

STATEMENT OF OPERATING CONDITIONS
of
The East Ohio Gas Company
Filed With The
FEDERAL ENERGY REGULATORY COMMISSION

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- c. Tariff Title: EOG-DB
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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Operating Statement of The East Ohio Gas Company,
d/b/a Dominion East Ohio,
Governing Interstate Transportation
(Revised effective February 1, 2011)**

Pursuant to Section 284.224 of the Federal Energy Regulatory Commission's regulations, 18 CFR § 284.224, The East Ohio Gas Company ("East Ohio"), d/b/a Dominion East Ohio, will provide interstate interruptible transportation services on a non-discriminatory basis, pursuant to this Operating Statement setting forth the rates, terms and conditions governing such services.

Identification of East Ohio

East Ohio, an Ohio corporation with its principal place of business in Cleveland, Ohio, is engaged in the business of gathering, purchasing, storing and distributing natural gas at retail in the state of Ohio. It serves approximately 1.2 million residential, commercial and industrial customers in over 400 communities in eastern and northern Ohio, including Cleveland, Akron, Canton, Lima, Youngstown, and Marietta.

East Ohio is a Hinshaw pipeline that owns and operates an extensive natural gas gathering, transmission, underground storage and distribution system network. East Ohio has over forty interconnections with seven interstate natural gas pipelines. East Ohio's intrastate natural gas operations are subject to the jurisdiction of the Public Utilities Commission of Ohio.

Services Offered

On October 9, 1980, the FERC granted to East Ohio in Docket No. CP80-312 a limited jurisdiction blanket certificate pursuant to Section 284.224 of the FERC's regulations to provide

certain interstate transportation services. East Ohio will provide limited interruptible interstate transportation services under its blanket certificate authorization and this Operating Statement.

East Ohio reserves the right to refuse to begin service, or to discontinue any service, where, in East Ohio's sole discretion, the service would impair firm service to its Core Demand. East Ohio has no standing obligation to provide service hereunder other than interruptible service which is at all times subordinate to any and all firm services provided by East Ohio as part of its intrastate natural gas distribution operations.

East Ohio also reserves the right to modify this Operating Statement from time to time as East Ohio may deem necessary and appropriate.

Stand-alone Statement of Rates

Transportation Service

The rates for transportation service under this Operating Statement shall be as agreed between East Ohio and Customer, but in no event shall such rates exceed the applicable maximum transportation rates or be less than minimum rate on file with the FERC as set forth below:

Maximum Rates:

For the first 5,000 Mcf per month	\$1.0803 per Mcf
For the next 45,000 Mcf per month	\$0.6500 per Mcf
For all volumes over 50,000 Mcf per month	\$0.1663 per Mcf

East Ohio may agree with a Customer to discount these maximum volumetric rates on a not unduly discriminatory basis; provided, however, that, in no event, shall such discounted rate be less than the minimum rate of \$0.0363 per Mcf.

General Terms and Conditions

Section 1. Definitions

- 1.1 **Authorized Daily Volume** -- the sum of the Customer's Daily Available Volume plus any additional volumes that East Ohio authorizes Customer to deliver to Downstream Pipeline(s) on that Day.
- 1.2 **Core Demand** -- the total supply needs of East Ohio's Percentage Income Payment Plan and Standard Service Offer Customers pursuant to regulation by the PUCO.
- 1.3 **Customer** -- any individual, governmental, or corporate entity taking transportation service hereunder.
- 1.4 **Daily Available Volume** -- the quantity of gas available to be redelivered by East Ohio to the Customer on any given Day. This quantity is equal to the volume of gas actually delivered to East Ohio for the Customer's account on that Day, less any appropriate unaccounted-for gas percentage.
- 1.5 **Day** -- a 24 hour period beginning at 9:00 a.m. Central Clock Time or such other beginning hour for the gas day as shall be observed by interstate natural gas pipelines pursuant to order of the FERC.
- 1.6 **Delivery Volume** -- the volume of gas actually delivered by East Ohio to the Downstream Pipeline for the Customer's account.
- 1.7 **Downstream Pipeline** -- any interstate pipeline to which gas is delivered directly from the East Ohio system for the Customer's account.
- 1.8 **EBB** -- East Ohio's Electronic Bulletin Board.
- 1.9 **FERC** -- the Federal Energy Regulatory Commission.

