

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

**November 1, 2021**

|                                      |   |                                    |
|--------------------------------------|---|------------------------------------|
| <b>IN RE:</b>                        | ) |                                    |
|                                      | ) |                                    |
| <b>REQUEST OF CHATTANOOGA GAS</b>    | ) |                                    |
| <b>COMPANY FOR APPROVAL OF ASSET</b> | ) | <b>Docket No. 21- <u>00134</u></b> |
| <b>MANAGEMENT AND AGENCY</b>         | ) |                                    |
| <b>AGREEMENT AND GAS PURCHASE</b>    | ) |                                    |
| <b>AND SALE AGREEMENT</b>            | ) |                                    |
|                                      | ) |                                    |

**CHATTANOOGA GAS COMPANY’S FILING OF ITS ASSET  
MANAGEMENT AND AGENCY AGREEMENT FOR APPROVAL**

Pursuant to the Tennessee Public Utility Commission’s (“TPUC” or “Commission”) approval at the July 13, 2021 Commission Conference, in Docket No. 21-00069, Chattanooga Gas Company (“CGC” or “Company”) issued its Request for Proposal (“RFP”) for an Asset Management and Agency Agreement (“AMAA”) along with a Gas Purchase and Sale Agreement. As a result of the RFP process, CGC has awarded the new contract to the winning bidder, Sequent Energy Management, L.P. (“Sequent”). CGC is submitting a copy of the executed AMAA between CGC and Sequent to TPUC for approval, which is filed under seal as Confidential Exhibit A. A copy of the executed AMAA with the confidential annual fixed fee amount in Paragraph 5 redacted is attached hereto as Exhibit B.

CGC respectfully requests that TPUC enter a protective order to preserve the confidentiality of documents that are filed under seal in this docket. CGC also respectfully requests that TPUC consider this matter during the December Commission Conference and approve the new AMAA with Sequent.

## BACKGROUND

Upon receiving approval from TPUC on July 13, 2021, CGC immediately began the RFP process. The RFP required that CGC must receive all proposals on or before 4:00 p.m. Eastern Time on October 4, 2021, and provided that the Company would evaluate the proposals and award the new contract to the winning bidder.

In accordance with CGC's Tariff Revised Sheet 56B, CGC notified potential bidders by advertising the RFP in the Platts Gas Daily publication on July 26, July 27, July 28, July 29 and July 30, 2021. CGC has evaluated the bids received in accordance with the Tariff and has provided TPUC with a copy of its internal documentation of the basis for selecting the winning bidder. The bids and internal documentation are filed under seal as Confidential Exhibit C. Upon a careful evaluation of the bids, Sequent's proposal clearly demonstrates the projected greatest net benefit to CGC and its customers. On October 15, 2021, CGC awarded the contract to this bidder, pending TPUC's approval<sup>1</sup>.

As the new contract for asset management services provides the greatest benefit to CGC's customers, the Company respectfully requests that TPUC approve the new AMAA between CGC and Sequent without delay so that asset management services may continue after March 31, 2022. CGC also respectfully requests that TPUC enter a protective order to preserve the confidentiality of the documents filed under seal in this docket. A proposed protective order is attached hereto as Exhibit D. For convenience, this is the same protective order that was entered in Docket No. 21-00069.

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<sup>1</sup> Sequent is no longer an affiliate of CGC. The Williams Companies closed on its acquisition of Sequent from Southern Company on July 1, 2021.

Respectfully submitted,

LUNA LAW GROUP, PLLC



By: \_\_\_\_\_

J. W. Luna, Esq. (BPR #5780)

Butler Snow LLP

150 3<sup>rd</sup> Avenue S., Suite 1600

Nashville, TN 37201

(615) 651-6749

[JW.Luna@butlersnow.com](mailto:JW.Luna@butlersnow.com)

*Attorneys for Chattanooga Gas Company*

**ASSET MANAGEMENT AND AGENCY AGREEMENT**

**BETWEEN**

**CHATTANOOGA GAS COMPANY**

**AND**

**SEQUENT ENERGY MANAGEMENT, L.P.,**

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## ASSET MANAGEMENT AND AGENCY AGREEMENT

**THIS ASSET MANAGEMENT AND AGENCY AGREEMENT** ("Agreement")<sup>1</sup> is made, entered into, and effective as of April 1, 2022 by and between Chattanooga Gas Company ("CGC") and Sequent Energy Management L.P. ("Asset Manager"), both CGC and Asset Manager sometimes referred to herein collectively as "Parties" or singularly as "Party".

**WHEREAS**, in order to facilitate the management of CGC's physical assets and contractual assets (the "Contracts") listed on Exhibit A (collectively, the "Assets", as further defined in Section 2(c)), the Parties agree that Asset Manager will assume such obligations and act as agent for CGC, as necessary to effectuate such purpose;

**WHEREAS**, in connection with its role as Asset Manager, the Parties have agreed to enter into a Gas Purchase and Sale Agreement designed to meet the full gas supply requirements of CGC under favorable terms and conditions throughout the term of this Agreement, including those terms included in Exhibit C ("Gas Purchase and Sale Agreement" or "GPSA");

**WHEREAS**, to the extent certain Assets may be unused after Asset Manager has supplied CGC's full gas supply requirements, Asset Manager is willing to assume the obligations and risks that may lead to financial loss which accompany the potential for financial gain in connection with the value optimization of such otherwise unused assets;

**WHEREAS**, Asset Manager acknowledges that it is obligated at the end of the term hereof, or upon earlier termination pursuant to the terms hereof, to discontinue its management of the Assets which are subject to this Agreement; and

**WHEREAS**, Asset Manager acknowledges that it is paramount, in its role as Asset Manager, that it take no action nor omit to take any action, under any circumstances, the result of which would impair or adversely affect the reliability of CGC's system or service to its customers;

**NOW, THEREFORE**, in consideration of the mutual agreements, covenants and conditions herein contained, CGC and Asset Manager agree as follows:

1. **Agency.** Asset Manager shall be CGC's exclusive agent for the limited purpose of managing the Assets as set forth herein, and Asset Manager hereby agrees to such appointment and authorization. Notwithstanding the foregoing, the Parties recognize and agree that AGL Services Company ("AGLSC") is authorized to act on behalf of CGC in its service company role at all times and in undertaking all responsibilities of CGC under this Agreement. In order to effectuate Asset Manager's authority to act as CGC's agent, the Parties agree to execute such documents that may be required from time to time which evidence such agency or authority of Asset Manager.

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<sup>1</sup> Each of the Exhibits attached hereto, including the Gas Purchase and Sale Agreement dated April 1, 2022, between Company and Asset Manager, is incorporated herein by reference, including any defined terms used in the Gas Purchase and Sale Agreement.. Any references to this Agreement shall include this Agreement and the Exhibits attached hereto.



2. **Duties.** As Asset Manager and Agent for CGC, Asset Manager shall perform its duties in a prudent manner consistent with usual and customary standards in the industry and in compliance with all applicable laws and regulations.

2.1 Asset Manager shall have the authority to, and shall, undertake the following duties:

(a) Supply Gas to meet CGC's full gas supply requirements, whether for firm, interruptible or operational needs, as requested by CGC. To be clear, CGC's full gas supply requirements shall include supply needed to fill CGC's on-system liquified natural gas (LNG) facility.

(b) Make service nominations on the pipeline systems on behalf of CGC in accordance with the Daily Operational Procedures set forth in Exhibit B.

(c) Manage CGC's Assets listed in Exhibit A, as well as any additional physical or contractual assets acquired by CGC during the Term of this Agreement, as defined in Section 12, below, and included by CGC in Exhibit A, subject to the provisions of Section 7. Upon agreement of the Parties pursuant to Section 7, CGC shall provide a revised Exhibit A to Asset Manager within seven (7) business days of any such revision; provided, however, in all matters concerning the daily deployment of CGC's Assets under this Agreement, CGC and Asset Manager shall confer in accordance with the Daily Operational Procedures set forth in Exhibit B. Management of the CGC Assets shall include, but not be limited to, finding markets for unused capacity resources. The Parties also agree that, in order to protect the integrity of CGC's system, CGC will consider Asset Manager's plan, but ultimately shall determine the optimum daily deployment of such Assets. Further, Asset Manager shall comply with all Tennessee Public Utilities Commission ("TPUC") orders.

(d) Following the determination of the daily deployment of CGC's Assets, Asset Manager shall be responsible, consistent with the terms of this Agreement, and the underlying agreements pertaining to the Contracts, to manage and seek to optimize the use of such Assets, acting in its capacity as agent for CGC, including the use of such Assets in transactions with third parties; provided, however, in all matters concerning the daily deployment of CGC's Assets, CGC and Asset Manager shall confer on a daily basis and coordinate such daily asset deployment.

(e) Prudently manage, on behalf of CGC, CGC's storage inventory accounts in relation to the Contracts shown in Exhibit A, and to cycle and trade such inventory as necessary and feasible to attempt to maximize the benefits of such inventory, including, without limitation, the injection and withdrawal of natural gas from inventory on CGC's behalf consistent with and in accordance with the provisions of this Agreement and the GPSA executed by the Parties. CGC's daily injection and withdrawal rights will remain unaffected by Asset Manager's management of the storage Assets. The capacity in the storage Assets shall be filled consistent with Exhibit E or as otherwise directed by CGC. Asset Manager shall be solely responsible for truing up any differences between CGC's Logical balance and the Physical balance of the storage Assets in accordance with the

terms hereof. Any optimization activities by Asset Manager will in no way affect CGC's Logical available storage. Asset Manager and CGC agree that CGC shall have the right to utilize all Assets listed in Exhibit A. **Unless explicitly stated in this Agreement, Asset Manager's rights to utilize the Assets for asset optimization activities, as agent for CGC, are always secondary to its obligation to meet CGC's Logical available storage entitlements and its overall obligation to meet CGC's full gas supply requirements.** Any carrying costs associated with CGC's Logical storage inventory will be the responsibility of CGC. Any carrying costs associated with differences between CGC's Logical storage balance and the Physical storage balance will be the responsibility of Asset Manager.

(f) To sell gas or release capacity from time to time to third parties as agent for CGC, which transactions utilize the Assets of CGC that would not be required to meet the full gas supply requirements of CGC and would otherwise be unused. Asset Manager will make reasonably prudent efforts to maximize the value received from such sales and releases. In addition, Asset Manager shall not effectuate the release of any capacity or enter into any gas transactions with third parties that are not subject to recall provisions under the tariff of the applicable pipeline or that impair in any way whatsoever the use of CGC's Assets without prior approval of CGC.

(g) Take such other action on behalf of CGC where appropriate as the Parties may agree upon from time to time. The Parties agree that, except as otherwise specified herein or as further directed by CGC, prior written authorization for such actions is not required; provided, however, that, if required, subsequent written confirmation of such action shall be emailed between the Parties within five (5) business days.

(h) Establish a system of accounts and maintain books and records such that any and all transactions, both physical and financial, that have been entered into as a result of using CGC's Assets, may be tracked and audited by CGC and TPUC, or its designee, pursuant to Section 22. Such books and records shall at a minimum:

(1) Book and account for transactions under this Agreement and the GPSA;

(2) Maintain data integrity and adherence to internal controls; and

(3) Maintain, and provide to CGC upon request, pipeline reports and/or electronic data files detailing (i) daily inventory activity by storage contract for the storage Assets, and (ii) daily activity by transportation contract for the transportation Assets.

(4) Maintain and administer all of Asset Manager's contracts with counterparties (including all third-party agreements relating to optimization activities or other services provided by Asset Manager under this Agreement and the GPSA other than the Assets listed on Exhibit A) in a manner fully segregated from CGC's Contracts, and Asset Manager shall assume all counterparty credit risk under such contracts.

**2.2** CGC shall have the following duties hereunder:



- (a) Forecast both long and short term demand.
- (b) Determine base load purchase levels.
- (c) Determine the optimal daily deployment of Assets in accordance with the Daily Operational Procedures set forth in Exhibit B.
- (d) Determine the Logical use of assets.
- (e) Consider, at Asset Manager's request, the use of alternate delivery options.
- (f) Manage its use of all Excluded Assets, as that term is defined in Section 3.
- (g) Monitor and manage pipeline Operational Flow Orders ("OFOs"), balancing alerts, and other such operational communications and directives from the pipelines.
- (h) Verify Contract compliance and Asset Manager invoices.

**3. Excluded Assets.**

**3.1** CGC and Asset Manager acknowledge and agree that the following pipeline transportation and storage assets (including any extension or replacement assets for these that may be acquired by CGC) are not included in the Assets for which management and optimization responsibilities are delegated to Asset Manager, and shall not be eligible for nomination, optimization, or other management activities by Asset Manager:

- (a) Southern Natural Gas Company, Contract No. FSNG130, Rate Schedule FTNN (daily delivery: 14,346 dt; annual delivery: 5,236,290 dt); and
- (b) Southern Natural Gas Company, Contract No. SSNG69, Rate Schedule CSS (daily deliverability: 14,346 dt; capacity: 710,484 dt).

**3.2** Notwithstanding the foregoing,

(a) CGC's requirements for the gas supply necessary to fill the Excluded Assets shall be included within the full gas supply requirements provided to CGC by Asset Manager as set forth in Section 2.1(a); and

(b) From time to time, CGC may, at its option, designate the Asset Manager to be its agent for the limited purpose of optimizing any portion of the Excluded Assets deemed by CGC to be unneeded for CGC's on-system requirements and so designated in such further grant of agency authority. Any such grant of agency authority to the Asset Manager with respect to optimization of an Excluded Asset shall be consistent with, and oblige Asset Manager to comply with, all applicable duties of Asset Manager specified in Section 2.1 as if the designated Excluded Asset were an Asset. Any such transactions will not be covered by the Annual Fixed Fee (defined below in Section 5) and will be

accounted for separately as agreed to by CGC in accord with all applicable provisions of CGC's tariff.

4. **Monthly Reports.** At the request of CGC, Asset Manager shall provide CGC with monthly management reports, in a form, satisfactory to CGC, that includes, without limitation, supporting data, satisfactory to CGC, and details all activities undertaken for CGC pursuant to this Agreement, including, but not limited to the monthly revenues and expenses associated with such activities and any balancing accounts maintained by CGC (or Asset Manager, acting as agent for CGC) with the pipelines.

5. **Consideration for Management Services.** In consideration for the opportunity to manage the Assets of CGC as contemplated herein, the Asset Manager shall pay or cause to be paid to CGC [REDACTED] dollars ("Annual Fixed Fee"). The Asset Manager will remit the Annual Fixed Fee for each Contract Year no later than April 30th of that Contract Year. Any late payments shall accrue interest at 1.5% per month, or any portion of the month, as applicable. Failure to make the Annual Fixed Fee payment shall be a material breach of this Agreement.

In addition, Asset Manager agrees to execute a full requirements gas supply agreement with CGC in the form attached hereto as Exhibit C (Gas Purchase and Sale Agreement) to meet the full gas supply requirements of CGC as such requirements may be determined from time to time during this Agreement. Asset Manager shall bear all costs (including, but not limited to, gas costs, pipeline variable charges such as usage charges, fuel retention, and scheduling and nomination costs) associated with providing services under this Agreement and the Gas Purchase and Sale Agreement (Exhibit C), except as otherwise specifically provided for herein or in the Gas Purchase and Sale Agreement. Asset Manager's responsibility for such costs includes the responsibility to reimburse CGC if CGC is billed for and pays, or otherwise incurs, such costs.

