SOUTHERN CALIFORNIA GAS COMPANY

Revised CAL. P.U.C. SHEET NO. 56477-G

LOS ANGELES, CALIFORNIA CANCELING Revised CAL. P.U.C. SHEET NO. 48084-G

Schedule No. G-BTS

BACKBONE TRANSPORTATION SERVICE

APPLICABILITY

Applicable to firm and interruptible Backbone Transportation Service to Utility’s transmission system. Service under this Schedule is available to any creditworthy party. All eligible participants are collectively referred to herein as “customers” unless otherwise specified.

Backbone Transportation Service rights to Utility’s transmission system neither guarantee nor imply firm service on Utility’s local transmission/distribution system; such service is defined by the end-use customers’ applicable Utility transportation service agreement.

TERRITORY

Applicable throughout the service territory.

RECEIPT POINTS

Receipt Points available for service under this schedule are as follows:

<table>
<thead>
<tr>
<th>Transmission Zone</th>
<th>Total Transmission Zone Firm Access (MMcf/d)</th>
<th>Specific Points of Access (MMcf/d)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern</td>
<td>1210</td>
<td>EPN Ehrenberg - 1210</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TGN Otay Mesa - 400</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NBP Blythe - 600</td>
</tr>
<tr>
<td>Northern</td>
<td>1590</td>
<td>TW North Needles - 800</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TW Topock - 300</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EPN Topock - 540</td>
</tr>
<tr>
<td></td>
<td></td>
<td>KR/MP Kramer Junction – 550</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PG&amp;E Kern River Station - 520</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OEHI Gosford – 150</td>
</tr>
<tr>
<td>Line 85</td>
<td>60</td>
<td>California Supply</td>
</tr>
<tr>
<td>Coastal</td>
<td>150</td>
<td>California Supply</td>
</tr>
<tr>
<td>Other</td>
<td>N/A</td>
<td>California Supply</td>
</tr>
<tr>
<td>Total</td>
<td>3,775</td>
<td>T</td>
</tr>
</tbody>
</table>

* Any interstate pipeline, LNG Supplier or PG&E that interconnect through a new receipt point may be added to that Transmission Zone.
RECEIPT POINTS (Continued)

EPN – El Paso Natural Gas Pipeline
TGN – Transportadora de Gas Natural de Baja California
NBP – North Baja Pipeline
TW – Transwestern Pipeline
MP – Mojave Pipeline
KR – Kern River Pipeline
PG&E – Pacific Gas and Electric
OEHI – Occidental of Elk Hills

Transmission Zone Contract Limitations:

Southern Zone – In total EPN Ehrenberg and NBP Blythe cannot exceed 1210 MMcfd.
Southern Zone – In total EPN Ehrenberg, NBP Blythe and TGN Otay Mesa cannot exceed 1210 MMcfd.
Northern Zone – In total TW at Topock and EPN at Topock cannot exceed 540 MMcfd.
Northern Zone – TW at North Needles cannot exceed 800 MMcfd.
Northern Zone – In total TW North Needles, TW Topock, EPN Topock, and KR/MP Kramer Junction cannot exceed 1590 MMcfd.
Wheeler Ridge Zone – In total PG&E at Kern River Station and OEHI at Gosford cannot exceed 520 MMcfd.

DELIVERY POINTS

Delivery Points available for service under this schedule are:

1. End-User’s Local Transportation Agreement
2. Citygate Pool Account
3. Storage Account
4. Contracted Marketer or Core Aggregator Transportation Account
### Schedule No. G-BTS
#### BACKBONE TRANSPORTATION SERVICE

(Continued)

#### RATES

**BACKBONE TRANSPORTATION RIGHTS**

This Schedule provides for both firm and interruptible backbone transportation service rights. This Schedule is applicable at all Receipt Points available under the following rates:

