

**RATE SCHEDULE TS3 AND TS4  
TRANSPORTATION SERVICE 3 AND 4**

**1. APPLICABILITY**

Applicable throughout the entire service area of the Company.

**2. AVAILABILITY AND CHARACTER OF SERVICE**

- a. Transportation service under this Rate Schedule is available to any nonresidential Customer located on the Company's distribution system for the transportation and delivery of gas through the Company's distribution facilities, including a Customer that is part of an Aggregation Nomination Group (ANG) as defined in Rate Schedule AS-Aggregation Service;

and

- b. Gas service under this Rate Schedule will be available when the Company has executed a Service Agreement with the Customer under which the Company agrees to transport and deliver quantities of gas for the Customer as contemplated in this Rate Schedule;

and

- c. The Company will not be required to deliver on any day more than a quantity of gas to be mutually agreed upon by the Company and the Customer;

and

- d. Transportation service will be subject to all terms and conditions set forth in this Rate Schedule, the Company's General Terms and Conditions and any regulations established by the State Corporation Commission, as may be modified from time to time;

and

- e. Service will not be rendered for resale purposes or for use off of the Customer's premises, except that a Rate Schedule TS 3 TS 4 Customer may sell compressed natural gas at retail for use as a motor fuel in natural gas vehicles, provided the Customer does not resell natural gas for any other purpose;

and

(Continued)

- f. Rate Schedule TS 3 is available to Customers whose anticipated monthly through-put is less than 20,000 Mcf. Rate Schedule TS 4 is available to Customers whose anticipated monthly throughput is greater than 20,000 Mcf. The election of Rate Schedule TS 3 or TS 4 shall be solely within the discretion of the Customer and shall be binding on the Customer for the 12 month period commencing with such election. A change in the election between Rate Schedules 3 and 4 may be implemented on at least 30 days notice and will be effective only on the annual anniversary date of the Service Agreement;

and

- g. The Company will furnish information to, and receive information from, its Customers by means of the Company's web based Electronic Bulletin Board ("EBB"). The Customer or its designee must be capable of, and agree to, utilize the EBB for communications specified in this Rate Schedule, including all nominations and confirmations for service under this Rate Schedule, as well as receipt of interruption notices and Operational Alerts (OA's), and Balancing Service Restriction (BSR) notices referenced in Paragraph 12 of this Rate Schedule. Alternative means of communication may be used for interruption notices, in lieu of the EBB, such as facsimile, telephone or e:mail, as may be deemed appropriate by the Company under the circumstances.

**3. BANKING AND BALANCING**

- a. Banking and Balancing Service pursuant to this Rate Schedule is applicable to Customers that are not members of an ANG per Rate Schedule AS. Customers that are members of an ANG will not be afforded Banking and Balancing Service pursuant to this Paragraph but will instead be subject to the provisions of Rate Schedule AS, which is incorporated herein by reference.
- b. Customer will deliver a volume of gas each day to the Company city gate designated for each Customer substantially equivalent to the gas used by Customers on that day. Customers may subscribe to Banking and Balancing Service to account for the Company's balancing of daily differences between gas delivered into the Company's system on their behalf and volumes consumed by the Customer. Customer's volumes received by the Company but not delivered to the Customer at its facilities on any given day shall be referred to as "banked volumes" or a "Volume Bank" and the Customer shall be permitted to build banked volumes and receive such banked volumes, on an interruptible basis, at a later date, subject to the provisions of this Rate Schedule. The building and drawdown of a Volume Bank is not a firm service.

**RATE SCHEDULE TS3 AND TS4  
TRANSPORTATION SERVICE 3 AND 4**

(Continued)

- c. The total Volume Bank of a Customer shall not at any time exceed their nominated

Bank Tolerance level as identified in the Customer's Service Agreement. If a Rate Schedule TS 3 or TS 4 Customer's Volume Bank exceeds its Bank Tolerance, Company may require such Customer to immediately reduce or stop deliveries into the Company's system until the Customer's Volume Bank of gas is equal to or less than its Bank Tolerance. Company may, on its own initiative, take such actions as are necessary to reduce the Customer's Volume Bank to a level which is equal to or less than the Customer's subscribed Bank Tolerance level.