6. **Net Margin.** The Asset Manager shall calculate and provide at CGC's request:

6.1 All revenues net of expenses attributable to the services performed by Asset Manager shall be determined, accounted for, and provided to CGC by Asset Manager at CGC's request, and for informational purposes only, in accordance with the calculation set forth in Exhibit D. Asset Manager shall maintain appropriate accounting and supporting documentation for the Net Margin computation for a period of two years after the expiration or termination of this Agreement. All such documentation relevant to the calculation of a monthly statement and invoice (as provided in Article VII of the Gas Purchase and Sale Agreement) shall be included in that statement and invoice. In addition, all such documentation shall be submitted to CGC by Asset Manager within thirty (30) days of a request by CGC.

6.2 Asset Manager and CGC agree that asset management transactions (storage and transportation) that utilize index pricing (either FOM or Gas Daily) to determine the value of the commodity will be deemed to be at the market as of the time of the transaction and that the appropriate indices will be the basis upon which revenue and cost will be calculated.

6.3 For the avoidance of doubt, the Parties hereby confirm and agree that the sole consideration the Asset Manager shall receive for performing the asset management services specified in this Agreement is the Net Margin calculated in accordance with Exhibit D hereto



and the sole consideration CGC shall receive for Asset Manager's optimization of the Assets subject to this Agreement as identified on Exhibit A is the Annual Fixed Fee. The consideration for the optimization of Excluded Assets shall be as provided in Section 3 of this Agreement.

7. **New Contracts.** Asset Manager understands that CGC shall continue to diligently monitor its load patterns and forecasts during the Term. To the extent CGC determines that it needs to enter into a new Contract, the Parties will jointly evaluate whether such Contract should be included as an Asset in this Agreement. If any new Assets are included in this Agreement, the Parties will re-evaluate the Annual Fixed Fee as set forth in this Agreement. For the avoidance of doubt, any Assets in effect at the time of execution of this Agreement that CGC renews during the term will remain Assets under this Agreement and will not require an adjustment to the Annual Fixed Fee.

8. **Penalties/Imbalance Charges.** Asset Manager shall bear sole financial responsibility for any penalties or damages under any Contracts or Assets to the extent such penalties or damages result from the Asset Manager's failure to comply with the terms of such Contracts or Assets. Asset Manager shall bear sole financial responsibility, and shall pay to the applicable pipeline company (or reimburse CGC if CGC is required to pay) any imbalance, overrun, OFO, or other pipeline penalty, cost, charge, or cash-out cost (collectively referred to in this Agreement as an "Imbalance Charge") assessed as a result of Asset Manager's management of the pipeline nominations. Notwithstanding the foregoing, Asset Manager shall bear no such responsibility for any Imbalance Charge to the extent that an Imbalance Charge is assessed as a result of Asset Manager having followed CGC's written or verbal instructions.

9. **Not a Partnership.** This Agreement is not intended to create, and shall not be construed to create, any relationship of partnership or joint venture between the Parties. CGC shall, upon request by the Asset Manager, execute such additional powers of attorney or other instruments as may be necessary to enable Asset Manager to carry out its responsibilities and give effect to the terms of this Agreement.

10. **Severability.** If any provision of this Agreement is determined to be invalid, illegal or otherwise unenforceable for any reason by a court or regulatory authority of competent jurisdiction, and in the event that the overriding purpose of this Agreement is not frustrated by such determination, the remaining terms and conditions of this Agreement shall remain in full force and effect to the fullest extent permitted by law. In the event this Agreement remains in full force and effect, the Parties agree to make a good faith effort to replace, modify or amend the affected provisions. The obligation to perform all of the terms and conditions shall remain in effect regardless of the performance of any invalid term by the other Party.

11. **Issue Resolution.** Any dispute, controversy or claim between the Parties relating to, arising out of or in connection with this Agreement (or any subsequent agreements or amendments thereto), including as to its existence, enforceability, validity, interpretation, performance or breach or as to indemnification or damages, including claims in tort, whether arising before or after the termination of this Agreement (any such dispute, controversy or claim being herein referred to as a "Dispute") shall be settled without litigation and only by use of the following alternative dispute resolution procedure:



11.1 At the written request of a Party, each Party shall appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any Dispute. The discussions shall be left to the discretion of the representatives. Upon failure to reach agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the Parties' representatives for purposes of these negotiations shall be treated as confidential information developed for the purposes of settlement, exempt from discovery and production, and without the concurrence of both parties shall not be admissible in the arbitration described below, or in any lawsuit or administrative proceeding. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in the arbitration.

11.2 If negotiations between the representatives of the Parties do not resolve the Dispute within 30 days of the initial written request, the Dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules, as then amended and in effect, of the American Arbitration Association (the "Rules"). Either Party may demand such arbitration in accordance with the procedures set out in the Rules. The arbitration shall take place in Atlanta, Georgia. The arbitration hearing shall commence within 60 days of such Party's demand for arbitration. The arbitrator shall have the power to and will instruct each Party to produce evidence through discovery subject to appropriate confidentiality restrictions (i) that is reasonably requested by the other Party to the arbitration in order to prepare and substantiate its case and (ii) the production of which will not materially delay the expeditious resolution of the dispute being arbitrated; each Party hereto agrees to be bound by any such discovery order. The arbitrator shall control the scheduling (so as to process the matter expeditiously) and any discovery. The Parties may submit written briefs. At the arbitration hearing, each Party may make written and oral presentations to the arbitrator, present testimony and written evidence and examine witnesses. No Party shall be eligible to receive, and the arbitrator shall not have the authority to award exemplary, indirect, consequential, or punitive damages except as otherwise provided for in this Agreement. The arbitrator shall rule on the Dispute by issuing a written opinion within 30 days after the close of hearings. The arbitrator's decision shall be binding and final. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

11.3 Each Party will bear its own costs and expenses in submitting and presenting its position with respect to any Dispute to the arbitrator; *provided, however*, that if the arbitrator determines that the position taken in the Dispute by the non-prevailing Party taken as a whole is unreasonable, the arbitrator may order the non-prevailing Party to bear such fees and expenses, and reimburse the prevailing Party for all or such portion of its reasonable costs and expenses in submitting and presenting its position, as the arbitrator shall reasonably determine to be fair under the circumstances. Except as ordered by the arbitrator, each Party to the arbitration shall pay one half of the fees and expenses of the arbitrator and the American Arbitration Association.\

11.4 Notwithstanding any other provision of this Agreement, (i) either Party may commence an action to compel compliance with this Section 11 and (ii) if any Party, as part of a Dispute, seeks injunctive relief or any other equitable remedy, including specific enforcement, then such Party shall be permitted, without requirement to post bond, to seek such injunctive or

equitable relief in any federal or state court or competent jurisdiction before, during or after the pendency of a mediation or arbitration proceeding under this Section.

12. **Term.** The primary term of this Agreement shall commence on the effective date of this Agreement and terminate on [ March 31, ], 2025 (a term of three years), with an opportunity to extend service for an additional term, subject to approval by CGC and its state regulatory authority, the TPUC. Each period April 1 through the following March 31 during the term of this Agreement shall be deemed a Contract Year. This Agreement may be terminated prior to the end of a Term pursuant to the provisions of this Agreement. Either Party may terminate this Agreement for a material breach of this Agreement by the other Party that remains uncured twenty (20) days after receipt from the non-breaching party of notice of such breach. Notwithstanding the foregoing, the terms and conditions of this Agreement shall survive solely as to any individual transactions under this Agreement that had previously been approved by CGC in effect as of the date of such termination until such transactions are terminated or expire at the earliest date permitted by their terms. CGC, upon written notice to the Asset Manager, may, at any time, demand that Asset Manager discontinue its management of the Assets that are the subject of this Agreement for any reason including, but not limited to, an Order by the TPUC directing CGC to discontinue this Agreement.

13. **Indemnity.** Each Party ("Indemnitor") shall indemnify, defend and hold harmless the other Party ("Indemnitee"), and its officers, directors, employees, heirs, successors and assigns from and against any and all third-party claims, demands, suits, actions, liabilities, losses, damages, judgments, and legal or other expenses (collectively "Claims") that may arise directly from or in connection with the performance or non-performance of Indemnitor's obligations under this Agreement. If a Claim is asserted or action brought against Indemnitee as to which it believes it is entitled to indemnification under this Section 13, Indemnitee shall promptly notify Indemnitor in writing of such Claim. Prompt notice as contemplated in the preceding sentence shall mean such notice as would be required to enable Indemnitor to assert and prosecute appropriate defenses relative to such Claim or action in a timely manner. If Indemnitee fails to give Indemnitor prompt notice of any claim or action as provided in this Section, Indemnitor shall have no obligation to indemnify pursuant to this Section 13. Upon receipt of a notice of request for indemnification, Indemnitor shall promptly make a determination of whether it is required to indemnify and shall promptly notify Indemnitee in writing of that determination. Furthermore, to the extent that a Party incurs any fines, penalties or other similar charges relating to such Party's violation of the rules and regulations of the FERC or any other governmental agency, such Party shall indemnify, defend and hold harmless the other Party from and against such fines, penalties or other similar charges. Notwithstanding the foregoing, the indemnification under this Section shall not be available with respect to any claim to the extent any claim results from the gross negligence, breach or willful misconduct of the Indemnitee.

14. **Conflicting Agreements.** CGC will not, during the Term, contract with any other party or entity for services that duplicate the services provided by the Asset Manager under this Agreement with respect to the Assets and the Asset Manager shall serve as CGC's exclusive asset management agent with respect to the Assets. Moreover, CGC agrees that, during the Term, it will not undertake any asset management initiatives with respect to the Assets on or for its own account except for any asset management activities permitted by CGC's tariff, and Asset



Manager agrees that during the Term, it will not undertake to manage any assets that may conflict with its responsibility to perform its obligations under this Agreement.

**15. Cooperation.** Asset Manager agrees to use its best efforts to maintain a good working relationship with CGC. As such, except in accordance with this Section 15, Asset Manager and its affiliates shall be prohibited from providing written or oral testimony before any court or regulatory body or filing any other pleading with any court or regulatory body that is adverse to CGC or inconsistent with a position taken by CGC during the Term of this Agreement and the three (3) years succeeding this Agreement. In accordance with this restriction, the Asset Manager and its affiliates shall be prohibited from filing rebuttal testimony or protest in response to any filing made by CGC at any regulatory body, including but not limited to, the TPUC and the Federal Energy Regulatory Commission ("FERC") during the Term of this Agreement and the three (3) years following the termination of this Agreement. Nothing in this Section 15 prohibits Asset Manager from responding to inquiries from the TPUC, the FERC or any other regulatory body or governmental agency having jurisdiction over this Agreement and/or the services contemplated herein.

**16. Confidentiality.** The Parties acknowledge that, in the course of performing its duties under this Agreement, Asset Manager may receive certain Proprietary Information (whether in oral, written or electronic form) from or about CGC or its affiliates. As used in this Agreement, "Proprietary Information" means any and all information that is conveyed, observed or presented in written, oral or electronic form (a) that relates to CGC's or its affiliates' business plans, list of prices, exhibitors, suppliers and customers, inventions, discoveries, computer systems, programs, hardware, and software or any other aspect of CGC's or its affiliates' business, and/or (b) that belongs to third parties and was obtained by CGC under restrictions on disclosure and/or use. "Proprietary Information" specifically includes, but is not limited to, Developments. "Developments" mean any invention, development, improvement, design, trade secret or original work of authorship (such as any computer software or data or any literary, audio-visual, or artistic work), conceived or developed by Asset Manager under or in the performance of this Agreement. Proprietary Information may be marked "Confidential" or "Proprietary" when in tangible form but Proprietary Information will include unmarked information that the Asset Manager should, considering the information disclosed and the circumstances of disclosure, reasonably conclude to be of a confidential or proprietary nature. The Asset Manager will hold the Proprietary Information in strictest confidence using such measures as it uses to protect the confidentiality of similar information belonging to it, but in no event less than reasonable care. The Asset Manager will use the Proprietary Information solely to perform or to exercise its rights under this Agreement and will, under written agreement of confidentiality only, disclose Proprietary Information only to others with a need to know such information for those purposes only. The Asset Manager represents that it has agreements with its employees, agents, and subcontractors that obligate them to comply with the Asset Manager's confidentiality obligations under this Agreement. The Asset Manager and its employees agree that, upon termination of this Agreement, all such materials in its possession and/or their agents' and subcontractors' possession shall be immediately returned to CGC. This Section shall survive for five years beyond the termination of this Agreement. This Agreement may be filed with the TPUC under seal, or with any other regulatory agency or body having jurisdiction in accordance with applicable procedures designed to ensure the trade secret and confidential status of this

Agreement, to the extent required. In addition, each Party shall be free to disclose such facts as may be required by applicable statute, rule, regulation, court, or regulatory body, or as may be necessary to implement the agency established by this Agreement, including disclosure to the pipelines limited to the existence of this Agreement, without need of securing the prior permission of the other party. The Parties agree, however, that either Party shall require any third party to execute an acceptable Confidentiality Agreement prior to its receipt of this Agreement and/or disclosure of any of its terms, conditions, obligations, duties, promises, benefits or liabilities contained herein. The terms of this Agreement, including but not limited to, the price paid for Gas, the quantities of Gas purchased, and all other material terms of this Agreement shall be kept confidential by the Parties except to the extent that any information must be disclosed for the purpose of effectuating transportation of the Gas or as required by law. This Section shall not be construed to prevent filing the Asset Management and Agency Agreement publicly with the TPUC, except to the extent that the consideration provided for in Section 5 may be redacted.

17. **Force Majeure.** If either Party is rendered unable, wholly or in part, by Force Majeure to perform its obligations under this Agreement, other than the obligation to pay the Annual Fixed Fee or make payments then, or subsequently, due attributable to Gas delivered prior to the event of Force Majeure, it is mutually agreed that performance of the respective obligations of the Parties, so far as they are affected by such Force Majeure, shall be suspended without liability from the inception of any such inability until it is corrected but for no longer period. No Party shall, however, be required against its will to settle any labor disputes.

17.1 The term "Force Majeure" means an event that (i) was not within the control of the Party claiming its occurrence; and (ii) could not have been prevented or avoided by such Party through the exercise of due diligence. Events of Force Majeure include, without limitation by enumeration, acts of God, earthquakes, epidemics, fires, floods, landslides, lightening, hurricanes, tropical depressions, numbered or named storms by the U.S. National Weather Service, washouts and other similar severe natural calamities, acts of public enemy, wars, blockades, insurrections, riots, civil disturbances, explosions, breakage or freezing of lines of pipe on CGC's system or the system that supports an Asset and used to enable Asset Manager to deliver or CGC to receive or subsequently transport or use Gas under this Agreement, imposition by a regulatory agency, court or other governmental authority having jurisdiction of binding laws, conditions, limitations, orders, rules or regulations that prevent or prohibit either Party from performing, provided such governmental action has been resisted in good faith by all reasonable legal means, or any other cause of a similar type.