- 1.10 Maximum Daily Transportation Quantity** -- the maximum volume of gas that East Ohio shall deliver to a Downstream Pipeline for the Customer's account on any Day pursuant to a transportation service contract.
- 1.11 Mcf** -- one thousand (1,000) cubic feet of gas in its natural state having a gross heating value of not less than 1,000 British thermal units per cubic foot at 14.73 PSIA, sixty degrees (60) Fahrenheit and saturated with water vapor.
- 1.12 MMBtu** -- one million (1,000,000) British thermal units.
- 1.13 Negative Imbalance Volume** -- the amount by which the sum of all daily volumes delivered for Customer during a month exceeds the sum of the daily volumes available for delivery by East Ohio for the Customer during the month.
- 1.14 Positive Imbalance Volume** -- the amount by which the sum of all daily volumes available for delivery by East Ohio for the Customer during a month exceeds the sum of all daily volumes delivered for Customer during the month.
- 1.15 Production Receipt Point(s)** -- the meter(s) at which Ohio-produced gas is delivered into East Ohio's system for the Customer's account.
- 1.16 Production Volume** -- the volume of gas actually delivered by the Customer into East Ohio's system on any Day at the Production Receipt Points.
- 1.17 PSIA** -- pounds per square inch, absolute.
- 1.18 PUCO** -- The Public Utilities Commission of Ohio.
- 1.19 Summer Period** -- the seven month period beginning April 1 and continuing through October 31.

- 1.20 Supplier** – any entity that has in effect a pooling service agreement with East Ohio or arranges for the production and/or delivery of Production Volumes to East Ohio.
- 1.21 Transportation Delivery Point(s)** -- the interconnection(s), specified in the transportation service contract at which gas is delivered from East Ohio’s system to a Downstream Pipeline for the Customer’s account.
- 1.22 Transportation Receipt Point(s)** -- the interconnection(s), specified in the transportation service contract, at which gas is delivered into East Ohio’s system from an Upstream Pipeline for the Customer’s account.
- 1.23 Transportation Volume** -- the volume of gas delivered for the Customer’s account on any Day into East Ohio’s system at the Transportation Receipt Points.
- 1.24 Upstream Pipeline** -- any interstate pipeline, intrastate pipeline, or local distribution company served by an interstate pipeline through which gas is delivered directly to the East Ohio system for the Customer’s account.
- 1.25 Variable Cost of Service** – the portion of the cost of service that fluctuates according to the volume of service provided, including associated riders as applicable, lost and unaccounted-for gas, and excise taxes.
- 1.26 Winter Period** -- the five month period beginning November 1 and continuing through March 31.

Section 2. Transportation Service

2.1 Character of Service

If gas is received by East Ohio on any Day for the account of the Customer, such gas shall be redelivered by East Ohio on the same Day subject to the ability of the Downstream Pipeline(s) to receive the gas; provided, however, that East Ohio’s

obligation to deliver gas to the Downstream Pipeline on any Day is limited to the Maximum Daily Transportation Quantity specified in the contract and subject to the provisions of this Operating Statement. Customer must have entered into a written service agreement for service under the terms of the Operating Statement.

2.2 Sources of Supply

Customers may receive gas supplies delivered to East Ohio from Upstream Pipelines and/or Production Receipt Points.

2.3 Measurement and Control of Deliveries

2.31 All Transportation Delivery Points specified in the contract shall be equipped with real-time electronic gas measurement (“EGM”) capability. East Ohio, in its sole discretion, may also require remote flow control capability to insure the operational integrity of its system. If EGM and remote flow control capability approved and required by East Ohio is not available at any of the Transportation Delivery Points specified in the contract at the time the contract is executed, such equipment shall be installed, owned, operated, and maintained by East Ohio, provided, however, that East Ohio may require all costs associated with the purchase and installation of such equipment to be borne by the Customer and paid to East Ohio in equal monthly installments over a period specified in the contract, which period shall not exceed the lesser of the primary term of the contract or 24 months.

2.32 If equipment must be installed to provide EGM capability, the Customer may be required to provide, at no cost to East Ohio and in a timely manner,

a 120 volt, 15 ampere, AC power supply and a telephone tie to the Customer's telephone system accessible at Customer's meter location(s), and any necessary telephone enhancements to properly transmit data.

2.33 The Customer may be required pay all charges for continuous electric and telephone service necessary for the operation of the EGM and remote flow control equipment unless such charges are paid by the Downstream Pipeline.

2.4 Authorized Daily Volumes

2.41 Deliveries of Authorized Daily Volumes shall be subject to interruption or curtailment based on the failure of an Upstream Pipeline to deliver Transportation Volumes, the failure of the Customer or its Supplier to deliver Production Volumes, Force Majeure conditions, or an order of the PUCO or other governmental body. The Customer and East Ohio shall use their best efforts to minimize such interruption or curtailment within the limitations of applicable law, regulations, and orders of any governmental authority. Transportation in excess of the Authorized Daily Volume is also interruptible service and, upon notice to Customer, East Ohio may require Customer to reduce transportation to Customer's Authorized Daily Volume or such lower amount as East Ohio deems necessary.

2.42 In the event Delivery Volumes are in excess of the Authorized Daily Volume on any day on which East Ohio requires Customer to limit gas transportation to that Authorized Daily Volume, Customer shall be liable for all gas costs, transportation costs, penalties, and fines incurred by East

Ohio as a result of Customer's deliveries in excess of its Authorized Daily Volume.

