



**Knoxville Utilities Board
Gas Division**

RATE SCHEDULE G-11

INTERRUPTIBLE TRANSPORTATION GAS SERVICE

Definitions

“Customer” means a person or entity contracting with or otherwise receiving service from KUB for interruptible transportation gas service under Rate Schedule G-11.

“Day” means a period of twenty-four (24) consecutive hours, beginning and ending at 10:00 A.M. prevailing Knoxville time or such other period as may be established by the applicable connecting pipeline(s) to KUB’s system.

“Delivery” means the delivery of Transport Gas or Standby Gas to KUB.

“Firm Gas” means the amount of gas designated as such in a written contract between KUB and the Customer; Firm Gas is not subject to interruption or curtailment except for emergency or other causes as provided for in KUB’s Rules and Regulations.

“Imbalance” means the difference between Deliveries to KUB for a Customer and Redeliveries by KUB to the Customer.

“Notice of Interruption” means the notice given by KUB to a Customer that a Period of Interruption has commenced or will commence.

“Operational Flow Order” means any directive issued to a Customer by KUB which requires the Customer to adjust Deliveries to KUB or deliveries of non-Firm gas to the Customer by KUB.

“Period of Interruption” means any period of time during which KUB shall interrupt or curtail the delivery of gas to the Customer.

“Redelivery” means the delivery of gas, excluding Firm Gas and Unauthorized Gas, to a Customer by KUB.

“Scheduled Daily Amount” means the amount of Transport Gas approved by KUB from time to time to be Delivered by a Customer to KUB and delivered to the Customer

by KUB on a daily basis.

“Standby Gas” means gas procured by KUB for the account of a Customer in the event of failure of the Customer’s supplier to Deliver Transport Gas to KUB.

“Transport Gas” means the gas purchased by a Customer from a supplier other than KUB that Customer has arranged to have Delivered to KUB for delivery to the Customer by KUB.

“Transportation Service Agreement” means the contract between KUB and the Customer whereby KUB agrees to provide interruptible transportation gas service to the Customer.

“Unauthorized Gas” means (a) the quantity of gas taken by Customer exceeding the amount which is permitted during a Period of Interruption or (b) the difference (whether positive or negative) between the quantity of gas taken by Customer and the volumes provided for under an Operational Flow Order.

Availability

Service under Rate Schedule G-11 shall be available to any customer who meets the following conditions:

(a) Customer’s annual gas usage (excluding Firm Gas), on an actual or projected basis, shall not be less than 25,000 dekatherms (one dekatherm is equivalent to ten therms);

(b) Customer shall be permitted to purchase only one (1) dekatherm of Firm Gas under Rate Schedule G-11 for each two (2) dekatherms of Transport Gas delivered by KUB to the Customer;

(c) Customer must have standby equipment of sufficient capacity capable of providing Customer’s normal gas service requirements for a period of five (5) working days without replenishment when Transport Gas is completely interrupted. Customer shall maintain such equipment ready for operation at any time and shall utilize a fuel other than gas furnished by KUB and shall be subject to periodic inspections by KUB to ensure compliance with this provision;

Condition (c) shall be optional for any Customer who meets the following requirements: (1) annual gas usage (excluding Firm Gas) is equal to or greater than 25,000 dekatherms; (2) primary use of gas is for industrial or process use; and (3) provides satisfactory evidence to KUB of its ability and willingness to have its gas service interrupted or curtailed by KUB in accordance with the terms and conditions of this Rate Schedule.

(d) Customer’s use under this rate shall not work a hardship on any other customers

of KUB, nor adversely affect any other class of KUB's customers and further provided the Customer's use under this rate shall not adversely affect KUB's gas purchase plans and/or effective utilization of the daily demands under KUB's gas purchase contracts with its suppliers, as solely determined by KUB.

(e) KUB must determine that its existing distribution system facilities are adequate and available for the requested service; and

(f) Customer must execute a Transportation Service Agreement for interruptible transportation gas service.

In the event Customer shall fail at any time to meet conditions (a) through (d) service under Rate Schedule G-11 shall no longer be available; but at KUB's option, gas service may be provided to the Customer under other KUB rate schedules.

Notwithstanding the foregoing, any Customer which received service under Rate Schedule G-11 prior to November 1, 1997 may receive service under Rate Schedule G-11 without fulfilling conditions (a) and (b). Any such Customer shall comply with all other terms and conditions of Rate Schedule G-11.

