

Before the
Tennessee Public Utility Commission

Docket No. 22 - 00004

January 14, 2022

**CHATTANOOGA GAS COMPANY
PETITION FOR APPROVAL OF TARIFF AMENDMENTS TO
ITS T-1, T-2, AND T-3 TARIFFS**

Testimony Of
Archie R. Hickerson
On Behalf Of
Chattanooga Gas Company

1 **I. WITNESS IDENTIFICATION**

2 **Q. Please state your name and business address.**

3 **A.**Archie R. Hickerson, Ten Peachtree Place, Atlanta, Georgia 30309.

4 **Q. By whom and in what position are you employed?**

5 **A.**I am the Director of Rates and Tariff Administration at Southern Company Gas.
6 Southern Company Gas (formerly AGL Resources, Inc.) is the parent holding
7 company for four natural gas distribution companies, including Chattanooga Gas
8 Company. The other companies are in Georgia, Illinois, and Virginia.

9 **Q. What are your duties in your position as Director – Rates and Tariff**
10 **Administration?**

11 **A.**My duties include development, coordination, and review analytical activities
12 related to rates and tariff administration for Chattanooga Gas Company and the
13 other natural gas distribution companies that are subsidiaries of Southern Company
14 Gas.

15 **Q. For whom are you testifying?**

16 **A.**I am testifying on behalf of Chattanooga Gas Company (“Company” or “CGC”).
17

18 **II. BACKGROUND AND EXPERIENCE**

19 **Q. Please summarize your educational background and experience.**

20 **A.**I received a Bachelor of Science degree with a major in mathematics and, later,
21 accounting from Austin Peavy State University in Clarksville, Tennessee. I am a
22 Chartered Global Management Accountant, and I am licensed as a Certified Public
23 Accountant in the State of Tennessee. I have over 44 years of experience with

1 utility ratemaking, utility accounting, and the regulation of public utilities. Over
2 this period, I have worked for consumers of utility and others in addition to my
3 work for Southern Company Gas. Prior to becoming Director – Rates and Tariff
4 Administration in 2013, I served as Director – Regulatory Affairs and Planning for
5 AGL Services Company from 2010-2013; Director – Regulatory Affairs for
6 Chattanooga Gas Company and Virginia Natural Gas from 2004-2010; and
7 Manager – Rates for AGL Services Company from 2000-2004. Prior to joining
8 AGL Resources, I was the Director of the Consumer Advocate Division Staff with
9 the Tennessee Office of the Attorney General and Reporter (1994-2000), where I
10 often appeared as an expert witness to present comments on utility cost of service,
11 cost allocation and rate design, and to supervise the technical staff, notably in
12 proceedings before the Tennessee Public Service Commission (“TPSC”) and the
13 Tennessee Regulatory Authority (“TRA”). I also served on the National
14 Association of State Utility Consumer Advocates’ (“NASUCA”) Accounting and
15 Tax Committee, and as an observer member of the National Association of
16 Regulatory Utility Commissions’ (“NARUC”) Staff Subcommittee on Accounts.
17 From 1976-1982, I was a financial Analyst for TPSC, then served as Assistant
18 Director of the TPCS Accounting Division for four years (1982-1986), and later as
19 the Deputy Director of the TPSC’s Utility Rate Division for approximately seven
20 years (1987-1994). While employed by the TPSC, I served on the NARUC Staff
21 Subcommittee on Communications, the NARUC Staff Subcommittee on Accounts,
22 and the NARUC Southern Accounting Taskforce. My work at TPSC, like much of

1 my later experience, included significant work with compliance and management
2 audits, cost of service, rate design and earnings, and rate investigations of utilities.

3 **Q. Have you previously testified before any other state regulatory commission**
4 **other than the Tennessee Public Service Commission, the Tennessee**
5 **Regulatory Authority, or the Tennessee Public Utility Commission?**

6 **A.** Yes. I have testified before the Georgia Public Service Commission, the Virginia
7 State Corporation Commission, and the Illinois Commerce Commission.

8

9 **III. PURPOSE OF TESTIMONY**

10 **Q. What is the purpose of your testimony?**

11 **A.** The purpose of my testimony is to provide the Commission with an overview of
12 the proposed changes to the T-1, T-2, and T-3 tariffs, and the necessity of those
13 changes.

14 **Q. Are you including any exhibits in connection with your testimony?**

15 **A.** Yes. True and correct copies of the specific exhibits I am sponsoring are as follows:

16 Exhibit ARH-1 Proposed Revised Terms and Conditions of Tariffs

17 T-1, T-2, and T-3

18 Exhibit ARH-2 Redline of the Proposed T-1, T-2, and T-3 Tariffs

19 Terms and Conditions

20

21 **IV. PROPOSED CHANGES TO T-1, T-2, and T-3 TARIFFS**

22 **Q. Please describe the T-1, T-2, and T-3 tariffs.**

1 **A.** Tariffs T-1, T-2, and T-3 address the conditions and rates applicable to CGC
2 transportation of gas on behalf of CGC customers that have elected to purchase and
3 manage their own gas supply. These customers are responsible for purchasing gas
4 from a supplier and arranging for the gas to be delivered by the interstate pipeline
5 to Chattanooga Gas Company's city gate. The provisions of each of these tariffs
6 are different.