Section 3. Electronic Bulletin Board

All Customers or their authorized agents will have access to East Ohio's EBB. The EBB will provide, at a minimum, for the electronic nomination and confirmation of Customer's Production Volumes and Transportation Volumes, information concerning Customer's Delivery Volumes and imbalances and other information and critical postings.

Section 4. Positive Imbalance Volumes

Unless otherwise agreed, East Ohio will purchase Customer's Positive Imbalance Volumes at a rate determined by adding the current month's Positive Imbalance Volume reference gas cost, the minimum of the daily prices for Dominion South Point during the month as published in *Gas Daily* (The McGraw-Hill Companies, Inc.), or an appropriate successor index should it cease to be published, times eighty percent (80%), plus the variable transportation charges paid to bring the gas to East Ohio's system, adjusted for shrinkage.

Section 5. Negative Imbalance Volumes

East Ohio will sell gas to Customer to eliminate its Negative Imbalance Volumes at a rate determined by adding the current month's Negative Imbalance Volume reference gas cost, the maximum of the daily prices for Dominion South Point during the month as published in *Gas Daily* (The McGraw-Hill Companies, Inc.), or an appropriate successor index should it cease to be published, times one hundred and twenty percent (120%), plus the 100% load factor firm transportation

charges to transport gas on Dominion Transmission, Inc. (“DTI”) to East Ohio’s interconnections with DTI, plus excise tax, adjusted for shrinkage. Charges for Negative Imbalance Volumes attributable to the Customer’s failure to comply with operational flow orders or operational matching orders will be based on the OFO provisions of Section 11 of this Operating Statement. If the Customer’s Negative Imbalance Volumes exceed 25% of all daily volumes delivered to the Customer over two or more consecutive months, East Ohio may at its sole discretion in accordance with reasonable and standard industry practice, terminate the contract for transportation service upon thirty (30) days written notice to the Customer.

Section 6. Transportation Receipt Points

- 6.1 All Transportation Volumes will be measured at Transportation Receipt Points in accordance with the terms of East Ohio’s agreement with the Upstream Pipeline and shall be conclusive for purposes of this Operating Statement.
- 6.2 When Transportation Volumes are received by East Ohio on an MMBtu basis, East Ohio will make a heat content adjustment in order to convert Customer’s Transportation Volumes to an Mcf basis. For each calendar year, East Ohio will calculate the weighted average heat content of all gas delivered to East Ohio by Upstream Pipelines during this period. This Heat Content Adjustment Factor, expressed as MMBtu per Mcf, will be used to adjust all Transportation Volumes received during the following twelve (12) month period commencing on April 1, unless East Ohio and Customer agree in writing to an alternative Heat Content Adjustment

Factor.

- 6.3 Transportation Volumes received by East Ohio at Transportation Receipt Points shall conform to Upstream Pipeline's gas quality standards, unless such standards have not been filed with, and approved by, either the FERC or the PUCO, in which case Transportation Volumes must conform to the gas quality standards of East Ohio in effect at the time.
- 6.4 East Ohio shall use its best efforts to receive Transportation Volumes for Customer's account.

Section 7. Nominations

- 7.1 All Transportation Volumes received for Customer's account at Transportation Receipt Points shall be nominated to East Ohio in advance according to the procedures outlined in this Section and on East Ohio's EBB.
- 7.2 Nominations must conform, in content and format, with East Ohio's specifications for transportation volume nominations, which shall include, at a minimum: Customer name; Customer's East Ohio contract number; Upstream Pipeline; Customer's Upstream Pipeline contract number; Downstream Pipeline; Customer's Downstream Pipeline contract number; and requested daily Transportation Volume.
- 7.3 Subject to the limits and requirements of East Ohio's operating conditions and facilities, the limits and requirements of East Ohio's system and facilities, previously confirmed nominations and timely confirmation by Upstream Pipelines, East Ohio will either confirm, in total or in part, or

reject Customer's Transportation Volume nomination. Confirmed Transportation Volumes will be posted on East Ohio's EBB. In order to support system operations, maintain system integrity, and minimize Positive or Negative Imbalance Volumes, East Ohio may request Customer to nominate and deliver Transportation Volumes to designated Transportation Receipt Points. Such requests shall be posted in advance on East Ohio's EBB. If, in East Ohio's sole discretion, voluntary compliance by Customers and Suppliers fails to correct operational deficiencies, East Ohio may exercise its authority under Section 11 of this Operating Statement to issue Supplier-specific and/or system-wide OFOs.

7.4 Confirmed nominations will become effective on the date specified in the Customer's nomination and will remain in force until the last day of the current calendar month, subject to continued receipt by East Ohio from Upstream Pipeline of the confirmed volume, unless superseded by a subsequent Transportation Volume nomination.

7.5 Nominations made in accordance with this Section do not relieve Customer of the obligation to submit corresponding nominations for service with an Upstream Pipeline.

