RATE 343
RATE FOR GAS SERVICE
FIRM DISTRIBUTION TRANSPORTATION SERVICE (FDTS)

TO WHOM AVAILABLE

This Rate for Firm Distribution Transportation Service (FDTS) for the transportation of natural gas on a firm basis by the Company is available for any Zone A or Zone B Customer, 1) who has arranged for a supply of natural gas from a supplier other than the Company, 2) whose gas requirements during the most recent calendar year average at least 50 Dth per day, and 3) new customers who certify in writing that their gas requirements will average at least 50 Dth per day (Qualifying Customer). Initially available for a two-year term unless otherwise extended by the Company.

The Company reserves the right to limit the total level of FDTS service available if it determines, in its sole discretion, that it is unable operationally or administratively to accommodate additional FDTS.

CHARACTER OF SERVICE

FDTS shall be a firm delivery service involving the movement of gas through the Company's transmission and distribution facilities on a daily nominated basis, subject to the imbalance tolerances included in the Daily Imbalance Cash-out Provisions Rider applicable to this Rate Schedule.

A Qualifying Customer electing FDTS shall do so for an initial term of two (2) years. Thereafter, availability of FDTS shall be subject to a determination by the Company to extend service hereunder.

SERVICE AGREEMENT

As a condition for receiving service under FDTS, Qualifying Customer shall be required to execute a service agreement for FDTS.

The FDTS Service Agreement shall, among other things, specify the maximum daily contract quantity (MDQ) and annual contract quantity (ACQ) of gas to be transported; the Qualifying Customer's assignment of upstream capacity, if applicable; and the mutually agreeable receipt points(s) on the Company's system at which Qualifying Customer's nominations will be accepted for delivery by the Company. The Qualifying Customer may also be required to specify in the Service Agreement the maximum hourly quantities of gas to be transported.

REQUEST FOR SERVICE

A Qualifying Customer desiring service under FDTS shall submit a request for service to the Company. Such request shall specify the Qualifying Customer's MDQ and ACQ.

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REQUEST FOR SERVICE (continued)

In the event that requests for service under FDTS exceed available capacity, the requests yielding the greatest economic benefit to the Company, as determined by the Company, shall be granted first. As used in this paragraph "economic benefit" shall be determined, on a net present value basis, based upon: 1) the proposed contract rate to be paid for the FDTS service, 2) the proposed term of the FDTS service agreement and 3) the proposed MDQ for the FDTS service. In the event the net present value is equal among requests, then available capacity will be allocated on a pro rata basis among requesting Qualifying Customers. Allocation of capacity pursuant to this section shall not change the otherwise applicable curtailment priority of FDTS service.

DETERMINATION OF MAXIMUM DAILY AND ANNUAL CONTRACT QUANTITIES

Unless otherwise agreed to by the Company and the Qualifying Customer, the Qualifying Customer's maximum daily contract quantity (MDQ) will initially be calculated by the Company, based on the Qualifying Customer's average daily delivery quantity in the maximum usage month during the preceding twelve (12) months multiplied by 1.5. The Qualifying Customer's annual contract quantity (ACQ) will equal the most recent twelve (12) month actual usage.

Determination of MDQ and ACQ for New Qualifying Customers

The MDQ and ACQ for new Qualifying Customers will be calculated based upon information provided by the Qualifying Customer with respect to anticipated load requirements. New Qualifying Customers shall certify in writing that their gas requirements will average at least 50 Dth per day. The MDQ and ACQ may be adjusted after the first twelve (12) months of service, as appropriate.

Adjustments to MDQ and ACQ

In the event that the Qualifying Customer exceeds its MDQ for more than five (5) consecutive days in any two (2) months within any twelve (12) month period without prior approval for authorized overruns, the Qualifying Customer's MDQ as stated in the Service Agreement will automatically be adjusted by the Company to the higher number for the remaining term of the FDTS Agreement, subject to a determination by the Company, in its sole discretion, that such additional capacity is available.

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DETERMINATION OF MAXIMUM DAILY AND ANNUAL CONTRACT QUANTITIES (continued)

Adjustments to MDQ and ACQ (continued)

Qualifying Customer may request an increase in its contract MDQ and ACQ in its FDTS Agreement in the event that its load requirements or usage patterns change. Said requests will be honored if the Company determines, in its sole discretion, that such increases will not adversely impact its ability to meet its contractual and service obligations or adversely impact its system operations. Said request shall be certified in writing by the Qualifying Customer.

UPSTREAM CAPACITY ASSIGNMENT

Qualifying Customer may request assignment of an allocated share of the Company's upstream capacity entitlements under terms and conditions agreeable to the Company and Qualifying Customer.

METERING REQUIREMENTS

As a condition of receiving service under this Rate, Qualifying Customer will have a daily meter recording device which will be installed by the Company at the customer's expense. The Company may, on a non-discriminatory basis, require Qualifying Customer to furnish access to a phone line.