7 Tariff T-1 relates to interruptible transportation service. Service provided
8 under tariff T-1 is fully interruptible, with CGC having no firm obligation to supply
9 gas.

10 Tariff T-2 relates to interruptible transportation with firm supply backup.
11 Under this tariff, the customer purchases and manages the gas supply, but pays
12 CGC to have the ability to purchase a designated volume of gas from CGC at the
13 F-1 billing demand rate. CGC has an obligation to sell the customer up to the
14 designated billing demand volume – which is set on a monthly basis or by the
15 service agreement – on any given day.

16 Tariff T-3 relates to low volume transport service. Customers served under
17 tariff T-3 have a firm right to purchase gas from CGC under the C-2 rate.

18 **Q.** **If these customers manage their own supply, what is CGC's role?**

19 **A.** As the balancing point operator, CGC is responsible for managing any imbalance
20 – the difference in the volume of gas consumed by CGC customers and the volume
21 of gas scheduled to be delivered by the pipelines to CGC's city gate – for both
22 CGC's sales and transportation customers.

1 **Q. Do the tariffs include provisions regarding managing the imbalance in the**
2 **volume of gas consumed vs. the volume of gas delivered to CGC on their**
3 **behalf?**

4 **A.** Yes. Three tariff provisions address CGC's balancing management: (1) cash out
5 provisions address the difference in the consumption and supply on a monthly
6 basis; (2) imbalance trading provisions allow transportation customers to trade
7 imbalances at the end of the month before the cash out provisions are applied; and
8 (3) daily balancing order provisions that require transportation customers to ensure
9 that the volume of gas delivered to CGC on behalf of a customer on a given day
10 equals the volume of gas consumed by the customer during that day.

11 **Q. Do the cash out provisions vary between the T-1, T-2, and T-3 tariffs?**

12 **A.** Yes. Under tariff T-1, CGC sells gas to customers who consume more gas during
13 the month than is delivered on their behalf at an index price that is adjusted based
14 on the percentage difference. As the amount of the difference increases, the sales
15 price increases. CGC likewise purchases excess gas from customers that have more
16 gas delivered than they consume. Again, the purchase is made at an adjusted index
17 price that decreases as the imbalance increases.

18 Under tariff T-2, CGC sells gas to customers who consume more gas during
19 the month than is delivered on their behalf up to the firm volume billing demand
20 level at the F-1 billing demand rate. As with tariff T-1, CGC purchases excess gas
21 from customers that have more gas delivered than they consume at an adjusted
22 index price that decreases as the imbalance increases.

1 Under tariff T-3, CGC sells gas to customers who consume more gas during
2 the month than is delivered on their behalf at the C-2 rate. As with tariffs T-1 and
3 T-2, CGC purchases excess gas from customers that have more gas delivered than
4 they consume at an adjusted index price that decreases as the imbalance increases.

5 **Q. Do the imbalance trading provisions differ among tariffs T-1, T-2, and T-3?**

6 **A.** No. The imbalance trading provisions all allow transportation customers to trade
7 imbalances at the end of the month before the cash out provisions are applied. A
8 customer who has consumed a volume of gas in excess of the amount delivered on
9 the customer's behalf can off-set the deficiency by trading with a customer that
10 consumed less gas than the volume delivered to CGC on that customer's behalf.
11 After the imbalance volumes have been traded, CGC applies the cash out provision
12 to the customers' remaining imbalances.

13 **Q. Do the balancing order provisions differ among tariffs T-1, T-2, and T-3?**

14 **A.** No. Each of the tariffs includes a daily balancing order provision. When an
15 interstate pipeline company issues an Operational Flow Order ("OFO"), CGC has
16 the responsibility to ensure that the volume of gas delivered to the city gate is equal
17 to the volume of gas consumed by both CGC's sales and transportation customers.
18 Since CGC does not arrange for transportation customers' gas supply, CGC issues
19 a balancing order that requires the transportation customers to have the volume of
20 gas delivered to CGC on behalf of the customer on a given day equal the volume
21 of gas consumed by the customer during the day. OFOs are issued to protect the
22 operational integrity of the pipeline. Since an OFO often results in an imbalance in

1 the demand for and the supply of gas, an OFO is often accompanied by a daily
2 increase in the price of gas.

3 **Q. Please describe the problems with the current tariff provisions.**

4 **A.** The current wording of the balancing, cash out, imbalance trading, and daily
5 balancing order provisions are resulting in the cost of gas for CGC's sales
6 customers increasing based on the actions of the transportation customers. More
7 specifically, the T-1 and T-2 tariffs both require customers to nominate gas
8 deliveries on a daily basis and to maintain daily and monthly balancing. Many of
9 these customers, however, are not nominating gas deliveries on a daily basis or are
10 materially under- or over-scheduling and not maintaining daily balancing.
11 Similarly, customers served under the T-3 tariff appear to be systematically under-
12 or over- scheduling their gas deliveries. Many of these customers do not schedule
13 gas for delivery to CGC for several days and then schedule over-deliveries to off-
14 set the previous deficiencies. This shifts the costs from the transportation customers
15 to the sales customers.