<table>
<thead>
<tr>
<th>Rate</th>
<th>Description of Service</th>
<th>Term</th>
<th>Rate</th>
<th>Structure</th>
<th>Reservation Rate (per Dth)</th>
<th>Volumetric Rate (per Dth)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G-BTS1</td>
<td>Firm</td>
<td>Three Years*</td>
<td>100%</td>
<td>Reservation</td>
<td>$0.33853</td>
<td>$0.0</td>
</tr>
<tr>
<td>G-BTS2</td>
<td>Firm</td>
<td>Three Years</td>
<td>Modified Fixed Variable</td>
<td>$0.27082</td>
<td>$0.06771</td>
<td></td>
</tr>
<tr>
<td>G-BTS3</td>
<td>Firm</td>
<td>Three to Twenty Years**</td>
<td>100%</td>
<td>Reservation Based</td>
<td>$0.0</td>
<td></td>
</tr>
<tr>
<td>G-BTSN1</td>
<td>Short Term Firm</td>
<td>Up to Three Years</td>
<td>100%</td>
<td>Market Based up to</td>
<td>$0.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$0.33853</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G-BTSN2</td>
<td>Short Term Firm</td>
<td>Up to Three Years</td>
<td>Modified Fixed Variable</td>
<td>Market Based up to</td>
<td>$0.06771</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$0.27082</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G-BTS4</td>
<td>Interruptible</td>
<td>Up to Three Years</td>
<td>100%</td>
<td>Volumetric</td>
<td>$0.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Market Based up to</td>
<td>$0.33853</td>
<td></td>
</tr>
</tbody>
</table>

* Terms are available for up to twenty years during Step 3 of the open season.
** Customers taking service under G-BTS3 and Rule No. 39 will also pay the G-BTS1 rate.
BILLING CALCULATION

Monthly Reservation Charge:

The Monthly Reservation Charge is payable each month regardless of the quantity of gas scheduled during the billing period. The Reservation Charge for each billing period shall be calculated using the applicable reservation rate and the DCQ as specified in Customer’s Backbone Transportation Service Contract (BTSC).

\[
\text{Monthly Reservation Charge} = \text{Applicable Reservation Rate} \times \text{DCQ} \times \text{number of days in the billing period (or, if less than one month, number of days in term of contract).} 
\]

Monthly Volumetric Charge:

The Monthly Volumetric Charge for each billing period shall be calculated using the applicable volumetric rate multiplied by the scheduled quantities on the Customer’s BTSC.

\[
\text{Monthly Volumetric Charge} = \text{Applicable Volumetric Rate} \times \text{Quantities of Gas Scheduled during the billing period.} 
\]

In-Kind Energy Charges:

Customers transporting gas over the backbone transmission system shall deliver each day for each billing period at the receipt point an additional in-kind quantity of natural gas equal to a percent of the total quantity delivered at the receipt point. The quantity received by the Utility at the receipt point shall equal the quantity delivered by the Utility to the delivery point divided by \(1 - x\) where \(x\) is the decimal equivalent of the backbone transmission system in-kind fuel factor percentage.

\[
\text{Rate, percent reduction} \quad \hdots \quad 0.228\% 
\]

Any applicable volumetric charges shall be charged on scheduled volumes net of shrinkage.
SPECIAL CONDITIONS

GENERAL

1. The definitions of the principal terms used in this schedule are found either herein or in Rule No. 1, Definitions.

2. Any disputed bill will be treated in accordance with Rule No. 11, Disputed Bills.

3. As a condition precedent to service under this schedule, an executed Receipt Point Master Agreement (RPMA) and a Backbone Transportation Service Contract (BTSC) (Form Nos. 6597-18 and 6597-17) are required. All contracts, rates and conditions are subject to revision and modification as a result of CPUC order or rules.

4. Customer must meet the Utility’s applicable credit requirements.

5. The Utility will display on its Electronic Bulletin Board (EBB) total available backbone transportation service capacity at each point along with the firm and interruptible scheduled volumes at the respective points during each nomination cycle.

6. The Utility will file quarterly reports to the Commission stating the Backbone Transportation Service rights held by Customers. Such reports will provide the name of the entity holding firm Backbone Transportation Service rights, the quantity held, usage of the rights, and the terms of those rights. Such information, excluding usage, will also be posted on the Utility’s EBB and will be updated daily.