Cost of equipment installed by the Company will be assessed at the excess facilities charge of 2.2% per month of the estimated installed cost as defined in Rule 33 of the Company's General Rules and Regulations Applicable to Gas Service.

DELIVERY OF GAS BY THE COMPANY

The Company shall deliver to the Qualifying Customer on a firm basis nominated gas quantities up to the Qualifying Customer's contract MDQ provided that Qualifying Customer has caused delivery on that day of an equivalent volume of gas to the Company at agreed to receipt points.

The Company is not obligated to deliver gas quantities on a firm basis in excess of the Qualifying Customer's MDQ or ACQ but may choose to do so in its sole discretion, such discretion shall not be unreasonably withheld. In the event Company agrees to allow the Qualifying Customer's takes of gas to exceed its MDQ, the Qualifying Customer shall be

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DELIVERY OF GAS BY THE COMPANY (continued)

obligated to pay for such deliveries at the applicable authorized overrun charges under this Rate Schedule. Deliveries in excess of the Qualifying Customer's MDQ not authorized by the Company shall be treated as unauthorized overruns and such volumes will be billed at the applicable unauthorized overrun charges as specified in this Rate Schedule.

All gas delivered by the Company to a Qualifying Customer under this Rate Schedule shall be subject to a 0.85% line loss deduction.

NOMINATIONS

Service will be nominated by the Qualifying Customer (or Qualifying Customer's agent) as follows:

> At least three (3) days prior to the beginning of the month, Customer will provide the Company a written estimate of its daily gas requirements for that month. Daily changes in nominations must be supplied to the Company no later than the time required for such nominations by the delivering pipeline(s). Company may, in its sole discretion, accept shorter notice provided that it determines that such service will not unacceptably impact the Company in any way, including, but not limited to, the following considerations: its ability to meet its contractual or service obligations; its system operational requirements; its upstream nominations; its upstream contractual obligations; or its service costs.

Company will not be required to accept any gas tendered by the Qualifying Customer (or Qualifying Customer's agent) that does not meet Company's quality specifications, which is not tendered for delivery at a mutually agreeable receipt point on the Company's system, or that exceeds the MDQ as specified in the Qualifying Customer's FDTS Service Agreement.

DAILY IMBALANCE CASH-OUT PROVISIONS

The Qualifying Customer shall be subject to the daily imbalance cash-out provisions included in the Daily Imbalance Cash-out Provisions Rider to this Rate Schedule.

IMBALANCE NETTING OPTION

A Qualifying Customer that acquires its gas supply from a supplier that has contracted for Supplier Aggregation Service with the Company shall be eligible for imbalance netting

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IMBALANCE NETTING OPTION (continued)

within a Qualifying Aggregator aggregate customer load in the same delivery zone on the Company's system. Charges for any remaining aggregate imbalances, after netting within the aggregate load, shall be subject to the transportation balancing provisions included in the Daily Imbalance Cash-out Provisions Rider and billed to the Qualifying Aggregator.

Qualifying Customer may elect to contract for an Imbalance Netting Option. Imbalance Netting shall entitle the Qualifying Customer to have daily over- and under-take imbalances netted within an eligible aggregated pool which pool shall be defined by the Company on a seasonal basis, consistent with its contractual, operational requirements, and administrative needs. Qualifying Customer's gas supplier is also eligible to directly contract with the Company for optional Imbalance Netting service under this section. Such optional service shall be made available to eligible customers on a non-discriminatory basis.

A Qualifying Customer that elects this option shall be billed the negotiated charges as included in the Customer's FDTS Service Agreement.

RATE

Customer Charge
$25.00 per month

Administrative Charge for Balancing Service
$100.00 per month

Transportation Charge
The transportation charge shall be a charge which charge yields revenues during the term of the FDTS Agreement equal to the annualized revenues that would be generated applying rates under Rate Schedule 325 minus gas supply charges. No less than 50% of the rate shall be billed in the form of a monthly demand charge based on the agreed upon MDQ. The commodity charge will be applied to all therms delivered in the month. The transportation charge shall be re-calculated annually on the anniversary date of the contract for the next annual period, or in the event of a change in the Qualifying Customer's MDQ.

Daily Imbalance Cash-out Charges
As set forth in the Daily Imbalance Cash-out Provisions Rider.

Imbalance Netting Option
As negotiated.

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RATE (continued)

Adjustment for Authorized Overruns
The Qualifying Customer may request, and the Company, in its sole discretion, may agree on a daily basis to grant authorized overtakes of natural gas, such authorization shall not be unreasonably withheld, in excess of the Qualifying Customer's MDQ for each day. The charge per Dth for such authorized overruns on any day shall be the applicable 100% load factor rate, which shall be equal to the demand charge divided by 30.42, plus the commodity charge.