16 **Q. Do you have specific examples of these problems?**

17 **A.** Yes. In February 2021, 30 of the 49 T-3 customers did not schedule gas for delivery
18 during the periods of February 1-7 and February 13-23 when the interstate pipelines
19 had issued OFOs and CGC had daily balancing orders in effect. These same
20 customers then scheduled delivery of excess gas when no balancing order was in
21 effect. This resulted in costs being shifted to sales customers who do not transport
22 their own gas, but purchase gas from CGC. More specifically, on February 17,
23 2021, when the price of gas purchased by CGC at the daily rate increased to

1 \$16.66/Dth, none of the T-3 customers had gas delivered to CGC, resulting in CGC
2 purchasing 2,960.1 Dths at a cost of \$49,333. On February 18, the daily price was
3 \$15.60/Dth and 48 of the 49 T-3 customers did not schedule gas deliveries, resulting
4 in CGC purchasing 2,811 Dths at the daily price at a cost of \$43,861. The majority
5 of these customers later, when the daily price had declined, had excess gas delivered
6 to off-set deficiencies that occurred while the balancing orders were in effect.
7 These transportation customers essentially consumed expensive gas and repaid
8 CGC with much lower cost gas. While the volume was offset by the over-
9 deliveries, the cost was not offset, but instead was shifted from the transportation
10 customers to the sales customers. The T-1 and T-2 customers displayed similar
11 patterns.

12 **Q. What is CGC proposing to address these problems?**

13 **A.** The Company is proposing an incentive for transportation customers not to over-
14 nominate gas on days when a balancing order is in effect. When CGC is under
15 OFOs issued by the interstate pipeline, the Company is required to maintain the
16 balance of gas delivered to CGC for its sales customers and the gas delivered to
17 CGC for its transportation customers served under tariffs T-1, T-2, and T-3. The
18 gas delivered to CGC must equal the gas consumed by CGC's sales and
19 transportation customers or CGC must inject or withdraw gas from storage as
20 applicable to avoid incurring penalties. The Company's options for avoiding such
21 penalties are limited. While CGC determines the amount of gas that it schedules
22 for delivery for its sales customers, as described previously, it does not have control
23 over the scheduling of gas deliveries for the transportation customers. The current

1 tariff provides an incentive for the transportation customers to avoid under-
2 delivering but has no incentive for transportation customers to not over-deliver.
3 The proposed tariff change provides the transportation customers an incentive to
4 comply with balancing orders by clarifying that on days that the Company has
5 issued a daily balancing order, the daily balancing provisions apply, and
6 transportation customers are not allowed to offset under- or over-deliveries on days
7 that a balancing order is in effect by over- or under-deliveries on days that a
8 balancing order is not in effect. The penalty for over delivery will not be imposed
9 if the volume of gas delivered is within 5% of the Customer's consumption on a
10 day when a balancing order is in effect and pipeline penalties are not imposed.

11 **Q. What specific language is CGC proposing for tariff T-1?**

12 **A.** The Company is proposing to include the following in tariff T-1:

13 In the event Customer

14 a) does not comply with a daily balancing order as directed
15 by the Company and takes gas in excess of the Customer's
16 gas nomination for the balancing day, the daily volumes
17 taken in excess of the Customer's nomination shall be paid
18 for by the Customer at the average daily index on the daily
19 balancing days plus \$5.00 per Dth and all applicable pipeline
20 and/or gas supplier penalties and/or charges that are the
21 result of the Customer's failure to comply with a daily
22 balancing order as directed by the Company. These
23 additional charges shall be in addition to all other charges
24 payable under this Rate Schedule; Imbalances for days that
25 a balancing order is in effect may not be off-set by over-
26 deliveries on days that a balancing order is not in effect and
27 are not subject to end of month imbalance trading;

28
29 b) does not comply with a curtailment order issued by the
30 Company as provided in the "Schedule for Limiting and
31 Curtailing Gas Service," such daily volumes taken in excess
32 of the allowed curtailment volumes shall be paid for by the
33 Customer at the greater of the rate of (1.) \$15.00 per Dth or
34 (2.) the average daily index on curtailment days plus \$5.00

1 per Dth and all applicable pipeline and/or gas supplier
2 penalties and/or charges because of the Customer's failure
3 to comply with a curtailment order as directed by the
4 Company. These additional charges shall be in addition to
5 all other charges payable under this Rate Schedule.
6 Imbalances for days that a curtailment order is in effect may
7 not be off-set by over-deliveries on days that a curtailment
8 or balancing order is not in effect are not subject to end of
9 month imbalance trading;

10
11 c) does not comply with a daily balancing order as directed
12 by the Company and has gas delivered in excess of its actual
13 daily consumption, a penalty of \$15 for each Dth of excess
14 gas delivered that exceeds 5% of the daily consumption will
15 be billed to the Customer in addition to all applicable
16 pipeline and/or gas supplier penalties and/or charges that
17 result from the Customer's failure to comply with the daily
18 balancing order as directed by the Company. If the
19 Customer's gas delivered does not exceed the Customer's
20 actual daily consumption by more than 5% and such excess
21 gas does not result in pipeline and/or gas supplier penalties
22 and/or charges that result from the Customer's failure to
23 comply with the daily balancing order as directed by the
24 Company, the \$15.00 charge will be waived. Imbalances for
25 days that a balancing order is in effect shall not be offset by
26 under-deliveries on days a balancing order is not in effect
27 and are not subject to end of month imbalance trading;

28
29 The Company's proposed language and a redline of the Company's proposed
30 language are reflected in Exhibits ARH-1 and ARH-2, respectively.

