

## **RATE 285** **SCHOOL/GOVERNMENT POOLING SERVICE**

### **APPLICABILITY**

School/Government Pooling Service is an optional service applicable to any School/Government Supplier that has applied for and been approved under the Creditworthiness Standards and Requirements herein.

### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of School/Government Pooling Service for Rate 225, School/Government Transportation Service Customers.

School/Government Supplier shall deliver to the Company gas supplies needed to satisfy the daily and monthly usage requirement of School/Government Supplier's Pool Customers in accordance with the requirements set forth in this Rate Schedule, Appendix J, and the School/Government Pooling Agreement. Pooling will not be permitted across multiple operational systems or transportation programs unless approved in advance by Company.

School/Government Supplier shall provide nominations for its aggregated School/Government Pool Customers' deliveries. For purposes of calculating daily imbalances, the School/Government Pool's DDQ will be matched against the School/Government Supplier's total pipeline deliveries for such Pool.

School/Government Supplier shall be responsible for complying with Operational Flow Orders, daily balancing, and the payment of any daily imbalance Cashouts, and applicable charges.

Imbalance trading provided for in Appendix J allows School/Government Supplier to trade imbalances to minimize otherwise applicable imbalance charges.

### **SUMMARY OF CHARGES**

School/Government Supplier's Bill shall be rendered monthly, and shall consist of the following charges, as applicable:

**Financial Evaluation Fee:**

\$50 for the initial and each subsequent School/Government Supplier financial evaluation performed by Company.

**Administrative Fee:** School/Government Supplier shall be assessed a monthly Administrative Fee of \$100 for each Pool.

**Nomination and Balancing Charges:** All nomination and balancing charges and imbalance trading charges associated with School/Government Supplier's School/Government Pool, including those listed in Appendix J, School/Government Nomination and Balancing Provisions, shall be billed to School/Government Supplier each month.

**Nomination Error Charge:**

School/Government Supplier shall pay a Nomination Error Charge of \$0.50 per Dekatherm on the quantity difference between School/Government Supplier's Daily Transportation Nomination and the confirmed deliveries under School/Government Supplier's Daily Pipeline Nomination for each day such difference occurs.

**DDQ Non-Compliance Charge:**

\$1 per Dth on days in which no Operational Flow Order (OFO) is in effect (provided no alternate arrangements are made with Company) against the daily difference between the Pool's DDQ and aggregate deliveries

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**City Gate Allocation Non-Compliance Charge:**

\$1 per Dth on the quantity difference if School/Government Supplier's Daily Pipeline Nomination is less than the minimum or greater than the maximum city gate allocation requirements.

**OFO Non-Compliance Charge:**

\$10 per Dth applied to the difference between School/Government Supplier's DDQ and actual deliveries if School/Government Supplier over-delivers on days in which a Warm Weather OFO is in effect or under-delivers on days in which a Cold Weather OFO is in effect.

**Related Charges:** School/Government Supplier shall reimburse Company for all charges incurred by Company in connection with interstate pipeline transportation of School/Government Supplier-Delivered Gas including any gas costs, penalty charges, or Cashouts.

**Late Payment Charge:** Payment by School/Government Supplier shall be due seventeen (17) days from the date of issuance of the Bill. Company or an authorized agent must receive payment of the total amount due by the due date shown on the School/Government Supplier's Bill. If School/Government Supplier does not pay the total amount due by the date shown, an additional amount equal to one percent (1%) of the total unpaid balance shall also become due and payable. For each subsequent month, or portion thereof, of non-payment, an additional charge of one percent of the total unpaid balance shall be assessed.

**Insufficient Funds Check Charge:** For each check of School/Government Supplier returned by any bank due to insufficient funds, School/Government Supplier shall be charged as set forth in Appendix C, Other Charges to cover a portion of the cost of processing such check.

#### **PROVISIONS AND REQUIREMENTS FOR SCHOOL/GOVERNMENT SUPPLIER PARTICIPATION**

School/Government Supplier shall comply with the following provisions:

**Contract:**

School/Government Supplier must enter into a written School/Government Pooling Agreement with Company. Such School/Government Pooling Agreement shall set forth specific covenants and obligations undertaken by Company and School/Government Supplier under this Rate Schedule on behalf of the School/Government Supplier's Pool Customers. The School/Government Pooling Agreement shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the School/Government Pooling Agreement expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon, or School/Government Supplier fails to perform its responsibilities hereunder and Company elects to terminate School/Government Supplier's participation hereunder.

School/Government Supplier must provide written notice to Company of Customers joining its pool, or Customers leaving their pool, 10 business days prior to the first of the month. The effective date for Customers joining or leaving pools will be Customer's read date the following month.

