

General Terms and Conditions for Gas Service

11. Pipeline System Restrictions and Priorities

11.01 Conditions Requiring Restriction in Service

11.01.01 **Service Restriction:** Company may fully or partially restrict service to customers when, in Company's sole determination, restriction is necessary to protect the supply and/or delivery of gas to customers with higher priority uses.

11.01.02 **Operational Request:** Company may fully or partially restrict customer to accommodate for operational repairs and maintenance on Company's pipeline system.

11.02 **Notice:** Notice of an operational request may be provided as Company warrants and a Critical Notice of a service restriction shall be provided as far in advance as practicable and may be changed by Company as conditions warrant. Critical Notice shall be given to each affected customer by either telephone, in writing, facsimile or, electronic mail. Customers shall designate one or more person for Company to contact on operational matters at any time on a 24-hour a day, 365 days a year basis. Such contact person must have adequate authority and expertise to handle such operational matters. If Company is unable to contact any Customer because the contact person(s) is unavailable or the Customer has failed to provide such contact, the Customer shall be solely responsible for any consequences arising from such failure of communications.

Notification of the customer's agent shall fulfill the requirement of this paragraph whenever the customer's usage is aggregated for balancing under Section 10.04 Aggregation.

During emergency situations, Company may use commercial radio and/or television to notify customers.

11.03 **Critical Use Periods:** Company may issue an Operational Flow Order (OFO) whenever necessary to instruct customers to control their usage to avoid either Under-Deliveries or Over-Deliveries.

11.03.01 **Standard OFO:** A Standard OFO shall require the customer to take pre-emptive or preventive actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system, or to insure compliance with the requirements of upstream pipeline companies.

11.03.02 **Emergency OFO:** An Emergency OFO shall require the customer to take immediate actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's

Issued:	November 29, 2016	16-KGSG-491-RTS Approved Kansas Corporation Commission December 28, 2016 /S/ Amy L. Green
Effective:	January 1, 2017	
By:	/S/ David N. Dittmore, Director – Regulatory Affairs	

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system, or to insure compliance with the requirements of upstream pipeline companies.

- 11.03.03 **Authorized Usage:** A transportation service customer’s authorized usage during an OFO shall be equal to that customer’s retainage adjusted confirmed nomination.
- 11.03.04 **Interrupted Supply:** Whenever a transportation service customer’s supply is partially or totally interrupted for any reason, that customer’s authorized usage shall be limited to the retainage adjusted volume being delivered to Company on behalf of that customer.
- 11.03.05 **Curtailment of Transportation Service:** A transportation service customer shall not be required to curtail as long as the customer’s gas is delivered to Company’s delivery system, except during Supply Emergencies subject to the conditions of Section 11.04.06 Company's Right to Purchase Transportation Gas.
- 11.04 **Period of Curtailment:** Company may require its sales service and transportation service customers to limit, in whole or in part, their use of Company’s facilities during a Period of Curtailment (POC), taking into consideration priority of use or other factors it deems necessary to ensure public health and safety.
 - 11.04.01 **Authorized Usage:** Company shall, at its sole discretion, authorize customers a usage level which is appropriate to the conditions of the POC.
 - 11.04.02 **Curtailment Priority:** Curtailment shall first apply to the lowest priority category (Priority Category Three) and successively to each higher priority category as required. The categories to be used by Company to allocate available service, listed from highest to lowest priority, are:
 - Priority Category One:** Customers served under Company's Residential Sales Service rate schedules and customers taking service the curtailment of which would endanger human life or safety. A customer shall not be considered endangered if an alternate fuel capability is feasible.
 - Priority Category Two:** Customers not included in Priority Category One taking service under Company's General Sales Service or General Transportation Service rate schedules and customers taking service the curtailment of which would endanger property. A customer shall not be considered endangered if an alternate fuel capability is feasible.

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Priority Category Three: Customers not included in other priority categories.