17.2 Neither Party shall be entitled to the benefit of provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary firm transportation; (ii) the Party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; (iii) economic hardship; and (iv) the loss of storage facilities, in whole or in part, unless, and only to the extent that, such occurrence results in, or is the direct result of, a recognized Force Majeure event under the underlying Storage Agreement (listed in Exhibit A) for the storage service provider.



17.3 The Party whose performance is prevented by Force Majeure must provide prompt notice to the other Party. Initial notice may be given orally; however, written notification with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written notification of Force Majeure to the other Party, the affected Party will be relieved of its obligation to make or accept delivery of Gas as applicable to the extent and for the duration of Force Majeure, and neither Party shall be deemed to have failed in such obligations to the other during such occurrence or event. **However, due to the paramount supply obligations of CGC to its customers, any declaration of Force Majeure by Asset Manager must be first approved and accepted in writing by CGC in its sole discretion, before any such declaration of Force Majeure by Asset Manager shall take effect between the CGC and Asset Manager;** provided, however, such approval and acceptance shall not be unreasonably withheld. In addition, once CGC has received a timely written notification from Asset Manager, if CGC does not approve and accept or reject such declaration of Force Majeure within two business days, CGC shall be deemed to have approved and accepted such declaration. Absent CGC's written approval and acceptance of a declaration of Force Majeure by Asset Manager, or waiver by CGC as set forth herein, such Force Majeure declaration shall have no legal effect between CGC and Asset Manager.

17.4 In the event Asset Manager issues a declaration of Force Majeure, Asset Manager agrees to first completely honor and satisfy CGC's needs and requirements under this Agreement to the extent possible using the Assets covered by this Agreement before Asset Manager undertakes to deliver gas to any of its other markets or customers.

18. **Adequate Assurance.** When reasonable grounds for insecurity of performance arise, CGC may demand adequate assurance of performance. Adequate assurance shall mean sufficient security in the form and for the term reasonably specified by CGC, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset acceptable to CGC or performance bond or guarantee by a creditworthy entity. The amount of security required will be the value of the positive difference, if any, between CGC's Logical storage balances and the actual Physical balances in the storage assets at the time adequate assurances are requested, which amount shall be calculated by multiplying the positive difference between each such Logical storage balance and its corresponding Physical balance by the upcoming Winter Period's average market price. The average market price will be calculated using the appropriate index, as identified in sections 5.1(a) and (b) in Exhibit C. In the event Asset Manager shall (i) make an assignment or any general arrangement for the benefit of creditors; (ii) default in any performance obligation to CGC; (iii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iv) otherwise become bankrupt or insolvent (however evidenced); or (v) be unable to pay its debts as they fall due; then CGC shall have the right to either withhold and/or suspend payment, and/or terminate this Agreement without prior notice, in addition to any and all other remedies available hereunder. CGC may, from time to time, request from Asset Manager such credit information as may reasonably be required to determine the creditworthiness of Asset Manager.

19. **Events of Default and Early Termination.**

**19.1 Early Termination.** The following events, which shall be characterized as events of default, or events of early termination shall be grounds for a Party (the designated "Terminating Party") to terminate this Agreement. Notwithstanding any provision of this Agreement or the Gas Purchase and Sale Agreement to the contrary, a termination of any Agreement will terminate all, and no less than all, agreements between Asset Manager and CGC.

**19.1.1 Grounds for termination by CGC:**

(a) If the Asset Manager fails to make payment of any amounts due under any provision of this Agreement, which failure continues for a period five (5) Days after receipt of written notice of such non-payment.

(b) If any representation or warranty made by the Asset Manager under this Agreement shall prove to have been false or misleading in any material respect when made or deemed to be repeated.

(c) If the Asset Manager, unless excused by reason of Force Majeure, fails on any Day to comply with its Gas delivery obligation.

(d) If the Asset Manager fails to comply substantially with any material provision of this Agreement, which failure continues for a period of five (5) Days after written notice of such non-compliance.

(e) If the Asset Manager shall: (i) make an assignment or any general arrangement for the benefit of creditors, (ii) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors, or have such petition filed against it, or (iii) be unable to pay its debts as they fall due.

(f) If the TPUC acts in a manner concerning any Agreement which CGC determines, in its sole judgment, to be either unfavorable or which has the effect of prohibiting or rescinding the delegation of agency authority to Asset Manager or the payment of any consideration contemplated hereunder or under the Gas Purchase and Sale Agreement, or if the TPUC's action requires a modification of any of this Agreement that is not agreeable to both Parties.

(g) If a governmental agency having competent jurisdiction determines through investigation or a court or governmental agency having competent jurisdiction issues an order finding that the Asset Manager has violated any federal or state antitrust laws during the performance of its obligations under the AMA.

(h) If Asset Manager fails to provide any Adequate Assurance to CGC within three (3) Business Days of a written request.

**19.1.2 Grounds for termination by Asset Manager:**

(a) If a court or governmental agency with jurisdiction determines that Asset Manager is subject to the jurisdiction of the TPUC during the Term as a result of



the execution, delivery or performance of any agreement made by Asset Manager pursuant to this Agreement.

### **19.1.3 Grounds for termination by either Party:**

(a) If existing federal, state and local regulatory rules, regulations and policies that serve as the basis for the transactions described in this Agreement and that are generally applicable to similarly situated parties (including the FERC's current use of a straight fixed variable rate design for pipeline rates and its Capacity Release program) shall be eliminated or otherwise modified in any manner that would be reasonably likely to have a material adverse effect on such Party or the benefits it anticipates deriving from the transactions described in this Agreement.

(b) If: (i) a court or governmental agency with jurisdiction (including without limitation the TPUC) reverses, withdraws or otherwise modifies, with a result unacceptable to such Party in its sole discretion, any TPUC order, ruling, opinion or other determination believed to be necessary to proceeding with the transactions contemplated under this Agreement, (ii) such change causes the impacted Party to incur any material capital or operating cost, or loss of opportunity, related to the provision or receipt of services contemplated herein, and (iii) the Parties are unable, after good faith negotiations, to renegotiate this Agreement to comply with such reversal, withdrawal or modification and maintain the same level of service or benefit.

(c) If the TPUC acts in a manner concerning this Agreement which has the effect of prohibiting or rescinding the delegation of agency authority to Asset Manager or the payment of any consideration contemplated hereunder or under the Gas Purchase and Sale Agreement, or if the TPUC's action requires a modification of any part of this Agreement or the Gas Purchase and Sale Agreement that is not agreeable to both Parties.

### **19.2 Early Termination and Remedies.**

(a) In the event one of the events described in Section 19.1 has occurred and is continuing, the Terminating Party may, at its sole election, immediately withhold and/or suspend deliveries or payments upon written notice to the other Party (the "Terminated Party") and or terminate this Agreement. If an event giving rise to a right of termination has occurred and is continuing, the Terminating Party shall have the right to designate a day, by giving written notice of the day (the "Early Termination Date") and the reasons therefore to the Terminated Party, which Early Termination Date shall be effective no earlier than the second (2nd) day after such notice is given (or four (4) hours in the case of a default under Section 19.1.1(c)) and no later than twenty (20) days following the receipt of said notice.

(b) If CGC elects to terminate this Agreement for the reasons set forth in Section 19.1.1(a), (b), (c), (d), (e), (g), or (h) then the sole remedy available to CGC shall be that, subject to Sections 19.4 and 19.5 below, Asset Manager shall lose its interests in the Assets, including, without limitation, the right to administer the Assets as CGC's

agent, and Asset Manager shall be liable to CGC for any other Direct Damages resulting from the early termination of this Agreement. Once all such payments are made and all capacity is reassigned to CGC, each Party shall be relieved of all obligations and liabilities under this Agreement, except for other costs, refunds or credits from any service provider that accrued before the Early Termination Date that have not yet been reconciled between the Parties.

(c) Each Party shall use every reasonable effort to mitigate any damages resulting from a breach and/or termination of this Agreement.

(d) If CGC elects to terminate this Agreement for the reasons set forth in Section 19.1.1(f) or Section 19.1.3(a) or (b), then CGC shall either (i) direct Asset Manager to initiate any early unwinding of hedges necessary to effectuate the Early Termination to match the unwinding of Physical gas transactions that resulted in a difference between the Physical balance of a storage asset and CGC's Logical balance, or (ii) if acceptable to the applicable counterparty to any such transaction(s), accept an assignment of those existing transactions. If (i) is elected, the Parties will share, on a 50/50 basis, the revenues or costs associated with such unwinding, calculated based on Net Margin pursuant to Exhibit D. Once all such payments are made, each Party shall be relieved of all obligations and liabilities under this Agreement, except for other costs, refunds or credits due from any service provider that accrued before the Early Termination Date that have not yet been reconciled between the Parties.

(e) If Asset Manager elects to terminate this Agreement for the reasons set forth in Section 19.1.2(a) or (b), or Section 19.1.3(a) or (b), then CGC's obligations shall be those set forth in Section 19.2(d). Once all such payments are made, each Party shall be relieved of all obligations and liabilities under this Agreement, except for other costs, refunds or credits due from any Service Provider that accrued before the Early Termination Date that have not yet been reconciled between the Parties.

**19.3 Unwinding.** Subject to Sections 19.2(b), (c), or (e), and as the result of a declaration of an Early Termination Date or at the expiration of the Term, (a) Asset Manager's agency under the Assets shall expire or be revoked and, at CGC's request, Asset Manager shall assist CGC in very promptly advising any counterparty of such expiration or revocation, (b) any amounts due and owing either Party under any Agreement shall be paid or netted against other amounts owed pursuant to the terms of such Agreement and any corrections or adjustments to payments previously made shall be determined and any refunds due to either Party shall be made at the earliest possible time and in any event no later than thirty (30) Days, and (c) title to excess or deficient Gas in storage shall be handled in accordance with Sections 19.4 and 19.5 of this Agreement.

**19.4 Summer Period.** If this Agreement terminates during a Summer Period and on the termination date the storage assets contain a physical quantity of Gas less than the quantity of Gas shown on CGC's books in such storage assets as of the termination date ("Deficiency Quantity"), then Asset Manager shall either, at CGC's sole discretion, (i) have thirty (30) days following the termination date to deliver to CGC's storage asset a quantity of Gas equal to the Deficiency Quantity, or (ii) pay CGC, at a market price determined by CGC, an amount per



dekatherm for the Deficiency Quantity. If on the termination date the storage assets contain a physical quantity of Gas greater than the quantity of Gas shown on CGC's books in such storage assets as of the termination date ("Excess Quantity"), then Asset Manager shall either, at CGC's sole discretion: (a) invoice CGC for the Excess Quantity at a market price mutually agreed to by CGC and Asset Manager, or (b) transfer such Excess Quantity to a storage contract held in Asset Manager's name and assume ownership of such Excess Quantity; or (c) withdraw and assume ownership of the Excess Quantity.

**19.5 Winter Period.** If this Agreement terminates (a) during a Winter Period and on the termination date there remains a physical quantity of Gas within the storage asset that is less than the quantity of Gas shown on CGC's books in such storage assets as of the termination date ("Storage Quantity Deficiency"), notwithstanding anything to the contrary contained in this Agreement, Asset Manager shall pay CGC, at a market price determined by CGC, an amount per dekatherm for the Storage Quantity Deficiency or (b) during a Winter Period and on the termination date there remains a physical quantity of Gas within the storage asset that is greater than the quantity of Gas shown on CGC's books in such storage assets as of the termination date ("Storage Excess Quantity") Asset Manager shall, at CGC's sole discretion, either (1) invoice CGC for the Storage Excess Quantity at a market price mutually agreed to by CGC and Asset Manager, or (2) transfer the Storage Excess Quantity to a storage contract held by Asset Manager and assume ownership of such Excess Quantity.

**19.6 Survival.** The obligations of the Parties under Sections 19.1, 19.4 and 19.5 shall survive termination of this Agreement.

**19.7 Settlement.** Notwithstanding anything to the contrary in this Section 19, either Party shall have the right to settle its remaining obligations by cash payment, as reasonably agreed to by the other Party.

**19.8 Set-Off.** Upon the occurrence of the declaration of an Early Termination Date under Section 19.2 in respect of a Party under this Agreement or any other agreement between the Parties concerning the matters which are the subject of this Agreement (including, but not limited to, the agreements set forth in the Exhibits hereto), the Terminating Party may, without prior notice, setoff (including by setoff, offset, combination of accounts, retention, or withholding across or within each or all of the foregoing agreements) any sum, amount or other obligation (whether physically or financially settled, matured or unmatured) owed by the Terminating Party to the Terminated Party against any sum, amount or obligation (whether physically or financially settled, matured or unmatured) owed by the Terminated Party to the Terminating Party.

**19.9 Audit.** Either Party shall be entitled, at its sole expense, to audit those applicable books and records of the other Party to verify the accuracy of any unwinding cost calculation or any other calculations under this Agreement or the other Party's controls and procedures that may be relevant to the activities under this Agreement, at such other Party's offices and at a time during reasonable business hours acceptable to both Parties. In the alternative, if Asset Manager engages a third party to perform an SAS 70/SSAE 16 review of its gas control, procurement and management operations, CGC shall be entitled to a copy of such final report at no cost. A

Party's rights under this Section 19.9 shall survive for two (2) years after the termination of this Agreement.

**20. Damages.** Neither Party shall be liable for punitive, exemplary, consequential or incidental damages arising from any breach or default under this Agreement or from any act or omission under or in connection with this Agreement except as otherwise set forth herein or in the Gas Purchase and Sale Agreement.

**21. Assignment.** This Agreement shall be binding upon and inure to the benefit of the Parties, their successors and assigns. Neither Party shall assign this Agreement without the prior written consent of the other Party, which consent may be withheld at a Party's sole discretion, and prior approval by the TPUC; provided, however, that either Party may assign this Agreement to a wholly-owned affiliate or an entity that succeeds as a result of merger or reorganization without the consent of the other Party subject to prior TPUC approval so long as such wholly-owned affiliate or other entity has equal or better creditworthiness status and agrees in writing to be bound by the terms of this Agreement following such assignment.

**22. Necessary Authorizations.** This Agreement is subject to all present and future valid orders, rules, and regulations of any regulatory body having jurisdiction. Each Party represents that it has all necessary regulatory and other governmental authorizations for the transactions contemplated hereunder. The Parties agree to timely make all regulatory filings that may be needed to effectuate this Agreement. The Parties further agree that they will carry out their respective obligations hereunder, in compliance with all valid and existing laws, orders, rules or regulatory requirements currently in existence or which may be enacted in the future.

**22.1** The Parties expressly recognize that CGC may have certain reporting requirements to the TPUC in connection with this Agreement. Asset Manager expressly covenants to timely provide to CGC any information in its possession necessary for such reports and in no event to provide such information to CGC less than five (5) days prior to the due date for such reports, provided however that Asset Manager be given no less than seven (7) days to respond after a request for information.

**22.2** The Parties expressly recognize that CGC may have to respond to certain data requests related to this Agreement from the TPUC, any other governmental body, or any other party participating in a regulatory proceeding involving CGC. Asset Manager shall provide CGC the information needed to respond to any data requests within the timeframe specified by CGC.