Section 8. Production Receipt Points

8.1 The unit of measurement for Production Volumes shall be one (1) cubic foot of gas, and the term "cubic foot of gas" shall mean a cubic foot of gas at a pressure of 14.73 PSIA and at a temperature of sixty degrees (60) Fahrenheit. For purposes of measurement and meter calibration,

atmospheric pressure shall be assumed to be 14.4 pounds per square inch. All gas delivered to East Ohio by the Customer or its Supplier shall be measured by orifice, rotary or other measurement facilities constructed, installed and operated in accordance with standard industry practices and East Ohio's requirements for such facilities, except where superseded by a Measurement Operating Agreement. The volumes of gas delivered to East Ohio shall be computed from meter records and converted into the unit of measurement specified above in accordance with reasonable and standard industry practices. Correction shall not be made for deviation from the Ideal Gas Laws. In the absence of a recording thermometer, an assumed flowing temperature of sixty degrees (60) Fahrenheit shall be used in computing said quantities of gas; provided, however, that if the temperature of the natural gas passing through the meter is determined for any Day by the use of a recording thermometer, then the arithmetic average of the temperature recorded for such Day shall be used.

- 8.2 The Production Volume delivered to East Ohio shall be delivered in its natural state, and have a gross heating value of not less than 1,000 British thermal units per cubic foot at 14.73 PSIA, sixty degrees (60) Fahrenheit and must conform with East Ohio's as quality standards in effect at the time. East Ohio reserves the right to accept gas of non-standard specification on a non-discriminatory basis pursuant to an agreement setting forth applicable terms, conditions and charges, if applicable, provided the acceptance of such gas does not adversely impact East Ohio's

operations or service to customers.

- 8.3 If, at any time, the delivery by the Customer at the Production Receipt Point(s) of gas from any meter specified by the Customer or its Supplier and accepted by East Ohio shall be less than an average of ten thousand cubic feet per Day, then East Ohio, at its sole option, may require the gas behind any such meter(s) to be measured pursuant to a Measurement Operating Agreement, by giving the Customer or its Supplier thirty days prior written notice.
- 8.4 The Production Receipt Points for Production Volumes from physical meters specified by the Customer or its Supplier and accepted by East Ohio shall be at measuring stations constructed to East Ohio's standards, where the measurement and regulation equipment will be operated and maintained by East Ohio, except where superseded by a Measurement Operating Agreement. The measuring station will be located at such points as East Ohio and the Customer or its Supplier shall agree, on East Ohio's lines as now constructed or on any extensions thereof which East Ohio may hereafter construct. The sites for said measuring stations may be furnished by East Ohio, or, if furnished by the Customer or its Supplier, shall provide rights of ingress and egress to East Ohio. In the event the Customer wishes to change any Production Receipt Points, the Customer or its Supplier shall reimburse East Ohio in advance for East Ohio's costs in connection with such change. The Customer or its Supplier shall be directly responsible for all other costs associated with the change.

Measuring stations on East Ohio's lines existing as of the date of the contract and owned by the Customer, its Supplier or any other person, shall, subject to the approval of East Ohio, also be designated as Production Receipt Points, where the measurement and regulation equipment will be operated and maintained by East Ohio, except where superseded by a Measurement Operating Agreement.

- 8.5 The Customer or its Supplier may aggregate Production Volumes as measured by third parties at measuring stations furnished, constructed, owned, operated and maintained by third parties. Detailed information concerning such aggregated Production Volumes shall be reported by the Customer or its Suppliers to East Ohio in a timely manner in accordance with reasonable and standard industry practice.
- 8.6 The Customer or its Supplier shall be responsible for the construction of any necessary pipeline extending from the wells to the Production Receipt Points agreed upon. The Customer or its Supplier, at their expense, shall construct any measuring stations in accordance with East Ohio's standards. All new pipelines that connect wells specified by the Customer or its Supplier with East Ohio's measuring stations shall be owned and constructed by the Customer or its Supplier.
- 8.7 Unless otherwise agreed to by East Ohio and Customer or its Supplier, prior to construction of a Production Receipt Point, East Ohio and the Customer or its Supplier shall enter into an agreement identifying cost, construction and ownership responsibilities of all parties.

- 8.8 Production Volumes received by East Ohio at Production Receipt Points specified by Customer or its Supplier and accepted by East Ohio shall be taken by East Ohio on a best efforts basis at all times at full flow against the varying pressures maintained from time to time in East Ohio's pipelines. East Ohio at any time may suspend the taking of gas hereunder while making repairs or alterations in its facilities or when East Ohio deems it to be operationally necessary in accordance with reasonable and standard industry practice. When practicable, East Ohio shall notify the Customer or its Supplier in advance of its plans to suspend the taking of gas, giving its best estimate of the duration of the suspension. Such repairs and alterations shall be completed with reasonable speed, unavoidable delays excepted. During periods when East Ohio must suspend the taking of gas, East Ohio shall not be required to accept Production Volumes from meters. Subject to the foregoing, the Customer or its Supplier may submit a request in writing to East Ohio for approval to install equipment to compress and pump the gas to be delivered to East Ohio hereunder at the existing delivery point or at an alternate delivery point. If the Customer or its Supplier compresses and pumps gas into East Ohio's system, the Customer or its Supplier shall install and maintain at its own expense the necessary equipment for the elimination or suppression of pulsation in the flowing gas that are created by compression equipment.
- 8.9 The capacity of East Ohio's facilities to receive Production Volumes at the Production Receipt Points shall be determined by East Ohio in its sole