7. The Utility will post on its EBB, by Receipt Point, all contracted Backbone Transportation Service capacity and the available unsubscribed Backbone Transportation Service capacity for sale. This information will be updated on a daily basis.

8. This rate schedule is the successor to rate Schedule No. G-RPA. Effective October 1, 2011, all references to rate Schedule No. G-RPA shall be deemed references to rate Schedule No. G-BTS.

9. Once any notice is posted on the EBB that identifies a reduced receipt point or transmission zone capacity, the Utility will limit the sale and exchange of firm Backbone Transportation Service capacity to the reduced capacity quantity for that receipt point and transmission zone for the duration of the posted event.
SPECIAL CONDITIONS (Continued)

GENERAL (Continued)

10. The Utility will not sell incremental firm receipt point capacity following the announcement of an OFO for the flow day on which the OFO is called. Once an OFO has been called, the Utility will be limited to sales of incremental interruptible Backbone Transportation Service capacity for the flow day on which the OFO is called.

11. Customers may aggregate their firm Backbone Transportation Service capacity into one contract number for each receipt point for the purposes of nominations and scheduling. Only firm Backbone Transportation Service contracts under identical rate schedules may be aggregated. Aggregation of contracts must be done using the EBB.

NOMINATIONS AND BALANCING

1. Service under this rate schedule shall be subject to all applicable terms, conditions and obligations of Rule No. 23, Continuity of Service and Interruption of Delivery, Rule No. 30, Transportation of Customer-Owned Gas, and Rate Schedule No. G-IMB, Transportation Imbalance Service.

2. The Utility will schedule interruptible nominations up to all available Backbone Transportation Service capacity at each of its Receipt Points subject to Rule No. 30, Transportation of Customer-Owned Gas.

3. Unless otherwise indicated in a discounted contract, customers holding firm Backbone Transportation Service capacity will be able to nominate natural gas for delivery on an alternate “within-the-zone” firm basis from any specific Receipt Point within an applicable transmission zone. Unless otherwise indicated in a discounted contract, customers will also be able to nominate natural gas for delivery on an alternate “outside-the-zone” firm basis from any receipt point on the system. All such nominations will be scheduled in accordance with Rule No. 30, Transportation of Customer-Owned Gas.

4. A customer may opt to designate one and only one nominating agent in addition to itself at any one time to nominate on all BTSCs under a customer’s RPMA. Customer must provide appropriate written authorization to the Utility of its intent to add or change a designated nominating agent via the Nomination and Trading Authorization Form (Form No. 9924). Such designation shall be subject to that nominating agent complying with applicable tariff and contractual provisions. Customer shall provide appropriate written notice to the Utility of its intent to terminate a nominating agent via the Termination of Nominating or Trading Agent Form (Form No. 9926).
SPECIAL CONDITIONS (Continued)

SECONDARY MARKET ASSIGNMENTS

1. Customers who hold Backbone Transportation Service rights may release all or a portion of those rights to any creditworthy party in the secondary market through SoCalGas’ EBB (see Special Condition 4 under this section for exception) at a rate up to 125% of the applicable G-BTS1 rate or G-BTS2 reservation rate. Any creditworthy party may purchase firm Backbone Transportation Service rights in the secondary market. Any party releasing firm rights will be referred to as “Releasing Shipper” and the party purchasing firm rights through the secondary market will be referred to as “Acquiring Shipper.” Rights may be re-released any number of times under the same rules applicable to releases by customers who originally obtained the rights directly from the Utility. Releases may consist of all or part of the Backbone Transportation Service rights of a customer’s DCQ and all or part of the remaining contract term with a minimum term of one day. The Utility will bill the Acquiring Shipper and credit the Releasing Shipper subject to the provisions in Special Condition 4 under this section. If the Acquiring Shipper’s Reservation Rate is less than the Releasing Shipper’s Reservation Rate, the Releasing Shipper will continue to be responsible for payment of the difference. In the event that the Utility realizes revenues from an Acquiring Shipper that exceed the amount due from a Releasing Shipper for any month, the Utility shall credit any excess amount to the account of the Releasing Shipper, or return excess revenues directly to the Releasing Shipper, as may be requested.