**22.3** The Parties expressly recognize that both CGC and the TPUC have audit rights with respect to any and all financial and/or physical transactions undertaken in connection with this Agreement. As such, Asset Manager must provide work space for said audit(s) and appropriate personnel at its own expense.

**22.4** Asset Manager shall provide CGC and/or the TPUC, or its designee, the opportunity for periodic local reviews of Asset Manager's operations and systems, as may be required by CGC and/or the TPUC.



23. **Notice/Waiver.** The failure of a Party to give notice to the other Party or to take any other steps in exercising any right, or in respect of the breach or not of any provision of this Agreement, shall not operate as a waiver of that right, breach or provision nor shall any single or partial exercise of any right preclude any other or future exercise of that right or the exercise of any other right, whether in law or in equity or otherwise.

23.1 Any notice, request, demand or statement which either Party may desire to give to the other, shall be in writing and may be mailed by registered or certified mail, return receipt requested, to the post office address of the Parties shown below, or by facsimile transmission followed by written confirmation by regular mail, unless otherwise provided in this Agreement:

**ASSET MANAGER:**

**Notices**

Sequent Energy Management, L.P.  
Attn: Contract Administration  
1200 Smith Street, Suite 900  
Houston, TX 77002  
Phone 832 397-1700 /  
Telecopy confirms@sequentenergy.com

**Operational Matters**

Sequent Energy Management LP  
Attn: Alfonso Trabuls  
1200 Smith St 900  
Hou TX 77002  
Phone 713.560.0102  
Telecopy 713.560.0102

**Billing Inquiries**

Sequent Energy Management LP  
Attn: Sonya Hinson  
1200 Smith St 900  
Houston, TX 77584  
Phone 713.560.0102  
Telecopy 713.560.0102

**CGC:**

**Operational Matters**

Chattanooga Gas Company  
c/o AGL Services Company  
Attn: Manager, Southern Operations Gas Supply or  
Manager, Gas Control  
Phone TBD  
Telecopy TBD

**Notices**

Chattanooga Gas Company  
c/o AGL Services Company

Attn: Director, Capacity Planning or Vice President, Gas  
Supply Operations  
Dept. Code 1309  
P.O. Box 4569  
Atlanta, GA 30302-4569  
Phone TBD

**Billing Inquiries**

Chattanooga Gas Company  
c/o AGL Services Company  
Attn: Gas Accounting  
P.O. Box 4569  
Location 1180  
Atlanta, GA 30302-4569  
Phone: TBD  
Telecopy: TBD

Notice shall be deemed received five (5) business days following mailing if by registered or certified mail or upon sender's receipt of transmission confirmation if by facsimile transmission.

**23.2** Either of the Parties may from time to time designate a different address. Routine communications may be delivered by registered, certified or ordinary mail, or by telephone or telecopy if the Parties agree.

**24. Document Retention.** The Parties shall preserve all pertinent books and records relating to activities performed under this Agreement for a period of at least three (3) years after the termination of this Agreement or such longer time period required to support any related regulatory filings or audits by the TPUC. Each Party shall have the right, from time to time, to audit the books of the other Party as they pertain to the activities performed under this Agreement. A Party's rights under this paragraph shall survive for two years after the termination of this Agreement.

**25. Entire Agreement.** This Agreement together with its Exhibits constitutes the entire understanding and agreement of the Parties with respect to the management of the Assets and effective upon the execution of this Agreement by the respective Parties, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and cancelled in their entirety and of no further force or effect.

**26. Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Tennessee.

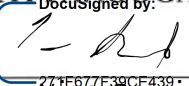
**27. Definitions.** Any capitalized term not defined in this Agreement shall have the meanings assigned such terms in the Gas Purchase and Sale Agreement.

**28. Counterparts.** This Agreement may be executed in multiple identical counterparts, each of which shall have the force and dignity of an original and all of which shall constitute but one

and the same Agreement. Transmission by telecopier of a facsimile of the signature page hereof will be conclusive evidence of the due execution of this Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed as of the day and year first written above, by their duly authorized Representatives.

**CHATTANOOGA GAS COMPANY:**

DocuSigned by:  
By:   
Title: Vice President Gas Supply

**ASSET MANAGER:**

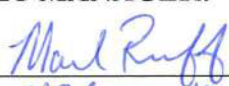
By:   
Title: VP Gas Marketing



Exhibit A  
Agency Contracts Schedule

Chattanooga Gas Company  
Supply and Capacity Assets

| CONTRACT PARTY                               | Contract Number | Tariff Rate | Deliverability |              | Storages               |                         | Receipt Point                      | Delivery Point   | Effective Term | Index Point           |
|--|-----------------|-------------|----------------|--------------|------------------------|-------------------------|------------------------------------|--|----------------|-----------------------|
|  |                 |             | Daily (Dth)    | Annual (Dth) | Maximum Withdraw (Dth) | Maximum Injection (Dth) |                                    |  |                |                       |
| ASSETS                                       |                 |             |                |              |                        |                         |                                    |  |                |                       |
| FIRM TRANSPORT                               |                 |             |                |              |                        |                         |                                    |  |                |                       |
| Kinder Morgan - Southern Natural Gas Company | FSNG130         | FT          | 5,105          | 1,863,325    |                        |                         | Logansport Meter Station - #650075 |  | 8/31/2023      | Southern Natural, La. |
|  | FSNG130         | FT          | 7,157          | 2,612,305    |                        |                         | High Point-TOCA to SNG #640000     | Chat Gas/SNG Hamilton- #790200   | 8/31/2023      |                       |
|  | FSNG130         | FT          | 523            | 190,895      |                        |                         | TOCA Exchange St Bernard - #420556 |  | 8/31/2023      |                       |
|  | FSNG130         | FT          | 436            | 159,140      |                        |                         | Sabine - Sabine Vermillion #605200 |  | 8/31/2023      |                       |
| Kinder Morgan - Tennessee Gas Pipeline       | 48082           | FT-A        | 1,519          | 554,435      |                        |                         | Wharton County Tie - #411929       |  | 10/31/2025     | Tennessee Zone 0      |
|  | 48082           | FT-A        | 700            | 255,500      |                        |                         | Cocodrie 523 Bluewater - #412883   |  | 10/31/2025     | Tennessee Zone L      |
|  | 48082           | FT-A        | 2,437          | 889,505      |                        |                         | Egan Gas Storage - #420822         |  | 10/31/2025     | Tennessee Zone L      |
|  | 48082           | FT-A        | 595            | 217,175      |                        |                         | Lowry Plant - #410671              |  | 10/31/2025     | Tennessee Zone L      |
|  | 48082           | FT-A        | 2,401          | 876,365      |                        |                         | Wharton County Transpo - #411911   | E Lobelville Tenn - #420042 (20,903 dths) & Greenbrier                       | 10/31/2025     | Tennessee Zone 0      |
|  | 48082           | FT-A        | 22             | 8,030        |                        |                         | Tijerina Dehy - #412356            | Tenn 2 - #420289 (16,916 dths)   | 10/31/2025     | Tennessee Zone 0      |
|  | 48082           | FT-A        | 1,858          | 678,170      |                        |                         | Pooling Pt-800 Leg - #420998       |  | 10/31/2025     | Tennessee Zone L      |
|  | 48082           | FT-A        | 7,148          | 2,609,020    |                        |                         | Monte Cristo Exchange - #412088    |  | 10/31/2025     | Tennessee Zone 0      |
|  | 48082           | FT-A        | 7,741          | 2,825,465    |                        |                         | Portland Storage - #460025         |  | 10/31/2025     | Tennessee Zone 1      |
|  | 48082           | FT-A        | 13,398         | 4,890,270    |                        |                         | Bear Creek Storage - #460017       |  | 10/31/2025     | Tennessee Zone 1      |
| Enbridge - East Tennessee Natural Gas        | 410203          | FT-A        | 2,472          | 902,280      |                        |                         | El Paso - Lobelville Rec. #53201   | ETNG Meter #s: 59014, 59142, 59108, 59106, 59024, 59017, 59016, 59007, 59001 | 10/31/2022     |                       |
|  | 410203          | FT-A        | 10,528         | 3,842,720    |                        |                         | El Paso - Ridgetop Rec. # 53101    |  | 10/31/2022     |                       |
|  | 410204          | FT-A        | 20,439         | 7,460,235    |                        |                         | El Paso - Lobelville Rec. #53201   | ETNG Meter #s: 59014, 59142, 59108, 59106, 59024, 59017, 59016, 59007, 59001 | 10/31/2022     |                       |
|  | 410204          | FT-A        | 3,012          | 1,099,380    |                        |                         | El Paso - Ridgetop Rec. # 53101    |  | 10/31/2022     |                       |
|  | 410204          | FT-A        | 4,899          | 1,788,135    |                        |                         | Dickenson Co, #59315               |  | 10/31/2022     |                       |
|  | 661664          | FT-A        | 25,000         | 9,125,000    |                        |                         | Texas Eastern - Mt. Pleasant       | Plant Smith (OPC) with CGC points secondary in path                          | 1/31/2022      |                       |
| Total  |                 |             | 117,390        |              |                        |                         |                                    |  |                |                       |

Exhibit A  
Agency Contracts Schedule

Chattanooga Gas Company  
Supply and Capacity Assets

| CONTRACT PARTY  | Contract Number | Tariff Rate | Deliverability |              | Storages               |                         | Receipt Point           | Delivery Point   | Effective Term | Index Point |
|---|-----------------|-------------|----------------|--------------|------------------------|-------------------------|-------------------------|--|----------------|-------------|
|   |                 |             | Daily (Dth)    | Annual (Dth) | Maximum Withdraw (Dth) | Maximum Injection (Dth) |                         |  |                |             |
| <b>FIRM TRANSPORT ASSOCIATED WITH STORAGE</b>   |                 |             |                |              |                        |                         |                         |  |                |             |
| Kinder Morgan - Tennessee Gas Pipeline <sup>(1)</sup>   | 22923           | FS-PA       | 13,659         | 4,985,535    | 13,659                 |                         | TGP Meter #460017       | E Lobelville Tenn - #420042 (20,903 dths) & Greenbrier | 10/31/2025     |             |
| Kinder Morgan - Tennessee Gas Pipeline <sup>(1)</sup>   | 3947            | FS-MA       | 7,741          | 2,825,465    | 7,741                  |                         | TGP Meter #460025       | Tenn 2 - #420289 (16,916 dths)                         | 11/1/2025      |             |
| Total   |                 |             | 21,400         |              |                        |                         |                         |  |                |             |
| (1) Tennessee Gas Pipeline FT-A contract 48082 is used to deliver gas to the FS-PA and FS-MA storages and to deliver gas from the FS-PA and FS-MA storages. |                 |             |                |              |                        |                         |                         |  |                |             |
| <b>STORAGE</b>  |                 |             |                |              |                        |                         |                         |  |                |             |
| Kinder Morgan - Tennessee Gas Pipeline  | 22923           | FS-PA       | 13,659         |              | 13,659                 | 13,616                  | TGP Meter #460017       | E Lobelville Tenn - #420042 (20,903 dths) & Greenbrier | 10/31/2025     |             |
| Kinder Morgan - Tennessee Gas Pipeline  | 3947            | FS-MA       | 7,741          |              | 7,741                  | 5,682                   | TGP Meter #460025       | Tenn 2 - #420289 (16,916 dths)                         | 11/1/2025      |             |
| Total   |                 |             | 21,400         |              |                        |                         |                         |  |                |             |
| <b>EXCLUDED ASSETS</b>  |                 |             |                |              |                        |                         |                         |  |                |             |
| <b>FIRM TRANSPORT ASSOCIATED WITH STORAGE - (UTILITY RETAINED)</b>  |                 |             |                |              |                        |                         |                         |  |                |             |
| <u>(Assets are not eligible for optimization by Asset Manager / Seller. Asset Manager / Seller is responsible for nominating these assets)</u>              |                 |             |                |              |                        |                         |                         |  |                |             |
| Kinder Morgan - Southern Natural Gas Company  | FSNG130         | FTNN        | 14,346         | 5,236,290    | 14,346                 |                         | Bear Creek/Muldon Field | Chat Gas/SNG Hamilton- #790200                         | 8/31/2023      |             |
| Total   |                 |             | 14,346         |              |                        |                         |                         |  |                |             |
| <b>STORAGE (UTILITY RETAINED)</b>   |                 |             |                |              |                        |                         |                         |  |                |             |
| <u>(Assets are not eligible for optimization by Asset Manager / Seller. Asset Manager / Seller is responsible for nominating these assets)</u>              |                 |             |                |              |                        |                         |                         |  |                |             |
| Kinder Morgan - Southern Natural Gas Company  | SSNG69          | CSS         | 14,346         |              | 14,346                 | 5,465                   | @ Storage               | Chat Gas/SNG Hamilton- #790200                         | 8/31/2023      |             |
| Total   |                 |             | 14,346         |              |                        |                         |                         |  |                |             |



## EXHIBIT B

### DAILY OPERATIONAL PROCEDURES

#### Physical Dispatch

1. By 9:00 a.m. Eastern Time ("ET") each business day for the next day flow, on Fridays for weekend and Monday flow, and on the business day prior to a holiday, CGC will send Asset Manager its Logical Dispatch.
2. Prior to 10:00 a.m. ET each business day CGC and Asset Manager will communicate to establish the "Daily Plan" described below, based upon system operational parameters of CGC (the "AM Meeting").
  - a. CGC will provide Asset Manager with the Four-Day Gas Demand Forecast for CGC. CGC will adjust the Four-Day Demand Forecast for holidays or other purposes as applicable.
  - b. Asset Manager will provide CGC with Asset Manager's Two-Day Physical Gas Supply Plan each business day for same day flow and next day flow on weekdays, Monday through Thursday.
  - c. Asset Manager will provide CGC with Asset Manager's Four-Day Physical Gas Supply Plan on Fridays for Friday through Monday flow, and on the business day prior to a holiday for the holiday's flow. If a holiday(s) mandate CGC purchase gas for more than three consecutive days, Asset Manager will adjust the Four-Day Physical Gas Supply Plan, as applicable.
  - d. CGC will consider Asset Manager's Physical Gas Supply Plan, but ultimately shall determine the optimum "Daily Plan" for deployment of CGC's Assets.
  - e. Asset Manager will maintain the records of the Physical Gas Supply Plans and will provide copies as needed to CGC.
3. All such communications described above shall be in writing, unless otherwise agreed to by CGC.



