this Contract at any time during the term hereof, this Contract may, at Union's sole and unfettered discretion, immediately terminate subject to Section 3.07 of this Schedule 2.

3.07 Disposition of Gas at Contract Termination

If this Contract terminates or expires and Customer does not have a contract for Storage Service with Union then, except as authorized by Union, no positive storage balance shall be allowed. Unless otherwise agreed to by Union, any positive storage balance remaining as of such date of termination or expiry shall incur a charge equivalent to the Unauthorized Storage Space Overrun rate in the Rate Schedule. Customer shall incur such charge until the balance has been reduced to zero.

4 CONSUMPTION TRUE-UP

This Section only applies to U2 service. At the end of each month, Union will calculate the difference between what Customer has supplied and the quantity of Gas consumed at the Points of Consumption. This difference will be placed in a Consumption True-up Account (CTA) on the 5th Gas Day of the current month. Customer is responsible for reducing this balance to zero by the 15th Gas Day of the current month. Any balance remaining after the 15th Gas Day will be transferred to Customer's Hub Contract.

5 MARKET REQUIRED NOMINATION (MRN)

This Section only applies to U2 service. The Market Required Nomination is a daily value Union will use to populate Customer's Nomination in Unionline. It represents the expected contract demand plus an adjustment to true up for the actual weather compared to the forecasted weather used for prior MRN(s). The expected contract demand is based on historical use adjusted for any forecast or known weather impacts.

6 NOMINATION IMBALANCES

This section does not apply to U2 service.

The term "Operational Variance" means the variance on any day between the quantity nominated for a Point of Consumption and the actual quantity consumed at such Point of Consumption.

The term "Nomination Variance" means the sum of the Operational Variances for all Points of Consumption.

On a daily basis Union will post Customers Nomination Variance on Unionline. The Nomination Variance must be the first Gas nominated and cleared by Customer at the next available nomination window and cannot be carried forward to a subsequent Gas Day.

At the end of each month Customer will be charged for each day that the Nomination Variance has exceeded the Service tolerances. The charges and tolerances are as defined in the Rate Schedule.

7 CUSTOMER'S FAILURE TO DELIVER GAS

If on any Day, for any reason, including an instance of Force Majeure, Customer fails to supply the MRN or satisfy a Parkway Call to Union then such event shall constitute a Failure to Deliver as defined in the General Terms and Conditions. A charge equivalent to the Failure to Deliver rate in the R1 Rate Schedule shall apply to the quantity Customer fails to deliver.

For Gas that should have been received, Union may make reasonable attempts, but is not obligated to acquire an alternate supply of Gas ("Alternate Supply Gas"). Union's costs and expenses associated with acquiring Alternate Supply Gas will be payable by Customer. For greater certainty, payment of the Failure to Deliver charge is independent of and shall not in any way influence the calculation of Union's costs and expenses associated with acquiring the said Alternate Supply Gas.

7.01 Notice of Failure

Each Party shall advise the other by the most expeditious means available as soon as it becomes aware that such failure has occurred or is likely to occur. Such notice may be oral, provided it is followed by written Notice.

8 MINIMUM ANNUAL VOLUME

This Section 8 applies only to Service under Rates U5 and U7. Service under Rates U5 and U7 require Customer to take or pay for the minimum annual volume stated in Schedule 1. The formula for determination of such payment is defined in this Section 8.

8.01 Adjusted Minimum Annual Volume (“AMAV”) For Rate U5

This Section 8.01 applies only to Service under Rate U5.

In each Contract Year, Customer shall consume or in any event pay for the adjusted minimum annual volume (“AMAV”), where the minimum annual volume (“MAV”) is defined in Schedule 1. The AMAV shall not be less than the qualifying annual volume defined in the Rate Schedule.

The payment required for the quantity not consumed in any Contract Year (the "Deficiency Volume") shall be calculated by multiplying the Deficiency Volume by the charge specified in the Rate Schedule. Payment will be invoiced in the month following the end of the Contract Year.

The Deficiency Volume is calculated according to the following formula:

Deficiency Volume = AMAV-C (where C is not greater than AMAV)

Where:

AMAV = adjusted Minimum Annual Volume in m³ and shall not be less than the qualifying annual volume defined in the Rate Schedule

$$= \sum_{i=1}^n CD_i (U_i - d_i) z_i / y$$

n = number of "Periods" in the Contract Year where "Period" is defined as that portion of the Contract Year in which a particular CD is in effect

CD = specified Contract Demand(s) in effect

U = specified Days Use of Contract Demand(s) in effect

d = number of days of interruption or curtailment during the Period

z = number of days in the Period

y = 365; or in the event that February 29 falls into any Period(s) in the Contract Year, then y = 366

And where:

C = volumes credited against Minimum Annual Volume in m³

$$= (V - o)$$

V = total volume taken over all Periods in the Contract Year in m³

o = total Authorized or Unauthorized Overrun Gas taken over all Periods in the Contract Year in m³

8.02 Firm Minimum Annual Volume Rate U7

This Section 8.02 applies only to Service under Rate U7.

In each Contract Year, Customer shall consume or, in any event, pay for the Firm Minimum Annual Volume (“FMAV”) as adjusted in the formula below. The payment required for the firm quantity not consumed in any Contract Year (the "Firm Deficiency Volume" or “FDV”) shall be calculated by multiplying FDV by the Firm Delivery Commodity Charge as of the last day of the Contract Year. This payment would only apply if the FDV was greater than zero.

Where:

$$\mathbf{FDV} = [\mathbf{FMAV} \times [(\mathbf{U} - \mathbf{D}_F) / \mathbf{U}]] - [\mathbf{FV} - (\mathbf{F} + \mathbf{O})]$$

And:

FMAV	=	Firm Minimum Annual Volume (as identified in Schedule 1)
U	=	number of days in the Contract Year
D _F	=	number of days of Force Majeure in the Contract Year where Service is curtailed below the Firm Contract Demand, then in effect
FV	=	total Firm volume taken in the Contract Year
F	=	volumes delivered to the Points of Consumption during Force Majeure
O	=	total Authorized and/or Unauthorized Overrun Gas taken in the Contract Year

8.03 Interruptible Minimum Annual Volume Rate U7

This Section 8.03 applies only to Service under Rate U7.

In each Contract Year, Customer shall consume or, in any event, pay for the Interruptible Minimum Annual Volume (“IMAV”) as adjusted in the formula below. The payment required for the interruptible quantity not consumed in any Contract Year (the "Interruptible Deficiency Volume" or “IDV”) shall be calculated by multiplying the IDV by the Interruptible Delivery Commodity Charge as of the last day of the Contract Year. This payment would only apply if the IDV was greater than zero.

Where:

$$\mathbf{IDV} = [\mathbf{IMAV} \times [(\mathbf{U} - \mathbf{D}_I) / \mathbf{U}]] - [\mathbf{IV} - (\mathbf{F} + \mathbf{O})]$$

And:

IMAV	=	Interruptible Minimum Annual Volume (as identified in Schedule 1)
U	=	number of days in the Contract Year
D _I	=	number of days of Force Majeure or interruption in the Contract Year where service is curtailed below the Firm Contract Demand, then in effect

- IV = total interruptible volume taken in the Contract Year
- F = volumes delivered to the Points of Consumption during Force Majeure or periods of interruption or curtailment
- O = total Authorized and/or Unauthorized Overrun Gas taken in the Contract Year

8.04 Qualifying Annual Volume

This Section 8.03 applies only to Service under Rate U7

The sum of the adjusted FMAV and adjusted IMAV shall not be less than the qualifying annual volume defined in the Rate Schedule.