judgment, in accordance with reasonable and standard industry practice. East Ohio shall have the right to restrict, limit or halt its receipt of Production Volumes whenever, in its sole judgment, in accordance with reasonable and standard industry practice, it is necessary to do so due to Force Majeure, an order of the PUCO or other governmental body, or circumstances requiring East Ohio to act to protect its ability to meet its Core Demand. In the event East Ohio exercises its right to restrict, limit, or halt its receipt of Production Volumes, it shall give the Customer or its Supplier notice by telephone, letter, or otherwise to decrease or terminate deliveries of Production Volumes to East Ohio until such time as, in East Ohio's sole judgment, in accordance with reasonable and standard industry practice, deliveries may be increased or resumed. If the Customer or its Supplier fails to act promptly in accordance with such notice, East Ohio shall have the right to shut in Production Receipt Points or otherwise refuse to accept further Production Volumes at the Production Receipt Points.

- 8.10 The Customer or its Supplier shall install and maintain, at the Customer's or its Supplier's own expense, the necessary equipment for separating and removing oil, water, water vapor, salt, dust, and other foreign substances from Production Volumes upstream of the Production Receipt Points. The gas delivered to East Ohio at the Production Receipt Points shall be free from all foreign matter or fluid contamination that could interfere with its marketability or interfere with the operation of East Ohio's lines, regulators, meters, or other appliances connected with East Ohio's system.

East Ohio may refuse at any time any Production Volumes that contain contamination or objectionable odors or otherwise do not meet East Ohio's gas quality standards in effect at the time. East Ohio may bill the Customer or its Supplier for any and all costs associated with removing oil, water, water vapor, salt, dust and other foreign substances erroneously delivered into East Ohio's system.

- 8.11 East Ohio shall furnish, install and maintain all meters and gauges at the Production Receipt Points, except where superseded by a Measurement Operating Agreement. East Ohio shall read the meters, which shall be accessible to inspection and examination by the Customer or its Supplier at all reasonable times. If either party challenges the accuracy of any meter in use under the contract and desires to have the meter tested, East Ohio shall test the same in the presence of a Customer or Supplier employee or representative, if the Customer or its Supplier wishes to exercise the right to be present or to be represented at such test. The cost of testing the meter shall be borne by the party challenging its accuracy if it proves to be correct, and it shall be deemed correct if there be no greater variation than three percent (3%), either fast or slow. If the meter on test proves to be incorrect, the cost of testing the meter shall be borne by East Ohio. Any adjustment for errors in the meter shall be made for a period not to exceed twelve months prior to the date of challenge by either party. The statements of meter measurement and estimated deliveries rendered by East Ohio to the Customer or its Supplier monthly shall be final, excepting

as to corrections or adjustments then pending or subsequently determined by East Ohio, unless exceptions to the statements are made and mailed to East Ohio within sixty (60) days after the Customer or its Supplier receives the statements. Corrections or adjustments shall be made by adjusting volumes in the final measurement period following their determination.

Section 9. Nomination of Production Volumes

- 9.1 All Production Volumes received for Customer's account at Production Receipt Points shall be nominated to East Ohio in advance according to the procedures outlined in this Section and on East Ohio's EBB.
- 9.2 Nominations must conform, in content and format, with East Ohio's specifications for Production Volume nominations, which shall include, at a minimum: Customer name; Customer's East Ohio contract number; and requested daily Production Volume.
- 9.3 Subject to the limits and requirements of East Ohio's operating conditions and facilities, and the reasonableness of Customer's nomination as determined solely by East Ohio, East Ohio will either confirm, in total or in part, or reject Customer's Production Volume nomination. Confirmed Production Volumes will be posted on East Ohio's EBB.
- 9.4 Confirmed nominations will become effective on the date specified in the Customer's nomination and will remain in force until the last day of the current calendar month, unless superseded by a subsequent Production Volume nomination.

Section 10. Reconciliation of Production Volumes

Confirmed Production Volume nominations will be credited to Customer's account on the date specified in the Customer's nomination. When actual Production Volumes are known, any discrepancies between actual and confirmed Production Volumes will be reconciled, in the first calendar month (the "Adjustment Month") following the determination of actual Production Volumes, in accordance with the provisions of Sections 4 and 5 of this Operating Statement.