31 **Q. What specific change is CGC proposing for tariff T-2?**

32 **A.** The Company is proposing to include the following in tariff T-2:

33 In the event Customer:

34 a) takes gas in excess of the Customer's gas volumes
35 nominated on a day that a balancing order is in effect, the
36 gas in excess of Customer's gas nomination for the day shall
37 be paid for by the Customer at the Rate Schedule F-1 rate. If
38 a Customer has the billing demand volume established in the
39 gas sale agreement, as provided in Rate Schedule F-1, gas
40 taken in excess of the Customer's gas volume nominated
41 plus the Customer's billing demand volume on a day a
42 balancing order is in effect shall be paid for by the customer

1 at the average daily index on a daily balancing day plus
2 \$5.00 per Dth and all applicable pipeline and/or gas supplier
3 penalties and/or charges that are the result of the Customer's
4 failure to comply with a daily balancing order as directed by
5 the Company. These additional charges shall be in addition
6 to all other charges payable under this Rate Schedule.
7 Imbalances for days that a balancing order is in effect shall
8 not be offset by over-deliveries on days a balancing order is
9 not in effect and are not subject to end of month imbalance
10 trading;

11
12 b) does not comply with a curtailment order issued by the
13 Company as provided in the "Schedule for Limiting and
14 Curtailing Gas Service," gas volumes taken in excess of the
15 allowed curtailment volumes shall be paid for by the
16 Customer at the greater of the rate of (1.) \$15.00 per Dth or
17 (2.) the average daily index on the curtailment days plus
18 \$5.00 per Dth and all applicable pipeline and/or gas supplier
19 penalties and/or charges because of the Customer's failure
20 to comply with a curtailment order as directed by the
21 Company. These additional charges shall be in addition to
22 all other charges payable under this Rate Schedule.
23 Imbalances for days that a curtailment order is in effect shall
24 not be offset by over-deliveries on days that a curtailment or
25 balancing order is not in effect and are not subject to end of
26 month imbalance trading; or

27
28 c) does not comply with a daily balancing order as directed
29 by the Company and has gas delivered in excess of its actual
30 daily consumption, a penalty of \$15 for each Dth of excess
31 gas delivered that exceeds 5% of the daily consumption will
32 be billed to the Customer in addition to all applicable
33 pipeline and/or gas supplier penalties and/or charges that
34 result from the Customer's failure to comply with the daily
35 balancing order as directed by the Company. If the
36 Customer's gas delivered does not exceed the Customer's
37 actual daily consumption by more than 5% and such excess
38 gas does not result in pipeline and/or gas supplier penalties
39 and/or charges that result from the Customer's failure to
40 comply with the daily balancing order as directed by the
41 Company, the \$15.00 charge will be waived. Imbalances for
42 days that a balancing order is in effect shall not be offset by
43 under-deliveries on days a balancing order is not in effect
44 and are not subject to end of month imbalance trading;

1 The Company's proposed language and a redline of the Company's proposed
2 language are reflected in Exhibits ARH-1 and ARH-2, respectively.

3 **Q. What specific change is CGC proposing for tariff T-3?**

4 **A. The Company is proposing to include the following in tariff T-3:**

5 In the event the Customer:

6 a) takes gas in excess of the Customer's gas volumes
7 nominated on a day that a balancing order is in effect, the
8 gas in excess of Customer's gas nomination for the day shall
9 be paid for by the Customer at the Rate Schedule C-2 rate.
10 Imbalances for days that a balancing order is in effect shall
11 not be offset by over-deliveries on days that a balancing
12 order is not in effect and are not subject to end of month
13 imbalance trading;

14
15 b) does not comply with a curtailment order issued by the
16 Company as provided in the "Schedule for Limiting and
17 Curtailing Gas Service," such daily volumes taken in excess
18 of the allowed curtailment volumes shall be paid for by the
19 Customer at the greater of (1.) the rate of \$15.00 per Dth or
20 (2.) the average daily index on curtailment days plus \$5.00
21 per Dth and all applicable pipeline and/or gas supplier
22 penalties and/or charges because of the Customer's failure
23 to comply with a curtailment order as directed by the
24 Company. These additional charges shall be in addition to
25 all other charges payable under this Rate Schedule.
26 Imbalances for days that a curtailment order is in effect shall
27 not be offset by over-deliveries on days that a curtailment or
28 balancing order is not in effect and are not subject to end of
29 month imbalance trading; or

30
31 c) does not comply with a daily balancing order as directed
32 by the Company and has gas delivered in excess of its actual
33 daily consumption, a penalty of \$15 for each Dth of excess
34 gas delivered that exceeds the daily consumption will be
35 billed to the Customer in addition to all applicable pipeline
36 and/or gas supplier penalties and/or charges that result from
37 the Customer's failure to comply with the daily balancing
38 order as directed by the Company. If the Customer's gas
39 delivered does not exceed the Customer's actual daily
40 consumption by more than 5% and such excess gas does not
41 result in pipeline and/or gas supplier penalties and/or charges
42 that result from the Customer's failure to comply with the

1 daily balancing order as directed by the Company, the
2 \$15.00 charge will be waived. Imbalances for days that a
3 balancing order is in effect shall not be offset by under-
4 deliveries on days a balancing order is not in effect and are
5 not subject to end of month imbalance trading;
6

7 The Company's proposed language and a redline of the Company's proposed
8 language are reflected in Exhibits ARH-1 and ARH-2, respectively.