- d. Company may, on its own initiative, take such actions as are necessary to immediately bring Customer's volumes received by Company and volumes delivered to Customer at its facilities into balance. The Company further reserves the right to set limitations prior to, or during the course of a month, on how much gas can be scheduled by the Customer for delivery to Company in an effort to control Customer's banking activity.
- e. Customers subscribing to Banking and Balancing Service will be charged thirty-five cents (\$.35) per Mcf for volumes in excess of Bank Tolerance levels as of the end of each billing month. In addition, in the event Customer's Volume Bank exceeds its Bank Tolerance level and thus contributes to the Company's incurrance of a storage-overrun penalty by an upstream pipeline(s), the Customer shall be assessed its proportionate share of such penalties. If in any billing month in which the Company issues a BSR to restrict access to previously banked supply quantities pursuant to Paragraph 12 of this Rate Schedule, a Customer develops a Volume Bank in excess of its subscribed Bank Tolerance, then all or a portion of the aforementioned charge for an excess Bank Tolerance may be waived by the Company, on a non-discriminatory basis, for that billing month. However, the penalty shall not be waived to the extent that the applicable BSR permitted access to a portion of the Customer's banked volumes.
- f. In the event transportation service hereunder is terminated, Company will make reasonable efforts to deliver to Customer volumes of Customer's Volume Bank gas during the three monthly billing cycles following the date of termination. However, should the Customer fail to take delivery of its entire Volume Bank within such three month period, Company may, at its option, retain and purchase the undelivered banked volumes at the average of the mid-point city gate prices for deliveries as published in *Gas Daily* under "*Citygates - Columbia Gas (delivered)*" during the month in which such excess gas volumes are purchased. In addition, if Customer owes Company any outstanding gas transportation charges, or other charges, Company may retain as an offset to such outstanding charges, banked volumes that would otherwise be delivered to Customer upon termination of service. Any such volumes retained by the

**RATE SCHEDULE TS3 AND TS4  
TRANSPORTATION SERVICE 3 AND 4  
(Continued)**

Company will be valued at the average of the mid-point city gate prices for deliveries as published in *Gas Daily* under "*Citygates - Columbia Gas (delivered)*" during the month in which such excess gas volumes are retained. The purchased gas costs associated with any commodity purchases pursuant to this sub-section shall be flowed through the Company's purchased gas adjustment ("PGA") mechanism (including the Actual Cost Adjustment).

- g. Customers may not utilize banked volumes during any period in which a consumption limitation or interruption has been imposed pursuant to Section 15.4 and 15.5 of the General Terms and Conditions. In addition, Customers' utilization of banked volumes may be limited or denied, on a daily basis, during any period when a BSR, as further described in Paragraph 12, has been issued by the Company.
- h. On day(s) when the Company's deliveries to the Customer at its facilities exceed Customer's deliveries to Company plus the Customer's contracted standby and available banked volumes, or the Customer's Volume Bank equals zero, the Customer will be billed for any such excess consumption under the terms, conditions, and non-gas rates and charges (including administrative costs and applicable taxes) of the Company's Schedule LGS interruptible sales rate, commencing with the initial rate block, plus the average of the mid-point city gate prices for deliveries as published in *Gas Daily* under "*Citygates - Columbia Gas (delivered)*" during the month in which such excess volumes are delivered. The purchased gas costs associated with any commodity sales pursuant to this sub-section shall be flowed through the Company's PGA mechanism. The foregoing charges are in addition to any penalties charged to the Customer pursuant to Paragraph 12 of this Rate Schedule.
- i. Banking and Balancing Service is based on current policies, practices, and procedures of the Company's interstate pipeline supplier(s). Should any of the Company's interstate pipeline suppliers modify its policies, practices or procedures in a manner which makes it impracticable for the Company to continue to offer such balancing services pursuant to the provisions set forth herein, Company shall have the right to modify the provisions of its Banking and Balancing Service to the extent Company deems necessary, subject to appropriate regulatory approval. The Company shall provide notice to Customers served under this Rate Schedule in the event such right is exercised. Nothing in this provision shall limit the Company's future ability to modify this provision or this Rate Schedule.

**RATE SCHEDULE TS3 AND TS4  
TRANSPORTATION SERVICE 3 AND 4  
(Continued)**

- j. Customers may elect to change Bank Tolerance levels no more than one time in any calendar year. Notification of such changes are due to Company at least 30 days prior to the renewal date of the Customer's Service Agreement and will be effective upon such renewal date. Customers must execute a new Service Agreement or an amendment to its Service Agreement with the Company in order to change Bank Tolerance levels. The revenues derived from this service will be credited to the Company's quarterly PGA. If Customer does not elect a specific percentage for a monthly Bank Tolerance, the Customer will be deemed to have

elected five percent. The monthly Bank Tolerance levels that are available are 5%, 4%, 3%, 2%, 1%, .5% or 0% of a Customer's annual transportation contract volume.