Character of Service

Pursuant to a Transportation Service Agreement and Rate Schedule G-11, and subject to Periods of Interruption determined by KUB in its sole discretion, KUB shall deliver to the Customer up to the Contract Amount of Transport Gas received from one or more connected interstate natural gas pipelines for Customer's account.

If the Transport Gas cannot be Delivered to KUB by a supplier of the Customer for any reason, Standby Gas service may be available in accordance with the terms and conditions under Rate Schedule G-11.

The first gas delivered to the Customer on a daily basis under Rate Schedule G-11 shall be considered Firm Gas up to the daily quantity contracted for as Firm Gas by the Customer.

Gas purchased or transported under Rate Schedule G-11 shall be used only by the Customer at its facilities and shall be delivered at a single point of delivery located within the service area of KUB and shall not be resold by the Customer.

Net Rates

Customer Charge:	\$400.00
Demand Charge:	\$19.00 per dekatherm of demand.

Firm Gas Charge:	\$5.421 per dekatherm.
Transportation Charge:	\$1.996 per dekatherm for the first 3,000 dekatherms of non-Firm gas delivered to Customer; plus \$1.415 per dekatherm for each dekatherm from 3,000 to and including 20,000 dekatherms of non-Firm gas delivered to Customer; plus \$.641 per dekatherm for each dekatherm from 20,000 to and including 50,000 dekatherms of non-Firm gas delivered to Customer; plus \$.430 per dekatherm for the excess over 50,000 dekatherms of non-Firm gas delivered to Customer.
Standby Gas Charge:	The charge for Standby Gas shall be the total of: (a) the cost per dekatherm to KUB for the applicable Day of acquiring Standby Gas on the open market, subject to the approval of the Customer to purchase Standby Gas at or above such price and (b) the costs incurred by KUB in transporting such Standby Gas via connecting pipelines to one or more of KUB's delivery points.
Unauthorized Gas Charge:	\$15.00 per dekatherm of Unauthorized Gas as a penalty, plus the total of: (a) the cost per dekatherm of obtaining such gas on the open market as determined by the higher of (1) the applicable Gulf Coast Price Index for the applicable Day as published in <u>Gas Daily</u> or, if <u>Gas Daily</u> is no longer published, in a comparable reliable source for natural gas prices or (2) the applicable first of the month Gulf Coast Price Index as published in <u>INSIDE FERC</u> , or if <u>INSIDE FERC</u> is no longer published, in a comparable reliable source for natural gas prices and (b) the costs incurred by KUB in transporting such Unauthorized Gas via connecting pipelines to one or more of KUB's delivery points.
Other Charges:	Imbalance Charges (as herein defined), and any pipeline scheduling, balancing, transportation, or other similar charges incurred by KUB in connection with the transportation of gas on behalf of the Customer, as applicable.

Purchased Gas Adjustment

The Firm Gas Charge shall be subject to KUB's Purchased Gas Adjustment.

Standby Gas Service

In the event Transport Gas cannot be Delivered to KUB by a supplier of the Customer, KUB will attempt to make Standby Gas available to the Customer in volumes up to the Customer's Scheduled Daily Amount. To obtain Standby Gas service, Customer or Customer's supplier must provide KUB with prior written or oral notice that the supplier will be unable to Deliver volumes to KUB to meet Customer's Scheduled Daily Amount.

KUB shall have the right, in its sole discretion, to curtail in whole or in part Standby Gas service to the Customer.

Standby Gas under Rate Schedule G-11 shall be subject to the following charges, as applicable: (a) the Standby Gas Charge, as set forth in this rate schedule, for Deliveries of Standby Gas to KUB for the account of the Customer, and (b) the Transportation Charge, as set forth in this rate schedule, for deliveries of Standby Gas to the Customer by KUB.

Determination of Demand

Demand shall be the daily quantity of gas contracted for as Firm Gas by the Customer. Customer, with the consent of KUB, may from time to time change the amount of Firm Gas by providing written notice to KUB at least three (3) business days prior to the beginning of the monthly billing period for which the Customer desires the change to be effective; provided, however, that such changes shall not effect a reduction in the previously specified Firm Gas, unless the previously specified Firm Gas has been in effect for the entire twelve month period immediately preceding the date the requested change is to become effective.

Scheduling of Service

At least three (3) business days prior to the first calendar day of the month, Customer shall submit to KUB its schedule showing the proposed daily volumes of Transport Gas the Customer desires to deliver to KUB via connecting pipelines and have delivered to the Customer by KUB during the succeeding month ("Delivery Schedule"). Any proposed Delivery of gas in excess of the Transport Gas portion of the Contract Amount shall be specifically noted in the Delivery Schedule. At least one

business day prior to the beginning of the applicable calendar month, KUB shall notify the Customer in writing of the volumes of Transport Gas for such Customer which have been approved for Delivery to KUB and delivery to the Customer by KUB on a daily basis during such month ("Scheduled Daily Amount"). The Customer must notify and obtain written approval of KUB for any changes in the Scheduled Daily Amount during a month at least twenty-four (24) hours prior to the proposed commencement of such change.