9 **Q. How will funds collected as a result of the proposed change to the tariffs be**
10 **used?**

11 **A.** Any amount collected as a result of the revised provisions will be credited to the
12 recovery of gas cost included in the annual Actual Cost Adjustment ("ACA") filing.

13 **Q. Does this conclude your testimony?**

14 **A.** Yes.

RATE SCHEDULE T-1
Interruptible Transportation Service
(Continued)

LIMITING AND CURTAILING GAS SERVICE

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Utility Commission.

SPECIAL TERMS AND CONDITIONS

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

Customer shall immediately discontinue the use of transported gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer

- a) does not comply with a daily balancing order as directed by the Company and takes gas in excess of the Customer's gas nomination for the balancing day, the daily volumes taken in excess of the Customer's nomination shall be paid for by the Customer at the average daily index on the daily balancing days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges that are the result of the Customer's failure to comply with a daily balancing order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule; Imbalances for days that a balancing order is in effect may not be offset by over-deliveries on days that a balancing order is not in effect and are not subject to end of month imbalance trading;
- b) does not comply with a curtailment order issued by the Company as provided in the "Schedule for Limiting and Curtailing Gas Service," such daily volumes taken in excess of the allowed curtailment volumes shall be paid for by the Customer at the greater of the rate of (1.) \$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. Imbalances for days that a curtailment order is in effect may not be offset by over-deliveries on days that a curtailment or balancing order is not in effect and are not subject to end of month imbalance trading;

RATE SCHEDULE T-1
Interruptible Transportation Service
(Continued)

- c) does not comply with a daily balancing order as directed by the Company and has gas delivered in excess of its actual daily consumption, a penalty of \$15 for each Dth of excess gas delivered that exceeds 5% of the daily consumption will be billed to the Customer in addition to all applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company. If the Customer's gas delivered does not exceed the Customer's actual daily consumption by more than 5% and such excess gas does not result in pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company, the \$15.00 charge will be waived. Imbalances for days that a balancing order is in effect shall not be offset by under-deliveries on days a balancing order is not in effect and are not subject to end of month imbalance trading.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible transportation service deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TPUC Administrative Rule 1220-4-7.

GENERAL TERMS AND CONDITIONS

Transportation Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Public Utility Commission.

CHATTANOOGA GAS COMPANY
GAS TARIFF
TPUC NO. 1

THIRD REVISED SHEET NO.31C

RATE SCHEDULE T-2
Interruptible Transportation Service With Firm Gas Supply Backup
(Continued)

SPECIAL TERMS AND CONDITIONS

This schedule is subject to interruption on one-half-hours' notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

Customer shall immediately discontinue the use of transportation gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer:

- a) takes gas in excess of the Customer's gas volumes nominated on a day that a balancing order is in effect, the gas in excess of Customer's gas nomination for the day shall be paid for by the Customer at the Rate Schedule F-1 rate. If a Customer has the billing demand volume established in the gas sale agreement, as provided in Rate Schedule F-1, gas taken in excess of the Customer's gas volume nominated plus the Customer's billing demand volume on a day a balancing order is in effect shall be paid for by the customer at the average daily index on a daily balancing days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges that are the result of the Customer's failure to comply with a daily balancing order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. Imbalances for days that a balancing order is in effect shall not be offset by over-deliveries on days a balancing order is not in effect and are not subject to end of month imbalance trading;
- b) does not comply with a curtailment order issued by the Company as provided in the "Schedule for Limiting and Curtailing Gas Service," gas volumes taken in excess of the allowed curtailment volumes shall be paid for by the Customer at the greater of the rate of (1.) \$15.00 per Dth or (2.) the average daily index on the curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. Imbalances for days that a curtailment order is in effect shall not be offset by over-deliveries on days that a curtailment or balancing order is not in effect and are not subject to end of month imbalance trading; or

ISSUED:
ISSUED BY: TIFFANY CALLAWAY-FERRELL, VP, VP

EFFECTIVE:

CHATTANOOGA GAS COMPANY
GAS TARIFF
TPUC NO. 1

ORIGINAL SHEET NO.31D

RATE SCHEDULE T-2
Interruptible Transportation Service With Firm Gas Supply Backup
(Continued)

- c) does not comply with a daily balancing order as directed by the Company and has gas delivered in excess of its actual daily consumption, a penalty of \$15 for each Dth of excess gas delivered that exceeds 5% of the daily consumption will be billed to the Customer in addition to all applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company. If the Customer's gas delivered does not exceed the Customer's actual daily consumption by more than 5% and such excess gas does not result in pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company, the \$15.00 charge will be waived. Imbalances for days that a balancing order is in effect shall not be offset by under-deliveries on days a balancing order is not in effect and are not subject to end of month imbalance trading.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TPUC Administrative Rule 1220-4-7.