- k. Transfers of end-of-month bank balances between and among Customers and Competitive Service Providers ("CSPs") within a Columbia Gas Transmission Corporation designated market area will be permitted, provided that both parties have confirmed deliveries transported by the same transmission company. Transfers of end-of-month bank balances between and among Customers and CSPs between Columbia Gas Transmission Corporation designated market areas may be allowed at the discretion of the Company, provided that both parties have confirmed deliveries transported by the same transmission company. This inter-market area trading capability will only exist in a month in which the Company did not issue a BSR. Trades of end-of-month bank balances between and among Customers and CSPs with confirmed deliveries transported by different transmission companies will not be permitted under any circumstances. Transfers of end-of-month bank balances may only be requested once a month and must be requested on or before the third business day following the conclusion of the month for which the transfer is requested.

#### 4. CASH-OUT OPTION

Customers who choose not to subscribe to the Banking and Balancing Service are required to have daily demand meters and will be cashed-out on a daily basis by the Company as follows: On days when gas consumed by the Customer exceeds the volumes of gas delivered into the Company's system on the Customer's behalf, Customer will purchase such excess volumes from Company under the terms, conditions, and non-gas rates and charges (including administrative costs and applicable taxes) of the Company's Schedule LGS interruptible sales rate, commencing with the initial rate block, plus the average of the mid-point city gate prices for deliveries as published in *Gas Daily* under "*Citygates - Columbia Gas (delivered)*" during the month in which such excess gas volumes were delivered to

#### RATE SCHEDULE TS3 AND TS4 TRANSPORTATION SERVICE 3 AND 4

(Continued)

Customer plus a \$.10/Mcf overrun fee. Furthermore, on those days when the Company has issued a BSR, the Customer will be subject to the additional charges identified in Section 12 of this Rate Schedule. On days when gas delivered into the Company's system on a Customer's behalf exceeds the volumes consumed by the Customer, Company will charge the Customer \$.35 per Mcf for such excess deliveries to the Company. In addition, the Company will purchase the excess volumes from the Customer at 90% of the average of the mid-point city gate prices for deliveries as published in *Gas Daily* under "*Citygates - Columbia Gas (delivered)*" during the month in which such excess gas volumes were received by Company. The purchased gas costs associated with any commodity purchases and sales pursuant to this Paragraph shall be flowed through the Company's PGA mechanism. Customers electing the Cash-Out option are subject to the provisions of Paragraph 12 and the charges set forth in this Paragraph are in addition to any penalties charged to the Customer pursuant to Paragraph 12 of this Rate Schedule.

**5. DAILY DEMAND MEASUREMENT EQUIPMENT**

Customers electing service under this Rate Schedule will be charged the cost of a daily demand meter and all costs associated with the installation of a daily demand meter (i.e., a meter equipped with an electronic measurement (EM) or automatic meter reading (AMR) device and associated telemetering equipment) consistent with specifications established by the Company. The daily demand meter and associated telemetering equipment shall be and remain the property of the Company. The Customer shall have the right to obtain actual consumption information, for the prior gas day ending at 10 a.m., via a web based process made available by Company, at no cost to the Customer. Additionally, the Customer will have the ability to use the Company's optional demand-polling service to access metering data at any time within a day at the Customer's discretion and/or to obtain access to a pluse signal. Optional demand-polling capability (via the Company's web based process) and the optional access to a pluse signal will be provided subject to usage fees, based on the terms and conditions of separate Rate Schedules. Customers shall provide and pay for a dedicated telephone line and the AC power necessary to operate all daily demand measurement equipment. The assessment of the foregoing equipment and installation charges will not apply to the initial installation of a daily demand meter and associated equipment at facilities that are taking service under Rate Schedule TS-1 or TS-2 as of November 1, 2001.

**6. STANDBY FUEL FACILITIES**

The Customer is responsible for providing and maintaining alternate fuel storage and combustion facilities and for having available at all times sufficient standby fuel to maintain desired levels of plant operation during periods of interruptions and any period when a BSR has been issued by Company.