2. A customer may opt to designate one and only one trading agent in addition to itself at any one time to buy or sell firm Backbone Transportation Service capacity rights in the secondary market. The trading agent shall be specified on the Nomination and Trading Authorization Form (Form No. 9924) and shall apply to all BTSCs under that customer’s RPMA. Such designation shall be subject to that trading agent complying with applicable tariff and contractual provisions. Customer shall provide appropriate written notice to the Utility of its intent to terminate a trading agent via the Form to Terminate a Nominating or Trading Agent (Form No. 9926).

3. Contract releases of firm rights must be done electronically using the Utility’s EBB.
SPECIAL CONDITIONS  (Continued)

SECONDARY MARKET ASSIGNMENTS  (Continued)

4. The Acquiring Shipper must satisfy the Utility’s applicable credit requirements. If the Utility’s creditworthiness requirements are satisfied, the Utility shall notify the Releasing Shipper that it is conditionally* relieved of all liability for performance by the Acquiring Shipper for the term of the release. Alternatively, the Releasing Shipper may, at its option, waive the creditworthiness requirements applicable to the Acquiring Shipper, in which case the Releasing Shipper shall remain secondarily liable for non-performance by the Acquiring Shipper. If a Releasing Shipper exercises this option, it must continue to meet the Utility’s applicable credit requirements for the duration of the contract.

5. The Utility will post on its EBB a summary of the completed secondary market transactions, listing releasing party, acquiring party, amount of capacity, receipt point, awarded reservation rate, and term of the release. The summary information regarding secondary market transactions will be posted the next business day.

6. Market participants can voluntarily post secondary Backbone Transportation Service rights capacity transaction offers on the Utility’s EBB.

*   The Releasing Shipper shall continue to be liable and responsible for all reservation charges associated with the released firm rights up to the maximum reservation rate specified in the Releasing Shipper’s firm rights contract except those releases at the tariff rate or higher for the remaining duration of the Releasing Shipper’s contract. If Acquiring Shipper does not make payment to the Utility of all applicable charges, the Utility shall notify the Releasing Shipper of the amount due, including all applicable late charges, and such amount shall be paid by the Releasing Shipper. Re-releases by an Acquiring Shipper shall not relieve the original or any subsequent Releasing Shipper of its obligations. In addition, Releasing Shipper may terminate the release of firm rights to an Acquiring Shipper if such Shipper fails to pay the entire amount of any bill for service under the release when such amount is due. Once terminated, firm rights and all applicable charges shall revert to the Releasing Shipper.

(Continued)
SPECIAL CONDITIONS  (Continued)

SET-ASIDES: Pre-Open Season - Step 1

1. The Utility Gas Procurement Department, Wholesale Customers other than SDG&E and Core Transport Agents (CTAs) set-asides will be based on qualifying interstate contracts with a minimum term of 12 months that are in effect two months prior to the open season beginning date. In no event shall the total set-aside provided to the Utility Gas Procurement Department or any other core customer exceed its average daily usage during the Base Period, as defined in Special Condition 6 under OPEN SEASON: Preferential Bidding – Step 2. Customers must provide verification of qualifying contracts one week prior to the commencement of the set-aside Step 1 Pre-Open Season.

2. The Utility Gas Procurement Department, Wholesale Customers other than SDG&E, CTAs, and California producers shall have the option to acquire Backbone Transportation Service rights prior to the initial open season.

3. All Step 1 set-asides can be taken in any amount from zero up to the maximum qualifying amount.

4. California Producers including Exxon Mobil’s production at Santa Ynez whose facilities are connected directly to the (i) Utility’s Line 85, (ii) North Coastal system or (iii) another system without a single identified receipt point or transmission zone will receive a set-aside option for a quantity equal to the producer’s peak month’s daily average production over the most recent three-year period. Peak month is defined as the month with the highest average daily volume. The set-aside quantity shall be increased if the specific production is likely to increase and such forecasted increase can be justified by the producer. California Producers may elect all or a portion of the set-aside quantity. This set-aside applies to any SoCalGas “native gas” production. Occidental of Elk Hills, Inc. will be provided a similar set-aside option for 90 MMcfd at the OEHI Gosford receipt point.