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### **Creditworthiness Standards and Requirements:**

In order to qualify for participation under the School/Government Pooling Service, School/Government Supplier must pass an initial financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by Company, to ensure that School/Government Supplier possesses sufficient resources to perform its responsibilities and to ensure financial performance under this Rate Schedule. In addition, if School/Government Supplier's participation in School/Government Pooling Service was previously terminated due to School/Government Supplier's non-compliance, School/Government Supplier shall provide information acceptable to Company that such cause for non-compliance has been corrected and will be avoided in the future. All prior delinquencies must be cured prior to commencing participation in the School/Government Pooling Service. Moreover, any and all charges from previous non-compliance shall be corrected prior to participation in the School/Government Pooling Service.

School/Government Supplier must complete and sign the Company's School/Government Supplier Registration Form and Credit Application to be considered for participation in the School/Government Pooling Service. A School/Government Supplier desiring to participate in the School/Government Pooling Service will be evaluated by the Company to establish credit levels acceptable to the Company. The Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine a School/Government Supplier's creditworthiness. These standards will take into consideration the scope of the operations of each School/Government Supplier and the level of risk to Company. In order to pass Company's financial evaluation, School/Government Supplier may be required to provide security, the form and amount of which shall be specified by Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, Pool Customers' payment histories, and related financial information that has been independently audited, if available. Company shall determine creditworthiness based on the above criteria, and will not deny School/Government Supplier's participation in the School/Government Pooling Service without reasonable cause.

Company reserves the right to conduct a financial re-evaluation of School/Government Supplier from time to time. Such re-evaluation may be initiated either by a request from School/Government Supplier, or by Company if Company reasonably believes that the creditworthiness of School/Government Supplier may have changed or that the operating environment or other conditions may have changed that may have increased the risks posed by operations of the Pool. Based on such re-evaluation, School/Government Supplier's level of participation may be increased or decreased, additional security may be required, or School/Government Supplier may be removed from further participation in School/Government Pooling Service.

### **School/Government Supplier Code of Conduct**

Each School/Government Supplier participating in School/Government Pooling Service shall:

1. Communicate to Customers, in clear, understandable terms, Customers' rights and responsibilities. This communication shall include: 1) School/Government Supplier's customer service address, local or toll-free telephone number and hours of operation; and 2) a statement describing the procedures for handling complaints and disputes.
2. Provide in writing, pricing and payment terms that are clear and understandable and inform Customers whether the price that Customer will pay is inclusive or exclusive of applicable taxes.

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3. Refrain from engaging in communications, acts or practices that are fraudulent, deceptive, misleading, unfair, or unconscionable.
4. Deliver gas to Company on a firm basis on behalf of the School/Government Supplier's Pool Customers in accordance with the requirements of Rate 285 and the School/Government Pooling Agreement.
5. Establish and maintain a creditworthy financial position to enable School/Government Supplier to indemnify Company for costs incurred as a result of any failure by School/Government Supplier to deliver gas or pay invoices in accordance with the requirements of this Rate Schedule.
6. Make good faith efforts to resolve all disputes between School/Government Supplier and its Pool Customers and to cooperate with resolution of any joint issues with Company.

Failure to fulfill any of these obligations shall be considered a violation of the School/Government Supplier Code of Conduct, subject to consequences set forth in the Consequences of School/Government Supplier's Failure to Perform or Comply section of the following Terms and Conditions.

#### **Required Regulatory Approvals:**

School/Government Supplier must comply with all state and federal regulations related to its transportation of School/Government Supplier-Delivered Gas.

#### **TERMS AND CONDITIONS**

##### **Unaccounted for Percentage:**

School/Government Supplier shall compensate Company for unaccounted for gas. The quantity of gas available to School/Government Supplier's Pool Customers on a daily basis shall be equal to the quantity of gas delivered for Pool Customers into Company's distribution system at the point of receipt, reduced by the Unaccounted For Gas Percentage as set forth in Appendix F.

##### **Nomination and Balancing Procedures:**

School/Government Supplier shall be subject to the School/Government Nomination and Balancing Provisions in Appendix J.

##### **Comparable Firm Capacity Requirement:**

Each month, School/Government Supplier agrees to secure sufficient firm interstate pipeline capacity with primary delivery points to Company's city gates and firm supply to meet 100% of that month's Peak Design Day Demand of its Pool Customers.

On a daily basis, Company will provide School/Government Supplier with the revised Peak Design Day Demand for School/Government Supplier's Pool effective the following day. This volume will change over time as necessary to reflect Customers joining and/or leaving School/Government Supplier's Pool and any changes in Company's peak design day demand parameters.

Company may periodically verify School/Government Supplier's compliance with this Comparable Firm Capacity Requirement. School/Government Supplier will provide to Company upon request copies of contracts for upstream pipeline capacity not assigned by Company and supply contracts showing the firm quantities reserved or purchased and the specific points of delivery. If School/Government Supplier is securing firm city gate supplies, School/Government Supplier shall provide a copy of such firm supply agreement, and additional documentation as required by Company to confirm compliance of the applicable interstate pipeline capacity.