**RATE SCHEDULE TS3 AND TS4  
TRANSPORTATION SERVICE 3 AND 4**

(Continued)

**7. RATE**

- a. The rates for transportation and Banking and Balancing Service under this Rate Schedule are set forth in the currently effective Rate Sheets of this tariff and are incorporated herein.
- b. When a Customer can demonstrate to the Company that a lower rate is necessary to meet competition from an alternate energy supplier, the Company may transport gas at a rate lower than the Rate Sheets of this Tariff. The Company may also, after receiving prior approval from the Virginia State Corporation Commission, transport gas at a rate lower than the currently effective Rate Sheets of this tariff when the Customer has demonstrated that its only alternative would be a shutdown or relocation of facilities. In no event will the Company reduce such rates below a floor rate of \$0.01/Mcf.
- c. Subject to the conditions described in subparagraph (b), above, the Company may also provide Banking and Balancing Service at a rate lower than the rates set forth in the currently effective rate schedules of this tariff. In no event will the Company reduce the Banking and Balancing Service rate below a floor rate of \$.001/Mcf.

**8. MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the Customer Charge.

**9. DETERMINATION OF DELIVERIES**

The volume of gas transported pursuant to this Rate Schedule shall be the volumes delivered to the Company by the Customer or on the Customer's behalf, less 1.0% of the total volumes delivered, as retainage for Company use and unaccounted for gas on the Company's distribution system.

**10. BACK-UP SERVICE**

Unless a Customer has contracted with the Company for LGS Firm/Standby sales service, the Company is under no obligation to deliver gas on any day in excess of the Customer-owned volumes physically delivered into the Company's distribution facilities.

**11. PENALTY CHARGE FOR FAILURE TO INTERRUPT DUE TO CAPACITY LIMITATIONS**

If on any day, after the Company has provided notice to interrupt consistent with the Company's operations and constraints, the Customer fails to interrupt its use of gas

**RATE SCHEDULE TS3 AND TS4  
TRANSPORTATION SERVICE 3 AND 4  
(Continued)**

hereunder, the Customer shall be billed in addition to all other applicable charges under this Rate Schedule an amount equal to:

1. Any penalty or charge incurred by the Company under the terms of its contracts with its supplier(s) or transporter(s), caused by the Customer's failure to interrupt;  
and
2. A charge of \$10.00 per Mcf for all gas used during the requested interruption.

The Customer shall indemnify and hold the Company harmless against any losses and costs with respect to any personal injury or damage to the property of the Company or third parties, which result proximately from Customer's failure to interrupt. The Company may, on its own initiative, take such actions as are necessary to require compliance with an interruption notice in the event that a Customer fails to comply with such a notice.

**12. BALANCING SERVICE RESTRICTIONS**

**a. Operational Alert (OA)**

An Operational Alert (OA) may be issued by the Company when actual or projected increases or reductions in consumer demand for, or supply of, natural gas are likely to adversely impact the Company's storage levels, ability to deliver supply and/or its ability

to fulfill its firm sales, standby and retail choice service obligations. An OA may also be called when actual or projected increases or reductions in consumer demand for, or supply of, natural gas are likely to adversely impact the Company's ability to operate within the contract limitations applicable under the Company's pipeline service contracts. An OA is a request for voluntary action on the part of a Customer. An OA may be issued in an effort to avoid a BSR, but shall not be required as a condition to the issuance of a BSR.

**b. Balancing Service Restrictions**

All Customers with daily measuring devices are subject to the Company's issuance of BSRs. A BSR will direct Customers to adjust their operations such that each Customer's deliveries to the Company's system matches its consumption, less those volumes that are supplied by the Company under the Company's LGS Standby Sales Service and/or volumes supplied by the Company to the limited extent, if any, that Banking and Balancing Service is available. The issuance of a BSR may result in a partial or complete restriction of Banking and Balancing Service as contemplated in this Rate Schedule.

If the Customer fails to schedule and deliver a minimum of its actual usage, adjusted for the Customer's contracted standby and available banked volumes, on a daily basis during a BSR, the following charges will be assessed:

**RATE SCHEDULE TS3 AND TS4  
TRANSPORTATION SERVICE 3 AND 4**

(Continued)

1. Ten dollars (\$10.00) per Mcf for all gas used in excess of 102% of the gas delivered to the Company's system on Customer's behalf plus Customer's contracted standby and available banked volumes; and
2. Any penalty or charge incurred by the Company under the terms of its contracts with supplier(s) or transporter(s), caused by the Customer's failure to comply.