KUB shall have the right, in its sole discretion, to issue an Operational Flow Order ("OFO") which shall require the Customer to adjust Deliveries to KUB or deliveries of non-Firm gas to the Customer by KUB in order to address one or more of the following situations: (1) to maintain system operations at pressures required to provide efficient and reliable service, (2) to have adequate gas supplies in the system to deliver on demand, (3) to maintain service to all firm gas customers and for all firm gas services, (4) to avoid penalties from connecting pipelines, or (5) any other situation which may threaten the operational integrity of KUB's gas distribution system.

To the extent possible, KUB shall give at least one hour notice prior to issuing an OFO. Notice may be written or oral and shall be sufficient if given by KUB via telephone or in person to the person or person(s) designated from time to time by the Customer as authorized to receive such notices, or by facsimile to the facsimile number designated from time to time by the Customer, or if mailed or hand-delivered in writing to the Customer's premises. The OFO shall include but not be limited to the following information: (1) time and date of issuance, (2) action Customer is required to take, (3) time at which Customer must be in compliance with the OFO, (4) anticipated duration of the OFO, and (5) any other terms and conditions that KUB may reasonably require to ensure the effectiveness of the OFO.

Any volumes of gas delivered to the Customer by KUB in excess of the volumes provided for under the OFO shall be subject to the entire Unauthorized Gas Charge. If the volumes of gas delivered to the Customer by KUB are less than the volumes required to be delivered to the Customer under the OFO, the volumes not delivered to the Customer shall be subject only to the penalty portion of the Unauthorized Gas Charge.

Unauthorized Gas Charge

No Customer shall take Unauthorized Gas. A Customer must immediately notify KUB if it has taken, or anticipates taking, Unauthorized Gas. In the event a Customer takes Unauthorized Gas, the Customer shall be charged for all Unauthorized Gas delivered by KUB to the Customer the Unauthorized Gas Charge. In addition, KUB may suspend or terminate service and/or pursue any other remedy available to it under applicable law. The existence of an Unauthorized Gas Charge shall not be construed to give any Customer the right to take Unauthorized Gas. The penalty portion of the Unauthorized Gas Charge may be waived or reduced by KUB on a non-discriminatory basis.

Balancing of Deliveries

As nearly as practical, Deliveries and Redeliveries shall be at uniform rates of flow. Due to Customer operating conditions, the quantities of gas Delivered to KUB and Redelivered to Customer during any particular period may not balance. It shall be the responsibility of the Customer to adjust Deliveries and Redeliveries of gas to maintain a daily balance of Deliveries and Redeliveries.

KUB will endeavor to monitor Deliveries and Redeliveries and, to the extent practical, inform the Customer of Imbalances which have occurred. KUB's failure to notify the Customer of an Imbalance shall not affect Customer's obligations under Rate Schedule G-11. All efforts to correct Imbalances by a Customer shall be coordinated with KUB.

KUB shall have the right to take any and all action necessary to limit Imbalances from connecting pipelines or which affect the integrity of KUB's system.

Resolution of Imbalances

The Customer's Imbalance for the month shall be the net total of daily Imbalances for the month. KUB shall divide the monthly Imbalance by the sum of the Deliveries to KUB for the Customer for each Day of the month to determine the percentage (%) monthly Imbalance. KUB shall resolve the monthly Imbalance according to the following schedules ("Imbalance Charges"):

Schedule A. Redeliveries exceed Deliveries - Customer shall pay KUB for excess volumes at the applicable percentage of the Index Price (as defined in this Schedule A) for those volumes within the corresponding % monthly imbalance range.

<u>% Monthly Imbalance</u>	<u>Price</u>
0 - 5%	100% of Index Price
> 5 - 10%	115% of Index Price
>10 - 15%	130% of Index Price
>15 - 20%	140% of Index Price
>20%	150% of Index Price

The Index Price shall be the total of: (a) the average of daily prices for the applicable Gulf Coast Price Index for the applicable month, as published in Gas Daily, or if Gas Daily is no longer published, in a comparable reliable source for natural gas prices and (b) the costs incurred by KUB in transporting such excess volumes via connecting pipelines to one or more of KUB's delivery points.

