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GENERAL INFORMATION

11. GAS RESTRICTIONS AND LIMITATIONS (Cont'd.)

11.1 RESTRICTIONS ON ATTACHMENTS OF NEW GAS CUSTOMERS AND SUPPLYING OF GAS TO EXISTING CUSTOMERS (Cont'd.)

(E) Curtailment of Service

(1) Short-term Curtailment

In the event of short-term interruption or force majeure curtailment situations, the needs of core customers will be met first, regardless of whether they are sales or transportation customers. Compensation for gas supplies that are interrupted in order to meet core customer needs will be provided.

Unless an alternative agreement is reached with the interrupted non-core customer, compensation will equal the customer's replacement cost of fuel which will be calculated as the market value of the equivalent volume of the alternate fuel or, in the event the customer does not use an alternate fuel, the market value of the displaced gas.

The market value of the displaced gas shall be defined as the Gas Daily city gate pooling point price for deliveries into Tennessee Zone 4-5 for the day of such interruption. If a range of prices is published, the midpoint of the range shall be used.

The market value of an alternate fuel shall be the most recently available posted price for such fuel in the Journal of Commerce for delivery to New York Harbor or its environs.

(2) Long-term Supply Curtailments

(a) Shortage of Company Gas on a Long-Term Basis

In the event there is a shortage of the Company's gas supplies on a long-term basis which is not caused by a force majeure event and customer curtailments are necessary, the following order of curtailment will be followed, with the list indicating the first curtailed through the last curtailed:

1. Non-Core, Interruptible Gas Sales Customers;
2. Firm Withdrawable Gas Service Customers (SC10 Customers with Firm Service subject to Limited Interruptions);
3. Non-Core, Firm Gas Sales Customers (SC 5 Customers with Dual Fuel Capability;

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(Name of Officer, Title, Address)