For any continuous BSR, the Company shall waive the \$10.00 per Mcf charge set forth above, on a customer by customer basis, provided all of the following conditions are satisfied: (1) the waiver shall only apply to an BSR continuing for at least 4 consecutive days; (2) the Company shall not have incurred penalties or similar charges under the terms of its contract(s) with its suppliers or transporters as a consequence of the Customer's failure to comply; (3) the Company and its ratepayers shall not have incurred any economic hardship attributable to the Customer's non-compliance, which shall include the purchase of higher cost supplies or the operation of peaking facilities or services; and (4) the Customer's non-compliance during the continuing BSR shall not have exceeded the lesser of (i) 25% of the cumulative days of the continuing BSR or (ii) 3 days. Notwithstanding the foregoing waiver provision, no Customer will be entitled to a waiver (or additional waivers) during a single winter heating season after such Customer exceeds 3 days of non-compliance during all BSRs during that winter heating season.

Underdeliveries of specified quantities by a Customer during a BSR will be considered consumption of the Company's LGS Sales Service gas supply. In addition to any penalties and other charges described above, the Customer will be charged under the terms, conditions and non-gas rates and charges (including administrative costs and applicable taxes) of the Company's Schedule LGS interruptible sales rate, commencing with the initial

rate block, plus the average of the mid-point city gate prices for deliveries as published in *Gas Daily* under "Citygates - Columbia Gas (delivered)" for the month in which the underdelivery occurred. The purchased gas costs associated with any commodity sales pursuant to this sub-section shall be flowed through the Company's PGA mechanism.

**c. Criteria**

BSRs may be issued in those instances when the capacity/supply that the Company has available to serve its firm sales, standby and retail choice customer requirements is estimated by the Company to be insufficient to serve its expected firm sales, standby and retail choice customer demand and also balance the total difference between the scheduled supply and the expected demand of all of the Company's transportation customers for a given day(s) or extended period of time.

The following operating conditions, in addition to other quantifiable or non-quantifiable factors, will be considered by the Company when evaluating and finding the basis for the need to issue BSRs:

**RATE SCHEDULE TS3 AND TS4  
TRANSPORTATION SERVICE 3 AND 4  
(Continued)**

- a) forecasted temperatures;
- b) forecasted demand;
- c) supplies flowing on behalf of non-retail choice transportation customers;
- d) supply/capacity that the Company has firm access to on a daily basis;
- e) estimates of supplies remaining to serve Columbia's firm sales, standby and retail choice customer requirements for the balance of a given time frame (e.g. winter season) compared to the Company's planning parameters;
- f) downward ratcheting of storage deliverability as inventory is reduced; and
- g) operational flexibility to manage supply/demand uncertainty.

The need for BSRs will typically be determined a day in advance of the actual applicable gas day. The actual BSR level called for will generally be based on the Company's estimate of its balancing capabilities for a given day, series of days, and/or for the remainder of a month or season.

**d. Transmittal and Content of OAs and BSR Notices**

- (1) The Company will communicate the issuance of OAs and BSRs to Customers through its EBB. The Company will also communicate the issuance of OAs and BSRs, along with supportive rationale, via facsimile, on a best efforts basis, to the individual(s) designated by the Customer to receive such communications contemporaneously with their issuance. However, the official mode of communication shall be the EBB.
- (2) Notice of OAs and BSRs as well as the Company's rationale for issuing such alerts or notices will be communicated to the State Corporation Commission's Division of Energy Regulation contemporaneously with their issuance.

(3) The timing, level and duration of a BSR will generally be based on the Company's analysis of the criteria contemplated in subparagraph (d) above.

(4) Customer's accessibility to previously banked supply quantities will be specified in the BSR notice.

(5)

**13. PURCHASE GAS ADJUSTMENT PROVISION**

The rates for Banking and Balancing Service under this Rate Schedule are subject to adjustment for changes in pipeline supplier rates set forth in Section 17 of the General Terms and Conditions.

**14. TAXES**

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

**RATE SCHEDULE TS3 AND TS4  
TRANSPORTATION SERVICE 3 AND 4  
(Continued)**

**15. GENERAL TERMS AND CONDITIONS**

Service under this Rate Schedule is subject to the currently effective General Terms and Conditions, as contained in this Tariff, as well as all applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

**16. TITLE TO GAS**

The Customer warrants that it or its CSP has good title to all natural gas delivered to the Company on behalf of Customer and that such gas will be free and clear of all liens, encumbrances and claims, and the Customer will indemnify the Company and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of a breach of this warranty.