Adjustment for Unauthorized Overruns
If the Qualifying Customer takes in any day a quantity of gas which is greater than Qualifying Customer's MDQ for said day and which quantity does not constitute authorized overtakes, the Customer shall pay $10.00 per Dth on the quantity of gas so delivered which is in excess of the MDQ, except that the charge will be $60.00 per Dth during any period identified by the Company as a Critical Period. Critical Period shall be as defined on page 4 of 4 of the Company's Daily Imbalance Cash-Out Provisions.

The payment of a penalty for unauthorized overtake as provided above shall not under any circumstances be considered as giving the Qualifying Customer the right to take unauthorized overtakes, nor shall such payment be considered as a substitute for any other remedies available to the Company, or any other Customer, against the offending Qualifying Customer for failure to respect its obligation to adhere to the provisions of its Service Agreement with the Company.

Gas deliveries under this Rate Schedule shall be subject to the following surcharges:

(A) Take-or-Pay Surcharge
Such surcharge per therm shall be calculated by dividing the total take-or-pay costs charge to the Company by the projected total sales and delivered volumes for the twelve (12) month period commencing with the proposed effective date of the surcharge. The surcharge per therm shall be adjusted quarterly concurrent with the Company's Gas Cost Adjustment filing.

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RATE (continued)

(B) Transition Costs Surcharge
Such transition surcharge per therm shall be calculated by dividing the total transition costs charge to the Company by the projected total sales and delivered volumes for the twelve (12) month period commencing with the proposed effective date of the surcharge. The surcharge per therm shall be adjusted quarterly concurrent with the Company's Gas Cost Adjustment filing. In the event an end user transportation customer pays transition costs directly to one of the Company's pipeline suppliers, an allowance on customer billing will be made for such direct payment. The Qualifying Customer shall furnish documentation as required by the Company on a monthly basis before any such allowance is made.

RATE ADJUSTMENT
The Rider is subject to a Gas Cost Adjustment as stated in Appendix A - Sheet No. 22.

MINIMUM PAYMENT
The minimum monthly payment under this Rate Schedule shall be the Customer Charge plus the Administrative Charge and Demand Charge per therm of the MDQ as stated in the FDTS Service Agreement.

DEFERRED PAYMENT
All bills for FDTS shall be rendered and due monthly. If not paid within seventeen (17) days after the bill is mailed, there shall be added to bills of $3.00 or less, 10% of the amount of the bill; and to bills in excess of $3.00 there shall be added 10% of the first $3.00, plus 3% of the amount of the bill in excess of $3.00.

CORRECTION OF METERED QUANTITIES FOR BILLING
For the purpose of billing under this Rate Schedule, a therm shall be one hundred cubic feet of gas at a temperature of 60° F, at an absolute pressure of 14.65 pounds per square inch, having an average total heating value equivalent to 100,000 British thermal units (Btu). Metered quantities of gas, corrected for temperature and pressure conditions, shall be adjusted for Btu content by multiplying by the average heating value per cubic foot of gas, as determined for the latest monthly period available, and dividing by 1,000.

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RULES AND REGULATIONS

As a condition of service hereunder, Qualifying Customer agrees to abide by, and is obligated to comply with, the Company's rate schedules and General Rules and Regulations Applicable to gas Service, as approved by the IURC from time to time, to the extent that they are not in conflict with or inconsistent with the specific provisions of this Rate Schedule.

FORCE MAJEURE

The Company will use reasonable diligence to provide a regular and uninterrupted delivery of gas but does not guarantee such delivery. Neither the Company nor the Qualifying Customer shall be liable to the other for damages caused by the interruption, suspension, reduction or curtailment of the delivery of gas hereunder due to, occasioned by, or in consequence of, any of the following causes or contingencies, viz: acts of God, the elements, storms, hurricanes, tornadoes, cyclones, sleet, floods, lightning, earthquakes, landslides, washouts or other revulsions of nature, epidemics, accidents, fires, collisions, explosions, strikes, lockouts, differences with workmen or other industrial disturbances, vandalism, sabotage, riots, inability to secure fuel or other materials, supplies or equipment, breakage or failure of machinery, equipment, compressors, mains, pipes, delivery lines, storage or delivery facilities, wars, insurrections, blockades, acts of the public enemy, arrests and restraints of rulers and people, civil disturbances, federal, state or other governmental laws, orders, decrees, restraints or regulations, failure of the natural gas supply, or curtailment or diminution of natural gas deliveries to the Company by its supplier and any other causes or contingencies not within the control of the party whose performance is interfered with, whether of the kind herein enumerated or otherwise. Settlement of strikes and lockouts shall be wholly within the discretion of the party having the difficulty. Such causes or contingencies affecting performance shall not relieve the Company or Qualifying Customer of liability in the event of its concurring negligence or in the event of failure of either to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies or any thereof relieve either from its obligation to pay amounts due hereunder or to pay demand charges or minimum bills accruing during such interruption or suspension of service.