5. PG&E customers (City of Glendale, City of Pasadena, Ulster Petroleums LTD, Talisman (Rigel), and U.S. Gypsum) with effective Commission-approved contracts for delivery at PG&E Kern River Station under PG&E G-XF Rate Schedule in effect at the time of implementation, shall have a set-aside option for access rights at PG&E Kern River Station.

6. Parties who have provided incremental cost based funding under Rule No. 39, Access to the SoCalGas Pipeline System, for increased receipt point capacity on a Displacement Receipt Point Capacity and Expansion Receipt Point Capacity, or a combination of the two, basis shall receive a set-aside option prior to the first open season following completion of the facilities and each open season thereafter. Such set-aside option shall equal the quantity of the increase in receipt point capacity funded. The set-aside quantity at Otay Mesa shall be limited to 700 MMcfd of Displacement Receipt Point Capacity.

(Continued)
SPECIAL CONDITIONS (Continued)

SET-ASIDES: Pre-Open Season - Step 1 (Continued)

7. CTAs set-aside is equal to the average daily capacity of the qualifying upstream pipeline contracts to serve their core loads. These set-asides options are established based on qualifying interstate contracts with a minimum term of 12 months that are in effect two months before any three-year open season. CTAs are not required to select the set-aside option.

8. For wholesale customers other than SDG&E, the set-aside up to their average daily core usage as defined Special Condition 6 under OPEN SEASON: Preferential Bidding – Step 2 is equal to the (1) average daily capacity of the qualifying upstream pipeline contracts (those with a minimum term of 12 months during the applicable three-year period) and/or (2) a supplier’s upstream pipeline contracts associated with the average daily contract quantity set forth in the wholesale customer’s long-term firm gas supply agreement with that supplier to serve its core load. If the set-aside is based on the second option, customer must identify to SoCalGas the firm upstream capacity rights held by its supplier that are in place at least two months prior to the Step 1 assignment process for a minimum term of 12 months or longer during the applicable BTS period. These set-asides options are established based on actual commitments in place two months before any three-year open season. SDG&E is not required to select the set-aside option.

9. The Utility shall provide a minimum notice of two months prior to the start of Step 2 – Preferential Bidding to inform customers about the amount of capacity that remains available after set-asides are selected.

10. If the total amount of set-asides exceed the available capacity at a particular receipt point or the available capacity of the applicable Transmission Zone, set-asides for core customers, including the core loads of wholesale customers provided set-asides options, will be provided first and all other set-asides are subject to being pro-rated to the extent the total amount of set-asides selected exceed the available capacity of the applicable Transmission Zone or a particular receipt point.

OPEN SEASON: Preferential Bidding – Step 2

1. An open season – Step 2 will be conducted through the Utility’s on-line bid system prior to service commencing under this schedule, and every three years thereafter, whereby all existing firm Backbone Transportation Service capacity available after Step 1 shall be made available through an open season process consisting of three rounds of bidding.
OPEN SEASON: Preferential Bidding – Step 2 (Continued)

2. Noncore transportation customers’ bidding rights will be automatically assigned to each noncore transportation customer’s Contracted Marketer of record 60 days prior to the start of Step 2 unless revoked in writing by the noncore transportation customers.

Only eligible noncore end-use customers of wholesale customers, the Utility Gas Procurement Department, CTAs, Contracted Marketers who have automatically been assigned noncore transportation customer bidding rights, noncore transportation customers who have revoked automatic assignment of their bidding rights to their Contracted Marketers, and suppliers who have been assigned bidding rights by noncore transportation customers who have revoked automatic assignment of their bidding rights to their Contracted Marketers are entitled to participate in Step 2.