GENERAL TERMS AND CONDITIONS

Transportation service hereunder shall be subject to the company's rules and regulations as filed with the Tennessee Public Utility Commission. The effectiveness of this tariff sheet will terminate should it be determined by the Tennessee Public Utility Commission that the limiting provisions contained in paragraph 2 of the availability section of this rate schedule are required to be implemented.

ISSUED:
ISSUED BY: TIFFANY CALLAWAY-FERRELL, VP, VP

EFFECTIVE:

RATE SCHEDULE T-3
Low Volume Transport
(Continued)

- v) The summer daily baseload is multiplied by the days in the winter period to produce a winter baseload.
- vi) The winter baseload is subtracted from the total load in the winter period to isolate the heat sensitive load.
- vii) The heat sensitive load is divided by the heating degree days in the winter period to produce a heat sensitive factor.
- viii) The heat sensitive factor is multiplied by the peak day heating degree days to produce the peak heat sensitive load.
- ix) The peak heat sensitive load is added to the winter baseload to produce the initial billing demand
- x) The initial billing demand is verified and estimation techniques are employed as necessary where actual data produces unacceptable results.

New Premises:

For new Premises, the billing demand is estimated based upon the construction matrix prepared by the Company. The BTU rating of the gas fired equipment and the expected hours of operation on the peak day are used to calculate the Demand Unit. After each new Premises has been receiving service for one year, the Premises is no longer considered a new Premises and the billing demand will be recalculated based upon actual consumption using the billing demand calculation method for existing Premises.

SPECIAL TERMS & CONDITIONS

In the event the Customer:

- a) takes gas in excess of the Customer's gas volumes nominated on a day that a balancing order is in effect, the gas in excess of Customer's gas nomination for the day shall be paid for by the Customer at the Rate Schedule C-2 rate. Imbalances for days that a balancing order is in effect shall not be offset by over-deliveries on days that a balancing order is not in effect and are not subject to end of month imbalance trading;
- b) does not comply with a curtailment order issued by the Company as provided in the "Schedule for Limiting and Curtailing Gas Service," such daily volumes taken in excess of the allowed curtailment volumes shall be paid for by the Customer at the greater of (1.) the rate of \$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. Imbalances for days that a curtailment order is in effect shall not be offset by over-deliveries on days that a curtailment or balancing order is not in effect and are not subject to end of month imbalance trading; or

RATE SCHEDULE T-3
Low Volume Transport
(Continued)

- d) does not comply with a daily balancing order as directed by the Company and has gas delivered in excess of its actual daily consumption, a penalty of \$15 for each Dth of excess gas delivered that exceeds the daily consumption will be billed to the Customer in addition to all applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company. If the Customer's gas delivered does not exceed the Customer's actual daily consumption by more than 5% and such excess gas does not result in pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company, the \$15.00 charge will be waived. Imbalances for days that a balancing order is in effect shall not be offset by under-deliveries on days a balancing order is not in effect and are not subject to end of month imbalance trading.

These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with Tennessee Public Utility Commission Administrative Rule 1220-4-7.

CASH OUT OF MONTHLY IMBALANCES

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than the Customer has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency and will buy an amount of gas equal to the deficiency from the Company in under Rate Schedule C-2. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from S&P Global Platts *Gas Daily* in the table titled "Final Daily Price Survey-Platts Locations" denoted in the column labeled "Midpoint", in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline times the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate:

Percentage of the Imbalance	Long Discount
Equal to or less than 10%	100%
Over 10% & equal to or less than 15%	80%
Over 15% & equal to or less than 20%	60%
Over 20 %	50%

RATE SCHEDULE T-3
Low Volume Transport
(Continued)

The Weighted Index Price” shall be derived from the prices published in *Gas Daily* from the Daily Price Survey.

Southern Natural, La	X	43%
	+	
Tennessee, zone 0	X	17%
	+	
Tennessee, La, 500 Leg	X	20%
	+	
Tennessee, La, 800 Leg	X	20%

The Company will collect gross receipt tax on the incremental gross gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TPUC Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will not apply to the cash-out mechanism.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Utility Commission.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Public Utility Commission

ISSUED:
ISSUED BY: TIFFANY CALLAWAY-FERRELL, VP

EFFECTIVE:

CHATTANOOGA GAS COMPANY
GAS TARIFF
TPUC NO. 1

~~SECOND~~ THIRD REVISED SHEET NO.30D

RATE SCHEDULE T-1 (Continued)
Interruptible Transportation Service

LIMITING AND CURTAILING GAS SERVICE

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Utility Commission.