## EXHIBIT B

### For Daily Nominations:

1. Asset Manager will be responsible for submitting nominations on the Electronic Bulletin Board ("EBB") of pipelines serving CGC, with such nominations to be completed pursuant to the applicable pipeline tariffs and for submitting a scheduling summary to CGC in writing, unless otherwise agreed to by CGC, reflecting the pipeline nominations.
2. Asset Manager will be responsible for submitting nominations on the CGC Gas Operations System ("GOS"), with such nominations to be completed pursuant to the applicable GOS nomination cycles and for submitting a scheduling summary to CGC reflecting the GOS nominations.
3. Asset Manager will be responsible for submitting any other nomination or scheduling requirement CGC may have.
4. Asset Manager will send a scheduling summary to CGC in writing, unless otherwise agreed to by CGC, for the current day by 1:00 p.m. ET and by 3:00 p.m. ET for the next day.
5. CGC will be responsible for confirming Asset Manager's nominations in GOS, provided such nominations are both in GOS and the pipeline EBB, on its behalf at the City Gate Delivery Points, such confirmations to be completed pursuant to the applicable pipeline tariff. The exception to this rule is when gas is scheduled on East Tennessee Natural Gas ("ETNG") to the City Gate Delivery Point 59014. Gas scheduled to Delivery Point 59014 will be scheduled on the ETNG pipeline EBB and listed on the scheduling summary in the manual confirmation section. The gas must be scheduled on the pipeline EBB and be documented on the scheduling summary to be confirmed by CGC. Gas that is scheduled on the pipeline EBB but not identified on the scheduling summary will not be confirmed by CGC.
6. Both CGC and Asset Manager shall confer via written communications, unless otherwise agreed to by CGC, and make revisions to the daily nominations as described in Exhibit C. If such revisions require nomination changes, Asset Manager will make any intra-day or next day nomination changes. CGC will confirm any intra-day or next day nomination changes and Asset Manager shall submit to CGC in writing, unless otherwise agreed to by CGC, a revised scheduling summary reflecting such changes. Nominations by Asset Manager and confirmations by CGC will be completed pursuant to the applicable pipeline tariff and GOS nomination cycles.
7. Prior to 5:00 p.m. ET of each day CGC will provide Asset Manager with final data on consumption levels for the prior day.

**EXHIBIT B**

**Logical Dispatch**

1. CGC will nominate gas quantities to be purchased on a monthly basis, at requested Receipt Points with delivery to CGC's City Gate, as well as purchases for storage injections, no later than 9:00 a.m. ET three business days prior to the day of the NYMEX settlement for the following month.
2. By 9:00 a.m. ET each business day for the next day flow, on Fridays for weekend and Monday flow, and on the business day prior to a holiday(s), CGC will provide Asset Manager its Logical Dispatch for the appropriate day. Included in such Logical Dispatch will be 1) instructions on how each day's nomination is to be changed based on actual required flows, if appropriate and 2) the physical delivery requirements of the requested gas, if appropriate.

**EXHIBIT C**

**GAS PURCHASE AND SALE AGREEMENT**

Between

CHATTANOOGA GAS COMPANY

and

Sequent Energy Management L.P.

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## GAS PURCHASE AND SALE AGREEMENT

Effective [April 1], 2022, this Agreement<sup>1</sup> is made and entered into by and between CHATTANOOGA GAS COMPANY ("Buyer")<sup>2</sup>, and Sequent Energy Services LP ("Seller"), both Buyer and Seller sometimes referred to collectively as ("Parties") or singularly as "Party."

Buyer and Seller hereby agree as follows:

### **I. Definitions**

**1.1 "Agreement"** means the provisions of this document as it may be amended from time to time subject to prior approval by the TPUC.

**1.2 "AMAA"** means the Asset Management and Agency Agreement between Buyer and Seller, dated April 1, 2022.

**1.3 "Assets"** means those contractual entitlements held by Buyer and for which Seller is designated agent to manage pursuant to the AMAA, as listed on Exhibit A thereto.

**1.4 "BPR"** shall mean for any day, the Logical quantity of Gas required by Buyer, if any, not including BSRR, NNW, or NSW. Therefore  $BPR = DPR + MPR + NIQ - NNW - NSW - LNGW$ . BPR shall be inclusive of all fuel requirements including, but not limited to, system fuel, company use and unaccounted-for Gas on Buyer's system and that of Service Provider.

**1.5 "Business Days"** shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States.

<sup>1</sup> The Asset Management and Agency Agreement between Buyer and Seller, dated 4/1/2022 ("AMAA"), is incorporated herein by reference, including any defined terms in the AMAA.

<sup>2</sup> AGL Services Company ("AGLSC") acts on behalf of Buyer pursuant to an Agreement between Chattanooga Gas Company and AGLSC.



**1.6** "BSRR" shall mean Buyer's Storage Refill Requirement which is that quantity of Gas needed by Buyer to be injected into its storage inventories over each Summer Period, which is determined in accordance with Section 4.1.

**1.7** "Btu" (British Thermal Unit) means the amount of heat energy required to raise the temperature of one pound of water from fifty-nine-degrees Fahrenheit (59°F) to sixty degrees Fahrenheit (60°F), as determined on a dry basis.

**1.8** "City Gate" shall mean any interconnection between the facilities of a Service Provider and Buyer's local gas distribution system or such other City Gate delivery point(s) as may be mutually agreed by the Parties.

**1.9** "Day" shall mean that period of twenty-four (24) consecutive hours as defined in the Service Provider's FERC Tariff.

**1.10** "DDR" shall mean the Buyer's forecasted demand for any given day as defined in Exhibit B of the AMAA.

**1.11** "Deficiency Gas" shall have the meaning set forth in Section 3.3.

**1.12** "Dekatherm" or "dt" shall mean the quantity of heat energy which is equivalent to one (1) MMBtu.

**1.13** "Delivery Point(s)" means (i) with respect to deliveries effectuated by Seller not relying on the Assets, Buyer's City Gate and (ii) with respect to deliveries effectuated by Seller relying on the Assets, the Receipt Points.

**1.14** "DICO" shall mean an amount per MMBtu equal to the midpoint of the Daily Price Survey in Gas Daily published by Platts, a division of the McGraw Hill Companies, for the applicable pipeline Receipt Points for the Contracts of Buyer listed in Exhibit A of the AMAA. Buyer and Seller

specifically recognize that from time to time Seller's actual costs of gas may be above or below index. This shall not have any effect on the determination of DICOG.

**1.15** "DPR" shall mean that daily Logical quantity of gas nominated for purchase from Seller from time to time during any month in accordance with Buyer's daily operating procedures as defined in Exhibit B of the AMAA.

**1.16** "DSIQ" shall mean that portion of the BSRR Logically nominated for ultimate delivery to Storage Facilities for a given day. DSIQ shall be inclusive of all applicable Service Provider's fuel requirements.

**1.17** "ET" shall mean Eastern Time.

**1.18** "FERC" means the Federal Energy Regulatory Commission or any successor government authority.

**1.19** "Excluded Assets" shall have the meaning set forth in Section 3 of the AMAA.

**1.20** "FOM Index Price" means an amount per MMBtu equal to the first of the month indices published in Inside FERC's Gas Market Report by Platts, for the applicable pipeline Receipt Points for the Contracts of Buyer listed in Exhibit A of the AMAA. Buyer and Seller specifically recognize that from time to time Seller's actual costs of gas may be above or below index. This shall not have any effect on the determination of FOM Index Price.

**1.21** "Gas" or "Natural Gas" means the effluent vapor stream (including liquid hydrocarbons) in its natural state produced from wells, including all hydrocarbon and nonhydrocarbon constituents and including casinghead gas produced with crude oil, and residue gas resulting from the processing of well gas or casinghead gas and, at the time of delivery from Seller to Buyer, satisfying the quality specifications as set forth in Service Provider's FERC approved tariff. Gas shall also include LNG.

**1.22** "LNG" means liquefied natural gas.

**1.23** “LNGW” means Buyer’s withdrawals from its on-system LNG facility or its LNG contracts with others.

**1.24** “Logical” or “Logically” refers to the supply or transportation path as determined by Buyer to deliver to Buyer’s Delivery Point(s) or Storage Point(s) the MPR, DPR, NIQ or NWQ. “Logical” also refers to the Buyer’s request of storage DIQ(s) and storage DWQ(s) and the resultant storage inventory balance(s). Buyer’s logical requests are independent of the Asset Manager’s physical dispatch within the Buyer’s operational dispatch requirements and parameters. “Logical” or “Logically” is used to label Buyer’s requests and for billing purposes.

**1.25** “Mcf” means one thousand (1,000) cubic feet of Gas as determined on the measurement basis set forth in this Agreement.

**1.26** “MDQ” shall mean the maximum quantity as identified in Buyer’s firm transportation contracts.

**1.27** “MMBtu” means one million (1,000,000) Btu.

**1.28** “Month” shall have the same meaning as that in Service Provider’s FERC Tariff.

**1.29** “MPR” shall mean the Logical quantity of gas nominated by Buyer each month for daily ratable purchases to be determined by Buyer in accordance with Section 2.2.

**1.30** “Most Cost Effective Transportation Path” shall mean the lowest cost method of effectuating the Logical delivery of quantities from the applicable receipt points to the delivery points utilizing the Assets consistent with supply reliability considerations, and shall be determined by Buyer and provided to Seller pursuant to Section 2. The determination of the Most Cost Effective Transportation Path shall be relevant for determining prices under Section 5 of this Agreement. Except as otherwise directed by Buyer, Seller shall have no obligation to follow such determination in arranging Physical deliveries of gas under this Agreement.



**1.31** “NIQ” shall mean the quantity of gas Buyer agrees to buy and Seller agrees to deliver for injection into a Storage Facility during any day, month, or longer period as requested by Buyer consistent with this Agreement and exclusive of the NNI.

**1.32** “NSW” shall mean the quantity of gas nominated from Buyer’s inventory in Storage Facilities for delivery to the City Gate.

**1.33** “NNI” shall mean the quantity of gas injected into the Buyer’s capacity in Storage Facilities via No-Notice service pursuant to the Service Provider’s Tariff.

**1.34** “NNW” shall mean the quantity of gas delivered to Buyer’s City Gate via No-Notice service pursuant to the Service Provider’s tariff.

**1.35** “Physical” or “Physically” shall mean the actual supply or transportation path used for system dispatch and/or storage activity.

**1.36** “Receipt Points” shall mean such Receipt Points designated from time to time in the contracts included in the Assets listed on Exhibit A, as well as the Receipt Points listed in the contracts included in the Excluded Assets.

**1.37** “Service Provider(s)” shall mean either a Storage Provider or a Transporter, or both, individually or collectively, as the context requires.

**1.38** “Storage Facilities” shall mean, collectively, the storage facilities covered by storage contracts included in the Assets.

**1.39** “Storage Provider” shall mean any provider of storage services at a Storage Facility.

**1.40** “Summer Period” shall mean the period from April 1<sup>st</sup> through October 31<sup>st</sup> of each year unless for a particular storage service the period is extended or reduced by mutual agreement of Buyer and Seller to be consistent with the injection period as defined by Service Provider.

**1.41** “Tariff” shall mean the applicable FERC-approved tariff of any Service Provider.

**1.42** "TPG" shall mean that quantity of gas that Buyer purchases from a supplier other than Asset Manager.

**1.43** "TPUC" shall mean the Tennessee Public Utilities Commission or any successor governmental authority.

**1.44** "Transporter" shall mean any pipeline providing transportation services under the transportation contracts included in the Assets.

**1.45** "Variable Costs" shall mean all variable Service Provider transportation and storage charges and surcharges, including fuel and injection and withdrawal charges and transportation to the City Gate, as provided in the contracts and applicable Tariff.

**1.46** "Winter Period" shall mean the period from November 1 through March 31<sup>st</sup> unless for a particular storage service the period is extended by mutual agreement of Buyer and Seller to be consistent with the withdrawal period as defined by Service Provider.

## **II. Sale and Purchase**

**2.1** Subject to the terms of this Agreement, each Day, if and to the extent requested by Buyer, Seller agrees to Physically deliver and Logically sell, and Buyer agrees to Physically receive and Logically purchase from Seller, quantities of Gas as instructed by Buyer up to one-hundred percent (100%) of Buyer's full gas supply requirements, including up to one-hundred (100%) of the daily entitlement under the contracts identified in Exhibit A of the AMAA (the Assets) and the Excluded Assets specified in the AMAA, plus additional amounts as needed and as available to meet Buyer's full gas supply requirements, in accordance with the terms of this Agreement. Sales and purchase quantities will be based on Buyer's Logical nominations and deliveries and receipts will be based on Buyer's Physical dispatch. Buyer's nominations shall utilize the Assets listed in Exhibit A as well as the Excluded Assets specified in the AMAA, as amended from time to time, with Asset Manager obtaining any additional IT transportation as

needed and available to meet Buyer's full gas supply requirements, the cost of such additional IT being the responsibility of Buyer. Buyer retains the right to contract for TPG and Seller shall nominate or cause to be nominated with Transporter Service Provider the TPG at Buyer's Receipt Points or secondary firm Receipt Points into Buyer's firm transportation or at Buyer's city gate, the Delivery Point(s).

**2.2 Logical Monthly Nomination.** Each Month, no later than 9:00 a.m. ET three (3) Business Days prior to the day of the NYMEX settlement for the following Month, Buyer shall notify Seller in writing of (i) the MPR for the following month and (ii) the mix of the Assets, including the Most Cost Effective Transportation Path from Receipt Point (s) to Delivery Point (s), that Buyer designates to effectuate delivery to the City Gates of the MPR.

**2.3 Logical Daily Nominations.** Each Business Day no later than 9:00 a.m. ET for next Day flow, on Fridays for weekend and Monday flow, and on the Business Day prior to a holiday, Buyer will provide Seller its nomination for DPR for the appropriate Day and the quantity of storage deemed to be withdrawn for the Day consistent with the physical needs and limitations of Buyer, as applicable. For the avoidance of doubt, the phrase "deemed to be" as used in this agreement shall refer to the Logical nomination and shall mean that Seller shall have no obligation to actually inject or withdraw such quantity from storage and that Seller may satisfy Buyer's requirements through other sources of supply consistent with the physical needs and limitations of the Buyer. Accordingly, Seller shall not be obligated to Physically arrange any nomination in accordance with Buyer's nominations, so long as Seller otherwise complies with this Agreement. Included in such nomination will be instructions on how the nomination is to be changed based on actual required flows. For clarification, Buyer's nomination of the DPR over a weekend or holiday that results in the Asset Manager purchasing non-ratable daily quantities shall result in the pricing of such non-ratable quantities at a mutually agreeable price. Buyer shall provide Seller in writing



with Buyer's initial DPR for the appropriate day, including the Most Cost Effective Transportation Path from receipt point(s) to delivery point(s).

**2.4** If Buyer's nominations for any Day results in surplus Gas purchased and such surplus Gas is not injected into storage, Buyer will sell back to Seller such excess Gas at the appropriate market daily index price if Seller is informed by 9:00 a.m. ET for day-ahead gas flow, or at a mutually agreeable price if such notification is after 9:00 a.m. ET for day ahead Gas flow or is for a non-ratable volume over a weekend or holiday. Buyer may use NNI rights to satisfy surplus Gas. If Buyer's nominations do not result in sufficient Gas to satisfy Buyer's requirements and the Assets have adequate capacity to move additional Gas on an intra-day basis, then Buyer shall request and Seller shall sell the additional Gas required at a mutually agreeable price. Buyer may use NNW rights to satisfy the insufficient Gas requirement.

**2.5** In the event the Parties must negotiate a mutually agreeable price for the volumes as provided in this Section 2, Buyer shall have the option to obtain price quotes for such volumes from third parties, and Seller shall have the right to match the lowest quote obtained by Buyer. Otherwise, Buyer shall have the right to purchase such volumes from third parties.