3. Other wholesale customers may elect to have the Utility allow all of their noncore customers to participate directly in the Utility’s open season steps. Under this scenario, the wholesale customer’s noncore customers will be treated like the rest of the Utility’s noncore customers. Each other wholesale customer electing this provision will be required to provide the Utility with a listing of its applicable noncore customers that will be participating, along with those customers’ historical annual average usage needed to establish the maximum bidding rights.

4. Other wholesale customers not electing to have their noncore customers participate directly in the Utility’s open season will be provided maximum bidding rights for their noncore loads. The wholesale customer can then participate in the open season process, along with the Utility’s other noncore customers, on behalf of its noncore customers’ requirements.

5. A customer’s maximum bidding rights will include a base load maximum plus for certain customers a monthly peaking maximum over a Base Period. Base Period will be defined as the 36 consecutive months of consumption data ending four months prior to the start of the process to assign/award Receipt Point rights. These rights will be calculated as follows:

\[
L = \begin{cases} 
L, & \text{if } T \\
L, & \text{if } N, D \\
N, & \text{if } D \\
N, & \text{if } N, D \\
L, & \text{if } D \\
T & \text{otherwise}
\end{cases}
\]
SPECIAL CONDITIONS  (Continued)

OPEN SEASON: Preferential Bidding – Step 2  (Continued)

1) Customer’s base load maximum bidding rights will be determined based on that customer’s average daily historical consumption during the Base Period less any set-aside elected by that customer under an end-use transportation agreement. In the case of a customer that has tolling agreements with a third party for its plant’s operations, the third party will be afforded maximum bidding rights based on the historical usage under the tolling agreements and subsequently the plant operator’s maximum bidding rights will be reduced accordingly. Each wholesale customer will have to attest to the portion of its Utility metered consumption used for core customers to the extent it is only participating on behalf of its core customers.

2) All core customers including the Utility Gas Procurement Department, core loads of wholesale customers other than SDG&E and CTAs will be provided base load maximum bidding rights. These maximum bidding rights will equal the respective customer’s average daily usage during the Base Period less any set-aside elected. For CTAs, the average daily usage will be their currently “contracted for” load. A seasonal differentiation of the bidding rights shall be given to match their bidding rights with their required seasonal interstate capacity requirements. The actual bidding capability of the Utility Gas Procurement Department will be no different nor provided any preference to those provided to noncore customers.

3) For other customers, the months the customer uses more than its average base load, the customer’s monthly maximum bidding rights will be set equal to its historical usage in those particular months during the Base Period less any set-aside elected.

4) To the extent a customer’s historical load is not expected to represent its future consumption, documented to the Utility’s satisfaction, due to additional equipment being added, new facilities being built, or a new customer taking transportation service for an existing facility, maximum bidding rights will be adjusted to account for these exceptions. Following are the general guidelines to permit such an exception:

a) New customer’s bidding rights may be established by providing copies of documentation submitted to public entities (state or local) describing expected equipment use for regulatory or permitting requirements.
OPEN SEASON: Preferential Bidding – Step 2 (Continued)

6. 4) Continued

   a) For an existing customer’s plant adding new equipment capacity, new equipment must have been ordered and an increase in bidding rights will be based on a projection of use: (Existing plant + new equipment capacity)/(existing plant capacity times the historical 12-month load profile).

   b) A new customer may establish bidding rights by agreeing to minimum use-or-pay obligations in a new Utility transportation contract to replace or substitute for historical load.

7. Tolling Entities will be allocated bidding rights based on the historical usage under tolling agreements in effect during the Base Period, even if the Tolling Agreement expired before the BTS period commences or will expire during the BTS period. Bidding rights for tolled customers will be reduced by an equivalent amount.

8. Customers may submit an annual base load receipt point access bid up to the average daily quantity established as their maximum bidding rights. Additionally, customers may bid monthly bids up to the monthly quantity recorded for that customer in a particular month as established in their maximum bidding rights. The sum of the monthly bid plus any base load bid covering a particular month may not exceed the maximum bidding rights established for the particular month.