- 11.04.03 **Exception to Curtailment Priority:** Company may curtail customers in higher priority categories before curtailing customers in lower priority categories only if curtailing lower priority category customers would not be useful in maintaining deliveries to the higher priority customers.
- 11.04.04 **Allocation of Partial Capacity:** Should only partial service capacity be available for an affected category, deliveries within that category shall be limited to a customer's pro rata share of service available to that category. This share shall be based on the ratio of the customer's requirement in the category for which partial capacity is available to the sum of all customers' requirements in the same category.
- 11.04.05 **Alternate Fuel Capability:** Company shall determine if it is feasible for a customer to install and use alternate fuel capability. The customer is deemed to have alternate fuel capability if Company determines an installation is feasible whether or not facilities are actually installed. Disputes over Company's determination shall be referred to the Commission for resolution.
- 11.04.06 **Company's Right to Purchase Transportation Gas:** Company shall have the authority but not the requirement to purchase a transportation service customer's gas during any POC which restricts, or would otherwise restrict, Category One customers.
 - (1) **Notice:** Company shall use its best efforts to give the customer 24 hours advance notification of the need for any such purchase, but Company shall not be liable for failure to give advance notice when circumstances do not permit.
 - (2) **Reimbursement:** Company shall reimburse the customer an amount equal to the verifiable actual replacement cost of any alternative fuel used by the customer to replace natural gas purchased by Company. Company shall account for the reimbursement as a purchased gas expense.
- 11.04.07 **Emergency Usage during POCs:** A customer may request to use gas above authorized levels to forestall irreparable injury to life or property. Requests by telephone shall be followed immediately by a written request. Written requests shall state the nature, cause, and expected duration of the emergency and may be submitted by facsimile or electronic mail. The customer must act to eliminate the cause of the emergency as soon as

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practicable. The charge for usage above authorized levels shall be determined at the time Company receives the customer's request. Disputes concerning this charge shall be referred to the Commission for resolution.

11.04.08 **Relief from Liability:** Company shall be relieved of all liabilities, penalties, charges, payments, and claims of whatever kind, contractual or otherwise, resulting from or arising out of Company's failure to deliver all or any portion of the volumes of gas desired by a customer or group of customers during a POC. Company's relief shall apply if curtailment is according to these General Terms and Conditions or any other orders or directives of duly constituted authorities including, but not limited to, the Kansas Corporation Commission.

11.05 **Unauthorized Deliveries:** Over-Deliveries and/or Under-Deliveries which vary from Company's authorized usage level under an OFO or during a POC, may be subject to the penalties described in Section 11.06 Penalties for Unauthorized Usage.

11.05.01 **Individual Customers:** Unauthorized Deliveries for individually balanced customers shall be calculated by comparing each customer's authorized usage with actual usage.

11.05.02 **Aggregation Groups:** Unauthorized Deliveries for aggregation groups subject to aggregated balancing as defined under Section 10.04 Aggregation, shall be calculated by comparing the group members' total authorized usage with their total actual usage. The actual usage of a customer which is included in more than one aggregation group shall be allocated between groups on a ratio of the customer's confirmed nominations.

11.05.03 **RDQ Balancing:** A transportation service customer may agree to deliver to Company, in lieu of Company's requirement to install EFM, a predetermined Required Daily Quantity (RDQ) of natural gas. Nominations based on assigned RDQ shall be subject to retainage.

(1) **Qualification for RDQ Balancing:** RDQ Balancing shall be available for transportation service meters recording a peak-month usage of less than 1,500 Mcf in the most recent 12 month period ending April 30. A customer accepting an RDQ shall remain eligible for transportation service without installing EFM. An RDQ-qualified customer shall be assigned to RDQ Balancing unless the customer notifies Company otherwise.

(2) **RDQ Administration:** An RDQ-balanced customer shall be notified of its assigned RDQ within 30 days after initiating transportation service.

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Company shall each year review the customer’s most recent 12 month usage for the period ending April 30 and recalculate the customer’s RDQ. Company shall, prior to August 1, notify the customer, and the customer’s agent if aggregated for balancing purposes, of a revised RDQ, which shall be effective for the next 12 month period beginning November 1. The customer or customer’s agent shall inform Company of any dispute over the RDQ within 30 days of their notification.