Section 11. Operational Flow Orders

11.1 In order to support system operations and maintain system integrity, Customers are subject to East Ohio's issuance of operational flow orders ("OFO") which may direct Customers to adjust Daily Available Volumes as adjusted to reflect flowing supplies to match Delivery Volumes as determined by East Ohio. East Ohio may also issue OFOs that direct Customers to deliver specific quantities of gas to specific Transportation Receipt Points. Failure to comply with an operational flow order may result in the billing of the following incremental charges times the OFO shortfall which is defined as the imbalance between Daily Available Volumes and Delivery Volumes, as determined by East Ohio, on those Days subject to the OFO:

- (A) the payment of a gas cost equal to the highest incremental cost paid by East Ohio on the date of non-compliance; and
- (B) demand charges based on the Dominion Transmission, Inc. FTNN rate schedule pursuant to the following schedule:

Number of Days of Noncompliance During the Calendar Month	Monthly Demand Charge Multiplier Applied to Maximum OFO Shortfall
One, Two, or Three	Three
Four, five, or Six	Six
Seven, Eight, or Nine	Nine
Ten or More	Twelve

The maximum amount that the Customer shall pay pursuant to Section 11.1(B) over any Winter Season shall be Twelve months' demand charges multiplied by the Maximum OFO shortfall experienced during that Winter Season; and

- (C) the payment of all other charges, inclusive of storage and overrun costs, incurred by East Ohio on the date of the OFO shortfall; and associated excise tax.
 - (D) East Ohio shall credit all payments received for charges billed pursuant to this Section to costs recovered through Transportation Migration Rider – Part B.
- 11.2 Customers in compliance with an OFO shall not be subject to any incremental charges or costs.

Section 12. Obligations

- 12.1 The Customer shall be deemed to be in control and possession of the gas delivered to East Ohio for Customer's account until it shall have been delivered to East Ohio at the Transportation Receipt Point(s) or the Production Receipt Point(s), as applicable, after which East Ohio shall be deemed to be in control, but not possession, of the gas until the gas is redelivered to the Customer by East Ohio at the Transportation Delivery Point(s).
- 12.2 The Customer warrants the title to the gas delivered to East Ohio at the Transportation Receipt Point(s) or the Production Receipt Point(s), as applicable, and shall indemnify East Ohio for and save East Ohio harmless

from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to East Ohio, provided, however, that if any person or party makes claim to any gas delivered to East Ohio adverse to Customer's claim of ownership of the gas, or obtains a lien or encumbrance against the gas, East Ohio may withhold payment, if any may be due, for such gas until such adverse claim or lien is released or disposed of by the parties by final court action and may pay such withheld amount(s) to the party entitled to payment, unless the Customer posts a bond in an amount and on terms satisfactory to East Ohio to protect and indemnify East Ohio against such adverse claim or lien.

Section 13. Force Majeure

13.1 The term "Force Majeure," as used herein, and as applied to East Ohio or the Customer, shall mean unforeseen acts of law including governmental bodies acting pursuant to law, acts of God, strikes, lockouts or other labor disturbances, acts of a public enemy, war, blockades, insurrections, riots, epidemics, lightning, fires, floods, washouts, arrests, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, partial or entire failure of such wells, or any other cause, whether of the kind enumerated or otherwise, not reasonably within the control of the affected party. The settlement of strikes, lockouts or labor disturbances by acceding to the demands of an opposing party when such course is inadvisable is at the discretion or judgment of the affected party.

- 13.2 In the event East Ohio or the Customer is rendered unable, wholly or in part, by Force Majeure, to carry out its obligations other than the obligation to make payment of amounts accrued and due under the transportation service agreement and, after notice of the Force Majeure condition is given to the other party in writing or by facsimile, the obligation of both parties, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused except the obligation to continue delivery of Production Volumes during curtailment periods, and the Force Majeure condition shall be remedied with all reasonable dispatch.
- 13.3 Neither East Ohio nor the Customer shall be liable in damages to the other for any act, omission or circumstances occasioned by, or in consequence of, Force Majeure.
- 13.4 Such causes or contingencies affecting the performance of the transportation service agreement by East Ohio or the Customer shall not relieve the affected party of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by facsimile to the other party as soon as reasonably practical after the occurrence of the cause relied upon, nor shall such causes or contingencies affecting the performance of the transportation service agreement by either party relieve it of liability in the event of its concurring negligence, nor shall such causes or contingencies affecting the performance of the transportation service agreement relieve either party from its obligations to make

payments of amounts then due under the Customer's transportation service agreement or applicable rate schedules in respect to gas already delivered.

Section 14. Late Payment Charge

Charges previously billed to Customer by East Ohio, but unpaid by the payment date specified by East Ohio, will be assessed a late payment charge of one and one-half percent (1.5%) per month on the unpaid balance.

Section 15. Facilities

- 15.1 Except as provided herein or otherwise agreed upon, all pipelines, fittings and other properties furnished under this Operating Statement shall remain the property of the party paying for the facilities, who shall be solely responsible for the maintenance and operation of those facilities, and each party may remove its property at the termination of the contract.
- 15.2 Except as provided herein, East Ohio shall not be obligated to construct, add, alter or modify any facilities to provide the service contemplated hereunder.