SPECIAL TERMS AND CONDITIONS

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

Customer shall immediately discontinue the use of transported gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer

- a. ~~takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer~~ does not comply with a ~~curtailment or~~ daily balancing order as directed by the Company and takes gas in excess of the ~~Customer gas nominations for the balancing day~~ ~~daily volume allowed by the Company in the curtailment or a daily balancing order, such gas~~ daily volumes taken in excess of Customer's ~~nomination~~ ~~daily contract entitlement or such daily volumes taken in excess of curtailment or daily balancing order volumes~~ shall be paid for by the Customer at ~~the greater of the rate of (1.)\$15.00 per Dth or (2.)~~ the average daily index on ~~curtailment or~~ the daily balancing days plus \$5.00 per Dth. and all applicable pipeline and/or gas supplier penalties and/or charges that are the result of the Customer's failure to comply with a ~~curtailment or~~ daily balancing order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. ~~If the Customer has gas delivered in excess of a daily balancing order volumes, all applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company shall be billed to the Customer.~~ Imbalances for days that a balancing order is in effect may not be offset by over-deliveries on days that a balancing order is not in effect and are not subject to end of month imbalance trading
- b. does not comply with a curtailment order issued by the Company as provided in the "Schedule for Limiting and Curtailing Gas Service," such daily volumes taken in excess of the allowed curtailment volumes shall be paid for by the Customer at the greater of the rate of (1.) \$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. Imbalances for days that a curtailment order is in effect may not be offset by over-deliveries on days that a curtailment or balancing order is not in effect and are not subject to end of month imbalance trading;

ISSUED: ~~OCTOBER 22, 2018~~

EFFECTIVE: ~~NOVEMBER 1, 2018~~

ISSUED BY: ~~WENDELL DALLAS~~ TIFFANY CALLAWAY-FERRELL, VP

RATE SCHEDULE T-1 (Continued)
Interruptible Transportation Service

- c. does not comply with a daily balancing order as directed by the Company and has gas delivered in excess of its actual daily consumption, a penalty of \$15 for each Dth of excess gas delivered that exceeds 5% of the daily consumption will be billed to the Customer in addition to all applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company. If the Customer's gas delivered does not exceed the Customer's actual daily consumption by more than 5% and such excess gas does not result in pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company, the \$15.00 charge will be waived. Imbalances for days that a balancing order is in effect shall not be offset by under-deliveries on days a balancing order is not in effect and are not subject to end of month imbalance trading.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible transportation service deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TPUC Administrative Rule 1220-4-7.

GENERAL TERMS AND CONDITIONS

Transportation Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Public Utility Commission.

~~SECOND~~ ~~THIRD~~ REVISED SHEET NO.31C

RATE SCHEDULE T-2 (Continued)
Interruptible Transportation Service With Firm Gas Supply Backup

SPECIAL TERMS AND CONDITIONS

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

Customer shall immediately discontinue the use of transportation gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer

- a. takes gas in excess of the Customer's gas nominations on the day that a balancing order is in effect daily volume allowed by the Company in the curtailment or a daily balancing order, such the gas ~~taken~~ in excess of Customer's nomination ~~daily contract entitlement or such daily volumes taken in excess of curtailment or daily balancing order volumes~~ shall be paid for by the Customer at the Rate Schedule F-1 rate. If a Customer has the billing demand volume established in the gas sale agreement, as provided in Rate Schedule F-1, gas taken in excess of the Customer's gas volume nominated plus the Customer's billing demand volume on a day a balancing order is in effect shall be paid for by the customer at greater of the rate of (1.) \$15.00 per Dth or (2.) the average daily index on ~~curtailment or the~~ daily balancing days plus \$5.00 per Dth. and all applicable pipeline and/or gas supplier penalties and/or charges that are the result of the Customer's failure to comply with a ~~curtailment or~~ daily balancing order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. If the Customer has gas delivered in excess of a daily balancing order volumes, all applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company shall be billed to the Customer. Imbalances for days that a balancing order is in effect may not be offset by over-deliveries on days that a balancing order is not in effect and are not subject to end of month imbalance trading
- b. does not comply with a curtailment order issued by the Company as provided in the "Schedule for Limiting and Curtailing Gas Service," such daily volumes taken in excess of the allowed curtailment volumes shall be paid for by the Customer at the greater of the rate of (1.) \$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. Imbalances for days that a curtailment order is in effect may not be offset by over-deliveries on days that a curtailment or balancing order is not in effect and are not subject to end of month imbalance trading;

ORIGINAL SHEET NO.31D

RATE SCHEDULE T-2 (Continued)
Interruptible Transportation Service With Firm Gas Supply Backup

- c. does not comply with a daily balancing order as directed by the Company and has gas delivered in excess of its actual daily consumption, a penalty of \$15 for each Dth of excess gas delivered that exceeds 5% of the daily consumption will be billed to the Customer in addition to all applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company. If the Customer's gas delivered does not exceed the Customer's actual daily consumption by more than 5% and such excess gas does not result in pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company, the \$15.00 charge will be waived. Imbalances for days that a balancing order is in effect shall not be offset by under-deliveries on days a balancing order is not in effect and are not subject to end of month imbalance trading.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TPUC Administrative Rule 1220-4-7.

GENERAL TERMS AND CONDITIONS

Transportation service hereunder shall be subject to the company's rules and regulations as filed with the Tennessee Public Utility Commission. The effectiveness of this tariff sheet will terminate should it be determined by the Tennessee Public Utility Commission that the limiting provisions contained in paragraph 2 of the availability section of this rate schedule are required to be implemented.