**2.6** Seller will be solely responsible for all nominations of Assets listed in Exhibit A. Seller will be responsible for submitting nominations on the Gas Operating System ("GOS") of Buyer and with the Service Providers with such nominations to be completed pursuant to the applicable Tariff(s).

**2.7** Buyer and Seller agree that Buyer shall have the right to utilize all Assets listed in Exhibit A to the AMAA. All Assets will be Logically nominated by Buyer and delivered by Seller consistent with the physical needs and limitations of Buyer. Buyer, in its sole discretion, can direct Seller to physically deliver Buyer's Logically nominated Assets.

### **III. Delivery of BPR, DSIQ, NIQ, NNW, NSW, and/or TPG**



**3.1** Subject to the terms and conditions of this Agreement and the AMAA, and the transportation and storage agreements included in the Assets, Seller shall nominate or cause to be nominated with Service Provider the BPR, if any, the DSIQ, if any, the NIQ, if any, and the NSW, if any at the Delivery Point(s). Each Day Seller agrees to nominate and tender for delivery to Buyer, and Buyer agrees to receive from Seller if nominated and tendered at the Delivery Points, the BPR, if any, the DSIQ, if any, the NIQ, if any, and the NSW, if any for such Day. However, Seller's obligation to nominate and tender to Buyer the agreed BPR, DSIQ, NIQ, and/or NSW on any Day shall be reduced to the extent that Buyer gives notice to Seller that it cannot receive the BPR, DSIQ, NIQ, and/or NSW for any reason including Force Majeure.

**3.2** In determining Buyer's BPR, DSIQ, NIQ, and/or NSW, the Parties agree to adhere to the daily set up and nomination procedures as specified in Exhibit B of the AMAA.

**3.3** Unless excused pursuant to Section 3.1 hereof or by Force Majeure, if, on any Day, Seller fails to Physically deliver quantities of gas adequate to meet the BPR for such Day, then Buyer's remedy shall be to obtain alternate supplies of Gas to cover the quantities of Gas not delivered by Seller (such alternate supplies obtained by Buyer are referred to as "Deficiency Gas"). Buyer shall also be entitled to collect from Seller an amount equal to the positive difference, if any, between the total costs incurred by Buyer to obtain the Deficiency Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), and the cost Buyer would have paid for such Deficiency Gas under this Agreement. Buyer is under no obligation to use any Excluded Assets to obtain Deficiency Gas. If Buyer is unable to obtain Deficiency Gas, then Buyer shall be entitled to pursue against Seller all available remedies for breach of this Agreement. If Seller fails to meet the Physical inventory level requirements pursuant to Section 2.1(e) of the AMAA and such failure is not otherwise excused, then the remedies set forth in this subsection shall be available to Buyer, if in Buyer's sole judgment, obtaining Deficiency Gas is necessary to ensure that the BSRR will be achieved or that winter inventory levels are at satisfactory levels.

3.4 A breach of this Agreement or the AMAA by either Party may entitle the non-breaching Party to direct damages, which shall be any costs incurred, or contractual entitlements that result from any breach of this Agreement or the AMAA by either Party. In the case of a breach by Seller, Buyer's direct damages include, but are not limited to, (i) commercially reasonable costs incurred by Buyer to find and secure an alternate supplier for what would have been the remaining Term of this Agreement, (ii) any positive difference in the costs that Buyer would have incurred under this Agreement and the costs that Buyer incurs under any replacement agreement(s) for what would have been the remaining Term of this Agreement, or (iii) where applicable, the damages determined under this Agreement.

#### **IV. Determination of Summer Period BSRR**

4.1 For each Summer Period during the term of this Agreement, consistent with Exhibit E of the AMAA, Buyer will Logically purchase and Seller will Logically deliver a quantity of Gas designated as the "Summer Period BSRR" for the storage services as listed in Exhibit E calculated using the following equation:

$$\text{Summer Period BSRR} = \text{BTIL} - \text{AIL} + \text{SIF}$$

Where:

Summer Period BSRR = the BSRR to be injected during the Summer Period;

BTIL = Buyer's Target Inventory Level for each storage service as such targets are specified by Buyer.

AIL = Buyer's estimated inventory level in the applicable storage services on April 1 of each Summer Period at the time Buyer provides Seller with the required BTIL quantities; and

SIF = Fuel(s) retained by Buyer's Transporter and/or Storage Provider from the Receipt Point(s) into the applicable Storage Facility.

BTIL for each storage service shall be determined by Buyer prior to the commencement of each Summer Period and communicated in writing to Seller on or before the March 15<sup>th</sup> immediately preceding the applicable Summer Season for management purposes pursuant to the terms of the AMAA.

All other storage fill shall be managed through Buyer's scheduling of NIQ.

## **V. Price**

**5.1** The price per MMBtu for any quantity included in this Agreement shall be calculated as follows:

(a) For Buyer's MPR,

(i) All volumes shall be priced at the flat FOM Index Price at the receipt points identified by Buyer in the Most Cost Effective Transportation Path as set forth in Section 2.2, plus applicable Variable Costs. To the extent that the FOM Index Price is unavailable, the Parties shall mutually agree upon a price.

(ii) In the event Buyer desires to purchase a portion of its MPR on a fixed price basis, then the Parties shall negotiate a mutually acceptable fixed price.

(b) For Buyer's DPR,

(i) All volumes shall be priced at the DICOG at the receipt points identified by Buyer in the Most Cost Effective Transportation Path as set forth in Section 2.3, plus applicable Variable Costs. To the extent that the DICOG is unavailable, the Parties shall mutually agree upon a price.

**5.2** Buyer shall be responsible for nominating Gas from Seller to fill the Excluded Assets. The price for Buyer's BSRR for the Excluded Assets shall be, at CGC's option, either (a) the FOM Index Price at Buyer's applicable Receipt Points or (b) the DICOG at Buyer's applicable Receipt Points, plus applicable Variable Costs to transport and inject the Gas, if any. To the extent that the FOM Index Price or DICOG is unavailable, the Parties shall mutually agree upon a price.



5.3 Daily supply/demand imbalances will be managed through the use of Buyer's NNI or NNW rights.

5.4 Charges for Logical storage Gas withdrawn will be only for Variable Costs based on the storage volumes deemed to be withdrawn by Buyer and transported to the applicable Delivery Point(s) in accordance with Sections 2.2 and 2.3., if applicable.

5.5 The price for Buyer's NIQ at the Delivery Points, if any, shall be the appropriate price depending upon whether MPR or DPR volumes are scheduled for injection, plus applicable Variable Costs to transport and inject the Gas into storage.

5.6 In the event the Parties must negotiate a mutually agreeable price for the volumes as provided in this Section 5, Buyer shall have the option to obtain price quotes for such volumes from third parties, and Seller shall have the right to match the lowest quote obtained by Buyer. Otherwise, Buyer shall have the right to purchase such volumes from third parties. If Buyer does not obtain price quotes from third parties prior to purchasing material volumes of gas (5,000 dt or greater per package) from Seller at a mutually agreeable price, Seller shall provide Buyer with independent market data to support the price being quoted by Seller, in a format reasonably acceptable to Buyer (e.g., screen print from ICE trading system for applicable price at time of execution).

5.7 The Parties agree that Gas sale and purchase transactions (for Buyer's own use in the form of storage fill or firm burn) which utilize flat index pricing (either first of month or Gas Daily) to determine the value of commodity will be deemed to be indicative of the market as of that time and that the appropriate flat indexes will be the basis upon which revenue and cost will be calculated.

## **VI. Transportation and Penalties**

6.1 Seller shall be responsible for all transportation and gathering upstream of the Delivery Point(s) necessary for Seller to deliver Gas to Buyer hereunder. To the extent that Buyer purchases TPG at

Receipt Points upstream of the City Gate, Seller shall also be responsible for all transportation and gathering necessary for Seller to deliver such TPG to Buyer's City Gate, subject to reimbursement of applicable Variable Costs and otherwise in accordance with the terms hereof.

**6.2** The rules, guidelines, and policies of the applicable Service Provider shall define and set forth the manner in which the Gas sold under this Agreement is measured and transported. Buyer and Seller recognize that the receipt and delivery, on the Service Provider's pipeline facilities, of Gas purchased and sold under this Agreement shall be subject to the operational procedures of the Service Provider as well as the terms of the Service Provider's transportation service agreement(s) with Buyer that are included in the Assets.

**6.3** Buyer and Seller shall be obligated to use their best efforts to avoid imposition of imbalance penalties, scheduling fees, cash-out costs, in kind physical imbalance resolution at a net loss to either Party, and any other, similar, charges, costs, and losses associated with imbalances (collectively, "imbalance charges") that Service Provider, or any other pipeline upstream or downstream of the Delivery Point(s), may be authorized to charge under its then effective FERC approved Gas Tariff, or equivalent state-approved tariff. If during any month Buyer or Seller receives an invoice from a transporting pipeline which is downstream of the Delivery Points that includes an imbalance charge, both Parties shall be obligated to use their best efforts to determine the validity, as well as the cause, of such imbalances charges. If the Parties determine that the imbalance charge was imposed as a result of Buyer's actions which shall include, but not be limited to, Buyer's failure to accept at a Delivery Point(s) a daily quantity of Gas equal to the nominated quantity, adjusted for contractual NNW and NNI rights, not to exceed the MDQ, then Buyer shall pay for such imbalance charge. If the Parties determine that the imbalance charge was imposed as a result of Seller's actions (which shall include, but not be limited to, Seller's failure to deliver to a Delivery Point(s) a daily quantity of Gas equal to the nominated quantity, not to exceed the MDQ) then Seller shall pay such

imbalance charge. If the non-responsible Party has paid or shall pay such imbalance charges, the responsible Party shall reimburse the non-responsible Party no later than fifteen (15) days after the non-responsible Party has delivered to the responsible Party a copy of the related invoice.

**6.4** Buyer and Seller recognize that the Service Provider or pipeline upstream or downstream of a Delivery Point may be authorized to issue Operational Flow Orders ("OFOs"), or the equivalent, however described in the Service Provider's FERC Gas Tariff, or any successor provision. Buyer and Seller also recognize that the Service Provider may issue an OFO that obligates the Buyer or the Seller to take action that may be contrary to the terms of this Agreement or the AMAA, including, without limitation, the delivery and taking of Gas in violation of nomination procedures or in quantities contrary to prior nominations made by Seller on Buyer's behalf. In such event, Buyer and Seller agree that compliance with any duly authorized OFO will not constitute a breach of this Agreement or the AMAA, provided that: (i) the Party receiving an OFO notify the other Party as soon as possible, and (ii) the Parties use their best efforts to minimize the operational and economic consequences of compliance with the OFO by all commercially reasonable means at their disposal. This Section will not apply to the extent an OFO is issued to Buyer or Seller as a result of Buyer's or Seller's actions under any relevant provision of Service Provider's FERC Gas Tariff. In the event that Seller concludes that an OFO was improperly or unlawfully issued by the Service Provider with the result that Buyer suffers adverse consequences under this Agreement or the AMAA, and in instances where Seller decides not to pursue any rights or remedies it may have against the Service Provider associated with the issuance of the OFO, Seller will, to the extent permitted by law or regulation, assign any such rights and remedies to Buyer to the extent required to permit Buyer to take legal or regulatory action against the Service Provider. In the event an OFO is issued, Asset Manager agrees to first completely honor and satisfy CGC's needs and requirements under this Agreement or the AMAA to the



extent possible using the Assets covered by this Agreement and the AMAA before Asset Manager undertakes to deliver Gas to any of its other markets or customers using the Assets.

## **VII. Payment**

**7.1** (a) On or before the tenth (10th) Day of each Month, Seller shall render to Buyer a statement and invoice setting forth the charges for gas delivered to Buyer (including applicable Variable Costs) which separately identifies any and all quantities attributable to Buyer's DPR, MPR, DSIQ, NIQ, and TPG during the immediately preceding Month, separately identified by category of storage services. Buyer shall pay the invoiced amounts on or before the twenty-fifth (25<sup>th</sup>) day of such month. If presentation of a statement by either Party is delayed after the tenth Day of a Month, then the time for payment shall be extended a corresponding period of time, unless the other Party is responsible for such delay.

(b) Amounts that Seller may owe Buyer under this Agreement or the AMAA shall be invoiced and paid in accordance with the procedure established in this Section.

**7.2** Invoices shall be sent to Buyer at:

Chattanooga Gas Company  
c/o AGL Services Company  
Attn: Gas Accounting  
P. O. Box 4569  
Location 1180  
Atlanta, GA 30302-4569  
Phone: TBD  
Telecopy: TBD

Invoices shall be sent to Seller at:

Sequent Energy Management, L.P.  
Attn: Accounting  
1200 Smith St Ste 900  
Houston TX 77002

**7.3** If Buyer presents to Seller reasonable evidence supporting Buyer's good faith belief that the amount of the invoice is incorrect, Buyer shall pay the undisputed amount. If Seller can demonstrate, to Buyer's reasonable satisfaction, that Buyer's position is incorrect, Buyer shall immediately pay any remaining amount owed. Late payments and all amounts withheld by Buyer and subsequently acknowledged or determined to be owed shall bear interest running from the original due date until paid at a rate equal to the then effective base rate on corporate loans posted by commercial United States banks and listed under "Prime Rate" published under the section "Money Rates" by The Wall Street Journal (Eastern Edition) on the first Business Day of the relevant Month. Should Buyer fail to pay undisputed amounts when due, and such failure continues for a period of thirty (30) days or more, Seller shall be entitled to suspend deliveries of Gas to Buyer upon the furnishing of written notice of suspension to Buyer. Seller shall resume deliveries of Gas to Buyer no later than forty-eight (48) hours following Buyer's payment of all undisputed amounts then due.

**7.4** If either Party discovers that the amount billed in any statement or payment rendered under this Agreement is incorrect, such inaccuracy shall be adjusted within thirty (30) days of its discovery, together with interest at the rate provided for in Section 7.3 of this Agreement. No adjustments shall be made for any inaccuracy not claimed within twenty-four (24) months of the date of the original statement. A Party's rights under this section shall survive termination of this Agreement and the AMAA.

**7.5** The Parties shall each preserve all test data, meter records, charts and other similar records pertaining to Gas sold and delivered under this Agreement for a period of at least three (3) years following the termination of this Agreement. Upon at least twenty-four (24) hours advance notice, each Party shall have the right during normal business hours to examine the books and records of the other Party to the extent necessary to verify the accuracy of any statement, charge, computation, or demand made under or

pursuant to this Agreement. A Party's rights under this Section 7.5 shall survive for three (3) years following the termination of this Agreement and the AMAA.

### **VIII. Adequate Assurance**

**8.1** The Adequate Assurance Provisions in the AMAA shall also apply to this Agreement.

### **IX. Responsibility**

**9.1** Title to Gas delivered under this Agreement shall pass from Seller to Buyer at the Delivery Point(s). With respect to all Gas deliveries between Seller and Buyer related to the Assets, the Parties will (i) ensure that title to Gas passes to Buyer or Seller, as applicable, at the appropriate points so as to comply with "shipper must have title" regulations and policies of the FERC, and (ii) avoid buy/sell arrangements. As between the Parties hereto, Seller shall be deemed to be in control and possession of the Gas and shall be responsible for any damage or injury caused by the Gas until it has been delivered to or for the account of Buyer at the Delivery Points, after which Buyer shall be deemed to be in control and possession of the Gas and responsible for any damage or injury caused by the Gas.

