RATE 349
RATE FOR GAS SERVICE
FIRM PEAKING CAPACITY SERVICE (FPCS)

TO WHOM AVAILABLE

This experimental Rate for Firm Peaking Capacity Service (FPCS) is available to all Zone A and Zone B Customers receiving service under Rate Schedules 328, 336, Firm Distribution Transportation Service (FDTS), Firm Transportation Service (FTS), and suppliers and marketer aggregators utilizing Supplier Aggregation Service (Qualifying Customers), who shall execute a Service Agreement with the Company for service hereunder.

CHARACTER OF SERVICE

Service hereunder shall be a short-term, nominated, firm capacity service for Qualifying Customer's gas at various delivery points on the Company's system during the months of November through April. This service will be made available on a daily, weekly or monthly basis. Volumes delivered to the Customer hereunder shall be nominated pursuant to the procedures and billed under the Company's applicable rate schedules utilized by the Qualifying Customer for basic transportation service, and, in addition, the charges as described herein.

SERVICE AGREEMENT

As a condition for receiving service under FPCS, Qualifying Customer shall be required to execute a Service Agreement for FPCS.

The FPCS Service Agreement shall, among other things, establish the Qualifying Customer's entitlement rights to peaking capacity on a daily (maximum daily contract quantity (MDQ)) basis.

REQUEST FOR SERVICE

A Qualifying Customer desiring service under FPCS shall submit a request for service to the Company with the following information:

a. the maximum daily quantity of peaking capacity requested;

b. the maximum number of days Qualifying Customer desires said peaking capacity; and

c. the specific physical interconnections between the Company and the interstate pipeline through which Qualifying Customer will source its gas to the Company's transmission facilities.

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REQUEST FOR SERVICE (continued)

Based on the information provided by the Qualifying Customer in the request for service hereunder, the Company will, in its sole discretion, determine whether it can provide the requested service consistent with its other contractual commitments and its overall operational requirements.

In the event that requests for service under FPCS 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 FPCS service, 2) the proposed term of the FPCS service agreement and, 3) the proposed MDQ for the FPCS 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 FPCS service.

Company shall notify Qualifying Customer whether it can provide the requested service under FPCS.

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Upon electing FPCS, and a determination by the Company that service to the Qualifying Customer hereunder is available, Qualifying Customer will be billed and obligated to pay the following charges for service, such charges to be stated in the Qualifying Customer's Service Agreement:

Service Charge
$250.00 per month, one month minimum.

Peaking Capacity Charge
A peaking capacity charge shall be negotiated by the Qualifying Customer and the Company. Such negotiated charge shall not exceed a level that yields revenues during the term of the FPCS Service Agreement greater than the annualized revenues that would be generated by applying rates under FDTS. No less than 50% of the negotiated rate shall be billed in the form of a monthly demand charge based on the agreed upon MDQ. The commodity component of the capacity charge shall be applied to nominated volumes.

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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 Periods 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.

MINIMUM PAYMENT

The Qualifying Customer's minimum monthly payment under this Rate Schedule shall be the Service Charge plus the applicable monthly demand charge times the MDQ.

DEFERRED PAYMENT

All bills for Firm Peaking Capacity Service 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.

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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.