9. A customer may not bid in aggregate more than its annual total of maximum bidding rights. Any capacity awarded in Round 1 of the Step 2 Open Season will reduce the amount of bidding rights, both for base loaded bids and monthly bids for Rounds 2 and 3. Customers may submit bids in the Step 2 rounds for an amount of receipt point access rights up to 100% of their bidding rights, and may bid to acquire such rights at any Receipt Points or combination of Receipt Points. The sum of all of a customer’s awards for Rounds 1, 2, and 3 may not exceed its maximum bidding rights.

10. Bids will be submitted for Step 2 on a Receipt Point, Rate Schedule and Quantity basis only. Bidders for Backbone Transportation Service rights in Step 2 shall choose service under either the G-BTS1 or G-BTS2 rate.
OPEN SEASON: Preferential Bidding – Step 2 (Continued)

11. End-use customers entitled to participate in Rounds 1, 2 and 3 may (1) bid on their own behalf, or (2) allow a third party (such as a marketer) to bid on their behalf.

12. The applicable rate for firm Backbone Transportation Service rights awarded in Step 2 will be the G-BTS1 or G-BTS2.

13. All bids must be submitted through the Utility’s internet-based bid system platform. Prior to submitting a bid, a bidder must have an executed RPMA in place and must also have satisfied the Utility’s applicable credit requirements.

14. An end-use customer who is already in good standing for credit with the Utility prior to Step 2 will be deemed creditworthy up to their specified maximum bidding rights.

15. All bids, once submitted, cannot be withdrawn. The Utility will provide a confirmation to the bidding party that the submitted bid was received.

16. Bids for monthly capacity will be given a lower priority relative to bids for base load capacity in awarding receipt point access rights for over-subscribed Receipt Points.

17. If more quantity is bid for at a particular Receipt Point or Transmission Zone than the available capacity at the Receipt Point or Transmission Zone, all such bidders will be awarded rights on a basis pro rata to the amounts they bid for that point. Bids will be prorated first at a particular receipt points and then at the Transmission Zone if needed.

18. Successful bidders are contractually liable for all Backbone Transportation Service capacity rights awarded to them in Step 2 and will be assigned a unique contract number for each successful bid.

OPEN SEASON: Long Term Open Season – Step 3

1. An open season – Step 3 will be conducted through the Utility’s on-line bid system prior to service commencing under this schedule whereby all existing firm Backbone Transportation Service capacity available after Step 2 shall be made available through an open season process consisting of one round of bidding.

2. Bidders for Backbone Transportation Service capacity rights awarded in Step 3 shall choose service under either G-BTS1 or G-BTS2 rate.
OPEN SEASON: Long Term Open Season – Step 3 (Continued)

3. All bids for Step 3 must be submitted through the Utility’s internet-based bid system platform. Prior to submitting a bid, a bidder must have an executed RPMA in place and must also have satisfied the Utility’s applicable credit requirements.

4. All bids for Step 3 must be submitted as annual base load quantities.

5. The term of the contracts awarded in Step 3 will be for three to 20 years.

6. The maximum total bid for any party is established by its creditworthiness.

7. A customer may submit multiple bids for each individual Receipt Point, but all submitted bids are binding and cannot be withdrawn after the applicable bidding round has closed.

8. Any bid submitted may be prorated based on the other bids submitted in order to meet the available receipt point access capacity available. Customers may signify that any of their specific receipt point bids is an all-or-nothing bid so that it will be rejected if any prorating is required.

OPEN SEASON: Posted Outage Impacts on Capacity Awards

1. The Receipt Point quantities specified in Schedule No. G-BTS will be offered for the full three-year term during the BTS Open Season regardless of any posted outages unless the capacity reduction is expected to extend for a period of one month or more during the three-year BTS term.

2. The Receipt Point capacity awards that are affected by a posted outage may be exchanged for capacity at other Receipt Points to the extent that capacity is available during the open season re-contracting period. Re-contracting for capacity into the constrained Receipt Point for the outage period will not be allowed during the re-contracting period.