**9.2** Except as provided in Article VI of this Agreement, all charges, expenses, fees, taxes, damages, injuries, and other costs incurred in or attributable to the purchase and transfer, transportation, handling, and sale of the Gas delivered in accordance with this Agreement prior to, and including, delivery to Buyer at the Delivery Points shall be the responsibility of Seller. As between the Parties, Seller shall indemnify, defend, and hold Buyer harmless from all such charges, expenses, fees, taxes, damages, injuries, and other costs.

**9.3** Except as provided in Article VI of this Agreement, all charges, expenses, fees, taxes (including sales, or transfer taxes and any other taxes levied on or in connection with the transactions under this Agreement by the state, or other government subdivision, in which the Gas is consumed or otherwise used regardless of the point at which the tax is assessed), damages, injuries, and other costs incurred in or



attributable to the downstream purchase and transfer, transportation, and handling of the Gas delivered in accordance with this Agreement, occurring after delivery of Gas to Buyer at the Delivery Points shall be the responsibility of Buyer. As between the Parties, Buyer shall indemnify, defend, and hold harmless Seller from all such charges, expenses, fees, taxes, damages, injuries, and other costs. In the event Seller is required by law to collect any such taxes, and Buyer claims an exemption from the taxes, Buyer shall, upon Seller's request, furnish Seller with a copy of Buyer's exemption certificate.

**9.4** Except as provided in Article XV of this Agreement, Buyer warrants that it has all necessary regulatory approvals and authorizations for its purchase of Gas from Seller under this Agreement and the AMAA.

**9.5** Except as provided in Article XV of this Agreement, Seller warrants that it has all necessary regulatory approvals and authorizations for its sale of Gas to Buyer under this Agreement and the AMAA.

## **X. Term**

**10.1** The Term of this Agreement shall correspond with the Term of the AMAA.

## **XI. Quality and Measurement**

**11.1** Gas delivered by Seller to Buyer at the Delivery Point(s) shall meet the quality and pressure specifications set forth in the applicable Service Provider's gas tariff on file with the FERC. If Gas delivered by Seller to Buyer at the Delivery Point(s) does not meet the quality and pressure specifications set forth in the applicable Service Provider's gas tariff on file with the FERC, Buyer shall be relieved of the obligation to receive such Gas.

**11.2** Buyer and Seller agree that the volume and heating value of Gas sold and delivered hereunder will be measured at or near the Delivery Points by the Service Provider, using equipment owned or controlled by, and measuring procedures employed by the Service Provider. The measurements made by

the Service Provider shall be accepted by Buyer and Seller, provided, however, the measuring equipment and procedures used must conform to the Service Provider's filed tariffs and to generally recognized industry standards.

## **XII. Processing**

**12.1** Subject to the quality specifications of Article XI of this Agreement, Seller may process the Gas to remove any liquid hydrocarbons or liquefiable hydrocarbons prior to the delivery of the Gas to Buyer at the Delivery Points. In the event Seller elects to process the Gas, any hydrocarbons so removed shall be Seller's sole responsibility and all costs (including additional transportation costs attributable to such processing) and revenues shall be the responsibility of and for the account of Seller.

## **XIII. Force Majeure**

**13.1** The Force Majeure provisions of the AMAA shall also apply to this Agreement.

## **XIV. Seller's Warranties and Gas Supply Obligations**

**14.1** Seller covenants and warrants title or the right to deliver title to all Gas sold by it to Buyer and that such Gas is free from all liens and adverse claims. Seller agrees to indemnify and hold Buyer harmless from, and with respect to, all suits, actions, debts, accounts, damages, costs, losses and expenses (including but not limited to reasonable attorneys' fees) arising from or out of any adverse claims of any and all persons related to title to such Gas.

**14.2** Seller agrees to take all reasonable efforts to assure that the Gas supply contracts entered into by Seller to satisfy Buyer's full Gas supply requirements are administered in a manner that will assure the satisfaction of Seller's obligations pursuant to the terms of this Agreement and the AMAA.

## **XV. Governmental Authorizations**

**15.1** This Agreement is subject to all valid laws, orders, rules and/or regulations of any and all duly constituted governmental authorities, Federal, State or local, to the extent such laws, regulations, and

orders are applicable and effective from time to time; provided, however, that if any such governmental authority shall take any action or assert any jurisdiction whereby the sale, delivery, receipt, or use of Gas as contemplated hereunder will be subjected to terms, conditions, or restraints that in the sole judgment of the Party affected are unduly burdensome or unacceptable, then such Party, within thirty (30) days after learning of such action or assertion of jurisdiction, may cancel and terminate this Agreement and the AMAA effective one day prior to the effective date of such governmental action. In the event of such termination, the Parties agree that all Gas received by Buyer hereunder prior to cessation of deliveries shall be paid for by Buyer at the rate in effect immediately prior to the termination of this Agreement and that any existing fixed price transactions will be liquidated at current market values and appropriate adjustments will be made as agreed to by the Parties. If the Parties cannot reach an agreement, the procedure set forth in Section 21.1 of this Agreement will be followed. Provided further, to the extent Seller has not delivered the full volume of Gas paid for by Buyer, Seller shall be obligated to deliver such Gas to Buyer within thirty (30) days of such termination.

**15.2** Upon execution of this Agreement and the AMAA, each of the Parties agrees to seek such government certificates, permits, licenses and authorizations which, in its sole discretion, it deems necessary to perform its obligations under this Agreement and the AMAA.

**15.3** Upon execution of this Agreement and the AMAA, and from time to time throughout its term, each of the Parties shall make all filings required by any regulatory bodies having jurisdiction over the activities covered by this Agreement and upon request of the other Party shall promptly provide copies of such to the other Party.

**15.4** Neither Party will knowingly enter into agreements nor undertake any activities or filings that would interfere with or frustrate the other Party's efforts to obtain the necessary regulatory approvals to fulfill its obligations under this Agreement and the AMAA.



## **XVI. Assignments**

**16.1** The Assignment provisions in the AMAA shall also apply to this Agreement.

## **XVII. Curtailment**

**17.1** In the event of Force Majeure that causes Seller to curtail its deliveries under this Agreement, Seller will perform its obligations under this Agreement prior to supplying any interruptible sales undertaken by Seller in accordance with this Agreement and the AMAA. Seller shall be obligated to curtail deliveries to third party interruptible sales customers prior to curtailing any deliveries to Buyer, in the event, and only to the extent, that such curtailment increases the supply of Gas available for delivery to Buyer's Delivery Points. Notwithstanding the foregoing, nothing in this Section 17.1 shall be construed to require Seller to curtail deliveries to sales customers on a pipeline other than Buyer's Service Provider and to divert the curtailed quantity of Gas to Buyer if such diversion of Gas would result in a breach or violation of a firm sales agreement between Seller and any other firm sales customer on a pipeline other than Buyer's Service Provider.

## **XVIII. Confidentiality**

**18.1** The Confidentiality provisions in the AMAA shall also apply to this Agreement.

## **XIX. Miscellaneous**

**19.1** No waiver by either Party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults, whether of a like or of a different character.

**19.2** If any provision of this Agreement is determined to be invalid, illegal or otherwise unenforceable for any reason by a court of competent jurisdiction, the remaining terms and conditions of

this Agreement shall remain in full force and effect to the fullest extent permitted by law. In such an event, the Parties agree to make a good faith effort to replace the affected provisions.

## **XX. Other**

**20.1** Buyer shall not be liable for punitive, exemplary, consequential or incidental damages arising from any breach or default under this Agreement or from any act or omission under or in connection with this Agreement except as otherwise set forth herein or in the AMAA. However, no provisions in this Agreement shall release Seller from punitive, exemplary, consequential or incidental damages under this Agreement, in tort (including negligence and strict liability) or otherwise, arising from Seller's failure to perform its obligations to Buyer, provided, however, that both Buyer and Seller shall attempt to mitigate any damages that may arise hereunder, except as provided in Section 3.3 of this Agreement.

**20.2** Buyer reserves the right to direct Seller to purchase Gas for a longer term than one (1) Month and/or to allow Buyer discretion to implement any financial hedging program accepted or approved by the TPUC. Buyer will separately manage any financial hedging that may be associated with such hedging program.

**20.3** The failure of a Party to give notice to any other Party or to take any other steps in exercising any right, or in respect of the breach or not of any provision of this Agreement, shall not operate as a waiver of that right, breach or provision nor shall any single or partial exercise of any right preclude any other or future exercise of that right or the exercise of any other right, whether in law or in equity or otherwise.

## **XXI. Issue Resolution**

**21.1** The Issue Resolution provisions of the AMAA shall also apply to this Agreement.

## **XXII. Cooperation**

**22.1** The Cooperation provisions in the AMAA shall also apply to this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first written above, by their duly authorized Representatives.

SELLER:

Sequent Energy Management  
L.P.

By: \_\_\_\_\_

*[Signature]*

BUYER:

CHATTANOOGA GAS COMPANY

By: \_\_\_\_\_

DocuSigned by:  
*[Signature]*  
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## EXHIBIT D

### NET MARGIN

Documentation of Net Margin, attributable to the transactions which use CGC's Assets, shall be provided to CGC for informational purposes in accordance with Section 6 of the AMAA. The Parties agree that the computation of Net Margin shall be determined as follows:

Net Margin = (Revenue - Cost) - Fees - Other Fees as designated by the TPUC where:

|                   |   |  |
|-------------------|---|--|
| <b>Revenue</b>    | = | gross revenue attributable to use of CGC Assets (revenue from BSRR shall be calculated based upon actual volumes injected)                         |
| <b>Cost</b>       | = | total cost attributable to Asset Manager's commodity costs for fixed price, FOM Index Price and DICO supply  |
| <b>Fees</b>       | = | pipeline injection, withdrawal, and transport fuel charges and any pipeline variable costs including surcharges                                    |
| <b>Other Fees</b> | = | such costs that the TPUC may, from time to time, determine that relate to this Agreement and should be reflected in the "Net Margin" determination |

Exhibit E  
Injection Schedule

Chattanooga Gas Company

| Pipeline               | Storage | Volume  | Injection Period     | Notes   |
|------------------------|---------|---------|----------------------|---|
| Tennessee Gas Pipeline | FS-1A   | Ratable | April 1 - October 31 | CGC, at its sole discretion, reserves the right to 1) Inject more or less gas than the ratable volumes and 2) Inject or withdraw storage gas on each day of the year. |
| Tennessee Gas Pipeline | FS-MA   | Ratable | April 1 - October 31 | CGC, at its sole discretion, reserves the right to 1) Inject more or less gas than the ratable volumes and 2) Inject or withdraw storage gas on each day of the year. |

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

**November 1, 2021**

|   |   |                   |
|---|---|-------------------|
| <b>IN RE:</b>                             | ) |                   |
|   | ) |                   |
| <b>REQUEST OF CHATTANOOGA GAS COMPANY</b> | ) | <b>DOCKET NO.</b> |
| <b>FOR APPROVAL OF ASSET MANAGEMENT</b>   | ) | <b>21-_____</b>   |
| <b>AND AGENCY AGREEMENT AND GAS</b>       | ) |                   |
| <b>PURCHASE AND SALE AGREEMENT</b>        | ) |                   |

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**PROTECTIVE ORDER**

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To expedite the flow of filings, discovery, exhibits, and other information, and to facilitate the prompt resolution of disputes as to the confidentiality of information, to adequately protect information entitled to be kept confidential, and to ensure that protection is afforded only to Confidential Information so entitled, the Tennessee Public Utility Commission (“TPUC”) hereby orders that:

1. For the purpose of this Protective Order (“Order”), the following definitions shall apply:
  - a. “Confidential Information” means documents, testimony, or other information, regardless of its electronic, paper, or other form, which the Producing Party, in good faith, and based on reasonable inquiry, that contains proprietary, trade secrets, research, business development, or other commercially or personally sensitive information protected by state or federal law, regulation, or rule, and has been specifically designated in writing by the Producing Party as “Confidential Information.”
  - b. A “Producing Party” means the entity that provides Confidential Information to the TPUC, the Consumer Advocate,<sup>1</sup> or to a Party of Record pursuant to a lawful

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<sup>1</sup> Hereinafter, as used in this Order, “Consumer Advocate” shall mean State of Tennessee, the Attorney General and its staff and the Consumer Advocate Unit in the Financial Division of the Tennessee Attorney General’s Office.



request in this Docket, whether the Producing Party is the creator of the Confidential Information or is the entity in physical possession of Confidential Information created by a third person.

- c. A “Receiving Party” means the TPUC, Consumer Advocate, a court, or Party of Record receiving Confidential Information from a Producing Party in connection with this Docket, related appeals of this Docket, or future Dockets involving or implementing the matters or annual review mechanisms that are the subject of this Docket. If a Receiving Party makes summaries, notes, extracts, compilations, or other reproductions from or of any Confidential Information, such works using the Confidential Information shall also be entitled to protection under this Order as Confidential Information.

2. Any materials containing Confidential Information shall be clearly, conspicuously, and specifically labeled as “CONFIDENTIAL” including, as appropriate or technically feasible,<sup>2</sup> appropriate “CONFIDENTIAL” notations on each printed page for paper documents and PDF documents, in the file name of the electronic file, and on the computer disc or other media containing electronic information. Confidential Information shall be produced in a manner so that it is segregated and separate from non-confidential information. The information must be produced in a way that will clearly and conspicuously identify to others that it contains Confidential Information. Any information so designated shall be handled in accordance with this Order. Any designation of material as Confidential Information may be challenged under paragraph 11 of this Order or as otherwise permitted by the Rules of Evidence and state law.

3. A Receiving Party subject to this Order, receiving Confidential Information, shall not disclose Confidential Information, except as set forth herein, and shall act in good faith in discharging his/her/its obligations hereunder. Subject to and without modifying the provisions of this paragraph, Confidential Information shall be disclosed only to the following persons:

- a. Counsel of Record for the Parties in this Docket and attorney associates, secretaries, financial and accounting and regulatory analysts, and paralegals actively engaged in assisting Counsel of

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<sup>2</sup> If a Producing Party determines it is not technically feasible, it will affirmatively notify the Receiving Party of that fact and how the Producing Party alternately marked said Confidential Information.