- (3) **Unauthorized Over-Deliveries:** During POCs or when required by an OFO to prevent Over-Deliveries, a customer shall cause Company to receive natural gas in the amount of the RDQ. The customer may be subject to an Unauthorized Over-Delivery Penalty if Company receives less than 100% of the customer’s assigned RDQ plus retainage.
- (4) **Unauthorized Under-Deliveries:** When required by an OFO to prevent Under-Deliveries, a customer shall cause Company to receive an amount of natural gas equal to the lesser of their assigned RDQ times 30% plus retainage or their current confirmed nomination. The customer may be subject to the applicable Unauthorized Under-Delivery Penalty if Company receives more than the amount authorized by this paragraph.
- (5) **Actual Usage of RDQ Customers:** Company shall not be required to read RDQ-balanced meters to implement the requirements of an OFO or POC, for which the customer’s actual usage shall be deemed to equal the assigned RDQ. When calculating Unauthorized Over-Delivery Penalties for an aggregation group which includes both EFM meters and meters subject to RDQ Balancing, the aggregated nominations shall be applied to the aggregated RDQ meters first.
- (6) **Temporary RDQ:** A customer may request a temporary revision of its assigned RDQ. Company shall consider the request only if it is received prior to 72 hours after the occurrence of a significant event that would temporarily change the customer’s usage during an OFO. Requests by telephone shall be followed immediately by a written request stating the nature, cause, and expected duration of the event. Company shall respond no later than 72 hours after the customer’s written request. Any revised RDQ shall become effective upon Company’s responding notification to the customer and shall continue for no more than 30 days or until the customer’s operation has returned to normal, whichever occurs first. Company may, at its

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option and at the customer’s request, extend the temporary RDQ for an additional period(s).

- 11.05.04 **Meter Reading:** Actual usage during an OFO shall normally be provided by electronic flow measurement (EFM) equipment. If Company is unable to obtain data from a customer’s EFM device, the customer’s usage shall be determined by actual meter reads.
- 11.05.05 **Previous Imbalances:** Gas imbalances from previous months shall not be allowed to offset any Unauthorized Over- or Under-Delivery.
- 11.05.06 **Refusal to Comply:** Company may disconnect from its system or refuse to accept the nomination of a customer which endangers system stability and/or safety by continuing to incur Unauthorized Deliveries.
- 11.06 **Penalties for Unauthorized Usage:** A customer’s unauthorized usage under an OFO or POC may cause the incurrence of penalties.
 - 11.06.01 **Tolerance Levels:** Penalties may be assessed:
 - (1) During an OFO or POC, when Unauthorized Deliveries to EFM meters exceed + or - 5% of authorized daily delivery levels.
 - (2) During an OFO or POC, when Unauthorized Over-Deliveries to RDQ meters are less than daily delivery levels or when Unauthorized Under-Deliveries exceed authorized daily delivery levels.
 - 11.06.02 **Penalties during OFOs and POCs:** Penalties for Unauthorized Over-Deliveries or Under-Deliveries shall be calculated as follows.
 - (1) **Standard OFO Penalties:** For each day of the Standard OFO, the greater of \$5 or 2½ times the daily midpoint stated on Gas Daily’s Index for Southern Star Central Gas Pipelines (Oklahoma) times the MMBtu of Unauthorized Over- or Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01.
 - (2) **Emergency OFO Penalties:** For each day of the Emergency OFO, the greater of \$10 or 5 times the daily midpoint stated on Gas Daily’s Index for Southern Star Central Gas Pipelines (Oklahoma) times the MMBtu of Unauthorized Over- or Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01.
 - (3) **POC Penalties:** For each day of the POC, the greater of \$20 or 10 times the daily midpoint stated on Gas Daily’s Index for Southern Star Central Gas Pipelines (Oklahoma) times the MMBtu of Unauthorized

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Over- or Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01.

- 11.06.03 **Responsibility for Payment:** Unauthorized Over- or Under-Delivery Penalties for individually balanced customers shall be billed to and collected from the applicable customer. Unauthorized Over- or Under-Delivery Penalties for aggregation groups shall be billed to and collected from the agent representing the aggregated customers.

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