ISSUED:
ISSUED BY: TIFFANY CALLAWAY-FERRELL, VP

EFFECTIVE:

CHATTANOOGA GAS COMPANY
GAS TARIFF
TPUC NO. 1

~~FOURTH~~ FIFTH REVISED SHEET NO.33B

RATE SCHEDULE T-3 (Continued)
Low Volume Transport

- i) The summer daily baseload is multiplied by the days in the winter period to produce a winter baseload.
- ii) The winter baseload is subtracted from the total load in the winter period to isolate the heat sensitive load.
- iii) The heat sensitive load is divided by the heating degree days in the winter period to produce a heat sensitive factor.
- iv) The heat sensitive factor is multiplied by the peak day heating degree days to produce the peak heat sensitive load.
- v) The peak heat sensitive load is added to the winter baseload to produce the initial billing demand
- vi) The initial billing demand is verified and estimation techniques are employed as necessary where actual data produces unacceptable results.

New Premises:

For new Premises, the billing demand is estimated based upon the construction matrix prepared by the Company. The BTU rating of the gas fired equipment and the expected hours of operation on the peak day are used to calculate the Demand Unit. After each new Premises has been receiving service for one year, the Premises is no longer considered a new Premises and the billing demand will be recalculated based upon actual consumption using the billing demand calculation method for existing Premises.

SPECIAL TERMS & CONDITIONS

In the event Customer

- a) takes ~~daily gas deliveries~~ in excess of the Customer's ~~daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment or daily balancing order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment or daily balancing order, gas volumes nominated on a day that a balancing order is in effect, such~~ the gas taken in excess of Customer's gas nomination for the day shall be paid for by the Customer at the greater of (1.) the rate of \$15.00 per Dth or (2.) the average daily index on curtailment or daily balancing days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. ~~tall applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company~~ Rate Schedule C-2 rate. Imbalances for days that a balancing order is in effect shall not be offset by over-deliveries on days that a balancing order is not in effect and are not subject to end of month imbalance trading;
- b) ~~does not comply with a curtailment order issued by the Company as provided in the "Schedule for Limiting and Curtailing Gas Service," such daily volumes taken in excess of the allowed curtailment volumes shall be paid for by the Customer at the greater of (1.) the rate of \$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. Imbalances for days that a curtailment order is in effect shall not be offset by over-deliveries on days that a curtailment or balancing order is not in effect and are not subject to end of month imbalance trading; or~~

ISSUED: ~~JULY 29, 2021~~

ISSUED BY: TIFFANY CALLAWAY-FERRELL, VP

EFFECTIVE: ~~SEPTEMBER 1, 2021~~

CHATTANOOGA GAS COMPANY

GAS TARIFF

TPUC NO. 1

~~THIRD-FOURTH~~ REVISED SHEET NO.33C**RATE SCHEDULE T-3 (Continued)****Low Volume Transport**

- c) does not comply with a daily balancing order as directed by the Company and has gas delivered in excess of its actual daily consumption, a penalty of \$15 for each Dth of excess gas delivered that exceeds the daily consumption will be billed to the Customer in addition to all applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company. If the Customer's gas delivered does not exceed the Customer's actual daily consumption by more than 5% and such excess gas does not result in pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company, the \$15.00 charge will be waived. Imbalances for days that a balancing order is in effect shall not be offset by under-deliveries on days a balancing order is not in effect and are not subject to end of month imbalance trading.

These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with Tennessee Public Utility Commission Administrative Rule 1220-4-7.

CASH OUT OF MONTHLY IMBALANCES

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than the Customer has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency and will buy an amount of gas equal to the deficiency from the Company in under Rate Schedule C-2. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from S&P Global Platts Gas Daily in the table titled "Final Daily Price Survey-Platts Locations" denoted in the column labeled "Midpoint", in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline times the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate:

Percentage of the Imbalance	Long Discount
Equal to or less than 10%	100%
Over 10% & equal to or less than 15%	80%
Over 15% & equal to or less than 20%	60%
Over 20%	50%

ISSUED: ~~JULY 29, 2021~~

ISSUED BY: TIFFANY CALLAWAY-FERRELL, VP

EFFECTIVE: ~~SEPTEMBER 1, 2021~~

~~ORIGINAL~~ REVISED SHEET NO.33D

RATE SCHEDULE T-3
Low Volume Transport
(Continued)

The Weighted Index Price" shall be derived from the prices published in Gas Daily from the Daily Price Survey.

Southern Natural, La	X 43%
	+
Tennessee, zone 0	X 17%
	+
Tennessee, La, 500 Leg	X 20%
	+
Tennessee, La, 800 Leg	X 20%

The Company will collect gross receipt tax on the incremental gross gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TPUC Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will not apply to the cash-out mechanism.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Utility Commission.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Public Utility Commission.

ISSUED: ~~OCTOBER 22, 2018~~

ISSUED BY: ~~WENDELL DALLAS~~ TIFFANY CALLAWAY-FERRELL, VP

EFFECTIVE: ~~NOVEMBER 1, 2018~~