Section 16. Limitation on Liability

- 16.1 East Ohio shall have no liability for acts arising out of its obligations performed under this Operating Statement provided that East Ohio's actions are in accordance with the Operating Statement and applicable industry standards. In no event shall East Ohio be held responsible for any consequential, incidental or punitive damages for acts or omissions that are alleged to violate this Operating Statement or applicable industry standards.

16.2 Each party to the service agreement shall bear responsibility for all of its own breaches, tortious acts, or tortious omissions connected in any way with the service agreement hereunder, causing damages or injuries of any kind to the other party or to any third party, unless expressly agreed in writing between the parties. Therefore, the offending party as a result of such offense shall hold harmless and indemnify the non-offending party against any claim, liability, loss or damage whatsoever suffered by the non-offending party or by any third party. As used in this Section 16, the term “party” shall mean a corporation or partnership entity or individual with whom East Ohio has a contractual relationship, including a Customer taking service hereunder. The phrase “damages or injuries of any kind” shall include, without limitation, actual damages, litigation expenses, court costs, and attorneys’ fees, and the phrase “tortious acts or tortious omissions” shall include without limitation sole or concurrent simple negligence, gross negligence, recklessness, and intentional acts or omissions.

Section 17. Creditworthiness

- 17.1 East Ohio shall not commence service or continue service to Customer if Customer fails to meet the creditworthiness criteria outlined in this Section. Such creditworthiness criteria shall not be used to discriminate on any basis other than as specified herein. East Ohio shall apply consistent evaluative practices to determine the acceptability of Customer's overall financial condition, working capital, and profitability trends.
- 17.2 In order for East Ohio to complete its financial evaluation, Customer shall provide East Ohio the following information: 1) most recent audited financial statements for itself or its parent company; 2) most recent Annual Report, 10K or 10Q for itself or its parent company; 3) list of parent companies and affiliates; 4) names, addresses and phone numbers of three trade references, and 5) names, addresses and phone numbers of financial institution contacts. In the event that Customer is unable to provide such information, East Ohio may permit the Customer to provide other verifiable sources of financial information. East Ohio may require additional information if the preceding is not sufficient to determine Customer's creditworthiness.
- 17.3 A Customer may satisfy its initial creditworthiness requirement by demonstrating that it has and maintains investment grade long-term bond ratings from both of the following rating agencies:

Agency	Senior Securities Rating (Bonds)
Standard & Poors	BBB- or higher
Moody's Investors' Services	Baa3 or higher

- 17.4 East Ohio shall make reasonable alternative credit arrangements with a Customer that is unable to meet the aforementioned criteria and with those Customers whose credit requirements exceed their allowed unsecured credit limit, if any. East Ohio shall determine the amount and type of additional financial instruments, if any, needed to meet the credit requirements set forth herein. Acceptable alternative financial arrangements shall include: (i) a security deposit from Customer equal to three (3) months' service to be deposited into an interest bearing escrow account; (ii) an advance prepayment by Customer in advance for three (3) months' service; (iii) a standby irrevocable letter of credit (in a form acceptable to East Ohio) for the equivalent of three (3) months' service drawn upon a bank acceptable to East Ohio; (iv) a guarantee (in a form acceptable to East Ohio) by a person or another entity which satisfies the credit appraisal; or (v) such other security as is mutually acceptable to both East Ohio and Customer.
- 17.5 Customer shall not be operating under any chapter of the bankruptcy laws and shall not be 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. An exception can be made for a Customer who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act, but only with adequate assurances that East Ohio's billing under the Agreement will be paid promptly as a cost of administration under the federal court's jurisdiction.

- 17.6 Customer shall not be subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or which could jeopardize the ability to exist as an ongoing business entity.
- 17.7 Customer shall not have any significant collection lawsuits or judgments outstanding that would seriously reflect upon Customer's ability to remain solvent.
- 17.8 If any of the events or actions described in Paragraphs 17.5, 17.6, and 17.7 above shall be initiated or imposed during the terms of service under the Agreement, Customer shall provide notification thereof to East Ohio within two (2) working days of any such initiated or imposed event or action.
- 17.9 If Customer has an ongoing business relationship with East Ohio, no delinquent balances shall be consistently outstanding for billings made previously by East Ohio and Customer shall have paid its account in the past according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- 17.10 In order to assure that the value of Customer's financial security instruments remains proportional to Customer's potential liability under the Agreement, the required dollar amounts of such instruments may be adjusted at the sole discretion of East Ohio, in circumstances including, but not limited to, a change in the level of unsecured credit, if any, determined

by East Ohio or a change in amount of required collateral in accordance with paragraph 17.4. In the event East Ohio determines that additional security is required, East Ohio will notify the Customer of its determination, including the grounds for that determination, and will inform the Customer that it shall either provide financial security as required by East Ohio within five (5) business days or adjust its current and future participation to a level no greater than East Ohio's revised requirements. Customer's failure to adjust accordingly may result in East Ohio terminating, at its sole discretion in accordance with reasonable and standard industry practice, the Agreement upon ten (10) days written notice to Customer.