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If Company identifies a firm capacity deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at School/Government Supplier's discretion: 1) immediate acquisition by School/Government Supplier of additional firm pipeline capacity, 2) assignment to School/Government Supplier of Company's available pipeline capacity, 3) delayed enrollment of new Pool Customers, 4) return of existing Pool Customers to Company's Sales Service, or 5) transfer of Pool Customers to another School/Government Supplier. If Company identifies a firm supply deficiency, such deficiency shall be resolved to Company's satisfaction by one or a combination of the following, at School/Government Supplier's discretion: 1) immediate acquisition by School/Government Supplier of additional firm supply, 2) delayed enrollment of new Pool Customers, 3) return of existing Pool Customers to Company's Sales Service, or 4) transfer of Pool Customers to another School/Government Supplier.

#### **Assignment of Pipeline Capacity:**

School/Government Supplier may seek assignment of Company's firm interstate pipeline capacity for meeting some portion of the usage requirements of School/Government Supplier's Pool Customers. Company may decline to assign firm transportation and/or storage capacity if such capacity is needed to meet the needs of its Sales Service Customers or to perform the operational balancing function.

School/Government Supplier shall take direct assignment of specific interstate pipeline firm transportation and/or storage capacity for a term, unless otherwise agreed to by Company, which is the lesser of: 1) the term of the School/Government Pooling Agreement, or 2) the remaining term of the service agreement with the interstate pipeline applicable to such capacity, less one day, subject to Company's right of capacity recall contained elsewhere in these Terms and Conditions. Specific terms and conditions of any capacity assignment will be negotiated between School/Government Supplier and Company, or its agent, including length of term, price, and recall timing, subject to FERC requirements for capacity release.

School/Government Supplier may not change any primary points of receipt or delivery associated with assigned pipeline transportation contracts during the term of the capacity assignment. In addition, for specific parcels of capacity identified by Company, School/Government Supplier may not utilize any delivery point other than those primary and secondary points identified by Company unless the capacity is released at the pipeline's full tariff rate or unless an alternate capacity billing arrangement is agreed to by School/Government Supplier and Company. The assigned capacity is subject to recall at any time if School/Government Supplier does not perform in accordance with the School/Government Pooling Agreement or fails to comply with the School/Government Supplier Code of Conduct and other provisions set forth in these Terms and Conditions.

School/Government Supplier may re-release any capacity assigned to it hereunder, provided that: 1) School/Government Supplier will continue to be responsible to Company for payment of all pipeline charges associated with the assigned capacity; 2) any re-release of such capacity remains subject to the restrictions identified in the Assignment of Pipeline Capacity section; and 3) the capacity is not needed to satisfy the School/Government Supplier's Pool's DDQ on such day(s). School/Government Supplier may use other firm pipeline capacity to accomplish its DDQ and re-release portions of its assigned pipeline capacity, subject to the previously mentioned restrictions.

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**Company Demand Forecast:**

Company shall forecast each School/Government Pool's Peak Design Day Demand and Expected Demand based upon Company's design day and forecasted weather, respectively, the number of Customers in the Pool, and the historic usage characteristics of the Pool Customers.

**Curtailment Provisions:**

School/Government Supplier shall be subject to the Curtailment Procedures in Company's General Terms and Conditions Applicable to Gas Service, Rule 24.

**Consequences of School/Government Supplier's Failure to Perform or Comply**

If School/Government Supplier fails to deliver gas in accordance with the requirement of the School/Government Pooling Agreement, or otherwise fails to comply with the provisions of this Rate Schedule, Company shall have the discretion to initiate the process to suspend temporarily or terminate such School/Government Supplier's further participation for the applicable Pool.

If School/Government Supplier is suspended or expelled from the School/Government Pooling Service relative to a specific Pool, Customers in such Pool shall revert to Company's Sales Service, unless and until said Customers join another School/Government Supplier's Pool. Any termination or cancellation of the School/Government Pooling Agreement relative to some or all of the School/Government Supplier's Pools and pursuant to any provision of this section shall be without waiver of any remedy, whether at law or in equity, to which the part not in default otherwise may be entitled for breach of the School/Government Pooling Agreement.

**School/Government Supplier Operator Withdrawal or Termination:**

If School/Government Supplier in total or for a specific Pool is restricted from further participation in the School/Government Pooling Service or elects to withdraw from the School/Government Pooling Service, Company shall have the right to recall all pipeline capacity then assigned to School/Government Supplier by Company associated with the specific Pool(s) in accordance with the terms of the release agreement, and have first rights to any additional pipeline capacity the School/Government Supplier utilizes for delivery to Company's city-gate.

School/Government Supplier shall remain responsible for the differences between the market value of the assigned pipeline capacity and the full demand charges applicable to such capacity until the earliest normal expiration date of the School/Government Pooling Agreement, which shall constitute liquidated damages. Upon withdrawal or termination, any Over-Delivery Imbalance Quantity or Under-Delivery Imbalance Quantity shall be resolved through the purchase or sale of volumes at the price set out in the Volume Reconciliation section of Appendix J.

**Other**

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.