3. Any remaining Receipt Point capacity awards that are affected by a posted outage that have not been re-contracted to another Receipt Point will be removed from the final contract awards for the period that the capacity is not available.

4. Priority of capacity awards for months that reduced amounts are available will be awarded as follows: first priority for Step 1 awards, second priority for Step 2 awards, and third priority for Step 3 awards. Customers will be informed of pending award reductions caused by a posted outage prior to the commencement of the re-contracting period.
SPECIAL CONDITIONS (Continued)

CONTRACT INTERCHANGEABILITY

1. After receipt point capacity is awarded in all steps described, capacity holders will also be allowed to “re-contract” any part of their capacity from any Receipt Point on the system to a different point, even in a different zone, to the extent capacity is available at the requested Receipt Point.

2. After all of the steps have taken place, the Utility will post any available receipt point capacity on its EBB and accept requests from capacity holders to move their specific receipt point capacities during a three-day re-contracting period. At the end of this period, the Utility will evaluate all requests for changes on a non-discriminatory basis and grant requests where receipt point capacity is available. To the extent more quantities are requested to be moved to a particular Receipt Point or Transmission Zone than the available capacity, the requests will be prorated among the requesting customers. Customers may signify that their specific receipt point move request is an all-or-nothing request so that it will be rejected if any prorating is required.

3. After the re-contracting period for receipt point access capacity, all remaining available capacities will be available to customers on a “first-come, first-served” basis.

4. At any time, should sufficient customer demand exist for expansion of a receipt point or take-away capacity from a receipt point or transmission zone, the Utility will conduct an open season consistent with Rule No. 39.

REMAINING FIRM BACKBONE TRANSPORTATION SERVICE CAPACITY

1. Any creditworthy market participants may acquire available Backbone Transportation Service capacity for a minimum term of one day and a maximum term up to the period remaining in the three-year cycle at the G-BTS1 or G-BTS2 rate.

2. All unsubscribed firm receipt point capacity will be available to customers on a “first-come, first-served” basis.

3. The Utility may also make available any operationally available capacity in excess of the above stated firm capacity quantities on a short-term firm basis under G-BTSN1 or G-BTSN2.
SPECIAL CONDITIONS (Continued)

REMAINING FIRM BACKBONE TRANSPORTATION SERVICE CAPACITY (Continued)

4. The Utility may also post the availability of monthly Backbone Transportation Service capacity at a negotiated level below the G-BTS1 Reservation Rate or G-BTS2 Reservation Rate and will hold an open season for that capacity on its EBB. Participants may submit a bid for receipt point capacity at the negotiated rate. Should the Utility receive bids in excess of the posted receipt point access capacity at a particular Receipt Point or within a particular Transmission Zone, participant awards will be awarded such that the awarded receipt point access capacity does not exceed the available capacities. Awards will be allocated first to the highest price bids; among equal price bids awards will be allocated from the longest term to the shortest term. If necessary, awards will be prorated among like price and like term bids. Customers may signify that any of their specific receipt point bids is an all-or-nothing bid so that it will be rejected if any prorating is required.

INTERRUPTIBLE BACKBONE TRANSPORTATION SERVICE

1. The Utility will make available all unutilized firm Backbone Transportation Service capacity or operationally available capacity on an interruptible basis at the G-BTS4 rate and will schedule that capacity in accordance with Rule No. 30 for scheduling of interruptible capacity.

2. Customers taking interruptible service under the G-BTS4 rate will be required to execute at least one contract, which will provide service from all Receipt Points.

3. The Utility will contract with any creditworthy party for interruptible receipt point service under the G-BTS4 rate.

4. The Utility may also post daily interruptible volumetric charges at a level below the maximum G-BTS4 rate for all interruptible receipt point service or just for a particular Receipt Point. On any day in which the Utility posts a daily interruptible charge at a level below the maximum G-BTS4 rate, all interruptible service used by customers at the applicable particular Receipt Points during that day will be charged the reduced volumetric charge. No interruptible service shall be charged at a level below the maximum G-BTS4 rate without the rate first being posted.