Record in this Docket and any appeals therefrom;

- b. In-house counsel for the Parties;
- c. Officers, directors, or employees of the Parties of Record in this Docket, including the Consumer Advocate; provided, however, that Confidential Information shall be shown only to those persons who need knowledge of the Confidential Information for the purposes of this Docket, related appeals of this Docket, future Dockets involving or implementing the matters or annual review mechanisms that are the subject of this Docket, or for the Consumer Advocate in the discharge of statutory duties;
- d. TPUC's Commissioners and members of the staff of the TPUC; and
- e. Outside consultants and expert witnesses employed or retained by the Parties of Record or their counsel, who have access to Confidential Information solely for evaluation, testing, testimony, preparation for trial, or other services related to this Docket and related appeals, provided that if a Party of Record seeks to disclose Confidential Information to any outside consultant or expert witness, the Party of Record engaging such outside consultants and expert witnesses shall give four calendar days advance written notice to the Producing Party of the intention to disclose Confidential Information to its outside consultants or expert witnesses, naming such outside consultant or expert witness and providing the entity or their employers (as applicable) and business addresses. During such notice period, the Producing Party may move to prevent or limit disclosure for cause, in which case no disclosure shall be made until the TPUC, the Hearing Officer, the Administrative Law Judge, or court rules on the motion. Any such motion to withhold or limit access shall be filed within three business days after service of the notice to disclose. Any response shall be filed within three business days after service of the notice. Pre-hearing conferences may be called to address with the Parties any motions to limit or prevent disclosure. All service shall be by the fastest manner of email, hand delivery, or by facsimile. All filings by email in this Docket shall be followed up by delivering a hard copy of the filing to the Docket Manager of TPUC.

Under no circumstances shall any Confidential Information be disclosed to or discussed with anyone associated with the marketing of goods or services in known competition with the products, goods, or services of the Producing Party.

4. Prior to disclosure of Confidential Information to any of the authorized persons, the counsel representing the Receiving Party who is to receive the Confidential Information shall provide a copy of this Order to each person who is to review or take possession of such Confidential Information, who shall be bound by the terms of this Order. In addition to the foregoing, each such outside consultant or expert witness permitted access by this Order shall sign an Affidavit in the form attached as Exhibit A attesting that he or she has read a copy of this Order, that he or she understands and agrees to be bound by the terms of this Order, and that he or she understands that unauthorized disclosure of the information labeled “CONFIDENTIAL” constitutes a violation of this Order. This Affidavit shall be signed in the presence of and be notarized by a notary public. Counsel of Record for such consultants or experts shall timely thereafter provide the Producing Party a copy of each such Affidavit and retain a copy on file (electronically or in paper form) in their respective offices.

5. If any Producing Party subject to this Order inadvertently fails to label information as “CONFIDENTIAL” or to segregate in a manner in accordance with the provisions of this Order when producing such information, such failure shall not constitute a waiver of confidentiality, provided the Producing Party who has produced the information took reasonable steps to prevent the error and promptly notifies the Receiving Party<sup>3</sup> of the error in writing within five days of discovery of such inadvertent failure to label the information as “CONFIDENTIAL” or to segregate. At that time, the Receiving Party will immediately treat the subject information as Confidential Information. In no event shall the State of Tennessee, TPUC, Attorney General, Consumer Advocate, or any Party of Record be liable for any alleged injury, claims, or damages

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<sup>3</sup> The Producing Party is required to provide substitute information clearly and conspicuously marked “CONFIDENTIAL” and provide segregated Confidential Information from non-Confidential Information within three business days from notice that the information provided was not marked “CONFIDENTIAL” at all or was not clearly and conspicuously marked CONFIDENTIAL, or is not segregated from non-Confidential Information.



resulting from the disclosure of information while not so labeled as “CONFIDENTIAL” or segregated. An inadvertent failure to label information as “CONFIDENTIAL” or to segregate it, shall not, in any way, affect the TPUC’s determination as to whether the information is entitled to Confidential Information status.

6. Any papers filed in this Docket that contain, quote, paraphrase, compile, or otherwise disclose information covered by the terms of this Order, shall be filed with the TPUC in sealed envelopes labeled “CONFIDENTIAL.” The filing Party shall also include with the filing a public version of the papers with any Confidential Information redacted. Only the redacted public version may be placed in the TPUC’s public file and/or posted on the TPUC website. Each sealed envelope shall be labeled to reflect the style and docket number of this proceeding and to identify the subject matter of the content of the sealed envelope. The envelopes shall be maintained in a locked filing cabinet or electronically secured. The envelopes shall not be opened or their contents reviewed by anyone except pursuant to this Order or upon separate order by the TPUC, Hearing Officer, or Administrative Law Judge after due notice to Counsel of Record. Notwithstanding the foregoing, the Commissioners and the staff of the TPUC may review any information filed as Confidential Information and labeled “CONFIDENTIAL” without obtaining an order of the TPUC, Hearing Officer, or Administrative Law Judge, provided the Commissioners and staff maintain the confidentiality of the information in accordance with the terms of this Order.

7. Information and testimony designated as Confidential Information and labeled “CONFIDENTIAL,” in accordance with this Order, may be utilized in testimony or cross-examination at the hearing on the merits of this Docket and offered into evidence in any hearing related to this Docket and appeal thereof, subject to the applicable Rules of Evidence and to such

future orders as the TPUC, Hearing Officer, or Administrative Law Judge may enter for such process or procedure that protects the confidentiality of the information. Any Receiving Party intending to use Confidential Information in pre-filed testimony, pleadings, cross-examination, summaries, demonstrative exhibits, or argument shall provide such reasonable notice under the circumstances as to inform the Producing Party and the TPUC, Hearing Officer, or Administrative Law Judge of the proposed use. In the case of pre-filed testimony, pleadings, and other writings, reasonable notice shall be three business days unless the circumstances require less notice. At the hearing, before the use of Confidential Information during witness examinations, Counsel of Record shall advise the TPUC, the Hearing Officer, or Administrative Law Judge, and the Producing Party of such intended use so that appropriate measures can be taken to protect the confidential nature of the information. For any hearings in the Docket, Counsel of Record for a Receiving Party may make such sufficient copies of Confidential Information for the use of the TPUC Commissioners and Staff, the Hearing Officer, or Administrative Law Judge, as well as the Producing Party and any witness to be cross examined, provided such materials are segregated from other materials, the materials are clearly marked as CONFIDENTIAL, and the Receiving Party takes such other reasonable measures under the circumstances to protect the confidentiality of such materials during their use. At the end of the hearing, the materials containing the Confidential Information shall be collected by the Receiving Party (except for any copy admitted into the record and retained by any Commissioner, the clerk/court reporter, or any other person authorized under this Order) and otherwise disposed of or handled as set forth herein.

8. Except for information filed with the TPUC, all information covered by the terms of this Order that are disclosed to the Receiving Party shall be maintained separately in files labeled “CONFIDENTIAL” (electronically or in paper) and labeled with reference to this Order at the

offices of the requesting Party's Counsel of Record.

9. Nothing herein shall be construed as preventing any Party from continuing to use and disclose any information that:

- a. is in the public domain;
- b. subsequently becomes part of the public domain through no act of such Party, or violation of this Order;
- c. is disclosed to it by a third party, where said disclosure does not itself violate any contractual or legal obligation or terms of this Order;
- d. is independently developed by a Party; or
- e. is known or used by prior to this Docket.

The burden of establishing the existence of (a) through (e) shall be upon the entity attempting to use or disclose such information.

10. The designation of any information in accordance with this Order as constituting Confidential Information and the treatment of such information as confidential in compliance with this Order is not an admission or agreement by the State of Tennessee, the Attorney General or Consumer Advocate that the information constitutes or contains Confidential Information and shall not be deemed to be either a waiver of the State of Tennessee's right to challenge such designation or an acceptance of such designation. The Producing Party agrees to designate information provided to the Consumer Advocate as Confidential Information only if it has a good faith basis for the claim. The Producing Party will upon request of the Consumer Advocate provide a written explanation of the details, including statutory authority that support its Confidential Information claim within five business days of a written request. The Producing Party also specifically agrees that it will not designate any information as Confidential Information or label such information as "CONFIDENTIAL" if the information:

- a. has been distributed to the public, consumers or others; or
- b. is not maintained by the Producing Party in a manner that reflects it is  
CONFIDENTIAL.

11. Any Party of Record or non-Party may contest the designation of any information as Confidential Information by filing a motion with the TPUC, Hearing Officer, Administrative Law Judge, or the courts, as appropriate, and timely serving a copy on the Producing Party, for a ruling that the information or testimony should not be so treated. All information and testimony designated as Confidential Information, however, shall be maintained as such until the TPUC, Hearing Officer, Administrative Law Judge, or a court orders otherwise. A motion to contest must be filed not later than ten business days after receipt of the information designated Confidential Information, or ten business days prior to the Hearing on the merits, whichever date occurs later in time, unless the public interest demands otherwise. Any reply seeking to protect the status of its Confidential Information must be filed and served not later than five business days after the motion to contest. Motions made and subsequent replies received shall be resolved prior to the hearing by the Hearing Officer. Appeals of the Hearing Officer ruling or motions not resolved by the Hearing Officer shall be resolved by the Commissioners assigned to hear the Docket, either at the hearing on the merits, such other hearing the Commissioners may call, as otherwise agreed by the Parties, or as otherwise provided for by the Rules of Evidence or state law.

12. Nothing in this Order shall prevent any Party from asserting any objection to discovery.

13. Non-Party witnesses shall be entitled to invoke the provisions of this Order by designating information disclosed or information produced for use in this Docket or related appeals as Confidential Information pursuant to the terms of this Order.

14. No person authorized under this Order to receive access to information, or



testimony designated as Confidential Information shall be granted access until such person has complied with the requirements set forth in this Order.

15. Any person to whom disclosure or inspection is made in violation of this Order shall be bound by the terms of this Order.

16. Upon an order becoming final in this Docket and conclusion of any appeals resulting from such an order, all the filings, exhibits, and other materials designated as Confidential Information and all copies thereof shall, to the extent permitted by state law, be returned to counsel of the Producing Party within fifteen business days of a written request from the Producing Party, or counsel in possession of such documents shall certify to counsel of the Producing Party that all the filings, exhibits, and other materials designated as Confidential Information and all copies, notes, or other materials reflecting such Confidential Information have been destroyed. Notwithstanding the foregoing, the TPUC and the Consumer Advocate shall retain copies of material designated as Confidential Information (and all notes or other materials reflecting such Confidential Information) as may be necessary to maintain a complete record of this Docket intact, with each maintaining the responsibility to otherwise comply with the obligations to maintain such Confidential Information as confidential under the terms of this Order for so long as such Confidential Information is retained and maintained.

17. After termination of this Docket, the provisions of this Order relating to the confidential nature of information and testimony shall continue to be binding upon Parties hereto and their officers, directors, attorneys, employers, employees, agents, and/or others for five years unless this Order is vacated or modified, and shall continue to be binding as set forth in paragraph 15 above as it relates to the TPUC and the Consumer Advocate.

18. Nothing herein shall prevent entry of a subsequent order, upon an appropriate

showing, requiring that any information or testimony designated as Confidential Information shall receive protection other than that provided herein.

19. The Consumer Advocate and his staff have authority to enter into non-disclosure agreements pursuant to Tenn. Code Ann. § 65-4-118 which are consistent with state and federal law, regulations and rules.

20. To the extent permitted by state law, the Consumer Advocate will provide reasonable prior notice of filing or disclosure in the discharge of the duties of the Office of the Attorney General and Reporter, pursuant to Tenn. Code Ann. § 10-7-504(a)(5)(C) or any other law, regulation or rule, so that the Company may take action relating to disclosure.

21. Notwithstanding anything to the contrary in this Order, the obligations of the Consumer Advocate and TPUC under this Order are further subject to the State of Tennessee's Public Records Act and other open records statutes. For the avoidance of doubt, nothing in this Order is intended to violate or alter the State of Tennessee's Public Records Act or Freedom of Information Act ("FOIA"). In the event that the Consumer Advocate, TPUC, or any Party of Record that is a government entity subject to such public records laws is served with a subpoena, public records request, FOIA request, or other request that calls for the production of information labeled as "CONFIDENTIAL" by the Producing Party, the government entity receiving such request will notify Counsel of Record for the Producing Party of the existence of the subpoena, public records request, FOIA request, or other request, at least five business days before responding to the request to the extent permitted by state law and orders of a court, as long as the government entity is able to respond to the request within a reasonable time. The government entity may elect to wait to produce such information as allowed by state law in order to provide the Producing Party an opportunity to challenge said subpoena or request, or to reach an

accommodation with the entity seeking access to the Confidential Information that preserves the confidentiality of the Confidential Information.

22. Nothing in this Order shall prevent the Attorney General from using the Confidential Information received for investigative purposes in the discharge of the duties of the Office of the Attorney General and Reporter. Additionally, nothing in this Order shall prevent the Attorney General from informing state officials and third parties of the fact of an investigation, or as needed, to conduct an investigation. Without limiting the scope of this paragraph, nothing in this Order shall prevent the Attorney General from contacting consumers whose names were provided by the Producing Party or from discussing with any consumer any information that he or she allegedly received from the Producing Party or confirming that a consumer actually received the information.

23. All information designated as Confidential Information and produced in accordance with this Order may be disclosed in testimony or offered into evidence at any TPUC or court hearing, trial, motion or proceeding of this matter or related appeals, subject to the provisions of this Order, and the applicable Rules of Evidence and any order the TPUC may enter to protect the confidentiality of said information offered at any hearing or other proceeding. The Producing Party who designated the information as Confidential Information agrees to stipulate to the authenticity of such information in any such proceeding and related appeals. If any Party identified information in the Confidential Information that indicates that unlawful (civil or criminal) conduct has occurred or may occur, nothing in this Order shall prevent such Party from reporting such alleged conduct to the appropriate law enforcement or regulatory authority.

24. Confidential Information is subject to this Order which is entered pursuant to Rule 26 of the Rules of Civil Procedure and to the Tennessee Public Records Act, as set forth in the

language of Tenn. Code Ann. Section 10-7-503(a)(2)(A) “... unless otherwise provided by state law.”

25. Nothing in this Order is intended to nor shall restrict, limit or alter federal or state laws, regulations, or rules.

26. This Order shall be construed subject to the laws of the State of Tennessee, conflicts of law notwithstanding.

27. No person subject to this Order shall be required to appear outside any venue in the State of Tennessee regarding this Order or any alleged violations of this Order.

28. Any person who has signed an Affidavit attached as Exhibit A or is otherwise bound by the terms of this Order shall continue to be bound by this Order even if no longer engaged by the TPUC or any Party of Record.

**IT IS HEREBY ORDERED.**

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Monica Smith-Ashford, Hearing Officer



# EXHIBIT A

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

**IN RE:**

**REQUEST OF CHATTANOOGA GAS COMPANY  
FOR APPROVAL OF ASSET MANAGEMENT  
AND AGENCY AGREEMENT AND GAS  
PURCHASE AND SALE AGREEMENT**

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**DOCKET NO.  
21-\_\_\_\_\_**

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AGREEMENT TO COMPLY WITH PROTECTIVE ORDER

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I have reviewed the Protective Order entered in the above-captioned Docket and agree to abide and be bound by its terms. I understand that unauthorized disclosure of information labeled “CONFIDENTIAL” will be a violation of the Order.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
NAME

STATE OF \_\_\_\_\_)  
COUNTY OF \_\_\_\_\_)

Personally appeared before me, \_\_\_\_\_, a Notary Public,  
\_\_\_\_\_ with whom I am personally acquainted, who  
acknowledged that he/she executed the within instrument for the purposes therein contained.

WITNESS my hand, at office, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_