17.11 Customer shall inform East Ohio of any significant change in Customer's current financial condition. The required dollar amounts of financial security instruments may also be adjusted at the sole discretion of East Ohio based upon Customer's demonstrated ability or inability to pay promptly.

17.12 In the event of a Customer default on its obligations as set forth in this Operating Statement, East Ohio shall have the right to use the proceeds from Customer's financial instrument(s) to satisfy Customer's obligations under any service agreement hereunder and any outstanding claims that East Ohio may have against Customer. Such proceeds may also be used to secure additional gas supplies, including payment of the costs of the gas supplies themselves, the costs of transportation, storage, gathering, taxes,

and other related costs incurred in bringing those gas supplies into East Ohio's system.

- 17.13 East Ohio reserves the right to use Customer's assets associated with the Agreement including, without limitation, financial instruments required of Customer to meet creditworthiness standards of this or any other agreement with Customer; Customer's on-system storage inventory held by East Ohio pursuant to this or any other agreement with Customer; and any other gas in kind, As-Extracted or otherwise, delivered to East Ohio by Customer, to offset or recoup any costs owed to and/or incurred by East Ohio.
- 17.14 Customer shall grant East Ohio a security interest in the Collateral, as defined herein, to secure the payment and performance of Customer's obligations under any other agreement between East Ohio and Customer ("Obligations"). Such Collateral shall consist of all of the following: (i) financial instruments required of Customer to meet creditworthiness standards of this or any other agreement with Customer; (ii) Customer's on-system storage inventory held by East Ohio pursuant to this or any other agreement with Customer; and (iii) any other gas in kind, As-Extracted or otherwise, delivered to East Ohio by Customer.
- 17.15 Customer shall authorize East Ohio to file a financing statement ("Financing Statement") describing the Collateral in any jurisdiction as determined by East Ohio and represents that its exact legal name, state of formation, and principal place of business are as set forth in the

Agreement.

- 17.16 Customer's failure to grant East Ohio a security interest in the Collateral may result in East Ohio eliminating any unsecured credit extended to Customer and adjusting the collateral requirement formula set forth in Paragraph 17.19 accordingly.
- 17.17 Upon a material default of this or any other agreement, East Ohio shall have the right without limitation to (1) take possession or otherwise dispose of such Collateral without delay to satisfy any and all Customer Obligations then owing to East Ohio and (2) pursue any remedy available at law, including but not limited to those available as set forth in the Uniform Commercial Code of Ohio, to collect, enforce or satisfy such Obligations.
- 17.18 In the event Customer terminates its agreements with East Ohio, it shall continue its obligation to maintain its financial security instrument until East Ohio confirms that Customer has satisfied all of the outstanding claims of East Ohio.

Section 18. Miscellaneous

- 18.1 Any and all service transactions hereunder must be interstate service eligible under, and shall be fully subject to, the applicable requirements of Section 284.224 of the FERC's rules and regulations, and East Ohio shall have the right to request information from Customer to verify the eligibility thereunder.
- 18.2 Jurisdiction. The parties agree that the service agreement and any

transaction request and agreement forms effectuated hereunder shall be governed by and construed in accordance with the laws of the state of Ohio.

- 18.3 No modification of the terms and provisions of a service agreement hereunder shall be made or become effective except by the execution of a supplementary written agreement.
- 18.4 No waiver by East Ohio or the Customer of any one or more defaults by the other in the performance of any provision of the service agreement or any term of this Operating Statement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.
- 18.5 Any service agreement entered into pursuant to this Operating Statement shall not be assignable without the prior written consent of the other party, which consent shall not unreasonably be withheld.
- 18.6 The payments of the rates stated in the service agreement as well as the other provisions and conditions of this Operating Statement shall be subject to all applicable Federal and State laws and orders, rules and regulations.
- 18.7 In the event any tax is imposed on natural gas, or the production, severance, gathering, transportation, sale, delivery, or use of natural gas, or if such tax is imposed in any other manner so as to constitute directly or indirectly a charge upon the gas delivered to East Ohio for redelivery pursuant to a service agreement hereunder, the amount of such tax shall be

borne by the Customer so far as it affects or relates to or is apportionable to the gas delivered to East Ohio under the transportation service agreement or applicable rate schedules. In the event East Ohio is required to pay such tax, the amount of the tax shall be billed directly to the Customer.

- 18.8 The Customer shall pay, or cause to be paid, any royalty payments due or owed on the gas delivered pursuant to the service agreement, and shall indemnify and hold East Ohio harmless from any responsibility, liability or obligation for payment of any such royalty. In the event East Ohio is obligated by law to make any such royalty payment directly to royalty owners, the Customer shall reimburse East Ohio for any such payment and any costs associated with such payment. If the Customer fails to reimburse East Ohio, East Ohio may deduct the amount of such payments or costs from any payments accruing to the Customer under the service agreement or applicable rate schedules, or take production in kind in satisfaction of the Customer's obligation.