Schedule B. Deliveries exceed Redeliveries - KUB shall pay the Customer for excess volumes at the applicable percentage of the Index Price (as defined in this Schedule B) for those volumes within the corresponding % monthly imbalance range.

<u>% Monthly Imbalance</u>	<u>Price</u>
0 - 5%	100% of Index Price
> 5 - 10%	85% of Index Price
>10 - 15%	70% of Index Price
>15 - 20%	60% of Index Price
>20%	50% of Index Price

The Index Price shall be the total of: (a) the average of daily prices for the applicable Gulf Coast Price Index for the applicable month, as published in Gas Daily or, if Gas Daily is no longer published, in a comparable reliable source for natural gas prices and (b) the costs which would have been incurred by KUB in transporting such excess volumes via connecting pipelines to one or more of KUB's delivery points.

Priority of Service

Interruptible gas service is supplied to customers of KUB under Rate Schedules G-7 and G-11. Except as may be otherwise determined by KUB in its sole discretion, Periods of Interruption shall generally be imposed on interruptible customers of KUB in the following order:

(1) If the Period of Interruption is necessary due to an emergency or a capacity limitation on KUB's gas distribution system, then the interruption of service to all interruptible customers of KUB shall be handled on a pro rata or other equitable basis as determined by KUB.

(2) If the capacity limitation affects only a restricted geographic area of KUB's gas distribution system, then only interruptible customers of KUB within the restricted area will have their service interrupted. The interruption of such customers shall be handled on a pro rata or other equitable basis as determined by KUB.

(3) If the Period of Interruption is necessary due to a shortage of KUB's normal gas supply, whether caused by a capacity limitation of KUB's connecting pipeline(s) or by an actual shortage of gas, then:

(a) The first service interrupted shall be Rate Schedule G-7 customers (other than redeliveries of supplemental gas and transport gas) who have not heretofore been interrupted as provided above.

(b) The second service interrupted shall be redeliveries of supplemental gas to Rate Schedule G-7 customers and Deliveries of Standby Gas by KUB to Rate Schedule G-11 Customers. Even though KUB may have acquired supplemental gas for the account of

a customer under Rate Schedule G-7 or Standby Gas for the account of a Customer under Rate Schedule G-11, these services may be interrupted to the extent necessary to provide service to KUB's Firm Gas customers.

Within each category, the interruption of such customers shall be handled on a pro rata or other equitable basis as determined by KUB.

Insofar as Transport Gas has been Delivered to KUB for any customer receiving service under Rate Schedule G-7 or Rate Schedule G-11, and insofar as the Period of Interruption is not due to an emergency or capacity limitation on KUB's gas distribution system, the delivery of Transport Gas by KUB to those customers will not be interrupted.

(4) If the Period of Interruption is necessary due to a lack of confirmation by any connecting pipeline of Deliveries for any Rate Schedule G-11 Customers or to any customers receiving transportation service under Rate Schedule G-7, then only service to the affected Rate Schedule G-11 Customers or to the affected customers receiving transportation service under Rate Schedule G-7, as applicable, will be interrupted.

Notices

To the extent possible, KUB shall give Customer at least a one hour Notice of Interruption before a Period of Interruption begins. A Notice of Interruption may be written or oral and shall be sufficient if given by KUB via telephone or in person to the person or persons designated from time to time by the Customer as authorized to receive such notices, or by facsimile transmission to the telephone number designated from time to time by the Customer, or if mailed or hand-delivered in writing to the Customer's premises. If a Period of Interruption involves only a reduction in the amount of gas that may be transported, the Notice of Interruption shall state the daily and/or hourly quantity of gas which Customer may transport. A Period of Interruption shall continue in effect until KUB notifies Customer that the Period of Interruption has terminated or until the time specified in the Notice of Interruption expires.

Minimum Bill

The minimum bill for each monthly billing period shall be the sum of the Customer Charge and the Demand Charge.

Contract for Service

Each Customer receiving service under Rate Schedule G-11 shall execute a contract with KUB for at least twelve (12) months to end on the November 1st specified in said contract or such other period as Customer and KUB agree upon.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

Resolution No. 1310 effective October 1, 2015

Rates shown above are inclusive of the Purchased Gas Adjustment for the current month.

Purchased Gas Adjustment (Firm Gas \$-1.126, Interruptible Gas \$-1.447) per dekatherm effective on billing periods on or after August 1, 2016.

Purchased Gas Adjustment (Firm Gas -\$1.622, Interruptible Gas \$-1.590) per dekatherm effective on billing periods on or after July 1, 2016.